

November 2, 1989

LICENSEES: Louisiana Power and Light Company
Arkansas Power and Light Company
System Energy Resources, Inc.

FACILITIES: Waterford Steam Electric Station, Unit 3
Arkansas Nuclear One, Units 1 & 2
Grand Gulf Nuclear Station, Unit 1

SUBJECT: SUMMARY OF MEETING HELD ON OCTOBER 19, 1989 TO DISCUSS ANTITRUST
CONCERNS FOR ENTERGY OPERATIONS, INC. CONSOLIDATION OF OPERATIONS

On October 19, 1989, the staff met with the licensee to discuss antitrust concerns with the consolidation of operations under Entergy Operations, Inc. (EOI) for the Waterford, Arkansas Nuclear One, and Grand Gulf facilities. The list of attendees is attached as Enclosure 1.

The licensee's presentation was made from the handouts enclosed as Enclosure 2. The staff's position on antitrust has been that the consolidation effort should not produce an antitrust concern of any significance, that marketing and brokering of power will remain unchanged with the consolidation, and that a proposed antitrust license condition on EOI would suffice to cover any NRC concern in lieu of a detailed antitrust review. The licensee's position included the concern that no antitrust review was necessary and to some degree, this was based on the fact that the operating agreement contains licensee's commitments. When used as part of the licensing basis, these commitments are enforceable. The staff, however, has not included the operating agreements in its decisions and has preferred to remain apart from the provisions and/or approval of the document. This would allow the owners and operator to modify the agreement as necessary in the future without approval from the NRC.

The licensee explained the current management organization within Entergy Corporation and the dual positions held by many of its officers. The marketing and brokering decisions for Entergy Corporation are made by the Operating Committee under Jack L. King. This committee and others chaired by members from each of the licensee organizations serve under the System Executive Management Group. The licensees were requested to further explain the Groups function and relationships. This information will be used to determine if significant concern exists to warrant an antitrust review. The licensees are expected to submit the clarifying information for the record.

David L. Wigginton, Project Manager
Project Directorate IV
Division of Reactor Projects - III,
IV, V and Special Projects
Office of Nuclear Reactor Regulation

Enclosures: As stated

cc w/enclosures: See next page

DISTRIBUTION

Docket File	NRC PDR	Local PDR	J. Sniezek	DFOI
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C. Poslusny	L. Kintner	OGC-Rockville	E. Jordan	
NRC Participants	ACRS (10)	T. Martin, RIV		

8911150166 821102
PDR ADDCK 05000313
M PDC

OFC	: PD4/PM	: PD4/D	:	:	:	:	:
NAME	: DWigginton	: bj:FHebdon	:	:	:	:	:
DATE	: 10/2/89	: 10/2/89	:	:	:	:	:

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OFC	: PD4/PM	: PD4/D	:	:	:	:	:
NAME	: DWigginton:bj:FHebdon	:	:	:	:	:	:
DATE	: 10/2/89	: 10/2/89	:	:	:	:	:



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

November 2, 1989

Docket Nos. 50-313/368/382
and 50-416/417

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A handwritten signature in dark ink, appearing to read "D. L. Wigginton".

David L. Wigginton, Project Manager
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IV, V and Special Projects
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EOI CONSOLIDATION - ANTITRUST
Attendees

Meeting October 19, 1989

<u>NAME</u>	<u>AFFILIATION</u>
J.G. Cesare	SERI
W.E. Edge	SERI
William Lambe	NRC/NRR
R.F. Burski	LP&L
D.L. Wigginton	NRC/NRR
Dale E. James	AP&L
R.B. McGehee	SERI
J. B. Knotts	SERI
Ann Hodgdon	NRC/OGC

10/19/89

**AGENDA
FOR
AP&L, LP&L, SERI MEETING WITH NRC
ON
ENTERGY OPERATIONS, INC. CONSOLIDATION SUBMITTALS
AND
ANTITRUST CONSIDERATIONS
OCTOBER 19, 1989**

I. INTRODUCTION

II. APPROACHES

**A. NO NEED FOR ANTITRUST
REVIEW**

**B. SUBMITTAL OF CLARIFYING
INFORMATION**

**III. ENTERGY CORPORATION
COMMITTEE FUNCTIONS**

**A. SYSTEM EXECUTIVE MANAGEMENT
GROUP (SEMG)**

**B. NUCLEAR MANAGEMENT
COMMITTEE (NMC)**

C. OPERATING COMMITTEE (OC)

D. SERI/EOI INTERRELATIONSHIPS

IV. DISCUSSION/NRC FEEDBACK

10/19/89

I. INTRODUCTION

- A. AP&L, LP&L, SERI FILED APPLICATIONS ON AUGUST 15, 1989 FOR EOI TO ASSUME OPERATING RESPONSIBILITIES FOR ANO, UNITS 1 AND 2, WATERFORD 3 AND GRAND GULF UNIT 1, RESPECTIVELY.
- B. SERI FILED APPLICATION ON AUGUST 21, 1989 FOR EOI TO ASSUME CONSTRUCTION RESPONSIBILITIES FOR GRAND GULF UNIT 2.
- C. AP&L, LP&L, SERI AND NRC STAFF MET TO DISCUSS OUTSTANDING ISSUES ON OCTOBER 12, 1989. ANTITRUST CONCERNS REMAINED AFTER THE MEETING.
- D. MEETING IS TIMELY TO PROVIDE MORE INFORMATION TO NRC ON ENERGENCY CORPORATION SYSTEMWIDE COMMITTEES

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F. PURPOSE OF THE MEETING

- 1. OBTAIN CLEAR UNDERSTANDING OF CONCERNS**
- 2. IDENTIFY AND AGREE UPON ACTIONS TO RESOLVE CONCERNS**
- 3. PROVIDE OPPORTUNITY FOR DISCUSSION**

10/19/89

II. APPROACHES

A. NO NEED FOR ANTITRUST REVIEW

1. IN CONSIDERATION OF AEA AND APPLICABLE NRC CASE LAW, WE CONCLUDE THAT NO ANTITRUST REVIEW IS REQUIRED BECAUSE:
 - OWNERSHIP AND ENTITLEMENTS TO POWER REMAIN THE SAME.
 - EOI IS OPERATOR/LICENSEE AS AGENT FOR THE OWNERS - NOT AN OWNER/LICENSEE.
 - EXISTING CONDITIONS FULLY EFFECTIVE.

2. ADDITIONAL LICENSING RESTRICTIONS ARE NOT WARRANTED (PRESENT CONDITIONS WILL REMAIN UNCHANGED SUBSTANTIVELY)
 - A. BULK POWER SOLD AND MARKETED ON A SYSTEMWIDE BASIS BY SYSTEM OPERATING COMMITTEE.

 - B. SALES GOVERNED BY SYSTEM AGREEMENT APPROVED BY FERC.

 - C. AP&L/EOI, LP&L/EOI, SERI/EOI OPERATING AGREEMENT RESTRICTIONS

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1. RESTRICT ENTITLEMENT OF CAPACITY AND ENERGY TO OWNER(S).
 2. EOI ASSUMES OPERATING RESPONSIBILITY FOR-BUT NOT OWNERSHIP OF-NUCLEAR FACILITIES.
- D. UNIT POWER SALES AGREEMENT/RELATIONSHIP TO FERC.
- FERC ALLOCATES POWER FROM GRAND GULF UNIT 1 TO SYSTEM OPERATING COMPANIES.
- E. OVERALL, THE SYSTEM'S METHODS FOR MAKING AND IMPLEMENTING DECISIONS REGARDING MARKETING AND POWER SALES ARE UNCHANGED BY CREATION OF EOI.
1. NEITHER OWNERSHIP NOR ENTITLEMENTS TO POWER ARE CHANGED
 2. CURRENT OL CONDITIONS RELATED TO ANTITRUST REMAIN IN PLACE AND FULLY EFFECTIVE.

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- B. SUBMITTAL OF CLARIFYING INFORMATION**
- 1. INFORMATION ON OPERATING AGREEMENTS, SYSTEM AGREEMENT, UNIT POWER SALES AGREEMENT, AND SYSTEM WIDE COMMITTEES CAN BE PROVIDED IN SUBMITTAL TO NRC.**
 - 2. DOCKETED TO SUPPORT NRC DECISION**

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III. ENTERGY CORPORATION COMMITTEE FUNCTIONS

A. SYSTEM EXECUTIVE MANAGEMENT GROUP

- 1. PRINCIPAL ADVISORY BODY TO THE CHAIRMAN OF ENTERGY CORPORATION**
- 2. INCLUDES CHAIRMAN AND 7 SENIOR VICE PRESIDENTS**
- 3. REVIEWS ISSUES WHICH HAVE SYSTEMWIDE IMPLICATIONS**
- 4. BY POLICY ALL DECISIONS THAT IMPACT MORE THAN ONE ENTERGY COMPANY ARE MADE FROM A SYSTEMWIDE PERSPECTIVE**
- 5. SEMG MEMBERS**
 - o EDWIN LUPBERGER, CHAIRMAN AND PRESIDENT OF ENTERGY CORPORATION, IS ALSO CHAIRMAN OF SYSTEM ENERGY, ENTERGY SERVICES, ELECTEC, AND SYSTEM FUELS AND WILL BE CHAIRMAN OF EOI.**
 - o JAMES M. CAIN, SENIOR VICE PRESIDENT-SYSTEM EXECUTIVE LOUISIANA DIVISION OF ENTERGY CORPORATION AND ENTERGY SERVICES, INC. AND IS LP&L/NOPSI CHAIRMAN AND CEO.**

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- o WILLIAM CAVANAUGH III, SENIOR VICE PRESIDENT-SYSTEM EXECUTIVE NUCLEAR, OF ENTERGY CORPORATION AND ENTERGY SERVICES, INC. AND IS PRESIDENT AND CEO OF SYSTEM ENERGY. WILL BE PRESIDENT AND CEO OF EOI.
- o JOHN L. COWAN, SENIOR VICE PRESIDENT- SYSTEM EXECUTIVE FINANCE, OF ENTERGY CORPORATION AND ENTERGY SERVICES, INC. AND IS CHIEF FINANCIAL OFFICER OF ENTERGY CORPORATION.
- o JERRY D. JACKSON, SENIOR VICE PRESIDENT-SYSTEM EXECUTIVE LEGAL AND EXTERNAL AFFAIRS, OF ENTERGY CORPORATION AND ENTERGY SERVICES, INC.
- o JACK L. KING, SENIOR VICE PRESIDENT-SYSTEM EXECUTIVE OPERATIONS, OF ENTERGY CORPORATION AND ENTERGY SERVICES, INC., AND PERMANENT CHAIRMAN OF OPERATING COMMITTEE.

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- o JERRY L. MAULDEN, SENIOR VICE PRESIDENT - SYSTEM EXECUTIVE ARKANSAS, MISSISSIPPI, AND MISSOURI DIVISION, OF ENTERGY CORPORATION AND ENTERGY SERVICES, INC. AND IS CHAIRMAN AND CEO OF AP&L AND MP&L

- o DONALD E. MEINERS, SENIOR VICE PRESIDENT - SYSTEM EXECUTIVE SERVICES DIVISION, OF ENTERGY CORPORATION AND IS PRESIDENT AND CEO OF ENTERGY SERVICES, INC.

10/19/89

B. NUCLEAR MANAGEMENT COMMITTEE (NMC)

- 1. ASSISTS IN FORMULATING AND IMPLEMENTING POLICIES, ACTION AND STRATEGIES FOR ENTERGY'S NUCLEAR PROGRAM TO ATTAIN AND MAINTAIN "BEST IN THE INDUSTRY" LEVEL OF PERFORMANCE**
- 2. USES TEAM APPROACH TO IDENTIFY AREAS FOR IMPROVEMENT**
- 3. W. CAVANAUGH, III IS PERMANENT CHAIRMAN**
- 4. MEMBERS INCLUDE SENIOR NUCLEAR EXECUTIVES FROM AP&L, LP&L, SERI, REPRESENTATIVE FROM ENTERGY SERVICES, INC. AND CONSULTANTS**

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C. OPERATING COMMITTEE (OC)

1. ADMINISTERS THE SYSTEM AGREEMENT, WHICH ESTABLISHES GUIDELINES AND RULES FOR THE SALE, TRANSMISSION, AND DISPATCH OF POWER ACROSS THE SYSTEM
2. COORDINATES OUTSIDE CAPACITY AND ENERGY SALES
3. J. KING IS PERMANENT CHAIRMAN
4. MEMBERS INCLUDE SENIOR MANAGEMENT FROM AP&L, LP&L/NOPSI, MP&L AND ENERGY SERVICES, INC.

D. SERI/EOI INTERRELATIONSHIPS

1. PRESIDENT AND CEO OF SERI WILL BE PRESIDENT AND CEO OF EOI
2. OTHER OFFICERS OF EOI MAY BE OFFICERS OF SERI