



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

Mike Bellamy
Site Vice President

November 15, 2001

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

SUBJECT: Entergy Nuclear Generation Company
Pilgrim Nuclear Power Station
Docket No. 50-293

Transfer of Certain Entergy Nuclear Generation Company Employees to Entergy Nuclear Operations, Inc.

- REFERENCES:
1. Entergy Nuclear Generation Company letter to Nuclear Regulatory Commission, Transfer of Operating Authority of Pilgrim Station Facility Operating License and NRC Materials License, dated August 24, 2001.
 2. Nuclear Regulatory Commission letter to Entergy Nuclear Generation Company, Effective Date for Transfer of Operating Authority Under Facility Operating License and Transfer, Pilgrim Nuclear Power Station (TAC No. MB2843), dated October 19, 2001.

LETTER NUMBER: 2.01.101

Dear Sir or Madam:

By letter dated August 24, 2001 (Reference 1), Entergy Nuclear Generation Company (ENGEC) applied for an order consenting to the transfer of the operating authority for Pilgrim Nuclear Power Station ("Pilgrim Station") from ENGEC to Entergy Nuclear Operations, Inc. (ENO). In the letter, ENGEC requested the changes be made effective December 28, 2001 to minimize the affect of del witholding of FICA taxes on Pilgrim Station employees. By letter dated October 19, 2001 (Reference 2), ENGEC was notified that the NRC would not be able to support the requested date of December 28, 2001 due to other resource demands.

The purpose of this letter is to describe the expected transfer of certain non-supervisory ENGEC employees to ENO prior to approval of the requested change in operating authority. The transfer is expected to occur in late December 2001, before the first 2002 pay period. ENGEC has reviewed the expected transfer of non-supervisory ENGEC employees and determined that prior approval of the requested change in operating authority is not required.

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In order to allow Pilgrim employees' greater developmental opportunities and enable Pilgrim Station to more easily share resources and personnel with other Entergy plants in the Northeast, we plan to transfer essentially all non-supervisory Pilgrim Station employees from ENGC, their present employer, to ENO before January 1, 2002. A description of the functions to be transferred is provided in Attachment A.¹ None of the employees being transferred occupy managerial or supervisory positions with ENGC. The employees transferred to ENO will continue to perform the same functions they currently perform and will be subject to the direction and control of their present supervisors and management who are not being transferred.

The services provided by ENO through the employees transferred to ENO, and the relationship between ENO and the ENGC, the current licensee, will be governed by the Pilgrim Nuclear Power Station Service Agreement (Service Agreement), in the form provided as Attachment B. Under the terms of this Agreement, ultimate responsibility for plant operations, budgetary controls, operating plans, policies, procedures and management direction of Pilgrim Station is retained exclusively by ENGC. Specifically, ENGC will retain ultimate decision-making authority in the following areas:

- Decision to continue plant operation or shut down for repairs
- Decision to start up the plant
- Authority to make operability determinations for safety-related equipment
- Authority to change staffing levels for licensed personnel
- Authority to make organizational changes for Technical Specifications required positions
- Decision to defer repairs on safety-related equipment
- Authority for quality assurance responsibilities (selecting audits, approving audit reports, accepting audit responses)
- Budget setting and spending authority
- Authority to control the terms of employment for licensed staff
- Authority over the design control of the facility
- Decision to continue operations or permanently cease operation
- Authority to determine whether NRC approval is needed under 10 CFR 50.59
- Authority to perform maintenance on safety-related equipment
- Authority for the emergency preparedness program
- Authority to approve licensee event reports
- Authority to decide whether to make a 10 CFR 50.72 report
- Authority to provide health physics program services
- Authority to provide chemistry program services
- Authority to provide fire protection program services
- Authority for engineering work on safety-related systems
- Authority for maintaining design basis documentation
- Authority for compliance engineering or licensing engineering services

The Service Agreement provides that all ENO employees providing services to Pilgrim Station will remain under the ultimate control and supervision of ENGC, and ENO is required to cause its employees to adhere to all procedures and policies relating to Pilgrim Station. All ENO employees assigned to support Pilgrim Station will be technically qualified for the positions they hold and will adhere to Good Utility Practices.

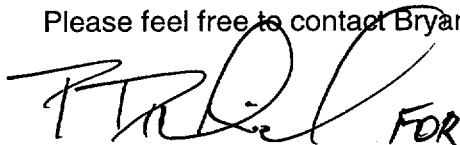
¹ When the requested transfer is granted, most if not all, of the remaining employees of ENGC would be transferred to ENO as described in the August 24, 2001 application.

It is ENGC's position that the transfer of these non-supervisory ENGC employees to ENO is not a transfer of operating authority and does not require an application for approval of transfer of the Facility Operating License or an amendment of the license. We believe our position is consistent with the NRC staff position outlined in NRC Regulatory Issue Summary 2001-06 because there will be no transfer of final decision-making authority for the performance of any licensed activities. Rather, final decision-making authority has been retained by ENGC in all the areas the NRC staff has indicated would trigger a need for NRC review and consent pursuant to 10 CFR 50.80. Specifically, the day-to-day activities at the site will continue to be run by the current ENGC management and the ENO employees will serve under the direction and control of that management. Decision-making authority regarding whether to continue operation, to shut down for repairs, to start up the plant, to permanently cease operations, and control over the design and control of the facility, are all retained by ENGC. Until the transfer in the Facility Operating License and Materials License requested in Reference 1 is approved by the NRC, ENO will have no ultimate authority regarding staffing levels or organizational changes, budget setting, or any final financial decisions. All amounts spent in operation and maintenance of Pilgrim Station will be subject to the consent and approval of the current licensee, ENGC.

Finally, none of the lines of authority and responsibility in the organizational chain of command specified in the current Pilgrim Station Technical Specifications will be changed. Therefore, there should be no need for NRC review and approval of a license amendment under 10 CFR 50.90 for the transfer of non-supervisory ENGC personnel to ENO.

The transfer of non-supervisory ENGC employees to ENO is expected to take place before the end of calendar year 2001 in order to eliminate any financial impact on the transferred employees.

Please feel free to contact Bryan Ford, at 508-830-8403, if you need additional information.

A handwritten signature in black ink, appearing to read "Mike Bellamy", with the letters "FOR" written in a smaller font to the right of the signature.

Mike Bellamy

- Attachments:
1. Non-supervisory functions to be transferred from ENGC to ENO
 2. Service Agreement between ENO and ENGC

BSF/dwe
cc: (see next page)

cc: with Attachments

Mr. Douglas Starkey, Project Manager
Project Directorate I-3
Office of Nuclear Reactor Regulation
Mail Stop: O-8B-1
1 White Flint North
11555 Rockville Pike
Rockville, MD 20852
(10 copies)

Mr. Hubert J. Miller
Region I Administrator
U.S. Nuclear Regulatory Commission
Region I
475 Allendale Road
King of Prussia, PA 19406

Senior Resident Inspector
Pilgrim Nuclear Power Station

cc: w/o Attachments

Mr. Robert Hallisey
Radiation Control Program
Mass. Dept. of Public Health
174 Portland Street 5th Floor
Boston, MA 02114

Mr. Peter LaPorte, Director
Mass. Energy Management Agency
400 Worcester Road
P.O. Box 1496
Framingham, MA 01701-0313

Attachment 1

Non-Supervisory Functions to be Transferred from ENGC to ENO

(1 Page)

Non-Supervisory Functions to be Transferred from ENGC to ENO

Administrative Assistant
Administrative Coordinator
ALARA/Radioactive Waste Coordinator
Analyst
Buyer
Checker
Customer Service Manager
Emergency Planner
Engineer
Financial Analyst
Fuel Fabrication Coordinator
Graphic Artist
Human Resources Representative
Information Technology – Consult
Instructor
Mechanic
Modifications Coordinator
Nuclear Plant Reactor Operator (RO) - Licensed
Nuclear Plant Reactor Operator – Non-Licensed
Painter
Planner
Project Manager
Procedure Writer
Program Manager
Purchasing Agent
Radiation Protection Technician
Six Sigma Black Belt
Special Assistant
Specialist
Stock Keeper
Student Employee
Support Coordinator
Technical Assistant
Technician
Work Controller

Attachment 2

Service Agreement between ENO and ENGC

(19 Pages)

SERVICE AGREEMENT

BETWEEN

ENTERGY NUCLEAR OPERATIONS, INC. AND
ENTERGY NUCLEAR GENERATION COMPANY

THIS AGREEMENT, made and entered into as of December 18, 2000, by and between Entergy Nuclear Operations, Inc., a corporation organized under the laws of the State of Delaware (hereinafter sometimes referred to as "Service Company") and Entergy Nuclear Generation Company, a corporation organized under the laws of the State of Delaware ("Client Company").

W I T N E S S E T H:

WHEREAS, Service Company and Client Company are both direct or indirect subsidiaries of Entergy Corporation, and Client Company, together with Entergy Corporation and Entergy Corporation's other direct or indirect subsidiaries and Service Company form the Entergy System; and

WHEREAS, Service Company is authorized by the Securities and Exchange Commission (the "Commission") under Order Section 13 of the Public Utility Holding Company Act of 1935, as amended (the "Act") to render to certain direct and indirect subsidiaries of Entergy Corporation which are not domestic retail electric utility companies and to non-associate companies ("Client Companies")¹ certain services and to render to Client Company services as herein provided; and

¹ Those companies to which Service Company shall not render services are Arkansas Power & Light Company, Louisiana Power

WHEREAS, in the performance of past and future services for the Client Companies, Service Company has acquired and will acquire certain properties and other resources; and

WHEREAS, Client Company is authorized under the Act to utilize those services, personnel, and related properties and other resources of Service Company; and

WHEREAS, economies and increased efficiencies benefiting the Entergy System will result from the performance by Service Company of services for Client Company; and

WHEREAS, subject to the terms and conditions herein described, Service Company is willing, upon request by Client Company, to render such services and provide such related property and resources to Client Company at fair market value in accordance with applicable orders of the Commission under the Act;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein, the parties hereto hereby agree as follows:

1. Definitions.

As used hereinafter, the following terms, in addition to those elsewhere defined in this Agreement, shall have the following meanings unless the context otherwise requires:

& Light Company, Mississippi Power & Light Company, New Orleans Public Service Inc., Entergy Operations, Inc., System Fuels, Inc., System Energy Resources, Inc., Entergy Services, Inc., and such other similar direct or indirect subsidiaries of Entergy Corporation now or hereafter existing whose activities and operations are primarily related to the domestic sale of electric energy at retail or at wholesale to affiliates, or the provision of goods or services thereto (collectively, the Regulated Utilities).

A. "Non-Affiliate" means any corporation, company, agency, government, business, entity or person other than (i) Entergy Corporation, (ii) a direct or indirect subsidiary of Entergy Corporation, or (iii) a person employed by Entergy Corporation, or any of such subsidiaries.

B. "Services" shall mean the consulting, management and other services described in a Service Request within the general scope of services relating to operation or maintenance of electric power facilities as further described in Article 3 hereof.

C. 'Service Request' is a written document in a form similar to Exhibit I hereto used to initiate the performance of services in accordance with the procedure set forth in Section 5 hereof and amendments thereto.

2. Agreement to Furnish Services.

A. Service Company hereby agrees to furnish or otherwise make available to Client Company, upon the terms and conditions hereinafter set forth, the Services set forth in Section 3 hereof. Service Company will keep itself and its personnel available and competent to render to Client Company the Services on the same basis as such Services are provided to the other Client Companies.

B. Upon its receipt of Client Company's Service Request, Service Company will, if it has or can have available the personnel and resources needed to fill

the Service Request, furnish to Client Company, upon the terms and conditions hereinafter set forth, such of the Services, at such times, for such periods and in such manner as Client Company may from time to time request; provided, however, that the determination of whether Service Company has the available personnel and resources to perform in accordance with the Service Request will be entirely within the discretion of Service Company, and Service Company may at its sole option elect not to perform any requested Services, except that, once having executed a Service Request, Service Company shall not withdraw or depart from performance thereunder without the consent of Client Company. In the event Client Company consents to termination by Service Company of performance of Services pursuant to an executed Service Request, the parties shall negotiate and agree upon any equitable termination payments to be paid by Service Company to Client Company.

C. The providing of Services by Service Company pursuant to this Agreement shall in all cases and notwithstanding anything herein contained to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies, if any, having jurisdiction over Service Company, Client Company, or such providing of Services.

3. Description of Services.

Services provided pursuant to this Agreement would include, but not be limited to the following types of services related to operation and maintenance of electric power facilities as requested by Client Company: development, engineering, design, management and supervision, technical and training, administrative support, market analysis, consulting, coordination and any other managerial, technical, administrative or consulting required in connection with the business of owning or operating the Pilgrim Nuclear Power Station.

4. Compensation for Services.

A. As compensation for Services actually requested by Client Company and rendered to it by Service Company, Client Company hereby agrees to pay to Service Company fair market prices as agreed upon by the parties and set forth in the applicable Service Request.² Bills will be rendered for the agreed compensation on or before the 20th day of the

² Notwithstanding the above, pursuant to order of the Commission dated June 22, 1999, (HCAR No. 27039), Services shall be performed at cost, determined in accordance with Rules 90 and 91 under the Act, in the event that Client Company, at any time, fails to qualify as an Exempt Wholesale Generator, pursuant to Section 32 of the Act, which either (i) sells electricity at market based rates that have been approved by the Federal Energy Regulatory Commission (the "FERC") or the relevant state public utility commission, or (ii) sells electricity at rates based on its costs of service as approved by the FERC or any state public utility commission having jurisdiction (provided that, in the case of either (i) or (ii) the purchaser of the electricity is not a Regulated Utility as defined in footnote 1).

succeeding month or as set forth in the applicable Service Request and will be payable on or before the 60th day thereafter unless other payment terms are set forth in the applicable Service Request.

B. Except for any taxes to be paid directly by Client Company, Service Company shall invoice Client Company and Client Company shall pay to Service Company all applicable Taxes based upon the location at which the primary cost of performance of the Services occurs. If claiming an exemption from Taxes of if Service Company is paying Taxes directly, then Client Company shall provide Service Company with an exemption certificate or direct pay permit or other reasonably satisfactory evidence of such exemption or direct payment. Service Company and Client Company shall use reasonable efforts to obtain and cooperate in obtaining any exemption with the intent to minimize Taxes. Taxes means any and all existing or new taxes including, but not limited to, ad valorem, property, occupation, generation, privilege, sales, use, consumption, excise, franchise, utility, BTC or energy, transaction and other taxes, governmental and municipal charges, licenses, fees, and assessments, but not taxes based on income or net worth.

5. Service Requests.

The Services performed in accordance with Service Requests issued or made by Client Company and accepted by Service Company will be assigned an applicable

Service Request number to enable specific work to be properly allocated by project or other appropriate basis. Service Requests (i) shall be in writing, (ii) shall be signed by appropriate officers of Client Company and of Service Company, (iii) shall be as specific as practicable in defining the Services requested to be performed, and (iv) shall set forth the scope, duration and compensation terms applicable to the Services to be performed pursuant to the Service Request. Client Company shall have the right from time to time to amend, alter or rescind any Service Request, provided that (i) any such amendment or alteration which results in a material change in the scope of the work to be performed or equipment to be provided is agreed to by Service Company, (ii) the compensation for the Services covered by the Service Request will be adjusted as agreed upon by Service Company to compensate Service Company for any expense incurred by Service Company as a direct result of the amendment, and (iii) no amendment, alteration or rescission of a Service Request will release Client Company from liability for compensation for services already performed by Service Company pursuant to the Service Request.

6. Miscellaneous.

This Agreement shall be binding upon the successors and assigns of the parties hereto, provided that Service Company shall not be entitled to assign or

subcontract out any of its obligations under this Agreement or under any purchase order or service request issued hereunder without the prior written approval of Client Company. This Agreement shall be construed and enforced under and in accordance with the laws of the State of Mississippi. This Agreement may be executed in counterparts, each one of which when fully executed shall be deemed to have the same dignity, force and effect as an original. No provision of this Agreement shall be deemed waived nor breach of this Agreement consented to unless such waiver or consent is set forth in writing and executed by the party hereto making such waiver or consent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective corporate names by their respective Presidents or one of their respective Vice Presidents and their respective seals to be hereunto affixed and attested by their respective Secretaries or one of their respective Assistant Secretaries as of the day and year first above written.

ENERGY NUCLEAR OPERATIONS, INC.

ATTEST:

Joseph L. Blount

By: Jerry W. Yelverton

ENERGY NUCLEAR GENERATION COMPANY

ATTEST:

Joseph L. Blount

By: Michael B. Lewis

EXHIBIT I

SERVICE REQUEST (SR)

SR NO 1

1. SR DESCRIPTION OF SCOPE OF SERVICES TO BE PERFORMED BY
ENTERGY NUCLEAR OPERATIONS, INC.

O&M Services as well as Other Services, including administrative services, consulting services (related to O&M Services) and development activities, as requested from time to time by Requesting Company, all as described in HCAR No. 27039 in File No. 70-9123.

2. SCHEDULE AND DURATION OF WORK:

From January 1, 2001 until terminated by either party in writing.

3. COMPENSATION PROVISIONS:

In accordance with Exhibits II and III of the Agreement.

APPROVAL:

ENTERGY NUCLEAR GENERATION COMPANY

NAME: [Signature]
TITLE: Sr VP & COO
DATE: 1-08-01

ENTERGY NUCLEAR OPERATIONS, INC.

NAME: [Signature]
TITLE: President & CEO
DATE: 1-02-01

EXHIBIT I

SERVICE REQUEST (SR)

SR NO _____

1. SR DESCRIPTION OF SCOPE OF SERVICES TO BE PERFORMED BY

_____ :

2. SCHEDULE AND DURATION OF WORK:

3. COMPENSATION PROVISIONS:

APPROVAL:

ENTERGY NUCLEAR GENERATION COMPANY

NAME: _____
TITLE: _____
DATE: _____

ENTERGY NUCLEAR OPERATIONS, INC.

NAME: _____
TITLE: _____
DATE: _____

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EXHIBIT II

Accounting Methodology

The accounting system will be based on specific activities or specific units of work which are assigned between Service Company and Client Company. Each activity or project will have its own assigned number. All direct expenses and revenues will be posted to the project to which it relates. Some costs, however, will relate to indirect expenses, e.g., administrative cost, rent, and telephone expense. As discussed below, these costs will be allocated and billed to specific projects based on one or more allocation methods, including but not limited to a statistical analysis of a specific item such as (i) direct labor hours, (ii) total payroll dollars charged, (iii) base assignment of company employees, (iv) direct dollars charged, and (v) revenues. By using project-based accounting, a profit and loss analysis can be derived for each activity or assignment made pursuant to this Agreement.

Monthly reports will be produced to indicate the results of the activity to each Project Manager. These reports will include a detailed description of each specific charge or allocation which has been made to that project. Each project will have a budget and related revenue projections. The monthly project reports will compare actuals to both of these items as well as maintain life-to-date information to track the project over its entire life span.

A location code will also be utilized to identify cost centers. Specific cost centers may include Corporate Development, Legal, Finance, Accounting, and Administration Development. Areas of control will be assigned to specific individuals. Monthly summaries and detailed cost reports will be distributed to the individuals responsible for their review. Budgets will be developed to compare monthly results at each cost center.

To assist Project Managers in performing the activities within their project, the accounting system will use task codes and identification codes. A task code relates to a specific activity within a project and can be used if the Project Manager wishes to track activities separately. Project reports will be sub-divided by these tasks to allow easier tracking by the Project Manager. Identification codes will be a separate item that the Project Manager can use to group expenses by specific companies, functions, or activities, e.g., a project where a company representative would be visiting several outside corporate groups for possible sales. Revenues and expenses can be tracked by each company solicited. A second use for identification codes would be where a project has phases that would be different from the

tasks that are expected to be accomplished. A Project Manager may want to determine the actual costs of each of the phases outside of the tasks being tracked. The use of identification codes will allow the Project Manager to do so and still be able to use task codes. Reports will be produced by breaking the projects down by task and identification number on a monthly, year-to-date, and life-to-date basis.

Type cost codes will be utilized in order to help management and project leaders determine the types of costs they have incurred. The type cost code will also be the base code used for budgeting by cost center. The type cost code indicates the kind of expenditure which has been incurred by the cost center. Several of the codes which will be used are payroll, employee benefits, legal costs, consultation cost, travel, business meals, rents, temporary assistance, and office supplies. Each cost center will receive a monthly report indicating its expenses by type cost code in summary and detail showing monthly and year-to-date amounts. The type cost code can be used to assist in the analysis of the expenses of a specific project.

The account number will relate to the SEC Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies. It will be sub-divided by major account and subaccount. The subaccount will be used independently and will allow the system to produce sub-ledgers. The account code used will develop each company's general ledger, subsidiary ledgers, and financial statements.

The accounting field structure will consist of the following: Location; Company Code; Project Code; Task Number; Identification Number; Type Cost Code; Account Number; Plant Account; Work Order; and Account Type.

Plant accounts and work orders will be used to track specific property acquisitions, if applicable. Account type will indicate what type of information is in the field, such as dollars, KWH, customers, etc.

As stated above, indirect expenses not associated with a project will be allocated and billed to specific projects based on one or more allocation factors. General expenses are costs which are not directly associated with a specific project or are costs which are difficult to precisely allocate to a specific project without undue administrative burden. Examples of general expenses are rent, payroll and account administration, banking fees, telephones, office equipment rental, duplicating expenditures, freight, office supplies, etc. Every day postage, fax machine rental, and duplicating expenditures are examples of indirect expenses which would create an administrative burden to determine the specific project to charge. As noted above, the only allocation factors Service Company and Client Company plan to choose from are (i) direct labor hours charged, (ii) total payroll dollars charged, (iii) base assignment of individual company employees, (iv) direct dollars charged, and (v) revenues.

In summary, the accounting system can be divided into four areas: Project Reporting, Financial Reporting, Management Analysis, and Cost Centers. Each of these will provide a different view of the results and expenses of the operation.

EXHIBIT III

METHODS OF ALLOCATING COSTS AMONG ASSOCIATE COMPANIES RECEIVING SERVICES UNDER THIS AGREEMENT BY SERVICE COMPANY

1. The costs of rendering services will include all direct costs and all indirect costs of doing business.
2. (a) Service Company will maintain a separate record of the expenses of each department. The expenses of each department will include:
 - (i) those expenses that are directly attributable to such department, and
 - (ii) a portion of those office and housekeeping expenses that are not directly attributable to a department but which are necessary to the operation of such department.
- (b) Expenses of the department will include salaries and wages of employees, including social security taxes, vacations, paid absences, sickness, employee disability expenses, and other employee welfare expenses, rent and utilities, materials and supplies, depreciation, and all other expenses attributable to the department.
- (c) Departmental expenses may be categorized into one of two classes:
 - (i) those expenses which are directly attributable to a specific project or service rendered to a Client Company (Direct Costs), and

(ii) those expenses which are attributable to the overall operation of the department and not to a specific service provided to Client Company (Indirect Costs). Indirect Costs include all costs incurred by a department which are necessary to operate the department but do not vary with the level of services provided to the Client Company.

Departmental Indirect Costs include:

- (1) Administrative labor costs associated with office and general service employees.
- (2) Occupancy costs including rent and utilities.
- (3) Depreciation.
- (4) Other fixed costs attributable to a department.
- (5) Those costs incurred by a department which are necessary to support services to the Client Company and cannot be practically assigned to individual projects.

3. Charges to Client Company for a particular service will be based on direct costs related to the project or service being performed and a portion of the Service Company's indirect costs. Such indirect costs will be allocated and charged based on an equitable allocation method determined by the Parties (see Exhibit II).

EXHIBIT I
SERVICE REQUEST (SR)

SR NO 2

1. SR DESCRIPTION OF SCOPE OF SERVICES TO BE PERFORMED BY
ENTERGY NUCLEAR OPERATIONS, INC.

1.1 Scope of Services. Entergy Nuclear Operations, Inc.
(also referred to as Service Company and hereinafter referred
to as ENO) agrees to provide Services in accordance with the
parties' mutual understanding that ultimate responsibility
for plant operations, budgetary controls, operating plans,
policies, procedures and management direction of Pilgrim
Nuclear Power Station ("the Nuclear Plant") shall be retained
and reserved exclusively to Entergy Nuclear Generation Company
(also referred to as Client Company and hereinafter referred
to as "Owner"). Services provided by ENO will relate to
support for the operation and maintenance of the Nuclear
Plant. Owner and ENO acknowledge that Owner's ultimate
decision-making authority includes, but is not limited to the
following:

- Decisions to shutdown for repairs
- Decisions to startup the Nuclear Plant
- Approval of Licensee Event Reports
- Decisions on whether to make a 10CFR50.72 report
- Authority to make operability determinations
- Authority to change staffing levels

- Authority to control the assignment of staff at the Nuclear Plant
- Authority to make organizational changes
- Decisions to defer repairs
- Authority for quality assurance responsibilities (selecting audits, approving audit reports, accepting audit responses)
- Budget-setting and spending authority
- Decisions to continue operation of the Nuclear Plant with equipment problems
- Authority over the design control of the Nuclear Plant
- Decision to continue operations or permanently cease operation of the Nuclear Plant
- Authority for environmental protection policies and programs relating to the Nuclear Plant

1.2 Assignment of Personnel. As part of the Services, ENO shall provide individuals to fill the positions identified on Exhibit A to this Agreement, and other positions as may be mutually agreed upon by the parties, and who shall be subject to Applicable Plant Policies in the performance of Services for Owner during the term of this Agreement. All ENO Personnel shall be subject to prior approval of Owner, and all ENO Personnel shall be subject to the ultimate management direction of Owner. In the event of the resignation, death, disability, or other inability of any of the ENO Personnel to continue providing Services pursuant to this Agreement during the term of this

Agreement, ENO shall promptly replace such ENO Personnel, subject to the approval of such replacement ENO Personnel by Owner with such approval not to be unreasonably withheld.

ENO may periodically utilize the ENO Personnel on matters that are unrelated to Owner or its Nuclear Plant, subject in all cases to the prior fulfillment of Owner's needs within the scope of duties assigned to such ENO Personnel. ENO shall deduct from the amounts payable by Owner under Article 3 amounts reflecting the compensation, benefits and other expenses attributable to such ENO Personnel for the periods of time their services are so utilized by ENO for Work unrelated to Owner or its Nuclear Plant.

1.3 Limitations on Services. Duties delegated to the ENO Personnel shall not include any participation in decisions for or making of recommendations to Owner regarding any sales of capacity and energy from the Nuclear Plant or any matters unrelated to operation and maintenance of the Nuclear Plant.

1.4 Compliance, Qualifications and Employment Status. ENO will cause the ENO Personnel to comply with Applicable Plant Policies. ENO Personnel providing services under this Agreement shall all be qualified by education, training, and experience, and shall be capable of performing to the highest industry or applicable professional standards. Such personnel also shall meet all applicable NRC operating license, technical specifications, and other applicable regulatory requirements and commitments. During the term of this Agreement, ENO shall be responsible for providing the ENO Personnel with their full-time compensation and benefits, and shall further be solely

responsible for proper reporting of all compensation paid to its authorized subcontractors and for issuing Internal Revenue Service Form W-2 or Form 1099, as appropriate for the ENO Personnel and for all Taxes, workers' compensation, social security, unemployment, and other contributions or benefits measured by salary payable to the ENO Personnel who are employed by ENO, subject to Owner's agreement to reimburse ENO in accordance with Article 4.

2. SCHEDULE AND DURATION OF WORK:

From December 1, 2001 until terminated by either party in writing.

3. COMPENSATION PROVISIONS:

In accordance with Exhibits II and III of the Agreement.

APPROVAL:

ENTERGY NUCLEAR GENERATION COMPANY

NAME: _____

TITLE: _____

DATE: _____

ENTERGY NUCLEAR OPERATIONS, INC.

NAME: _____

TITLE: _____

DATE: _____