



Saluda River Electric Cooperative, Inc.

PARTNERSHIP POWER FOR PROGRESS

50-413/414

November 8, 2000

United States Nuclear Regulatory Commission
ATTN: Document Control Desk (Patel)
Mail Stop OP1-17
Washington, DC 20555-0001

Attention:

Enclosed is Saluda River's June, 1990 "Master Nuclear Decommissioning Trust Agreement" per your request.

Should you have any additional requests, please let me know.

Sincerely,

A handwritten signature in cursive script that reads "Lyndon Gabbert".

Lyndon Gabbert
Vice President of Finance and Administration

LG/mck

Enclosure

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SALUDA RIVER ELECTRIC COOPERATIVE, INC.
MASTER NUCLEAR DECOMMISSIONING TRUST AGREEMENT

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SALUDA RIVER ELECTRIC COOPERATIVE, INC.

MASTER NUCLEAR DECOMMISSIONING TRUST AGREEMENT

THIS AGREEMENT made this 28th day of June, 1990, of and between SALUDA RIVER ELECTRIC COOPERATIVE, INC., a South Carolina Cooperative Corporation, ("Company") and THE PALMETTO BANK, ("Trustee").

W I T N E S S E T H :

WHEREAS, Saluda River Electric Cooperative, Inc. has a 18.75% undivided interest in Unit No. 1 and a 9.375% undivided ownership interest in certain common support facilities as well as a 9.375% interest in the production of two (2) nuclear power reactor units at the Catawba Nuclear Station ("Catawba Unit No. 1" and "Catawba Unit No. 2"), a nuclear generating station in York County, South Carolina, which will be decommissioned in the future; and

WHEREAS, Saluda River Electric Cooperative, Inc. desires to make provision for the payment of the decommissioning costs of their interest in the nuclear generating station described herein and other interests that may be acquired in the future in other nuclear units, pursuant to the applicable statutory and regulatory requirements [as now published in 53 Fed. Reg. 24049-24051 (1988) (to be codified 10 C.F.R. §§50.33(k), 50.75)], but including any successor legislation and regulation applicable to Saluda River Electric Cooperative's financial responsibility to provide decommissioning funds (and to meet its obligations to the Nuclear Regulatory Commission, other governmental bodies and the general public in connection with decommissioning); and

WHEREAS, Saluda River Electric Cooperative, Inc. desires to establish a separate decommissioning trust fund for each Nuclear Power Plant (as hereinafter defined) described on Schedule I; and

WHEREAS, Trustee is willing to act as Trustee of such trust, and to accept the duties and obligations imposed upon it hereunder, in consideration of the premises and the compensation agreed hereunder;

NOW, THEREFORE, Saluda River Electric Cooperative, Inc. and The Palmetto Bank declare and agree that The Palmetto Bank will receive, hold and administer all sums of money or other property as shall from time to time be contributed or paid over to it hereunder, IN TRUST, upon all of the following terms and conditions:

ARTICLE 1.

Title-Purpose-Policy-Effect

1.1. Name. The master decommissioning trust established hereunder shall be known as the "Saluda River Electric Cooperative, Inc. Master Nuclear Decommissioning Trust Agreement" and is sometimes hereinafter referred to as the "Trust" or "Trust Agreement".

1.2. Definitions. Where used in this Agreement and Declaration of Trust, unless the context otherwise requires or unless otherwise expressly provided:

(1) "Authorized Person" shall mean the officer or officers of the Company, or such other persons as may be authorized by the Board of Trustees, acting jointly, severally or designated to represent the Company and take any action required or authorized to be taken by the Company under this Agreement, the identity of whom shall be certified to the Trustee in accordance with Article 11.

(2) "Accounting Period" shall mean either the twelve consecutive months coincident with the tax year (annual Accounting Period) or a calendar month (monthly Accounting Period) or shorter period within any such year or month in which the Trustee accepts appointment as Trustee hereunder or ceases to act as Trustee for any reason.

(3) "Administrative Costs and Other Incidental Expenses" or "Administrative Expenses" shall mean all reasonable ordinary and necessary expenses incurred in connection with the operation and administration of a Fund, including any state or local tax imposed on the Company or the Fund which is attributable to the income or the assets of a Fund, reasonable legal fees and expenses, accounting fees and expenses, actuarial fees and expenses, investment management fees, indemnification costs incurred by the Company and all reasonable fees and expenses of the Trustee arising out of the administration of a Fund.

(4) "Agreement" or "Trust Agreement" shall mean all of the provisions of this instrument (including Schedules I and II) and of all other instruments amendatory hereof.

(5) "Asset Manager" shall mean the Trustee (other than for purposes of Article 5), the Company or an Investment Manager, individually or collectively as the context shall require, with respect to those assets held in an Investment Account over which it exercises, or to the extent it is authorized to exercise, discretionary investment authority or control.

(6) "Bank Business Day" shall mean a day on which the Trustee is open for business.

(7) "Bank" shall mean The Palmetto Bank.

(8) "Board of Trustees" shall mean the Board of Trustees of the Company.

(9) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and regulations promulgated thereunder.

(10) "Company" shall mean Saluda River Electric Cooperative, Inc. or any successor thereto. To the extent that any subsidiary or affiliate of the Company elects to adopt the Trust as a funding vehicle for a nuclear decommissioning fund established by it by executing a joinder agreement in the form satisfactory to the Trustee and the Company, "Company" shall include such subsidiary or affiliate, as the context shall require, except as specifically provided to the contrary in Section 2.5.

(11) "Contributions" shall mean amounts contributed by the Company to a Fund.

(12) "Decommission" or "Decommissioning" shall mean all activities to remove a Nuclear Power Plant safely from service and to reduce residual radioactivity to a level that permits release of the property for unrestricted use and termination of license.

(13) "Decommissioning Costs" shall mean all costs and expenses incurred by the Company to Decommission, including expenses incurred in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of a Nuclear Power Plant that has permanently ceased the production of electric energy. Such term includes expenses incurred in connection with the preparation for Decommissioning, such as engineering and other planning expenses, and expenses incurred after the actual Decommissioning occurs, such as physical security and radiation monitoring expenses, and all similar expenditures. Final determination of what constitutes a Decommissioning Cost shall be determined in accordance with federal regulations or by the Company.

(14) "Directed Fund" shall mean any Fund or Investment Account or part thereof subject to the discretionary management and control of the Company or any Investment Manager.

(15) "Discretionary Fund" shall mean any Fund or Investment Account or part thereof, subject to the discretionary management and control of the Trustee.

(16) "Equitable Share" shall mean the interest, if any, of a Fund in any Investment Account.

(17) "Excess Contributions" shall mean Contributions designated as Excess Contributions pursuant to Section 2.4.

(18) "Excess Funds" shall mean the money and other property set aside and accumulated in a Fund which, subsequent to substantial completion of Decommissioning are not required to satisfy the Company's share of the Decommissioning Costs.

(19) "Fund" shall mean all cash or other property contributed or paid to the Trustee hereunder in respect of a separate Nuclear Power Plant, all investments made therewith and proceeds thereof and all earnings and profits thereon, less payments, transfers or other distributions made by the Trustee, as authorized herein.

(20) "General Trust" shall mean any common, commingled or collective trust created and maintained by Bank in which one or more of the Funds is eligible to participate.

(21) "Instructions" shall mean written and manually signed instructions of any two Authorized Persons or Asset Manager. "Instructions" shall also include "Instructions Received By Any Other Means" provided that the parties hereto shall have agreed in a manually signed writing to the form, the means of transmission and the means of identification of such Instructions. "Instructions Received by Any Other Means" shall include, but shall not be limited to, (i) oral instructions (confirmed in writing) and (ii) instructions received by computer, electronic instruction system or telecommunications terminals (including telex, TWX, facsimile transmission or bank wire).

(22) "Investment Account" shall mean each pool of assets in the Trust in which one or more of the Funds has an interest during an Accounting Period.

(23) "Investment Manager" shall mean a domestic bank or insurance company or an investment adviser registered under the Investment Adviser's Act of 1940.

(24) "Investment Vehicle" shall mean any common, collective or commingled trust, investment company, corporation functioning as an investment intermediary, insurance contract, partnership, joint venture or other entity or arrangement to which, or pursuant to which, assets of a Fund may be transferred or in which a Fund has an interest, beneficial or otherwise.

(25) "Master Nuclear Decommissioning Trust Agreement" shall mean the Trust and shall include each Fund established hereunder.

(26) "Nuclear Power Plant" shall mean a nuclear power reactor that is used predominantly in the trade or business of the furnishing or sale of electric energy, including individual reactors located at a multi-reactor site.

(27) "Payment Certificate" shall mean a written authorization of the Company signed by two Authorized Persons.

(28) "Person" shall mean a natural person, trust, estate, corporation of any kind or purpose, mutual company, Commission, joint-stock company, unincorporated organization, association, partnership, joint venture, employee organization, committee, board, participant, beneficiary, trustee, partner, or venturer acting in an individual, fiduciary or representative capacity, as the context may require.

(29) "Section" shall mean a section of the Agreement.

(30) "Tax Year" shall mean the Company's tax year used in filing its federal income tax returns.

(31) "Time or Demand Deposits" shall mean checking accounts, certificates of deposit or other time or demand deposits. The term does not include common or collective trust funds.

(32) "Trustee" shall mean Bank as Trustee of the Trust and each separate Fund established hereunder.

(33) "Valuation Date" shall mean the last Bank Business Day of each monthly Accounting Period and each annual Accounting Period or any other date agreed to be the Trustee and the Company.

The Plural of any term shall have a meaning corresponding to the singular thereof as so defined and any neuter pronoun used herein shall include the masculine or feminine, as the context may require.

ARTICLE 2.

Establishment of Trust

2.1. Purpose. The Master Nuclear Decommissioning Trust Agreement is established to help fund the Company's share of the Decommissioning Costs associated with certain Nuclear Power Plants in which the Company has a direct ownership interest or ownership rights and decommissioning cost responsibility. Except as may otherwise be permitted by law, at no time prior to the satisfaction of all Decommissioning Costs and Administrative Expenses of a Nuclear Power Plant with respect to which a Fund has been

established shall any part of such Fund or the Equitable Share of such Fund in any Investment Account established under the Trust be used for, or diverted to, any other purposes.

2.2. Separate Trusts. A separate Fund shall be established for each Nuclear Power Plant described in Schedule I, or hereafter acquired by the Company. Each Fund established hereunder shall constitute a separate trust and shall be held and administered pursuant to the terms of the Agreement to defray the Decommissioning Costs and Administrative Expenses associated with the Nuclear Power Plant with respect to which the Fund was established.

2.3. Domestic Trust. The Trust shall at all times be maintained as a domestic trust in the United States.

2.4. Contributions. From time to time, the Company shall make Contributions to a Fund. The Company shall determine the amount of Contributions to be allocated to each Fund. The Trustee shall have no responsibility to any Person for enforcing payment of any Contributions to, or for the timing, computation, deductibility or amount thereof, or for the adequacy of the Fund or the funding standards adopted by the Company to meet or discharge any Decommissioning Costs or other liabilities in connection with a Nuclear Power Plant. If any Contributions or part thereof are subsequently determined by the Company in its sole and absolute discretion to be Excess Contributions, the Company shall deliver a Payment Certificate to the Trustee for the withdrawal of Excess Contributions, advising the Trustee of the amount of the Excess Contributions, and the Trustee shall pay over to or on the order of the Company the amount stated therein.

2.5. Merger, Consolidation, and Affiliated Companies.

(1) Any nuclear decommissioning fund established by a subsidiary or an affiliate of the Company, may be funded, in whole or in part, through the Trust if this Agreement has been duly adopted by the board of directors of the subsidiary or affiliate of the Company, such subsidiary or affiliate has executed a joinder agreement in a form acceptable to the Trustee and the Company and the Board of Trustees has consented thereto. Each fund established by the subsidiary or affiliate shall be maintained by a separate Fund under all of the terms of the Agreement; provided, however, when the Trust has been adopted by any subsidiary or affiliate of the Company, such subsidiary or affiliate shall be bound by all decisions, Instructions, actions and directions of the Company or the Authorized Persons or an Asset Manager appointed by any of them under or affecting this Agreement, and the Trustee shall be fully protected by the Company and such subsidiary or affiliate in relying upon such decisions, Instructions, actions and directions. The Trustee shall not be required to give notice to or to obtain the consent of any subsidiary or

affiliate with respect to any action to be taken by the Trustee pursuant to this Agreement, and the Company shall have the sole authority to enforce this Agreement on behalf of any subsidiary or affiliate.

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

(3) If the Company is liquidated, merged, or consolidated with another company or other legal entity and the Company's successor chooses not to discharge the Company'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 or such person or persons as it may select will succeed to the functions of the Company under this Agreement, including the function of naming successor Trustees.

(4) The merger or consolidation of the Trust with, or a transfer of assets or liabilities from this Trust to, another trust or fund is permitted unless the transfer would violate any statutory or regulatory requirement regarding funds reserved for nuclear decommissioning.

2.6. Equitable Shares. If at any time the Company advises the Trustee that the separate Funds may be commingled for investment purposes hereunder, the Trustee shall establish on its books and records one or more Investment Accounts to facilitate the commingling of such investments and shall maintain a separate account reflecting the Equitable Share of each participating Fund, or part thereof, in each Investment Account. The Company shall provide the Trustee with current information in order that the Trustee may determine such Equitable Shares. Each of the Funds participating therein shall have a separate, proportionate and undivided interest in each asset in the Investment Account, but, for the convenience of the Company, the Trustee may describe such ownership interest in terms of "units." A Fund or an Investment Account may be divided into such one or more sub-funds or accounts or described in a different manner on any books kept or reports rendered by the Trustee without in any way affecting the duties or responsibilities of the Trustee under the provisions of this Agreement.

2.7. Valuations. The Trustee shall determine the value of the assets of each Fund as of each Valuation Date. Assets will be valued at their market values at the close of business on the Valuation Date, or, in the absence of readily ascertainable market

values, at such values as the Trustee shall determine in accordance with methods consistently followed and uniformly applied.

2.8. Other Records and Returns.

(1) Except as the Trustee may otherwise agree in writing, the Trustee shall not be required to maintain any additional records or accounts with respect to any Fund. The preparation, filing, making and accuracy of any periodic returns or reports or deposits required to be filed or made on account of a Fund with any federal, state or local taxing authority shall be the sole responsibility of the Company and the Trustee's responsibility under this Agreement shall be limited to signing any return on which its signature is required to secure a timely filing at the direction of an Authorized Person and disbursing funds to pay such taxes and expenses incurred in connection with or arising out of the preparation or filing of such returns from the designated Fund pursuant to a Payment Certificate.

(2) The Trustee, however, will prepare tax accountings and provide the Company all relevant tax information in order for the Company to prepare and file appropriate forms with any federal, state, or local taxing authorities, including but not limited to the Internal Revenue Service, it being the intention of the Company that this Trust should be taxed as a grantor trust for federal income tax purposes pursuant to §671, et seq., of the Code, as amended, and accordingly, the Company and the Trust will be deemed the owner of the Trust Estate, and Company will be required to report all items of income, gain, loss deduction and credit attributable to the Trust on its federal income tax return. To the extent the Trust does incur any tax liability, however, Company shall promptly reimburse Trustee so as to restore the Trust Estate to the position it would have been in had the Trust not incurred such tax liability.

(3) In the event that Company becomes an "eligible taxpayer" under section 468A (or any successor provision) of the Internal Revenue Code thereby enabling Company to establish a qualified nuclear decommissioning reserve fund under that section, then the Trust shall not terminate, but shall operate under the provisions of section 468A (or any successor provision) of the Internal Revenue Code once approved by the Commissioner of Internal Revenue. If required in order to comply with Section 468A (or any successor provision) of the Internal Revenue Code, Trust funds held and accumulated prior to qualification under that section shall be segregated from those contributed after qualification in a separate trust. In that event, separate accounting and separate funding will be observed.

2.9 No Transferability of Trust. The interest of the Company in the Trust is not transferable, whether voluntarily or involuntarily, by the Company nor subject to the claims of creditors of the Company; provided, however, that any creditor of the Company as to which a Payment Certificate has been properly completed and submitted to the Trustee may assert a claim directly against the Trust in an amount not to exceed the amount specified in such Payment Certificate.

ARTICLE 3

Administration of Funds

3.1. Disbursement of Assets. Upon the delivery of a Payment Certificate, the Trustee shall deliver moneys in a Fund, free of trust, to or on the order of two Authorized Persons. The Payment Certificate shall include:

- (1) the name and address of the person or entity to whom payment is due (which may be the Company);
- (2) the amount of money to be paid or assets to be transferred;
- (3) the Fund against which the payment is to be charged; and
- (4) wire transfer instructions if transfer of funds is to be by wire transfer.

The Payment Certificate need not disclose the purpose for which the payment or transfer is being made. The Company shall be solely responsible for ensuring that assets of a Fund are disbursed hereunder solely for the purposes of paying Decommissioning Costs and Administrative Expenses to the Company as Excess Contributions or Excess Funds, or to a successor trustee in connection with the transfer of an ownership interest in a Nuclear Power Plant.

3.2. Excess Funds. Upon the termination of any Fund pursuant to Article 10, Excess Funds, if any, shall revert to the Company.

3.3. Transfer of Ownership. If the Company's direct ownership interest in any Nuclear Power Plant is sold, exchanged, or otherwise disposed of, in whole or in part, the Company shall so notify the Trustee. The Trustee may enter into a separate trust agreement with the Company's successor in interest containing substantially the same terms set forth herein and shall transfer the amount stated in the Payment Certificate to the separate trust. In the event that the Company's successor selects another trustee to administer the separate trust, the Trustee shall transfer the amount specified in the Payment Certificate to the transferee trustee, and the Trustee shall have no further duties or

obligations in connection with respect to the amount transferred or with respect to the transferee trust.

3.4. Reliance on Company. The Trustee shall not be responsible for the form or content of any Payment Certificate delivered to it under any provision of the Agreement. The Trustee shall charge such transfer of assets against such one or more of the Funds as the Payment Certificate shall direct. Each direction to the Trustee in a Payment Certificate shall constitute a certification by the Company that such direction is in accordance with applicable laws and regulations, the terms of this Agreement, and all requisite consents, waivers or approvals of the Company or any other Person have been duly and validly obtained, given or waived, as the case may be. The Trustee may rely conclusively on any such Certificate and shall have no duty to make any independent inquiry or investigation before acting upon any direction contained therein.

3.5. Duty to Enforce Claims. The Trustee shall have no duty to commence or maintain any action, suit or legal proceeding on behalf of the Trust or any Fund unless the Trustee has been directed to do so by the Company and unless the Trustee is either in possession of funds sufficient for such purpose or unless it has been indemnified by the Company, to its satisfaction, for counsel fees, costs and other expenses and liabilities to which it, in its sole judgment, may be subjected by beginning or maintaining such action, suit or legal proceeding.

ARTICLE 4.

Management of Assets

4.1. Asset Managers. Discretionary authority for the management and control of assets from time to time held in a Fund or allocated to an Investment Account may be retained, allocated or delegated, as the case may be, for one or more purposes, to and among Asset Managers by the Company, in its absolute discretion. The terms and conditions of appointment, authority and retention of any Asset Manager shall be the sole responsibility of the Company. The Company shall promptly notify the Trustee in writing of the appointment or removal of an Asset Manager.

4.2. Investment Discretion. Subject to the provisions of Section 4.3, the assets of a Fund or an Investment Account shall be invested and reinvested, without distinction between principal and income, at such time or times in such investments and pursuant to such investment strategies or courses of action and in such shares and proportions, as the Asset Manager responsible therefore, or the Company, in its sole discretion, shall deem advisable.

4.3. Limitations on Investment and Other Discretion. The Company may, by written instructions signed by two Authorized Persons limit, restrict or impose guidelines affecting the exercise of the discretion hereinabove conferred on any Asset Manager, and any assets of a Fund shall be invested only when they are not currently required to pay Decommissioning Costs and Administrative Expenses. Any limitations, restrictions or guidelines applicable to the Trustee, as Asset Manager, shall be communicated in writing to the Trustee. The Trustee shall have no responsibility with respect to the formulation of any funding policy or any investment or diversification policies embodied therein. The Company shall be solely responsible for communicating and monitoring adherence to any limitations or guidelines imposed on any other Asset Manager by this Agreement or the Company or applicable law, and the Trustee shall have no responsibility for communicating any such limitations or guidelines to any other Asset Manager.

4.4. Responsibility for Diversification. The Company shall be responsible for determining the diversification policy, if any, for a Fund, for monitoring adherence by the Asset Managers (other than the Trustee) to such policy, and for advising the Asset Managers with respect to any other limitations or investments in any Fund imposed on such Fund by the Company or applicable statute or regulation.

ARTICLE 5.

Responsibility for Directed Funds

5.1. Responsibility for Selection of Agents. All transactions of any kind or nature in or from a Directed Fund shall be made upon such terms and conditions and from or through such principals and agents as the Asset Manager shall direct.

5.2. Trustee Not Responsible for Investments in Directed Funds. The Trustee shall be under no specific duty or obligation to review or to question any direction of any Asset Manager, or to review securities or any other property held in any Directed Fund with respect to prudence or proper diversification or compliance with any limitation of any kind or nature on the Asset Manager's authority, or to make any suggestions or recommendations to the Company or the Asset Manager with respect to the retention or investment of any assets of any Directed Fund, and shall have no authority to take any action or to refrain from taking any action with respect to any asset of a Directed Fund unless and until it is directed to do so by the Asset Manager. Notwithstanding the foregoing, the Trustee and the Company may from time to time agree that the Trustee shall furnish reports to the Company on a weekly or other periodic basis, showing whether a review by the Trustee of transactions affecting the Assets of a Directed Fund during the week or other period preceding the review revealed any deviation

from specified investment guidelines or limitations applicable to such Directed Fund. To the extent that the Trustee agrees to furnish such reports the Trustee shall be responsible for exercising reasonable care in performing such reviews, preparing such reports and communicating them to the Company. The Trustee shall be entitled to additional compensation pursuant to Section 8.1 hereof.

5.3. Investment Vehicles. Any Investment Vehicle, or interest therein, acquired by or transferred to the Trustee upon the directions of the Asset Manager shall be allocated to the appropriate Directed Fund, and the Trustee's duties and responsibilities under this Agreement shall not be increased or otherwise affected thereby. The Trustee shall be responsible solely for the safekeeping of the evidence of the Fund's ownership of or interest or participation in such Investment Vehicle.

5.4. Reliance on Asset Manager. The Trustee shall be required under this Agreement to execute documents, to settle transactions, to take action on behalf of or in the name of the Fund and to make and receive payments on the direction of the Asset Manager. The Trustee may rely on the Instructions of the Asset Manager as confirmation (i) that the investment is authorized under the terms of this Agreement and any other agreement or law affecting the Asset Manager's authority to deal with the Directed Fund, (ii) that any contract, agency, joinder, adoption, participation or partnership agreement, deed, assignment or other document of any kind which the Trustee is required to execute to effectuate the transaction has been reviewed by the Asset Manager and, to the extent it deems advisable and prudent, its counsel, (iii) that such instrument or document is in proper form for execution by the Trustee, (iv) that, where appropriate, insurance protecting the Fund against loss or liability has been or will be maintained in the name of or for the benefit of the Trustee, and (v) that all other acts to perfect and protect the Fund's rights have been taken, and the Trustee shall have no duty to make any independent inquiry or investigation as to any of the foregoing before acting upon such instructions.

5.5. Merger of Funds. The Trustee shall not have any discretionary responsibility or authority to manage or control any assets held in a Directed Fund upon the resignation or removal of an Asset Manager unless and until it has been notified in writing by the Company that the Asset Manager's authority has terminated and that such Directed Fund's assets are to be integrated with the Discretionary Fund. Such notice shall not be deemed effective until two bank business days after it has been received by the Trustee. The Trustee shall not be liable for any losses to the Fund resulting from the disposition of any investment made by the Asset Manager or for the retention of any illiquid or unmarketable investment or any investment which is not widely publicly traded or for the holding of any other investment acquired by the Asset Manager if the Trustee is unable to dispose of such investment because of any

restrictions imposed by the Securities Act of 1933 or other federal or state law, or if an orderly liquidation of such investment is impractical under prevailing conditions, or for failure to comply with any investment limitations imposed pursuant to Section 4.3, or for any other violation of the terms of this Agreement or applicable law as a result of the addition of Directed Fund assets to the Discretionary Fund.

5.6 Restrictions on Transfer. Nothing herein shall be deemed to empower any Asset Manager to direct the Trustee to transfer any asset of a Directed Fund to itself, except for purposes enumerated in paragraph (12) and (13) of Section 6.1.

ARTICLE 6.

Powers of Asset Managers

6.1. General Powers. Without in any way limiting the powers and discretions conferred upon any Asset Manager by the other provisions of this Agreement or by law, each Asset Manager shall be vested with the following powers and discretions with respect to the assets of the Trust subject to its management and control (which powers may be limited by written direction from the Company signed by two Authorized Persons), and, upon the directions of the Asset Managers of a Directed Fund, the Trustee shall make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to enable such Asset Manager to carry out such powers and discretions:

- (1) to sell, exchange, convey, transfer or otherwise dispose of any property by private contract or at public auction, and no person dealing with the Asset Manager shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;
- (2) to enter into contracts or to make commitments either alone or in company with others to sell or acquire property;
- (3) to purchase or sell, write or issue, puts, calls or other options, covered or uncovered, to enter into financial futures contracts, forward placement contracts and standby contracts, and in connection therewith, to deposit, hold (or direct Bank, as Trustee or in its individual capacity, to deposit or hold) or pledge assets of a Fund;
- (4) to purchase part interests in real property or in mortgages on real property wherever such real property may be situated;

(5) to lease to others for any term without regard to the duration of the Trust any real property or part interest in real property;

(6) to delegate to a manager or the holder or holders of a majority interest in any real property or mortgage on real property or in any oil, mineral or gas properties, the management and operation of any part interest in such property or properties (including the authority to sell such part interests or otherwise carry out the decisions of such manager or the holder or holders of such majority interest);

(7) to vote upon any stocks, bonds or other securities (but subject to the suspension of any voting rights as a result of any broker loan or similar agreement); 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 payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property;

(8) to organize corporations under the laws of any state for the purpose of acquiring or holding title to property (or to direct the Trustee to organize such corporations or to appoint an ancillary trustee acceptable to the Trustee for such purpose);

(9) to invest in a fund consisting of securities issued by corporations and selected and retained solely because of their inclusion in, and in accordance with, one or more commonly used indices of such securities, with the objective of providing investment results for the fund which approximate the overall performance of such designated index;

(10) to enter into any partnership, as a general or limited partner, or joint venture;

(11) to purchase units or certificates issued by an investment company or pooled trust or comparable entity;

(12) to transfer money or other property to an insurance company issuing an insurance contract;

(13) to transfer assets of a Discretionary or Directed Fund to a common, collective or commingled trust fund exempt from tax under the Code maintained by an Asset Manager or an affiliate of an Asset Manager or by another trustee who is designated by the Company, to be held and invested subject to all of the terms and conditions thereof, and such trust shall

be deemed adopted as part of the Trust to the extent that assets of a Fund are invested therein; provided, however, that any transfer from a Directed Fund to the General Trust may be made only with prior approval of the Trustee and shall be invested only in one or more short term investment funds established from time to time thereunder; and

(14) to be reimbursed for the reasonable expenses incurred in exercising any of the foregoing powers or to pay the reasonable expenses incurred by any agent, manager or trustee appointed pursuant hereto provided such expenses are approved by Company.

6.2. Additional Powers of Trustee. In addition, the Trustee is hereby authorized:

(1) to register any securities held for any Fund in its own name or in the name of a nominee and to hold any securities in bearer form, and to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary or representative capacities or as agent for customers, or to deposit or to arrange for the deposit of such securities in any qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by other depositors, or to deposit or arrange for the deposit of any securities issued by the United States government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such investments are part of the Fund;

(2) to charge their reasonable expenses and reasonable compensation against the Fund, and to confer upon any such depository the powers conferred upon the Trustee by paragraph (1) of this Section 6.2 as well as the power to appoint subagents and depositories, wherever situated, in connection with the retention of securities or other property with approval of Company;

(3) to deposit funds in interest-bearing account deposits maintained by Bank or savings certificates issued by Bank, in its separate corporate capacity, or in any other banking institution affiliated with Bank;

(4) to compromise or otherwise adjust all claims in favor of or against a Fund;

(5) to make any distribution or transfer of assets in cash or in kind as the Trustee, in its discretion, shall determine;

(6) to maintain and operate one or more market inventory funds as a vehicle to exchange securities among Discretionary

and Directed Funds without alienating the property from the Trust;

(7) to hold for a reasonable period uninvested cash awaiting investment and such additional cash balances as it shall deem reasonable or necessary, without incurring any liability for the payment of interest thereon.

6.3. Prior Consent. The discretionary powers conferred under paragraphs (3), (4), (5), (6), (8), (9), (10), (11), (12) and (13), of Section 6.1 shall be exercised only with the prior written consent of the Company signed by two Authorized Persons.

ARTICLE 7.

Records and Accounts of Trustee

7.1. Records. The Trustee shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions in each Fund and all accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times during normal business hours by any Person designated by the Company.

7.2. Monthly Account. Within ten (10) days following the close of each monthly Accounting Period, the Trustee shall file with the Company, a written account setting forth the receipts and disbursements of each Fund and the investments and other transactions effected by it upon its own authority or pursuant to the directions of any Person as herein provided during the Account Period.

7.3. Account Stated. Upon the expiration of three hundred sixty-five (365) days from the date of filing any monthly account with the Company, the Trustee shall be released and discharged by the Company from all liability and further accountability to the Company or any other Person with respect to such accounting and the propriety of all acts and failures to act of the Trustee reflected in such account, except with respect to any such acts or transactions as to which the Company shall, within such 365-day period, file with the Trustee specific written objections. Notwithstanding the provisions of this Section 7.3, Trustee shall not be relieved from any liability associated with a failure to perform its fiduciary responsibilities.

7.4. Judicial Accountings. Nothing herein shall in any way limit the Trustee's right to bring any action or proceeding in a court of competent jurisdiction to settle its account or for such other relief as it may deem appropriate.

7.5. Necessary Parties. No Person other than the Company shall be a necessary party in any proceeding under Section 7.4 or may require the Trustee to account or may institute any other action or proceeding against the Trustee.

ARTICLE 8.

Compensation, Taxes and Expenses

8.1. Compensation and Expenses. Any reasonable expenses incurred by the Trustee in connection with the Master Nuclear Decommissioning Trust Agreement and any Fund established hereunder, including but not limited to reasonable fees for legal services rendered to the Trustee, such reasonable compensation to the Trustee as shall be agreed upon, in writing, from time to time between the Trustee and the Company, and all other proper charges and disbursements of the Trustee, shall be charged to and paid as Administrative Expenses from the appropriate Fund upon notice to the Company without the issuance of a Payment Certificate. Trustee fees for the first three (3) years of the Agreement shall be in accordance with Schedule II (Fee Schedule) attached hereto. The Fee Schedule may then be adjusted annually as of the Agreement anniversary date upon Trustee's submittal of requested fee revisions at least sixty (60) days prior to the anniversary date of this Agreement, and Company's acceptance thereof, or upon negotiation of acceptable fee revisions. Anything in the preceding sentence to the contrary notwithstanding, the Trustee's entitlement thereto shall constitute a lien on the assets of the Fund and the Company shall reimburse the Trustee for any such expenses if for any reason such expenses are not paid out of the Fund. The Trustee's entitlement to reimbursement hereunder shall not be affected by the resignation or removal of the Trustee or by the termination of the Agreement or of any Fund.

8.2. Taxes. All taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws, domestic or foreign, upon any Fund or the income thereof shall be paid from the Fund upon the submission to the Trustee of a Payment Certificate.

8.3. Allocation. Any tax or expense paid from or incurred hereunder which is specifically allocable to more than one Fund shall be charged against such Funds in a manner which the Company shall determine to be equitable and appropriate in its sole and absolute discretion.

ARTICLE 9.

Resignation or Removal of Trustee

9.1. Resignation or Removal. The Trustee may be removed by the Company at any time upon twenty (20) days' notice in writing to the

Trustee. The Trustee may resign at any time upon twenty (20) days' notice in writing to the Company.

9.2. Designation of a Successor. Upon the removal or resignation of the Trustee, the Company shall either appoint a successor trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder, and upon acceptance of such appointment by the successor trustee, the Trustee shall assign, transfer and pay over the Funds then held under the Trust to such successor trustee. If, for any reason, the Company cannot or does not act promptly to appoint a successor trustee in the event of the resignation or removal of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee. Any expenses incurred by the Trustee in connection therewith shall be charged to and paid as an Administrative Expense.

9.3. Reserve for Expenses. The Trustee is authorized to reserve such amount as to it may seem advisable for payments of its reasonable fees and expenses in connection with the settlement of its account or otherwise, and any balance of such reserve remaining after the payment of such reasonable fees and expenses shall be paid over in accordance with the directions of the Company under Section 9.2.

ARTICLE 10.

Amendment or Termination

10.1. Amendment. Subject to the provisions of Section 10.4 hereof, the Company reserves the right at any time and from time to time to amend, in whole or in part, any or all of the provisions of this Agreement by notice thereof in writing delivered to the Trustee; provided, however, no amendment which affects the rights, duties or responsibilities of the Trustee may be made without its prior written consent, which shall not be unreasonably withheld. The Company hereby declares that this Agreement is irrevocable and that the Company shall hereafter stand without power to revoke, change or annul any of the provisions herein contained except as provided in this Section 10.1.

10.2. Termination. The Company reserves the right to terminate any Fund established under this Agreement by notice in writing thereof delivered to the Trustee, upon the satisfaction of the purpose for which the Fund was established or a change in any applicable law or regulation removing the desirability or necessity of maintaining an externally segregated fund to provide for Decommissioning. In the event of termination, the Trustee shall dispose of the Fund, after the payment of or other provision for all of its reasonable expenses (including any compensation to which the Trustee may be entitled), in accordance with the Payment Certificate delivered to Trustee in connection with the termination. Any other provisions

of this Agreement to the contrary notwithstanding each Fund establish under this Trust shall terminate no later than twenty-one (21) years after the death of the last survivor of each person who was an officer of the Company or of the Company's affiliated companies on January 1, 1990 and each of their descendants born on or prior to January 1, 1990. This Master Trust shall terminate upon termination of all the Funds. In the event that such termination results from the removal of the Trustee, then such disposition shall be implemented in accordance with the provisions of Article 9.

10.3. Trustee's Authority to Survive Termination. Until the final distribution of each Fund or until terminated, the Trustee shall continue to have and may exercise all of the powers and discretions conferred upon it by this Agreement.

10.4. Anti-Diversion. No amendment or termination shall permit or authorize any part, other than excess Contributions or Excess Funds, of any Fund to be used for or diverted to purposes other than those described in Section 2.1, prior to the substantial completion (within the meaning of the applicable regulations) of Decommissioning.

10.5. Trustee's Reliance. The Trustee shall be entitled to assume without further inquiry that any notices, regulatory approvals or procedures required to be given, obtained and observed, as the case may be, have been given, obtained or observed and that any action taken by the Company under this Article 10 does not violate the provisions of Section 10.4.

ARTICLE 11.

Authorities

11.1. Company. Whenever the provisions of this Agreement specifically require or permit any action to be taken by "the Company," such action must be authorized by the Board of Trustees, by a Person to whom such authority has been delegated by the Board of Trustees or by two Authorized Persons. Any resolution adopted by the Board of Trustees designating Authorized Persons or other evidence of such authorization shall be certified to the Trustee by the Secretary or an Assistant Secretary of the Company under its corporate seal and the Trustee may rely upon any authorization so certified until revoked or modified by a further action of the Board of Trustees similarly certified to the Trustee.

11.2. Subsidiary or Affiliate. Any action required or permitted to be taken under this Agreement by a subsidiary or affiliate of the Company shall be given by the Board of Trustees thereof in the manner described in Section 11.1.

11.3. Authorized Persons. The Company shall furnish the Trustee from time to time with a list of the names and signatures of all Persons authorized to act as Authorized Persons or in any other manner authorized to issue orders, notices, requests, Instructions and objections to the Trustee pursuant to the provisions of this Agreement. Any such list shall be certified by the Secretary or an Assistant Secretary of the Company and may be relied upon for accuracy and completeness by the Trustee. Each such Person who is authorized to delegate or allocate its authority shall thereupon furnish the Trustee with a list of the names and signatures of those individuals who are authorized, jointly or severally, to act for such Person hereunder, and the Trustee shall be fully protected in acting upon any notices, Instructions or directions received from any of them.

11.4. Investment Manager. The Company shall cause each Investment Manager to furnish the Trustee from time to time with the names and signatures of those persons authorized to direct the Trustee on its behalf hereunder.

11.5. Form of Communications. Any agreement between the Company and any Person (including an Investment Manager) or any other provision of this Agreement to the contrary notwithstanding, all notices, Instructions, and other communications to the Trustee shall be in writing or in such other form, including transmission by electronic means through the facilities of third parties or otherwise, specifically agreed to in writing by the Trustee. The Trustee shall not be responsible to the Company or any other Person for any errors or inaccuracies in any notices, Instructions, or other communications, or for acting in accordance therewith.

11.6. Continuation of Authority. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change in or terminating the authority of any Authorized Person, including, but not limited to, any Investment Manager or any Person designated under the procedures specified in Section 11.3 has occurred.

ARTICLE 12.

General Provisions

12.1. Governing Law. This Agreement has been entered into by the Trustee in the State of South Carolina and shall be administered, construed and enforced according to the laws thereof.

12.2. Submission to Jurisdiction. To the extent that any claim or controversy shall arise out of the execution, delivery, performance, administration, construction or enforcement of this Agreement, or the disposition of the assets held in trust hereunder, Bank agrees that the courts and administrative agencies of the State of South Carolina and its subdivisions shall have

jurisdiction to the same extent as if Bank were a South Carolina banking corporation. For such purpose only, Bank agrees to accept, without objection to form, manner or subject matter, service of process by registered mail directed to:

The Palmetto Bank
101 West Main Street
Laurens, SC 29360

or to such other address as Bank shall have notified the Company in accordance with Section 12.7 not less than thirty (30) days prior to the delivery of such service of process. The foregoing consent to service of process is not intended nor shall it be construed to extend to any claim, controversy, cause of action or other matters, other than as stated in this Section 12.2.

12.3. Entire Agreement. The Trustee's duties and responsibilities to the Company or any other Person interested therein shall be limited to those specifically set forth in this Agreement.

12.4. Reliance on Experts. The Trustee may consult with experts (who may be experts employed by the Company), including legal counsel, appraisers, pricing services, accountants or actuaries, selected by it with due care with respect to the meaning and construction of this Agreement or any provision hereof, or concerning its powers and duties hereunder, and shall be fully protected for any action taken or omitted by it in good faith pursuant to or on the basis of the opinion of such expert.

12.5. Successor to the Trustee. Any successor, by merger or otherwise, to substantially all of the trust business of Bank shall automatically and without further action become the Trustee hereunder, subject to all the terms and conditions and entitled to all the benefits and immunities hereof.

12.6. Notices. All notices, reports, annual accounts and other communications to the Company, Investment Manager, or any other Person shall be deemed to have been duly given if mailed, postage prepaid, or delivered in hand to such Person at its address appearing on the records of the Trustee, which address shall be filed with the Trustee at the time of the establishment of the Trust and shall be kept current thereafter by the Company. All directions, Instructions, notices, statements, objections and other communications to the Trustee shall be deemed to have been given when received by the Trustee at its offices.

12.7. Descriptive Headings. The Captions in this Agreement are solely for convenience of reference and shall not define or limit the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereunto affixed and attested to as of the day and year first above written.

(Corporate Seal)

SALUDA RIVER ELECTRIC
COOPERATIVE, INC. ("Company")

Attest: Ralph M. Battle
Its: Sec.

By: Ralph W. Hendrix
Its: Pres

(Corporate Seal)

THE PALMETTO BANK ("Trustee")

Attest: David M. [Signature]
Its:

By: Philip A. [Signature] SIP
Its:

SCHEDULE I

Catawba Unit I Fund
Catawba Unit II Fund

SCHEDULE II

Annual trustee fees based on fair market value of investments in trust at year-end:

On first	\$500,000	.65 of 1%
On next	\$500,000	.50 of 1%
On next	\$4,000,000	.30 of 1%
Over	\$5,000,000	.0005 of 1%

6-29-90

RESOLUTION

Whereas, Federal Regulations, as promulgated by the Nuclear Regulatory Commission, require that Saluda River Electric Cooperative provide financial assurance that funds sufficient to pay its share of the anticipated costs of decommissioning Catawba Units One and Two will be available at such time as said units are decommissioned; and

Whereas, Saluda's management has determined that the establishment and periodic funding of an external trust fund or funds is the most viable alternative available for providing the necessary financial assurance; and

Whereas, the initial deposit to such fund will be in the approximate amount of \$340,000 and subsequent deposits will be made in amounts sufficient, in combination with earnings thereon, to pay the anticipated costs of decommissioning Saluda's interest in said units; and

Whereas Saluda's current investment policies limit the investment of its funds in specified securities; and

Whereas, given the long-term nature of the liability being provided for, it is prudent financial management to invest the proceeds of the funds in government-insured securities; and

Whereas, Saluda's Board, after reviewing proposals from six different financial institutions, selected the Palmetto Bank of Laurens, South Carolina to be its trustee for said trust fund or funds.

Now, Therefore, Be It Resolved that the Board of Trustees of Saluda River Electric Cooperative does hereby authorize the Executive Vice President and General Manager to establish a Nuclear Decommissioning Trust Fund with the Palmetto Bank as trustee and authorizes the Executive Vice President, the General Counsel for Saluda River Electric Cooperative, and its chief financial officer to act as the designated representatives of Saluda River in dealings with the Palmetto Bank as trustee, including investment directives.

I, Ralph M. Settle, Secretary of Saluda River Electric Cooperative, Inc. do hereby certify that the above is a true and correct copy of a Resolution from the minutes of the Board Meeting held on the 28th day of June 1990.



Ralph M. Settle