

# EFMR Monitoring Group

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## EFMR's Comments on the Nuclear Regulatory Commission's Request for Public Comment on the First Year of the Reactor Oversight Process

Dear David:

Enclosed please find the EFMR Monitoring Group's (EFMR) Comments on the Nuclear Regulatory Commission's Request for Public Comment on the First Year of the Reactor Oversight Process, (Federal Register: December 14, 2000, Volume 65, Number 241, pp.78215-78217.)

I would strongly suggest that the Nuclear Regulatory Commission (NRC) schedule meetings in communities that are directly affected by Reactor Oversight Process (ROP). Requests for comments via the Federal Register and sponsoring meetings in the Washington-area, may be convenient for the Commission, the utility industry and national organizations, but this practice fails to accommodate and facilitate public participation.

1

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EREDS = ADM-03  
Add = A. Spector - (AKS)

My initial impressions of the Reactor Oversight Process remain unchanged (1). To my dismay, the Commission has aggressively dismantled its traditional regulatory role by proposing, adopting, and implementing rule changes, either through its own prerogative, or through industry and Nuclear Energy Institute (NEI) initiatives. The cumulative outcome of this two year process has been deleterious on the public's confidence in the NRC. The foundation for the current *laissez-faire* regulatory protocol was laid in the mid-1990s. (2) The current regulatory regime, instigated by Senate Republicans on behalf of the nuclear industry, (3) created "**deregulated regulation**" and successfully: **1) Reduced on-site inspections and oversight**; and, **2) Establishment of a self-policing and self-reporting industry.** (4)

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1 Please refer to EFMR's Comments to John A. Zwolinski, Director Division of Licensing Project Management, U.S. Nuclear Regulatory Commission, Two White Flint North, Rockville, MD 20800, Attn: Tim Cockburn, Fax: 301-415-2102, Re: Redefining the Role of the Division of Licensing Project Management in the Office of Nuclear Reactor Regulation, July 22, 1999.

2 "NRC allowed safety problems to persist because it was confident that redundant design features kept nuclear plants inherently safe and because it relied heavily on assurance from plant operators about their intentions to make changes. Moreover, NRC lacks a process for ensuring the plant operator uses competent managers. (*Nuclear Regulation: Preventing Problem Plants Require More Effective NRC Action*, GAO/RCED-97-145, May 30, 1997).

3 Senate Republicans relied on a specious document, i.e., *The Martin Report* (1995) to support the reduction of NRC staffing levels. *The Martin Report* (1995) compared NRC staffing levels with that of their counterpart in Japan and France. While these countries had half of the employees, the reported failed to: 1) Address the number of technical employees by the national government in support operations; and, 2) Generic reactor models employed by these nations.

The NRC's budget for fiscal year 1999 was slashed by 17 million by the Senate Appropriations Committee.

4 The NRC's policy shift was reflected on July 30, 1998, during Dr. Jackson testify before the Senate Oversight Subcommittee for the Nuclear Regulatory Commission. The public has witnessed a net decrease in dedicated inspector hours at nuclear stations from 3,100 to 2,500 or as Sam Collins from the NRR, noted. The new reactor oversight process would lead to a 10-15% reduction in inspection hours.

The new protocol abolished the SALP and the "Watch List" (May 5, 1999) have been abolished, and experience at Three Mile Island and Peach Bottom has clearly demonstrated, Non-Cited Violations and "traffic lights" have supplanted Violation, NOV's, civil, penalties and fines.

For their part, the Licensees have applauded the weakening of "regulatory instability." (5) At Peach Bottom, the ROP has been an economic boon. Since June 9, 1998, the NRC has issued 18 Non-Cited Violations. (*Please refer to enclosure*). The NEI estimated that the, "Elimination of Level IV violations would save the average plant \$300,000 annually in violation response expenses." (6) This bizarre logic allows that the more violations a plant accrues, the greater the financial and personnel savings. The NEI estimated that it costs the plant owner's approximately \$50,000 to respond to each Violation. By supplanting Severity Level IV Violations with Non-Cited Violations, the Commission saved PECO Energy \$900,000 from June 9, 1998 through October 22, 2000. (7) The NEI also projected annual savings in annual baseline inspections to be \$63,000. PECO's savings during refueling was at least \$100,000 in 2000. Victor Dricks, NRC spokesman, also noted that baseline inspection hours could be reduced from 350 to 900 hours per plant for an annual cost avoidance of at least \$300,000. **Simply by doing nothing, and requiring PECO Energy to do less, the NRC saved PECO/Exelon at least \$1.7 million in two years.** (8)

The "proposed" Reactor Oversight Process was presented as a *fait accompli* to the public living around Three Mile Island (TMI) on August 9, 2000. Prior to this meeting, the NRC scheduled one "public workshop" per region in hotels that were financially prohibitive and outside of affected communities. In fact, the NRC convened the public meeting **after** the "pilot program" was **completed** and "purported lessons were learned." Not one member of the public in the TMI-area supported the change in protocol. The NRC acknowledged that this meeting raised a number of substantive questions, but the Commission insisted on adhering to a rigorous time schedule and failed to address numerous issues raised by the public. (*Please refer to enclosures*).

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5 Corbin McNeill, Chairman, Exelon Corporation, Megawatt Daily, December 4, 2000.

6 "At the Core, The Effects of Nuclear Competition, *Public Utilities Fortnightly*, April 1, 1999, Volume 137, No. 7 pp. 26-32, Joseph F. Schuler, Jr, Associate Editor.

7 This is a conservative estimate. That actually savings, based on the fact hat reduced inspection hours necessarily decreased the number of identified violations, is difficult to gauge, but clearly in excess of \$900,000.

8 "At the Core, The Effects of Nuclear Competition, *Public Utilities Fortnightly*, April 1, 1999, Volume 137, No. 7 pp. 26-32, Joseph F. Schuler, Jr, Associate Editor.

I have submitted input, feedback and rulemaking suggestions as a representative of Three Mile Island Alert and the EFMR Monitoring Group at Three Mile Island & Peach Bottom for over 20 years. (9) Relations between the NRC and the local community had gradually improved to the point that quarterly meetings were regularly scheduled by former NRC Inspectors Randy Blough, Richard Conte, Frances Young and Lee Thonus. After their reassignment, the NRC expressed no interest in community interaction, and subsequent inspectors have remained aloof and toid in isolation of Delta and Middletown. Unfortunately, community confidence in the NRC has declined to levels not witnessed since the accident. Moreover, inspectors at TMI and Peach Bottom may not even be aware of the contents of Negotiated Settlements relating to the operation of Three Mile Island Unit-1 and Peach Bottom 2 & 3. *(Please refer to Enclosures).*

EFMR strongly supports Mr. Lochbaum's suggestions contained in the Union of Concerned Scientists's Petition for Rulemaking (Federal Register, March 5, 2001, Volume 66, Number 43, pp. 13267-13269) requesting that the NRC require nuclear plant owners to submit the performance indicator information needed for the NRC's reactor revised oversight program (10). UCS's comments are substantive, on point, and offer perhaps the last, best effort for the NRC to salvage its credibility.

9 Most recently I prepared the following documents: PETITION for RULEMAKING: 10 CFR CH.1 (1-1-99 EDITION)SUBPART -H §2802: PETITION to AMEND THE FINANCIAL ASSURANCE RECORD KEEPING for DECOMMISSIONING PLANNING, Parts: (a), (b), (c), (d), (e),and (f) to INCLUDE UNIFORM REPORTING and RECORD KEEPING for PROPORTIONAL OWNERS of NUCLEAR STATIONS and A REQUEST to ADOPT PETITIONER'S RECOMMENDATIONS for NUCLEAR DECOMMISSIONING IDENTIFIED in: II) STATEMENT of ISSUES: (A), (B), (C), (D), (E), and (F) REQUIREMENTS for DECOMMISSIONING NUCLEAR POWER REACTORS SECTION 50.75 REPORTING;

Before the NUCLEAR REGULATORY COMMISSION, Petition for Rulemaking filed by Eric Joseph Epstein on May 12, 2000, 10 CFR Part 50-65 Federal Register 30550, Docket No: PRM-50-70; Nuclear Energy Institute's Petition for Rulemaking, 10 CFR 51, Docket No. PRM. 51-7, Nuclear Regulatory Commission, Re: Severe Accident Mitigation Alternatives, (September 2, 1999: Volume 64, Number 170, pp. 48117-48120), Submitted on: November 8, 1999 , Eric Epstein, Chair, Three Mile Island Alert, 315 Peffer Street, Harrisburg, PA 17102;

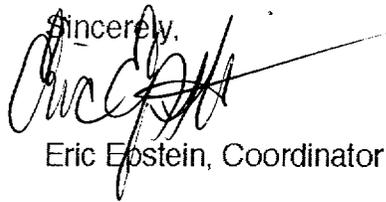
Before the NUCLEAR REGULATORY Commission; 10 CFR 50.2, 50.75, & 50.82; COMMISSION; Proposed Rule Making Amendments; RIN 3150-AF41 THREE MILE ISLAND ALERT COMMENTS on FINANCIAL ASSURANCE REQUIREMENTS for DECOMMISSIONING NUCLEAR POWER REACTORS, Eric Joseph Epstein, Chairman, Three Mile Island Alert, 315 Peffer Street , Harrisburg, PA 17102, NOVEMBER 20, 1997.

10 Ironically, legal staff at Region I have recognized the Negotiated Settlement between EFMR and AmerGen (1999), and are currently in the process of officially acknowledging the Negotiated Settlement between EFMR and PECO Energy (2000).

11 Letter from David Lochbaum, Union of Concerned Scientists, dated December 20, 2000: "Comments on Nuclear Fuel Cycle Facility Oversight Program Revision."

The NRC's recent history of co-sponsoring and underwriting industry participation, is a clear indication that the the Commission views "**public participation**" as a **regulatory burden**. (12) Citizen participation and input must not be limited to national organizations residing in Washington, D.C.. EFMR recommends that the NRC: **1) Make a concerted effort to convene meetings in communities directly affected by the NRC's decisions; 2) Establish a National Citizens Advisory Panel modeled after the body the NRC sponsored in the Three Mile Island Area** which met 78 times between November 12, 1980 and September 23, 1993; (13) and, **3) Make stipends and scholarships available for community members.**

The Nuclear Regulatory Commission contains a dedicated, skilled, and experienced work force that has, in the past, demonstrated a willingness to work with local communities. However, the Commission's Reactor Oversight Process has succeeded in restoring the corporate and regulatory hubris that permeated nuclear power production prior to the partial core melt at Three Mile Island. If the NRC's goal was to alienate the public and coddle the industry, than the Reactor Oversight Process is a resounding success. Frankly, the people who live around Three Mile Island and Peach Bottom view the ROP as myopic and "deregulated regulation". The Commission must make a concerted and good faith effort to restore public confidence, and actively involve public participation from all affected stake holders.

Sincerely,  
  
Eric Epstein, Coordinator

*Enclosures*

12 The Mid-Atlantic Utilities Licensing Workshop was **cosponsored** by the NRC and PECO Energy at the Valley Forge Hilton in King of Prussia, Pennsylvania on May 2 & 3, 2000.

The NRC also spent a great deal of time and money preparing the Risk Informed Notebooks (TAC. NO MA6544) without issuing a similar resource for the public.

13 Please refer to "Lessons Learned From the Three Mile Island Unit-2 Advisory Panel", prepared for the NRC by D. Lach, P. Bolton, N. Durbin/BSRC., R. Harty/PNL, NUREG/CR-6252, PNL-9871, BSRC-800/94/014, August, 1994.)

## **EFMR Monitoring Group**

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Eric Epstein, Coordinator

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*Revised on 12/16/00:*

## **EFMR MONITORING GROUP**

The EFMR Monitoring Network is a non-profit, non-partisan organization which monitors Three Mile Island Unit 1 (TMI) and Peach Bottom Atomic Power Stations 2 & 3. The Group was formed out of a Settlement with GPU Nuclear in 1992 relating to Post-Defueling Monitored Storage at TMI-2. In January 1999, the new owners of TMI-1, AmerGen, (PECO Energy & British Energy) agreed to terms with EFMR through 2005. Additionally, EFMR expanded its monitoring and research activities to include Peach Bottom 2 & 3 as a result of Universal Settlement relating to the merger of PECO Energy with Commonwealth Edison.

EFMR has distributed 60 Rad Alert radiation monitors (rad alerts) at 50 stations in an eight county area around Three Mile Island, including numerous colleges, high schools and community-based organizations. Several additional monitors are deployed in northern Maryland close to the York County border. In addition, EFMR will deploy 30 rad alerts in close proximity to Peach Bottom as a result of its Agreement with PECO Energy.

EFMR has worked with AmerGen, Dickinson College, the Environmental Protection Agency, Los Alamos National Laboratories' SWOOPE Program, GPU Nuclear, the Nuclear Regulatory Commission, PECO Energy, the Pennsylvania Bureau of Radiation Protection, the Susquehanna Valley Alliance, Three Mile Island Alert, and the University of Tennessee.

EFMR maintained five low-volume air samplers on the east and west shores of the Susquehanna River opposite of TMI from 1993-1999. Dickinson College Physics Department collected the filters and cartridges of these monitors on a weekly basis. Analyses performed include, but are not limited to, weekly gross beta and alpha measurements, monthly gamma isotopic analysis, weekly Iodine-131 analysis, and semi-annual Strontium-90 analysis. The last collection occurred in December 1999.

In November, 2000, EFMR deployed a low-volume air sampling station at Peach Bottom.

From 1993 through 1999, as part of the Agreement relating to TMI-2, GPU invested approximately \$900,000 in remote robotics research. PECO agreed to invest \$500,000 in robotics research over the term of its Agreement with EFMR.

PECO and AmerGen have agreed not to store spent fuel or radioactive waste from any other nuclear reactor at Peach Bottom or Three Mile Island during the terms of their Agreements with EFMR. PECO has also agreed not use Mixed Uranium Oxide (MOX) fuel at Peach Bottom 2 & 3, Limerick Nuclear Station Units 1 & 2, and Salem Nuclear Station 1 & 2.

AmerGen has ensured that its work force meets or exceeds NRC staffing requirements, and has agreed to pay excess decommissioning costs for TMI-1. AmerGen also agreed not to conduct business with any company, organization or nation that the United States of America is boycotting for economic or military reasons.

EFMR has on-line access to General Public Utilities Reuter-Stokes, gamma monitoring system. This sensitive system prints out on an hourly basis from 16 stations located four miles around Three Mile Island. EFMR continues to attend NRC exit meetings, and receive regular briefings and updates from AmerGen and PECO Energy. EFMR has on-line access to General Public Utilities Reuter-Stokes, gamma monitoring system. This sensitive system prints out on an hourly basis from 16 stations located four miles of Three Mile Island. EFMR continues to attend NRC exit meetings, and receive regular briefings and updates from AmerGen and PECO Energy.

## Non-Cited Violations at Peach Bottom 2 & 3: June 9, 1998 - October 22, 2000\*

- June 8, 1998 - "... the 3 start-up transfer became inoperable following a severe electrical storm, but this was not recognized by operators until June 22, 1998. On June 15, the inoperable 3 start-up transformer was aligned to the 2 start-up and emergency source for over nine hours to support off-site maintenance work." The NRC "treated" this event as a **Non-Cited Violation**. (IR 50-277/98-07, 50-278/98-07.)

An LER (96-005) issued on May 7, 1996, identified a similar problem.

- June 22, 1998 - "...a reactor building equipment operator discovered during routine operator rounds that the Unit-3 reactor core isolation cooling system mechanical overspeed trip tappet was not fully reset. Station personnel determined that the reactor core isolation cooling system had been inoperable since May 4, 1998 which was the last time the overspeed trip function was manipulated and successfully tested." (IR 50-277/98-07, 50-278/98-07.) The NRC "treated" this incident as a **Non-Cited Violation**.

- July 9-10, 1998 - The NRC observed "instrument and plant control personnel failed to comply with the technical specification action time requirements for placing 'A' channel of the main control room emergency ventilation (MCREV) system in trip within six hours of making the channel inoperable... This non-reporting, licensee identified and corrected violation is being treated as a **Non-Cited Violation**..." (IR 50-277/98-02, 50-278/98-02.)

- August 24, 1998 - The torus/drywell vacuum breaker "lost its 'seated' indication." Six days later, although required by technical specifications, "operations personnel determined that the actions to verify that the vacuum breakers were closed had not been performed..." (IR 50-277/98-08, 50-278/98-08).

The NRC "treated" this problem as a **Non-Cited Violation**.

- November 7, 1998 "...operations personnel in the Unit 2 control room observed that the megawatt electric output did not agree with the reactor core thermal power." (IR 50-277/98-11, 50-278/98-11.) The NRC "treated" this incident as a **Non-Cited Violation**. (This was the *fifth* **Non-Cited Violation** since June 1998. Please refer to November 30, 1998, and July 27, 1999, for more data on "**Non-Cited Violations**".)

- November 30, 1998 - "...inadequacies in a breaker manipulation procedure lead to an unexpected loss of one off-site power source and several emergency safety feature actuations." (IR 50-277/98-11, 50-278/98-11). The NRC "treated" this incident as a **Non-Cited Violation**. (This was the *sixth* **Non-Cited violation** since June 1998). (Please refer to November 7, 1998, and April 6 & July 27, 1999, for data on "**Non-Cited Violations**".)

- April 6, 1999 - Security staff "detected a disabled a vital door area door alarm in Unit 3. The door alarm function was disabled for approximately six days... This Security Level Violation IV is being treated as a **Non-Cited Violation**, consistent with Appendix C of the NRC Enforcement Policy. (This was the *seventh* **Non-Cited Violation** since June 1998). (See November 30, 1998, for related events.) (NCV-50-278/99-0401)." (IR 50-277/99-04; 50-278/99-04).

**\* All information in this document was derived from reports prepared by the Nuclear Regulatory Commission.**

- July 27, 1999 - The NRC found two Severity Level IV violations during an inspection, but classified the infractions as ". (This was the *eighth Non-Cited Violation* since June 1998. See November 7 and 30, 1998 and April 6, 1999, for other "**Non-Cited Violations.**").

"The first NCV involved the inadvertent loss of the Unit 3 Auxiliary Transformer and associated fast transfer of four 4KV emergency busses due to inadequate equipment configuration control management by your operating staff [May 21, 1999.] The second NCV involved nonconformances to Peach Bottom Fire Protection Plan which were self-identified by PECO engineering personnel during comprehensive reviews of the Fire Protection Plan." (NRC, Curtis J. Cowgill, Chief, Projects Branch 4, Division of Reactor Projects.)

- September 30, 1999 - A turbine trip, followed by a scram, occurred at Unit 2. "Following the reactor scram...a heatup rate of 170 degrees in 45 minutes occurred in the 2A recirculation loop. The root cause of this event, as presented in the licensee event report, was in error and will be revised to reflect that the unreliable bottom head drain temperature indication prevented starting the recirculation pump."

Deemed a Severity Level IV Violation, the NRC downgraded the event to a **Non-Cited Violation**. This was the *ninth Non-Cited Violation* since June 1998.(IR 050277/99008, 05000278/99008.)

- November 8, 1999 - during an NRC inspection, two violations relating to Engineering Support of Facilities and Equipment were identified:

"The failure to adhere to procedural requirements in the performance of ultrasonic testing of safety-related components were identified by the inspectors as a violation of NRC requirements...The failure to include two core spray system welds in the ISI program plan was an violation..."

Both violations were downgraded and rated as **Non-Cited Violations**. This was the *tenth Non-Cited Violation* since June 1998.

- November 11, 1999 -A **Non-Cited Violation** was identified when the "2B CS pump room cooler failed to start during a routine quarterly surveillance test. Operations personnel determined that the room cooler fan switch was not fully turned to the 'run' position which prevented the fan from starting automatically when the pump was started." PECO also filed a LER. This was the *eleventh Non-Cited Violation* since June 1998. (IR 05000277/1999009, 05000278/1999009 & 07201027/1999009.)

- December 2, 1999 - "...during a review of an RHR logic system functional test procedure prior to a planned test, operations personnel discovered that the test procedure simultaneously caused all four pumps to be incapable of starting automatically for a period of approximately two hours" (IR 05000277/1999009, 0500278/1999009 & 0720/1999009.)

The NRC issued a **Non-Cited Violation**. This was the *twelfth Non-Cited Violation* since June 1998.

- April 25, 2000 - The NRC "determined that PECO Nuclear did not confirm or verify that the leak testing gauges used for preparation of a Type B shipping cask...conformed to accuracy requirements...The issue of PECO Nuclear's ability to assure proper closure and leak testing of shipping casks is more than a minor issue since such inabilities could be a precursor to more significant events."

The NRC deemed this infraction a **Non-Cited Violation**. This was the *thirteenth Non-Cited Violation* since June 1998.(IR 05000277 & 278/2000-002). (See June 28, 1999 & August 3, 2000, for related incidents.)

- August 7, 2000 - Unit 3 "automatically shutdown from 100% power when a one inch instrumentation rack root valve packing gland follower failed and caused a false reactor low level input into the RPS [reactor protection system]. The failure occurred when the packing gland follower broke into two pieces allowing package leakage of contaminated reactor coolant system water from the instrumentation piping. The leak was immediately isolated by actuation of the excess flow check valve in the instrumentation piping line. Unit 3 also experienced Groups II and III primary containment isolation valve closures due to the false reactor low level signal."

The NRC issued a **Non-Cited Violation**. This was the *fourteenth Non-Cited Violation* since June 1998.

The NRC also criticized PECO's corrective action program: "Two previous packing gland follower cracking incidents had occurred on similar valves at the facility during the past eighteen months. The most recent packing gland follower cracking event occurred on a **similar Unit 3 root isolation valve on May 28, 2000 and resulted in the leakage of** contaminated reactor coolant system water outside of the primary coolant. Leakage of contaminated reactor coolant system water outside of the primary containment is a significant condition adverse to quality. The identification of this significant condition adverse to quality was not adequately documented in PECO's corrective action system, and as a result, the cause of the condition was not determined, corrective actuation was not taken to prevent repetition, and generic concerns with potential packing gland follower cracking on other valves were not addressed." (IR 05000277 & 278/2000-008)

The NRC issued a **Severity Level IV violation** "related to the identification and resolution of problems on leakage of contaminated reactor coolant system water caused by cracking of instrument root valve packing gland followers."

- August 22, 2000 - The NRC issued a **Non-Cited violation** related to "inservice tests for the standby liquid control pumps. A two-minute wait was not mandated, as required in the applicable Code, by the test procedure before pump flow and pressure measurements were recorded. Because of the very low safety significance, the violation was non-cited." This was the *fifteenth Non-Cited Violation* since June 1998. (NRC, Wayne D. Lanning, Director, Division of Reactor Safety, IR 05000277 & 278/005.)

- September 16, 2000 - Three workers failed to follow oral and written instructions, and "either worked in proximity of, passed through, or transported radiation shielding materials through elevated radiation fields (up to 13.9 R/hr) in the drywell. As a result, one of the workers did not contact radiation protection personnel upon alarm of the dosimeter, also as specified in written and oral radiation protection instructions.

"This issue was considered to be of very low safety significance...a **Non-cited violation**" was issued. This was the *sixteenth Non-Cited Violation* since June 1998.

(IR 05000277 & 278/2000-010.)

- October 1 through November 18, 2000 - "Emergency service water (ESW) system check valve 2-33-514 failed [sic] open, allowing safety-related ESW flow to be partially diverted from emergency diesel generators(EDGs) and emergency core cooling system room coolers. The inspectors and the licensee identified that this risk important component had not been included in a preventive maintenance program.

"This issue caused the ESW system and the EDGs to be degraded for a period of up two years. This finding was of very low safety significance because, although the ESW flow rate to the EDGs was below the design basis minimum value engineering personnel determined that the EDGs would have remained available during accident conditions." A **Non-Cited Violation was issued.**" This was the *seventeenth Non-Cited Violation* since June 1998. (See September 28, 2000, for a related incident.) (IR 05000277 & 278/2000-012.)

- October 22, 2000 - "...the failure of the Unit-2 'H' torus/drywell vacuum breaker to fully close during surveillance testing rendered primary containment inoperable... Unit load was reduced to 16% due to an inoperable torus/drywell vacuum breaker...Because of the very low safety significance of this item and because the licensee has included it in their corrective action program (PEP 10011883), this procedure violation is being treated as a **Non-Cited Violation.**" This was the *eighteenth Non-Cited Violation* since June 1998 (IR 05000277 & 278/2000-012.)



Index

News  
Local, State,  
National/World

Sports  
Local, State,  
National/Pro

Classifieds  
Find Housing  
Find People  
Find Things  
Find a Job

Features  
Horoscopes  
Genealogy  
Guestbook  
Community  
Opinion

Search

Travel  
Attractions, Lodging  
Driving Tips

Shopping  
Printing Services

Automotive  
Buy, Finance

Search made simple

Thursday, August 10, 2000

the page

## NRC Hearing: New Safety Inspection Procedures

By Tom Diana  
Press-Journal Staff

The Nuclear Regulatory Commission (NRC) held a public hearing on the evening of Aug. 2 at the Middletown Area High School library. The hearing was held to allow public input into new safety inspection procedures recently adopted by the NRC regarding nuclear power plants. The meeting was attended by NRC staff, state and local officials, and several citizens active in matters involving Three Mile Island (TMI) and nuclear power.

John Roggee, the manager responsible for NRC inspectors at TMI, opened the public meeting with a presentation on the new safety procedures. Roggee mentioned that the new procedures were put into place this past April after a two-year pilot project among 13 nuclear power plants across the country. TMI was not one of them. He explained

that safety inspection procedures have become less detailed and focused on the more important issues of power plant safety that are "risk significant." The NRC defines it as "those activities and systems that have a potential to trigger an accident, can mitigate the effects of an accident, or increase the consequences of a possible accident." "[NRC inspectors] will be focusing on the most key issues of safety and not every issue that comes along," Roggee said. Neil Sheehan, public affairs officer for the NRC, said, "Instead of inspectors being tied up with areas of low significance they're going to go after the big ticket items," he said. "It gives more time for our inspectors to concentrate on safety issues."

Negative criticism of the new inspection procedures was leveled by some members of TMI Alert, a citizen watchdog group formed after the 1979 nuclear accident at the TMI- unit 2. Eric Epstein, chairman of TMI Alert contended that reducing the list of items that are inspected and must be addressed by nuclear plant operators provides them an opportunity to save costs associated with governmental safety regulation. "It's been a significant cost avoidance for the utilities and let's be frank," he told NRC staffers. In a follow-up interview, Epstein argued that with fewer matters being inspected fewer violations would be reported. "To respond to a violation is [costs a utility] \$50,000." More importantly, Epstein argued that the less significant safety issues not being monitored by NRC inspectors could pose a major safety risk later on. "That's a problem because the little things add up to big problems," he said. "I think it's going to take something unfortunate to happen for people to wake up."

According to Epstein the new inspection procedures rely on the utilities to report any safety problems not being reviewed by NRC inspectors. "I'm wondering how you can base a regulatory process on a voluntary system," Scott Portzline, chairman of security for TMI Alert told NRC staff. A. Randy Blough, of the NRC, told the concerned citizens that civil penalties and criminal prosecution could be imposed upon utilities that willfully withhold information on any safety violation. "We still have full-time inspectors at a plant and they know what's going on," Bough said. Portzline accused the NRC of not having the political will to take a tough stance toward utilities that are negligent on nuclear safety.



Press-Journal Photo/Tom Diana  
SETTING THE RECORD STRAIGHT - Eric Epstein, of TMI Alert, makes a strong point at the public hearing held on Aug. 2 at the MAHS library

Good  
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Article

"The new regulatory process is not going to be very different from the past when you don't have the guts to shut down a plant and you don't have clearly defined criteria for when you do [have to shut down a plant]," he said. Roggee said that the NRC would change its inspection procedure to look into areas, not being currently monitored, where safety problems exist.

Jane Lee, who lives on a farm in Eiters, expressed her fears over the health of those living around nuclear power plants. According to Lee, two members of the family that owns the farm had been outside when radioactive fallout was released from the damaged reactor at TMI. They later developed cancer and died, one 10 years ago and one couple of months ago. She attributes their cancers to the TMI accident. Lee wants stricter standards put into place about notifying the public when an incident occurred at a nuclear power plant. "We don't want to know 24 hours after the fact," she said in reference to the TMI accident. "We want to know immediately. I'm talking about from what happened and history can repeat itself. I want to see the NRC put something in place." Blough reiterated his contention that current regulations provide sanctions against utilities for safety violations including withholding information from the public about a nuclear event at a reactor. "We have options available," he said. Epstein argues those options are rarely, if ever, invoked. "They give the utilities every break possible," he said. "They're absolutely unwilling to take any civil or criminal actions against the utilities."

Roggee noted the meeting presentation in Middletown was lengthy. "This was the longest presentation I've done so far," he said. However, despite its length it is doubtful the NRC staff and citizen activists agreed on what was needed to safeguard the public's safety. Sheehan explained that the new procedures were put in place after a long review process that invited input from all parties including the Union of Concerned Scientists. Epstein contends that the nuclear power industry and Republicans in the U.S. Senate lobbied to get the relaxed inspection procedures in place. He views the new procedures as retreating from regulatory oversight by the government. "Essentially we've taken the position that the state and federal governments have abandoned their mandate. Therefore, we deal directly with the utilities," Epstein said.

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# PECO ENERGY

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Senior Vice President  
and General Counsel

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Ronald L. Zack  
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PECO Energy Company  
2301 Market Street  
PO Box 8699  
Philadelphia, PA 19101-8699  
215 841 5544  
Fax 215 568 3389

Direct Dial: 215 8414941

September 26, 2000

**FedEx 8186 0728 4389**

Mr. Eric J. Epstein  
4100 Hillsdale Road  
Harrisburg, PA 17112

Re: Clarification of Obligations Under the Nuclear Decommissioning and Waste  
Monitoring Agreement between Eric J. Epstein and PECO Energy  
Company

**RECEIVED**  
**SEP 29 2000**  
**KENT D. MURPHY**

Dear Eric:

Enclosed are two sets of documents, a letter agreement and Appendix B, executed by PECO's representative, Thomas P. Hill, Jr. Please sign both original sets, keep one set, and return one fully-executed set to me using the return FedEx airbill provided.

Please call me if you have any questions regarding this matter.

Sincerely,

*Kent D. Murphy/mtg*  
Kent D. Murphy

KDM/mtg

Enclosures

*9/29/00  
Eric:  
Please keep this  
original for your  
records. Thank you.*



**Thomas P. Hill, Jr.**  
Vice President  
Regulatory and External Affairs

---

PECO Energy Company  
2301 Market Street  
PO Box 8699  
Philadelphia, PA 19101-8699  
215 841 5802  
Fax 215 841 6866

September 26, 2000

Mr. Eric J. Epstein  
4100 Hillsdale Road  
Harrisburg, PA 17112

Re: Clarification of Obligations Under the Nuclear Decommissioning and Waste Monitoring Agreement between Eric J. Epstein and PECO Energy Company.

Dear Mr. Epstein:

Pursuant to your oral agreement of September 20, 2000, this letter agreement is intended to clarify the respective obligations of PECO Energy Company ("PECO") and Eric J. Epstein ("Mr. Epstein") under the Nuclear Decommissioning and Waste Storage Agreement ("NDWSA") executed contemporaneously herewith.

Specifically, Mr. Epstein and PECO have come to an agreement regarding certain previously unresolved issues related to their respective obligations to deliver, install, maintain, retrieve, change-out and mail air-filters, and ensure proper calibration and operation of the Low-Volume Air Sampler referenced in Section 8 of the NDWSA.

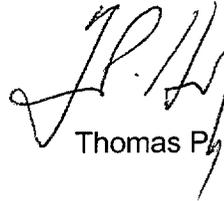
As agreed, the responsibility of the parties to perform such tasks shall be allocated as follows:

1. Mr. Epstein or EFMR shall be responsible for delivering, and bearing the cost of delivering, a calibrated Low-Volume Air Sampler to the site of the Peach Bottom Atomic Power Station ("Peach Bottom").
2. Mr. Epstein or EFMR shall be responsible for providing, and bearing the cost of providing, all air-filters to be used in the Low-Volume Air Sampler delivered by Mr. Epstein pursuant to paragraph 1.
3. Upon delivery by Mr. Epstein or EFMR, PECO shall be responsible for installing, and bearing the cost of installing, the Low-Volume Air Sampler in the former guard shack located in the parking lot near the entrance to the Peach Bottom site and insert the initial air filter.
4. Once installed by PECO, Mr. Epstein or EFMR shall be responsible for ensuring, and bearing the cost of ensuring, that the Low-Volume Air Sampler remains calibrated and maintained in proper order and that the guard shack is clean and well maintained for the purpose of the Low-Volume Air Sampler.

5. PECO shall be responsible, on a biweekly basis, for retrieving, changing-out and mailing the used Low-Volume Air Sampler air-filter to Dr. John L. W. Luetzelschwab at Dickinson College, Department of Physics and Astronomy and bearing the cost thereof.
6. Reasonable costs incurred by Mr. Epstein or EFMR for discharging the responsibilities set forth in above item Nos. 1,2, and 4 shall be deemed Authorized Activities pursuant to Section 5(7)(a) of the NDWSA.
7. PECO shall accept no responsibility for, or cost related to items Nos. 1, 2 and 4 that exceeds the amount set forth in Section 5(7)(c) of the NDWSA.

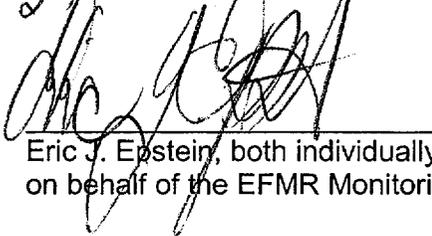
Should you agree that this letter properly clarifies the agreement between the parties as to the above item Nos. 1-7, please place your signature in the space provided below. Should you have any further questions, please call me.

Sincerely,



Thomas P. Hill, Jr.

Agreed and understood this  
27 day of September 2000.



Eric J. Epstein, both individually and  
on behalf of the EFMR Monitoring Group

cc: Kent D. Murphy

APPENDIX B

**NUCLEAR MONITORING AND WASTE STORAGE AGREEMENT**

This Settlement Agreement (the “Agreement”) is made between Eric J. Epstein (“Mr. Epstein”), and PECO Energy Company, its successors and assigns (“PECO”), and is based on the following recitals, all of which are hereby agreed to be true:

RECITALS

A. PECO Energy Company has ownership interests in Peach Bottom Nuclear Station Units 1, 2, and 3; Limerick Nuclear Station Units 1 and 2, and Salem Nuclear Station Units 1 and 2 (“PECO Nuclear Plants”).

B. PECO has made a filing at the Pennsylvania Public Utility Commission, in Docket No. A-110550F0147, in which it has requested authorization to transact a corporate restructuring and a merger with Unicom Corporation (“PECO Merger Proceeding”). As a result of that filing, PECO intends to create a parent holding company (“Exelon”), as contemplated by the Amended and Restated Agreement and Plan of Exchange and Merger, dated as of January 7, 2000 Among PECO Energy Company, NewHoldco Corporation and Unicom Corporation, or any successor agreement thereto. In that connection, PECO intends to transfer its ownership interest in the PECO Nuclear Plants to an affiliated electric generation company (“Exelon GENCO”); file one or more applications to extend or renew one or more of the operating licenses of the various nuclear generating units included in the PECO Nuclear Plants; and file one or more applications to enlarge or otherwise expand the radioactive waste storage capacity located at any one or more of the PECO Nuclear Plants nuclear station sites (the proceedings initiated to address license extensions and storage capacity expansion shall be referred to herein as “Other Nuclear Application Proceedings”).

C. Mr. Epstein has an interest in the continued safe operation of PECO Nuclear Plants, is an intervenor to the PECO Merger Proceeding and is prepared to file, and to encourage others to file a petition for leave to intervene and opposition in any one or more of the License Transfer Proceedings and the Other Nuclear Application Proceedings.

D. Through this Agreement, PECO and Mr. Epstein wish to resolve Mr. Epstein's concerns about the License Transfer Proceedings and the Other Nuclear Application Proceedings, and settle all possible claims and disputes of any nature between Mr. Epstein, on the one hand, and PECO, on the other hand, relating in any way to the proposed corporate restructuring and merger with Unicom; all License Transfer Proceedings initiated in connection with the corporate restructuring or merger; and any of the Other Nuclear Application Proceedings filed within the five-year term of this Agreement

E. This Agreement is also intended in order to, among other things, provide for the payment by PECO of costs associated with certain Authorized Activities, as defined herein, related to the PECO Nuclear Plants which will be undertaken by or on behalf of Mr. Epstein in accordance with any statutory or regulatory requirements which are or may hereafter become applicable to this Agreement.

NOW, THEREFORE, recognizing that it is in the public interest to provide for the timely dissemination and availability of information regarding the operation of the PECO Nuclear Plants and the ability of the community living or working in the vicinity of those plants to monitor their environment, and in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby represent, warrant and agree as follows:

1. Term of Agreement. Except as otherwise provided in this Agreement, the term of this Agreement, and the parties' rights and obligations under this Agreement, shall be for a period of five (5) years, commencing on the Exelon Merger Effective Date, and ending on the fifth anniversary thereof, unless otherwise extended by mutual agreement of the parties hereto. The Exelon Merger Effective Date shall be the calendar date on which the corporate restructuring and

merger involving PECO Energy Company and Unicom Corporation, as contemplated by the Exelon Merger Agreement, becomes effective. PECO agrees to provide Mr. Epstein with notice identifying the Exelon Merger Effective Date.

2. Status of Petition for Leave to Intervene. Upon the execution of this Agreement, Mr. Epstein represents and warrants that he will neither 1) file, nor encourage others to file, a petition for leave to intervene or express opposition in any License Transfer Proceeding or any Other Nuclear Application Proceeding(s), nor 2) file, nor encourage others to file, a complaint, petition for leave to intervene in any proceeding, or express opposition before any agency or court related to any License Transfer Proceeding or Other Nuclear Application Proceeding(s), either on his own behalf or on behalf of any group with which he is affiliated.

3. Absence of Contested Proceeding. This Agreement and all of PECO's performance obligations under this Agreement are absolutely conditioned upon the absence of any contested proceeding, before the NRC or before any reviewing court, challenging any aspect of any proposed license transfer made in connection with the corporate restructuring or merger with Unicom. Notwithstanding this Agreement, in the event that a hearing is otherwise ordered by the NRC or a complaint or petition for review initiating a lawsuit is filed in any court which seeks to challenge any aspect of the proposed license transfer, this Agreement will become voidable at the option of PECO.

4. Recognition of EFMR Monitoring Group

(1) PECO recognizes that Mr. Epstein and the EFMR Monitoring Group at Peach Bottom, hereinafter referred to as the "Group," have a special interest in the continued safe operation of the Peach Bottom Atomic Power Station ("Peach Bottom"). For the purposes of maintaining continuity and enhancing community awareness of Peach Bottom during the term of this Agreement, PECO will recognize the Group.

(2) The Group shall report to a Board consisting of three (3) persons, and Mr. Epstein or his designee will be the Coordinator of the Group and the Board.

(3) Excluding Mr. Epstein, all Group members must live or work in the geographic vicinity of Peach Bottom (i.e., within a twenty-five (25) mile radius of Peach Bottom). Board members will be proposed by Mr. Epstein, PECO or other members of the community living or working in the geographic vicinity of Peach Bottom. All Board members must be approved by PECO and Mr. Epstein, but approval of proposed Board members will not be unreasonably withheld by either party.

(4) The Group will not be recognized or discussed in the Peach Bottom Technical Specifications or FSAR or in any other NRC-authorized or NRC-licensed program.

(5) At the end of the initial five year term of this Agreement, the Board may recommend that PECO continue its recognition of the Group. Based on any such recommendation, PECO may choose, in its absolute, unreviewable discretion, to continue recognition of the Group beyond the initial five year term of this Agreement.

#### 5. Benefits to Which the Group is Entitled

(1) General Status. The Group is not generally entitled to any special benefits or privileges not available to the general public. The only benefits and privileges available to the Group are those specified in this Agreement.

#### (2) Reports, Etc.

(a) The Group will be entitled to receive from PECO copies of its Annual Radiation Environmental Operating Report(s) and its Annual Environmental Report within ten days of their issuance by PECO, or receipt by PECO, as applicable. PECO will also forward copies of the Exelon Annual Report to Shareholders and the Mason Dixon Report on a timely basis.

(b) The Group will also be placed on a mailing list for receipt of copies of all PECO press releases related to Peach Bottom and other information provided to the media relating to Peach Bottom in a timely manner.

(3) Annual Briefing. PECO will provide the Group with an annual briefing related to Peach Bottom. For the purposes of this Agreement, the annual briefing shall be scheduled to take place at the same time and location as the annual briefing to EFMR at Three Mile Island

under the certain "Settlement Agreement" dated January 9, 1999, between Mr. Epstein and AmerGen Energy Company, L.L.C., relating to Three Mile Island Unit 1 (TMI-1). Within thirty days prior to the scheduled date of such briefing, the Group will provide PECO with a list of the specific topics which it wants PECO to cover at the briefing. PECO will provide a general overview of Peach Bottom operations during the past year at the briefing and make a good faith effort to cover all of the designated topics, respond to specific questions at the briefing, and provide appropriate follow-up information to the Group.

(4) Certain NRC Meetings. Subject to applicable NRC restrictions and requirements, PECO will provide the Group with at least seventy-two hours advance notice of, and an opportunity to attend, any public meeting with the NRC with respect to Peach Bottom regarding the following subject areas: (a) core-shroud or core cooling system issues; (b) radioactive waste issues, including but not limited to, low level waste, high level waste, and spent fuel issues; (c) security issues; and (d) radiation monitoring.

(5) Other Information in the Event of NRC Shutdown Order. In the event that the NRC issues an Order requiring the shutdown of Peach Bottom, other than a generic Order affecting all plants or all plants of a specific class or type, PECO agrees to provide the Group with access to the following information, subject to the terms and conditions set forth below:

(a) Within a reasonable time after receipt of a written request from the Group, PECO shall make available for review by authorized Group representatives copies of any INPO Final Site Evaluation Reports relating to Peach Bottom or INPO Final Corporate Support Evaluation Reports relating to Peach Bottom which were given to PECO during the prior twelve (12) month period. The Group may review such reports once during the calendar year. PECO will excise from INPO Final Corporate Support Evaluation Reports any references to plants other than Peach Bottom. Authorized Group representatives shall include Mr. Epstein and other Group representative(s) specifically authorized by PECO. PECO's authorization may not be unreasonably withheld.

(b) Any review of INPO reports conducted by Group representatives pursuant to this Agreement shall be subject to the following conditions:

(i) Any review of INPO reports shall be made at PECO's offices in the presence of PECO representatives. The Group's representative(s) will not request or otherwise obtain copies of any or all of a report, but they may take notes while reviewing a report.

(ii) Any notes taken by the Group's representatives during a review of an INPO report may be viewed solely by Group personnel, and shall at all times remain in the physical custody, protection and control of the Group.

(iii) Neither the Group, nor the Group representative(s) who reviewed any INPO report, may disclose to any persons (other than members of the Group), or otherwise publicize any information obtained from any review of an INPO report. The Group, however, may make comments to the NRC which include factual information obtained from the review of an INPO report, may disseminate copies of any official written comments made to the NRC, and may publicly provide information necessary to explain those official written comments. The Group shall not, however, make statements stating or paraphrasing conclusions or observations in any INPO report, nor otherwise reveal confidential information contained in any INPO report.

(iv) Notwithstanding any provisions in Paragraph 5.(5)(b)(iii) immediately above, neither the Group nor its representative(s) may disclose to any persons, other than the members of the Group or the NRC, the names of any persons contained in any INPO report or any information from which identification of such persons could reasonably be made. In the event any comments made to the NRC pursuant to Paragraph 5.(5)(b)(iii) immediately above include the names of any persons contained in any INPO report, or any information from which identification of such persons could reasonably be made, the Group shall (x) request in advance that the NRC keep such names or information confidential pursuant to 10 CFR §§ 2.790, 9.17, and (y) not release any copies of its official written comments without excising those names or such information from the comments.

(v) Before any representative of the Group may review any INPO report pursuant to this Agreement or view any notes taken in connection with such a review by any Group representative(s), such person shall first advise PECO in writing that he or she has

read and understands Paragraph 5.(5) of this Agreement and all subparts thereof and agrees to be bound thereby.

(6) Certain Equipment and Services. The Group will be entitled to the benefits discussed in Section 8 of this Agreement regarding certain equipment and services to be provided by PECO. Costs allocated to PECO under Section 8 will not be charged to the Group's budget.

(7) Budget.

(a) PECO will provide the Group with an annual budget to be used to defray the reasonable administrative expenses of the Group directly related to its expressed intent to monitor Peach Bottom activities through the appropriate use of Rad Alerts and Low-Volume Air Samplers. The annual operating budget will consist of thirteen thousand dollars (\$13,000.00) per year, indexed to inflation as described in Paragraph 5.(7)(d). Reasonable administrative expenses would include, for example, reasonable expenses for payments for statistician and/or newsletter editorial services, the purchase of computers, computer upgrades, printers, software, computer supplies, photocopying machine, facsimile machine, a dedicated telephone line and answering machine, file cabinets, batteries, and other office equipment and supplies (*e.g.*, pencils, pens, paper clips, envelopes, letterhead postage), service contracts for maintenance of such equipment, and reimbursement for reasonable expenses incurred in traveling related to the Group's monitoring activities. Any use of the budget for reimbursement for fuel expenses must be supported by a written log including, at a minimum, the date of trip, the points of origination and destination, and odometer readings before and after the trip. This listing of examples of expenses that are or are not covered by the Group's budget is not intended to be exhaustive. However, no part of the budget shall be used for the payment of salaries, benefits, or any other form of direct or indirect compensation for any member or agent of the Group or for the payment of legal fees or expenses, consultant fees or expenses, or expert fees or expenses, except that the Group may use part of the supplemental payment pursuant to Paragraph 5.(7)(b) for the purpose of compensating Mr. Epstein for his time and reasonable expenses in negotiating this Agreement. PECO reserves the right to determine whether specified expenses not listed above are reasonable administrative expenses. The Group will resolve any reasonable doubts regarding the allowance of any expense by seeking PECO's approval of the expense in advance. The Group will use all

funds paid to the Group under this Section and all earnings accumulated or to be accumulated thereon (the "Funds") for the purposes described in this paragraph (the "Authorized Activities").

(b) Within thirty (30) days after the Exelon Merger Closing Date, PECO will pay Mr. Epstein on behalf of the Group, in the form of a check made out to Mr. Epstein the amount of twelve thousand eight hundred twelve dollars and ninety-seven cents (\$12,812.97), as a supplemental payment for purposes of funding the Group's continuation of activities pursuant to the Settlement Agreement dated September 14, 1992 between Mr. Epstein and GPU, subject to the terms of this Agreement.

(c) Within thirty (30) days of the commencement of the initial term of this Agreement, PECO will pay, in the form of a check made out to the Group, the amount of thirteen thousand dollars (\$13,000.00). In each succeeding year on the anniversary date thereof, PECO will pay, in the form of a check made out to the Group, the amount of thirteen thousand dollars (\$13,000.00), increased for inflation as provided Paragraph 5.(7)(d) below, subject to receipt of a certificate, satisfactory in form and substance to PECO as described in Section 5.(7)(e) below, and subject to any credit recognized pursuant to Section 5.(7)(g) below.

(d) Following the first payment made after the commencement of the initial term of this Agreement, the annual budget in each year shall be increased from the budget in the prior year, to adjust for inflation, at the rate of 5% per annum,.

(e) The Group will provide to PECO, not later than thirty (30) days prior to the completion of each fiscal year, a certificate, signed by a duly authorized representative of the Group, which shall include the following:

(i) A statement that all Funds provided by PECO were used for reimbursement of costs of Authorized Activities as described in the Agreement;

(ii) An identification (in sufficient detail to permit audit thereof in accordance with this Agreement) of the work services, materials and equipment and related costs performed, rendered or acquired in connection with the Authorized Activities which gave rise to the costs for which the Funds were used; and

(iii) A cumulative year-by-year summary of the Funds, identifying original funds provided by PECO and interest or other earnings.

(f) The Group shall maintain reasonable accounting and other records of the Funds and the expenditures made by the Group for the Authorized Activities which shall be made available for examination by PECO or its duly authorized representative upon request.

(g) The Group's first fiscal year will commence on the date the funds are received from PECO and will conclude on the last day of the same month plus one year. Subsequent fiscal years will be on a succeeding twelve (12) month basis. Expenses incurred but not yet paid for can be reported in the year incurred or actually paid, provided the reporting of the expense is consistently applied across fiscal years. With the exception of reimbursement for expenses reported in the year incurred, any funds not spent in one fiscal year will be counted as a credit against the next year's payment of the Group's budget.

(h) At the end of the last fiscal year for which PECO has agreed to recognize the Group, the Group will provide to PECO the certificate described in Section 5.(7)(e) above. The Group will reimburse PECO for any funds expended during the last fiscal year which are found not to relate to the Authorized Activities. All funds not spent by the Group will be returned to PECO within forty-five (45) days following the end of such last fiscal year.

(i) PECO shall have the option to extend the term of this Agreement by a term of at least one year after the end of its initial five year term. If PECO chooses not to exercise such option, PECO shall pay, in the form of a check made out to the Group, the amount of five thousand dollars (\$5,000.00) for purposes of winding up the affairs of the Group. This amount is not subject to adjustment for inflation as provided in Paragraph 5.(7)(d) relating to the Group's annual budget.

6. Robotics Research. PECO agrees that it shall expend at least \$500,000 during the term of this Agreement for the purpose of targeted research into the use of robotics in the topical areas of nuclear generation plant radiation exposure management and nuclear plant decommissioning technology. PECO will provide the Group a report into such activities at the annual briefing provided in connection with Section 5(3) above but shall have complete discretion into how such funds will be expended.

7. Use of Mixed Uranium (MOX) Fuel. During the term of this Agreement, PECO shall refrain from the use of MOx fuel in any nuclear reactor included in the PECO Nuclear Plants.

8. Equipment, Installation, and Access.

(1) PECO will supply the Group with thirty (30) new Rad Alerts at a cost not to exceed \$230 per Rad Alert, plus postage, and reimburse the Group for the cost of one Low-Volume Air Sampler (\$7,900).

(2) PECO will reimburse the Group for the cost (not to exceed \$250) of installing the Low-Volume Air Sampler at a site at Peach Bottom that is chosen by the Company.

(3) PECO will provide access to the Low-Volume Air Sampler during the weekday hours of 9AM-5PM for the purposes of ensuring that the Low-Volume Air Sampler is properly calibrated and otherwise operating properly.

9. Community Responsibility and Corporate Culture.

(1) PECO is committed to corporate involvement and investment in the local community proximate to Peach Bottom and will increase the current level of community spending by at least five (5) percent per annum commensurate with the existing practices of PECO in connection with the safe operation of Peach Bottom. PECO will provide an accounting of such spending at the annual briefing described in section 5.(3) above.

(2) PECO will continue to participate in industry groups such as INPO and the BWR Vessel Group, to the extent such participation is consistent with good utility practices.

(3) PECO also recognizes that the safe and reliable operation of Peach Bottom requires the maintenance of a highly skilled and technically qualified workforce, and it is therefore committed to maintain a highly skilled and technically qualified workforce of sufficient number to be consistent with good utility practices.

10. Storage of Spent Fuel/Radioactive Waste. PECO agrees that, during the term of this Agreement, PECO will not store at the Peach Bottom site spent fuel or radioactive waste from any nuclear reactor other than those located at the Peach Bottom site.

11. Acknowledgment By NRC Staff. Although PECO and Mr. Epstein agree that the NRC Staff will have no obligations or duties of any kind whatsoever arising under the provisions of this Agreement, the parties have agreed to jointly recommend to the NRC Staff that the NRC Staff acknowledge receipt of this Agreement upon the approval of the proposed license transfer by the NRC. Mr. Epstein and the Group further agree that the NRC will have no obligation to implement, enforce, or supervise any of the terms, conditions, or duties created by this Agreement as a result of such acknowledgment.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties and no other agreement with regard to the matters herein shall be binding on the parties except by written amendment to this Agreement. Except for the terms and conditions enumerated in this Agreement, the parties hereby acknowledge and agree that none of the parties has made any other promises, warranties or representations to any other party hereto regarding any aspect of the settlement of the matters referred to in this Agreement, and that any such promises, warranties, or representations that may be alleged to have been made are hereby merged herein.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed one and the same instrument.

14. No Presumption Against the Drafters. This Agreement shall be deemed to have been drafted jointly by PECO and Mr. Epstein and shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted.

15. No Admissions. Neither the drafting or execution of this Agreement nor anything contained herein is intended to be, or shall be deemed to be, an admission of fact by any party with respect to any matter relating to the proposed license transfer.

16. Further Assurances. Mr. Epstein and PECO will execute, after the execution of this Agreement, all documents reasonably necessary to effectuate the intent of this Agreement.

17. Successors, Assigns, Etc. This Agreement is binding upon and for the benefit of Mr. Epstein and PECO and their respective heirs, executors, administrators, successors, and assigns, wherever the context requires or admits.

18. Sole Benefit. Subject to the provisions of Section 16 of this Agreement, it is the intention of the parties that this Agreement and all of its conditions and provisions are for the sole benefit of Mr. Epstein and PECO, and for the benefits of no other person. Nothing expressed or referred to in this Agreement is intended or shall be construed to give any person other than Mr. Epstein or PECO any legal or equitable right, remedy, or claim under, or in respect to, this Agreement or any of its provisions.

19. Reservation of Rights. Notwithstanding any provision in this Agreement, nothing herein shall abridge the right or ability of any party to this Agreement, or any employee, member, consultant or contractor of any party, or any group or member of the public to appear before the NRC, and nothing herein shall abridge the right or ability of such party, person or group to communicate or to deal with the NRC or with the Staff or any other part of the NRC. The NRC Staff, in acknowledging this Agreement, does so solely to acknowledge the existence of this Agreement and the settlement between PECO and Mr. Epstein. The NRC Staff neither agrees or disagrees with its other terms or provisions as they are agreements between PECO and Mr. Epstein. Further, nothing in this Agreement shall be interpreted to in any way limit any right, duty, discretion, authority or regulatory responsibility of the NRC, its staff, contractors, or consultants.

20. Binding Effect, Severability. This Agreement shall be binding upon Mr. Epstein and PECO in accordance with its terms even if the NRC Staff does not formally acknowledge this

Agreement. If any provision of this Agreement is held to be invalid or unenforceable, all of the remaining provisions of this Agreement shall nevertheless remain in full force and effect and shall be binding upon the parties.

21. Authorizations. Each person signing this Agreement represents and warrants that he or she is duly authorized and empowered to act on behalf of and sign for the party for whom he or she has signed.

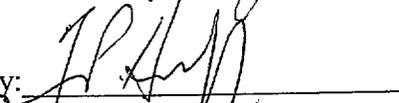
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of this \_\_\_\_ day of September 2000.

Date: 9/27/00.

By: 

Eric Joseph Epstein

Date: 9/26/00

By: 

Thomas P. Hill, Jr.  
Vice President Regulatory and External Affairs  
PECO Energy Company

RECEIPT OF THIS AGREEMENT ACKNOWLEDGED by the Staff of the United States Nuclear Regulatory Commission on the \_\_\_\_\_ day of \_\_\_\_\_ 2000.

United States Nuclear Regulatory  
Commission

Date: \_\_\_\_\_

By: \_\_\_\_\_

September 12, 2000

Mr. Eric J. Epstein  
4100 Hillsdale Road  
Harrisburg, PA 17112

SUBJECT: SETTLEMENT AGREEMENT BETWEEN EPSTEIN AND AMERGEN

Dear Mr. Epstein:

As requested, I am acknowledging receipt by the NRC of the Settlement Agreement (ADAMS Accession No. ML003690185) made between Eric J. Epstein and AmerGen Energy Company, LLC, dated January 9, 1999, and forwarded to the NRC by letter dated February 16, 2000. Should you have any additional questions, or if the NRC can be of further assistance in this matter, please call me at 610-337-5146.

Sincerely,

/RA/

John F. Rogge, Chief  
Projects Branch 7  
Division of Reactor Projects

Docket No.: 05000289  
License No.: DPR-50

1800 M Street, N.W.  
Washington, D.C. 20036-5869  
202-467-7000  
Fax: 202-467-7176

**Morgan, Lewis  
& Bockius LLP**  
C O U N S E L O R S   A T   L A W

**John E. Matthews**  
202-467-7524

January 8, 1999

**VIA FEDERAL EXPRESS**

Eric Epstein  
EFMR Monitoring Group at Three Mile Island  
2308 Brandywine Drive  
Harrisburg, PA 17110

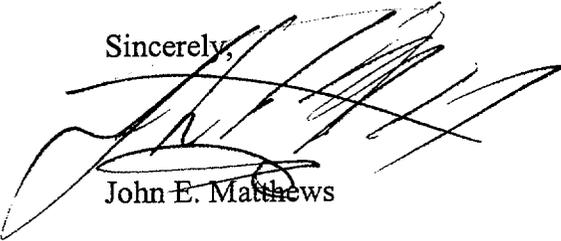
Re: NRC License Transfer Application for TMI-1

Dear Mr. Epstein:

Attached is a revised Settlement Agreement that we have agreed to execute on Saturday. As we discussed, this letter certifies that I am making this commitment on behalf of AmerGen and that AmerGen agrees to be bound by this commitment.

Ralph Desantis, Jan Freeman and I plan to meet you at Leed's Restaurant in Harrisburg at 12:45 on Saturday, January 9, 1999. We will also plan to discuss a Joint Press Release regarding the Agreement.

Sincerely,



John E. Matthews

Enclosure

January 9, 1999

## **SETTLEMENT AGREEMENT**

This Settlement Agreement (the "Agreement") is made between Eric J. Epstein ("Mr. Epstein"), and AmerGen Energy Company, LLC ("AmerGen"), and is based on the following recitals, all of which are hereby agreed to be true:

### RECITALS

A. Metropolitan Edison Company, Jersey Central Power & Light Company and Pennsylvania Electric Company, d/b/a GPU Energy, and GPU Nuclear, Inc. (collectively "GPU") are the current holders of Facility Operating License No. DPR-50 issued by the United States Nuclear Regulatory Commission ("NRC") for the Three Mile Island Nuclear Station Unit 1 ("TMI-1") located in Dauphin County, Pennsylvania.

B. GPU has entered into an agreement with AmerGen to sell TMI-1 to AmerGen, and AmerGen and GPU have filed an application with the NRC to transfer the TMI-1 license to AmerGen and make certain conforming administrative amendments to the license in connection with this transfer.

C. Mr. Epstein has an interest in the continued safe operation of TMI-1 and is prepared to file a petition for leave to intervene in the NRC license transfer proceeding.

D. AmerGen wishes to resolve Mr. Epstein's concerns about the proposed license transfer, and settle all possible claims and disputes of any nature between Mr. Epstein, on the one hand, and AmerGen and GPU, on the other hand, relating in any way to the operation of TMI-1 and the proposed license transfer.

E. This Agreement is hereby established in order to, among other things, provide for the payment by AmerGen of costs associated with certain Authorized Activities, as defined herein, related to TMI-1 which will be undertaken by or on behalf of Mr. Epstein in accordance with any statutory or regulatory requirements which are or may hereafter become applicable to this Agreement.

NOW, THEREFORE, recognizing that it is in the public interest to provide for the timely dissemination and availability of information regarding the operation of TMI-1 and the ability of the community living or working in the vicinity of TMI-1 to monitor their environment, and in consideration of the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby represent, warrant and agree as follows:

1. Term of Agreement. Except as otherwise provided in this Agreement, the term of this Agreement, and the parties' rights and obligations under this Agreement, shall be for a period of five (5) years, commencing on the date the NRC license for TMI-1 is transferred to AmerGen, and ending on the fifth anniversary thereof, unless otherwise extended by mutual agreement of the parties hereto.
  
2. Status of Petition for Leave to Intervene. Upon the execution of this Agreement, Mr. Epstein represents and warrants that he will not file a petition for leave to intervene in the pending NRC license transfer proceeding for TMI-1, nor file a complaint or petition for leave to intervene in any other proceeding before any agency or court related to the proposed sale of TMI-1 to AmerGen, either on his own behalf or on behalf of any group with which he is affiliated.
  
3. Absence of Contested Proceeding. This Agreement and all of AmerGen's performance obligations under this Agreement are absolutely conditioned upon the absence of any contested proceeding, before the NRC or before any reviewing court, challenging any aspect of the proposed license transfer to AmerGen. Notwithstanding this Agreement, in the event that a hearing is otherwise ordered by the NRC or a complaint or petition for review initiating a lawsuit is filed in any court which seeks to challenge any aspect of the proposed license transfer, this Agreement will become voidable at the option of AmerGen.
  
4. Recognition of EFMR Monitoring Group
  - (1) AmerGen recognizes that Mr. Epstein and the EFMR Monitoring Group at Three Mile Island, hereinafter referred to as the "Group," have a special interest in the continued safe operation of TMI-1. For the purposes of maintaining continuity and enhancing community

awareness of TMI-1, during the term of this Agreement AmerGen will continue such recognition of the Group.

(2) The Group reports to a Board consisting of three (3) persons, and Mr. Epstein or his designee will be the Coordinator of the Group and the Board.

(3) All Group members must live or work in the geographic vicinity of TMI-1 (i.e., within a twenty-five (25) mile radius of TMI-1). Board members will be proposed by Mr. Epstein, AmerGen or other members of the community living or working in the geographic vicinity of TMI-1. All Board members must be approved by AmerGen and Mr. Epstein, but approval of proposed Board members will not be unreasonably withheld by either party.

(4) The Group will not be recognized or discussed in the TMI-1 Technical Specifications or FSAR or in any other NRC-authorized or NRC-licensed program.

(5) At the end of the initial five year term of this Agreement, the Board may recommend that AmerGen continue its recognition of the Group. Based on any such recommendation, AmerGen may choose, in its absolute, unreviewable discretion, to continue recognition of the Group beyond the initial five year term of this Agreement.

#### 5. Benefits to Which the Group is Entitled

(1) General Status. The Group is not generally entitled to any special benefits or privileges not available to the general public. The only benefits and privileges available to the Group are those specified in this Agreement.

(2) Reports, Etc. The Group will be entitled to receive from AmerGen copies of all AmerGen reports and correspondence relating to TMI-1 that are filed with the NRC and that would otherwise be available upon request to members of the public, as follows:

(a) AmerGen will forward copies, or otherwise arrange for delivery of hard or electronic copies to the Group, or access by the Group to hard or electronic copies, of all NRC Inspection Reports, Licensee Event Reports, Notices of Violation, Enforcement Actions, Non-Cited Violations, the Annual Radiation Environmental Operating Report and SALP Reports (or any NRC assessment that becomes the successor to SALP) within ten days of their issuance by AmerGen, or receipt by AmerGen, as applicable. AmerGen will also forward copies of the PECO Energy and British Energy Annual Reports on a timely basis.

(b) With respect to documents filed with the NRC not identified in Paragraph 5.(2)(a) immediately above, AmerGen will provide the Group with a list of such reports and

correspondence, for each quarter, from the NRC's Bibliographical Retrieval System recording the documents placed on the TMI-1 docket. From this list, the Group shall designate the reports and correspondence which it wishes to receive copies of within ten days of receipt of such list. Copies of the designated reports and correspondence will be mailed to the Group within ten days of AmerGen's receipt of the request for copies. The costs of any quarterly request exceeding 500 pages will be paid for by EFMR at the rate charged by the NRC's Public Document Room. The Group will also be placed on a mailing list for receipt of copies of all AmerGen press releases related to TMI-1 and other information provided to the media relating to TMI-1 in a timely manner.

(3) Annual Briefing. AmerGen will provide the Group with an annual briefing related to TMI-1 operations at a mutually agreeable time and place. Within thirty days prior to the scheduled date of such briefing, the Group will provide AmerGen with a list of the specific topics which it wants AmerGen to cover at the briefing. AmerGen will provide a general overview of TMI-1 operations during the past year at the briefing and make a good faith effort to cover all of the designated topics, respond to specific questions at the briefing, and provide appropriate follow-up information to the Group.

(4) Certain NRC Meetings. Subject to applicable NRC restrictions and requirements, AmerGen will provide the Group with at least seventy-two hours advance notice of, and an opportunity to attend, any public meeting with the NRC with respect to TMI-1 regarding the following subject areas: (a) steam generator tubes or water chemistry; (b) radioactive waste issues, including but not limited to, low level waste, high level waste, and spent fuel issues; (c) security issues; and (d) radiation monitoring.

(5) Other Information in the Event of NRC Shutdown Order. In the event that the NRC issues an Order requiring the shutdown of TMI-1, other than a generic Order affecting all plants or all plants of a specific class or type, AmerGen agrees to provide the Group with access to the following information, subject to the terms and conditions set forth below:

(a) Within a reasonable time after receipt of a written request from the Group, AmerGen shall make available for review by Group representatives copies of any INPO Final Site Evaluation Reports relating to TMI-1 or INPO Final Corporate Support Evaluation Reports relating to TMI-1 which were given to AmerGen during the prior twelve (12) month period. The

Group may review such reports once during the calendar year. AmerGen will excise from INPO Final Corporate Support Evaluation Reports any references to plants other than TMI-1.

(b) Any review of INPO reports conducted by Group representatives pursuant to this Agreement shall be subject to the following conditions:

(i) Any review of INPO reports shall be made at AmerGen's offices in the presence of AmerGen representatives. The Group's representative(s) will not request copies of any or all of a report, but they may take notes while reviewing a report.

(ii) Any notes taken by the Group's representatives during a review of an INPO report may be viewed solely by Group personnel, and shall at all times remain in the physical custody, protection and control of the Group.

(iii) Neither the Group, nor the Group representative(s) who reviewed any INPO report, may disclose to any persons (other than members of the Group), or otherwise publicize any information obtained from any review of an INPO report. The Group, however, may make comments to the NRC which include factual information obtained from the review of an INPO report, may disseminate copies of any official written comments made to the NRC, and may publicly provide information necessary to explain those official written comments. The Group shall not, however, make statements paraphrasing conclusions or observations in any INPO report, nor otherwise reveal confidential information contained in any INPO report.

(iv) Notwithstanding any provisions in Paragraph 5.(5)(b)(iii) immediately above, neither the Group nor its representative(s) may disclose to any persons, other than the members of the Group or the NRC, the names of any persons contained in any INPO report or any information from which identification of such persons could reasonably be made. In the event any comments made to the NRC pursuant to Paragraph 5.(5)(b)(iii) immediately above include the names of any persons contained in any INPO report, or any information from which identification of such persons could reasonably be made, the Group shall (x) request in advance that the NRC keep such names or information confidential pursuant to 10 CFR §§ 2.790, 9.17, and (y) not release any copies of its official written comments without excising those names or such information from the comments.

(v) Before any representative of the Group may review any INPO report pursuant to this Agreement or view any notes taken in connection with such a review by any Group representative(s), such person shall first advise AmerGen in writing that he or she has

read and understands Paragraph 5.(5) of this Agreement and all subparts thereof and agrees to be bound thereby.

(6) Certain Equipment and Services. The Group will be entitled to the benefits discussed in Section 8 of this Agreement regarding certain equipment and services to be provided by AmerGen. Costs allocated to AmerGen under Section 8 will not be charged to the Group's budget.

(7) Budget.

(a) AmerGen will provide the Group with an annual budget to be used to defray the reasonable administrative expenses of the Group directly related to its expressed intent to monitor TMI-1 activities. The annual budget will consist of ten thousand dollars per year (\$10,000.00), indexed to inflation as described in Paragraph 5.(7)(d). Reasonable administrative expenses would include, for example, reasonable expenses for payments for statistician and/or newsletter editorial services, the purchase of computers, computer upgrades, printers, software, computer supplies, photocopying machine, facsimile machine, a dedicated telephone line and answering machine, file cabinets, batteries, and other office equipment and supplies (*e.g.*, pencils, pens, paper clips, envelopes, letterhead postage), service contracts for maintenance of such equipment, and reimbursement for reasonable expenses incurred in traveling related to the Group's monitoring activities. Any use of the budget for reimbursement for fuel expenses must be supported by a written log including, at a minimum, the date of trip, the points of origination and destination, and odometer readings before and after the trip. This listing of examples of expenses that are or are not covered by the Group's budget is not intended to be exhaustive. However, no part of the budget shall be used for the payment of salaries, benefits, or any other form of direct or indirect compensation for any member or agent of the Group or for the payment of legal fees or expenses, consultant fees or expenses, or expert fees or expenses, except that the Group may use part of the supplemental payment provided on February 1, 1999 pursuant to Paragraph 5.(7)(b) for the purpose of compensating Mr. Epstein for his time and reasonable expenses in negotiating this Agreement. AmerGen reserves the right to determine whether specified expenses not listed above are reasonable administrative expenses. The Group will resolve any reasonable doubts regarding the allowance of any expense by seeking AmerGen's approval of the expense in advance. The Group will use all funds paid to the Group under this

Section and all earnings accumulated or to be accumulated thereon (the "Funds") for the purposes described in this paragraph (the "Authorized Activities").

(b) On February 1, 1999, AmerGen will pay, in the form of a check made out to the Group in the amount of five thousand dollars (\$5,000.00), as a supplemental payment for purposes funding the Group's continuation of activities pursuant to the Settlement Agreement dated September 14, 1992 between Mr. Epstein and GPU, subject to the terms of this Agreement.

(c) Within thirty (30) days of the commencement of the initial term of this Agreement, AmerGen will pay, in the form of a check made out to the Group, the amount of ten thousand dollars (\$10,000.00). In each succeeding year on the anniversary date thereof, AmerGen will pay, in the form of a check made out to the Group, the amount of ten thousand dollars (\$10,000.00), increased for inflation as provided Paragraph 5.(7)(d) below, subject to receipt of a certificate, satisfactory in form and substance to AmerGen as described in Section 5.(7)(e) below, and subject to any credit recognized pursuant to Section 5.(7)(g) below.

(d) Following the first payment made after the commencement of the initial term of this Agreement, the annual budget in each year shall be increased from the budget in the prior year, to adjust for inflation, at the rate of the greater of (x) 5% per annum, or (y) the annual rate of inflation as represented by the Consumer Price Index published by the U.S. Bureau of Labor Statistics as of December 31 in the previous calendar year.

(e) The Group will provide to AmerGen, not later than thirty (30) days prior to the completion of each fiscal year, a certificate, signed by a duly authorized representative of the Group, which shall include the following:

(i) A statement that all Funds provided by AmerGen were used for reimbursement of costs of Authorized Activities as described in the Agreement;

(ii) An identification (in sufficient detail to permit audit thereof in accordance with this Agreement) of the work services, materials and equipment and related costs performed, rendered or acquired in connection with the Authorized Activities which gave rise to the costs for which the Funds were used; and

(iii) A cumulative year-by-year summary of the Funds, identifying original funds provided by AmerGen and interest or other earnings.

(f) The Group shall maintain reasonable accounting and other records of the Funds and the expenditures made by the Group for the Authorized Activities which shall be made available for examination by AmerGen or its duly authorized representative upon request.

(g) The Group's first fiscal year will commence on the date the funds are received from AmerGen and will conclude on the last day of the same month plus one year. Subsequent fiscal years will be on a succeeding twelve (12) month basis. Expenses incurred but not yet paid for can be reported in the year incurred or actually paid, provided the reporting of the expense is consistently applied across fiscal years. With the exception of reimbursement for expenses reported in the year incurred, any funds not spent in one fiscal year will be counted as a credit against the next year's payment of the Group's budget.

(h) At the end of the last fiscal year for which AmerGen has agreed to recognize the Group, the Group will provide to AmerGen the certificate described in Section 5.(7)(e) above. The Group will reimburse AmerGen for any funds expended during the last fiscal year which are found not to relate to the Authorized Activities. All funds not spent by the Group will be returned to AmerGen within forty-five (45) days following the end of such last fiscal year.

(i) In the event this Agreement is not extended by a term of at least one year after the end of its initial five year term, AmerGen shall pay, in the form of a check made out to the Group, the amount of ten thousand dollars (\$10,000.00) for purposes of winding up the affairs of the Group. This amount is not subject to adjustment for inflation as provided in Paragraph 5.(7)(d) relating to the Group's annual budget.

6. Non-Proliferation and Peaceful Uses of Nuclear Energy. AmerGen supports cooperation between the United States and the United Kingdom involving the peaceful uses of nuclear energy. AmerGen and the Group are opposed to and will not participate in any arrangement involving the full or partial ownership of U.S. nuclear generating facilities by any foreign country, that is affiliated with state sponsored terrorism, that is subject to American technological or military boycotts, restrictions or sanctions, or that has refused to sign the Treaty on the Non-Proliferation of Nuclear Weapons, or a foreign entity from any such country. AmerGen will address its compliance with its commitments under this Paragraph 5 at each Annual Briefing provided pursuant to Paragraph 5.(3).

7. Community Responsibility and Corporate Culture.

(1) AmerGen agrees that it will abide by applicable provisions of the Interim Code of Conduct approved by the Pennsylvania Public Utility Commission ("PaPUC") and imposed on Electricity Generation Suppliers ("EGS's") affiliated with PECO Energy and the applicable provisions of the Code of Conduct for EGS's which will be adopted in the pending Competitive Safeguards Rulemaking Proceeding before the PaPUC. AmerGen will also foster a culture of openness and enhanced environmental awareness, as exemplified by its Annual Briefing to the Group, its public meetings with other groups and interested members of the community, and its Annual Environmental Report.

(2) AmerGen is committed to corporate involvement and investment in the local community and will maintain levels of participation in the community commensurate with the existing practices of GPU Nuclear in connection with the safe operation of TMI-1.

(3) AmerGen will continue to participate in industry groups such as INPO and the B&W Owners' Group, to the extent such participation is consistent with good utility practices, as defined in the Asset Purchase Agreement.

(4) AmerGen also recognizes that the safe and reliable operation of TMI-1 requires the maintenance of a highly skilled and technically qualified workforce, and it is therefore committed to maintain a highly skilled and technically qualified workforce of sufficient number to be consistent with good utility practices as defined in the Asset Purchase Agreement, even if such numbers are in excess of the minimum number of personnel necessary to meet NRC requirements.

8. Decommissioning. Subject to the terms and definitions set forth in the TMI-1 Asset Purchase Agreement, dated as of October 15, 1998, upon the transfer of the NRC license for TMI-1, AmerGen will assume all liabilities and obligations of GPU related to the Decommissioning of TMI-1. As such, AmerGen acknowledges that in the event the decommissioning funds provided pursuant to the Asset Purchase Agreement are insufficient to complete the decommissioning of TMI-1, AmerGen will be responsible for any such additional costs, and AmerGen will not seek recovery of such costs from ratepayers under the rate cap exception of Section 2804(4)(iii)(F) of the Public Utility Code, 66 Pa.C.S. § 804(4)(iii)(F).

9. Equipment.

(1) AmerGen will supply the Group with a new laptop personal computer, a docking station for such computer, including external monitor and keyboard, and a new printer for use in conducting the business of the Group. AmerGen will consult with Mr. Epstein and work in good faith to provide equipment agreeable to him and suitable for the Group's needs.

(2) AmerGen will maintain and/or supply the Group with the ability to access and print data from a real-time gamma radiation monitoring system for the TMI-1 site, such as the Reuter-Stokes system currently being operated by GPU or a technically equivalent substitute system. AmerGen will continue to maintain this system to the extent required by NRC and to the extent required by its agreements with the counties within the ten mile emergency planning zone for TMI-1 (Cumberland, Dauphin, Lancaster, Lebanon, and York). AmerGen's commitment to supply such data will continue for the period of recognition of the Group by AmerGen. AmerGen will also supply the Group with an Internet connection and applicable software to enable the Group to access National Weather Service meteorological data. The Group will provide for the maintenance of the computer and printer, and the costs associated with the Internet connection.

10. Storage of Spent Fuel/Radioactive Waste. AmerGen agrees that, during the term of this Agreement, AmerGen will not store spent fuel or radioactive waste from any nuclear reactor other than TMI-1 and TMI-2 at the TMI site.

11. Acknowledgment By NRC Staff. Although AmerGen and Mr. Epstein agree that the NRC Staff will have no obligations or duties of any kind whatsoever arising under the provisions of this Agreement, the parties have agreed to jointly recommend to the NRC Staff that the NRC Staff acknowledge receipt of this Agreement upon the approval of the proposed license transfer by the NRC. Mr. Epstein further agrees that the NRC will have no obligation to implement, enforce, or supervise any of the terms, conditions, or duties created by this Agreement as a result of such acknowledgment.

12. Joint Press Release. AmerGen and Mr. Epstein agree that they will make no public announcements, statements, or other disclosure regarding any of the details of this Agreement

until they release a joint press statement announcing this Agreement, the substance and timing of which will be agreed upon by the parties. Prior to the license transfer, the parties shall consult before issuing any public announcement, statement or other disclosure with respect to this Agreement.

13. Costs and Attorneys' Fees in Case of Default. In the event that either party initiates litigation seeking enforcement of or compliance with any term of this Agreement, the prevailing party in any such litigation shall be entitled to recover the reasonable attorneys' fees and costs from the other party. This Section applies only to Mr. Epstein and AmerGen, and confers no rights or obligations on the NRC.

14. Entire Agreement. This Agreement constitutes the entire agreement between the parties and no other agreement with regard to the matters herein shall be binding on the parties except by written amendment to this Agreement. Except for the terms and conditions enumerated in this Agreement, the parties hereby acknowledge and agree that none of the parties has made any other promises, warranties or representations to any other party hereto regarding any aspect of the settlement of the matters referred to in this Agreement, and that any such promises, warranties, or representations that may be alleged to have been made are hereby merged herein.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed one and the same instrument.

16. No Presumption Against the Drafters. This Agreement shall be deemed to have been drafted jointly by AmerGen and Mr. Epstein and shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted.

17. No Admissions. Neither the drafting or execution of this Agreement nor anything contained herein is intended to be, or shall be deemed to be, an admission of fact by any party with respect to any matter relating to the proposed license transfer.

18. Further Assurances. Mr. Epstein and AmerGen will execute, after the execution of this Agreement, all documents reasonably necessary to effectuate the intent of this Agreement.

19. Successors, Assigns, Etc. This Agreement is binding upon and for the benefit of Mr. Epstein and AmerGen and their respective heirs, executors, administrators, successors, and assigns, wherever the context requires or admits.

20. Sole Benefit. Subject to the provisions of Section 18 of this Agreement, it is the intention of the parties that this Agreement and all of its conditions and provisions are for the sole benefit of Mr. Epstein and AmerGen, and for the benefits of no other person. Nothing expressed or referred to in this Agreement is intended or shall be construed to give any person other than Mr. Epstein or AmerGen any legal or equitable right, remedy, or claim under, or in respect to, this Agreement or any of its provisions.

21. Reservation of Rights. Notwithstanding any provision in this Agreement, nothing herein shall abridge the right or ability of any party to this Agreement, or any employee, member, consultant or contractor of any party, or any group or member of the public to appear before the NRC, and nothing herein shall abridge the right or ability of such party, person or group to communicate or to deal with the NRC or with the Staff or any other part of the NRC. The NRC Staff, in acknowledging this Agreement, does so solely to acknowledge the existence of this Agreement and the settlement between AmerGen and Mr. Epstein. The NRC Staff neither agrees or disagrees with its other terms or provisions as they are agreements between AmerGen and Mr. Epstein. Further, nothing in this Agreement shall be interpreted to in any way limit any right, duty, discretion, authority or regulatory responsibility of the NRC, its staff, contractors, or consultants.

22. Binding Effect, Severability. This Agreement shall be binding upon Mr. Epstein and AmerGen in accordance with its terms even if the NRC Staff does not formally acknowledge this Agreement. If any provision of this Agreement is held to be invalid or unenforceable, all of the remaining provisions of this Agreement shall nevertheless remain in full force and effect and shall be binding upon the parties.

23. Authorizations. Each person signing this Agreement represents and warrants that he or she is duly authorized and empowered to act on behalf of and sign for the party for whom he or she has signed.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of this 9th day of January, 1999.

Date: 1/9/99

Eric Joseph Epstein  
By: *Eric Joseph Epstein*

AmerGen Energy Company, LLC

Date: Jan. 9, 1999

By: *Kevin P. Gallen*  
*Counsel for AmerGen*

RECEIPT OF THIS AGREEMENT ACKNOWLEDGED by the Staff of the United States Nuclear Regulatory Commission on the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

United States Nuclear Regulatory  
Commission

Date: \_\_\_\_\_

By: \_\_\_\_\_