

UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

In the Matter of )  
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CAJUN ELECTRIC POWER COOPERATIVE, INC. ) Docket Nos. 50-458  
 ) and 50-459  
ENTERGY GULF STATES, INC. ) License No. NPF-47  
 )  
(River Bend Station - Unit 1) )

APPLICATION OF RALPH R. MABEY,  
CHAPTER 11 TRUSTEE FOR  
CAJUN ELECTRIC POWER COOPERATIVE, INC.,  
FOR TRANSFER AND AMENDMENT OF LICENSE

This application is being filed by Ralph R. Mabey, Chapter 11 Trustee (the "Trustee") for Cajun Electric Power Cooperative, Inc. ("Cajun") on behalf of Cajun. Cajun, Entergy Gulf States, Inc., formerly known as Gulf States Utilities Company ("EGSI"), and Entergy Operations, Inc. ("EOI") are the holders of Facilities Operating License No. NPF-47 ("License") for River Bend Station, Unit 1 ("River Bend"). Cajun holds a thirty percent undivided ownership interest in River Bend, and EGSI holds a seventy percent undivided ownership interest. EOI, which has no ownership interest in River Bend, operates River Bend as agent for Cajun and EGSI. Pursuant to 10 C.F.R. § 50.80, the Trustee hereby requests that the Nuclear Regulatory Commission ("NRC" or "Commission") grant timely confirmation and approval, of the transfer of Cajun's thirty percent ownership

interest in River Bend to EGSI. In addition, pursuant to § 50.90, the Trustee requests that the license be amended to reflect the transfer. 10 C.F.R. § 50.90.

In support of this request, the Trustee states as follows:

**I. BACKGROUND AND PURPOSE OF REQUESTED TRANSFER**

1. Cajun is organized and operated as a not-for-profit power supply cooperative that is wholly owned by a federation of twelve retail electric distribution cooperatives serving approximately one million people in rural Louisiana. Cajun and its twelve members are not-for-profit cooperatives under the Rural Electrification Act of 1936, 7 U.S.C.A. Sections 901 et seq. In addition to other generation facilities, Cajun owns a thirty percent undivided ownership interest in River Bend.<sup>1</sup> In 1994, after a two-year rate investigation, the Louisiana Public Service Commission disallowed from rate recovery

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<sup>1</sup> River Bend is a boiling water nuclear reactor and related nuclear powered electric generating facility located approximately 2 miles east of the Mississippi River in West Feliciana Parish, Louisiana, approximately 2.7 miles southeast of St. Francisville, Louisiana, and approximately 18 miles northwest of the city limits of Baton Rouge, Louisiana. Construction of River Bend was completed at a cost of approximately \$4.4 billion. River Bend was issued a NRC full power operating license NPF-47 on August 29, 1985.

Cajun's \$1.8 billion investment<sup>2</sup> in River Bend.<sup>3</sup> This action precipitated Cajun's decision on December 21, 1994 to file a voluntary petition with the United States Bankruptcy Court for the Middle District of Louisiana (the "Bankruptcy Court") for protection under Chapter 11 of the Bankruptcy Code. On August 1, 1995, the Bankruptcy Court appointed Ralph R. Mabey as Cajun's Chapter 11 Trustee.<sup>4</sup>

2. EGSI, a corporation with its headquarters in Beaumont, Texas, owns the remaining seventy percent interest in River Bend. EGSI primarily is engaged in the business of generating electricity and transmitting, distributing and selling such energy at retail and wholesale in southeastern Texas and southern Louisiana. Additionally, EGSI purchases and markets

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<sup>2</sup> Cajun borrowed the majority of the \$1.8 billion to invest in River Bend from the Rural Utilities Service ("RUS") of the United States Department of Agriculture.

<sup>3</sup> See In Re: A General Examination of the Rates and Charges Assessed by Cajun Electric Cooperative, Inc. to Its Members Distribution Cooperatives, Order No. U-17735-E, 1994 La. PUC Lexis 216, December 16, 1994.

<sup>4</sup> This appointment was confirmed by the United States Court of Appeals for the Fifth Circuit. See Cajun Elec. Power Coop., Inc. et al. v. Central Louisiana Elec. Coop. Inc. et al., 74 F.3d 599 (5th Cir. 1996).

natural gas at retail to customers in the Baton Rouge, Louisiana area.

3. EOI is a wholly owned subsidiary of Entergy Corporation that currently operates nuclear units for subsidiary companies of Entergy Corporation. The River Bend facility is operated and maintained on behalf of Cajun and EGSI by EOI pursuant to the Operating Agreement dated as of December 31, 1993 between EOI and EGSI, on its own behalf and on behalf of Cajun, and in accordance with the River Bend Operating License. Pursuant to a Joint Ownership Participation and Operating Agreement dated August 28, 1979, as amended (the "Joint Ownership Agreement"), EGSI acts as agent for Cajun, and the agreement between Cajun and EGSI provides that they share proportionately in the costs and expenses incurred in the operation of the facility which they jointly own and each receives for their own use and purposes their proportionate share of the output of the unit.

4. On August 26, 1996, the Bankruptcy Court issued an order (a copy of which is attached hereto as Exhibit A-1) approving a global settlement disposing of all disputes between Cajun and EGSI. The parties to the settlement are Cajun, EGSI,

Entergy Corporation,<sup>5</sup> and the RUS. Under the terms of the Bankruptcy Court Order, the RUS, as predominate creditor with a claim of security, was granted the options to take title to Cajun's 30 percent interest in River Bend; to sell the interest to a third party; or, to cause the interest to be transferred to EGSI. Pursuant to this authority, the RUS has notified the Trustee and other parties in interest that it has exercised its sole discretion and elected to transfer the Cajun River Bend Interest to EGSI. In accordance with the Bankruptcy Court's Orders, the Trustee requests NRC confirmation of, and approval for, such transfer, as well as the appropriate license amendment.

EGSI intends to treat the acquired 30 percent interest in River Bend as a non-regulated asset excluding from wholesale or retail rate determinations the revenues and the costs and expenses associated with this interest.

The information required to be included in an application to transfer a license pursuant to § 50.80, and relevant incorporated sections, §§ 50.33, 50.34 and 50.37, is provided herein. See, 10 C.F.R. § 50.80. The required

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<sup>5</sup> In 1993 EGSI merged with Entergy Corporation Inc., which merger resulted in EGSI becoming a wholly owned subsidiary of Entergy Corporation.

information demonstrates that the requested consent is consistent with the applicable provisions of law, regulations, and orders issued by the Commission. Antitrust information is set forth in Section III, infra.

## II. GENERAL INFORMATION CONCERNING THE SUCCESSOR LICENSEE

Section 50.33 requires that certain information regarding the successor licensee be included in this application. See, 10 C.F.R. § 50.33.

### A. Name of Successor Licensee

Entergy Gulf States, .

### B. Address of Successor Licensee

Entergy Gulf States, Inc.  
350 Pine Street  
Beaumont, Texas 77701

### C. Description of Business of Successor Licensee

EGSI is engaged principally in the generation, transmission and distribution and sale of electric energy and natural gas at retail and wholesale to approximately 600,000 customers across southeastern Texas and southern Louisiana.

### D. Organization and Management of Successor Licensee

EGSI, organized under the laws of the State of Texas in 1925 is a wholly owned subsidiary of Entergy Corporation. EGSI's principal office is located in Beaumont, Texas. The officers of

EGSI, all of whom are citizens of the United States, are as follows:

Name	Title	Address
Edwin Lupberger	Chairman of the Board and Chief Executive Officer	639 Loyola Ave. New Orleans, LA 70113
Jerry L. Maulden	Vice Chairman	425 W. Capitol Ave. Little Rock, AR 72201
John J. Cordaro	President-Louisiana	639 Loyola Ave. New Orleans, LA 70113
Karen R. Johnson	President-Texas	919 Congress St. Austin, TX 78701
Frank F. Gallaher	Group President and Chief Utility Operating Officer	639 Loyola Ave. New Orleans, LA 70113
Donald C. Hintz	Group President and Chief Nuclear Operating Officer	1340 Echelon Parkway Jackson, MS 39213
Jerry D. Jackson	Executive Vice President External Affairs and Chief Administrative Officer	639 Loyola Ave. New Orleans, LA 70113
Gerald D. McInvale	Executive Vice President and Chief Financial Officer	639 Loyola Ave. New Orleans, LA 70113
Michael R. Niggli	Senior Vice President Customer Accounts	639 Loyola Ave. New Orleans, LA 70113
Michael G. Thompson	Senior Vice President, General Counsel and Secretary	639 Loyola Ave. New Orleans, LA 70113

Name	Title	Address
Louis E. Buck, Jr.	Vice President, Chief Accounting Officer and Assistant Secretary	639 Loyola Ave. New Orleans, LA 70113
C. Gary Clary	Vice President-Human Resources and Administration	639 Loyola Ave. New Orleans, LA 70113
William E. Colston	Vice President Customer Service	446 North Blvd. Baton Rouge, LA 70802
Shelton Cunningham	Vice President Regulatory and Governmental Affairs Louisiana	639 Loyola Ave. New Orleans, LA 70113
J. Parker McCollough	Vice President-State Governmental Affairs Texas	919 Congress St. Austin, TX 78701
William J. Regan, Jr.	Vice President and Treasurer	639 Loyola Ave. New Orleans, LA 70113
Laurence M. Hamric	Assistant Secretary	639 Loyola Ave. New Orleans, LA 70113
Christopher T. Screen	Assistant Secretary	639 Loyola Ave. New Orleans, LA 70113
Steven C. McNeal	Assistant Treasurer	639 Loyola Ave. New Orleans, LA 70113
Lisa L. Mills	Assistant Treasurer	639 Loyola Ave. New Orleans, LA 70113

The directors of EGSI, all of whom are citizens of the United States, are as follows:



Name	Address
Edwin Lupberger	639 Loyola Ave., New Orleans, LA 70113
Jerry L. Maulden	425 W. Capitol Ave., Little Rock, AR 72201
John J. Cordaro	639 Loyola Ave., New Orleans, LA 70113
Karen R. Johnson	919 Congress St., Austin, TX 78701
Frank F. Gallaher	639 Loyola Ave., New Orleans, LA 70113
Donald C. Hintz	1340 Echelon Parkway, Jackson, MS 39213
Jerry D. Jackson	639 Loyola Ave., New Orleans, LA 70113
Gerald D. McInvale	639 Loyola Ave., New Orleans, LA 70113

EGSI is not owned, controlled, or dominated by an alien, foreign corporation, or foreign government, nor is it acting as agent or representative of any person in consenting to filing of this application.

**E. Licensing Action Being Applied For and Technical Qualifications**

Pursuant to § 50.33(e), the Trustee requests NRC confirmation of, and approval for, the transfer of Cajun's thirty percent ownership interest in River Bend to EGSI, as well as the appropriate license amendment to reflect the transfer. As noted previously, EGSI is a seventy percent owner of River Bend and a co-licensee of the River Bend license, and has contracted with EOI, such that EOI operates River Bend as the agent of EGSI and

Cajun. Following the transfer, EGSI will be responsible for providing all funds necessary for the safe operation of River Bend pursuant to NRC regulations. Upon transfer of Cajun's thirty percent ownership interest to EGSI, EGSI will succeed to all of the terms and conditions imposed upon Cajun by the River Bend Operating License, as well as certain other permits and licenses affecting Cajun's interest in River Bend.

This application does not involve a request for any change in the design or operation of River Bend, nor of the terms or conditions of the existing license or technical specifications. There will be no change in the number, qualifications, or organizational affiliation of personnel who operate River Bend as a result of the requested license transfer. There are no changes proposed to the operation of the plant or to the qualifications of the persons or organizations licensed to operate it.

#### **F. Financial Qualifications**

EGSI is an electric utility. Electric utilities are exempt from the requirements of § 50.33(f), and are not required to submit financial qualification data. See, 10 C.F.R. § 50.33(f). This is also true with respect to applications for license transfer. See, 10 C.F.R. § 50.80(b). EGSI will continue

to sell power from Cajun's thirty percent interest in River Bend to fund the costs of operation associated with that interest. Therefore financial information concerning the transfer is not submitted herewith. However, as EGSI will become the sole entity responsible for operating and decommissioning expenses for the facility, EGSI will comply with paragraph 2.c.16 of the current license which provides for prior notice to the NRC of any asset transfer (excluding grants of security interests and liens) having a depreciated book value exceeding one percent of EGSI's consolidated net utility plant to its parent company or any other entity.

**G. Offsite Radiological Emergency Response Planning**

The requested transfer will have no effect on existing, approved arrangements for offsite radiological emergency preparedness for River Bend. See, 10 C.F.R. § 50.33(g).

**H. Construction/Completion Dates**

The River Bend plant is complete and licensed to operate pursuant to Facility Operating License No. NPF-47. There are no proposals to construct or alter River Bend. See, 10 C.F.R. § 50.33(h).

I. Regulatory Agencies

EGSI is subject to the regulatory jurisdiction of the Louisiana Public Service Commission, One American Place, Suite 1630, 301 N. Fourth Street, Baton Rouge, LA 70825; the Public Utility Commission of Texas, 7800 Shoal Creek Blvd., Austin, Texas 78757; and the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426. See, 10 C.F.R. § 50.33(i). The following trade and news publications circulate in the area in which River Bend is located:

Trade Publications

Louisiana Parish Government Magazine  
Police Jury Association  
707 N. 7th Street  
Baton Rouge, LA 70802

The Boardman  
Louisiana School Board Association  
P.O. Drawer 53217  
Baton Rouge, LA 70805

Louisiana Municipal Review  
Louisiana Municipal Association  
700 N. 10th Street  
Baton Rouge, LA 70802

News Publications

State Times/Morning Advocate  
P.O. Box 588  
Baton Rouge, LA 70821-0588

Baker Observer  
5240 Groom Road  
Baker, LA 70714

St. Francisville Democrat  
P.O. Box 1876  
St. Francisville, LA 70775

Beaumont Enterprises  
380 Walnut Street  
Beaumont, TX 77701

Zachary Plainsman  
5145 Main Street, Ste. C  
Zachary, LA 70791

Alexandria Town Talk  
P.O. Box 7558, Main & Washington  
Alexandria, LA 71301

West Side Journal  
P.O. Box 260  
Port Allen, LA 70767

Houma Courier & Terrebonne Press  
P.O. Box 2717, 312 School Street  
Houma, LA 70361

Dennham Springs News  
P.C. Box 1529  
Dennham Springs, LA 70727

Lake Charles American Press  
P.O. Box 2893, 327 Broad Street  
Lake Charles, LA 70601

Pointe Coupee Banner  
P.O. Box 400  
New Roads, LA 70760

Natchitoches Times  
904 Highway 1 S.  
Natchitoches, LA 71457

Hammond Star  
725 S. Morrison Blvd.  
Hammond, LA 70403

Shreveport Times  
P.O. Box 30222, 222 Lake Street  
Shreveport, LA 71130

Monroe News-Star/Monroe World  
P.O. Box 1502, 411 N. 4th Street  
Monroe, LA 71210

Lafayette Advertiser  
P.O. Box 3268, 221 Jefferson St.  
Lafayette, LA 70502

**J. Restricted Data**

This application does not contain any restricted data or other defense information. See, 10 C.F.R. §§ 50.33(j) and 50.37.

**K. Decommissioning Information**

The transfer of Cajun's River Bend interest to EGSI will not effect any change in the current commitments respecting the availability of funds to decommission the River Bend nuclear reactor submitted for the facility. See 10 C.F.R. §§ 50.33(k) and 50.75. Cajun had established a decommissioning trust fund

under applicable NRC guidelines. In its August 26, 1996 Order approving the global settlement, the Bankruptcy Court approved a formulation of the establishment of new decommissioning trust arrangements in satisfaction of all of Cajun's River Bend decommissioning obligations. Pursuant to the Bankruptcy Court's Order, Cajun will establish a decommissioning trust fund in the amount of \$125 million (in 1995 dollars). This fund will consist of Cajun's new contribution, as well as the amount in Cajun's existing decommissioning trust fund, and is a prepayment of all anticipated future decommissioning costs as specified in Article 1(a) of the Settlement Term Sheet, and as such terms were approved by the Bankruptcy Court's August 26, 1996 Order, which Order was affirmed by the United States Court of Appeals for the Fifth Circuit in Case No. 96-30985, on August 5, 1997. As approved by the Bankruptcy Court's August 26, 1996 Order, the establishment of this trust fund in connection with the transfer of Cajun's thirty percent interest in River Bend will dispose of all of Cajun's responsibility for River Bend decommissioning costs. The \$125 million payment satisfies the minimum funding requirements set forth in 10 C.F.R. § 50.75(c). Evidence of satisfaction of Cajun's decommissioning trust fund obligations

will be made available upon the transfer of Cajun's River Bend interest to EGSI.

Upon the transfer to EGSI of Cajun's thirty percent interest in River Bend, EGSI will assume Cajun's obligations for decommissioning, as defined in the Term Sheet shown as part of Exhibit A-1 hereto.

### III. ANTITRUST CONSIDERATIONS

The operating license for River Bend contains antitrust conditions with which EGSI must comply. See 10 C.F.R. § 50.33(a). Gulf States Utilities Company underwent an antitrust review before issuance of the construction permit and antitrust license conditions were attached to the Gulf States Utilities Company Operating License that still apply to EGSI. See River Bend Operating License, Appendix C, as amended. Thus, the application in this case does not involve a new owner or a licensee that has not undergone an antitrust review by the NRC. Under the Atomic Energy Act, no further review by the NRC is authorized. No "significant change" with respect to antitrust considerations has occurred or will result from the proposed amendment and statutory review pursuant to 10 C.F.R. § 2.101(e) is not required.

IV. TECHNICAL INFORMATION

This application to amend license does not contemplate any construction or alterations to River Bend or the operations thereof. In addition, the application does not involve a request for any change in the design or operation of River Bend, nor any change in the terms and conditions of the existing license or technical specification. Consequently, the requirements of § 50.34 are inapplicable and are not addressed in this application. See, 10 C.F.R. § 50.34.

V. AMENDMENT REQUESTED

Pursuant to § 50.90, Cajun also requests that as part of the transfer of Cajun's River Bend interest, the River Bend License be amended to remove Cajun as co-licensee. See, 10 C.F.R. § 50.90.

VI. NO SIGNIFICANT HAZARDS CONSIDERATION DETERMINATION

The proposed license change involves no significant hazards consideration as defined in § 50.92(c). See 10 C.F.R. § 50.92(c). The No Significant Hazards Consideration Evaluation is Attached as Exhibit A-2.

VII. ENVIRONMENTAL IMPACT DETERMINATION

The requested licensing action will have no environmental impact. It is not necessary to prepare an



environmental impact statement or environmental assessment pursuant to §§ 51.20 et seq. See 10 C.F.R. §§ 51.20 et seq. The proposed amendment will not result in any change in the types, or any increase in the amounts, of any effluents that may be released offsite, and there will be no increase in individual or cumulative occupational radiation exposure. Accordingly, pursuant to § 51.22(c)(9), the proposed Operating License amendment is excluded from the need for an environmental assessment or an environmental impact statement and special circumstances do not exist to otherwise require such an assessment or statement. See, C.F.R. § 51.22(c)(9).

#### VIII. CONSENT

Pursuant to § 50.80(b), EGSI, as co-licensee and proposed successor of Cajun's thirty percent ownership interest in River Bend, and EOI as co-licensee, consents to the transfer of Cajun's interest in River Bend under the terms and conditions set forth herein. See, 10 C.F.R. § 50.80(b).

#### IX. EFFECTIVE DATE

There are compelling reasons for the parties to complete the transfer as soon as possible. On August 26, 1996, the Bankruptcy Court approved a settlement, which, among other things, authorizes Cajun to transfer its thirty percent interest

to EGSI, subject to certain conditions. On May 29, 1997, the Bankruptcy Court issued an order in connection with the April 24, 1997 Trustee's filing of a Motion to Sell River Bend Interest Free and Clear and to Assume and Assign Executory Contracts. That Order and the underlying purchase and sale agreements require a closing not later than December 31, 1997. Final Orders approving the transfer of the license must not be subject to condition, qualification or requests for rehearing, reconsideration or otherwise in question. A copy of the Trustee's Motion and the Court's Order is appended hereto at Exhibit A-3. The disposition of Cajun's interest in River Bend is an integral component of the ultimate reorganization of Cajun.

**X. REQUEST FOR EXPEDITED CONSIDERATION**

The Trustee requests that the NRC review this request on a schedule that will permit final action to be taken as promptly as possible and in any event no later than November 30, 1997.

**XI. COMMUNICATIONS REGARDING APPLICATION**

It is requested that all communications pertaining to this application be sent to:

Lawrence G. Acker  
Mary A. Murphy  
LeBoeuf, Lamb, Greene & MacRae, L.L.P.  
1875 Connecticut Avenue, N.W.  
Washington, D.C. 20009  
(202) 986-8000

Counsel for Ralph R. Mabey,  
Chapter 11 Trustee for  
Cajun Electric Power Cooperative, Inc.

At the request of counsel for Entergy Operations, Inc.  
and Entergy Gulf States, Inc., the Trustee also requests that the  
following receive communications pertaining to this application:

Michael G. Thompson  
Senior Vice President & General Counsel  
Entergy Corporation  
639 Loyola Avenue, 26th Floor  
New Orleans, Louisiana 70113

Margaret H. Williams  
Douglas E. Levanway  
Wise Carter Child & Caraway  
P.O. Box 651  
Jackson, Mississippi 39205

Counsel for Entergy Operations, Inc.  
and Entergy Gulf States Inc.

Tom F. Phillips, Esq,  
Taylor, Porter, Brooks & Phillips  
451 Florida Street, 8th Floor  
Baton Rouge, Louisiana 70821

Counsel for Entergy Gulf States, Inc.

XII. REQUEST FOR NRC ACTION

WHEREFORE, the Trustee requests that the Commission approve the transfer of Cajun's River Bend interest to EGSI, as well as the requested license amendment, and find that the transfer is consistent with the standards and requirements of the Atomic Energy Act of 1954, as amended, and the Commission's Rules and Regulations, and that upon the transfer Cajun should be relieved of any and all obligations arising from any regulations of the Commission.

Respectfully submitted,

*R. R. Mabey*

Ralph R. Mabey, Chapter 11  
Trustee for Cajun Electric  
Power Cooperative, Inc.

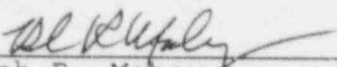
Lawrence G. Acker  
Mary A. Murphy  
LeBoeuf, Lamb, Greene & MacRae, L.L.P.  
1875 Connecticut Avenue, N.W.  
Washington, D.C. 20009  
(202) 986-8000

Dated: 10/15, 1997

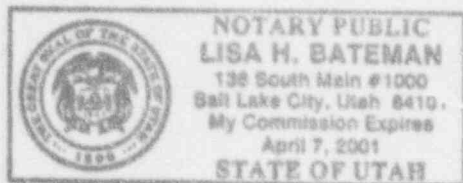
STATE OF UTAH            )  
                                  ) SS:  
COUNTY OF SALT LAKE )

**AFFIDAVIT OF RALPH R. MABEY**

Ralph R. Mabey, being duly sworn, states that he is the Court-appointed Chapter 11 Trustee for Cajun Electric Power Cooperative, Inc.; that he is authorized on the part of Cajun Electric Power Cooperative, Inc., to sign and file with the Nuclear Regulatory Commission the foregoing Application; and that said Application is true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Ralph R. Mabey  
Chapter 11 Trustee for  
Cajun Electric Power Cooperative, Inc.

Subscribed and sworn to before me, a Notary Public  
this 14 day of October, 1997.




  
\_\_\_\_\_  
Notary Public

EXHIBIT NO. A-1

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF LOUISIANA

FILED

In re:

CAJUN ELECTRIC POWER  
COOPERATIVE, INC.

Debtor.

Federal Tax Id. No.: 72-0655799

AUG 27 1996

J. LYNN BURKETT CLERK  
UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF LOUISIANA

CIVIL ACTION  
NO. 94-2763-B2

BANKRUPTCY CASE  
NO. 94-11474

Chapter 11

ORDER AND JUDGMENT APPROVING SETTLEMENT BY AND AMONG  
CAJUN ELECTRIC POWER COOPERATIVE, INC., ENERGY  
GULF STATES, INC., ENERGY CORPORATION, AND THE  
RURAL UTILITIES SERVICE OF THE DEPARTMENT OF AGRICULTURE

This matter coming to be heard on the Motion (the "Motion") of Ralph R. Mabey, Chapter 11 Trustee (the "Trustee") pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure to approve a settlement between Cajun Electric Power Cooperative, Inc. ("Cajun" or the "Debtor") and Entergy Gulf States, Inc. formerly known as Gulf States Utilities Company ("GSU"), in accordance with the terms set forth in the Settlement Term Sheet, dated May 2, 1996, executed by the Trustee, GSU, and Entergy Corporation ("Entergy") and recommended for adoption by the Rural Utilities Service of the United States Department of Agriculture (the "RUS") (the "Settlement Term Sheet," a copy of which is attached hereto as Exhibit A), the Motion, and this order (the "Settlement");

Upon consideration of the Motion, due and proper notice having been provided thereof to parties entitled thereto, and on the basis of the record of this case, including the evidence presented at the hearing on the Motion to approve the Settlement, the litigation



involving the parties described in the Motion and attachments thereto (and the Court having taken judicial notice of litigation pending before it), ~~and on the basis of the Findings of Fact and Conclusions of Law entered contemporaneously herewith~~ (whose <sup>70</sup> definitions and the definitions of the Settlement Term Sheet are incorporated herein by reference) and the Court's oral Findings of Fact and Conclusions of Law on the record on August 26, 1996, which are incorporated herein by reference and a transcript of which shall be filed by the Trustee as soon as practicable, and pursuant to §11 USC 105(a) and 363(b) and Federal Rule of Bankruptcy Procedure Rule 9019(a);

The Court having considered all objections not withdrawn (the "Objections") to approve the Settlement and to this Order and Judgment (hereinafter, the "Order");

The Court is of the opinion that the Motion is meritorious; accordingly,

IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. The relief requested in the Motion is granted.
2. The Settlement is approved.
3. All Objections are denied with prejudice.
4. The Settlement as approved includes, but is not limited

to:

- a. A global settlement of all disputes between GSU and Cajun which will result in a reciprocal dismissal with prejudice of all claims and counterclaims and a general release of any liability

of any kind arising out of the transactions or occurrences upon which the presently litigated matters are based;

b. A global settlement of all disputes between GSU and RUS which will result in a dismissal with prejudice of all pending litigated matters in which the RUS has intervened and a judgment in favor of RUS on GSU's subordination complaint against the RUS;

c. A settlement of certain disputes between RUS and Cajun including all matters related to the River Bend nuclear power facility ("River Bend") including a release and waiver of all claims and causes of action, whether known or unknown, by Cajun against RUS for equitable subordination, all claims and causes of action by Cajun against RUS for "lender liability," and all claims alleging waiver of deficiency judgment rights under Louisiana R.S. 13:4108.1.

5. The Settlement as approved does not resolve claims between RUS and Cajun not involving River Bend unless dealt with in the Settlement.

6. The terms and provisions of the Settlement which are intended to apply prior to the closing of the Settlement (the "Consummation Date") shall be binding, effective, and enforceable against each of the Trustee, GSU, Entergy and the RUS as of the date hereof. The terms and provisions of the Settlement which are intended to apply on and after the Consummation Date shall be binding, effective and enforceable against each of the Trustee, GSU, Entergy and RUS as of the Consummation Date.

7. The Trustee is authorized to set aside in a decommissioning trust fund or other appropriate vehicle the sum of \$125,000,000 in 1995 dollars. When the Trustee acts pursuant to this authorization, he shall transfer the funds in Cajun's existing decommissioning trust fund and will use funds on hand to make up the difference. The funds on hand used to make up the difference, which may be funds subject to the Order Concerning Use of Cash Collateral to Substitute Cajun's "1996 Budget" for all references in said Order to Cajun's "1995 Budget" (Docket No. 1536), will be transferred free and clear of any lien, claim or other interest asserted by any party. Moreover, the transfer of these funds shall not result in a transfer of any party's lien on, claim against, or other interest in these funds to other assets of Cajun or its estate, and shall not create rights or claims in any party against any other party or against the assets of Cajun or its estate. The transfer of these funds is a necessary and proper expense of Cajun's estate, and no party shall thereafter assert any rights, except as granted herein, relating to these funds, including any claims that the funds were cash collateral, were not property of the estate, were subject to refund or repayment, were subject to actual or constructive trust, or were subject to an equitable lien. This prohibition on the assertion of rights is not a ruling on, and shall not preclude the assertion of, claims that other funds not transferred into the decommissioning trust fund or other appropriate vehicle are cash collateral, are not property of the estate, are subject to refund or repayment, are subject to actual

or constructive trust, or are subject to an equitable lien, except insofar as such claims relate to or rely on the transfer of the funds into the decommissioning trust fund or other appropriate vehicle. The funding of the trust fund, together with the transfer of the Cajun River Bend Interest (the "Cajun River Bend Interest" as that term is defined in the Term Sheet) will absolve Cajun, its member cooperatives, and any successor to assets, other than the Cajun River Bend Interest, now owned by Cajun (but not others who may succeed to the ownership of the Cajun River Bend Interest) of all responsibility for River Bend Decommissioning Costs (as that term is defined in the Term Sheet).

8. The Trustee is authorized without the necessity of any further order or approval of this Court, to transfer all assets as provided in the Settlement, including but not limited to the Cajun River Bend Interest, Cajun's interest in River Bend fuel and spare parts (under the option provided for in the Term Sheet), Transmission lines 745 and 746 (provided, as required by the Term Sheet, that Entergy's Network Service Tariff and its Transmission Service Tariff, under which Cajun receives service, makes the continued ownership of the Transmission Line or Lines by Cajun or the transferee of its generating assets unnecessary for Cajun or its transferee's provision of current or future services by reason of the benefits provided under the new tariffs), and any other assets required by the Settlement, free and clear of any lien or other interest asserted by any party.

9. RUS is authorized to receive from GSU and Cajun Cajun's share of all cash payments resulting from the litigation presently being conducted against General Electric in connection with claims alleging River Bend design defects. Cajun's share of all payments in kind and other non-cash consideration received or promised as a result of the litigation shall be paid to the owner of the Cajun River Bend Interest at the time such payments in kind or other non-cash consideration become due. All of such transfers and payments shall be free and clear of any lien or other interest asserted by any party.

10. The Trustee is authorized and directed, without the necessity of any further order or approval of this Court, to take any and all actions necessary or appropriate to implement, effectuate, and consummate the Settlement and any transactions contemplated thereby or by this Order, including, without limitation, the issuance, execution and delivery of any document, certificate, agreement or instrument, the filing of any pleading, and the transfer or other disposition of any assets. No action or approval of the Board of Directors of Cajun shall be required with respect to the implementation and consummation of the Settlement.

11. Without limiting the generality of the foregoing, between the date hereof and until and including the Consummation Date:

- a. the Trustee, and GSU, Entergy, and RUS, as necessary, shall undertake any and all such actions as are necessary or appropriate to cause the

Consummation Date to occur no later than June 1, 1997;

- b. the Trustee shall cause Cajun to cease prosecution of all of its objections to any and all relief sought by GSU or Entergy, or any of their affiliates, in any regulatory or administrative proceeding in which approval of the merger of Entergy and GSU is sought, including any related appellate proceedings to the extent that Cajun's objection to such relief is intended to be settled or resolved on or prior to the Consummation Date in accordance with the terms of the Settlement;
- c. the Trustee, with the intervention of GSU, if required, shall cause to be stayed all civil actions and regulatory and administrative proceedings, other than proceedings which are the subject of paragraph 9(b) of this Order, which are pending between Cajun, on the one hand, and GSU or Entergy, on the other hand, including any related appellate proceedings, and which are intended to be settled or resolved on the Consummation Date in accordance with the terms of the Settlement;
- d. the Trustee, and RUS, GSU, and Entergy, as necessary or appropriate, shall undertake such actions as are necessary or appropriate to cause the disposition of the Cajun River Bend Interest on

the Consummation Date in the manner provided in Section 1 of the Settlement Term Sheet, and will cooperate to effect, at the option of RUS, the disposition of the Cajun River Bend Interest before the Consummation Date subject to consent of the parties and further court order as provided in paragraph 13 below;

- e. the Trustee and GSU, jointly or singly, shall undertake to obtain all regulatory approvals reasonably considered to be required to implement, consummate, and effectuate the Settlement (the "Regulatory Approvals"); and
- f. the Trustee, GSU, Entergy, and RUS shall undertake all such other necessary or appropriate actions as are intended to occur prior to the Consummation Date in accordance with the terms and provisions of the Settlement Term Sheet.

12. As soon as practicable after the conditions precedent to the closing of the Settlement, as contained in the Settlement Term Sheet, shall have been satisfied or waived by the affected party or parties, the Trustee, GSU, Entergy and the RUS shall cause the closing of the Settlement to occur.

13. The preliminary injunction in the Service Water Litigation will be continued in full force and effect until the Consummation Date, as set forth in Section 3(b) of the Settlement Term Sheet.

14. If the Consummation Date has not occurred by the close of business on June 1, 1997, the Trustee, GSU, Entergy and the RUS may by agreement continue to undertake to implement, effectuate and consummate the Settlement. However, in the absence of an agreement, any of the parties may move the Court to order the extension of the Consummation Date upon hearing and finding that the Settlement will likely be effectuated within a reasonable time upon the terms set forth in the Settlement Term Sheet and that such extension is in the best interest of the estate.

15. The Settlement may not be modified by any Plan of Reorganization in this bankruptcy case except as may be agreed to by the Trustee, GSU and the RUS. The terms of the Settlement shall be binding upon any successors to the parties thereto, including, without limitation, any purchaser of Cajun or Cajun's assets.

16. RUS is now authorized to seek a purchaser for the Cajun River Bend Interest (as defined in the Motion and the Settlement Term Sheet). In the event that a purchase offer that is acceptable to RUS is received prior to the closing of the Settlement or to the receipt by the parties of all regulatory approvals required by the Settlement, the Trustee, with the consent of RUS and GSU, may submit a motion for early approval of the sale of the Cajun River Bend Interest on terms that protect the interests of the parties to the Settlement under the Settlement Term Sheet.

17. Each of the actions taken, documents executed, and payments and transfers of assets made pursuant to provisions of the Settlement and Order shall be valid, binding and enforceable and



not preferential, fraudulent or an otherwise avoidable transfer under the Bankruptcy Code or under applicable law of the United States or any state, province or other jurisdiction, and will, to the fullest extent permitted by the Bankruptcy Code, vest in the transferee good title to such property, free and clear of all liens, claims, and encumbrances, except as otherwise provided in the Settlement, and shall not be subject to modification in any Plan of Reorganization in this bankruptcy case, except as agreed by the parties receiving the benefit under this Settlement.

18. The record of the hearing to approve the Settlement is closed.

19. This Order shall be effective according to its terms upon the entry thereof.

20. This is a final order and immediately subject to appeal. Baton Rouge, Louisiana, this 26 day of August, 1996.

Frank J. Duboy  
UNITED STATES DISTRICT JUDGE

order\_4.gsu

EOD: 8/27/96  
NOTICE MAILED TO  
On 8/27/96 By Regina Callihan  
David S. Rubin  
Ralph R. Mabey  
Tom Phillips  
Brian Jackson  
Office of the U.S. Trustee

**EXHIBIT A**

## SETTLEMENT TERM SHEET

WHEREAS Cajun Electric Power Cooperative, Inc. (Cajun) operating through its Chapter 11 Trustee, Ralph R. Mabey (Trustee), Rural Utilities Service of the United States Department of Agriculture (RUS) and Gulf States Utilities (GSU) desire to resolve longstanding disputes and disagreements respecting various issues including operation and ownership of Cajun's undivided thirty per cent interest in the River Bend nuclear facility (the Cajun River Bend Interest), the Trustee and GSU desire to establish mutually favorable business relationships and Trustee, RUS and GSU desire to arrange for the transfer of certain specified assets, the Trustee, RUS and GSU agree to the terms and provisions set forth herein (the "Settlement"), recognizing that various of the components of these terms and provisions may require approvals of regulatory agencies to complete and may require more formal documentation to be executed at a closing of the Settlement in order to give full effect to the intentions of the parties set forth herein:

### 1. Disposition of River Bend

- (a) On or before the closing of the Settlement, Cajun will set aside in a decommissioning trust fund or other appropriate vehicle the sum of \$125,000,000 in 1995 dollars. This fund will be made up of Cajun's new contribution, and the amount in Cajun's existing decommissioning trust fund (the "Trust Fund"). The establishment of the Trust Fund, together with the transfer of the Cajun River Bend Interest as provided herein will absolve Cajun and any successor to assets, other than the Cajun River Bend Interest, now owned by Cajun (but not others who may succeed to the ownership of the Cajun River Bend Interest) of all responsibility for River Bend Decommissioning Costs as defined below.

"Decommissioning" means all actions taken to render the River Bend nuclear power plant permanently inactive, inoperable and free of radioactive materials. The term decommissioning is intended to be comprehensive and include, without limitation, the entombment, decontamination, dismantlement, removal and disposal of structures, systems and components of the River Bend nuclear power plant in order to permanently cease the nuclear generation of electric energy, including all actions necessary to bring the plant site to "greenfield" status and any other item included in a study accepted and approved by regulatory authorities of competent jurisdiction as a basis for the termination of operations under the license to own or operate River Bend. The term also includes preparation for decommissioning, such as engineering and other planning activities, and all associated activities to

be performed after the actual dismantlement occurs, such as physical security and radiation monitoring. The term also includes activities associated with spent fuel storage, disposal, transfer, transportation and removal and low level waste storage as well as Cajun's future obligations with respect to decontamination and decommissioning of DOE's uranium enrichment facilities. Also included is the preparation of studies and supporting documentation required by regulatory authorities.

The foregoing specification is not intended to form a basis for excluding any action or cost legitimately part of decommissioning and returning the site to "greenfield" status because of the failure to separately identify or to fall within a category specifically identified.

"Decommissioning Costs" means the funds expended to perform Decommissioning. The term includes expenditures whether they are treated as capital items or expense items for regulatory, financial, or tax accounting purposes.

- (b) The Trust Fund may be used only for the prudent expenditure of Decommissioning Costs for the Cajun River Bend Interest. If, upon the completion of Decommissioning of the River Bend plant, the Trust Fund, and such additional amounts as have been added to it as a result of the investment and management of funds included therein, is not exhausted by the prudent expenditure of Decommissioning Costs for the Cajun River Bend Interest, the remainder will be remitted to RUS.
- (c) Upon the transfer of the Cajun River Bend Interest, Cajun shall deliver title thereto free and clear of all liens and encumbrances except those agreed to by the purchaser. In the event the Cajun River Bend Interest is transferred to RUS, its liens and encumbrances on the Cajun River Bend Interest shall be merged with the title which it obtains. In the event the Cajun River Bend Interest is transferred to any other person, RUS will release all of its liens and encumbrances on the Cajun River Bend Interest. The foregoing releases by RUS shall not be construed as a waiver or release of the portion of RUS's claims against Cajun which remain unsatisfied by the transfers of title for which provision is made herein. Notwithstanding RUS's release of liens on the Cajun River Bend Interest or the merger of title if the Cajun River Bend Interest is transferred to RUS, the amount of RUS's claims against Cajun shall be reduced only to the extent of RUS's receipt of proceeds from the sale of the Cajun River

Bend Interest. If the Cajun River Bend Interest is transferred to GSU under paragraph 1(f) below, the amount of RUS's claims against Cajun shall not be reduced on account of the transfer of the Cajun River Bend Interest. The parties hereto agree that any disposition of the Cajun River Bend Interest under the Settlement shall be considered commercially reasonable.

- (d) In the sole discretion of RUS, the Cajun River Bend Interest will be transferred under one of the two options or subparagraph (f) set forth below.

In connection with such transfers, Cajun will satisfy the obligation to fund the Trust Fund required by paragraph 1(a) and GSU will make available to all prospective purchasers records, personnel and facilities such that prospective purchasers can conduct an appropriate due diligence evaluation before making their bid. GSU may subject the examination of personnel, records and facilities to reasonable confidentiality and business requirements. RUS shall have substantial flexibility in exercising its discretion to arrange for the transfer of the Cajun River Bend Interest. In furtherance of that end, RUS's flexibility shall include, but shall not be limited to, negotiating with and selecting a prospective purchaser, being permitted to establish a reserve price which must be met before consummating a sale at auction, not being required to accept the highest bid received at an auction and taking title to the Cajun River Bend Interest itself for subsequent reconveyance.

#### Option 1

The Cajun River Bend Interest and Cajun's interest in River Bend fuel and spare parts will be sold, with net proceeds remitted to RUS. The purchaser will become obligated to fully comply with the Cajun NRC license requirements, all other applicable laws and regulations and the provisions of the River Bend JOPOA, as amended in the respects described in Exhibit No. 1, commencing with the date of the transfer of the Cajun River Bend Interest. The Big Cajun No. 2, Coal Unit #3 JOPOA will also be similarly amended, as may be required. All of Cajun's interest and obligations under the River Bend JOPOA, the NRC license and any recorded documents of transfer between GSU and Cajun relating to River Bend will be canceled and terminated as to Cajun and, subject to the provisions in this paragraph, will be assumed by the purchaser. As used herein, the obligations under the River Bend JOPOA for which a successor shall be obligated shall be limited to obligations for operations commencing with the closing of the Settlement and for fuel and spare parts.

purchased only after the closing of the Settlement and shall not include unfulfilled or unpaid obligations which Cajun incurred while it was still the owner. GSU may elect to become a bidder if RUS elects to conduct an auction under this option.

#### Option 2

The Cajun River Bend Interest and Cajun's interest in River Bend fuel and spare parts will be transferred to RUS which will become obligated to fully comply with the Cajun NRC license requirements, all other applicable laws and regulations and the provisions of the River Bend JOPOA, as amended in the respects described in Exhibit No. 1, commencing with the date of its succession to the Cajun River Bend Interest. The Big Cajun No. 2, Coal Unit #3 JOPOA will also be similarly amended, as may be required. All of Cajun's interest and obligations under the River Bend JOPOA, the NRC license and any recorded documents of transfer between GSU and Cajun relating to River Bend will be canceled and terminated as to Cajun and will be assumed by RUS. As used herein, the obligations under the River Bend JOPOA for which RUS shall be obligated shall be limited to obligations for operations commencing with the closing of the Settlement and for fuel and spare parts purchased only after the closing of the Settlement and shall not include unfulfilled or unpaid obligations which Cajun incurred while it was still the owner.

- (e) RUS will receive from GSU and Cajun Cajun's share of all cash payments resulting from the litigation presently being conducted against General Electric in connection with claims alleging River Bend design defects. Cajun's share of all payments in kind and other non-cash consideration received or promised as a result of the litigation will be payable to the owner of the Cajun River Bend Interest at the time such payments in kind or other non-cash consideration become due.

The same allocation shall be made between RUS and a transferee of the Cajun River Bend Interest of refunds or other benefit related to the payment by Cajun to the U.S. Government to fund the decontaminating and decommissioning of DOE's uranium enrichment facilities.

- (f) In the event that no offer is accepted by RUS under Option 1 above and in the further event that RUS elects not to become the transferee of the Cajun River Bend Interest under Option 2 above, the Cajun River Bend Interest, together with Cajun's interest in River Bend

fuel and spare parts, will be transferred to GSU with no payment by GSU to Cajun's estate or to RUS.

2. Transmission and Certain Other Issues

- (a) Pursuant to existing FERC decisions, the claim due GSU for past transmission services under the CTOC credits and QTF Dockets amounts to \$55,000,000 (the "Liquidated Transmission Debt"). The Liquidated Transmission Debt consists of \$32,000,000 due under the QTF Docket and \$23,000,000 due under the CTOC Credits Docket. GSU waives its right to collect the Liquidated Transmission Debt from Cajun.
- (b) Cajun or Cajun's transferee or transferees of its generation assets will receive transmission services under Entergy's Network Service Tariff and Entergy's Transmission Service Tariff as of the later of (i) twelve months from the date of the Settlement or (ii) the date of the closing of the Settlement. Neither GSU nor Entergy will oppose the entitlement of Cajun or such transferee to service thereunder or its effectiveness at such date.
- (c) All previous transmission agreements existing between Cajun and Entergy, GSU, LP&L or MP&L will be terminated upon the commencement of services described in paragraph 2(b) hereinabove. Cajun will use its best efforts to obtain agreement from its distribution co-ops to be bound by the terms and provisions of Entergy's Network Service Tariff, during the time they receive service over facilities to which such tariff is applicable.
- (d) Cajun or its transferee under a plan of reorganization will retain ownership of its BC1 and BC2 Switchyards and its Through Bus facilities. Cajun will transfer to GSU its ownership of each of Transmission lines 745 and 746 (provided that Entergy's Network Service tariff and its Transmission Service tariff, under which Cajun receives service under subparagraph 2(b) above, make the continued ownership of the Transmission line or lines by Cajun or by the transferee of its generating assets unnecessary for Cajun or its transferee's provision of current or future services by reason of the benefits provided under the new tariffs), as of the later of (i) twelve months from the date of the Settlement or (ii) the date of the closing of the Settlement. Unless Transmission lines 745 and 746 are not transferred to GSU as set forth herein, Cajun will pay RUS an amount equal to the amount by which NRG Energy, Inc. and Zeigler Coal Holding Company reduce the amount of their bid for the purchase of Cajun's assets as a result of the transfer of Transmission

lines 745 and 746 pursuant to the Settlement and RUS will release its liens on Transmission lines 745 and 746 upon such payment by Cajun.

3. Settlement of all Claims and Disputes

- (a) Any and all claims of any nature or kind, whether or not now pending in Court, whether known or unknown, whether founded in law, equity or otherwise, whether or not already asserted for any and all acts or omissions between Cajun and GSU or Entergy, and between RUS and GSU or Entergy, will be dismissed with prejudice and released and satisfied in full, including, but not limited to, all claims for the River Bend litigation, the fraud and breach of contract case, the antitrust case, the nullity case and the service water litigation, and any claims of equitable subordination of RUS's rights, all pending cases before any regulatory agency or on appeal from any regulatory agency (such as the transmission cases before FERC, the merger appeals before FERC, the SEC and NRC and any and all other matters pending before any regulatory agency) and any and all other claims or disputes between the parties of any nature whatsoever, whether or not in litigation. (The foregoing does not include resolution of claims of RUS against Cajun that are not specifically identified as resolved in this paragraph.) Judgment will be rendered in favor of RUS in GSU's adversary proceeding asserting claims of equitable subordination of RUS's rights. Any and all claims Cajun may have against RUS for equitable subordination, whether known or unknown, will be released. Cajun will use its best efforts to obtain a waiver of all claims held by its members against GSU or Entergy under the nullity case, and against RUS.
- (b) The preliminary injunction issued by the U.S. District Court in the service water litigation between GSU and Cajun shall continue in full force and effect until the closing of the Settlement and upon such date, all funds paid and to be paid into the Registry of the Court pursuant to said injunction shall be paid over to GSU, together with all interest earned thereon.

4. Approvals

The Settlement is subject to the approval of (1) all regulatory agencies having jurisdiction over the subject matter; (2) the bankruptcy court; (3) the Entergy Board of Directors; (4) the United States of America on behalf of RUS.

The parties intend to give effect to and to close the Settlement irrespective of the confirmation or lack of



confirmation of a plan of reorganization of Cajun. The parties will use their best efforts promptly to obtain all required approvals and to close the Settlement. The structure of the Settlement may be modified based upon tax or regulatory advice received by a party provided the modification does not adversely affect another party.

The Settlement shall close no later than June 1, 1997, unless the parties otherwise agree.

This Settlement is dated as of May 1, 1996.

Seen and Agreed this 9<sup>th</sup> day of May, 1996

Ralph R. Mabey  
Cajun Electric Power Cooperative, Inc.  
through its Chapter 11 Trustee,  
Ralph R. Mabey

Seen and Agreed this 26<sup>th</sup> day of April, 1996

Michael G. Thompson  
Entergy Corporation and Gulf States Utilities  
by Michael G. Thompson  
Senior Vice President & General Counsel

Recommended for Adoption by Rural Utilities Service this 2<sup>nd</sup>  
day of May, 1996.

Larry A. Belluzzo  
Larry A. Belluzzo  
Program Advisor

## EXHIBIT NO. 1

### RIVER BEND JOPOA - AMENDMENT CONSIDERATIONS

New owner(s) of River Bend may wish to amend the JOPOA as follows:

a. Section 1.6 Administrative General Charges

Section should be revised to specifically spell out definition and method of calculating GSU's A&G "add ons."

b. Section 4.2 GSU Accepts Appointment of Agent

Needs a mutual agreeable definition of "Good Utility Practice."

c. Section 6.5 "Damage or Destruction"

Needs better definition as to a minority owner's right ~~not~~ to take part in any major capital addition whether it is part of a replacement of damaged equipment or expansion of capacity.

d. Section 8.5.1. Method of Billing and Payment

The current section has been modified by mutual agreement as follows:

1. The right to include a contingency amount to the estimated bill has been dropped.
2. The current estimated monthly bill with a two month true up. Both sides have agreed to use prime rate for interest either charged or credited. These changes should be carried to a new owner.

e. Article 10 - Default: Defaulting

Party should have input in advance as to where the power is being sold and the price for power being sold. Also the power should be able to be sold for a 6 to 9 month period. Current sale period is 90 days which can limit value received.

A non-defaulting party which pays a defaulting party's costs should have additional protection.

f. Budget Review and Input - The Current JOPOA

Does not contain any language on budget formulation or forecasts. We suggest a new section calling for the owners to jointly review the budget formation process and forecast process. This would prevent misunderstanding over the plant's needs.

Provide minority owner with adequate and reasonable safeguards against excessive capital expenditures.

Parties should have access to additional information on fuel and transportation costs.

EXHIBIT NO. A-2

No Significant Hazards Consideration Evaluation Pursuant to 10  
C.F.R. § 50.92

**A. Proposed Change:**

The proposed amendment to the Operating License would revise the Operating License to reflect the transfer of Cajun's ownership interest in River Bend to EGSI. The amendment does not change the operation of River Bend.

**B. No Significant Hazards Consideration Analysis:**

Applying the three standards set forth in 10 C.F.R. § 50.92, the proposed change to the Operating License involves no significant hazards consideration:

1. The proposed change will not involve an increase in the probability or consequences of any accident previously evaluated. As a result of the proposed license amendment, there will be no physical change to the River Bend facility, and all Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits specified in the Technical Specifications will remain unchanged. Also, the River Bend Quality Assurance Program, Emergency Plan, Security Plan, and Operator Training and Requalification Program will be unaffected. The employees of EOI presently engaged in operation of River Bend and organization structure of EOI and EGSI will be unaffected by the proposed amendment. Therefore, personnel qualifications will remain unchanged.
2. The proposed amendment will not create the possibility of a new or different kind of accident from any accident previously evaluated. The proposed amendment will have no effect on the physical configuration of River Bend or the manner in which it will operate. The plant design and design basis will remain the same. The current plant safety analyses will therefore remain complete and accurate in addressing the design basis events and in analyzing plant response and consequences.

The Limiting Conditions for Operations, Limiting Safety System Settings and Safety Limits specified in the Technical Specifications for River Bend are not affected by the proposed license amendment. As such, the plant conditions for which the design basis accident analyses have been performed will remain valid. Therefore, the proposed license amendment cannot create the possibility of a new or different kind of accident from any accident previously evaluated.

3. The proposed amendment will not involve a significant reduction in a margin of safety. Plant safety margins are established through Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits specified in the Technical Specifications. Since there will be no change to the physical design or operation of the plant, there will be no change to any of these margins. Thus, the proposed license amendment will not involve a significant reduction in any margin of safety.

**C. Conclusion:**

Based upon the analyses and description of the transaction provided herein, the proposed license amendment only reflects a transfer of ownership to an existing owner and licensee, and will not involve a significant increase in the probability or consequences of any accident previously evaluated, create the possibility of a new or different kind of accident from any accident previously evaluated, or involve a reduction in a margin of safety. As a result, the proposed change meets the requirements of 10 C.F.R. § 50.92(c) and does not involve a significant hazards consideration.

EXHIBIT NO. A-3

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF LOUISIANA

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In re:	)	CIVIL ACTION
	)	NO. 94-2763-B2
CAJUN ELECTRIC POWER	)	
COOPERATIVE, INC.,	)	BANKRUPTCY CASE
	)	NO. 94-11474
Debtor.	)	
	)	Chapter 11
Federal Tax Id. No. 72-0655799	)	

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**MOTION OF RALPH R. MABEY, CHAPTER 11 TRUSTEE,  
TO SELL RIVER BEND INTEREST FREE AND CLEAR AND  
TO ASSUME AND ASSIGN EXECUTORY CONTRACTS**

Ralph R. Mabey, Chapter 11 Trustee (the "Trustee") for Cajun Electric Power Cooperative, Inc. ("Cajun"), by and through undersigned counsel, in exercising the authority provided to him by the Order and Judgment Approving Settlement By and Among Cajun Electric Power Cooperative, Inc., Entergy Gulf States, Inc., Entergy Corporation, and the Rural Utilities Service of the Department of Agriculture entered by the United States District Court for the Middle District of Louisiana on August 26, 1996 (the "River Bend Order"),<sup>1</sup> hereby moves for an Order confirming that the following actions comply with the terms of the River Bend Order: (1) the Trustee's sale, pursuant to section 363, of Cajun's 30% interest in the River Bend nuclear generating facility and related assets (the "Cajun River Bend Interest") free and clear of liens and encumbrances pursuant to agreement between Rural Utilities Service of the United States Department of Agriculture ("RUS") and PECO Energy Company ("PECO"), and (2) the Trustee's assumption of the Joint Ownership Participation and Operating Agreement, River Bend

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<sup>1</sup> The River Bend Order has been appealed but no stay has been issued.

Unit 1 Nuclear Plant, as amended (the "River Bend JOPOA"), and his assignment thereof. A proposed form of order approving the Motion is attached. In support of this Motion, the Trustee states as follows:

1. The Trustee on behalf of Cajun, RUS, and Entergy Gulf States, Inc., formerly known as Gulf States Utilities (which, together with its parent, Entergy Corporation, will be referred to as "GSU"), compromised and settled certain controversies among them by signing a Settlement Term Sheet dated May 2, 1996 (the "River Bend Settlement").

2. After notice and a hearing, the River Bend Settlement was approved by the River Bend Order.

3. Paragraph 16 of the River Bend Order authorizes RUS to seek a purchaser for the Cajun River Bend Interest prior to consummation of the River Bend Settlement. RUS has sought offers for the purchase of the Cajun River Bend Interest and has received an offer which is acceptable to RUS.

4. Notwithstanding the authority provided to the Trustee by paragraph 16 of the River Bend Order to sell the Cajun River Bend Interest prior to consummation of the River Bend Settlement, the Trustee elects to request current approval for a sale of the Cajun River Bend Interest (and the assumption and assignment of the River Bend JOPOA) to be closed concurrently with consummation of the River Bend Settlement. The Trustee does not believe that completion of actions required by the River Bend Settlement will delay closing of an approved sale of the Cajun River Bend Interest.

5. Further, notwithstanding paragraph 8 of the River Bend Order, which authorizes the Trustee:



without the necessity of any further order or approval of this Court, to transfer all assets as provided in the Settlement, including but not limited to the Cajun River Bend Interest, Cajun's interest in River Bend fuel and spare parts (under the option provided for in the Term Sheet, . . . free and clear of any lien or other interest asserted by any party[.]

and paragraph 10 of the River Bend Order, which authorizes and directs the Trustee:

without the necessity of any further order of approval of this Court, to take any and all actions necessary or appropriate to implement, effectuate, and consummate the Settlement and any transactions contemplated thereby or by this Order[.]

the Trustee believes it is appropriate to notify parties in interest of his intent to sell the Cajun River Bend Interest and to assume and assign the River Bend JOPOA as set forth herein and to obtain an Order thereon confirming that the actions are in compliance with the River Bend Order and including provisions that confirm that the sale is free and clear of liens and other interests and that PECO is entitled to the benefits and protections of 11 U.S.C. § 363(m).

6. RUS has notified the Trustee that it has exercised its sole discretion and elected to transfer the Cajun River Bend Interest pursuant to Option 1 under the River Bend Settlement. The River Bend Settlement provides as follows:

In the sole discretion of RUS, the Cajun River Bend Interest will be transferred under one of the two options or subparagraph (f) set forth below.

. . . RUS shall have substantial flexibility in exercising its discretion to arrange for the transfer of the Cajun River Bend Interest. In furtherance of that end, RUS's flexibility shall include, but shall not be limited to, negotiating with and selecting a prospective purchaser, being permitted to establish a reserve price which must be met before consummating a sale at auction, not being required to accept the highest bid received at an auction and taking title to the River Bend Interest itself for subsequent reconveyance.

#### Option 1

The Cajun River Bend Interest and Cajun's interest in River Bend fuel and spare parts will be sold, with net proceeds remitted to RUS. The purchaser will become obligated to fully comply with the Cajun NRC license requirements, all

other applicable laws and regulations and the provisions of the River Bend JOPOA, as amended in the respects described in Exhibit No. 1, commencing with the date of the transfer of the Cajun River Bend Interest. . . .

7. The Cajun River Bend Interest is to be sold pursuant to the terms of the Agreement between RUS and PECO Energy Company dated as of February 11, 1997 (the "PECO Term Sheet"). Pursuant to the PECO Term Sheet, the purchaser is to be PECO or its designated assignee, unless RUS accepts an offer from another party. Any party making a competing offer shall submit the offer to RUS, Attn: Larry A. Belluzzo, 14th and Independence SW, Room 4031-S, Washington, D.C. 20250 within the time period set forth below. The Term Sheet is attached as Exhibit A to this Motion. It sets forth the operative terms of the proposed sale, except that the purchase price has been redacted.

8. The purchase price has not yet been disclosed to the Trustee. For bidding purposes, RUS desires other interested purchasers to contact RUS directly and make any proposal without knowledge of PECO's proposed purchase price. If requested, RUS will disclose the purchase price to the Court in camera. In any event, the purchase price will be disclosed in accordance with the provisions of paragraph 10 below.

9. The Trustee would prefer that RUS disclose now the proposed purchase price, but believes that the disposition of the Cajun River Bend Interest is sufficiently important that he needs to proceed to request approval for the actions contemplated by this Motion prior to disclosure of the purchase price. Each of the three proposed plans of reorganization before the Court is contingent upon consummation of the River Bend Settlement. Consummation of the River Bend Settlement requires, in turn, final disposition of the Cajun River Bend Interest.

10. The Term Sheet provides the opportunity for third parties to submit a bid for the Cajun River Bend Interest to RUS. Because RUS has exercised Option 1 under the terms of the River Bend Settlement, RUS is the party to receive and determine the acceptability of such third party offers. Acceptance of a third-party offer is exclusively within the discretion of RUS. In order to be valid, any such third-party offer must be received by RUS no later than five days prior to the date on which the Court schedules a hearing on this Motion. Any bid submitted after such date shall not be considered by RUS. In the event that RUS has received a timely offer but has not yet determined to accept such offer, the time for disclosure of the proposed purchase price to PECO will be extended until such time as RUS makes a determination to accept or reject such offer, which determination shall be made no later than the date and time of the hearing set on this Motion. The Trustee will request the earliest hearing date available for the Motion which is at least thirty days after the filing of this Motion.

11. Objections to the Motion should be filed with the Court and served on appropriate parties at least five days prior to the hearing on the Motion.

12. If RUS, in its sole discretion, accepts another offer and PECO does not submit a higher offer, RUS has agreed that PECO should be paid a topping fee. If the purchase price to be paid by PECO is disclosed by RUS, the Trustee, or the Court before a higher competing bid is submitted to RUS or the Court, such bid is accepted by RUS, and PECO does not submit a higher offer, the topping fee will be the greater of PECO's documented out-of-pocket expenses up to \$1 million that it paid in pursuing purchase of the Cajun River Bend Interest or 3% of the difference between PECO's original proposed purchase price and the final purchase price accepted by RUS and approved by the Court. If the purchase price is not disclosed by RUS,

the Trustee, or the Court before competing offers are due as set forth below and the Court does not consider and approve an offer first presented after such due date, or is disclosed by such party concurrently with or after a higher competing bid is presented, the topping fee will be PECO's documented out-of-pocket expenses up to \$1 million. In either case, RUS has agreed that payment of this topping fee shall be from proceeds of the Cajun River Bend Interest which otherwise would go to RUS.

13. Because the topping fee, if any, paid to PECO will be deducted from the net sale proceeds which are paid, pursuant to the River Bend Settlement, to RUS, the topping fee has no effect on the estate. RUS's claim against Cajun will be reduced to the full extent of the net sale proceeds from the Cajun River Bend Interest which include any topping fee or PECO expenses paid.

14. The PECO Term Sheet contemplates the assumption by the Trustee, acting on behalf of Cajun, of the River Bend JOPOA (with amendments thereto as set forth in the River Bend Settlement) and the assignment of the River Bend JOPOA to PECO.

15. The River Bend Settlement as approved by the River Bend Order resolves outstanding disputes relating to the Cajun River Bend Interest and the River Bend JOPOA. The River Bend Settlement's resolution of disputes does not take full effect, however, until consummation thereof. Because of this, the Trustee has determined that the sale of the Cajun River Bend Interest will not close prior to the closing of the River Bend Settlement, although he expects that the two closings will occur concurrently.

16. The PECO Term Sheet satisfies the conditions of Option 1 for disposition of the Cajun River Bend Interest set forth in the River Bend Settlement. Nothing in the PECO Term

Sheet shall modify the River Bend Settlement and any of its terms which conflict with or are not included in the River Bend Settlement are effective only between RUS and PECO except the date by which the River Bend Settlement must be consummated. By its terms, the River Bend Settlement must close no later than June 1, 1997 "unless the parties otherwise agree." Paragraph 14 of the River Bend Order authorizes any of the parties to move the Court for an extension of the date for the River Bend Settlement to close.

17. The PECO Term Sheet provides that either RUS or PECO may terminate the PECO Term Sheet if by September 30, 1997, among other matters, the Court has not approved the sale to PECO on the terms and condition set forth in the PECO Term Sheet and this Motion or if by December 31, 1997, the sale contemplated by the PECO Term Sheet has not closed. The parties intend to attempt to complete the sale contemplated by the PECO Term Sheet prior to June 1, 1997. If that does not occur, however, the Trustee, with the consent of RUS and GSU, moves for approval of an extension of time for the consummation of the River Bend Settlement as necessary to comply with the PECO Term Sheet or December 31, 1997, whichever first occurs. GSU has agreed reasonably to cooperate in facilitating the sale of the Cajun River Bend Interest. GSU's submission of an offer will not be construed as a failure to cooperate. GSU's obligation to cooperate in facilitating the sale of the Cajun River Bend Interest is a continuing obligation and failure to so cooperate shall form the basis for a motion to extend any deadline set forth herein.

18. In the event that the sale to PECO contemplated by this Motion is not approved or if PECO terminates or withdraws its offer to purchase the Cajun River Bend Interest on the terms set forth in the purchase and sale agreement, RUS shall retain the right to exercise its

options set forth in the River Bend Settlement, including the sale of the Cajun River Bend Interest to a third party, accepting transfer of the Cajun River Bend Interest to itself, or transferring the Cajun River Bend Interest to GSU. In the event that GSU reasonably cooperates in facilitating a transfer under the options set forth in the River Bend Settlement, RUS shall exercise such options within ninety days of such failure of approval or the determination by RUS that the sale to PECO will not be consummated. In the event that RUS does not exercise such an option during this period, it will be deemed to have exercised Option 2, which provides for RUS taking title to the Cajun River Bend Interest. In the event that this paragraph becomes operative, the parties will proceed expeditiously to consummate the River Bend Settlement, provided, the final disposition of the Cajun River Bend Interest shall not be delayed beyond December 31, 1997, and by that date, Cajun shall retain no interest in the Cajun River Bend Interest, title to which it shall have transferred to RUS or others as provided herein, and the River Bend Settlement shall have been consummated under its approved terms, except that, if RUS has exercised an option under the River Bend Settlement and the only remaining condition to transfer pursuant to such option is final regulatory approval for such transfer or the actual, mechanical transfer of title, the parties may agree to a further extension within which to close the transfer.

19. The Trustee requests that the Court find that the sale as set forth in this Motion in furtherance of the River Bend Settlement is commercially reasonable and that PECO is purchasing the Cajun River Bend Interest in good faith and thus is entitled to the benefit of 11 U.S.C. § 363(m). The Trustee avers that PECO has entered into the PECO Term Sheet in good

faith and that the process under which PECO has had the opportunity to purchase the Cajun River Bend Interest establishes the commercial reasonableness of the proposed transaction.

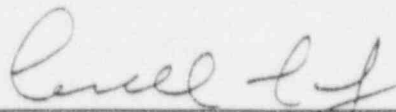
20. The PECO Term Sheet contemplates that PECO and the Trustee will execute a formal purchase and sale agreement which will be submitted to the Court at least five days prior to the date of the hearing on this Motion. The purchase and sale agreement will include the purchase price.

21. The PECO Term Sheet conditions the finality of the sale of the Cajun River Bend Interest and the assumption and assignment of the River Bend JOPOA on the existence of no material adverse change, and satisfactory approval of the sale and PECO as purchaser and as party to the River Bend JOPOA by applicable regulatory agencies, and the completion of due diligence. PECO has agreed, however, that it will complete its due diligence by the earlier of sixty days from the date this Motion is filed and served or forty-five days after the Court approves this Motion. The Trustee has agreed to request an early hearing date on the Motion. In the event that PECO does not receive the satisfactory cooperation of all parties needed to complete its due diligence, the Trustee, PECO, or RUS may request that the Court authorize an extension of the time for PECO to complete due diligence.

22. The Trustee's approved agreement with Wasserstein, Perella & Co., Inc. ("Wasserstein") arguably allows payment of a commission to Wasserstein on account of a sale of the Cajun River Bend Interest. Wasserstein has waived its right to a commission related to the sale of the Cajun River Bend Interest pursuant to this Motion.

WHEREFORE, the Trustee prays that after appropriate notice and hearing, the Court approve for consummation on the closing date of the River Bend Settlement, (a) the sale of the Cajun River Bend Interest free and clear of liens and encumbrances to PECO or to such other party whose offer is accepted by RUS pursuant to the PECO Term Sheet, and (b) approve the assumption and assignment of the River Bend JOPOA, all as set forth above.

KANTROW, SPAHT, WEAVER, and BLITZER  
A Professional Law Corporation



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Counsel for Ralph R. Mabey, Chapter 11 Trustee for  
Cajun Electric Power Cooperative, Inc.



EXHIBIT A

AGREEMENT BETWEEN THE RURAL UTILITIES SERVICE  
AND PECO ENERGY COMPANY

This Agreement, dated as of February 11, 1997, is executed by and between PECO Energy Company ("PECO") and the United States of America, acting through the Administrator of the Rural Utilities Service ("RUS").

WHEREAS, RUS is authorized to seek a purchaser for the Cajun River Bend Interest ("Cajun River Bend Interest") as that term is defined in the Settlement Term Sheet ("Term Sheet") dated as of May 1, 1996, by and among Cajun Electric Power Cooperative, Inc. ("Cajun") operating through its Chapter 11 Trustee, Ralph R. Mabey ("Trustee"), Gulf States Utilities ("GSU"), and RUS, pursuant to the Term Sheet and the order ("Order") dated August 25, 1996, of the United States District Court for the Middle District of Louisiana, approving the Term Sheet;

WHEREAS, pursuant to the Term Sheet RUS may have the Cajun bankruptcy estate sell the Cajun River Bend Interest and Cajun's interest in River Bend fuel and spare parts and other rights under the Joint Ownership Participation Agreement ("JOPOA") and the Term Sheet, (the Cajun River Bend Interest and Cajun's interest in River Bend fuel and spare parts, electrical output and other rights under the JOPOA and the Term Sheet collectively hereinafter called the "River Bend Interest"), with the net proceeds from such sale remitted to RUS pursuant to the Term Sheet and Order;

WHEREAS, RUS desires to have the River Bend Interest transferred and sold to PECO or one of its Affiliates, and PECO desires to purchase the same in its own name or that of an affiliate; and

WHEREAS, the sale of the River Bend Interest to PECO is to be made pursuant to Option 1 of the Term Sheet, and this Agreement shall provide the terms whereby such option shall be implemented by the Trustee;

NOW THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

SECTION 1. RUS and PECO shall provide a copy of this Agreement to the Trustee in order to notify him of the terms under which RUS is willing to exercise Option 1 of the Term Sheet. PECO shall proceed to negotiate with Trustee the necessary purchase and sale agreement (the "Purchase and Sale Agreement") and such other documentation as is required to consummate the sale to PECO on terms acceptable to RUS upon issuance of an order by the Cajun bankruptcy court consistent with the terms of this Agreement. RUS and PECO shall request that the Trustee submit a motion and proposed order satisfactory to Trustee, RUS and PECO to the Cajun bankruptcy court to obtain approval of this Agreement and of a sale pursuant hereto. Such Purchase and Sale Agreement shall contain representations and warranties, covenants, and conditions to closing satisfactory to PECO, RUS and Trustee.

SECTION 2. The following conditions precedent shall have been satisfied prior to the transfer of title of the River Bend Interest from Cajun to PECO, payment of the purchase price, and release of liens as hereinafter provided (the "Closing"):

- (a) An order shall have been entered by the Cajun bankruptcy court to the effect that:
  - (i) the sale to PECO or one of its Affiliates pursuant to the terms of the Purchase and Sale Agreement shall have been approved;
  - (ii) the amount of RUS's claims against Cajun shall be reduced only to the extent of RUS's receipt of proceeds from the sale;
  - (iii) the releases by RUS of its liens and encumbrances are not a waiver or release of the portion of RUS's claims against Cajun that remain unsatisfied;
  - (iv) the sale has been conducted in a commercially reasonable manner for a commercially reasonable price;
  - (v) PECO is a good faith purchaser as that term is used in Section 363(m) of the Bankruptcy Code;
  - (vi) the assumption by the Trustee and the assignment to PECO of River Bend-related executory contracts designated by PECO is approved; and
  - (vii) the River Bend Interest is conveyed from Cajun to PECO free and clear of all liens and encumbrances of third parties, except those agreed to by PECO;
- (b) PECO shall have completed its due diligence review with respect to the River Bend Interest and the Joint Facilities (as defined in the JOPOA), including regulatory status and compliance, the existence of third party claims, and the operation and maintenance of the Joint Facilities.
- (c) The JOPOA shall have been amended in the respects described in Exhibit No. 1 to the Term Sheet, and as modified the JOPOA shall have been assumed by the Trustee and the Trustee shall assign the amended JOPOA to PECO at Closing;
- (d) All applicable waiting periods under the Hart-Scott-Rodino Act shall have expired or been terminated and the consent or approval required of the Department of Justice and the Federal Trade Commission, if any, shall have been obtained;
- (e) The Trustee shall have deposited in escrow the sum provided for in the Term Sheet as a decommissioning trust fund (the "Decommissioning Fund") to be used for the prudent expenditure of decommissioning costs as defined in the Term Sheet and subject to escrow instructions satisfactory to PECO, RUS and Trustee;

- (f) Trustee and PECO shall have executed a Purchase and Sale Agreement acceptable to RUS containing representations, warranties, covenants, and closing conditions satisfactory to PECO, RUS and the Trustee;
- (g) Unless otherwise waived by PECO, there shall have occurred no material adverse change in the Joint Facilities from their condition as of the date of execution of this Agreement until Closing, including but not limited to: an ongoing unscheduled outage; the pendency of a material violation of the River Bend operating license or any other Nuclear Regulatory Commission ("NRC") requirement; the unfavorable termination of existing fuel supply or enrichment contracts; the occurrence of a material or equipment failure which requires expenditure by PECO in excess of \$1 million within one year of Closing; a change in plant equipment or plant performance which during diligence increases projected operating costs during any single year, 1997 through 2001, by 5% or more above operating and/or capital expenditure levels projected by GSU in documents provided to PECO on August 6, 1996 by the U.S. Department of Justice, exclusive of increased expenditures for a power uprate and associated high pressure steam turbine rotor replacement.
- (h) All necessary judicial and regulatory approvals shall have been obtained;
- (i) All agreements with GSU/Entergy, as agreed to by GSU under the Term Sheet including agreement over GSU/Entergy's provision of transmission service for capacity and energy associated with Cajun's River Bend Interest, shall have been completed; and
- (j) The form of all documents to be delivered in connection with Closing and the transfer of title to PECO or one of its Affiliates shall have been agreed upon by Trustee, RUS and PECO. Such documentation shall include:
- (i) A release of lien executed by RUS releasing all of its liens and encumbrances on the River Bend Interest at the time of the transfer of title.
  - (ii) Sale documents in proper legal form adequately describing the River Bend Interest and transferring good and marketable title of the River Bend Interest to PECO.
  - (iii) Evidence that the Trustee shall have established the Decommissioning Fund.
  - (iv) Evidence that PECO shall have established the Letter of Credit provided for in Section 5 herein.
  - (v) Evidence that the Trustee has given satisfactory notice to all appropriate third parties to convey the River Bend Interest free and clear of all liens and encumbrances.

SECTION 3. Title to the River Bend Interest and associated ownership risks shall not pass to PECO until Closing.

SECTION 4. At Closing, the following shall occur:

- (a) RUS shall receive from PECO the Purchase Price, by drawing under the Letter of Credit, and the Accrued Interest Payment (as provided in Section 5 herein).
- (b) Pursuant to the order described in Section 2(a) above, PECO shall assume all of Cajun's interest and obligations from the date of Closing under the JOPOA, the NRC license and any recorded documents of transfer between Cajun and GSU relating to River Bend, and all such interest and obligation shall be canceled and terminated as to Cajun from the date of Closing. PECO shall become obligated to fully comply with the Cajun NRC license requirements, all other applicable laws and regulations, and the provisions of the JOPOA, as amended in the respects described in Exhibit No. 1 to the Term Sheet, from and after the date of Closing.
- (c) RUS shall execute and deliver to PECO, with a copy to the Trustee, a release of all its liens and encumbrances in recordable form on the Cajun River Bend Interest. Such release shall be delivered and accepted without covenant or warranty, express or implied, at law or in equity, and without recourse to RUS in any event or in any contingency.
- (d) Trustee shall execute and deliver to PECO or at PECO's option, its designated Affiliate, transfer documents sufficient to convey title free and clear of liens and encumbrances pursuant to a no-warranty deed to the River Bend Interest, and sufficient to convey to PECO all rights to the Decommissioning Fund to be used as provided for under NRC approvals or requirements in effect from time to time, as well as for Decommissioning as defined in the Term Sheet, with excess proceeds in the Decommissioning Fund after completion of Decommissioning remitted to the RUS, pursuant to the Term Sheet.

SECTION 5. (a) The price to purchase the River Bend Interest shall be \$ MM, ("Purchase Price"). PECO shall furnish to RUS a letter of credit for the Purchase Price naming RUS as beneficiary and issued by a federally insured bank approved by RUS and having conditions to drawing satisfactory to PECO, RUS and Trustee (the "Letter of Credit"). Such Letter of Credit shall be provided on or before the date that the Trustee files a motion with the Cajun bankruptcy court to approve the sale to PECO.

- (b) PECO shall make a payment to RUS at closing representing interest on the Purchase Price that would have accrued from the date that the Trustee files a motion with the Cajun Bankruptcy court to approve the sale to PECO until Closing (the "Accrued Interest Payment"). The rate of interest used to calculate the Accrued Interest

Payment shall be five percent (5%) per annum compounded annually on the anniversary date of the filing by the Trustee of the motion referred to in Section 1.

- (c) RUS will recommend to Trustee that PECO become the marketer of River Bend net electrical output on behalf of the Cajun Estate ("River Bend Marketer") as soon as practicable after the date that the Trustee files a motion to approve the sale until the earlier of (i) Closing or (ii) termination of the Purchase and Sale Agreement.

SECTION 6. (a) This Agreement may be terminated at the election of either party (if so terminated the Letter of Credit shall expire or be canceled) if either:

- (i) on September 30, 1997 PECO is not the River Bend Marketer and the Cajun bankruptcy court has not approved this Agreement or,
  - (ii) by December 31, 1997, Closing has not occurred.
- (b) If the Purchase and Sale Agreement is rejected by the Cajun bankruptcy court, this Agreement may be terminated at the election of either party and, if so terminated, the Letter of Credit shall expire or be canceled.
- (c) This Agreement may be terminated by PECO if (i) the due diligence review referred to in Section 2(b) reveals a situation, unknown by PECO when it executed this Agreement, which PECO reasonably believes to be a materially adverse condition or (ii) there occurs a material adverse change which is not waived by PECO pursuant to Section 2(g). In such event, the Letter of Credit shall expire or be canceled.
- (d) PECO shall not receive the payments provided for in Sections 9(b) or 9(c) if either:
- (i) PECO terminates this Agreement pursuant to Sections 6(a), 6(b), or 6(c); or
  - (ii) RUS terminates this Agreement pursuant to Sections 6(a) or 6(b) before the Cajun bankruptcy court is presented with a higher competing bid.

SECTION 7. PECO may designate one of its Affiliates to be the transferee of the River Bend Interest and may assign its rights and obligations hereunder to such Affiliate, if such Affiliate meets then-applicable NRC requirements, without further consent by RUS or Trustee.

SECTION 8. Except as provided in Section 9 of this Agreement, RUS and PECO shall each bear its own expenses in negotiating this Agreement and effectuating the sale, including, but not limited to, the fees and expenses of its attorneys, consultants, and advisors.

SECTION 9. (a) RUS represents to PECO that it has not entered into or executed any instrument with any other party that would constitute a currently binding purchase and sale agreement or right to match relating to the sale of the River Bend Interest. RUS agrees that it will neither institute initial contacts for the purpose of soliciting offers for the River Bend Interest following execution of this Agreement, nor seek internal approval for additional offers for the River Bend Interest other than those presented to the Cajun bankruptcy court after the Trustee files a motion to approve this Agreement. This is not intended to prevent RUS from responding to any party who contacts RUS concerning the River Bend Interest or from discussing such party's proposal to purchase the River Bend Interest. RUS may, in its sole discretion, accept such a competing offer prior to the date on which the Cajun bankruptcy court enters an order approving the sale to PECO.

(b) PECO believes that the Purchase Price is business-sensitive information. PECO therefore will request the Trustee to redact the Purchase Price from public filings until the entry of the order approving the sale. The RUS will support this request. If (i) PECO's purchase price is disclosed by RUS, the Trustee, or the Cajun bankruptcy court, before a higher competing bid is presented to the Cajun bankruptcy court (ii) a competing bid is presented to the Cajun bankruptcy court and accepted by RUS, and (iii) PECO does not submit a higher offer, the Letter of Credit shall be returned undrawn to PECO, and PECO shall be paid a topping fee. This topping fee shall equal the greater of (a) PECO's documented out-of-pocket expenses that it paid in pursuing the purchase of the River Bend Interest, up to \$1 million, or (b) 3% of the difference between PECO's original proposed purchase price and the final purchase price accepted by RUS and approved by the Cajun bankruptcy court, with such payment to PECO to be deducted by the Trustee from the net proceeds remitted to RUS. Payment to PECO shall occur simultaneous with payment to RUS of proceeds from the successful bidder.

(c) If (i) PECO's purchase price is not disclosed by RUS, the Trustee, or the Cajun bankruptcy court before a higher competing bid is presented to the Cajun bankruptcy court, or is disclosed simultaneous with or after a higher competing bid is presented to the Cajun bankruptcy court, (ii) a competing bid is received by the Cajun bankruptcy court and accepted by RUS, and (iii) PECO does not submit a higher offer, the Letter of Credit shall be returned to PECO undrawn, and PECO shall be reimbursed for documented out-of-pocket expenses that it paid in pursuing the purchase of the River Bend Interest, up to \$1 million, with such payment to PECO to be deducted by the Trustee from the net proceeds remitted to the RUS.

(d) PECO agrees to make available to RUS on request all records documenting PECO's out-of-pocket expenses paid in pursuing the purchase of the River Bend Interest.

SECTION 10. Nothing in this Agreement, either express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any party other than PECO and RUS and their respective permitted successors and assigns.


SECTION 11. This Agreement sets forth the entire Agreement of the parties with respect to the transaction contemplated hereby and supersedes all prior agreements and understandings with respect to the subject matter hereof.

SECTION 12. This Agreement shall remain in effect until Closing or termination as provided in Section 6 hereof.

SECTION 13. PECO hereby agrees that nothing in the Term Sheet or this Agreement shall give rise to any obligation or liability on the part of RUS to PECO with respect to the purchase, ownership or operation (including Decommissioning or Decommissioning Costs, as defined in the Term Sheet) by PECO of the River Bend nuclear power plant or the River Bend Interest.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

UNITED STATES OF AMERICA

  
\_\_\_\_\_  
Wally B. Beyer  
Administrator  
Rural Utilities Service

PECO ENERGY COMPANY

  
\_\_\_\_\_  
Nancy J. Zaun  
President, PECO Energy Power Team



IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF LOUISIANA

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In re:	)	CIVIL ACTION
	)	NO. 94-2763-B2
CAJUN ELECTRIC POWER	)	
COOPERATIVE, INC.,	)	BANKRUPTCY CASE
	)	NO. 94-11474
Debtor.	)	
	)	Chapter 11
Federal Tax Id. No.: 72-0655799	)	

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**MEMORANDUM IN SUPPORT OF MOTION OF RALPH R. MABEY, CHAPTER 11  
TRUSTEE, TO SELL RIVER BEND INTEREST FREE AND CLEAR AND  
TO ASSUME AND ASSIGN EXECUTORY CONTRACTS**

Ralph R. Mabey, Chapter 11 Trustee (the "Trustee") for Cajun Electric Power Cooperative, Inc. ("Cajun"), by and through undersigned counsel, in exercising the authority provided to him by the Order and Judgment Approving Settlement By and Among Cajun Electric Power Cooperative, Inc., Entergy Gulf States, Inc., Entergy Corporation, and the Rural Utilities Service of the Department of Agriculture entered by the United States District Court for the Middle District of Louisiana on August 26, 1996 (the "River Bend Order"), submits this memorandum of law in support of his motion (the "Motion") for an Order confirming that the following actions comply with the terms of the River Bend Order: (1) the Trustee's sale, pursuant to section 363, of Cajun's 30% interest in the River Bend nuclear generating facility and related assets (the "Cajun River Bend Interest") free and clear of liens and encumbrances pursuant to agreement between Rural Utilities Service of the United States Department of Agriculture ("RUS") and PECO Energy Company ("PECO"), and (2) the Trustee's assumption

of the Joint Ownership Participation and Operating Agreement, River Bend Unit 1 Nuclear Plant, as amended (the "River Bend JOPOA"), and his assignment thereof.

### FACTS

The Trustee adopts the facts set forth in the Motion.

### LEGAL DISCUSSION

1. The Procedure Followed by the Trustee in the Sale of The Cajun River Bend Interest Is Appropriate.

The procedure followed by the Trustee with respect to the sale of the Cajun River Bend Interest has been dictated in large part by the River Bend Order. The Court has previously approved that order and the procedures set forth thereunder. The Court has ample authority to provide for the disposition of estate assets and, therefore, to provide procedures for the sale of assets including procedures for competitive bidding of an asset. Van Huffel v. Harkelrode, 284 U.S. 225, 227, 52 S.Ct. 115, 116 (1931)(sale power is implicit in court); In re Summit Corp., 891 F.2d 1 (1st Cir. 1989)(court has plenary power to provide for competitive bidding).

The procedures followed in this case are designed to produce the best offer for the Cajun River Bend Interest. The topping fee allowed to PECO will not chill any bidding or prevent the process from producing the best sale price for the asset. The topping fee will be deducted from the net sale proceeds payable to RUS and, thus, will have no effect of the estate.

Also, it is appropriate to defer to RUS with respect to the acceptance or rejection of competing offers for the Cajun River Bend Interest. Courts routinely defer to the "business judgment" of debtors in possession or trustees with respect to the sale of estate property. See e.g. In re After Six Inc., 154 B.R. 876 (Bankr. E.D. Pa. 1993). In this case, it is the Trustee's judgment to allow RUS, in accordance with the River Bend Order, the right to determine what

constitutes the best offer for the Cajun River Bend Interest. It is RUS which holds a lien on the Cajun River Bend Interest to secure several billion dollars of loans and loan guarantees to Cajun. Although the sale price has not yet been disclosed, it is clear that the purchase price will be a small fraction of amounts owed to RUS on account of moneys it advanced or guaranteed to Cajun for its investment in the River Bend plant. The Trustee has not disputed and does not believe there exists a basis to dispute, successfully, the RUS lien in the Cajun River Bend Interest. Accordingly, any sale of the asset free and clear of liens requires the consent of RUS under section 363(f) of the bankruptcy code. Thus, any sale of the Cajun River Bend Interest may be subject, effectively, to veto by RUS. Accordingly, it is not only appropriate, but expedient and necessary that RUS approve or disapprove any sale offer.

2. The Sale of the Cajun River Bend Interest is In the Best Interests of the Cajun Estate and its Creditors.

Sales of estate property must be in the best interests of a debtor's estate and its creditors, and ideally, should further the debtor's proposed reorganization. In re Continental Air Lines, Inc., 780 F.2d 1223 (5th Cir. 1986)(examining benefit of sale to creditors and effect of sale on future plan of reorganization).

As stated above, the sale of the Cajun River Bend Interest is driven and set forth by the procedures set forth in the River Bend Order. The River Bend Order effectively allows for the reorganization of Cajun by providing for the divestment of Cajun of an interest that was otherwise burdensome to the estate. Accordingly, because the River Bend Order facilitates reorganization, the sale of the Cajun River Bend Interest as contemplated by such order is also in the best interests of the estate.

3. The Sale of the Cajun River Bend Interest May Be Made Free and Clear of all Liens and Interests.

Section 363(f) of the bankruptcy code allows for a sale free and clear of all liens and interests if the party holding the lien or interest consents to the sale. In this case, RUS, which is the sole lienholder in the Cajun River Bend Interest, has consented. Furthermore, to the extent GSU might be deemed to hold any interest in the Cajun River Bend Interest, it has also, in the River Bend Settlement, consented and agreed to cooperate in the proposed sale.

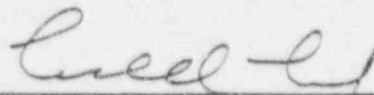
4. The Sale of the Cajun River Bend Interest Is Made in Good Faith.

Sales of a debtor's property are made in good faith when they are negotiated at arm's length and are free of collusion or fraud. In re Ewell, 958 F.2d 276, 281 (9th Cir. 1992); In re Rock Industries Machinery Corp., 572 F.2d 1195, 1198 (7th Cir. 1978). PECO is not an insider of any of the parties to the transaction and has made an offer for the property at arms' length. The Trustee has averred that good faith exists with respect to this transaction and the procedures approved in the River Bend Order which are designed to produce the best offer for the Cajun River Bend Interest.

WHEREFORE, the Trustee prays that the Court approve the Motion.

DATED this 24 day of April, 1997.

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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF LOUISIANA

In re: \_\_\_\_\_ )  
 ) CIVIL ACTION  
 ) NO. 94-2763-B2  
CAJUN ELECTRIC POWER )  
COOPERATIVE, INC., ) BANKRUPTCY CASE  
 ) NO. 94-11474  
Debtor. )  
 ) Chapter 11  
Federal Tax Id. No.. 72-0655799 )  
\_\_\_\_\_ )

**ORDER APPROVING MOTION OF RALPH R. MABEY, CHAPTER 11  
TRUSTEE, TO SELL RIVER BEND INTEREST FREE AND CLEAR  
AND TO ASSUME AND ASSIGN EXECUTORY CONTRACTS**

This matter coming to be hearing on the Motion (the "Motion") of Ralph R. Mabey, Chapter 11 Trustee (the "Trustee") for Cajun Electric Power Cooperative, Inc. ("Cajun"), brought in exercising the authority provided to him by the Order and Judgment Approving Settlement By and Among Cajun Electric Power Cooperative, Inc., Entergy Gulf States, Inc., Entergy Corporation, and the Rural Utilities Service of the Department of Agriculture entered by the United States District Court for the Middle District of Louisiana on August 26, 1996 (the "River Bend Order"), to confirm that the following actions comply with the terms of the River Bend Order: (1) the Trustee's sale, pursuant to section 363, of Cajun's 30% interest in the River Bend nuclear generating facility and related assets (the "Cajun River Bend Interest") free and clear of liens and encumbrances pursuant to agreement between Rural Utilities Service of the United States Department of Agriculture ("RUS") and PECO Energy Company ("PECO"), and (2) the Trustee's assumption of the Joint Ownership Participation and Operating Agreement,

River Bend Unit 1 Nuclear Plant, as amended (the "River Bend JOPOA"), and his assignment thereof.

Upon consideration of the Motion, due and proper notice having been provided thereof to parties entitled thereto, and on the basis of the record of this case, it appearing that the sale as set forth in the Motion in furtherance of the River Bend Settlement is commercially reasonable and that PECO is purchasing the Cajun River Bend Interest in good faith, and pursuant to 11 U.S.C. § 363, Fed. R. Bankr. P. 6004, and the River Bend Order;

The Court having considered all objections to the Motion not withdrawn, if any,;

The Court is of the opinion that the Motion is meritorious; accordingly,

**IT IS ORDERED THAT:**

1. The Motion is granted.
2. All objections are denied with prejudice.
3. The sale of the Cajun River Bend Interest free and clear of liens and encumbrances as set forth in the Motion and the River Bend Settlement is approved.
4. The Trustee's assumption and assignment of the River Bend JOPOA is approved.
5. PECO is entitled to the benefit of 11 U.S.C. § 363(m) as a good faith purchaser.
6. The Trustee, RUS, and PECO are hereby authorized to execute, deliver, and perform their respective obligations with respect to the sale of the Cajun River Bend Interest and to execute any and all other documents, instruments and agreements and to take any and all

actions necessary to complete the sale of the Cajun River Bend Interest.

Baton Rouge, Louisiana, this \_\_\_ day of \_\_\_\_, 1997.

---

Honorable Frank J. Polozola  
United States District Judge



UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF LOUISIANA

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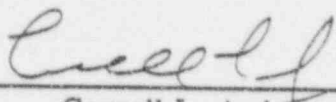
In re:	)	
	)	CIVIL ACTION
	)	NO. 94-2763-B2
CAJUN ELECTRIC POWER	)	
COOPERATIVE, INC.,	)	BANKRUPTCY CASE
	)	NO. 94-11474
Debtor.	)	
	)	Chapter 11
Federal Tax Id. No.: 72-0655799	)	

---

CERTIFICATE OF SERVICE

I hereby certify that I have mailed a copy of the following pleadings to all persons shown on Exhibit A attached hereto on the 24 day of April, 1997.

1. Motion of Ralph R. Mabey, Chapter 11 Trustee to Sell River Bend Interest Free and Clear and To Assume and Assign Executory Contracts
2. Proposed Order Approving Motion of Ralph R. Mabey, Chapter 11 Trustee, to Sell River Bend Interest Free and Clear and to Assume and Assign Executory Contracts
3. Memorandum in Support of Motion of Ralph R. Mabey, Chapter 11 Trustee, to Sell River Bend Interest Free and Clear and to Assume and Assign Executory Contracts

  
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IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF LOUISIANA

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In re:	)	CIVIL ACTION
	)	NO. 94-2763-B2
CAJUN ELECTRIC POWER	)	
COOPERATIVE, INC.,	)	BANKRUPTCY CASE
	)	NO. 94-11474
Debtor.	)	
	)	Chapter 11
Federal Tax Id. No.: 72-0655799	)	

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**ORDER APPROVING MOTION OF RALPH R. MABEY, CHAPTER 11  
TRUSTEE, TO SELL RIVER BEND INTEREST FREE AND CLEAR  
AND TO ASSUME AND ASSIGN EXECUTORY CONTRACTS**

This matter came on for hearing on the Motion (the "Motion") of Ralph R. Mabey, Chapter 11 Trustee (the "Trustee") for Cajun Electric Power Cooperative, Inc. ("Cajun"), brought in exercising the authority provided to him by the Order and Judgment Approving Settlement By and Among Cajun Electric Power Cooperative, Inc., Entergy Gulf States, Inc., Entergy Corporation, and the Rural Utilities Service of the Department of Agriculture entered by the United States District Court for the Middle District of Louisiana on August 26, 1996 (the "River Bend Order") and the Settlement Term Sheet dated as of May 1, 1996 among the Trustee acting on behalf of Cajun, Rural Utilities Service, and Gulf States Utilities (the "Term Sheet"), to confirm that the following actions comply with the terms of the River Bend Order and the Term Sheet: (1) the sale, pursuant to section 363 of the Bankruptcy Code and the Agreement dated as of February 11, 1997 between Rural Utilities Service and PECO Energy Company (the "PECO Agreement"), of all of Cajun's right, title, and interest in and to the River Bend nuclear generating facility and all rights arising pursuant to and as described in the River Bend JOPOA (hereinafter defined) and related documents and as may relate thereto in

any way (the "Cajun River Bend Interest") free and clear of liens and encumbrances, and (2) the Trustee's assumption of the Joint Ownership Participation and Operating Agreement, River Bend Unit 1 Nuclear Plant, as amended (the "River Bend JOPOA"), and his assignment thereof to PECO Energy Company ("PECO").

Upon consideration of the Motion, due and proper notice having been provided thereof to parties entitled thereto in accordance with the applicable provisions of Rules 2002(a) and 6004 of the Federal Rules of Bankruptcy Procedure and as supplemented by the additional notice provisions of this Order, and on the basis of the record of this case and the evidence proffered or presented and argument presented at the hearing, it appears that the sale as set forth in the Motion in furtherance of the River Bend Order and the Term Sheet is commercially reasonable, that the actions of the Trustee and Rural Utilities Service ("RUS") related to the sale are appropriate and consistent with the River Bend Order and the Term Sheet, and that PECO is purchasing the Cajun River Bend Interest in good faith, and that the sale should be approved pursuant to 11 U.S.C. § 363, Fed. R. Bankr. P. 6004, the River Bend Order, and the Term Sheet. The Court, noting that no objections to the Motion have been filed, oral reasons having been given on the record, is of the opinion that the Motion is meritorious; accordingly,

**IT IS ORDERED THAT:**

1. The Motion is granted.
2. All objections are denied with prejudice.
3. The sale of the Cajun River Bend Interest to PECO free and clear of all liens and encumbrances pursuant to the terms and conditions of the Purchase and Sale Agreement between the Trustee and PECO is confirmed as being in compliance with the terms and conditions as set forth in the Motion, the Term Sheet, the River Bend Order, and is approved.

4. The sale of the Cajun River Bend Interest has been conducted in a commercially reasonable manner for a commercially reasonable price.

5. The Trustee's assumption and assignment to PECO of the River Bend JOPOA pursuant to 11 U.S.C. § 365(a) and (f) is approved, to become effective upon the closing of the sale of the Cajun River Bend Interest.

6. PECO is purchasing the Cajun River Bend Interest in good faith and, therefore, is entitled to the benefit of 11 U.S.C. § 363(m).

7. Subject to the reservation of claims by RUS against Cajun's estate set forth in paragraph 9, the conveyance from the Trustee to PECO is made free and clear of all claims which have been or could have been asserted by any third party against the Cajun River Bend Interest, and related real property, real rights, tangibles, intangibles, and personal property, and all liens and encumbrances which are charges against or interest in the Cajun River Bend Interest which secure payment of debt or performance of an obligation by Cajun including, without limitation, those of taxing authorities.

8. The Trustee, RUS, and PECO are hereby authorized to execute, deliver, and perform their respective obligations with respect to the sale of the Cajun River Bend Interest, the transfer of the Trust Fund (as defined in the Term Sheet), and the assumption and assignment of the River Bend JOPOA, and to execute any and all other documents, instruments and agreements and to take any and all actions necessary to complete the sale of the Cajun River Bend Interest, the transfer of the Trust Fund, and the assumption and assignment of the River Bend JOPOA concurrent with the consummation of the River Bend Settlement.

9. The releases by RUS of its liens, encumbrances, and claims against the Cajun River Bend Interest shall not constitute a waiver or release of the portion of RUS's claims



against Cajun that remain unsatisfied by receipt of the purchase price by Cajun or a waiver or release of its liens and encumbrances against non-River Bend assets of Cajun. The amount of RUS's claim against Cajun shall be reduced only to the extent of RUS's receipt of proceeds from the sale. The proceeds of the sale are authorized to be paid directly to RUS by PECO.

10. Other parties who hold a lien or claim of record against the Cajun River Bend Interest are hereby ordered to execute, deliver to PECO, and perform releases of such claims and liens and related documentation as they pertain to the Cajun River Bend Interest.

11. The Louisiana Public Service Commission ("LPSC") has no objection to the sale of the Cajun River Bend Interest to PECO and will issue an order of no opposition on or before June 11, 1997. This Order is without prejudice to the right of the LPSC to attempt to assert jurisdiction over the approval of the sale of other assets of Cajun or the right of Cajun or the Trustee to assert that the LPSC is not required to approve a sale of Cajun's assets.

12. The Trustee is authorized to assign and transfer to PECO the Trust Fund (as defined in the Term Sheet) in the amount of \$125,000,000 in 1995 dollars as provided in the Motion, the River Bend Order, the Term Sheet, and the Purchase and Sale Agreement, which Trust Fund is to be used solely for Decommissioning as defined in the Term Sheet.

13. Within ten (10) business days from the date of entry of this Order, the Trustee shall mail notice of such entry dated the date of mailing together with a copy of this Order and the Motion and the Purchase and Sale Agreement to those persons and entities whose names and addresses are set forth on Exhibit A to this Order as well as the "short service list" used in this case. If no written objections are filed within ten days of such mailing, this Order shall become final. In the event that an objection is filed within this ten-day period, a hearing on such objection will be promptly set.

14 The Trustee's motion for approval of an extension of time for the consummation of the settlement contemplated by the Term Sheet (defined in the Motion as the "River Bend Settlement") (i) as necessary to comply with the PECO Term Sheet or (ii) December 31, 1997, whichever first occurs, is granted.

15. In the event that PECO terminates or withdraws its offer to purchase the Cajun River Bend Interest, or if for any other reason the sale to PECO is not consummated, paragraph 18 of the Motion will govern the actions of the Trustee, RUS, and GSU and the Court will entertain motions by any interested party for an order to mandate the consummation of the settlement as provided therein and to provide for an extension of time to effectuate the River Bend Settlement if agreement between the parties is not reached.

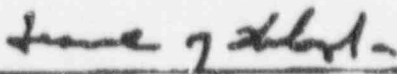
16. Nothing in the PECO Term Sheet shall modify the River Bend Settlement and if any of its terms which conflict with the River Bend Settlement are effective only between the RUS and PECO except the date by which the River Bend Settlement must be consummated.

17. The Trustee is authorized to bring such motions as he deems appropriate in furtherance of this Order and the transactions contemplated hereby.

18. Nothing herein shall affect or be construed as an adjudication of the rights of any party in connection with issues raised in Cajun Electric Members Committee v. Mabey, Adversary Proceeding No. 96-1052.

Baton Rouge, Louisiana, this 29 day of May, 1997.

EOD 5/30/97  
NOTICE MAILED TO:  
On 5/30/97 By mm

  
Honorable Frank J. Polozola  
United States District Judge