



**Northeast
Nuclear Energy**



Dominion

November 8, 2000

DNC Serial No. 00-513A
B18260

10 CFR 50.80
10 CFR 50.90
10 CFR 2.1315

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

Re: Millstone Nuclear Power Station, Units 1, 2 and 3
Facility Operating License Nos. DPR-21, DPR-65 and NPF-49
Docket Nos. 50-245, 50-336 and 50-423
Supplemental Information in Support of
Application for Order and Conforming Amendments for License Transfer

Ref.: August 31, 2000 letter from James P. O'Hanlon and Bruce D. Kenyon to U.S. NRC,
Application for Order and Conforming Amendments for License Transfer

In the above referenced application, Northeast Nuclear Energy Company (NNECO) and Dominion Nuclear Connecticut, Inc. (DNC) applied for NRC's consent and conforming license amendments to transfer the operating licenses for the Millstone Nuclear Power Station (Millstone) Units 1, 2 and 3 to DNC. This letter provides additional information supplementing and supporting that application.

In October, after the application was filed, the NRC released Revision 9 of NUREG-1307, which provides the waste burial charges that are used in calculating decommissioning funding requirements under 10 CFR § 50.75(c). To make sure that this revision does not affect compliance with NRC decommissioning requirements demonstrated in the application, DNC has recalculated the NRC decommissioning formula amounts for Units 2 and 3 using the new waste burial charge information. The energy and labor escalation factors in the formula have also been increased to reflect the most current regional data from the Bureau of Labor Statistics. A revised Exhibit K to the NRC application is provided as Attachment 1 to this letter showing the revised calculations. This exhibit continues to demonstrate that the decommissioning funds that will be transferred to DNC for Units 2 and 3 at closing continue to exceed NRC requirements by a wide margin.

DNC has prepared drafts of the decommissioning trust agreements that it will use for Millstone. Copies of these draft agreements are provided as Attachment 2 for the NRC's information. These draft agreements incorporate the conditions that the NRC has imposed in previous license

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transfer orders, with a clarification that payments and disbursements requiring prior NRC notification do not include tax payments, ordinary and recurring administrative expenses, or the return of excess contributions as defined in Treasury Regulations section 1.468A-5(c)(2)(ii).

For business reasons, DNC has added two additional directors to its board. James P. O'Hanlon and David A. Christian, who were both identified as officers in the original application, will also serve as directors. There are also minor business-related changes to the officers list. Paul Hilton, James Braswell, and Richard Thatcher, who were identified in the original application, will not be officers of DNC. Leslie N. Hartz will serve as Vice President, Nuclear Engineering and Services. Ms. Hartz's address is Innsbrook Technical Center, 5000 Dominion Boulevard, Glen Allen, VA 23060-6711, and she is a U.S. citizen.

In addition, a typographical error in the application has come to our attention. Page 12 of the application states that Exhibit I provides projected income statements through December 31, 2006. The application should have stated that Exhibit I provides such statements through December 31, 2005. Nevertheless, to ensure that the NRC has a full 60 months of projections, Exhibit I has been revised to extend to March 31, 2006, and is provided as Attachment 3 to this letter.

A question has also been raised regarding the precise ownership shares of the Selling Owners for Millstone Unit 3, as stated on Page 4 of the application. Attachment 4 to this letter supplements page 4 of the application to provide the ownership interests of the Millstone Unit 3 Selling Owners, expressed to the fourth decimal place.

As a final matter, a question has been raised whether the pending merger of Northeast Utilities (NU) and Consolidated Edison Company of New York (ConEd) raises the issue addressed in footnote 5 of the Commission's August 1, 2000 Memorandum and Order (CLI-00-14) in the *Northern States Power* (NSP) case. The merger of ConEd and NU does not raise the issue identified in footnote 5 of the NSP decision. The ConEd-NU merger will not change the identity of any of the NU subsidiaries that own or operate the Millstone units. Thus, any NRC order consenting to the transfer by these NU subsidiaries of their interests to DNC will remain equally effective before or after the ConEd-NU merger. However, to ensure there is no misunderstanding, please accept this letter as a clarification that the application seeks NRC consent to the transfer by NNECO and the Selling Owners, and any successors in interest, of their interests in the Millstone licenses to DNC.

If you have any questions concerning this supplemental information, please contact David A. Smith, Manager, Regulatory Affairs, NNECO at 860-437-5840, or Joseph D. Hegner, Project Supervisor, Dominion Generation, at 804-273-2770.

There are no regulatory commitments contained in this letter.

Sincerely,



David A. Christian
Sr. Vice President – Nuclear Operations
and Chief Nuclear Officer
Dominion Nuclear Connecticut, Inc.

Bruce D. Kenyon
President and Chief Executive Officer
Northeast Nuclear Energy Company

- Attachments:
1. Revised Exhibit K to the License Transfer Application
 2. Draft Decommissioning Trust Agreements
 3. Revised Exhibit I to the License Transfer Application
 4. Ownership Interests of Millstone Unit 3 Selling Owners

cc: H. J. Miller, NRC Region I Administrator
J. B. Hickman, NRC Project Manager, Millstone Unit 1
P. C. Cataldo, Resident Inspector, Millstone Unit 2
J. I. Zimmerman, NRC Project Manager, Millstone Unit 2
S. R. Jones, Senior Resident Inspector, Millstone Unit 2
V. Nerses, NRC Senior Project Manager, Millstone Unit 3
A. C. Cerne, Senior Resident Inspector, Millstone Unit 3

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S. R. Jones, Senior Resident Inspector, Millstone Unit 2
V. Nerses, NRC Senior Project Manager, Millstone Unit 3
A. C. Cerne, Senior Resident Inspector, Millstone Unit 3

Affirmation

I, David A. Christian, being duly sworn, state that I am Senior Vice President - Nuclear Operations and Chief Nuclear Officer of Dominion Nuclear Connecticut, Inc., that I am authorized to sign and file this supplemental information with the Nuclear Regulatory Commission on behalf of Dominion Nuclear Connecticut, Inc., and that the statements made and the matters set forth herein pertaining to Dominion Nuclear Connecticut, Inc. are true and correct to the best of my knowledge, information and belief.

Dominion Nuclear Connecticut, Inc.



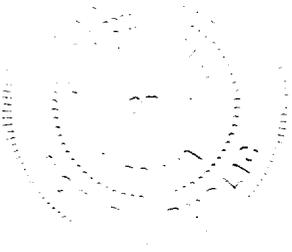
David A. Christian
Senior Vice President-Nuclear Operations
and Chief Nuclear Officer

STATE OF Virginia
COUNTY OF Harrison

Subscribed and sworn to before me, a Notary Public, in and for the County and State above named this 8TH day of November, 2000



My Commission Expires: 5/31/02



Affirmation

I, Bruce D. Kenyon, being duly sworn, state that I am the President and Chief Executive Officer of Northeast Nuclear Energy Company, that I am authorized to sign and file this supplemental information with the Nuclear Regulatory Commission on behalf of Northeast Nuclear Energy Company, and that the statements made and the matters set forth herein pertaining to Northeast Nuclear Energy Company are true and correct to the best of my knowledge, information, and belief.

Northeast Nuclear Energy Company



Bruce D. Kenyon
President and Chief Executive Officer

STATE OF Connecticut

COUNTY OF New London

Subscribed and sworn to before me, a Notary Public, in and for the County and State above named, this 8th day of November, 2000.


My Commission Expires: 1/31/2005



EXHIBIT K (Revised)

Decommissioning Funding Worksheets for Units 2 and 3

**MILLSTONE
 UNIT 2**

Balances at Transaction Closing				
Qualified Fund Balance as of 4/01/2001				\$231,380,000
Non- Qualified Fund Balance as of 4/01/2001				\$21,564,000
Total Qualified and Non-Qualified at Closing				\$252,944,000
Millstone Unit 2 License Expiration Year			2015	
Year	Beginning Balance	Growth %	Earnings ⁽¹⁾	Ending Balance
2001	\$252,944,000	2.0%	\$3,794,160	\$256,738,160
2002	\$256,738,160	2.0%	\$5,134,763	\$261,872,923
2003	\$261,872,923	2.0%	\$5,237,458	\$267,110,382
2004	\$267,110,382	2.0%	\$5,342,208	\$272,452,589
2005	\$272,452,589	2.0%	\$5,449,052	\$277,901,641
2006	\$277,901,641	2.0%	\$5,558,033	\$283,459,674
2007	\$283,459,674	2.0%	\$5,669,193	\$289,128,867
2008	\$289,128,867	2.0%	\$5,782,577	\$294,911,445
2009	\$294,911,445	2.0%	\$5,898,229	\$300,809,674
2010	\$300,809,674	2.0%	\$6,016,193	\$306,825,867
2011	\$306,825,867	2.0%	\$6,136,517	\$312,962,384
2012	\$312,962,384	2.0%	\$6,259,248	\$319,221,632
2013	\$319,221,632	2.0%	\$6,384,433	\$325,606,065
2014	\$325,606,065	2.0%	\$6,512,121	\$332,118,186
2015	\$332,118,186	2.0%	\$6,642,364	\$338,760,550
⁽¹⁾ Year 2001 pro rata earnings for 9 month period.				
Ending Balance for 2015				\$338,760,550
NRC Minimum for Millstone Unit 2				\$298,629,530
Trust Funds in Excess of NRC Minimum				\$40,131,019

Millstone Unit 2 - NRC Minimum Calculation	
Thermal Power Rating - MWt	
PWR Formula	\$(75 + 0.0088P)
Base Cost (January 1986 Dollars)	\$99,000,000
Adjustment Factor (2000 Dollars)	3.0165
Adjusted Level (2000 Dollars)	\$298,629,530

NRC Adjustment Factors = 0.65L + 0.13E + 0.22B				
	Factor L	Factor E	Factor B ⁽¹⁾	Adjustment Factor
Weighting	0.65	0.13	0.22	
2000	1.7588	1.0777	7.878	
Components	1.1432	0.1401	1.7332	3.0165

⁽¹⁾ Burial Factors for 2000 provided from Table 2.1 NUREG SR 1307 Rev 9 for South Carolina via waste processor.

Labor Adjustment Factor = 2000 value x scaling factor / 1986 value				
Region	1986 Ref	Current Year 2000	Scaling Factor	
Northeast	130.5	147.6	1.555	1.7588

Energy Adjustment Formula (PWR) = [0.58Px + 0.42Fx]				
	1986 Ref	Current Year 2000	2000/1986	
Industrial Electric (Px)	114.2	128.6	1.12609	58%
Light Fuel Oil (Fx)	82	82.9	1.01098	42%

**MILLSTONE
UNIT 3**

Balances at Transaction Closing				
Qualified Fund Balance as of 4/01/2001			\$217,451,000	
Non- Qualified Fund Balance as of 4/01/2001			\$29,387,000	
Total Qualified and Non-Qualified at Closing			<u>\$246,838,000</u>	
Millstone Unit 3 License Expiration Year			2025	
Year	Beginning Balance	Growth %	Earnings ⁽¹⁾	Ending Balance
2001	\$246,838,000	2.0%	\$3,702,570	\$250,540,570
2002	\$250,540,570	2.0%	\$5,010,811	\$255,551,381
2003	\$255,551,381	2.0%	\$5,111,028	\$260,662,409
2004	\$260,662,409	2.0%	\$5,213,248	\$265,875,657
2005	\$265,875,657	2.0%	\$5,317,513	\$271,193,170
2006	\$271,193,170	2.0%	\$5,423,863	\$276,617,034
2007	\$276,617,034	2.0%	\$5,532,341	\$282,149,374
2008	\$282,149,374	2.0%	\$5,642,987	\$287,792,362
2009	\$287,792,362	2.0%	\$5,755,847	\$293,548,209
2010	\$293,548,209	2.0%	\$5,870,964	\$299,419,173
2011	\$299,419,173	2.0%	\$5,988,383	\$305,407,557
2012	\$305,407,557	2.0%	\$6,108,151	\$311,515,708
2013	\$311,515,708	2.0%	\$6,230,314	\$317,746,022
2014	\$317,746,022	2.0%	\$6,354,920	\$324,100,943
2015	\$324,100,943	2.0%	\$6,482,019	\$330,582,961
2016	\$330,582,961	2.0%	\$6,611,659	\$337,194,621
2017	\$337,194,621	2.0%	\$6,743,892	\$343,938,513
2018	\$343,938,513	2.0%	\$6,878,770	\$350,817,283
2019	\$350,817,283	2.0%	\$7,016,346	\$357,833,629
2020	\$357,833,629	2.0%	\$7,156,673	\$364,990,302
2021	\$364,990,302	2.0%	\$7,299,806	\$372,290,108
2022	\$372,290,108	2.0%	\$7,445,802	\$379,735,910
2023	\$379,735,910	2.0%	\$7,594,718	\$387,330,628
2024	\$387,330,628	2.0%	\$7,746,613	\$395,077,240
2025	\$395,077,240	2.0%	\$7,901,545	\$402,978,785
⁽¹⁾ Year 2001 pro rata earnings for 9 month period.				
Ending Balance for 2025				\$402,978,785
NRC Minimum for Millstone Unit 3				\$316,728,290
Trust Funds in Excess of NRC Minimum				<u>\$86,250,496</u>

Millstone Unit 3 - NRC Minimum Calculation	
Thermal Power Rating - MWt	3,411
PWR Formula	\$(75 + 0.0088P)
Base Cost (January 1986 Dollars)	\$105,000,000
Adjustment Factor (2000 Dollars)	3.0165
Adjusted Level (2000 Dollars)	\$316,728,290

NRC Adjustment Factor = 0.65L + 0.13E + 0.22B

	Factor L	Factor E	Factor B ⁽¹⁾	Adjustment Factor
Weighting	0.65	0.13	0.22	
2000	1.7588	1.0777	7.878	
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Energy Adjustment Formula = [0.58Px + 0.42Fx]

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Attachment 2

Draft Decommissioning Trust Agreements

**DOMINION NUCLEAR CONNECTICUT, INC.,
QUALIFIED NUCLEAR DECOMMISSIONING
TRUST AGREEMENT**

DOMINION NUCLEAR CONNECTICUT, INC.,
QUALIFIED NUCLEAR DECOMMISSIONING TRUST AGREEMENT

This TRUST AGREEMENT is made the ____ day of _____, _____, between DOMINION NUCLEAR CONNECTICUT, INC., a Delaware corporation, the Grantor, and MELLON BANK, N.A., a national banking association with trust powers, the Trustee.

WHEREAS, the Grantor owns a 100 percent interest in Unit 1, 100 percent interest in Unit 2, and 93.47 percent interest in Unit 3 of the Millstone Nuclear Power Station, a nuclear generating station located in the Town of Waterford, New London County, Connecticut.

WHEREAS, the Grantor wishes to establish pursuant to this Agreement and under the laws of Pennsylvania, separate trust funds under a single agreement each of which qualifies as a Nuclear Decommissioning Reserve Fund under section 468A of the Internal Revenue Code of 1986, as amended, or any corresponding section or sections of any future United States internal revenue statute and the regulations thereunder.

WHEREAS, the execution and delivery of this Agreement have been duly authorized by each of the Grantor and the Trustee and all things necessary to make this Agreement a valid and binding agreement by each of the Grantor and the Trustee have been done.

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

ARTICLE 1 GENERAL PROVISIONS

1.01. Name, Trust Funds.

The separate trusts may be referred to collectively under the name DOMINION NUCLEAR CONNECTICUT, INC., QUALIFIED NUCLEAR DECOMMISSIONING TRUST. The separate trusts shall be identified by adding the suffix "Unit 1," "Unit 2," and "Unit 3." The Trust Fund is the entire undistributed amount of all contributions placed with the Trustee, as adjusted for all income, expense, gain, or loss on such amount as may exist from time to time. As used herein, "Trust Fund" shall be used merely to refer to the Reserve Funds in the aggregate and is not intended nor should it be construed to constitute a separate entity.

1.02. Grantor, Trustee.

The Grantor of this Trust is Dominion Nuclear Connecticut, Inc., and its successors and assigns as provided in section 5.03 of this Agreement. The Trustee under this Agreement is Mellon Bank, N.A., its successors and assigns, or any other person, company, bank, or trust company appointed as provided an section 2.01 of this Agreement.

1.03. Trust Committee.

The Grantor may establish a Nuclear Decommissioning Trust Committee (the "Committee") composed of any three or more persons appointed by the Grantor's Board of Directors on whatever terms the Board desires. The Committee has the authority to exercise all of the Grantor's powers under this Agreement, and for purposes of Sections 2.03(c) and (d) and Section 3.04 (g), the Trustee will be protected in treating the directions and other actions of the Committee as the directions or actions of the Grantor. The Grantor must certify to the Trustee all appointments to or removals from the Committee, and the Trustee must recognize written instructions signed by any Committee member, or its designee, as a directive from the Committee.

1.04. Separate Reserve Funds.

The Trust Fund is divided into separate Reserve Funds as designated by the Grantor, and each Reserve Fund provides for the decommissioning of a specified unit of a nuclear power plant. Each Reserve Fund is established as a trust under state law. Each Reserve Fund will be segregated and maintained apart from the assets of other Reserve Funds and any other assets of the Trust Fund. Separate accounting and separate funding will be observed, and each Reserve Fund shall be treated as a separate trust. Reserve Funds may be commingled for investment purposes in accordance with section 3.02 of this Agreement.

ARTICLE 2 TRUSTEE APPOINTMENT, REMOVAL, LIABILITY

2.01. Appointment, Removal, Successors.

(a) The Grantor may appoint a successor Trustee by written notice to the person appointed and to the Trustee then serving. A Trustee may resign on thirty days' notice in writing to the Grantor. The Grantor may remove any Trustee by thirty days' written notice to the Trustee. Notwithstanding the foregoing, no removal or resignation shall take until a successor Trustee has been appointed and accepted appointment as Trustee. If a successor Trustee has not been appointed and accepted appointment within sixty (60) days of the Grantor's receipt of notice of resignation of the Trustee or the Trustee's receipt of notice of removal, such Trustee may petition a court of competent jurisdiction to appoint a successor Trustee to serve until such time, if ever, as a successor Trustee shall have been appointed by the Grantor and accepted such appointment. Each successor Trustee shall have the same powers and duties as the Trustee named herein.

(b) A successor Trustee may accept appointment and qualify as Trustee by executing, acknowledging, and delivering to the Grantor its acceptance in a form satisfactory to the Grantor. The successor Trustee, without further act, deed, or conveyance, is vested with all the estate, rights, powers, and discretion of the predecessor Trustee just as if originally named as a Trustee in this Agreement.

(c) When a successor Trustee accepts appointment, the predecessor Trustee (or representative, if the predecessor Trustee is unable or unavailable) will assign, transfer title, and pay over to the successor Trustee the funds and properties then constituting the Trust Fund. The

predecessor Trustee (or representative) is authorized, however, to reserve a sum of money deemed advisable for payment of fees and expenses accrued to date or expected to be incurred in connection with the transfer and settlement of the Trust Fund (all subject to the limitation in section 5.04 of this Agreement), and any balance of that reserve remaining after the payment of fees and expenses will be paid over to the successor Trustee.

(d) The Trustee may adopt or amend bylaws and regulations that the Trustee deems desirable for the conduct of Trustee affairs.

(e) The Trustee will keep a record of all Trustee proceedings and acts and all other data necessary for the proper administration of the Trust. The Trustee will notify the Grantor of any Trustee action taken, and when required by law, will notify any other interested party.

2.02. Establishment And Acceptance Of Trust.

(a) All contributions to the Trust Fund (other than deemed contributions under Treasury Regulations section 1.468A-8(b)(2)(iv)(A)) must be made in cash.

(b) At the time it makes any contribution to the Trust Fund, the Grantor will specify in a writing then delivered to the Trustee the exact amount or portion of the contribution that is to be placed in each Reserve Fund then existing. The Trustee shall not accept contributions from anyone other than the Grantor without the Grantor's written approval for each such contribution, and an exact written allocation of such a contribution among the Reserve Funds then existing must accompany the contribution. The Trustee has no right or duty to inquire into the amount of or the method used in determining any contribution or the allocation of any contribution among the Reserve Funds. The Trustee is accountable only for funds actually received. The Trustee has no duty to compute or collect the amount to be paid to it by the Grantor.

(c) All contributions and income from contributions will be held in trust and administered according to the terms of this Agreement.

(d) No part of the Trust Fund may be used for or diverted to purposes other than the exclusive purposes allowed by this Agreement, as described in sections 5.04 and 6.01 of this Agreement.

2.03. Limitation of Liability.

(a) To the extent permitted by law, the Trustee will serve without bond; the Trustee will secure and pay for required bonds. Except as otherwise provided in this Agreement, no Trustee is liable for any act or omission of any other Trustee or for any act or omission of any other person. At its own expense, the Grantor is entitled to employ its own counsel to defend or maintain, either in its own name or in the name of any Trustee, with said Trustee's approval, any suit or litigation arising under this Agreement involving the Trustee.

(b) The Trustee is not liable for the making, retention, or sale of any investment or reinvestment made as provided in this Agreement, but the Trustee is liable for any loss to or

diminution of the Trust Fund due to the Trustee's gross negligence, willful misconduct, or lack of good faith in carrying out the terms of this Agreement.

(c) The Trustee is fully protected and indemnified when relying on a written communication from a properly designated officer or employee of the Grantor concerning an instruction or direction of the Grantor and in continuing to rely upon a communication until a subsequent communication is filed with the Trustee. The Trustee is fully protected and indemnified in acting on any instrument, certificate, or paper believed by the Trustee to be genuine and to be signed or presented by the proper person. The Trustee is under no duty to make any investigation or inquiry as to any statement contained in any written communication or document signed by the proper person, but may accept it as conclusive evidence of the truth and the accuracy of the statements contained.

(d) The Grantor will indemnify the Trust Fund and the Trustee against any liability imposed as a result of a claim asserted by any person or entity if the Trustee has acted in good faith reliance on the terms of this Agreement or a written direction of the Grantor. The indemnification under this Section 2.03 shall survive the termination of the Agreement.

2.04. Discharge After Distributions Or Termination.

After all distributions (including distributions to a successor Trustee) or any termination under this Agreement or applicable law, the Trustee is discharged from all obligations under this Agreement, and no person or entity has any further right or claim against the Trustee not otherwise provided by statute.

2.05. Legal Action.

In all legal actions regarding the Trust and this Agreement, the Trustee and the Grantor are the only necessary parties. A final judgment not appealed or appealable entered in an action or proceeding against the Grantor, the Trust, or the Trustee is binding and conclusive on the parties to this Agreement and all persons having or claiming to have any interest in the Trust Fund.

ARTICLE 3 INVESTMENT DUTIES, POWERS

3.01. Investment Policy and Limitations.

Certain limitations are placed on investing in and disposing of some securities by the Nuclear Regulatory Commission and in order to avoid disqualification of the Trust for tax purposes and to minimize potential problems with securities regulations. As provided by law and section 5.04 of this Agreement, an investment must not result in a diversion or use of Trust assets that is not permitted under Internal Revenue Code section 468A. The Trustee, the Grantor, any investment advisor and anyone else directing investments, when directing investments, shall adhere to the "prudent investor" standard as specified in 18 C.F.R. 35.32(a)(3) of the FERC regulations. Subject to these limitations and prudent fiduciary practices, the Trustee's investment policy for assets within the Trustee's investment control will be to realize the greatest total return on the Trust Fund as may be possible.

In its annual report to the Grantor, the Trustee will advise the Grantor of the Trustee's investment policy or strategy. Formulation of the policy is the Trustee's responsibility as long as the Grantor has not exercised its right to direct the investments under section 3.04. The Trustee must consider the stated purposes of the Trust and this Agreement, statutory and regulatory requirements, and other relevant information and standards before stipulating the stated investment policy. The Trustee may consult with the Grantor, counsel, and investment advisors for fact-finding purposes before so stipulating.

3.02. Investment Of Trust Fund.

The assets of two or more Reserve Funds may be commingled for investment purposes as the Grantor directs. The Trustee shall apportion any earnings or losses from an investment made with commingled assets to each participating Reserve Fund in the same proportion that the amount invested from each Reserve Fund bears to the total amount invested. Subject to the provisions of section 3.04 of this Agreement, the Trustee will invest and reinvest the principal and income of each Reserve Fund and keep those trust assets invested, without distinction between principal and income. If assets of two or more Reserve Funds are commingled for investment purposes, the Grantor shall have the absolute authority to direct the Trustee at any time to liquidate the interests of the Reserve Funds in a commingled investment, and the trustee shall promptly comply with any such directive. The commingling arrangement undertaken as permitted in this Section 3.02 can be terminated at any time by any Reserve Fund. No Reserve Fund in the commingling arrangement may substitute for itself in the arrangement any person that is not a member to the commingling arrangement.

Trust investments may include, but shall not be limited to the following:

- (a) Publicly traded domestic or foreign common and preferred stocks and options thereon, as well as warrants, rights and preferred stocks convertible into common stock, regardless of where or how traded.
- (b) Investment grade domestic corporate bonds and debentures and any such securities which are convertible into common stock, domestic or foreign.
- (c) Bonds or other obligations of the United States of America or non-U.S. sovereign debt with an equivalent rating of A or higher.
- (d) Investment grade obligations of the states and of municipalities or of any agencies thereof.
- (e) Investment grade notes of any nature, of foreign or domestic issuers.
- (f) Savings accounts, certificates of deposit and other types of time deposits, bearing a reasonable rate of interest based upon the duration, amount, type and geographical area, with any financial institution or quasi-financial institution or any department of the same, either domestic or foreign, under the supervision of the United States or any State, including any Trustee in its Corporate or association capacity (including any department or division of the

same) or a corporation or association affiliated with the same but only to the extent consistent with Treasury regulation § 1.468A-5(b)(2).

(g) Any collective, common or pooled trust fund operated or maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Trustee or its affiliate. Notwithstanding the provisions of this Agreement which place restrictions upon the actions of the Trustee, to the extent monies or other assets are utilized to acquire units of any collective trust, the terms of the collective trust indenture shall solely govern the investment duties, responsibilities and powers of the trustee of such collective trust and, to the extent required by law, such terms, responsibilities and powers shall be incorporated herein by reference and shall be part of this Agreement. For purposes of valuation, the value of the interest maintained by a Reserve Fund in such collective trust shall be the fair market value of the collective fund units held, determined in accordance with generally recognized valuation procedures. The Grantor expressly understands and agrees that any such collective fund may provide for the lending of its securities by the collective fund trustee and that such collective fund's trustee will receive compensation from such collective fund for the lending of securities that is separate from any compensation of the Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund. The Trustee is authorized to invest in a collective fund which invests in Mellon Financial Corporation stock. The Grantor acknowledges receipt of the notice entitled "Cross-Trading Information", a copy of which is attached to this Agreement as Exhibit A.

(h) Open-end and closed-end investment companies, regardless of the purposes for which such fund or funds were created, (including those for which the Trustee or an affiliate provides services for a fee), and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purposes otherwise consistent with the investment guidelines set forth herein. Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Grantor acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash. In such circumstances, the Trustee shall have no responsibility for nonreceipt of payment (or late payment) or nondelivery of securities or property (or late delivery) by the counterparty.

(i) Subject to the limitations of sections 3.01, 3.05 and 3.06, any other investments not described above as directed by the Grantor.

3.03. Additional Powers Of Trustee.

The Trustee has the following powers and authority in the administration and investment of the Trust Fund, to be exercised subject to the other provisions of this Agreement and especially this Article 3:

(a) To purchase, subscribe for, and hold securities or other property authorized by sections 3.01 and 3.02 as a proper investment for the Trust Fund, and to retain the same in trust.

(b) To sell for cash or credit, exchange, convey, transfer, or otherwise dispose of any

securities or other property held in each Reserve Fund, by private contract or at public auction. No person dealing with the Trustee is bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any sale or other disposition.

(c) To vote any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options, and to make any incidental payments; to oppose, consent to, or otherwise participate in corporate reorganizations or other changes affecting corporate securities, and (unless prohibited by statute) to delegate discretionary powers, and to pay any related assessments or charges; and generally to exercise any ownership powers over stocks, bonds, securities, or other property held as part of a Reserve Fund.

(d) To keep part of a Reserve Fund in cash or cash balances invested in interest-bearing accounts if the Trustee deems that to be prudent under the circumstances.

(e) To accept and retain for as long as the Trustee deems advisable any securities or other property received or acquired by the Trustee, regardless of any lack of diversification.

(f) To make, execute, acknowledge, and deliver documents of transfer and conveyance and other instruments that may be necessary or appropriate to carry out the Trustee's powers.

(g) To settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from a Reserve Fund, to commence or defend legal or administrative proceedings, and to represent the Trust in all legal or administrative proceedings.

(h) To employ suitable subcustodians, agents and counsel (who may be counsel of the Grantor) and to pay their reasonable expenses and compensation. The Trustee shall be entitled to rely on and may act upon advice of counsel on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice.

(i) On direction by the Grantor as to the agent and insurance company, to invest in insurance contracts if and as allowed under Internal Revenue Code section 468A, payable to the Trustee or its assignees as beneficiary.

(j) To purchase, enter, sell, hold, and generally deal in any manner in and with contracts for the immediate or future delivery of financial instruments of any issuer or of any other property, foreign exchange and foreign exchange contracts, to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner with and in all forms of options in any combination.

(k) To enter into contracts with one or more persons, firms, associations, or corporations to obtain advice and counsel about investments.

(l) To enter into arrangements for the deposit of funds with banks or trust companies and in connection with the arrangements:

(1) To authorize the depository to act as custodian of the cash, securities, or other property comprising the funds;

(2) To authorize the depository to convert the funds in whole or in part into, or to invest and reinvest the same in, securities of any kind and nature permitted in this Agreement; and

(3) To provide for the payment to the depository of reasonable compensation for its services.

(m) To cause any securities or other property held as part of a Reserve Fund to be registered in its own name or in the name of one or more of its nominees, and to hold any investments in bearer form, but the books and records of the Trustee must at all times show that the investments are part of a Reserve Fund, and to hold the property in safekeeping facilities of the Trustee or of other Trustee banks or clearing corporations, in the United States or elsewhere; provided that the Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign or domestic clearing facility, book-entry system, centralized custodial depository, or similar organization.

(n) To participate in any mergers or consolidations, or any registrations of securities with state or federal authorities regarding any securities held.

(o) Take all action necessary to pay for authorized transactions, including exercising the power to borrow or raise monies from the Trustee in its corporate capacity or an affiliate of the Trustee, and hold any property in the Trust Fund as security for advances made to the Trust Fund for any such authorized transactions, including disbursements or expenses, or the purchase or sale of foreign exchange, or of contracts for foreign exchange. The Trustee shall be entitled to collect from the Trust Fund sufficient cash for reimbursement and, if such cash is insufficient, dispose of the assets of the Trust Fund to the extent necessary to obtain reimbursement.

(p) To do all acts, take all proceedings, and exercise all rights and privileges although not specifically mentioned here, as the Trustee deems necessary to administer the Trust Fund and to carry out the purposes of this Agreement.

3.04. Directing The Trustee.

(a) Subject to the limitations in sections 3.01, 3.05 and 3.06, the Grantor may direct the investments of the Trust in investments of any kind, including but not limited to, private equity, real estate, and non-investment grade bonds. Directed investments under this section 3.04 may not exceed the total of a Reserve Fund.

(b) Subject to the limitation of paragraph (a), the Trustee at the written direction of the Grantor will segregate the value requested and will after that invest, reinvest, and otherwise deal with that Segregated Amount as directed by the Grantor if it is consistent with the terms of this Agreement.

(c) If exercised, the Grantor's right to direct investment and reinvestment includes the right to select investment managers, brokers, salesmen, or agents to handle investments or execute investment orders. The Grantor may give an investment manager any of the Grantor's powers, pursuant to this section 3.04 or otherwise, by so certifying in writing to the Trustee. The Trustee is not responsible for the selection, terms of appointment, compensation or conduct of any investment manager, broker, salesman, or agent selected by the Grantor, but the Trustee is responsible for its own actions in its dealing with such persons in accordance with the provisions of section 2.03 of this Agreement. For purposes of Sections 2.03(c) and (d) and Section 3.04(g), the Trustee will be protected in treating the directions and other actions of the investment manager as the directions or actions of the Grantor.

(d) In the absence of directions under section 3.04, the Trustee is free to proceed without the concurrence or affirmative expression of the grantor to handle, manage, control, invest, and reinvest the Trust assets that are not Segregated Amounts under the powers granted in this Agreement with the same force and effect as if this section were not a part of this Agreement.

(e) No person dealing with the Trustee is required to determine whether any sale or purchase by the Trustee has been authorized or directed by the Grantor, and each is fully protected in dealing with the Trustee in the same manner as if this section were not a part of this Agreement.

(f) Whenever the Trustee is directed to purchase or sell assets in a Reserve Fund, the Trustee in its sole discretion is permitted at the expense of the Trust to obtain an appraisal of the value of the assets to be purchased or sold.

(g) Subject to the power of the Grantor as described in this section, the powers granted the Trustee under sections 3.02 and 3.03 of this Agreement will be exercised in the discretion of the Trustee. Neither the Trustee nor any other person is under a duty to question the Grantor's direction, and the Trustee will comply as promptly as possible with such direction if it is consistent with the terms of this Agreement. The Trustee shall not be liable for the acts or omissions of any subcustodian appointed under Section 3.03 (h) at the direction of the Grantor or an investment manager including, but not limited to, any broker-dealer or other entity designated by the Grantor or an investment manager to hold any property of the Trust Fund as collateral or otherwise pursuant to investment strategy.

3.05. Prohibition Against Self-Dealing.

Anything herein to the contrary notwithstanding, the Grantor and the Trustee will perform no act of self-dealing within the meaning of Internal Revenue Code section 4951(d), except for those acts expressly permitted by Treasury Regulations section 1.468A-5(b)(2).

3.06. Prohibited Investments.

Anything herein to the contrary notwithstanding, the following investments are prohibited:

(a) Investment in the securities of Dominion Resources, Inc. or its affiliates, successors or assigns; and

(b) Except for investments tied to market indices or other non-nuclear sector mutual funds, investment in any entity owning one or more nuclear power plants.

ARTICLE 4 OTHER DUTIES OF TRUSTEE

4.01. Payments From A Reserve Fund.

Payments or disbursements may be made from the trust only on the written direction of the Grantor after first giving 30 days prior written notice to the Nuclear Regulatory Commission and no payments or disbursements may be made from the trust if the Trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation. For purposes of this section 4.01, payments and disbursements do not include tax payments, ordinary and recurring administrative expenses including, but not limited to, those described in Section 4.02 or the return of excess contributions (as defined in Treasury Regulations section 1.468A-5(c)(2)(ii). Promptly upon receipt by the Trustee of a written direction to make payments or disbursements from the trust, the Trustee shall provide written notice to the Nuclear Regulatory Commission. Subject to the foregoing, on the written direction of the Grantor, the Trustee will make payments and transfers from a Reserve Fund to the persons or entities, in the manner, in the amounts, and for the purposes specified in the written directions. After payment, the amount paid is no longer a part of the Reserve Fund. Each Grantor direction will include a representation by the Grantor that the payment is in accordance with the purposes of this Agreement. The Trustee is not responsible for the application of the payments or for the adequacy of a Reserve Fund after payment to meet and discharge Trust liabilities.

4.02. Payment Of Compensation, Expenses, And Taxes.

(a) The Trustee will be paid reasonable compensation as agreed upon from time to time in writing by the Grantor and the Trustee. In addition, the Trustee will be reimbursed from the Reserve Funds or, at the option of the Grantor, by the Grantor for all ordinary and necessary expenses incurred in connection with the operation of the Trust, including federal income tax imposed on the modified gross income of the Trust, any state or local tax imposed on the income or assets of the Trust, legal expenses, accounting expenses, actuarial expenses, investment manager fees and trustee compensation and expenses. To the extent the Trustee advances funds to the Trust Fund for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Trust Fund either (i) with respect to domestic assets, an amount equal to what would have been earned on the sums advanced (an amount approximating the “federal funds” interest rate) or (ii) with respect to non-domestic assets, the rate applicable to the appropriate foreign market. All taxes levied or assessed on or in respect of a Reserve Fund, whether assessed to the Reserve Fund or the Grantor, will be paid, at the option of the Grantor, by the Grantor, or from the Trust Fund and pro rated among the Reserve Funds in proportion to their respective fair-market values at the preceding calendar year end in the case of property taxes and in proportion to their respective taxable incomes for the relevant taxable year

in the case of income taxes. To the extent that any taxes are provoked by the investment in or receipt of an identifiable asset or transaction involving a particular Reserve Fund, the taxes will be charged against the appropriate Reserve Fund, giving appropriate effect to computations of income and deductions related to the asset or transaction, and allocating any exemption available among the Reserve Funds in proportion to the tax liability provoked. Identifiable direct expenses will be treated in the same way as taxes.

(b) The Trustee will prepare and file tax returns for the Reserve Funds as directed by the Grantor, provided that the Grantor shall indemnify the Trustee for any penalties, additions to tax, or other amounts for which it may be charged due to a position taken on such returns. The Trustee may assume that any taxes assessed on or with respect to the Reserve Funds are lawfully assessed unless the Grantor advises the Trustee in writing that in the opinion of counsel for the Grantor the taxes are or may be unlawfully assessed. When so advised and requested in writing by the Grantor, the Trustee will contest the validity of the taxes in any manner deemed appropriate by the Grantor or its counsel) in which event the Trustee will execute all documents, instruments claims, and petitions necessary or advisable in the opinion of the Grantor or its counsel for the refund, abatement) reduction or elimination of taxes. Reasonable expenses incurred by the Trustee in connection with such a contest will be reimbursed as provided in paragraph (a) of this section.

(c) No provision of this section will be effective to the extent that it would violate Internal Revenue Code section 468A, especially in so far as it relates to Internal Revenue Code section 4951.

4.03. Accounting.

(a) The Trustee will keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions for each Reserve Fund and for the Trust Fund. All accounts, books, tax returns, and records relating to the Trust are open to inspection and audit at all reasonable times by any person designated by the Grantor.

(b) Within sixty days after the end of each calendar year and within sixty days after the removal or resignation of a Trustee as provided in section 2.01, the Trustee will file a written report of the investments receipts, disbursements and other transactions during the year or during the period from the close of the last year to the date of the Trustee's removal or resignation, including the current value of the Reserve Funds. After ninety days from the date of filing that annual or other accounting) the Trustee is forever released and discharged from all liability and accountability to anyone with respect to the facts and transactions shown in the accounting, except for acts or transactions as to which the Grantor files written objections with the Trustee within the ninety-day period.

(c) Except as specifically provided by statute, no person other than the Grantor may require an accounting or bring an action against the Trustee about the Trust or the actions or the Trustee. The Trustee is not required to make reports to any courts or administrative agencies) except as Specifically required by statute.

4.04. Valuation

(a) As of each calendar year end, the Trustee will determine the fair-market value of the Trust Fund and each Reserve Fund and report that value to the Grantor in writing. The valuation determined according to this section is binding on the Grantor, and all other persons interested in the Trust.

(b) Non-cash contributions are valued at fair-market value determined by the Trustee as of the actual date on which the Trustee accepts the property.

(c) In determining the net worth of the Trust Fund and the Reserve Funds, the Trustee will allocate among such Reserve Funds and deduct all allocable expenses.

ARTICLE 5 AMENDMENT AND TERMINATION OF THE TRUST

5.01. Amendment Of The Trust.

The Grantor has the right at any time to amend this Agreement in whole or in part, but

(a) Except to permit the return of contributions found not to be deductible for federal income tax purposes to whatever extent such return may be accomplished without disqualifying the Trust under Internal Revenue Code section 468A, no amendment may authorize or permit any assets of the Trust Fund (other than those required to pay taxes and other administration expenses) to be used for or diverted to purposes other than those allowed by Internal Revenue Code section 468A;

(b) No amendment may be made that changes the Trustee's duties or liabilities without the Trustee's written consent; and

(c) No amendment of any material respect may be made without 30 days' prior written notification to the Director, Office of Nuclear Reactor Regulation.

An amendment may be made retroactively if such application is necessary to qualify each Reserve Fund as a Nuclear Decommissioning Trust Fund under Section 468A of the Internal Revenue Code of 1986, as amended, or to bring the Trust or the Grantor into conformity with or any other applicable statute or regulation.

5.02. Irrevocability of Reserve Funds.

Each Reserve Fund is irrevocable. Except as otherwise provided by law) each Reserve Fund terminates upon completion of its nuclear power plant decommissioning that it has been created to fund as certified to the Trustee by the Grantor, upon disqualification of the Reserve Fund under Internal Revenue Code section 468A, or upon the frustration or failure of the Reserve Fund's purposes.

5.03. Merger, Consolidation, or Succession.

(a) A corporation with which the Grantor is merged or a corporation or other legal entity which acquires substantially all the assets of the Grantor, shall become the Grantor for purposes of this Agreement, and every reference in this Agreement to the Grantor will be treated as a reference to that surviving or purchasing corporation or other legal entity.

(b) If the Grantor is liquidated, merged, or consolidated with another company or other legal entity and the Grantor's successor chooses not to discharge the Grantor's duties under this Agreement, the Trust nevertheless will survive and the Trust Fund will continue in trust under the terms of this Agreement. In such a case, the Trustee may, but shall not be required to, petition a court of competent jurisdiction seeking the appointment of a party to succeed to the responsibilities of the Grantor. In seeking such an order, the Trustee shall be held harmless and indemnified by the Grantor or its successor. Any expenses incurred by the Trustee in seeking said court order shall be the responsibility of the Grantor or its successor until paid.

(c) The merger or consolidation of the Trust with, or a transfer of assets or liabilities from this Trust to another trust or fund is not permitted unless the Trustee has received an opinion of counsel satisfactory to the Trustee to the effect that the merger, consolidation, or transfer results in no diversion or use of assets that is not permitted by Internal Revenue Code section 468A.

5.04. Impossibility Of Diversion.

Assets of the Reserve Funds may not be used for or diverted to purposes other than the purposes permitted by Internal Revenue Code section 468A, whether by operation or natural termination of the Trust, by power of revocation or amendment, by happening of a contingency, by collateral arrangement, or by any other means. If permissible under the preceding sentence, contributions by the Grantor to the Trust found not to be deductible for federal income tax purposes shall be returned to the Grantor or, failing that, set aside in a fund or trust separate from this trust under such terms as the law permits and the Grantor directs.

ARTICLE 6 MISCELLANEOUS PROVISIONS

6.01. Construction.

The Grantor's intent and purpose in creating the trusts hereunder and executing this Agreement is to maintain Nuclear Decommissioning Reserve Funds pursuant to Internal Revenue Code section 468A. All questions arising in the administration of the Trust and in the construction of this Agreement will be resolved accordingly. This Agreement will be construed, enforced, and administered in accordance with the laws of the Commonwealth of Pennsylvania, except to the extent that the laws of the United States of America take precedence, in which event, this Agreement will be construed in accordance with the laws of the United States of America. The headings and subheadings in this Agreement have been inserted for convenience only and are to be ignored in construction of the provisions.

6.02. Rights Under The Trust.

No person other than the Grantor has any vested rights under the Trust except to the extent that rights may accrue under other agreements made by the Trustee. Except as permitted by law, no assignment of any rights or benefits under the Trust is permitted or recognized, nor will any rights or benefits be subject to attachment or other legal or equitable process or subject to the jurisdiction of any bankruptcy court.

6.03. Frustrated Actions.

If it becomes impossible for the Grantor or the Trustee to perform an act, then that act will be performed which, in the discretion of the Trustee, most nearly carries out the intent and purpose of this Agreement.

6.04. Construction of Direction.

Whenever the Grantor or Trustee is directed to take an action upon the occurrence of an event, neither is under obligation to take that action until it has received proper and satisfactory written notice of the occurrence.

6.05. Authorizations And Communication.

A written authorization or communication from an officer of the Grantor or the Trustee that an event has occurred constitutes conclusive evidence of the occurrence, and the Grantor or Trustee is fully protected and discharged from all liability in accepting and relying upon that authorization or communication.

6.06. Genuine Notice.

The Grantor or the Trustee will not incur liability to any persons or party when acting on a notice, request) consent, letter, telegram, or other paper or document that it believes to be genuine, and to have been signed or sent by the proper person.

6.07. Loss Or Damage.

Except as specifically provided by statute, neither the Grantor or the trustee is liable for loss or damage, except by reason of its own gross negligence or willful default. The Trustee shall not be responsible or liable for any losses or damages suffered by the Grantor arising as a result of the insolvency of any subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such subcustodian. The Trustee shall not be liable for any act or omission of any other person in carrying out any responsibility imposed upon such person and under no circumstances shall the Trustee be liable for any indirect, consequential or special damages with respect to its role as Trustee.

6.08. Binding Nature.

This Agreement is binding upon the heirs, executors, administrators, successors, and assigns of all parties, present and future.

6.09.

Notwithstanding anything in this Agreement to the contrary contained herein, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Trust Fund resulting from any event beyond the reasonable control of the Trustee, its agents or subcustodians, including but not limited to, nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Trust Fund's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement.

The Grantor and the Trustee hereby each represent and warrant to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind the Grantor or the Trustee to this Agreement.

IN WITNESS of this Amended and Restated Agreement, the grantor and the Trustee have signed below on this _____ day of _____, _____.

DOMINION NUCLEAR CONNECTICUT, INC.

By: _____

MELLON BANK, N.A., TRUSTEE

By: _____

Title: _____

EXHIBIT A

CROSS-TRADING INFORMATION

As part of its cross-trading program, Mellon Bank, N.A. is to provide to each affected customer the following information:

I. The existence of the cross-trading program

Mellon Bank, N.A. has developed and intends to utilize, wherever practicable, a cross-trading program for indexed accounts and large accounts.

II. The “triggering events” creating cross-trade opportunities

Three “triggering events” may create opportunities for cross-trading transactions. They are generally the following (see Mellon Bank, N.A. for more information):

- 1) A change in the composition or weighting of the index by the independent organization creating and maintaining the index;
- 2) A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the account’s opening date, where the Account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of Mellon Bank, N.A.’s own plans (other than Mellon Bank, N.A.’s defined contribution plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as a “triggering event”; or
- 3) A recorded declaration by Mellon Bank, N.A. that an accumulation of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for, portfolio securities equal to not more than 0.5% of the Account’s total value has occurred.

III. The pricing mechanism utilized for securities purchased or sold

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity securities - the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.

Debt securities - the current market value of the debt security will be the price determined by Mellon Bank, N.A. as of the close of the day of trading according to the Securities and Exchange Commission's Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not reported securities or traded on an exchange will be value based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. Mellon Bank, N.A. will use reasonable inquiry to obtain such prices from at least three independent sources that are brokers or market makers. If there are fewer than three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

IV. The allocation methods

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a prorata basis. With respect to equity securities, please note Mellon Bank, N.A. imposes a trivial share constraint to reduce excessive custody ticket charges to participating accounts.

V. Other procedures implemented by Mellon Bank, N.A. for its cross-trading practices

Mellon Bank, N.A. has developed certain internal operational procedures for cross-trading debt and equity securities. These procedures are available upon request.

**DOMINION NUCLEAR CONNECTICUT, INC.,
NON-QUALIFIED NUCLEAR DECOMMISSIONING
TRUST AGREEMENT**

**DOMINION NUCLEAR CONNECTICUT, INC.,
NON-QUALIFIED NUCLEAR DECOMMISSIONING
TRUST AGREEMENT**

THIS TRUST AGREEMENT IS MADE THE ____ day of _____, _____, between DOMINION NUCLEAR CONNECTICUT, INC., a Delaware corporation, the Grantor, and MELLON BANK, N.A., a national banking association with trust powers, the Trustee. :

WHEREAS, the Grantor owns a 100 percent interest in Unit 1, 100 percent interest in Unit 2, and 93.47 percent interest in Unit 3 of the Millstone Nuclear Power Station, a nuclear generating station located in the Town of Waterford, New London County, Connecticut.

WHEREAS, the Grantor wishes to establish pursuant to this agreement and under the laws of Pennsylvania, separate trust funds under a single agreement, none of which qualifies as a Nuclear Decommissioning Reserve Fund under section 468A of the Internal Revenue Code of 1986, as amended.

WHEREAS, the execution and delivery of this Agreement have been duly authorized by each of the Grantor and the Trustee and all things necessary to make this Agreement a valid and binding agreement by each of the Grantor and the Trustee have been done.

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

ARTICLE 1. GENERAL PROVISIONS

1.01 Name, Trust Fund.

The separate trusts may be referred to collectively under the name DOMINION NUCLEAR CONNECTICUT, INC., NON-QUALIFIED NUCLEAR DECOMMISSIONING TRUST. The separate trusts shall be identified by addressing the suffix "Unit 1," "Unit 2," and "Unit 3." The Trust Fund is the entire undistributed amount of all contributions placed with the Trustee, as adjusted for all income, expense, gain, or loss on such amount as may exist from time to time. As used herein, "Trust Fund" shall be used merely to refer to the Reserve Funds in the aggregate and is not intended nor should it be construed to constitute a separate entity.

1.02 Grantor, Trustee.

The Grantor of this Trust is Dominion Nuclear Connecticut, Inc., and its successors and assigns as provided in Section 5.03 of this Agreement. The Trustee under this Agreement is Mellon

Bank, N.A., its successors and assigns, or any other person, company, bank, or trust company appointed as provided in section 2.01 of this Agreement.

1.03 Trust Committee.

The Grantor may establish a Nuclear Decommissioning Trust Committee (the "Committee") composed of any three or more persons appointed by the Grantor's Board of Directors on whatever terms the Board desires. The Committee has the authority to exercise all of the Grantor's powers under this Agreement, and for purposes of Sections 2.03(c) and (d) and Section 3.04(g), the Trustee will be protected in treating the directions and other actions of the Committee as the directions or actions of the Grantor. The Grantor must certify to the Trustee all appointments to or removals from the Committee, and the Trustee must recognize written instructions signed by any Committee member, or its designee, as a directive from the Committee.

1.04 Separate Reserve Fund.

The Trust Fund is divided into separate Reserve Funds as designated by the Grantor, and each Reserve Fund provides for the decommissioning of a specified unit of a nuclear power plant. Each Reserve Fund is established as a trust under state law. Each Reserve Fund will be segregated and maintained apart from the assets of other Reserve Funds and any other assets of the Trust Fund. Separate accounting and separate funding will be observed, and each Reserve Fund shall be treated as a separate trust. Reserve Funds may be commingled for investment purposes in accordance with section 3.02 of this Agreement.

ARTICLE 2. TRUSTEE APPOINTMENT, REMOVAL, LIABILITY

2.01 Appointment, Removal, Successors.

(a) The Grantor may appoint a successor Trustee by written notice to the person appointed and to the Trustee then serving. A Trustee may resign on thirty days' notice in writing to the Grantor. The Grantor may remove any Trustee by thirty days' written notice to the Trustee. Notwithstanding the foregoing, no removal or resignation shall take effect until a successor Trustee has been appointed and accepted appointment as Trustee. If a successor Trustee has not been appointed and accepted appointment within sixty (60) days of the Grantor's receipt of notice of resignation of the Trustee or the Trustee's receipt of notice of removal, such Trustee may petition a court of competent jurisdiction to appoint a successor Trustee to act until such time, if ever, as a successor Trustee shall have been appointed by the Grantor and accepted such appointment. Each successor Trustee shall have the same powers and duties as the Trustee named herein.

(b) A successor Trustee may accept appointment and qualify as trustee by executing, acknowledging, and delivering its acceptance to the Grantor in a form satisfactory to the Grantor. The additional or successor Trustee, without further act, deed, or conveyance, is vested with all the estate, rights, powers, and discretion of the predecessor Trustee just as if originally named as a Trustee in this Agreement.

(c) When a successor Trustee accepts appointment, the predecessor Trustee (or representative, if the predecessor Trustee is unable or unavailable) will assign, transfer title, and pay over to the successor Trustee the funds and properties then constituting the Trust Fund. The predecessor Trustee (or representative) is authorized, however, to reserve a sum of money deemed advisable for payment of fees and expenses accrued to date or expected to be incurred in connection with the transfer and settlement of the Trust Fund (all subject to the limitation in section 5.04 of this Agreement), and any balance of that reserve remaining after the payment of fees and expenses will be paid over to the successor Trustee.

(d) The Trustee may adopt or amend bylaws and regulations that the Trustee deems desirable for the conduct of Trustee affairs.

(e) The Trustee will keep a record of all Trustee proceedings and acts and all other data necessary for the proper administration of the Trust. The Trustee will notify the Grantor of any Trustee action taken, and when required by law, will notify any other interested party.

2.02 Establishment And Acceptance Of Trust.

(a) Unless the Grantor otherwise advises the Trustee, the Grantor will make all contributions in cash or other intangible personal property.

(b) At the time it makes any contribution to the Trust Fund, the Grantor will specify in a writing then delivered to the Trustee the exact amount or portion of the contribution that is to be placed in each Reserve Fund then existing. The Trustee shall not accept contributions from anyone other than the Grantor without the Grantor's written approval for each such contribution, and an exact written allocation of such a contribution among the Reserve Funds then existing must accompany the contribution. The Trustee has no right or duty to inquire into the amount of or the method used in determining any contribution or the allocation of any contribution among the Reserve Funds. The Trustee is accountable only for funds actually received. The Trustee has no duty to compute or collect the amount to be paid to it by the Grantor.

(c) All contributions and income from contributions will be held in trust and administered according to the terms of this Agreement.

(d) No part of the Trust Fund may be used for or diverted to purposes other than the exclusive purposes allowed by this Agreement, as described in sections 5.04 and 6.01 of this Agreement.

2.03 Limitation Of Liability.

(a) To the extent permitted by law, the Trustee will serve without bond; the Trustee will secure and pay for required bonds. Except as otherwise provided in this Agreement, no Trustee is liable for any act or omission of any other Trustee or for any act or omission of any other person. At its own expense, the Grantor is entitled to employ its own counsel to defend or maintain, either in its own name or in the name of any Trustee, with said Trustee's approval, any suit or litigation arising under this Agreement involving the Trustee.

(b) The Trustee is not liable for the making, retention, or sale of any investment or reinvestment made as provided in this Agreement, but the Trustee is liable for any loss to or diminution of the Trust Fund due to the Trustee's gross negligence, willful misconduct, or lack of good faith in carrying out the terms of this Agreement.

(c) The Trustee is fully protected and indemnified when relying on a written communication from a properly designated officer or employee of the Grantor concerning an instruction or direction of the Grantor and in continuing to rely upon a communication until a subsequent communication is filed with the Trustee. The Trustee is fully protected and indemnified in acting on any instrument, certificate, or paper believed by the Trustee to be genuine and to be signed or presented by the proper person. The Trustee is under no duty to make any investigation or inquiry as to any statement contained in any written communication or document signed by the proper person, but may accept it as conclusive evidence of the truth and the accuracy of the statements contained.

(d) The Grantor will indemnify the Trust Fund and the Trustee against any liability imposed as a result of a claim asserted by any person or entity if the Trustee has acted in good faith reliance on the terms of this Agreement or a written direction of the Grantor. The indemnity provisions of this Section 2.03 shall survive the termination of this Agreement.

2.04 Discharge After Distributions Or Termination.

After all distributions (including distributions to a successor Trustee) or any termination under this Agreement or applicable law, the Trustee is discharged from all obligations under this Agreement, and no person or entity has any further right or claim against the Trustee not otherwise provided by statute.

2.05 Legal Action.

In all legal actions regarding the Trust and this Agreement, the Trustee and the Grantor are the only necessary parties. A final judgment not appealed or appealable entered in an action or proceeding against the Grantor, the Trust, or the Trustee is binding and conclusive on the parties to this Agreement and all persons having or claiming to have any interest in the Trust Fund.

ARTICLE 3. INVESTMENT DUTIES, POWERS

3.01 Investment Policy and Limitations.

The Trustee, the Grantor, any investment advisor and anyone else directing investments, when directing investments, shall adhere to the "prudent investor" standard as specified in 18 C.F.R. 35.32(a)(3) of the FERC regulations. Subject to this limitation, the Trustee's investment policy for assets within the Trustee's investment control will be to realize the greatest total return to the Trust Fund within the limits of this Agreement and prudent fiduciary practices.

In its annual report to the Grantor, the Trustee will, advise the Grantor of the Trustee's investment policy or strategy. Formulation of the policy is the Trustee's responsibility as long as

the Grantor has not exercised its right to direct the investments under section 3.04. The Trustee must consider the stated purposes of the Trust and this Agreement, statutory and regulatory requirements, and other relevant information and standards before stipulating the stated investment policy. The Trustee may consult with the Grantor, counsel, and investment advisors for fact-finding purposes before so stipulating.

3.02 Investment Of Trust Fund.

The assets of two or more Reserve Funds may be commingled for investment purposes as the Grantor directs. The Trustee shall apportion any earnings or losses from an investment made with commingled assets to each participating Reserve Fund in the same proportion that the amount invested from each Reserve Fund bears to the total amount invested. Subject to the provisions of section 3.04 of this Agreement, the Trustee will invest and reinvest the principal and income of each Reserve Fund and keep those trust assets invested, without distinction between principal and income. If assets of two or more Reserve Funds are commingled for investment purposes, the Grantor shall have the absolute authority to direct the Trustee at any time to liquidate the interests of the Reserve Fund in a commingled investment, and the Trustee shall promptly comply with any such directive. The commingling arrangement undertaken as permitted in this Section 3.02 can be terminated at any time by any Reserve Fund. No Reserve Fund in the commingling arrangement may substitute for itself in the arrangement any person that is not a member to the commingling arrangement.

Trust investments may include, but shall not be limited to the following;

- (a) Publicly traded domestic or foreign common and preferred stocks and options thereon, as well as warrants, rights and preferred stocks convertible into common stock, regardless of where or how traded.
- (b) Investment grade domestic corporate bonds and debentures and any such securities which are convertible into common stock, domestic or foreign.
- (c) Bonds or other obligations of the United States of America, or non-U.S. sovereign debt with an equivalent rating of A or higher.
- (d) Investment grade obligations of the states and of municipalities or of any agencies thereof.
- (e) Investment grade notes of any nature, of foreign or domestic issuers.
- (f) Savings accounts, certificates of deposit and other types of time deposits, bearing a reasonable rate of interest based upon the duration, amount, type and geographical area, with any financial institution or quasi-financial institution or any department of the same, either domestic or foreign, under the supervision of the United States or any State, including any such financial institution owned, operated or maintained by the Trustee in its Corporate or association capacity (including any department or division of the same) or a corporation or association affiliated with the same.

(g) Any collective, common or pooled trust fund operated or maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Trustee, or its affiliate. Notwithstanding the provisions of this Agreement which place restrictions upon the actions of the Trustee, to the extent monies or other assets are utilized to acquire units of any collective trust, the terms of the collective trust indenture shall solely govern the investment duties, responsibilities and powers of the trustee of such collective trust and, to the extent required by law, such terms, responsibilities and powers shall be incorporated herein by reference and shall be part of this Agreement. For purposes of valuation, the value of the interest maintained by a Reserve Fund in such collective trust shall be the fair, market value of the collective fund units held, determined in accordance with generally recognized valuation procedures. The Grantor expressly understands and agrees that any such collective fund may provide for the lending of it, securities by the Collective fund trustee and that such collective fund's trustee will receive compensation from such collective fund for the lending of securities that is separate from any compensation of the Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund. The Trustee is authorized to invest in a collective fund which invests in Mellon Financial Corporation stock. The Grantor acknowledges receipt of the notice entitled "Cross-Trading Information", a copy of which is attached to this Agreement as Exhibit A.

(h) Open-end and closed-end investment companies, (including those for which the Trustee or an affiliate provides services for a fee) regardless of the purposes for which such fund or funds were created, and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purpose otherwise consistent with the investment guidelines set forth herein. Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Grantor acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash. In such circumstances, the Trustee shall have no responsibility for nonreceipt of payment (or late payment) or nondelivery of securities or property (or late delivery) by the counterparty.

(i) Subject to the limitations of sections 3.01 and 3.05, any other investments not described above as directed by the Grantor.

3.03 Additional Powers of Trustee

The Trustee has the following powers and authority in the administration and investment of the Trust Fund, to be exercised subject to the other provisions of this Agreement and especially this Article 3:

(a) To purchase, subscribe for, and hold securities or other property authorized by sections 3.01 and 3.02 as a proper investment for the Trust Fund, and to retain the same in trust.

(b) To sell for cash or credit, exchange, convey, transfer, or otherwise dispose of any securities or other property held in the each Reserve Fund, by private contract or at public auction. No person dealing with the Trustee is bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any sale or other disposition.

(c) To vote any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options, and to make any incidental payments; to oppose, consent to, or otherwise participate in corporate reorganizations or other changes affecting corporate securities, and (unless prohibited by statute) to delegate discretionary powers, and to pay any related assessments or charges; and generally to exercise any ownership powers over stocks, bonds, securities, or other property held as part of a Reserve Fund.

(d) To keep part of a Reserve Fund in cash or cash balances invested in interest-bearing accounts if the Trustee deems that to be prudent under the circumstances.

(e) To accept and retain for as long as the Trustee deems advisable any securities or other property received or acquired as Trustee, regardless of any lack of diversification.

(f) To make, execute, acknowledge, and deliver documents of transfer and conveyance and other instruments that may be necessary or appropriate to carry out the Trustee's powers.

(g) To settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from a Reserve Fund, to commence or defend legal or administrative proceedings, and to represent the Trust in all legal or administrative proceedings.

(h) To employ suitable, subcustodians, agents and counsel (who may be counsel of the Grantor) and to pay their reasonable expenses and compensation. The Trustee shall be entitled to rely on and may act upon advice of counsel on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice

(i) On direction by the Grantor as to the agent and insurance company, to invest in insurance contracts payable to the Trustee or its assignees as beneficiary.

(j) To purchase, enter, sell, hold, and generally deal in any manner in and with contracts for the immediate or future delivery of financial instruments of any issuer or of any other property, foreign exchange and foreign exchange contracts, to grant, purchase, sell, exercise, permit to expire, permit to be held in escrow, and otherwise to acquire, dispose of, hold and generally deal in any manner with and in all forms of options in any combination.

(k) To enter into contracts with one or more persons, firms, associations, or corporations to obtain advice and counsel about investments.

(l) To enter into arrangements for the deposit of funds with banks or trust companies and in connection with the arrangements:

- (1) To authorize the depository to act as custodian of the cash, securities, or other property comprising the funds;
- (2) To authorize the depository to convert the funds in whole or in part into, or to invest and reinvest the same in, securities of any kind and nature permitted in this Agreement; and

(3) To provide for the payment to the depository of reasonable compensation for its services.

(m) To cause any securities or other property held as part of a Reserve Fund to be registered in its own name or in the name of one or more of its nominees, and to hold any investments in bearer form, but the books and records of the Trustee must at all times show that the investments are part of a Reserve Fund, and to hold the property in safekeeping facilities of the Trustee or of other Trustee banks or clearing corporations, in the United States or elsewhere; provided that the Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign or domestic clearing facility, book-entry system, centralized custodial depository, or similar organization.

(n) To participate in any mergers or consolidations, or any registrations of securities with state or federal authorities regarding any securities held.

(o) Take all action necessary to pay for authorized transactions, including exercising the power to borrow or raise monies from the Trustee in its corporate capacity or an affiliate of the Trustee, and hold any property in the Trust Fund as security for advances made to the Trust Fund for any such authorized transactions, including disbursements or expenses, or the purchase or sale of foreign exchange, or of contracts for foreign exchange. The Trustee shall be entitled to collect from the Trust Fund sufficient cash for reimbursement and, if such cash is insufficient, dispose of the assets of the Trust Fund to the extent necessary to obtain reimbursement.

(p) To do all acts, take all proceedings, and exercise all rights and privileges, although not specifically mentioned here, as the Trustee deems necessary to administer the Trust Fund and to carry out the purposes of this Agreement.

3.04 Directing The Trustee.

(a) Subject to the limitations in sections 3.01 and 3.05, the Grantor may direct the investments of the Trust in investments of any kind, including but not limited to, private equity, real estate, and non-investment grade bonds. Directed investments under this section 3.04 may not exceed the total of a Reserve Fund.

(b) Subject to the limitation of paragraph (a), the Trustee at the written direction of the Grantor will segregate the value requested and will after that invest, reinvest, and otherwise deal with that Segregated Amount as directed by the Grantor if it is consistent with the terms of this Agreement.

(c) If exercised, the Grantor's right to direct investment and reinvestment includes the right to select investment managers, brokers, salesmen, or agents to handle investments or execute investment orders. The Grantor may give an investment manager any of the Grantor's powers, pursuant to this section 3.04 or otherwise, by so certifying in writing to the Trustee. The Trustee is not responsible for the selection, terms of appointment, compensation, or conduct of any investment manager, broker, salesman, or agent selected by the Grantor, but the Trustee is responsible for its own actions in its dealing with such persons in accordance with the provisions

of section 2.03 of this Agreement. For purposes of Sections 2.03(c) and (d) and Section 3.04(g), the Trustee will be protected in treating the directions and other actions of an investment manager as the directions or actions of the Grantor.

(d) In the absence of directions under section 3.04, the Trustee is free to proceed without the concurrence or affirmative expression of the Grantor to handle, manage, control, invest, and reinvest the Trust assets that are not Segregated Amounts under the powers granted in this Agreement with the same force and effect as if this section were not a part of this Agreement.

(e) No person dealing with the Trustee is required to determine whether any sale or purchase by the Trustee has been authorized or directed by the Grantor, and each is fully protected in dealing with the Trustee in the same manner as if this section were not a part of this Agreement.

(f) Whenever the Trustee is directed to purchase or sell assets in a Reserve Fund, the Trustee in its sole discretion is permitted at the expense of the Trust to obtain an appraisal of the value of the assets to be purchased or sold.

(g) Subject to the power of the Grantor as described in this section, the powers granted the Trustee under sections 3.02 and 3.03 of this Agreement will be exercised in the discretion of the Trustee. Neither the Trustee nor any other person is under a duty to question the Grantor's direction, and the Trustee will comply as promptly as possible with the Grantor's direction if it is consistent with the terms of this Agreement. The Trustee shall not be liable for the acts or omissions of any subcustodian appointed under Section 3.03 (h) at the direction of the Grantor or an investment manager including, but not limited to, any broker-dealer or other entity designated by the Grantor or an investment manager to hold any property of the Trust Fund as collateral or otherwise pursuant to investment strategy.

3.05 Prohibited Investments.

Anything herein contained to the contrary notwithstanding, the following investments are prohibited:

(a) Investments in the securities of Dominion Resources, Inc. or its affiliates, successors or assigns; and

(b) Except for investments tied to market indices or other non-nuclear sector mutual funds, investments in any entity owning one or more nuclear power plants.

ARTICLE 4. OTHER DUTIES OF TRUSTEE

4.01 Payments From A Reserve Fund.

Payments or disbursements may be made from the trust only on the written direction of the Grantor after first giving 30 days' prior written notice to the Nuclear Regulatory Commission

and no payments or disbursements may be made from the trust if the Trustee receives prior written notice of objection from the Director, Office of Nuclear Reactor Regulation. For purposes of this section 4.01, payments and disbursements do not include ordinary and recurring administrative expenses including, but not limited to, those described in section 4.02. Promptly upon receipt by the Trustee of a written direction to make payments or disbursements from the trust, the Trustee shall provide written notice to the Nuclear Regulatory Commission. Subject to the foregoing, the Trustee will make payments and transfer from a Reserve Fund to the persons or entities, in the manner, in the amounts, and for the purposes specified in the written directions. After payment, the amount paid is no longer a part of the Reserve Fund. Each Grantor direction will include a representation by the Grantor that the payment is in accordance with the purposes of this Agreement. The Trustee is not responsible for the application of the payments or for the adequacy of a Reserve Fund after payment to meet and discharge Trust liabilities.

4.02 Payment Of Compensation, Expenses, And Taxes.

(a) The Trustee will be paid reasonable compensation as agreed upon from time to time in writing by the Grantor and the Trustee. In addition, the Trustee will be reimbursed from the Reserve Funds or, at the option of the Grantor, by the Grantor for all ordinary and necessary expenses incurred in connection with the operation of the Trust, including federal income tax imposed on the modified gross income of the Trust, any state or local tax imposed on the income or assets of the Trust, legal expenses, accounting expenses, actuarial expenses, investment manager fees and trustee compensation and expenses. To the extent the Trustee advances funds to the Trust Fund for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Trust Fund either (i) with respect to domestic assets, an amount equal to what would have been earned on the sums advanced (an amount approximating the “federal funds” interest rate) or (ii) with respect to non-domestic assets, the rate applicable to the appropriate foreign market. All taxes levied or assessed on or in respect of a Reserve Fund, whether assessed to the Reserve Fund or the Grantor, will be paid, at the option of the Grantor, by the Grantor, or from the Trust Fund and pro rated among the Reserve Funds in proportion to their respective fair-market values at the preceding calendar year end in the case of property taxes and in proportion to their respective taxable incomes for the relevant taxable year in the case of income taxes. To the extent that any taxes are provoked by the investment in or receipt of an identifiable asset or transaction involving a particular Reserve Fund, the taxes will be charged against the appropriate Reserve Fund, giving appropriate effect to computations of income and deductions related to the asset or transaction, and allocating any exemption available among the Reserve Funds in proportion to the tax liability provoked. Identifiable direct expenses will be treated in the same way as taxes.

(b) The Trust Fund is a “grantor trust” under Subpart E of Part I of subchapter J of the Internal Revenue Code of 1986, as amended. The Trustee will prepare and timely deliver to the Grantor such information as shall be necessary for the Grantor to file timely tax returns reporting all items of income, deduction, gains or loss in respect of the Reserve Funds.

4.03 Accounting.

(a) The Trustee will keep accurate and detailed accounts of all investments, receipts, disbursements, and other transactions for each Reserve Fund and for the Trust Fund. All

accounts, books, tax returns, and records relating to the Trust are open to inspection and audit at all reasonable times by any person designated by the Grantor.

(b) Within sixty days after the end of each calendar year and within sixty days after the removal or resignation of a Trustee as provided in section 2.01, the Trustee will file a written report of the investments, receipts, disbursements, and other transactions during the year or during the period from the close of the last year to the date of the Trustee's removal or resignation, including the current value of the Reserve Funds. After ninety days from the date of filing that annual or other accounting, the Trustee is forever released and discharged from all liability and accountability to anyone with respect to the propriety of acts and transactions shown in the accounting, except for acts or transactions as to which the Grantor files written objections with the Trustee within the ninety-day period.

(c) Except as specifically provided by statute, no person other than the Grantor may require an accounting or bring an action against the Trustee about the Trust or the actions of the Trustee. The Trustee is not required to make reports to any courts or administrative agencies, except as specifically required by statute.

4.04 Valuation.

(a) As of each calendar year end, the Trustee will determine the fair-market value of the Trust Fund and each Reserve Fund and report that value to the Grantor in writing.

(b) Non-cash contributions are valued at fair-market value determined by the Trustee as of the actual date on which the Trustee accepts the property.

(c) In determining the net worth of the Trust Fund and the Reserve Funds, the Trustee will allocate among such Reserve Funds and deduct all allocable expenses.

ARTICLE 5. AMENDMENT AND TERMINATION OF THE TRUST

5.01 Amendment Of The Trust.

The Grantor has the right at any time to amend this Agreement in whole or in part, but

(a) No amendment may authorize or permit any assets of the Trust Fund (other than those required to pay taxes and other administration expenses) to be used for or diverted to purposes other than the costs of decommissioning the Grantor's nuclear power plants, except as may be required by any court or regulatory authority;

(b) No amendment may be made that changes the Trustee's duties or liabilities without the Trustee's written consent; and

(c) No amendment of any material respect may be made without 30 days' prior written notification to the Director, Office of Nuclear Reactor Regulation.

An amendment may be made retroactively if such application is necessary to bring the Trust or the Grantor into conformity with any applicable statute or regulation.

5.02 Termination Of Reserve Funds.

Except as otherwise provided by law, each Reserve Fund terminates upon completion of all nuclear power plant decommissioning that it has been created to fund, as certified to the Trustee by the Grantor, or upon the frustration or failure of the trust's purposes. Upon termination of a Reserve Fund, any of the Reserve Fund that remains shall revert to the Grantor free of trust.

5.03 Merger, Consolidation, or Succession.

(a) A corporation with which the Grantor is merged or a corporation or other legal entity which acquires substantially all the assets of the Grantor, shall become the Grantor for purposes of this Agreement, and every reference in this Agreement to the Grantor will be treated as a reference to that surviving or purchasing corporation or other legal entity.

(b) If the Grantor is liquidated, merged, or consolidated with another company or other legal entity and the Grantor's successor chooses not to discharge the Grantor's duties under this Agreement, the Trust nevertheless will survive and the Trust Fund will continue in trust under the terms of this Agreement. In such a case, the Trustee may, but shall not be required to, petition a court of competent jurisdiction seeking the appointment of a party to succeed to the responsibilities of the Grantor. In seeking such an order, the Trustee shall be held harmless and indemnified by the Grantor or its successor. Any expenses incurred by the Trustee in seeking said court order shall be the responsibility of the Grantor or its successor until paid.

(c) The merger or consolidation of the Trust with, or a transfer of assets or liabilities from this Trust to another trust or fund is not permitted unless the Trustee has received an opinion of counsel satisfactory to the Trustee to the effect that the merger, consolidation, or transfer results in no diversion or use of assets that is not permitted by the Agreement.

5.04 Impossibility Of Diversion.

Until a Reserve Fund terminates, assets of a Reserve Fund may not be used for or diverted to purposes other than the purposes permitted by this Agreement.

ARTICLE 6. MISCELLANEOUS PROVISIONS

6.01 Construction.

The Grantor's intent and purpose in creating this Trust and executing this Agreement is to maintain Nuclear Decommissioning Reserve Funds to provide for the costs of decommissioning the Grantor's nuclear power plants. All questions arising in the administration of the Trust and in the construction of this Agreement will be resolved accordingly. This Agreement will be construed, enforced, and administered in accordance with the laws of Pennsylvania, except to the extent that the laws of the United States of America take precedence, in which event, this Agreement will be construed in accordance with the laws of the United States of America. The headings and subheadings in this Agreement have been inserted for convenience only and are to be ignored in construction of the provisions.

6.02 Rights Under The Trust.

No person other than the Grantor has any vested rights under the Trust except to the extent that rights may accrue under other agreements made by the Trustee. Except as permitted by law, no assignment of any rights or benefits under the Trust is permitted or recognized, nor will any rights or benefits be subject to attachment or other legal or equitable process or subject to the jurisdiction of any bankruptcy court.

6.03 Frustrated Actions.

If it becomes impossible for the Grantor or the Trustee to perform an act, then that act will be performed which, in the discretion of the Trustee, most nearly carries out the intent and purpose of this Agreement.

6.04 Construction Of Direction.

Whenever the Grantor or Trustee is directed to take an action upon the occurrence of an event, neither is under obligation to take that action until it received proper and satisfactory written notice of the occurrence.

6.05 Authorizations And Communications.

A written authorization or communication from an officer of the Grantor or the Trustee that an event has occurred constitutes conclusive evidence of the occurrence, and the Grantor or Trustee is fully protected and discharged from all liability in accepting and relying upon that authorization or communication.

6.06 Genuine Notice.

The Grantor or the Trustee will not incur liability to any persona or party when acting on a notice, request, consent, letter, telegram, or other paper or document that it believes to be genuine, and to have been signed or sent by the proper person.

6.07 Loss or Damage

Except as specifically provided by statute, neither the Grantor or the Trustee is liable for loss or damage, except by reason of its own gross negligence or willful default. The Trustee shall not be responsible or liable for any losses or damages suffered by the Grantor arising as a result of the insolvency of any subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such subcustodian. The Trustee shall not be liable for any act or omission of any other person in carrying out any responsibility imposed upon such person and under no circumstances shall the Trustee be liable for any indirect, consequential or special damages with respect to its role as Trustee.

6.08 Binding Notice.

This Agreement is binding upon the heirs, executors, administrators, successors, and assigns of all parties, present and future.

6.09

Notwithstanding anything in this Agreement to the contrary contained herein, the Trustee shall not be responsible or liable for its failure to perform under this Agreement or for any losses to the Trust Fund resulting from any event beyond the reasonable control of the Trustee, its agents or subcustodians, including but not limited to, nationalization, strikes, expropriation, devaluation, seizure, or similar action by any governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting the Trust Fund's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; or acts of God; or any other similar event. This Section shall survive the termination of this Agreement.

The Grantor and the Trustee hereby each represent and warrant to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind the Grantor or the Trustee to this Agreement.

IN WITNESS of this Amended and Restated Agreement, the Grantor and the Trustee have signed below on this ____ day of _____, -----

DOMINION NUCLEAR CONNECTICUT, INC.

By: _____

MELLON BANK, N.A.

By: _____

Title: _____

EXHIBIT A

CROSS-TRADING INFORMATION

As part of its cross-trading program, Mellon Bank, N.A. is to provide to each affected customer the following information:

I. The existence of the cross-trading program

Mellon Bank, N.A. has developed and intends to utilize, wherever practicable, a cross-trading program for indexed accounts and large accounts.

II. The “triggering events” creating cross-trade opportunities

Three “triggering events” may create opportunities for cross-trading transactions. They are generally the following (see Mellon Bank, N.A. for more information):

- 1) A change in the composition or weighting of the index by the independent organization creating and maintaining the index;
- 2) A change in the overall level of investment in an Indexed Account as a result of investments and withdrawals on the account’s opening date, where the Account is a bank collective fund, or on any relevant date for non-bank collective funds; provided, however, a change in an Indexed Account resulting from investments or withdrawals of assets of Mellon Bank, N.A.’s own plans (other than Mellon Bank, N.A.’s defined contribution plans under which participants may direct among various investment options, including Indexed Accounts) are excluded as a “triggering event”; or
- 3) A recorded declaration by Mellon Bank, N.A. that an accumulation of cash in an Indexed Account attributable to interest or dividends on, and/or tender offers for, portfolio securities equal to not more than 0.5% of the Account’s total value has occurred.

III. The pricing mechanism utilized for securities purchased or sold

Securities will be valued at the current market value for the securities on the date of the crossing transaction.

Equity securities - the current market value for the equity security will be the closing price on the day of trading as determined by an independent pricing service; unless the security was added to or deleted from an index after the close of trading, in which case the price will be the opening price for that security on the next business day after the announcement of the addition or deletion.

Debt securities - the current market value of the debt security will be the price determined by Mellon Bank, N.A. as of the close of the day of trading according

to the Securities and Exchange Commission's Rule 17a-7(b)(4) under the Investment Company Act of 1940. Debt securities that are not reported securities or traded on an exchange will be value based on an average of the highest current independent bids and the lowest current independent offers on the day of cross trading. Mellon Bank, N.A. will use reasonable inquiry to obtain such prices from at least three independent sources that are brokers or market makers. If there are fewer than three independent sources to price a certain debt security, the closing price quotations will be obtained from all available sources.

IV. The allocation methods

Direct cross-trade opportunities will be allocated among potential buyers or sellers of debt or equity securities on a prorata basis. With respect to equity securities, please note Mellon Bank, N.A. imposes a trivial share constraint to reduce excessive custody ticket charges to participating accounts.

V. Other procedures implemented by Mellon Bank, N.A. for its cross-trading practices

Mellon Bank, N.A. has developed certain internal operational procedures for cross-trading debt and equity securities. These procedures are available upon request.

EXHIBIT I (Revised)

MILLSTONE PROJECTED INCOME STATEMENT
(\$000's)

	<u>2001 (from 4/1)</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 (to 3/31)</u>
Operating Revenue						
Sales - Contract	\$ 321,107	\$ 6,064	\$ -	\$ -	\$ -	\$ -
Sales - Market	\$ 56,899	\$ 464,775	\$ 564,073	\$ 583,949	\$ 596,554	\$ 160,352
Total Revenue	\$ 378,006	\$ 470,839	\$ 564,073	\$ 583,949	\$ 596,554	\$ 160,352
Operating Expense						
O&M	\$ 208,523	\$ 291,085	\$ 249,036	\$ 255,884	\$ 262,921	\$ 67,538
Fuel	\$ 56,205	\$ 69,829	\$ 74,551	\$ 76,601	\$ 78,707	\$ 20,218
Depreciation	\$ 40,821	\$ 17,648	\$ 18,253	\$ 18,755	\$ 19,271	\$ 4,950
Other	\$ 14,500	\$ 19,913	\$ 20,510	\$ 21,074	\$ 21,654	\$ 5,562
Total Operating Expenses	\$ 320,050	\$ 398,475	\$ 362,350	\$ 372,315	\$ 382,554	\$ 98,268
Operating Income (loss)	\$ 57,957	\$ 72,364	\$ 201,723	\$ 211,634	\$ 214,001	\$ 62,083
Other Income (Deductions)						
Other Income						
Interest	\$ (43,143)	\$ (62,324)	\$ (61,749)	\$ 61,260	\$ (60,852)	\$ (15,095)
Income/(Expense)						
Total Other Income	\$ (43,143)	\$ (62,324)	\$ (61,749)	\$ (61,260)	\$ (60,852)	\$ (15,095)
Income Before Income Taxes	\$ 14,814	\$ 10,040	\$ 139,974	\$ 150,374	\$ 153,149	\$ 46,988
Taxes Based On Income	\$ 5,907	\$ 4,003	\$ 55,815	\$ 59,962	\$ 61,068	\$ 18,736
Net Income	\$ 8,907	\$ 6,036	\$ 84,159	\$ 90,413	\$ 92,081	\$ 28,252

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Department Approved Market Price Forecast (\$/MWH) (Includes Capacity & Energy)	\$30.84	\$32.05	\$35.92	\$37.59	\$40.04	\$40.74
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Ownership Interests of Millstone Unit 3 Selling Owners

CL&P	52.9330%
WMECO	12.2385%
Public Service Co. of New Hampshire	2.8475%
The United Illuminating Company	3.6850%
New England Power Company	16.2140%
Central Maine Power Company	2.5000%
Chicopee Municipal Lighting Plant	1.3500%
Connecticut Municipal Electric Energy Cooperative	1.0870%
Vermont Electric Generation and Transmission Coop.	0.3500%
Fitchburg Gas & Electric Light Company	0.2170%
Village of Lyndonville Electric Department	0.0487%

In addition, the following owners of Millstone Unit 3 are not participating in the sale to Dominion Nuclear Connecticut, Inc.:

Central Vermont Public Service Corporation	1.7303%
Massachusetts Municipal Wholesale Electric Company	4.7990%