



Entergy Nuclear Generation Co.
Pilgrim Nuclear Power Station
600 Rocky Hill Road
Plymouth, MA 02360

Mike Bellamy
Site Vice President

10 CFR 50.80
10 CFR 50.90

August 24, 2001
ENGCLtr. 2.01.076

Docket No. 50-293
License No. DPR-35

Docket No. 030-34378
License No. 20-07626-04

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Subject: Transfer of Operating Authority of Pilgrim Station Facility Operating License and NRC Materials License

Dear Sir:

In accordance with 10 CFR 50.80, Entergy Nuclear Generation Company (ENGCL) hereby applies for an order consenting to the transfer of the operating authority in Pilgrim Nuclear Power Station (Pilgrim Station) Facility Operating License DPR-35 and NRC Materials License 20-07626-04 to Entergy Nuclear Operations, Incorporated (ENO). ENGCL will remain the owner of Pilgrim Station.

In accordance with 10 CFR 50.90, this application also requests conforming amendments to Facility Operating License DPR-35 and Materials License 20-07626-04. Specifically, the changes are to designate ENO as the licensee authorized to operate Pilgrim Station and to designate ENO as the licensee authorized to possess and use related licensed nuclear materials in accordance with the same conditions and authorizations included in the current facility operating and materials licenses.

Enclosure 1 provides information in support of the application. Enclosure 2 Attachment A provides a mark-up and revised pages of the proposed changes to the Facility Operating License. Enclosure 2 Attachment B provides a mark-up and revised pages of the proposed changes to the Technical Specifications. Enclosure 2 Attachment C provides a mark-up and revised pages of the proposed changes to the Materials License.

ENGCL will remain the owner of Pilgrim Station and will enter into an Operating Agreement with ENO. ENO will assume exclusive responsibility for the operation and maintenance of Pilgrim Station. An Operating Agreement will establish that ENO has the sole authority, as operator of Pilgrim Station, to make all decisions regarding public health and safety. Enclosure 3 provides a copy of the proposed Operating Agreement.

Pursuant to the Operating Agreement, ENGC will continue to provide all funds to ENO for the safe operation and maintenance of Pilgrim Station, including the funds necessary to ensure the ability of ENO to comply with the Facility Operating License, Technical Specifications, Materials License, and commitments to the NRC. ENGC will continue all financial protection as required by 10 CFR Part 140, and site insurance coverage as required by 10 CFR 50.54(w). Any necessary conforming changes in the insurance and indemnity agreements will be requested by separate correspondence.

Under the terms of the Operating Agreement, all costs associated with operating and maintaining Pilgrim Station will continue to be borne by ENGC. Accordingly, there will be no change in the financial qualifications of the entity financially responsible for the safe operation, maintenance, and decommissioning of Pilgrim Station.

Concurrent with the transfer of operating authority to ENO, all ENGC personnel will become ENO employees. The existing site organizational structure and reporting relationships will be unchanged by the transfer of operating authority. Therefore, the technical qualifications of ENO with respect to the operation of Pilgrim Station will be equivalent to those of ENGC.

It is intended that the change in the Pilgrim Station Facility Operating License and Materials License become effective, if possible, on December 28, 2001. The effectiveness on that date is requested to minimize the monetary impact on employee social security (FICA) deductions. It is requested the NRC review this request on a schedule that will permit the issuance of an immediately effective order consenting to the transfer as soon as possible following NRC approval of the transfer. It is further requested the order remain effective for one year following approval, subject to extension for good cause. ENGC will maintain close communication with the NRC staff to facilitate the transfer.

Please feel free to contact Mr. Bryan Ford, (508) 830-8403, if you have any questions or require additional information regarding this subject.

Sincerely,



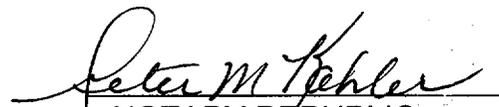
Robert M. Bellamy

DWE/
Enclosures (as stated)

Commonwealth of Massachusetts)
County of Plymouth)

Then personally appeared before me, Robert M. Bellamy, who being duly sworn, did state that he is duly authorized to execute and file the submittal contained herein in the name and behalf of Entergy Nuclear Generation Company and that the statements are true to the best of his knowledge and belief.

My commission expires: September 20, 2002
Date



Peter M. Kehler
NOTARY REPUBLIC

Copies: with Enclosures (as stated)

Mr. Douglas Starkey, Project Manager
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Rockville, MD 20852
(10 copies)

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Region I
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Senior Resident Inspector
Pilgrim Nuclear Power Station

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555-0001

Copies: w/o enclosures

Mr. Robert Hallisey
Radiation Control Program
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ENCLOSURE 1

Information Provided in Support of the Application

I. Background

Pilgrim Nuclear Power Station (Pilgrim Station) is a single unit Boiling Water Reactor electric generating facility. ENG C purchased Pilgrim Station from Boston Edison Company on July 13, 1999 and has been the licensed owner and operator since the purchase. ENO is the licensed operator of the James A. FitzPatrick Nuclear Power Plant (FitzPatrick) and the Indian Point Nuclear Generating Unit 3 (Indian Point 3), and the proposed operator of Indian Point 2. ENO will also maintain Indian Point 1.

II. Supporting Information

A. Statement of Purpose of the Transfer and Nature of the Transaction Making the Transfer Necessary or Desirable

The purpose of transferring the operating authority for Pilgrim Station to ENO is to consolidate the operating authority for Entergy's unregulated plants (currently FitzPatrick, Indian Point 3 and Pilgrim Station, and Indian Point 1 & 2 once approval has been obtained) into a single operating company dedicated to the safe and efficient operation of the nuclear plants. The transfer of ENG C employees to ENO employees concurrent with the transfer of operating authority will remove existing Public Utility Holding Company Act restrictions that, at present, limit the ability of ENG C employees to work at Entergy plants other than Pilgrim Station. Removing this restriction will facilitate the sharing of experience and best practices from other plants operated by ENO and provide better career opportunities for Pilgrim Station and other ENO employees.

B. Name of New Licensee

Entergy Nuclear Operations, Incorporated

C. Address

440 Hamilton Avenue
White Plains, NY 10601

D. Description of Business or Occupation

ENO is engaged principally in the business of operating nuclear facilities.

II. Supporting Information (continued)

E. Corporate Information

ENO is a Delaware corporation with its principal place of business located in White Plains, New York. ENO is a direct wholly owned subsidiary of Entergy Nuclear Holding Company #2 and an indirect wholly owned subsidiary of Entergy Corporation.

The principal officers of ENO, all of whom are citizens of the United States, are as follows:

Jerry W. Yelverton	President and Chief Executive Officer
C. John Wilder	Executive Vice President and Chief Financial Officer
Steven C. McNeal	Vice President and Treasurer
Michael R. Kansler	Sr. Vice President and Chief Operating Officer
C. Randy Hutchinson	Sr. Vice President, Development
Leon J. Olivier	Sr. Vice President, Indian Point
Danny L. Pace	Vice President, Engineering - Northeast
James Knubel	Vice President, Support
Robert M. Bellamy	Vice President, Operations - Pilgrim Station
Theodore A. Sullivan	Vice President, Operations - James A. FitzPatrick
Robert J. Barrett	Vice President, Operations - Indian Point 3

The Directors of ENO are:

C. John Wilder
Jerry W. Yelverton

ENO is not owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government.

In seeking to become the licensed operator of Pilgrim Station, ENO is not acting as the agent or representative of another person.

F. Class of License

The Pilgrim Station operating license was issued under the provisions of Section 104b of the Atomic Energy Act of 1954 as amended. The expiration date of the current license is June 8, 2012. A change in the class of license is not requested as part of this transfer.

II. Supporting Information (continued)

G. Technical Qualifications

The technical qualifications of ENO to carry out its responsibilities under the Pilgrim Station operating license will be equivalent to the present technical qualifications of ENGC. Concurrent with transfer of operating authority to ENO, all ENGC personnel will become ENO employees. The technical qualifications of the proposed organization, therefore, will be equivalent to those of the existing organization, and personnel qualification requirements defined in the Pilgrim Station Technical Specifications will continue to be met.

The transfer of employees from ENGC to ENO will be merely an administrative change and will not disrupt the operations of Pilgrim Station. The transfer will not result in a change to the existing reporting relationships or the plant organizational structure.

The corporate reporting relationship of the Pilgrim Station Site Vice President will also be unaffected by the transfer. The Site Vice President, who is an officer of both ENGC and ENO, currently reports to the Chief Operating Officer (COO) of ENGC, Michael R. Kansler. Mr. Kansler also serves as the COO of ENO. After the transfer, the Site Vice President will continue to report to Mr. Kansler in his capacity as COO of ENO.

Similarly, Mr. Kansler reports to the President and Chief Executive Officer (CEO) of ENGC, Jerry W. Yelverton. Mr. Yelverton is the Chief Nuclear Officer of all nuclear power plants owned or operated by Entergy. Mr. Yelverton is also President and CEO of ENO, and Mr. Kansler, as COO of ENO, reports to Mr. Yelverton. These reporting relationships are not being changed as a result of the transfer.

H. Financial Qualifications

A financial qualification review is not necessary as a result of the proposed transfer of operating authority to ENO. All costs associated with operating Pilgrim Station will continue to be borne by ENGC to the same extent they are now, and there will be no change in the financial qualifications of ENGC.

ENO will have overall responsibility for the safe operation of Pilgrim Station, and will operate Pilgrim Station in accordance with its Operating License. ENO is a zero-profit company that will be reimbursed for all costs it incurs as the operator of Pilgrim Station.

Pursuant to the Operating Agreement, all costs incurred in the operation, maintenance and repair of Pilgrim Station are liabilities of ENGC. While ENGC will have authority to review and approve budgets, ENO will have the sole authority to make all decisions relating to public health and safety, and ENGC will be required to pay all costs relating to such decisions.

The proposed transfer of operating authority will not adversely impact ENGC's ability to obtain or provide the funds necessary to cover all costs for the operation, maintenance, and repair of Pilgrim Station. ENGC will remain responsible for those costs under the Operating Agreement with ENO. ENGC's financial responsibility for Pilgrim Station and its sources of funds will remain the same as under the present operating license.

II. Supporting Information (continued)

I. Decommissioning Funding

No changes in decommissioning funding will be required as a result of the proposed transfer of operating authority. The Decommissioning funds for Pilgrim Station are held in a Master Decommissioning Trust and a Provisional Trust which were established when Pilgrim Station was sold to ENGC by Boston Edison Company. No change to the trusts will be required by the transfer of operating authority.

J. Antitrust

The NRC has found that antitrust reviews of post-operating authority transfer applications are neither required nor authorized by the Atomic Energy Act. Final Rule, Antitrust Review Authority; Clarification, 65 Fed. Reg. 44,649 (July 19, 2000); See also Kansas Gas and Electric Co., (Wolf Creek Generating Station, Unit 1), CLI-99-19, 49 NRC 441 (1999). Accordingly, no antitrust review is required with respect to this transfer of operating authority.

K. Other Licensing Considerations

1. Offsite Power

The proposed transfer of operating authority to ENO involves no change in ownership, design, or source of the offsite power system for Pilgrim Station. ENO will operate and maintain the switchyard pursuant to an agreement with ENGC, but the present ownership of facilities involved in the provision of offsite power will not be effected by the transfer of operating authority.

2. Control of Exclusion Area

Under the Operating Agreement, ENO will have unrestricted access to and the right to control the property constituting the Pilgrim Station site including all land, facilities, switchyard, equipment, and personal property on the site. The Operating Agreement will also grant ENO authority to exercise complete control over the Pilgrim Station exclusion area and to determine all activities in that area, including the exclusion of persons from the exclusion area in the event of an emergency.

3. Emergency Preparedness

As part of the transfer of operating authority, ENO will assume responsibility for functions necessary to fulfill the emergency planning requirements in 10 CFR 50.47(b) and 10 CFR 50 Appendix E. No substantive changes will be made to the existing Pilgrim Station Emergency Plan as part of this transfer. ENGC will retain ownership of all property and assets used or usable in providing emergency warning or associated with emergency preparedness.

Notifications to outside organizations and agencies with existing support agreements will be made prior to the transfer of operating authority. The parties to such agreements will be notified of ENO's relationship with ENGC and ENO's responsibility for the operation of Pilgrim Station.

K. Other Licensing Considerations (continued)

3. Emergency Preparedness (continued)

The proposed transfer of operating authority will not impact compliance with emergency planning requirements or decrease the effectiveness of the Pilgrim Station Emergency Plan. Specific Emergency Plan and procedure changes will be submitted to the NRC within 30 days after the changes are made, in accordance with 10 CFR 50.54(q) and 10 CFR 50 Appendix E Section V, as appropriate.

4. Security

The proposed transfer of operating authority from ENGC to ENO will not impact compliance with the physical security requirements of 10 CFR 73. ENO will assume responsibility for implementation of all aspects of the present security program at Pilgrim Station. Changes to the security plans reflecting the transition will not decrease the effectiveness of the plans and will be submitted to the NRC in accordance with 10 CFR 50.54(p).

5. Quality Assurance

The proposed transfer of operating authority from ENGC to ENO will not impact compliance with 10 CFR 50 Appendix B quality assurance requirements. The independence of the Quality Assurance organization will not be reduced and the transfer of operating authority to ENO will not reduce the effectiveness of this organization. Changes to reflect the transition, which will be handled in accordance with 10 CFR 50.54(a), will not reduce the commitments in the quality assurance program description.

6. Nuclear Insurance

Prior to the transfer of operating authority, ENO will be added as a named insured to all nuclear liability and property insurance coverage. A new endorsement to the Price Anderson indemnity agreement will be requested by separate correspondence.

7. Updated Final Safety Analysis Report

With the exception of the areas discussed in this application, the proposed transfer of operating authority will not change or invalidate information presently appearing in the Pilgrim Station updated FSAR. Revisions to the updated FSAR necessary to reflect the assumption of operating authority by ENO will be incorporated into the Pilgrim Station updated FSAR following NRC approval of the proposed transfer of operating authority in accordance with 10 CFR 50.71(e).

II. K. Other Licensing Considerations (continued)

8. Training and Operator Qualifications (continued)

The proposed transfer of operating authority from ENGCO to ENO will not impact compliance with the operator requalification program requirements of 10 CFR 50.54 and related sections, and there will be no impact on the maintenance of the Institute of Nuclear Power Operations accreditation program for licensed and non-licensed personnel training. Upon assumption of operating responsibility of Pilgrim Station, ENO will assume ultimate responsibility for implementation of present operator training programs. Changes to the programs to reflect the transition will not decrease the scope of the approved operator requalification program in accordance with 10 CFR 50.54(i).

L. Agreement to Limit Access to Restricted Data

This application does not involve any Restricted Data or other classified defense information, and it is not expected that any such information will be raised or required by the licensed activities at Pilgrim Station. In the event that licensed activities do involve Restricted Data in the future, ENO agrees that it will appropriately safeguard such information and it will not permit any individual to have access to Restricted Data until the Office of Personnel Management investigates and reports to the NRC on the character, associations, and loyalty of such individual, and the NRC determines that permitting such person to have access to Restricted Data will not endanger the common defense and security of the United States.

M. Environmental Review

The NRC has determined, pursuant to 10 CFR 51.22(c)(21), that transfers of operating authority are categorically exempt from further environmental review.

N. No Significant Hazards Consideration

Pursuant to 10 CFR 2.1315(a), the request for conforming license amendments to reflect the proposed transfer of operating authority involves no significant hazards consideration. There are no issues concerning the proposed transfer that would conflict with this conclusion.

ENCLOSURE 2 ATTACHMENT A

Proposed Changes to Facility Operating License

and **ENERGY NUCLEAR OPERATIONS, INCORPORATED**

UNITED STATES

ATOMIC ENERGY COMMISSION

WASHINGTON, DC 20545

ENERGY NUCLEAR GENERATION COMPANY*

(PILGRIM NUCLEAR POWER STATION)

DOCKET NO. 50-293

FACILITY OPERATING LICENSE

License No. DPR-35

The Atomic Energy Commission (the Commission) having found that:

- a. Except as stated in condition 5, construction of the Pilgrim Nuclear Power Station (the facility) has been substantially completed in conformity with the application, as amended, the Provisional Construction Permit No. CPPR-49, the provisions of the Atomic Energy Act of 1954, as amended (the Act), and the rules and regulations of the Commission as set forth in Title 10, Chapter 1, CFR; and
- b. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission; and
- c. There is reasonable assurance (i) that the activities authorized by the operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission; and
- d. (ENGC) and Entergy Nuclear Operations, Inc. (ENO) are The Entergy Nuclear Generation Company ~~(Entergy Nuclear)~~ is technically and financially qualified to engage in the activities authorized by this operating license, in accordance with the rules and regulations of the Commission; and
- e. ENGC and ENO have ~~Entergy Nuclear has~~ satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements" of the Commission's regulations; and
- f. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public; and
- g. In accordance with the requirements of Appendix D to 10 CFR Part 50, the operating license should be issued subject to conditions for protection of the environment set forth herein.

Facility Operating License No. DPR-35, dated June 8, 1972, issued to the Boston Edison Company (Boston Edison) is hereby amended in its entirety, pursuant to an Initial Decision dated September 13, 1972, by the Atomic Safety and Licensing Board, to read as follows:

*The Nuclear Regulatory Commission approved the transfer of the license from Boston Edison Company to Entergy Nuclear Generation Company on April 29, 1999.

owned by ENGEC and operated by ENO

ENGEC → 1. This license applies to the Pilgrim Nuclear Power Station, a single cycle, forced circulation, boiling water nuclear reactor and associated electric generating equipment (the facility). The facility is located on the western shore of Cape Cod Bay in the town of Plymouth on the ~~Energy Nuclear~~ site in Plymouth County, Massachusetts, and is described in the "Final Safety Analysis Report," as supplemented and amended.

2. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses ~~Energy Nuclear~~:

a) ENGEC to possess and use and b) ENO

A. Pursuant to the Section 104b of the Atomic Energy Act of 1954, as amended (the Act) and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," to possess, use, and operate the facility as a utilization facility at the designated location on the Pilgrim site;

B. ~~ENO,~~ Pursuant to the Act and 10 CFR 70, to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;

C. ~~ENO,~~ Pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use at any time any byproduct, source or special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;

D. ~~ENO,~~ Pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and

E. ~~ENO,~~ Pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.

3. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations; 10 CFR Part 20, Section 30.34 of 10 CFR Part 30, Section 40.41 of 10 CFR Part 40, Sections 50.54 and 50.59 of 10 CFR Part 50 and Section 70.32 of 10 CFR Part 70; and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified below:

A. Maximum Power Level

ENO → ~~Energy Nuclear~~ is authorized to operate the facility at steady state power levels not to exceed 1998 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. ~~104~~ are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

C. Records

ENO → ~~Entergy Nuclear~~ shall keep facility operating records in accordance with the requirements of the Technical Specifications.

D. Equalizer Valve Restriction - DELETED

E. Recirculation Loop Inoperable

The reactor shall not be operated with one recirculation loop out of service for more than 24 hours. With the reactor operating, if one recirculation loop is out of service, the plant shall be placed in a hot shutdown condition within 24 hours unless the loop is sooner returned to service.

F. Fire Protection

ENO → ~~Entergy Nuclear~~ shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER dated December 21, 1978 as supplemented subject to the following provision:

ENO → ~~Entergy Nuclear~~ may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

G. Physical Protection

The licensee shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10CFR73.55 (51FR27817 and 27822) and to the authority of 10CFR50.90 and 10CFR50.54(p). The plans, which contain Safeguards Information protected under 10CFR73.21, are entitled: "Pilgrim Nuclear Power Station Physical Security Plan," with revisions submitted through September 18, 1987; "Pilgrim Nuclear Power Station Guard Training and Qualification Plan," with revisions submitted through September 24, 1984; and "Pilgrim Nuclear Power Station Safeguards Contingency Plan," with revisions submitted through February 15, 1984. Changes made in accordance with 10CFR73.55 shall be implemented in accordance with the schedule set forth therein.

I. Post-Accident Sampling System, NUREG-0737, Item II.B.3, and Containment Atmospheric Monitoring System, NUREG-0737, Item II.F.1(6)

The licensee shall complete the installation of a post-accident sampling system and a containment atmospheric monitoring system as soon as practicable, but no later than June 30, 1985.

J. Additional Conditions

The Additional Conditions contained in Appendix B, as revised through Amendment No. 177, are hereby incorporated into this license. ~~Entergy Nuclear~~ shall operate the facility in accordance with the Additional Conditions.

ENG

K. Conditions Related to the Sale and Transfer

(1) For purposes of ensuring public health and safety, ~~Entergy Nuclear~~ shall provide decommissioning funding assurance of no less than \$396 million, after payment of any taxes, in the decommissioning trust fund for Pilgrim upon the transfer of the Pilgrim licenses to ~~Entergy Nuclear~~.

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(2) ~~Entergy Nuclear~~ shall maintain the decommissioning trust funds in accordance with the Order, the related Safety Evaluation dated April 29, 1999, and the related application for approval of the transfer.

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(3) ~~Entergy Nuclear~~ shall provide a Provisional Trust fund in the amount of \$70 million, after payment of any taxes, in the Provisional Trust for Pilgrim upon the transfer of the Pilgrim licenses to ~~Entergy Nuclear~~. The Provisional Trust shall be established and maintained in conformance with the representations made in the application for approval of the transfer.

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ENGCC

(4) ~~Entergy Nuclear~~ shall have access to a contingency fund of not less than fifty million dollars (\$50m) for payment, if needed, of Pilgrim operating and maintenance expenses, the cost to transition to decommissioning status in the event of a decision to permanently shut down the unit, and decommissioning costs. ~~Entergy Nuclear~~ will take all necessary steps to ensure that access to these funds will remain available until the full amount has been exhausted for the purposes described above. ~~Entergy Nuclear~~ shall inform the Director, Office of Nuclear Reactor Regulation, in writing, at such time that it utilizes any of these contingency funds. This provision does not affect the NRC's authority to assure that adequate funds will remain available in the plant's separate decommissioning fund(s), which ~~Entergy Nuclear~~ shall maintain in accordance with NRC regulations. Once the plant has been placed in a safe-shutdown condition following a decision to decommission, ~~Entergy Nuclear~~ will use any remainder of the \$50m contingency fund that has not been used to safely operate and maintain the plant to support the safe and prompt decommissioning of the plant, to the extent such funds are needed for safe and prompt decommissioning.

ENGCC

(5) The Decommissioning Trust agreement(s) shall be in a form which is acceptable to the NRC and shall provide, in addition to any other clauses, that:

- a) Investments in the securities or other obligations of ~~Entergy Nuclear~~, Entergy Corporation, their affiliates, subsidiaries or associates, or their successors or assigns shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants is prohibited.
- b) The Director, Office of Nuclear Reactor Regulation, shall be given 30 days prior written notice of any material amendment to the trust agreement(s).

ENGCC

- 4. This license is subject to the following condition for the protection of the environment: Boston Edison shall continue, for a period of five years after initial power operation of the facility, an environmental monitoring program similar to that presently existing with the Commonwealth of Massachusetts (and described generally in Section C-III of Boston Edison's Environmental Report, Operating License Stage dated September, 1970) as a basis for determining the extent of station influence on marine resources and shall mitigate adverse effects, if any, on marine resources.
- 5. Boston Edison has not completed as yet construction of the Rad Waste Solidification System and the Augmented Off-Gas System. Limiting conditions concerning these systems are set forth in the Technical Specifications.

6. Pursuant to Section 105c(8) of the Act, the Commission has consulted with the Attorney General regarding the issuance of this operating license. After said consultation, the Commission has determined that the issuance of this license, subject to conditions set forth in this subparagraph 6., in advance of consideration of and findings with respect to matters covered in Section 105c of the Act, is necessary in the public interest to avoid unnecessary delay in the operation of the facility. At the time this operating license is being issued an antitrust proceeding has not been noticed. The Commission, accordingly, has made no determination with respect to matters covered in Section 105c of the Act, including conditions, if any, which may be appropriate as a result of the outcome of any antitrust proceeding. On the basis of its findings made as a result of an antitrust proceeding, the Commission may continue this license as issued, rescind this license or amend this license to include such conditions as the Commission deems appropriate. Boston Edison and others who may be affected hereby are accordingly on notice that the granting of this license is without prejudice to any subsequent licensing action, including the imposition of appropriate conditions, which may be taken by the commission as a result of the outcome of any antitrust proceeding. In the course of its planning and other activities, Boston Edison will be expected to conduct itself accordingly.
7. This license is effective as of the date of issuance and shall expire June 8, 2012.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by A. Giambusso

A. Giambusso, Deputy Director for Reactor
Projects
Directorate of Licensing

Attachments:
Appendix A - Technical Specifications
(Radiological)

Date of Issuance: September 15, 1972

UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, DC 20545
ENERGY NUCLEAR GENERATION COMPANY*
and ENERGY NUCLEAR OPERATIONS, INCORPORATED
(PILGRIM NUCLEAR POWER STATION)
DOCKET NO. 50-293
FACILITY OPERATING LICENSE

License No. DPR-35

The Atomic Energy Commission (the Commission) having found that:

- a. Except as stated in condition 5, construction of the Pilgrim Nuclear Power Station (the facility) has been substantially completed in conformity with the application, as amended, the Provisional Construction Permit No. CPPR-49, the provisions of the Atomic Energy Act of 1954, as amended (the Act), and the rules and regulations of the Commission as set forth in Title 10, Chapter 1, CFR; and
- b. The facility will operate in conformity with the application, as amended, the provisions of the Act, and the rules and regulations of the Commission; and
- c. There is reasonable assurance (i) that the activities authorized by the operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission; and
- d. The Entergy Nuclear Generation Company (ENGCO) and Entergy Nuclear Operations, Inc. (ENO) are technically and financially qualified to engage in the activities authorized by this operating license, in accordance with the rules and regulations of the Commission; and
- e. ENGCO and ENO have satisfied the applicable provisions of 10 CFR Part 140, "Financial Protection Requirements and Indemnity Agreements" of the Commission's regulations; and
- f. The issuance of this license will not be inimical to the common defense and security or to the health and safety of the public; and
- g. In accordance with the requirements of Appendix D to 10 CFR Part 50, the operating license should be issued subject to conditions for protection of the environment set forth herein.

Facility Operating License No. DPR-35, dated June 8, 1972, issued to the Boston Edison Company (Boston Edison) is hereby amended in its entirety, pursuant to an Initial Decision dated September 13, 1972, by the Atomic Safety and Licensing Board, to read as follows:

*The Nuclear Regulatory Commission approved the transfer of the license from Boston Edison Company to Entergy Nuclear Generation Company on April 29, 1999.

1. This license applies to the Pilgrim Nuclear Power Station, a single cycle, forced circulation, boiling water nuclear reactor and associated electric generating equipment (the facility), owned by ENGCO and operated by ENO. The facility is located on the western shore of Cape Cod Bay in the town of Plymouth on the ENGCO site in Plymouth County, Massachusetts, and is described in the "Final Safety Analysis Report," as supplemented and amended.
2. Subject to the conditions and requirements incorporated herein, the Commission hereby licenses:
 - A. Pursuant to the Section 104b of the Atomic Energy Act of 1954, as amended (the Act) and 10 CFR Part 50, "Licensing of Production and Utilization Facilities," a) ENGCO to possess and use and b) ENO to possess, use, and operate the facility as a utilization facility at the designated location on the Pilgrim site;
 - B. ENO pursuant to the Act and 10 CFR 70, to receive, possess, and use at any time special nuclear material as reactor fuel, in accordance with the limitations for storage and amounts required for reactor operation, as described in the Final Safety Analysis Report, as supplemented and amended;
 - C. ENO pursuant to the Act and 10 CFR Parts 30, 40 and 70 to receive, possess and use at any time any byproduct, source or special nuclear material as sealed neutron sources for reactor startup, sealed sources for reactor instrumentation and radiation monitoring equipment calibration, and as fission detectors in amounts as required;
 - D. ENO pursuant to the Act and 10 CFR Parts 30, 40 and 70, to receive, possess and use in amounts as required any byproduct, source or special nuclear material without restriction to chemical or physical form, for sample analysis or instrument calibration or associated with radioactive apparatus or components; and
 - E. ENO pursuant to the Act and 10 CFR Parts 30 and 70, to possess, but not separate, such byproduct and special nuclear materials as may be produced by the operation of the facility.
3. This license shall be deemed to contain and is subject to the conditions specified in the following Commission regulations; 10 CFR Part 20, Section 30.34 of 10 CFR Part 30, Section 40.41 of 10 CFR Part 40, Sections 50.54 and 50.59 of 10 CFR Part 50 and Section 70.32 of 10 CFR Part 70; and is subject to all applicable provisions of the Act and to the rules, regulations, and orders of the Commission now or hereafter in effect; and is subject to the additional conditions specified below:
 - A. Maximum Power Level

ENO is authorized to operate the facility at steady state power levels not to exceed 1998 megawatts thermal.

B. Technical Specifications

The Technical Specifications contained in Appendix A, as revised through Amendment No. are hereby incorporated in the license. The licensee shall operate the facility in accordance with the Technical Specifications.

C. Records

ENO shall keep facility operating records in accordance with the requirements of the Technical Specifications.

D. Equalizer Valve Restriction - DELETED

E. Recirculation Loop Inoperable

The reactor shall not be operated with one recirculation loop out of service for more than 24 hours. With the reactor operating, if one recirculation loop is out of service, the plant shall be placed in a hot shutdown condition within 24 hours unless the loop is sooner returned to service.

F. Fire Protection

ENO shall implement and maintain in effect all provisions of the approved fire protection program as described in the Final Safety Analysis Report for the facility and as approved in the SER dated December 21, 1978 as supplemented subject to the following provision:

ENO may make changes to the approved fire protection program without prior approval of the Commission only if those changes would not adversely affect the ability to achieve and maintain safe shutdown in the event of a fire.

G. Physical Protection

The licensee shall fully implement and maintain in effect all provisions of the Commission-approved physical security, guard training and qualification, and safeguards contingency plans including amendments made pursuant to provisions of the Miscellaneous Amendments and Search Requirements revisions to 10CFR73.55 (51FR27817 and 27822) and to the authority of 10CFR50.90 and 10CFR50.54(p). The plans, which contain Safeguards Information protected under 10CFR73.21, are entitled: "Pilgrim Nuclear Power Station Physical Security Plan," with revisions submitted through September 18, 1987; "Pilgrim Nuclear Power Station Guard Training and Qualification Plan," with revisions submitted through September 24, 1984; and "Pilgrim Nuclear Power Station Safeguards Contingency Plan," with revisions submitted through February 15, 1984. Changes made in accordance with 10CFR73.55 shall be implemented in accordance with the schedule set forth therein.

I. Post-Accident Sampling System, NUREG-0737, Item II.B.3, and Containment Atmospheric Monitoring System, NUREG-0737, Item II.F.1(6)

The licensee shall complete the installation of a post-accident sampling system and a containment atmospheric monitoring system as soon as practicable, but no later than June 30, 1985.

J. Additional Conditions

The Additional Conditions contained in Appendix B, as revised through Amendment No. 177, are hereby incorporated into this license. ENO shall operate the facility in accordance with the Additional Conditions.

K. Conditions Related to the Sale and Transfer

- (1) For purposes of ensuring public health and safety, ENG C shall provide decommissioning funding assurance of no less than \$396 million, after payment of any taxes, in the decommissioning trust fund for Pilgrim upon the transfer of the Pilgrim licenses to ENG C.
- (2) ENG C shall maintain the decommissioning trust funds in accordance with the Order, the related Safety Evaluation dated April 29, 1999, and the related application for approval of the transfer.
- (3) ENG C shall provide a Provisional Trust fund in the amount of \$70 million, after payment of any taxes, in the Provisional Trust for Pilgrim upon the transfer of the Pilgrim licenses to ENG C. The Provisional Trust shall be established and maintained in conformance with the representations made in the application for approval of the transfer.

- (4) ENGCG shall have access to a contingency fund of not less than fifty million dollars (\$50m) for payment, if needed, of Pilgrim operating and maintenance expenses, the cost to transition to decommissioning status in the event of a decision to permanently shut down the unit, and decommissioning costs. ENGCG will take all necessary steps to ensure that access to these funds will remain available until the full amount has been exhausted for the purposes described above. ENGCG shall inform the Director, Office of Nuclear Regulation, in writing, at such time that it utilizes any of these contingency funds. This provision does not affect the NRC's authority to assure that adequate funds will remain available in the plant's separate decommissioning fund(s), which ENGCG shall maintain in accordance with NRC regulations. Once the plant has been placed in a safe-shutdown condition following a decision to decommission, ENGCG will use any remainder of the \$50m contingency fund that has not been used to safely operate and maintain the plant to support the safe and prompt decommissioning of the plant, to the extent such funds are needed for safe and prompt decommissioning.
 - (5) The Decommissioning Trust agreement(s) shall be in a form which is acceptable to the NRC and shall provide, in addition to any other clauses, that:
 - a) Investments in the securities or other obligations of ENGCG, Entergy Corporation, their affiliates, subsidiaries or associates, or their successors or assigns shall be prohibited. In addition, except for investments tied to market indexes or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants is prohibited.
 - b) The Director, Office of Nuclear Reactor Regulation, shall be given 30 days prior written notice of any material amendment to the trust agreement(s).
4. This license is subject to the following condition for the protection of the environment: Boston Edison shall continue, for a period of five years after initial power operation of the facility, an environmental monitoring program similar to that presently existing with the Commonwealth of Massachusetts (and described generally in Section C-III of Boston Edison's Environmental Report, Operating License Stage dated September, 1970) as a basis for determining the extent of station influence on marine resources and shall mitigate adverse effects, if any, on marine resources.
5. Boston Edison has not completed as yet construction of the Rad Waste Solidification System and the Augmented Off-Gas System. Limiting conditions concerning these systems are set forth in the Technical Specifications.

6. Pursuant to Section 105c(8) of the Act, the Commission has consulted with the Attorney General regarding the issuance of this operating license. After said consultation, the Commission has determined that the issuance of this license, subject to the conditions set forth in this subparagraph 6., in advance of consideration of and findings with respect to matters covered in Section 105c of the Act, is necessary in the public interest to avoid unnecessary delay in the operation of the facility. At the time this operating license is being issued an antitrust proceeding has not been noticed. The Commission, accordingly, has made no determination with respect to matters covered in Section 105c of the Act, including conditions, if any, which may be appropriate as a result of the outcome of any antitrust proceeding. On the basis of its findings made as a result of an antitrust proceeding, the Commission may continue this license as issued, rescind this license or amend this license to include such conditions as the Commission deems appropriate. Boston Edison and others who may be affected hereby are accordingly on notice that the granting of this license is without prejudice to any subsequent licensing action, including the imposition of appropriate conditions, which may be taken by the Commission as a result of the outcome of any antitrust proceeding. In the course of its planning and other activities, Boston Edison will be expected to conduct itself accordingly.
7. This license is effective as of the date of issuance and shall expire June 8, 2012.

FOR THE ATOMIC ENERGY COMMISSION

Original Signed by A. Giambusso

A. Giambusso, Deputy Director for
Reactor Projects
Directorate of Licensing

Attachments:

Appendix A - Technical Specifications
(Radiological)

Date of Issuance: September 15, 1972

APPENDIX A
TO
FACILITY OPERATING LICENSE DPR-35
TECHNICAL SPECIFICATION AND BASES
FOR
PILGRIM NUCLEAR POWER STATION
PLYMOUTH, MASSACHUSETTS

ENTERGY NUCLEAR GENERATION COMPANY |

DOCKET NO. 50-293

and ENERGENCY NUCLEAR OPERATIONS, INCORPORATED

APPENDIX A
TO
FACILITY OPERATING LICENSE DPR-35
TECHNICAL SPECIFICATION AND BASES
FOR
PILGRIM NUCLEAR POWER STATION
PLYMOUTH, MASSACHUSETTS
ENERGY NUCLEAR GENERATION COMPANY
and ENERGY NUCLEAR OPERATIONS, INCORPORATED
DOCKET NO. 50-293

Appendix B

ADDITIONAL CONDITIONS

OPERATING LICENSE NO. DPR-35

Operations

Entergy Nuclear shall comply with the following conditions on the schedules noted below:

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
177	The licensee is authorized to relocate certain Technical Specifications requirements to licensee-controlled documents. Implementation of this amendment shall include relocation of various sections of the technical specifications to the appropriate documents as described in the licensee's application dated September 19, 1997, and in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 30 days from July 31, 1998, except that the licensee shall have until the next scheduled Updated Final Safety Analysis Report (UFSAR) update to incorporate the UFSAR relocations.

APPENDIX B

ADDITIONAL CONDITIONS

OPERATING LICENSE NO. DPR-35

Entergy Nuclear Operations shall comply with the following conditions on the schedules noted below: |

<u>Amendment Number</u>	<u>Additional Conditions</u>	<u>Implementation Date</u>
177	The licensee is authorized to relocate certain Technical Specifications requirements to licensee-controlled documents. Implementation of this amendment shall include relocation of various sections of the technical specifications to the appropriate documents as described in the licensee's application dated September 19, 1997, and in the staff's safety evaluation attached to this amendment.	The amendment shall be implemented within 30 days from July 31, 1998, except that the licensee shall have until the next scheduled Updated Final Safety Analysis Report (UFSAR) update to incorporate the UFSAR relocations.

ENCLOSURE 2 ATTACHMENT B

Proposed Changes to Technical Specifications

4.0 DESIGN FEATURES

4.1 Site Location

Pilgrim Nuclear Power Station is located on the western shore of Cape Cod Bay in the Town of Plymouth, Plymouth County, Massachusetts and contains approximately 517 acres owned by ~~Energy Nuclear~~ ENGC as shown on FSAR Figures 2.2-1 and 2.2-2. The site boundary is posted and a perimeter security fence provides a distinct security boundary for the protected area of the station.

The reactor (center line) is located approximately 1800 feet from the nearest property boundary.

4.2 Reactor Core

The reactor vessel core design shall be as described in the CORE OPERATING LIMITS REPORT and shall be limited to those fuel assemblies which have been analyzed with NRC approved codes and methods and approved by the NRC in its acceptance of Amendment 22 of GESTAR II.

4.3 Fuel Storage

4.3.1 Criticality

4.3.1.1 The spent fuel storage racks are designed and shall be maintained with:

- a. Fuel assemblies having a maximum k-infinity of 1.32 for standard core geometry, calculated at the burnup of maximum bundle reactivity, and an average U-235 enrichment of 4.6 % averaged over the axial planar zone of highest average enrichment; and
- b. $K_{eff} \leq 0.95$ if fully flooded with unborated water, which includes an allowance for uncertainties as described in Section 10.3.5 of the FSAR.

(continued)

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(continued)

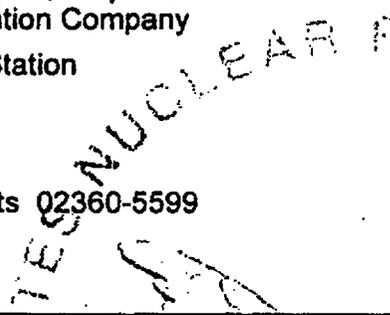
ENCLOSURE 2 ATTACHMENT C

Proposed Changes to NRC Materials License

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and Title 10, Code of Federal Regulations, Chapter I, Parts 30, 31, 32, 33, 34, 35, 36, 39, 40, and 70, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

<p style="text-align: center;">Licensee</p> <p>and Entergy Nuclear Operations, Inc. 1. Entergy Nuclear Generation Company Pilgrim Nuclear Power Station</p> <p>2. 600 Rocky Hill Road Plymouth, Massachusetts 02360-5599</p>	<p>In accordance with the letter received September 9, 1999, 3. License number 20-07626-04 is amended in its entirety to read as follows:</p> <hr/> <p>4. Expiration date February 28, 2003</p> <hr/> <p>5. Docket No. 030-34378 Reference No.</p>
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<p>6. Byproduct, source, and/or special nuclear material</p>	<p>7. Chemical and/or physical form:</p>	<p>8. Maximum amount that licensee may possess at any one time under this license</p>
<p>A.) byproduct material with atomic numbers 1 through 83 inclusive</p>	<p>A. Contamination on reactor components</p>	<p>A. 30 millicuries per nuclide and 3 curies total</p>
<p>B. Any byproduct, source or special nuclear material with atomic numbers 84 through 96</p>	<p>B. Contamination on reactor components</p>	<p>B. 10 microcuries per nuclide and 100 microcuries total</p>
<p>C. Chromium 51</p>	<p>C. Contamination on reactor components</p>	<p>C. 75 millicuries</p>
<p>D. Manganese 54</p>	<p>D. Contamination on reactor components</p>	<p>D. 150 millicuries</p>
<p>E. Iron 55</p>	<p>E. Contamination on reactor components</p>	<p>E. 1620 millicuries</p>
<p>F. Iron 59</p>	<p>F. Contamination on reactor components</p>	<p>F. 45 millicuries</p>
<p>G. Cobalt 58</p>	<p>G. Contamination on reactor components</p>	<p>G. 45 millicuries</p>
<p>H. Cobalt 60</p>	<p>H. Contamination on reactor components</p>	<p>H. 830 millicuries</p>

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

License Number
20-07626-04

Docket or Reference Number
030-34378

Amendment No. 02

- | | | |
|---|---|---|
| <p>6. Byproduct, source, and/or special nuclear material</p> <p>I. Nickel 63</p> <p>J. Cesium 137</p> <p>K. Plutonium 241</p> | <p>7. Chemical and/or physical form</p> <p>I. Contamination on reactor components</p> <p>J. Contamination on reactor components</p> <p>K. Contamination on reactor components</p> | <p>8. Maximum amount that licensee may possess at any one time under this license</p> <p>I. 65 millicuries</p> <p>J. 130 millicuries</p> <p>K. 95 microcuries</p> |
|---|---|---|

9. Authorized use:

A. through K. Decontamination, repair and testing of reactor components.

CONDITIONS

10. Licensed material may be used only at temporary job sites of the licensee anywhere in the United States where the Nuclear Regulatory Commission maintains jurisdiction for regulating the use of licensed material.
11. A. Licensed material shall be used by, or under the supervision of, John C. Wend.
 B. The Radiation Safety Officer for this license is John C. Wend.
12. In addition to the possession limits in Item 8, the licensee shall further restrict the possession of licensed material so that at no time is a quantity of radioactive material is possessed in excess of a quantity which requires consideration of the need for an emergency plan for responding to a release of licensed material in accordance with 10 CFR 30.72.
13. The licensee may transport licensed material in accordance with the provisions of 10 CFR Part 71, "Packaging and Transportation of Radioactive Material."

**MATERIALS LICENSE
SUPPLEMENTARY SHEET**

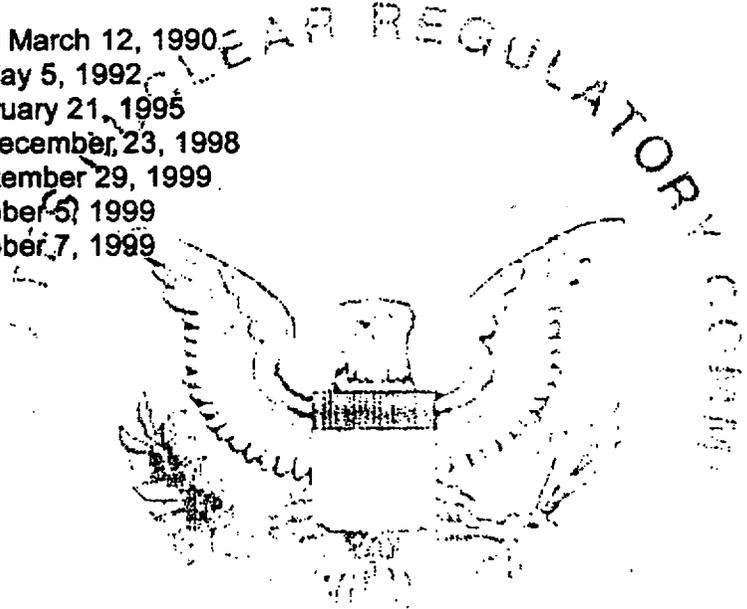
License Number
20-07626-04

Docket or Reference Number
030-34378

Amendment No. 02

14. Except as specifically provided otherwise in this license, the licensee shall conduct its program in accordance with the statements, representations, and procedures contained in the documents, including any enclosures, listed below. The Nuclear Regulatory Commission's regulations shall govern unless the statements, representations, and procedures in the licensee's application and correspondence are more restrictive than the regulations.

- A. Application dated March 12, 1990
- B. Letter received May 5, 1992
- C. Letter dated February 21, 1995
- D. Letter received December 23, 1998
- E. Letter dated September 29, 1999
- F. Letter dated October 5, 1999
- G. Letter dated October 7, 1999



For the U.S. Nuclear Regulatory Commission

Date October 8, 1999

By

Judith A. Joustra

Judith A. Joustra
Nuclear Materials Safety Branch 2
Region I
King of Prussia, Pennsylvania 19406

3435001

ENCLOSURE 3

Proposed Operating Agreement

(Proposed)

**OPERATING AGREEMENT FOR
PILGRIM NUCLEAR POWER STATION**

This Operating Agreement is made and entered into as of _____, 2001 between Entergy Nuclear Operations, Inc. _____ (Company) and Entergy Nuclear Generation Company (Owner).

WHEREAS, both of the parties hereto are wholly owned indirect subsidiaries of Entergy Corporation; and

WHEREAS, Owner is the sole owner of a nuclear power plant located in the Commonwealth of Massachusetts, known as the Pilgrim Nuclear Power Station (the Plant) and currently operates the Plant pursuant to Facility Operating License, No. DPR-35 for the Plant, issued by the Nuclear Regulatory Commission (NRC); and

WHEREAS, Owner desires to delegate to the Company certain operating responsibility for - but not ownership of the Plant; and

WHEREAS, Owner desires that such operating responsibility be consistent with Owner's obligations and responsibilities under all pertinent state and federal law; and

WHEREAS, Owner desires to contract with Company so as to enable Company to possess, use and operate the Plant as Owner's agent, and Company desires to undertake such

responsibility, all subject to and in accordance with the terms and conditions set forth herein;

NOW THEREFORE, IN CONSIDERATION of the mutual obligations set forth herein, the parties hereto agree to the following:

ARTICLE I.

DEFINITIONS

As used herein:

1.1 "Application" means the Joint Application of Owner and Company before the Nuclear Regulatory Commission to amend the Operating License so as to authorize and reflect in the license the change from Owner to Company as the licensee authorized to possess, use and operate the Plant, as previously or hereafter supplemented or amended and to reflect the continued ownership of the Plant by Owner.

1.2 "Capital Improvements" means improvements, additions, modifications or replacements of property at the Plant that are properly capitalized and recorded on Owner's books of account as assets under the FERC Uniform System of Accounts, and that are in accordance with applicable rules and regulations of any regulatory authority having jurisdiction in the matter and any related Taxes incurred or accrued thereon.

1.3 "Costs of Capital Improvements" means all costs of Capital Improvements as defined in Section 1.2 herein.

1.4 "Costs of Operation" or "Cost of Operation" means all costs of Operation, decontamination and decommissioning and any related taxes incurred or accrued under or with respect to this Operating Agreement. These costs shall include, without limitation, any costs incurred in connection with the Operation of the Plant, but excluding costs paid directly by Owner for Nuclear Fuel that is owned by Owner or leased directly by Owner from one or more third parties. All of such Costs of Operation shall be calculated, and allocation of such costs shall be made, as the parties shall from time to time agree, and shall be made in accordance with any applicable rules and regulations of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, the FERC under the Federal Power Act and other regulatory authorities having jurisdiction in the matter.

1.5 "Effective Date" means the effective date of this Operating Agreement as determined pursuant to Section 8.1.

1.6 "FERC" means the Federal Energy Regulatory Commission or its successor.

1.7 "Force Majeure" means any cause beyond the affected party's reasonable control.

1.8 "Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant proportion of the nuclear power generation industry at the time of the reference, or any of the practices, methods and acts

which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with reliability, safety and expedition. Good Utility Practice shall apply not only to functional parts of the Plant, but also to appropriate structures, landscaping, signs, lighting and other facilities. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a spectrum of prudent and acceptable practices, methods or acts.

1.9 "Gross Negligence and/or Willful Misconduct" means any act or omission by or authorized by a party's officers, persons reporting directly to such officers or its Board of Directors that is performed, authorized or omitted consciously with prior actual knowledge or with reckless disregard of facts indicating that such conduct or omission is likely to result in actionable damages or injury to persons or property or to result in a violation of laws or regulations.

1.10 "NRC" or "Nuclear Regulatory Commission" means the United States Nuclear Regulatory Commission or its successor having responsibility for administration of the licensing and regulation of the operation of nuclear utilization facilities under the Atomic Energy Act of 1954 and amendments thereto.

1.11 "Nuclear Fuel" means any source, special nuclear or by-product material as defined in the Atomic Energy Act of 1954 and

any amendments thereto, including any ores, mined or unmined, uranium concentrates, natural or enriched uranium hexafluoride, or any other material in process containing uranium, and any fuel assemblies or parts thereof, any of which are required for the generation of electricity at the Plant.

1.12 "Operate" and its derivatives means to possess, use, manage, control, maintain, repair, operate and decommission.

1.13 "Operating License" means the Facility Operating License No. DPR-35 for the Plant and amendments thereto as issued from time to time by the NRC.

1.14 "Plant Emergency Preparedness Agreements" refers to agreements entered into to support the Plant Emergency Plan and to assure compliance with readiness requirements and emergency response actions as described in 10 CFR 50.47.

1.15 "Taxes" means any or all federal, state and/or local, municipal, ad valorem, property, occupation, severance, generation, first use, conversion, Btu or power, transmission, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction, utility, gross receipts, privilege, sales, use, consumption, excise, lease, transaction, and other taxes, governmental charges, license fees, permit fees, assessments, or increases in or interest on or penalties relating to any of the foregoing, now existing or otherwise applicable at any time during the Term, other than taxes based on net income or

net worth; except Taxes shall not include any item for which an extension or exclusion from Taxes may apply.

ARTICLE II.

COMPANY'S AUTHORITY AND RESPONSIBILITY

WITH RESPECT TO OPERATION OF THE PLANT

2.1 Authority for Operation. Company and Owner agree that Company shall act as the agent of Owner to take all actions necessary to make Capital Improvements to and to operate the Plant, each in accordance with Good Utility Practice and in the best interest of Owner. Owner hereby grants Company the authority to take any and all action, in Owner's name and on Owner's behalf, necessary to obtain and/or maintain all licenses and permits issued by the NRC or other regulatory bodies relating to the Plant and necessary to comply with all applicable regulations of the NRC and other governmental bodies having jurisdiction over any aspect of the Cost of Operation, Cost of Capital Improvements, making of Capital Improvements and/or Operation of the Plant. Without limiting the foregoing delegation, Company shall act as the agent for Owner in all matters related to NRC licensing of the Plant. Furthermore, Company shall provide Owner with data and assistance as may be requested by Owner to enable Owner to satisfactorily discharge, as the owner of the Plant, its responsibilities with regard to the Plant, including its responsibilities to its securities

holders, to regulatory authorities and others. Notwithstanding any provisions to the contrary herein, or in any other agreements between the parties, Company shall Operate, and make Capital Improvements at, the Plant in accordance with the Operating License and applicable laws and regulatory requirements and shall have sole authority, as the Operator of the Plant, to make all decisions relating to public health and safety. In order that Company may meet its responsibilities hereunder, Owner shall provide Company with financial resources as provided herein and shall otherwise cooperate so as to enable Company to comply with the Operating License and applicable laws and regulations. Subject to the provisions of Sections 2.2 and 2.3 herein, in order to enable Company fully and effectively to perform its duties hereunder, Company shall have, and Owner does hereby grant to Company, as agent for Owner, the power and authority to exercise in accordance with applicable laws, the rights of Owner under, and to execute, modify, amend or terminate, any contracts, including, without limitation, leases, easements, agreements, purchase orders, licenses, permits and privileges relating to the Operation of, and making of Capital Improvements to, the Plant, as agent for Owner. Company may perform its duties hereunder through its employees, affiliated persons or non-affiliated persons. Except as provided in Section 11.5 hereof, the duties of Owner and Company hereunder shall be subject in all events to receipt of any further necessary consents or regulatory

approvals. Subject to Company's obligations and responsibilities under this Operating Agreement, the Operating License and applicable laws and regulatory requirements, Company agrees that it shall comply with directions from Owner relating to the Operation and making of Capital Improvements (including expenditures therefor) at the Plant.

2.2 Limitation on Company's Authority. Except as required for Company's compliance with the Operating License and applicable laws and regulations, Company shall have no authority under this Operating Agreement without the written approval of Owner, which approval shall not be unreasonably withheld, (a) to obligate Owner to pay Costs of Capital Improvements and Costs of Operation that are either materially different from or in excess of the expenditures to be agreed upon pursuant to Section 5.1 herein, (b) to obligate Owner, to pay Costs of Capital Improvements that have not been approved pursuant to any Owner policy with respect to its Board of Directors' approval of capital expenditures, and/or (c) to sell, encumber or otherwise dispose of any real property or, other than surplus or obsolete items, any equipment or personal property comprising the Plant. In addition, Owner shall have exclusive authority to define the economic life and to determine when the economic life of the Plant has ended and, in its sole discretion, may direct Company, in writing, to retire and decommission the Plant or to operate the Plant at reduced capacity and/or to place the Plant in a safe

shutdown condition; provided, however, Company shall take any such action in a manner which it determines, in its sole judgment, is consistent with public health and safety, the Operating License and applicable laws and regulations. In addition, Company is authorized to Operate the Plant at a reduced capacity or otherwise to place the Plant in a safe shutdown condition at any time Company determines such action is necessary to comply with the Operating License and applicable laws and regulations. All costs incurred by Company in taking such action relating to decommissioning or shutdown of the Plant shall be considered Costs of Operation or Costs of Capital Improvements, as the case may be. With respect to acquisitions by Company, as agent for Owner of Capital Improvements and other equipment or property, including, but not limited to, materials, supplies and spare parts inventories, for the Plant, Owner's Treasurer or Chief Financial Officer shall provide Company from time to time, as necessary, with any Owner's policies for prior Owner Board of Directors' approval for Capital Improvements and instructions or guidelines as to the preferred financial structure of such acquisitions (i.e., purchase, lease, etc.), which shall be used in implementing such acquisitions.

2.3 Execution; Disclosures in Third-Party Contracts.

Contracts relating to the Operation of the Plant, including, without limitation, any contracts for Capital Improvements or contracts for the sale, lease or acquisition of materials,

inventories, supplies, spare parts, equipment, fuel, Nuclear Fuel (excluding contracts for the financing through lease or otherwise for Nuclear Fuel) or services, shall be executed by Company, as agent for Owner or by Owner, upon Company's reasonable request. If a contract subject to Section 2.1 relates to both the Plant and one or more other power plants that are operated by Company, such contracts ("Multi-Plant Contracts") shall be executed by Owner at Company's request, on reasonable grounds, or by Company, on reasonable grounds, on behalf of Owner, and the owners of the other applicable plants. Company further agrees that with respect to Multi-Plant Contracts, Company will not enter into such Multi-Plant Contracts without the prior written consent of Owner unless such contract contains a provision for several but not joint liability of the owners of the plants under such Multi-Plant Contracts in proportion to the costs allocated to the various power plants under such contracts. In order to induce third parties to contract with Company with regard to the performance of Company's obligations under this Operating Agreement, Owner, hereby expressly agrees to be bound by the terms of all contracts executed by Company in accordance with its agency authority as described herein (including, without limitation, any provisions that limit or protect against a third party's liability, provisions granting indemnity to third parties and limitations or exclusions of warranties) to the same extent as if Owner were an original signatory to such contract. In

addition, if Owner's signature is deemed by Company to be necessary to induce a third party to contract with Company, Owner agrees to not unreasonably refuse to execute such third-party agreements as Company may request from time to time. It is further agreed that the Treasurer or Chief Financial Officer of Owner shall designate and notify Company in writing of any contracts or types of contracts related to the Plant that are to be executed by Company, in its capacity as Owner's agent, that Owner desires to review and monitor so that Owner may evaluate the potential impact on Owner of such contracts and to advise Company of such impact in order that Company may take all steps to protect Owner's interests. Accordingly, Company agrees to provide Owner copies of such designated contracts within a reasonable time prior to Company's proposed execution, amendment or termination thereof.

2.4. Enforcement of Rights.

A. Owner hereby recognizes that Company has complete and exclusive authority with respect to the handling of the defense, prosecution and/or settlement of disputes with third parties relating in any way to the Plant, provided that Company shall obtain Owner's written consent and direction prior to instituting or settling any lawsuit, claim, proceeding or action relating to the Plant which Owner may designate in writing as requiring "Owner direction."

B. Subject to Article VI, it is further agreed that

to the extent Company incurs any liability to a third party in performing its duties under this Operating Agreement, amounts paid by Company because of such liability and Company's expenses in defending claims by third parties or prosecuting claims against third parties shall be considered Costs of Operation.

2.5 Company's Responsibilities at Other Plants. Company's duties and responsibilities under this Operating Agreement shall not be construed to interfere with Company's authority and responsibility to operate any other plants for which it has operating responsibility; provided, however, that Company hereby agrees that it will not knowingly take any action or fail to take any action in connection with the Plant that is inconsistent with Good Utility Practice and puts Owner at a disadvantage to Company or to the owners of such other plants.

ARTICLE III.

OWNER'S RESPONSIBILITY AND OBLIGATIONS

3.1 Payment. In consideration of the services rendered by Company hereunder, and subject to the provisions of this Operating Agreement, Owner hereby agrees to pay the Costs of Operation and Costs of Capital Improvements incurred by Company pursuant to Article V hereof.

3.2 Site Access and Control. In order for Company to Operate the Plant in accordance with the Operating License and other applicable regulatory requirements, Owner grants Company

possession and use of the property constituting the Plant and agrees to provide Company, its agents, employees and contractors unrestricted access to the property constituting the Plant, including, without limitation, the real property and the switchyard facilities acquired by Owner, equipment and personal property located on the Plant site. As required by the Operating License and applicable statutes, and NRC regulations, Owner further agrees that Company shall have authority to exercise complete control over the Exclusion Area as defined in the Updated Safety Analysis Report for the Plant and to determine all activities within the area.

3.3 Support Services from Owner. Owner agrees that it will cooperate with Company in a manner so that Company may exercise its authority and fulfill its responsibilities pursuant to this Operating Agreement. In this connection, Owner further agrees to delegate to Company, as agent for Owner, rights and obligations of Owner as necessary for Company to fulfill its obligations hereunder, including without limitation, rights and obligations under the following contracts: (1) the Interconnection and Operation Agreement between Boston Edison Company (Edison) and Owner dated as of November 18, 1998, relating to services provided by Edison to interconnect the Plant and its switchyard to Edison's transmission system and (ii) the Plant Emergency Preparedness Agreements. Owner agrees to provide directly or through its affiliated companies subject to their

reasonable capability and availability and compliance with applicable laws and regulatory restrictions, additional services or assistance required by Company and agreed to by Owner in writing in connection with the Operation of the Plant, including, without limitation, the following: (1) communications access and support, (2) transportation support, (3) payroll, benefits, and personnel assistance, and (4) other services as may be required in order to allow Company to conduct safe, economic and efficient operations at the Plant.

3.4 No Changes to Facilities, Procedures or Practices. So that Company will be capable of Operating the Plant in accordance with the Operating License and other applicable regulatory requirements, Owner agrees that it will not make any changes or authorize others to make changes to facilities, procedures or practices that affect compliance with NRC regulations or commitments, without prior consultation with and written consent from Company, which consent Company shall not unreasonably withhold.

3.5 Off-Site Power Supply. Owner shall cooperate with Company so as to maintain in effect a station service agreement providing the Plant with blackout power or off-site power. Owner agrees that it shall cause to be provided to the Plant an assured source of off-site power in accordance with procedures to be agreed upon, from time to time, by the parties.

ARTICLE IV.

OWNERSHIP OF CAPACITY AND ENERGY

4.1 Ownership of Capacity and Energy. Owner at all times during the term of this Operating Agreement, shall be and remain the owner of, and shall be entitled to all of, the capacity and energy from the Plant which Owner shall sell at wholesale.

4.2 Determination of Output. Net positive output of the Plant shall be the gross generation of the Plant, less station service requirements, and less adjustments for losses experienced. In the event the output is negative (i.e., station service and losses exceed the gross generation), Owner and Company shall be responsible for assuring the availability of necessary power at the Plant during such period in accordance with Good Utility Practice and Section 3.5 herein.

ARTICLE V.

PAYMENT; AUDIT AND INSPECTION RIGHTS

5.1 Payment Obligation. On or before November 1 (or such other dates as may be agreed to by the parties) of each year during the term of this Operating Agreement, (1) Company will submit for Owner's review and approval the total annual capital budget for the Plant, the annual operating and capital programs (as used herein the term "annual operating and capital programs" shall include details of the budgeted costs for those programs)

for the Plant, and the components of Company's five-year business plan that relate to the Plant, and (2) Company and Owner will agree in writing upon maximum amounts to be paid, within parameters of the then-current Company five-year business plan, by Owner for the following budget year pursuant to this Operating Agreement with respect to (i) Costs of Capital Improvements and (ii) Costs of Operation. Owner and Company recognize that mutually agreeable adjustments may be made to such maximum amounts to be paid and/or to the previously approved capital budget, operating and capital programs or the components of Company's five-year business plan relating to the Plant, from time to time during any budget year, to reflect the impact of Force Majeure, unforeseen circumstances, financial constraints or other events. Without limiting Owner's obligations under Article VI, Owner agrees to pay any and all Costs of Operation and Costs of Capital Improvements within such maximum amounts to be paid and consistent with the previously approved capital budget and operating and capital programs, but Owner shall not be obligated to pay Costs of Operation and Costs of Capital Improvements in excess of the applicable maximum expenditure limitations or which differ materially from the types of expenditures reflected in the capital budget and operating programs previously approved by Owner, except for any such excess or different Costs of Operation and Costs of Capital Improvements that Owner agrees to pay and except as required to enable Company to fulfill its obligation

under the Operating License and applicable laws and regulations. It is further agreed that Company will keep Owner timely informed and obtain Owner's approval regarding projects which are reasonably anticipated to cause a material change to the components of the then-current Company five-year business plan that relate to the Plant as previously approved by Owner.

5.2 Payment and Billing. Subject to Section 5.1 above and in accordance with procedures to be agreed upon in writing by the parties, Company hereby agrees to furnish Owner, at such times as may be required by Owner estimates of the Costs of Operation and Costs of Capital Improvements expected to be owed for the next succeeding period. Owner shall promptly deposit in the bank account(s) to be established pursuant to Section 5.3 such funds as shall be adequate to pay Company and third parties on a timely basis with respect to Costs of Capital Improvements and Costs of Operation. In addition, Owner will pay for costs incurred under any contracts relating to the Plant with respect to which Company, as agent, has approved and has directed the third party to provide direct billing to Owner. Payments of the Costs of Capital Improvements and Costs of Operation specified herein shall be made notwithstanding the availability or lack of availability of the Plant to produce power. No payment made pursuant to this Operating Agreement shall constitute a waiver of any right of Owner to question or contest the correctness of

Costs of Capital Improvements and Costs of Operation charged hereunder.

5.3 Bank Accounts. The parties agree that one or more special bank accounts may be established and maintained in one or more banks of Owner's choice, in a manner that will indicate the custodial nature of the accounts, for the deposit by Owner and disbursement by Company or Owner of Costs of Capital Improvements and Costs of Operation.

5.4 Audit and Adjustments. Company shall maintain books and records to support the Costs of Capital Improvements and Costs of Operation for such period of time as Owner shall direct. From time to time, Owner may, and Company shall permit, at Owner's option and expense as appropriate, in accordance with any applicable Entergy System established auditing policies conduct or cause to be conducted by others, including any regulatory authorities having jurisdiction, audits of the books and records of Company. Such audits shall be conducted at reasonable mutually agreed upon times, with agreement not being unreasonably withheld. Further, Company shall make available to Owner a copy of any audit reports prepared by or at the request of Company concerning its books and records relating to the Operation of the Plant, and the cost of preparing such audit reports shall be a Cost of Operation payable pursuant to this Article V. Company shall credit Owner with recoveries, whenever received, from third parties and shall charge or credit Owner with any underpayments

or overpayments of Costs of Capital Improvements and Costs of Operation, as the case may be. Force Majeure shall not excuse failure by Company to credit Owner with third-party recoveries or overpayments of Costs of Capital Improvements and Costs of Operation owing to Owner at any time.

ARTICLE VI.

LIMITATION OF LIABILITY

Release and Limitation of Liability. To the fullest extent permitted by applicable law, Owner shall not be entitled to recover from, and Owner hereby expressly releases, Company, its agents, officers, directors, shareholders or employees (except to the extent Owner shall be entitled to share in insurance recoveries obtained by Company hereunder) from or for any damages, claims, causes of action, losses and/or expenses of whatever kind or nature, including, but not limited to, attorneys' fees, that are in any way, directly or indirectly, connected with Company's Operation of the Plant or for any damage thereto, whether arising in tort, fraud, contract, strict liability, negligence or any other theory of legal liability or as a result of fines or other penalties imposed by the NRC or other governmental authority, unless such damages, claims, causes of action, losses and/or expenses shall have resulted from the Gross Negligence and/or Willful Misconduct of Company. In no event shall Company or its agents, officers, directors,

shareholders or employees be liable to Owner for any loss or damage suffered by Owner in connection with Company's performance under this Operating Agreement in an amount greater than Owner's uninsured loss. The duty of Company to perform its obligations under this Operating Agreement in accordance with Good Utility Practice shall be construed or modified to the extent necessary to give full effect to the provisions of this Article VI.

ARTICLE VII.

INSURANCE

7.1. With respect to the Plant, Company, acting as Owner's agent and subject to the direction of Owner, shall provide and maintain or cause to be provided and maintained, in the name of and on behalf of Owner, Company, and their respective mortgagees, if required, as their respective interests may appear, protection through insurance or otherwise covering Company's and Owner's obligations to pay damages because of personal injury, death or property damage, including, without limitation, obligations under applicable workers' compensation laws, and protection through insurance or otherwise covering nuclear property and nuclear liability and other insurance and financial protection in accordance with customary industry practice and as necessary to comply with all applicable laws and regulations and applicable mortgages and credit arrangements of Owner. All insurance policies obtained pursuant to this Operating Agreement shall be

issued, as Owner deems appropriate, with Owner and the Company and Owner's respective mortgagees, if required, named as insureds, as their interests may appear, as appropriate to the particular coverage, and, if obtainable and economically feasible, workers' compensation and all bodily injury (including death) and property damage liability coverages shall be issued by the same insurance carrier(s). Owner, after consultation with Company, shall determine the coverage limits and deductibles for any insurance policies obtained pursuant to this Agreement. Additionally, all insurance coverages applicable to those obligations surviving termination of this Agreement pursuant to Section 8.3 below, shall also survive said termination to the extent that such obligations so survive and to the extent that such coverages are reasonably available.

7.2. Acting as agent for and subject to the direction of Owner, Company will establish necessary procedures, cooperate with the insurers and otherwise comply with requirements of the insurers to maintain coverages in effect and to obtain payment of claims recoverable under such insurance applicable to the Plant.

ARTICLE VIII.

TERM AND TERMINATION

8.1 Term. This Agreement shall become effective _____ subject to prior receipt of all necessary regulatory approvals of this Operating Agreement. Unless sooner terminated as provided

hereinafter, this Agreement shall remain in effect until the Plant shall have been retired and decommissioned in accordance with all applicable regulatory and governmental requirements and the parties hereto agree in writing, with agreement not to be unreasonably withheld, that all responsibilities hereunder have been fulfilled.

8.2 Termination. This Operating Agreement may be terminated prior to the expiration of the term as set forth in Section 8.1 above, subject to receipt of any and all necessary regulatory approvals, upon (1) agreement of the parties hereto or (2) either party giving the other party at least three hundred sixty-five (365) days' prior written notice of the intention to effect such termination. In addition, this Operating Agreement shall be modified or reformed as necessary to comply with any applicable rule, regulation or order of the NRC or Securities and Exchange Commission adopted before or after the execution hereof. Company agrees that any and all licenses, permits, records, books, privileges or rights acquired by Company relating to Operation of the Plant shall be assigned or otherwise transferred to Owner upon termination of this Operating Agreement.

8.3 Survival. The indemnification, release, and limitation of liability provisions contained in Article VI shall survive termination to the extent they pertain to events giving rise to such indemnification, release and liability that occurred during the term of this Operating Agreement. Further, it is agreed that

in no event shall this Operating Agreement terminate unless all payments required to have been made by Owner to Company or by Company to Owner, as the case may be, shall have been made and all necessary regulatory approval for transfer of responsibility for the Plant shall have been obtained.

ARTICLE IX.

INFORMATION PROVIDED TO OWNER

9.1 Reports to Owner. When required by Owner, Company shall provide data and/or reports to Owner to support Costs of Capital Improvements and Costs of Operation payable by Owner so as to allow Owner to satisfy requirements of Owner's creditors and to comply with any applicable laws, rules and regulations promulgated by regulatory authorities. Company shall also comply with any other reasonable reporting requirements.

9.2 Site Access. Owner or its designees shall have access to the Plant, subject to Company's obligation to limit such access pursuant to the Operating License, or the applicable rules and regulations of the NRC or other regulatory authorities.

ARTICLE X.

TRANSFERS OF PERSONNEL

10.1 Transfer. All Owner non-bargaining unit employees will be transferred to the employ of Company as of the Effective Date of this Operating Agreement.

Company agrees to adopt the collective bargaining agreements currently in effect at the Plant. Upon the stated expiration date of the current collective bargaining agreements, Company will assume the responsibility for bargaining with the unions on contract renewal. All Owner applicable bargaining unit employees will be transferred to the employ of Company as of the Effective Date of this Operating Agreement.

10.2 Benefit Plans. It is the objective of the parties hereto that employees transferred to the employ of Company in accordance with Section 10.1 continue to be eligible to participate in the same Employee Benefit Plans (as defined in Section 3(3) of the Employee Retirement Income Act 1974, as amended), and on the same terms and conditions, as such employees were eligible to participate in immediately prior to their date of employment transfer, without any interruption in their System Company employment. Notwithstanding anything to the contrary, but subject to applicable collective bargaining agreement requirements, Company, in its sole discretion, reserves the right at any time and from time to time to amend or terminate its participation in such Employee Benefit Plans.

ARTICLE XI.

MISCELLANEOUS

11.1 Confidentiality. Either party may, from time to time, come into possession of information of the other party that is

confidential or proprietary (including, without limitation, Safeguards Information as defined in 10 C.F.R. Part 73). Each party having any such information which the other party has advised it is confidential or proprietary will not reproduce, copy, or disclose (except upon prompt and prior notification to the other party of the event precipitating such disclosure and upon agreement of the parties that such disclosure is required by law) any such information in whole or in part for any purpose without the prior written consent of the other party. Safeguards Information relative to The Plant shall be controlled and protected in accordance with 10 C.F.R. 73.21.

11.2 Restricted Data. Company and Owner agree that, unless otherwise required by law, they will not permit any person to have access to Restricted Data, as defined in 42 U.S.C. §2014.y, until the federal Office of Personnel Management shall have made an investigation and report to the NRC on the character, associations and loyalty of such person and the NRC shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

11.3 Assignment and Successors. This Operating Agreement shall not be assignable by a party hereto without the prior written consent of the other party and without first obtaining all necessary regulatory approval, and any attempted assignment without such consent and approval shall be void. Subject to the

preceding sentence, this Operating Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

11.4 Governing Law. The validity, interpretation and performance of this Operating Agreement and each of its provisions shall be governed by the laws of the State of New York.

11.5 No Delay in Payments. No disagreement or dispute of any kind between the parties concerning any matter, including, without limitation, the amount of any payment due from Owner to Company or from Company to Owner, as the case may be, or the correctness of any charge made to Owner or Company, or any reason, excuse or circumstance, including Force Majeure, shall permit either party to delay or withhold payment due and owing under this Operating Agreement, except that Owner shall have the right to make any payments required of it under protest and to reserve its rights to conduct audits in accordance with Section 5.4.

11.6 Notices. Any notice, request, consent or other communication permitted or required by this Operating Agreement shall be in writing and shall be deemed to have been given when hand-delivered or when deposited in the United States mail, first class, postage pre-paid and, until written notice of a new address is given, shall be addressed as follows:

If to Company:

Entergy Nuclear Operations, Inc.
440 Hamilton Avenue
White Plains, New York 10601

If to Owner:

Entergy Nuclear Generation Company
1340 Echelon Parkway
P. O. Box 31995
Jackson, Mississippi 39286-1995

11.7 Amendments. This Operating Agreement may be amended only by a written instrument duly executed and delivered by the parties hereto and with any and all necessary regulatory approvals previously obtained.

11.8 Relationship. Nothing herein shall be construed to create a partnership or joint venture between Company and Owner or to impose a trust, fiduciary or partnership duty, obligation or liability upon Company and Owner or to create any agency relationship except as expressly granted herein.

11.9 Counterparts. This Operating Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.10 Force Majeure. Company shall not be in default in performance of its obligations or duties hereunder (other than any obligation to credit Owner with its recoveries or overpayments of Costs of Operation owing at any time) if such failure of performance is due to Force Majeure. Owner shall not be in default in performance of any duties or obligations hereunder (other than any obligation to pay monies to or at the direction of Company as provided in this Operating Agreement) if such failure of performance is due to Force Majeure.

11.11 Good Utility Practice. The parties hereto shall discharge any and all obligations under this Operating Agreement in accordance with Good Utility Practice.

11.12 Entire Agreement. This Operating Agreement shall constitute the entire understanding and agreement between the parties superseding any and all previous understandings and agreements between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Operating Agreement by their duly authorized representatives.

ENTERGY NUCLEAR GENERATION
COMPANY

ENTERGY NUCLEAR OPERATIONS, b
INCORPORATED

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____