

Exelon Nuclear  
200 Exelon Way  
Kennett Square, PA 19348

www.exeloncorp.com

10CFR54  
10CFR50

December 11, 2002

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555

Peach Bottom Atomic Power Station, Units 2 and 3  
Facility Operating License Nos. DPR-44 and DPR-56  
NRC Docket Nos. 50-277 and 50-278

Subject: Response to Request for Additional Information Related to Financial  
Qualification

Reference: Letter from David L. Solorio (USNRC) to M. P. Gallagher (Exelon), dated  
August 16, 2002

Dear Sir/Madam:

Exelon Generation Company, LLC (Exelon) hereby submits the enclosed responses to the request for additional information transmitted in the reference letter. For your convenience, Attachment 1 restates the questions from the reference letter and provides our responses. Attachment 1P is a separately bound proprietary addendum to this letter. Exelon is requesting that Attachment 1P be withheld from public disclosure, as described in the attached Affidavit of Ronald J. DeGregorio, under 10CFR2.790 and 10CFR9.17. A redacted version, suitable for public disclosure, is provided with the responses to the request for additional information in Attachment 1. Attachment 2 provides a copy of the Owners Agreement for Peach Bottom No. 2 and 3 Nuclear Units that you requested.

If you have any questions or require additional information, please do not hesitate to call.

I declare under penalty of perjury that the foregoing is true and correct.

Respectfully,

Executed on 12-12-02 Michael P. Gallagher  
Michael P. Gallagher  
Director, Licensing & Regulatory Affairs  
Mid-Atlantic Regional Operating Group

Enclosures: Attachment 1, 1P, 2

cc: H. J. Miller, Administrator, Region I, USNRC  
A. C. McMurtry, USNRC Senior Resident Inspector, PBAPS

AD01  
MO04

**ATTACHMENT 1**

**Exelon Generation Company, LLC (Exelon)  
License Renewal Application (LRA)  
Peach Bottom Atomic Power Station (PBAPS), Units 2 and 3**

**Request for Additional Information**

Exelon is requested to provide the following financial qualification information, pursuant to 10 CFR 54.19(a) and 50.33:

1. Annual cost and revenue information for Exelon Generation Company, LLC for 2007 and 2008, in accordance with 50.33(f)(2). The licensee previously submitted the requisite information for the years 2001 thru 2006. The staff has determined that, until such time as the proposed rule to eliminate these financial requirements for license renewal becomes final, applicants should submit five years of annual cost and revenue information for the full five-year period (July 2003 to July 2008) immediately following the expected date of issuance of the renewed licenses, if approved (July 2003).

**Response:**

Exelon has updated the financial qualification information to extend the financial projections from January 1, 2003 through December 31, 2008 in response to your request. A redacted version of the financial qualification information is provided below. A proprietary version of the financial qualification information is provided in Attachment 1P. The updated financial qualification information continues to demonstrate that Exelon possesses the financial qualifications to meet the applicable requirements of 10CFR50.33(f), "Contents of Applications; General Information," for non-electric utility businesses. Specifically, Exelon possesses, or has reasonable assurance of obtaining, the funds necessary to cover the estimated operating costs for the period of the facility operating licenses, including the period of operation under renewed licenses, in accordance with 10CFR50.33(f)(2).

**EXELON GENERATION, LLC**  
**Projected Income Statement**  
**(\$ Millions)**

|                                   | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|-----------------------------------|------|------|------|------|------|------|
| <b>Operating Revenue</b>          | \$   | \$   | \$   | \$   | \$   | \$   |
| <b>Operating Expenses</b>         |      |      |      |      |      |      |
| Fuel & Purchased Power            |      |      |      |      |      |      |
| Operation & Maintenance           |      |      |      |      |      |      |
| Depreciation & Amortization       |      |      |      |      |      |      |
| Administrative & Other            |      |      |      |      |      |      |
| Decommissioning Expense           |      |      |      |      |      |      |
| Decommissioning Recoveries        |      |      |      |      |      |      |
| <b>Total Operating Expenses</b>   |      |      |      |      |      |      |
| <b>Operating Income (Loss)</b>    |      |      |      |      |      |      |
| <b>Other Income (Deductions)</b>  |      |      |      |      |      |      |
| <b>Net Interest Expense</b>       |      |      |      |      |      |      |
| <b>Income before Income Taxes</b> |      |      |      |      |      |      |
| <b>Income Taxes</b>               |      |      |      |      |      |      |
| Extraordinary Item                |      |      |      |      |      |      |
| Minority Interest                 |      |      |      |      |      |      |
| <b>Net Income</b>                 | \$   | \$   | \$   | \$   | \$   | \$   |

2. Annual cost and revenue information for the co-owners, PSEG Nuclear, LLC and Atlantic City Electric Company, for the years 2003 thru 2008 (per discussion in 1 above).

**Response:**

On October 18, 2001, the NRC issued PBAPS license amendments to transfer Facility Operating Licenses Nos. DPR-44 and DPR-56 to the extent held by Atlantic City Electric Company to Exelon Generation Company, LLC and PSEG Nuclear LLC. As a result of these amendments, Exelon Generation Company, LLC and PSEG Nuclear LLC are the joint owners of PBAPS.

PSEG Nuclear, LLC has agreed to provide the requested information directly under separate cover letter.

3. A summary of the portions of the operating agreement(s) dealing with each co-owner's share of operating costs and costs incurred during an extended shutdown. The applicant should state each co-owner's share and how that share is to be paid to the operator. Further, the applicant should submit a copy of the operating agreement(s).

**Response:**

Exelon Generation Company, LLC and PSEG Nuclear LLC are equal financial partners in PBAPS, as shown on page 3 of the Amendment to Owners Agreement dated October 18, 2001. Please refer to Article 3 for information dealing with each co-owner's share of operating costs. Please refer to Articles 17 and 25 for information regarding expenses incurred in dealing with regulatory commissions and power replacement costs incurred during an extended shutdown. Article 19 describes the monthly settlement provisions for all expenses and charges. A copy of the Owners Agreement for PBAPS dated December 4, 1967, the Amended Owners Agreement for PBAPS dated November 24, 1971, the Supplemental Agreement to the Owners Agreement for PBAPS dated September 1, 1975, the Supplemental Agreement to the Owners Agreement for PBAPS dated January 26, 1977, the Amendment to Owners Agreement dated December 29, 2000, and the Amendment to Owners Agreement dated October 18, 2001, are provided in Attachment 2.

4. Decommissioning funding assurance information, in accordance with 50.33(k)(1), for all three co-owners. No decommissioning funding assurance information was submitted with the licensee's application. Here, the licensee should briefly describe its decommissioning funding program. If there will be no change in the licensee's decommissioning funding program during the renewal period, the licensee should state that the costs of decommissioning the facilities will continue to be funded by the mechanism(s) the owners previously established for each licensed reactor unit in accordance with 10 CFR 50.75.

**Response:**

10CFR54.19(a) requires that each license renewal application provide the information specified in 10CFR50.33(a) through (e), (h), and (i). Therefore, information in accordance with 10CFR50.33(k)(1) was not provided with the license renewal application. After conference calls held on September 4, 2002, and on October 2, 2002, agreement was reached that a response to this request for additional information was no longer required to comply with the requirements of 10CFR54.19(a).

**ATTACHMENT 2**



AMENDMENT TO OWNERS AGREEMENT  
(Peach Bottom)

THIS AMENDMENT TO OWNERS AGREEMENT, dated as of October 18, 2001 (this "Amendment"), is by and among Atlantic City Electric Company, a New Jersey corporation ("ACE"), Exelon Generation Company, LLC, a Pennsylvania limited liability company ("Exelon"), and PSEG Nuclear, LLC, a Delaware limited liability company ("PSEG Nuclear"). ACE, Exelon and PSEG Nuclear are referred to individually as a "Party" and collectively as the "Parties". Public Service Electric & Gas Company, a New Jersey corporation ("PSE&G Utility"), PSEG Power LLC, a Delaware limited liability company ("PSEG Power"), PECO Energy Company (formerly Philadelphia Electric Company), a Pennsylvania corporation ("PECO"), and Delmarva Power & Light Company, a Delaware and Virginia corporation ("DP&L"), have executed this Amendment solely for the purposes of agreeing to Section 4 hereof.

WITNESSETH

WHEREAS, ACE, Exelon (as transferee of PECO) and PSEG Nuclear (as transferee of PSE&G Utility) collectively own all of the ownership interests in the Station (as defined in the hereinafter described Owners Agreement) and have entered into the Owners Agreement for Peach Bottom No. 2 and 3 Nuclear Units, dated as of November 24, 1971, as amended heretofore (the "Owners Agreement");

WHEREAS, pursuant to the Owners Agreement, ACE, Exelon (as transferee of PECO) and PSEG Nuclear (as transferee of PSE&G Utility) have agreed to certain terms and conditions in connection with or relating to the Station, as set forth therein;

WHEREAS, pursuant to the Purchase Agreement, dated as of September 27, 1999, as amended as of October 3, 2000 and as of September 26, 2001 (the "ACE Purchase Agreement"), made by and among ACE, Exelon (as transferee of PECO) and PSEG Nuclear (as transferee of PSEG Power), ACE has agreed to sell to each of Exelon and PSEG Nuclear, and each of Exelon and PSEG Nuclear has agreed to purchase, one-half of the Purchased Assets (as defined in the ACE Purchase Agreement), and each of Exelon and PSEG Nuclear has agreed to assume the Assumed Liabilities (as defined in the ACE Purchase Agreement), in each case, to the extent, and subject to and upon the terms and conditions, set forth in the ACE Purchase Agreement;

WHEREAS, pursuant to the Purchase Agreement, dated as of September 27, 1999, as amended as of October 3, 2000 (the "DP&L Purchase Agreement" and, together with the ACE Purchase Agreement, the "Purchase Agreements"), made by and among DP&L, PECO and PSEG Nuclear, as transferee of PSEG Power, on December 29, 2000, DP&L sold to each of PECO and PSEG Nuclear, and each of PECO and PSEG Nuclear purchased, one-half of the Purchased Assets (as defined in the DP&L Purchase Agreement), and each of PECO and PSEG Nuclear assumed the Assumed Liabilities (as defined in the DP&L Purchase Agreement), in each

case, to the extent, and subject to and upon the terms and conditions, set forth in the DP&L Purchase Agreement;

WHEREAS, the Parties executed a Wholesale Transaction Confirmation, dated as of October 3, 2000, as amended as of September 26, 2001 (the "WTC"), pursuant to which each of Exelon (as transferee of PECO) and PSEG Energy Resources & Trade LLC ("PSE&T"), a Delaware limited liability company and an affiliate of PSEG Nuclear, agreed to purchase energy and unforced capacity produced at the Station from each of ACE and DP&L, and each of ACE and DP&L agreed to sell such energy and unforced capacity to each of Exelon (as transferee of PECO) and PSE&T in exchange for the consideration set forth in the WTC;

WHEREAS, pursuant to New Jersey Board of Public Utilities order dated August 24, 1999, in Docket No. E097070461, E097070462 and E97070463, and to the Assignment and Assumption Agreement dated as of August 21, 2000, PSE&G Utility assigned to PSEG Nuclear, and PSEG Nuclear assumed, certain assets and liabilities, including, without limitation, all of PSE&G Utility's right, title and interest in and to the Owners Agreement;

WHEREAS, pursuant to Assignments of Right to Purchase, dated as of May 12, 2000 and Assignment and Assumption Agreements, dated as of December 29, 2000 and as of October 17, 2001, PSEG Power has assigned to PSEG Nuclear, and PSEG Nuclear has agreed to assume, all of PSEG Power's right, title and interest in and to the Purchase Agreements;

WHEREAS, pursuant to the Assignment and Assumption Agreement, made as of January 1, 2001, PECO has assigned to Exelon, and Exelon has assumed, certain assets and liabilities, including, without limitation, all of PECO's right, title and interest in and to the Owners Agreement, the Purchase Agreements and the WTC;

WHEREAS, pursuant to the Purchase Agreements, the Parties have agreed to execute and deliver this Amendment at the Closing; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreements, the Parties desire to enter into, effective from and after the Closing Date, this Amendment.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants, representations, warranties and agreements set forth herein, and intending to be legally bound hereby, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have their respective meanings specified in the Purchase Agreements.

2. Amendment. Except as set forth in this Amendment, effective as of 12:01 a.m. on the Closing Date:



(a) This Amendment terminates all rights of ACE under the Owners Agreement to station output and ACE shall not have any further right or entitlement thereto.

(b) The ownership interests set forth in Section 2.1 of the Owners Agreement shall be deemed deleted and replaced with the following:

|               |       |
|---------------|-------|
| Exelon:       | 50.0% |
| PSEG Nuclear: | 50.0% |

(c) All references to "signatories" in the Owners Agreement shall mean Exelon and PSEG Nuclear, and all references to "ACE" in the Owners Agreement shall be deemed deleted.

### 3. Reconciliation.

3.1 Within ninety (90) days following the Closing Date, Exelon shall deliver to ACE a statement setting forth, with a reasonable amount of supporting detail, (a) the amount of ACE's proportionate share (determined in accordance with the Owners Agreement, and reduced by the amount of the Defined Expenses Excess, as calculated in accordance with Section 7.1(b) of the ACE Purchase Agreement) of all capital expenditures and operations and maintenance expenses (whether in the ordinary course or otherwise) for the Station, relating to periods prior to the Closing Date and not previously paid by ACE, and (b) the sum of (i) the amount of any unused portion of any prepayments and advances made by ACE to Exelon, including, but not limited to prepayments and advances for stores, inventories, insurance, emergency preparedness fees, and working capital advances plus (ii) the amounts required to be reimbursed to Seller by PSEG Nuclear and Exelon in accordance with Section 7.1(a) of the ACE Purchase Agreement, if any. The calculation of amounts payable under this Section 3.1 shall be made in accordance with accounting methods and practices historically used by Exelon under the Owners Agreement.

3.2 No later than thirty (30) days after ACE's receipt of the statement described in Section 3.1, subject to Section 5 hereof, (a) ACE shall pay to Exelon the amount, if any, by which the amount described in Section 3.1(a) exceeds the amount described in Section 3.1(b), or (b) Exelon shall pay to ACE the amount, if any, by which the amount described in Section 3.1(b) exceeds the amount described in Section 3.1(a).

3.3 In the event that any amount under Section 3.1 shall not be finally known or determined as of the date when the statements described in Section 3.1 are delivered, Exelon shall deliver to ACE statements setting forth, with a reasonable amount of supporting detail, ACE's share of such amount when it is finally known or determined, and, subject to Section 5 hereof, ACE shall pay the amount due from it to Exelon within thirty (30) days after its receipt of such statement. ACE's obligations under this Section 3.3 shall terminate on October 31 in the year following the year in which the Closing Date occurs (other than obligations for payments due on statements received by ACE prior to such October 31).

3.4 Within the thirty (30) day payment periods described in Sections 3.2 and 3.3, Exelon shall afford ACE and its Representatives the opportunity, as reasonably requested, to review the work papers and other records and documentation used by Exelon in preparing the statements described in Sections 3.1 and 3.3.

#### 4. Special Release.

4.1 PECO, Exelon, PSE&G Utility, PSEG Power, PSEG Nuclear and DP&L each hereby unconditionally and irrevocably releases, acquits and forever discharges ACE and its Affiliates (other than DP&L), shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Seller Parties"), effective as of the date hereof, of and from any and all claims, demands, debts, losses, costs, expenses, proceedings, judgments, damages, actions, causes of action, suits, contracts, agreements, obligations, accounts and liabilities of any kind or character whatsoever, known or unknown, suspected or unsuspected, in contract or in tort, at law or in equity, that PECO, Exelon, PSE&G Utility, PSEG Power, PSEG Nuclear or DP&L alone or with any other Person had, now has, or might hereafter have against the Seller Parties or any of them jointly and/or severally, for or by reason of any matters, circumstance, event, action, omission, cause or thing whatsoever occurring or existing before, on or after the date hereof, arising under or relating to the Owners Agreement, or any matters that could be raised in any litigation in connection with the Owners Agreement, other than (a) the obligations set forth in Section 3 of this Amendment, (b) ACE's representations, warranties, covenants, agreements and other obligations under the ACE Purchase Agreement, subject to the terms and conditions set forth therein, including without limitation, those related to the Excluded Liabilities, and (c) the covenants, agreements and other obligations under the WTC of ACE.

4.2 ACE hereby unconditionally and irrevocably releases, acquits and forever discharges PECO, Exelon, PSE&G Utility, PSEG Power, PSEG Nuclear and DP&L and their respective Affiliates, shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Remaining Parties"), effective as of the date hereof, of and from any and all claims, demands, debts, losses, costs, expenses, proceedings, judgments, damages, actions, causes of action, suits, contracts, agreements, obligations, accounts and liabilities of any kind or character whatsoever, known or unknown, suspected or unsuspected, in contract or in tort, at law or in equity, that ACE alone or with any other Person had, now has, or might hereafter have against the Remaining Parties or any of them jointly and/or severally, for or by reason of any matters, circumstance, event, action, omission, cause or thing whatsoever occurring or existing before, on or after the date hereof, arising under or relating to the Owners Agreement, or any matters that could be raised in any litigation in connection with the Owners Agreement, other than (a) the obligations set forth in Section 3 of this Amendment, (b) PECO's, Exelon's, PSEG Power's and PSEG Nuclear's respective representations, warranties, covenants, agreements and other obligations under the ACE Purchase Agreement, subject to the terms and conditions set forth therein, including without limitation, those related to the Assumed

Liabilities, and (c) the respective covenants, agreements and other obligations under the WTC of PECO, Exelon, PSEG Power and PSER&T.

5. Arbitration.

5.1 Notwithstanding any provision hereof to the contrary, in the event of any dispute between or among any of the Parties relating to or arising out of any provision of this Amendment, the sole remedy available to any Party is the dispute resolution procedure set forth in this Section 5; provided, however, that any Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case the Parties shall nonetheless continue to pursue resolution of the dispute by means of this procedure. The Party asserting such dispute (the "Asserting Party") shall give written notice to the other Party to the dispute (the "Other Party") of the fact that a dispute has arisen pursuant hereto. Such notice shall include (i) a statement setting forth in reasonable detail the facts, events, circumstances, evidence and arguments underlying such dispute and (ii) proposed arrangements for a meeting to attempt to resolve the dispute to be held within sixty (60) days after such notice is given. Within thirty (30) days after such notice is given, the Other Party hereto shall submit to the Asserting Party a written summary responding to such statement of facts, events, circumstances, evidence and arguments contained in the notice and an acceptance of or proposed alternative to the meeting arrangements set forth in the initial notice.

5.2 The chief executive officers (or any other executive officer or officers directly reporting to, and duly designated by, such chief executive officers) of the Asserting Party and the Other Party shall meet at a mutually acceptable time and place to attempt to settle any dispute in good faith; provided, however, that such meeting shall be held at the principal offices of the Other Party unless otherwise agreed; and provided further, that any such meeting shall be held no later than sixty (60) days after the written notice of dispute is given pursuant to Section 5.1 hereof. Each Party shall bear its own costs and expenses with respect to preparation for, attendance at and participation in such meeting.

5.3 In the event that (i) a meeting has been held in accordance with Section 5.2, and (ii) the dispute shall have not been resolved at such meeting, then, upon request by either the Asserting Party or the Other Party, the Asserting Party and the Other Party shall submit such dispute to binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "Commercial Arbitration Rules"). In the event that such dispute is submitted to arbitration pursuant to the Commercial Arbitration Rules, then the arbitration tribunal shall be composed of three arbitrators (one such arbitrator to be selected by the Asserting Party, the second such arbitrator to be selected by the Other Party, in each case, within thirty (30) days after the meeting is held in accordance with Section 5.2, with the third such arbitrator, who shall be a former U.S. District Court or U.S. Circuit Court of Appeals judge and shall serve as chairperson of such tribunal, selected by the other two arbitrators or, in the absence of their agreement, by the American Arbitration Association). The venue of the arbitration shall be Wilmington, Delaware, the language of the arbitration shall be English and

the arbitration shall commence no later than sixty (60) days after the meeting held in accordance with Section 5.2. The decision, judgment and order of the arbitration tribunal shall be final, binding and conclusive as to the Parties involved in such dispute, and their respective Representatives, and may be entered in court of competent jurisdiction. Other than the fees and expenses of the arbitrators, which shall be shared equally by the Parties involved in the dispute, each Party to the dispute shall bear its own costs and expenses (including attorneys' fees and expenses) relating to the arbitration.

6. Miscellaneous.

6.1 Amendment and Modification. Subject to applicable Laws, this Amendment may be amended, supplemented or otherwise modified only by written agreement entered into by the Parties.

6.2 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to conflicts of law principles) as to all matters, including validity, construction, effect, performance and remedies.

6.3 Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.4 Severability. If any term or other provision of this Amendment is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Amendment shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Amendment so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

6.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on the day when delivered personally or by facsimile transmission (with confirmation), on the next Business Day when delivered to a nationally recognized overnight courier or five (5) Business Days after deposited as registered or certified mail (return receipt requested), in each case, postage prepaid, addressed to the recipient Party at its address set forth below (or at such other address or facsimile number for a Party as shall be specified by like notice; provided, however, that any notice of a change of address or facsimile number shall be effective only upon receipt thereof):

(a) If to ACE or DP&L, to:

In care of Conectiv

MAIN TOC

800 King Street  
P.O. Box 231  
Wilmington, Delaware 19899  
Attention: Chairman  
Facsimile: (302) 429-3367

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
One Rodney Square  
Wilmington, Delaware 19801  
Attention: Steven J. Rothschild, Esquire  
Facsimile: (302) 651-3001

(b) If to Exelon or PECO, to:

Exelon Generation Company, LLC  
300 Exelon Way  
Kennett Square, Pennsylvania 19348  
Attention: Charles P. Lewis,  
Vice President  
Facsimile: (610) 765-5724

with a copy to:

Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, Pennsylvania 19103-2921  
Attention: Howard L. Meyers, Esquire  
Facsimile: (215) 963-5299

(c) If to PSE&G Utility, PSEG Nuclear or PSEG Power, to:

c/o PSEG Nuclear LLC  
80 Park Plaza  
T-5A  
P.O. Box 570  
Newark, New Jersey 07101  
Attention: Harold W. Borden,  
Vice President and General Counsel  
Facsimile: (973) 639-0741

with a copy to:

Steptoe & Johnson LLP  
1330 Connecticut Avenue, NW  
Washington, DC 20036  
Attention: Filiberto Agusti, Esquire  
Facsimile: (202) 429-3902

6.6 Construction. The Article and Section headings contained in this Amendment are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning of this Amendment. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Amendment shall refer to this Amendment as a whole and not to any particular provision of this Amendment. References to a Section shall mean a Section of this Amendment.

6.7 Several Liability. Notwithstanding anything herein to the contrary, all agreements of PECO, Exelon, PSE&G Utility, PSEG Power and PSEG Nuclear hereunder shall be several and not joint and all agreements of ACE and DP&L shall be several and not joint.

6.8 No Other Modifications. Except as herein modified, as between Exelon and PSEG Nuclear, the terms and provisions of the Owners Agreement shall remain unmodified and shall remain in full force and effect.

6.9 Assignment. This Amendment shall inure to the benefit of, and be binding upon, the Parties and their respective successors and permitted assigns.

6.10 Representation of PSEG Nuclear. PSEG Nuclear hereby represents and warrants to PECO, ACE and DP&L that pursuant to New Jersey Board of Public Utilities order dated August 24, 1999, in Docket No. E097070461, E097070462 and E97070463, and to the Assignment and Assumption Agreement dated as of August 21, 2000, PSE&G Utility assigned to PSEG Nuclear, and PSEG Nuclear assumed, all of PSE&G Utility's right, title and interest in and to the Owners Agreement and the obligations of PSE&G Utility thereunder.

6.11 Representation of Exelon. Exelon hereby represents and warrants to PSEG Nuclear, ACE and DP&L that pursuant to the Assignment and Assumption Agreement made as of January 1, 2001, PECO assigned to Exelon, and Exelon assumed, all of PECO's right, title and interest in and to the Owners Agreement and the obligations of PECO thereunder.

[SIGNATURE PAGES FOLLOW]

MAINTOC

IN WITNESS WHEREOF, the Parties have caused this Amendment to Owners Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

## ATLANTIC CITY ELECTRIC COMPANY

By: *J. M. Pugh*  
Name: Joseph M. Pugh  
Title: President

## EXELON GENERATION COMPANY, LLC

By: *Charles P. Lewis*  
Name: Charles P. Lewis  
Title: VP, Strategy and Development

## PSEG NUCLEAR LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



IN WITNESS WHEREOF, the Parties have caused this Amendment to Owners Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

ATLANTIC CITY ELECTRIC COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXELON GENERATION COMPANY, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PSEG NUCLEAR LLC

By: Albert C. Simpson  
Name: Albert C. Simpson  
Title: SVP & CAO





Public Service Electric & Gas Company, PSEG Power LLC, PECO Energy Company and Delmarva Power & Light Company execute and deliver this Amendment to evidence their agreement to be bound by Section 4 hereof:

**PUBLIC SERVICE ELECTRIC & GAS COMPANY**

By: Alfred C Koeppe  
Name: Alfred C Koeppe  
Title: President

**PSEG POWER LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PECO ENERGY COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DELMARVA POWER & LIGHT COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MAIN TOC

Public Service Electric & Gas Company, PSEG Power LLC, PECO Energy Company and Delmarva Power & Light Company execute and deliver this Amendment to evidence their agreement to be bound by Section 4 hereof.

PUBLIC SERVICE ELECTRIC & GAS COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PSEG POWER LLC

By: Frank Cassidy  
Name: Frank Cassidy  
Title: President

PECO ENERGY COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DELMARVA POWER & LIGHT COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MAIN TOC

Public Service Electric & Gas Company, PSEG Power LLC, PECO Energy Company and Delmarva Power & Light Company execute and deliver this Amendment to evidence their agreement to be bound by Section 4 hereof:

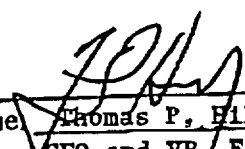
PUBLIC SERVICE ELECTRIC & GAS COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PSEG POWER LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PECO ENERGY COMPANY

By:  \_\_\_\_\_  
Name: Thomas P. Hill, Jr.  
Title: CFO and VP, Finance

DELMARVA POWER & LIGHT COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MAIN TOC

Public Service Electric & Gas Company, PSEG Power LLC, PECO Energy Company and Delmarva Power & Light Company execute and deliver this Amendment to evidence their agreement to be bound by Section 4 hereof:

PUBLIC SERVICE ELECTRIC & GAS COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PSEG POWER LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PECO ENERGY COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DELMARVA POWER & LIGHT COMPANY

By: \_\_\_\_\_  
Name: Joseph M. Remy  
Title: Sr. Vice President

AMENDMENT TO OWNERS AGREEMENT  
(Peach Bottom)

THIS AMENDMENT TO OWNERS AGREEMENT, dated as of December 29, 2000 (this "Amendment"), is by and among Atlantic City Electric Company, a New Jersey corporation ("ACE"), Delmarva Power & Light Company, a Delaware and Virginia corporation ("DP&L"), PECO Energy Company (formerly Philadelphia Electric Company), a Pennsylvania corporation ("PECO") and PSEG Nuclear, LLC, a Delaware limited liability company ("PSEG Nuclear"). ACE, DP&L, PECO and PSEG Nuclear are referred to individually as a "Party" and collectively as the "Parties". Public Service Electric & Gas Company, a New Jersey corporation ("PSE&G Utility") and PSEG Power LLC, a Delaware limited liability company ("PSEG Power"), have executed this Amendment solely for the purposes of agreeing to Section 4 hereof.

WITNESSETH

WHEREAS, ACE, DP&L, PECO and PSEG Nuclear (as transferee of PSE&G Utility) collectively own all of the ownership interests in the Station (as defined in the hereinafter described Owners Agreement) and have entered into the Owners Agreement for Peach Bottom No. 2 and 3 Nuclear Units, dated as of November 24, 1971, as amended heretofore (the "Owners Agreement");

WHEREAS, pursuant to the Owners Agreement, ACE, DP&L, PECO and PSEG Nuclear (as transferee of PSE&G Utility) have agreed to certain terms and conditions in connection with or relating to the Station, as set forth therein;

WHEREAS, pursuant to the Purchase Agreement, dated as of September 27, 1999, as amended as of October 3, 2000 (the "ACE Purchase Agreement"), made by and among ACE, PECO and PSEG Nuclear, as transferee of PSEG Power, ACE has agreed to sell to each of PECO and PSEG Nuclear, and each of PECO and PSEG Nuclear has agreed to purchase, one-half of the Purchased Assets (as defined in the ACE Purchase Agreement), and each of PECO and PSEG Nuclear has agreed to assume the Assumed Liabilities (as defined in the ACE Purchase Agreement), in each case, to the extent, and subject to and upon the terms and conditions, set forth in the ACE Purchase Agreement;

WHEREAS, pursuant to the Purchase Agreement, dated as of September 27, 1999, as amended as of October 3, 2000 (the "DP&L Purchase Agreement" and, together with the ACE Purchase Agreement, the "Purchase Agreements"), made by and among DP&L, PECO and PSEG Nuclear, as transferee of PSEG Power, DP&L

agreed to sell to each of PECO and PSEG Nuclear, and each of PECO and PSEG Nuclear has agreed to purchase, one-half of the Purchased Assets (as defined in the DP&L Purchase Agreement), and each of PECO and PSEG Nuclear agreed to assume the Assumed Liabilities (as defined in the DP&L Purchase Agreement), in each case, to the extent, and subject to and upon the terms and conditions, set forth in the DP&L Purchase Agreement;

WHEREAS, as the result of unanticipated delays in completing the transactions contemplated by the Purchase Agreements, the Parties executed a Wholesale Transaction Confirmation (the "WTC"), dated as of October 3, 2000, pursuant to which each of PECO and PSEG Energy Resources & Trade LLC ("PSER&T"), a Delaware limited liability company and an affiliate of PSEG Nuclear, agreed to purchase energy and unforced capacity produced at the Station from each of ACE and DP&L, and each of ACE and DP&L agreed to sell such energy and unforced capacity to each of PECO and PSER&T in exchange for the consideration set forth in the WTC;

WHEREAS, pursuant to New Jersey Board of Public Utilities order dated August 24, 1999, in Docket No. E097070461, E097070462 and E97070463, and to the Assignment and Assumption Agreement dated as of August 21, 2000, PSE&G Utility assigned to PSEG Nuclear, and PSEG Nuclear assumed, certain assets and liabilities including, without limitation, all of PSE&G Utility's right, title and interest in and to the Owners Agreement;

WHEREAS, pursuant to Assignments of Right to Purchase, dated as of May 12, 2000 and Assignment and Assumption Agreements, dated as of December 29, 2000, PSEG Power has assigned to PSEG Nuclear, and PSEG Nuclear has agreed to assume, all of PSEG Power's right, title and interest in and to the Purchase Agreements;

WHEREAS, pursuant to the Purchase Agreements, the Parties have agreed to execute and deliver this Amendment at the Closing; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreements, the Parties desire to enter into, effective from and after the Closing Date, this Amendment.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants, representations, warranties and agreements set forth herein, and intending to be legally bound hereby, the Parties hereby agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have their respective meanings specified in the Purchase Agreements.

2. Amendment. Except as set forth in this Amendment, effective as of 12:01 a.m. on the Closing Date:

(a) This Amendment terminates all rights of DP&L under the Owners Agreement to station output and DP&L shall not have any further right or entitlement thereto.

(b) The ownership interests set forth in Section 2.1 of the Owners Agreement shall be deemed deleted and replaced with the following:

|               |         |
|---------------|---------|
| ACE:          | 7.51%   |
| PECO:         | 46.245% |
| PSEG Nuclear: | 46.245% |

(c) All references to "signatories" in the Owners Agreement shall mean ACE, PECO and PSEG Nuclear, and all references to "DPL" in the Owners Agreement shall be deemed deleted.

3. Reconciliation.

3.1 Within ninety (90) days following the Closing Date, PECO shall deliver to DP&L a statement setting forth, with a reasonable amount of supporting detail, (a) the amount of DP&L's proportionate share (determined in accordance with the Owners Agreement, and reduced by the amount of the Defined Expenses Excess, as calculated in accordance with Section 7.1(b) of the DP&L Purchase Agreement) of all capital expenditures and operations and maintenance expenses (whether in the ordinary course or otherwise) for the Station, relating to periods prior to the Closing Date and not previously paid by DP&L, and (b) the sum of (i) the amount of any unused portion of any prepayments and advances made by DP&L to PECO, including, but not limited to prepayments and advances for stores, Inventories, insurance, emergency preparedness fees, and working capital advances

plus (ii) the amounts required to be reimbursed to Seller by PSEG Nuclear and PECO in accordance with Section 7.1(a) of the DP&L Purchase Agreement, if any. The calculation of amounts payable under this Section 3.1 shall be made in accordance with accounting methods and practices historically used by PECO under the Owners Agreement.

3.2 No later than thirty (30) days after DP&L's receipt of the statement described in Section 3.1, subject to Section 5 hereof, (a) DP&L shall pay to PECO the amount, if any, by which the amount described in Section 3.1(a) exceeds the amount described in Section 3.1(b), or (b) PECO shall pay to DP&L the amount, if any, by which the amount described in Section 3.1(b) exceeds the amount described in Section 3.1(a).

3.3 In the event that any amount under Section 3.1 shall not be finally known or determined as of the date when the statements described in Section 3.1 are delivered, PECO shall deliver to DP&L statements setting forth, with a reasonable amount of supporting detail, DP&L's share of such amount when it is finally known or determined, and, subject to Section 5 hereof, DP&L shall pay the amount due from it to PECO within thirty (30) days after its receipt of such statement. DP&L's obligations under this Section 3.3 shall terminate on December 31 in the year following the year in which the Closing Date occurs (other than obligations for payments due on statements received by DP&L prior to such December 31).

3.4 Within the thirty (30) day payment periods described in Sections 3.2 and 3.3, PECO shall afford DP&L and its Representatives the opportunity, as reasonably requested, to review the work papers and other records and documentation used by PECO in preparing the statements described in Sections 3.1 and 3.3.

#### 4. Special Release.

4.1 PECO, PSE&G Utility, PSEG Power, PSEG Nuclear and ACE each hereby unconditionally and irrevocably releases, acquits and forever discharges DP&L and its Affiliates (other than ACE), shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Seller Parties"), effective as of the date hereof, of and from any and all claims, demands, debts, losses, costs, expenses, proceedings, judgments, damages, actions, causes of action, suits, contracts, agreements, obligations, accounts and liabilities of any kind



or character whatsoever, known or unknown, suspected or unsuspected, in contract or in tort, at law or in equity, that PECO, PSE&G Utility, PSEG Power, PSEG Nuclear or ACE alone or with any other Person had, now has, or might hereafter have against the Seller Parties or any of them jointly and/or severally, for or by reason of any matters, circumstance, event, action, omission, cause or thing whatsoever occurring or existing before, on or after the date hereof, arising under or relating to the Owners Agreement, or any matters that could be raised in any litigation in connection with the Owners Agreement, other than (a) the obligations set forth in Section 3 of this Amendment, (b) DP&L's representations, warranties, covenants, agreements and other obligations under the DP&L Purchase Agreement, subject to the terms and conditions set forth therein, including without limitation, those related to the Excluded Liabilities and (c) the covenants, agreements and other obligations under the WTC of DP&L.

4.2 DP&L hereby unconditionally and irrevocably releases, acquits and forever discharges PECO, PSE&G Utility, PSEG Power, PSEG Nuclear and ACE and their respective Affiliates, shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Remaining Parties"), effective as of the date hereof, of and from any and all claims, demands, debts, losses, costs, expenses, proceedings, judgments, damages, actions, causes of action, suits, contracts, agreements, obligations, accounts and liabilities of any kind or character whatsoever, known or unknown, suspected or unsuspected, in contract or in tort, at law or in equity, that DP&L alone or with any other Person had, now has, or might hereafter have against the Remaining Parties or any of them jointly and/or severally, for or by reason of any matters, circumstance, event, action, omission, cause or thing whatsoever occurring or existing before, on or after the date hereof, arising under or relating to the Owners Agreement, or any matters that could be raised in any litigation in connection with the Owners Agreement, other than (a) the obligations set forth in Section 3 of this Amendment 1 (b) PECO's, PSEG Power's and PSEG Nuclear's respective representations, warranties, covenants, agreements and other obligations under the DP&L Purchase Agreement, subject to the terms and conditions set forth therein, including without limitation, those related to the Assumed Liabilities, and (c) the respective covenants, agreements and other obligations under the WTC of PECO, PSEG Power and PSER&T.

## 5. Arbitration.

5.1 Notwithstanding any provision hereof to the contrary, in the event of any dispute between or among any of the Parties relating to or arising out of

any provision of this Amendment, the sole remedy available to any Party is the dispute resolution procedure set forth in this Section 5; provided, however, that any Party may seek a preliminary injunction or other provisional judicial remedy if such action is necessary to prevent irreparable harm or preserve the status quo, in which case the Parties shall nonetheless continue to pursue resolution of the dispute by means of this procedure. The Party asserting such dispute (the "Asserting Party") shall give written notice to the other Party to the dispute (the "Other Party") of the fact that a dispute has arisen pursuant hereto. Such notice shall include (i) a statement setting forth in reasonable detail the facts, events, circumstances, evidence and arguments underlying such dispute and (ii) proposed arrangements for a meeting to attempt to resolve the dispute to be held within sixty (60) days after such notice is given. Within thirty (30) days after such notice is given, the Other Party hereto shall submit to the Asserting Party a written summary responding to such statement of facts, events, circumstances, evidence and arguments contained in the notice and an acceptance of or proposed alternative to the meeting arrangements set forth in the initial notice.

5.2 The chief executive officers (or any other executive officer or officers directly reporting to, and duly designated by, such chief executive officers) of the Asserting Party and the Other Party shall meet at a mutually acceptable time and place to attempt to settle any dispute in good faith; provided, however, that such meeting shall be held at the principal offices of the Other Party unless otherwise agreed; and provided further, that any such meeting shall be held no later than sixty (60) days after the written notice of dispute is given pursuant to Section 5.1 hereof. Each Party shall bear its own costs and expenses with respect to preparation for, attendance at and participation in such meeting.

5.3 In the event that (i) a meeting has been held in accordance with Section 5.2, and (ii) the dispute shall have not been resolved at such meeting, then, upon request by either the Asserting Party or the Other Party, the Asserting Party and the Other Party shall submit such dispute to binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "Commercial Arbitration Rules"). In the event that such dispute is submitted to arbitration pursuant to the Commercial Arbitration Rules, then the arbitration tribunal shall be composed of three arbitrators (one such arbitrator to be selected by the Asserting Party, the second such arbitrator to be selected by the Other Party, in each case, within thirty (30) days after the meeting is held in accordance with Section 5.2, with the third such arbitrator, who shall be a former U.S. District Court or U.S. Circuit Court of Appeals judge and shall serve as chairperson of such

tribunal, selected by the other two arbitrators or, in the absence of their agreement, by the American Arbitration Association). The venue of the arbitration shall be Wilmington, Delaware, the language of the arbitration shall be English and the arbitration shall commence no later than sixty (60) days after the meeting held in accordance with Section 5.2. The decision, judgment and order of the arbitration tribunal shall be final, binding and conclusive as to the Parties involved in such dispute, and their respective Representatives, and may be entered in court of competent jurisdiction. Other than the fees and expenses of the arbitrators, which shall be shared equally by the Parties involved in the dispute, each Party to the dispute shall bear its own costs and expenses (including attorneys' fees and expenses) relating to the arbitration.

6. Miscellaneous.

6.1 Amendment and Modification. Subject to applicable Laws, this Amendment may be amended, supplemented or otherwise modified only by written agreement entered into by the Parties.

6.2 Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without giving effect to conflicts of law principles) as to all matters, including validity, construction, effect, performance and remedies.

6.3 Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.4 Severability. If any term or other provision of this Amendment is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Amendment shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Amendment so as to effect the original intent of the Parties as closely as possible to the fullest extent permitted by Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

6.5 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given on the day when delivered personally or by

facsimile transmission (with confirmation), on the next Business Day when delivered to a nationally recognized overnight courier or five (5) Business Days after deposited as registered or certified mail (return receipt requested), in each case, postage prepaid, addressed to the recipient Party at its address set forth below (or at such other address or facsimile number for a Party as shall be specified by like notice; provided, however, that any notice of a change of address or facsimile number shall be effective only upon receipt thereof):

(a) If to ACE or DP&L, to such Party:

In care of Conectiv  
800 King Street  
P.O. Box 231  
Wilmington, Delaware 19899  
Attention: Chairman  
Facsimile: (302) 429-3367

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
One Rodney Square  
Wilmington, Delaware 19801  
Attention: Steven J. Rothschild, Esquire  
Facsimile: (302) 651-3001

(b) If to PECO, to:

PECO Energy Company - Nuclear  
300 Exelon Way  
Kennett Square, Pennsylvania 19348  
Attention: Charles P. Lewis,  
Vice President  
Facsimile: (610) 765-5724

with a copy to:

Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, Pennsylvania 19103-2921

Attention: Howard L. Meyers, Esquire  
 Facsimile: (215) 963-5299

(c) If to PSE&G Utility, PSEG Nuclear or PSEG Power, to:

c/o PSEG Nuclear LLC  
 80 Park Plaza  
 T-5A  
 P.O. Box 570  
 Newark, New Jersey 07101  
 Attention: Harold W. Borden,  
 Vice President and General Counsel  
 Facsimile: (973) 639-0741

with a copy to:

Steptoe & Johnson LLP  
 1330 Connecticut Avenue, NW  
 Washington, DC 20036  
 Attention: Filiberto Agusti, Esquire  
 Facsimile: (202) 429-3902

6.6 Construction. The Article and Section headings contained in this Amendment are solely for the purpose of reference, are not part of the agreement of the Parties and shall not in any way affect the meaning of this Amendment. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Amendment shall refer to this Amendment as a whole and not to any particular provision of this Amendment. References to a Section shall mean a Section of this Amendment.

6.7 Several Liability. Notwithstanding anything herein to the contrary, all agreements of PECO, PSE&G Utility, PSEG Power and PSEG Nuclear hereunder shall be several and not joint and all agreements of ACE and DP&L shall be several and not joint.

6.8 No Other Modifications. Except as herein modified, as between ACE, PECO and PSEG Nuclear, the terms and provisions of the Owners Agreement shall remain unmodified and shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Amendment to Owners Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

ATLANTIC CITY ELECTRIC COMPANY

By: John W. Land  
 Name: John W. Land  
 Title: Vice President

DELMARVA POWER & LIGHT COMPANY

By: T. S. Shaw  
 Name: Thomas S. Shaw  
 Title: Executive Vice President

PECO ENERGY COMPANY

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

PSEG NUCLEAR LLC

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have caused this Amendment to Owners Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

ATLANTIC CITY ELECTRIC COMPANY

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

DELMARVA POWER & LIGHT COMPANY

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

PECO ENERGY COMPANY

By: Charles P. Lewis  
 Name: Charles P. Lewis  
 Title: Vice President

PSEG NUCLEAR LLC

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have caused this Amendment to Owners Agreement to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

ATLANTIC CITY ELECTRIC COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DELMARVA POWER & LIGHT COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PECO ENERGY COMPANY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PSEG NUCLEAR LLC

By: David F. Gorchow  
Name: David F. Gorchow  
Title: Vice President - Operations  
PSEG Nuclear - Power LLC



Public Service Electric & Gas Company and PSEG Power LLC execute this  
Amendment to evidence their agreement to be bound by Section 4 hereof:

PUBLIC SERVICE ELECTRIC & GAS COMPANY

By: R. Edwin Selover  
Name: R. Edwin Selover  
Title: Sr. Vice President

PSEG POWER LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Public Service Electric & Gas Company and PSEG Power LLC execute this Amendment to evidence their agreement to be bound by Section 4 hereof:

**PUBLIC SERVICE ELECTRIC & GAS COMPANY**

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**PSEG POWER LLC**

By: Frank Cassidy  
 Name: Frank Cassidy  
 Title: President

EXHIBIT 5(N)

SUPPLEMENTAL AGREEMENT  
to the  
OWNERS AGREEMENT  
for  
PEACH BOTTOM NO. 2 AND 3 NUCLEAR UNITS

This SUPPLEMENTAL AGREEMENT made as of January 26, 1977,  
by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey  
corporation, DELMARVA POWER & LIGHT COMPANY, a Delaware corporation,  
PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation, and  
PUBLIC SERVICE ELECTRIC AND GAS COMPANY, a New Jersey corporation,  
(hereinafter referred to individually as ACE, DPL, PE, and PS  
respectively, and referred to collectively as the signatories).

WITNESSETH:

WHEREAS, the signatories have entered into an Owners Agreement  
dated November 24, 1971 (AGREEMENT), as amended and supplemented;  
and

WHEREAS, the signatories desire to amend and supplement the  
AGREEMENT to further define and clarify the responsibility for  
loss or damage and the liability therefor, arising out of ownership  
or operation of Peach Bottom No. 2 and 3 Nuclear Units (hereinafter  
referred to as the Station);

NOW, THEREFORE, the signatories, each in consideration of  
the agreements of the other, herein set forth, hereby mutually  
agree as follows:

Section I The AGREEMENT shall be and is hereby amended:

a. By adding a new Section 25.2 as follows:

"All power replacement costs incurred by each signatory  
as a result of the total or partial unavailability of  
its ownership share of the Station shall not be con-  
sidered as a shared liability and shall be borne

entirely by each signatory."

b. By renumbering the existing Section 25.2 as Section 25.3.

Section II This SUPPLEMENTAL AGREEMENT shall become effective as of November 24, 1971.

Section III Except as hereinabove provided, the terms and conditions of the AGREEMENT as amended and supplemented shall remain in full force and effect.

IN WITNESS WHEREOF, the signatories hereto have duly executed this SUPPLEMENTAL AGREEMENT as of the day and year first above written.

ATLANTIC CITY ELECTRIC COMPANY

By

F. J. Piccolanti  
Vice President

PHILADELPHIA ELECTRIC COMPANY

By

Walter C. Autley  
Vice President

DELMARVA POWER & LIGHT COMPANY

By

C. J. [Signature]  
Vice President

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By

C. H. Hoffman  
Vice President

SUPPLEMENTAL AGREEMENT  
to the  
OWNERS AGREEMENT  
for  
PEACH BOTTOM NO. 2 AND 3 NUCLEAR UNITS

This SUPPLEMENTAL AGREEMENT made as of September 1, 1975 by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation, DELMARVA POWER & LIGHT COMPANY, a Delaware corporation, PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation, and PUBLIC SERVICE ELECTRIC AND GAS COMPANY, a New Jersey corporation, (hereinafter referred to individually as ACE, DPL, PE and PS respectively, and referred to collectively as the signatories).

WITNESSETH:

WHEREAS, the signatories have entered into an Owners Agreement dated November 24, 1971, (AGREEMENT); and

WHEREAS, the signatories desire to amend and supplement the AGREEMENT to further define and clarify the procedures for authorization of and accounting for expenditures;

NOW, THEREFORE, the signatories, each in consideration of the agreements of the others, herein set forth, hereby mutually agree as follows:

Section I. The AGREEMENT shall be and is hereby amended:

A. By striking out Section 5.2 and substituting in lieu thereof:

5.2 After each unit is placed in commercial operation, all capital additions and operating expenditures, associated with said unit, covered by annual budgets as provided for in 12.1 (e) shall require the approval of signatories having a collective ownership interest in excess of 50%, except that individual capital

projects expected to cost in excess of \$1,000,000 shall require the unanimous approval of the signatories.

B. By striking out Section 5.3 and substituting in lieu thereof:

5.3 In the course of operation, whenever significant deviations from the approved budgets as provided for in 12.1 (e) are expected to occur, PE will promptly advise the Owners Committee as defined in 16.1 as follows:

- i) when the current year's total capital expenditures will deviate from budget by 10% or more; or
- ii) when the current year's aggregate operating expenses, exclusive of nuclear fuel, will deviate from budget by 10% or more; or
- iii) when the current year's aggregate maintenance expenses will deviate from budget by 10% or more.

In such cases, PE will furnish an explanation of the deviation and an estimate of expenditures for the remainder of the budget year. Except as provided for in 5.4, if any such deviation exceeds budget by 10% or more, such expenditures in excess of budget shall require the approval of signatories having a collective ownership interest in excess of 50%, except that individual capital projects expected to cost in excess of \$1,000,000 shall require the unanimous approval of the signatories.

C. By adding a new Section 5.4 as follows:

5.4 When, in the course of operation, unforeseen need arises for retirement, renewal, repair, or replacement of any facilities, PE, as operating agent designated in 11.1, shall make such retirement, renewal, repair, or replacement if prompt decision is required to prevent hazardous conditions or substantial reduction in service.

D. By striking out Section 12.1 (e) and substituting in lieu thereof:

12.1 (e) Prepare annual budgets as required for operating expenses, maintenance, capital expenditures and retirements to be submitted to the Owners Committee as defined in 16.1 for approval. Said annual budgets shall be as follows:

- i) a ten year Capital Budget, by months for the first year and by years thereafter; and
- ii) a five year Operating and Maintenance Budget, by months for the first year and by years thereafter; and
- iii) projected net generation for five years with the first year by months;
- iv) revisions to any of the above items will be submitted to the Owners Committee whenever new computations are made.

Section II. This SUPPLEMENTAL AGREEMENT shall become effective on September 1, 1975.

Section III. Except as hereinabove provided, the terms and conditions of the AGREEMENT shall remain in full force and effect.

IN WITNESS WHEREOF, the signatories hereto have duly executed this SUPPLEMENTAL AGREEMENT as of the day and year first above written.

ATLANTIC CITY ELECTRIC COMPANY

BY *F. J. Licadente*  
Vice President

DELMARVA POWER & LIGHT COMPANY

BY *W. J. Rini*  
Vice President

PHILADELPHIA ELECTRIC COMPANY

BY *Wm. C. Kistler*  
Vice President

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY *C. H. Hoffman*  
Vice President

Amended Agreement:

OWNERS AGREEMENT  
FOR  
PEACH BOTTOM NO. 2 AND 3 NUCLEAR UNITS

THIS AGREEMENT, made and entered into as of this 24th day of November 1971, by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation, DELMARVA POWER & LIGHT COMPANY, a Delaware corporation, PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation, and PUBLIC SERVICE ELECTRIC AND GAS COMPANY, New Jersey corporation, (hereinafter referred to individually as ACE, DPL, PE and PS respectively, and referred to collectively as the signatories).

WITNESSETH THAT:

WHEREAS, the signatories have agreed to undertake construction of Peach Bottom No. 2 and No. 3 Nuclear Units (hereinafter referred to as the Station) in order to obtain the advantages of a large nuclear generating station, including resultant low cost of installation and operation; and

WHEREAS, various contracts and arrangements have been made in connection with the design and construction of the Station, the purchase of equipment, and the purchase or lease of nuclear fuel; and

WHEREAS, it is contemplated that other contracts will be made in connection with transmission of the Station output;

NOW, THEREFORE, the parties hereto, each in consideration of the covenants of the others, herein set forth, hereby mutually agree as follow:

Section I - Ownership of Station  
Description of Facilities and Property

1.1 The Station shall consist primarily of:

Two 1065 mw turbine-generator units complete with accessories and auxiliaries; two 13,500,000 lb/hr boiling water reactors and auxiliaries; general plant; main power transformers; emergency on-site power; nuclear fuel, unless such nuclear fuel shall be leased, and all other items required for the complete installation and fueling of the Station.

1.2 The following parcel of land shall be used for the Station:

That area required for the main buildings and auxiliaries occupying approximately 24 acres, 500 feet north of Peach Bottom Unit No. 1 together with certain rights in adjacent land necessary for the construction and operation of the Station.

Article 2  
Ownership Participation

2.1 The signatories shall own the Station as described in 1.1 and land described in 1.2 as tenants in common without the right of partition with undivided interests as follows:

|   |        |
|---|--------|
| Atlantic City Electric Company          | 7.51%  |
| Delmarva Power & Light Company          | 7.51%  |
| Philadelphia Electric Company           | 42.49% |
| Public Service Electric and Gas Company | 42.49% |



2.2 Any change in the form of ownership shall require the unanimous approval of the signatories.

### Article 3 Responsibility for Costs

3.1 The signatories shall share in the cost of site preparation, in the cost of land described in 1.2, in the cost of engineering and design and construction of the Station described in 1.1, in the cost of purchasing or leasing nuclear fuel, in the cost of normal construction period training, in rentals for land and other facilities and in the cost of its operation and maintenance in proportion to their ownership listed in 2.1. After each generating unit is placed in operation, capital and operating expenditures shall be authorized as provided in 5.2. Costs of additions, renewals, replacements, retirements and abandonments, including removal costs, shall be allocated among the signatories in proportion to their ownership listed in 2.1.

3.2 Funds received from the rental to others or disposal of any facilities described in 1.1, or of any additional facilities provided for in 5.2 or 5.3, shall be distributed to the signatories in proportion to their ownership listed in 2.1.

### Article 4 Entitlements to Station Output

4.1 The signatories shall be entitled to shares of the installed capacity, available capacity, operating capacity and hourly energy generation of the Station in proportion to their ownership listed in 2.1.

### Article 5 Authorization of and Accounting for Expenditures

5.1 Direct expenditures for the Station shall be classified in accordance with the requirements of the appropriate regulatory authorities. A set of continuing property records shall be established for the Station by PE utilizing retirement units similarly in accord. Such continuing property records shall reflect additions, retirements and replacements made from time to time in accordance with 5.2 and 5.3.

5.2 After each unit is placed in commercial operation, all capital additions and operating expenditures, associated with said unit, covered by annual budgets as provided for in 12.1 (e) shall require the approval of signatories having a collective ownership interest in excess of 50%, except that individual capital projects expected to cost in excess of \$1,000,000 shall require the unanimous approval of the signatories.

5.3 In the course of operation, whenever significant deviations from the approved budgets as provided for in 12.1 (e) are expected to occur, PE will promptly advise the Owners Committee as defined in 16.1 as follows:

- i) when the current year's total capital expenditures will deviate from budget by 10% or more; or
- ii) when the current year's aggregate operating expenses, exclusive of nuclear fuel, will deviate from budget by 10% or more; or
- iii) when the current year's aggregate maintenance expenses will deviate from budget by 10% or more.

In such cases, PE will furnish an explanation of the deviation and an estimate of expenditures for the remainder of the budget year. Except as provided for in 5.4, if any such deviation exceeds budget by 10% or more, such expenditures in excess of budget shall require the approval of signatories

having a collective ownership interest in excess of 50%, except that individual capital projects expected to cost in excess of \$1,000,000 shall require the unanimous approval of the signatories.

5.4 When, in the course of operation, unforeseen need arises for retirement, renewal, repair, or replacement of any facilities, PE, as operating agent designated in 11.1, shall make such retirement, renewal, repair, or replacement if prompt decision is required to prevent hazardous conditions or substantial reduction in service.

#### Article 6 Disposal of Property or Equipment

6.1 Disposal by sale or otherwise of any major facilities described in 1.1 or any additional major facilities provided for in 5.2 or 5.3 shall require the unanimous approval of the signatories.

6.2 When the Station ceases to be used and useful and is retired or abandoned, ACE, DPL and PS shall forthwith transfer to PE their respective interests in the land and rights described in 1.2 for a consideration equal to the then fair market value of their respective ownership of such land.

#### Section II - Construction of Station

##### Article 7 Responsibility for Engineering and Design

7.1 PE shall be responsible for detailed engineering design of the Station.

##### Article 8 Responsibility for Construction

8.1 PE shall be responsible for the construction of a complete, operable station.

##### Article 9 Progress Payments During Construction Period

9.1 The signatories shall advance construction funds to PE in proportion to their ownership listed in 2.1. PE, as Billing Agent as designated in 18.1, shall call for advances as needed to provide for the payment of current bills while maintaining a minimum working balance of idle cash.

9.2 PE shall make payments on behalf of all the signatories, as required, to vendors and contractors for the design and construction of a complete, operable station.

9.3 PE shall prepare annually an estimate of monthly construction expenditures.

##### Article 10 Accounting and Reports During Construction Period

10.1 PE shall keep accurate accounts of the cost of construction of the Station and shall furnish monthly copies summarizing such accounts to ACE, DPL and PS. Detailed records and accounts of construction costs shall be available for inspection by ACE, DPL and PS.

10.2 PE shall furnish to ACE, DPL and PS monthly reports of progress of construction.

### Section III - Operation of Station

#### Article 11

##### Responsibility for Operation

11.1 PE on behalf of the signatories shall operate and maintain the Station for the mutual benefit of the signatories in the same manner as if it were its own generating station as provided hereinafter. In performing such operation and maintenance, PE shall act as an independent contractor responsible for the result to be obtained, i.e., generation of power and energy at the Station, as economically and reliably as is practicable, and delivery to the adjacent Peach Bottom Switching Station, PE itself having sole responsibility for the specific manner of attaining that result, subject to the provisions of 5.2 and 5.3.

#### Article 12

##### Services to Be Provided

12.1 As operator of the Station, PE will:

- (a) Assign sufficient trained personnel to operate the Station in a reliable and economical manner, such personnel to be employees solely of PE.
- (b) Schedule deliveries of and handle fuel supplies to the Station.
- (c) Purchase operating and ordinary maintenance materials, supplies and services.
- (d) Perform or contract for maintenance, renewals, and replacements required to keep the Station in safe and efficient operating condition and to protect the property, as provided in 5.2 and 5.3.
- (e) Prepare annual budgets as required for operating expenses, maintenance, capital expenditures and retirements to be submitted to the Owners Committee as defined in 16.1 for approval. Said annual budgets shall be as follows:
  - i) a ten year Capital Budget, by months for the first year and by years thereafter; and
  - ii) a five year Operating and Maintenance Budget, by months for the first year and by years thereafter; and
  - iii) projected net generation for five years with the first year by months;
  - iv) revisions to any of the above items will be submitted to the Owners Committee whenever new computations are made.
- (f) Perform accounting required for the Station and furnish necessary reports to the signatories to enable each to meet its accounting and statistical requirements including the requirements of any regulatory body having jurisdiction.
- (g) Prepare bills in reasonable detail and render said bills to the signatories for cost of services performed, including an appropriate allowance for PE's overheads, as mutually agreed to, applicable to operation of the Station as provided in 14.1.

#### Article 13

##### Scheduling of Operations

13.1 PE shall schedule the operation of the Station (operating period hourly generation and maintenance outages) in accordance with the practices of the Pennsylvania-New Jersey-Maryland Interconnection and shall keep ACE, DPL and PS fully informed of the status of the Station. Operation shall be scheduled so as to result in the maximum practicable benefit to the signatories from the utilization of the Station output.

#### Article 14

##### Payments for Operation

14.1 Prior to the date the first generating unit is placed in operation, PE shall request from the other signatories and they shall remit promptly to PE, in proportion to their ownership listed in 2.1, an amount of working funds to cover their share of estimated current operating disbursements. PE shall adjust the aggregate amount of such working funds in order to maintain a minimum balance necessary to provide for the orderly payment of bills.

14.2 PE shall make payments on behalf of all the signatories, as required, to vendors and contractors for the continuance of a complete, operable station.

14.3 At the end of each month, PE, Billing Agent as designated in 18.1, shall prepare a statement of actual cost of operation and maintenance of the Station and shall submit said statement to ACE, DPL and PS for reimbursement of its operating funds.

14.4 PE shall prepare annually an estimate of monthly costs of operating the Station during the ensuing budget year and submit said estimate to ACE, DPL and PS. Such estimate of payments shall cover all estimated costs of operation and maintenance, including labor, supervision, applicable fringe benefits and overheads, fuel, supplies, rentals, taxes, insurance and other expenses.

#### Article 15

##### Training of Operating Personnel

15.1 ACE, DPL and PS shall share in cost of training PE personnel who will be assigned to operate the Station, in proportion to their ownership listed in 2.1. The signatories shall each bear the costs in connection with general training to qualify their personnel for nuclear operations.

15.2 ACE, DPL and PS shall have the right to assign personnel to the construction force during Station construction and to the Station operating force for training purposes. Those so assigned shall remain as employees of, and their wages and expenses paid by the signatory making the assignment.

#### Section IV - General

#### Article 16

##### Owners Committee

16.1 Each signatory, by written notice signed by an officer legally authorized to commit such signatory, and served upon other signatories, shall appoint one representative and an alternate to serve on an Owners Committee to coordinate the administration of all matters pertaining to the design, construction, ownership, operation and maintenance of the Station under this Agreement. Any signatory may, at any time, by similar written notice change its representative or alternate on the Owners Committee. All decisions made or directions given by the Owners Committee shall be by unanimous approval of its members except where specified in 5.2.

#### Article 17

##### Other Expenses

17.1 Legal expenses, audit expenses, expenses incurred in dealing with regulatory commissions, storeroom expense on materials and supplies and other expenses reasonably chargeable to the station shall be allocated among the signatories in proportion to their ownership listed in 2.1.

#### Article 18

##### Designation of Billing Agent

18.1 PE is hereby designated as Billing Agent under this Agreement for receiving and disbursing payments and shall render bills for net charges and issue statements for net credits.

#### Article 19 Monthly Settlement

19.1 PE shall bill ACE, DPL and PS monthly for their portions of all expenses and charges under this Agreement. ACE, DPL and PS shall make payment within 10 days of receipt of said bill.

#### Article 20 PE Ownership in Future Nuclear Plants

20.1 It is the intent, when conditions make it feasible, that ACE will undertake to construct a nuclear power station and, at such time, shall offer PE the opportunity to share in the ownership of such a station in an amount equivalent to the total ACE share of the kilowatt capacity in Peach Bottom Units No. 2 and 3. ACE shall be obligated to offer such opportunity to PE only as to the first nuclear power station constructed by ACE.

20.2 It is the intent, when conditions make it feasible, that DPL will undertake to construct a nuclear power station and, at such time, shall offer PE the opportunity to share in the ownership of such a station in an amount equivalent to the total DPL share of the kilowatt capacity in Peach Bottom Units No. 2 and 3. DPL shall be obligated to offer such opportunity to PE only as to the first nuclear power station constructed by DPL.

#### Article 21 Insurance and Indemnity

21.1 PE shall have sole responsibility for withholding from the compensation of its employees engaged in performing the services under this Agreement any taxes or contributions which are required by law to be withheld, and, sole responsibility for paying such withheld amount and taxes applicable to the compensation of such employees imposed by law upon PE to the proper governmental authority, and shall indemnify and save harmless the other signatories from and against any liability on account thereof.

21.2 PE shall have sole responsibility for the payment of workmen's compensation to its employees engaged in performing the services under this Agreement in accordance with the laws of the Commonwealth of Pennsylvania. PE may, at its option satisfy its liability under the Workmen's Compensation Act by providing primary Workmen's Compensation insurance or by annual qualification from the Commonwealth of Pennsylvania as a self-insurer augmented by excess Workmen's Compensation insurance. Any such insurance policy provided by PE, either primary or excess, shall contain a subrogation waiver as follows: "It is understood and agreed that the Company shall not proceed against any of the Owners of Peach Bottom Atomic Power Station, Units No. 2 and 3 for recovery of any loss or losses paid under this policy." Evidence of any such Workmen's Compensation insurance provided is to be furnished to the other signatories.

21.3 PE, for itself and as agent of the other signatories, shall provide comprehensive public liability insurance in amounts to be determined from time to time by the signatories. Such insurance shall cover liability (other than nuclear) arising out of the ownership and operation of the Station and associated activities, including the use of automobiles, and shall name as insureds PE and the other signatories. A certified copy of this policy is to be furnished to the other signatories.

21.4 For the protection against liability arising out of or from a "nuclear incident" (as defined in the Atomic Energy Act of 1954, as amended) PE, for itself and as agent of the other signatories, shall provide (a) nuclear liability insurance in such amount and in such form as shall meet the financial protection requirements of the AEC pursuant to Subsection 170(b) of the Atomic Energy Act of 1954, as amended, and (b) a Government Indemnity Agreement with the AEC pursuant to Subsection 170(c) of the Atomic Energy Act of 1954, as amended. Certified copies of nuclear liability insurance policies and Government Indemnity Agreement are to be furnished to the other signatories.

21.5 PE, for itself and as agent of the other signatories, shall provide property damage insurance in such amount and in such form as deemed necessary and appropriate by the signatories. Such policy or policies shall name as insureds PE and the other signatories. Certified copies of such policies are to be furnished to the other signatories.

21.6 PE shall provide employees' fidelity insurance in the amount of \$500,000.

21.7 Costs of all insurances provided specifically for the ownership and operation of Peach Bottom Atomic Power Station shall be included in PE's expenses reimbursable by the other signatories under this Agreement.

#### Article 22 Audit

22.1 An audit shall be made each year of the accounts and records kept by PE under this Agreement by an independent certified public accountant to verify the accuracy of the expenses and costs charged to the signatories. The report of said certified public accountant shall be sent to each signatory who shall advise PE, within three months of the receipt of said report, of any exception or objection to any item of expenses and costs in the period covered by said report.

#### Article 23 Effective Date and Termination of Agreement

23.1 This Agreement shall become effective as of the date first above written and shall continue in full force and effect as long as the Station continues to be used and useful for electric generation unless sooner terminated by unanimous agreement.

#### Article 24 Waiver of Rights

24.1 Any waiver of the rights of any signatory as to any other signatory or any other matter arising hereunder shall not be deemed a waiver as to any default or other matter subsequently occurring.

#### Article 25 Liability

25.1 The signatories shall bear all loss or damage and liability therefor, arising out of ownership or operation of the Station, by reason of bodily injury, death or damage to property in proportion to their ownership interests listed in 2.1, without prejudice, however, to any rights against any other party, causing such loss, damage or liability.

25.2 All power replacement costs incurred by each signatory as a result of the

total or partial unavailability of its ownership share of the Station shall not be considered as a shared liability and shall be borne entirely by each signatory.

25.3 No signatory shall be liable for the failure of any other signatory to perform any of its obligations under this Agreement.

Article 26  
Governing Law

26.1 It is agreed by the signatories that this Agreement shall be construed, interpreted and controlled by the laws of the Commonwealth of Pennsylvania.

Article 27  
Successors and Assigns

27.1 This Agreement shall enure to the benefit of and be binding upon the successors of the respective signatories.

27.2 A signatory may, upon agreement between the parties, transfer part or all of its interest in the Station to another signatory and correspondingly assign its rights and obligations under this Agreement.

27.3 A signatory may transfer part or all of its interest in the Station to a transferee not a signatory hereto and correspondingly assign its rights and obligations under this Agreement to such transferee, provided that the same offer of transfer shall first have been made in writing sent by registered mail to the other signatories and shall have been rejected by them.

IN WITNESS WHEREOF, the signatories have caused these presents to be signed in their respective names, each by duly authorized officers as of the day and first above written.

ATLANTIC CITY ELECTRIC COMPANY  
BY F.J. FICADENTI

DELMARVA POWER & LIGHT COMPANY  
BY E.R. STREED

PHILADELPHIA ELECTRIC COMPANY  
BY C. WATSON

PUBLIC SERVICE ELECTRIC AND GAS COMPANY  
BY C.H. HOFFMAN

OWNERS AGREEMENT  
FOR  
PEACH BOTTOM NO. 2 AND 3 NUCLEAR UNITS

THIS AGREEMENT, made and entered into as of this 24th day of November 1971, by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation, DELMARVA POWER & LIGHT COMPANY, a Delaware corporation, PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation, and PUBLIC SERVICE ELECTRIC AND GAS COMPANY, a New Jersey corporation, (hereinafter referred to individually as ACE, DPL, PE and PS respectively, and referred to collectively as the signatories).

WITNESSETH THAT:

WHEREAS, the signatories have agreed to undertake construction of Peach Bottom No. 2 and No. 3 Nuclear Units (hereinafter referred to as the Station) in order to obtain the advantages of a large nuclear generating station, including the resultant low cost of installation and operation; and

WHEREAS, various contracts and arrangements have been made in connection with the design and construction of the Station, the purchase of equipment, and the purchase or lease of nuclear fuel; and

WHEREAS, it is contemplated that other contracts will be made in connection with transmission of the Station output;

NOW, THEREFORE, the parties hereto, each in consideration of the covenants of the others, herein set forth, hereby mutually agree as follows:



Section I - Ownership of Station

Article 1

Description of Facilities and Property

1.1 The Station shall consist principally of:

Two 1065 mw turbine-generator units complete with accessories and auxiliaries; two 13,500,000 lb/hr boiling water reactors and auxiliaries; general plant; main power transformers; emergency on-site power; nuclear fuel, unless such nuclear fuel shall be leased, and all other items required for the complete installation and fueling of the Station.

1.2 The following parcel of land shall be used for the Station:

That area required for the main buildings and auxiliaries occupying approximately 24 acres, 500 feet north of Peach Bottom Unit No. 1 together with certain rights in adjacent land necessary for the construction and operation of the Station.

Article 2

Ownership Participation

2.1 The signatories shall own the Station as described in 1.1 and land described in 1.2 as tenants in common without the right of partition with undivided interests as follows:

|   |   |        |
|---|---|--------|
| Atlantic City Electric Company          | - | 7.51%  |
| Delmarva Power & Light Company          | - | 7.51%  |
| Philadelphia Electric Company           | - | 42.49% |
| Public Service Electric and Gas Company | - | 42.49% |

2.2 Any change in the form of ownership shall require the unanimous approval of the signatories.

Article 3

Responsibility for Costs

- 3.1 The signatories shall share in the cost of site preparation, in the cost of land described in 1.2, in the cost of engineering design and construction of the Station described in 1.1, in the cost of purchasing or leasing nuclear fuel, in the cost of normal construction period training, in rentals for land and other facilities and in the cost of its operation and maintenance in proportion to their ownership listed in 2.1. After each generating unit is placed in operation, capital and operating expenditures shall be authorized as provided in 5.2. Costs of additions, renewals, replacements, retirements and abandonments, including removal costs, shall be allocated among the signatories in proportion to their ownership listed in 2.1.
- 3.2 Funds received from the rental to others or disposal of any facilities described in 1.1, or of any additional facilities provided for in 5.2 or 5.3, shall be distributed to the signatories in proportion to their ownership listed in 2.1.

Article 4

Entitlements to Station Output

- 4.1 The signatories shall be entitled to shares of the installed capacity, available capacity, operating capacity and hourly energy generation of the Station in proportion to their ownership listed in 2.1.

Article 5

Authorization of and Accounting for Expenditures

- 5.1 Direct expenditures for the Station shall be classified in accordance with the requirements of the appropriate regulatory authorities. A set of continuing property records shall be established for the Station by PE utilizing retirement units similarly in accord. Such continuing property records shall reflect additions, retirements and replacements made from time to time in accordance with 5.2 and 5.3.
- 5.2 After each unit is placed in commercial operation, all capital additions and operating expenditures, associated with said unit, covered by annual budgets and unbudgeted expenditures not covered by 5.3 shall require the approval of signatories having a collective ownership interest in excess of 50%, except that individual projects expected to cost in excess of \$500,000 shall require the unanimous approval of the signatories.
- 5.3 When, in the course of operation, unforeseen need arises for retirement, renewal, repair or replacement of any facilities, PE, as operating agent designated in 11.1, shall make such retirement, renewal, repair, or replacement if:
- i. The necessary material is on hand or obtainable promptly for intended use; and
  - ii. Prompt decision is required to prevent hazardous conditions or substantial reduction in service; and
  - iii. The net expenditure is expected not to exceed \$100,000.

Article 6

Disposal of Property or Equipment

- 6.1 Disposal by sale or otherwise of any major facilities described in 1.1 or any additional major facilities provided for in 5.2 or 5.3 shall require the unanimous approval of the signatories.
- 6.2 When the Station ceases to be used and useful and is retired or abandoned, ACE, DPL and PS shall forthwith transfer to PE their respective interests in the land and rights described in 1.2 for a consideration equal to the then fair market value of their respective ownership of such land.

Section II - Construction of Station

Article 7

Responsibility for Engineering and Design

- 7.1 PE shall be responsible for detailed engineering design of the Station.

Article 8

Responsibility for Construction

- 8.1 PE shall be responsible for the construction of a complete, operable station.

Article 9

Progress Payments During Construction Period

- 1 The signatories shall advance construction funds to PE in proportion to their ownership listed in 2.1. PE, as Billing Agent as designated

in 18.1, shall call for advances as needed to provide for the payment of current bills while maintaining a minimum working balance of idle cash.

- 9.2 PE shall make payments on behalf of all the signatories, as required, to vendors and contractors for the design and construction of a complete, operable station.
- 9.3 PE shall prepare annually an estimate of monthly construction expenditures.

#### Article 10

##### Accounting and Reports During Construction Period

- 10.1 PE shall keep accurate accounts of the cost of construction of the Station and shall furnish monthly copies summarizing such accounts to ACE, DPL and PS. Detailed records and accounts of construction costs shall be available for inspection by ACE, DPL and PS.
- 10.2 PE shall furnish to ACE, DPL and PS monthly reports of progress of construction.

#### Section III - Operation of Station

##### Article 11

##### Responsibility for Operation

- 11.1 PE on behalf of the signatories shall operate and maintain the Station for the mutual benefit of the signatories in the same manner as if it were its own generating station as provided herein-

after. In performing such operation and maintenance, PE shall act as an independent contractor responsible for the result to be obtained, i.e., generation of power and energy at the Station, as economically and reliably as is practicable, and delivery to the adjacent Peach Bottom Switching Station, PE itself having sole responsibility for the specific manner of attaining that result, subject to the provisions of 5.2 and 5.3.

## Article 12

### Services to Be Provided

12.1 As operator of the Station, PE will:

- (a) Assign sufficient trained personnel to operate the Station in a reliable and economical manner, such personnel to be employees solely of PE.
- (b) Schedule deliveries of and handle fuel supplies to the Station.
- (c) Purchase operating and ordinary maintenance materials, supplies and services.
- (d) Perform or contract for maintenance, renewals, and replacements required to keep the Station in safe and efficient operating condition and to protect the property, as provided in 5.2 and 5.3
- (e) Prepare annual budgets as required for operating expenses, maintenance, capital expenditures and retirements to be submitted to the Owners Committee as defined in 16.1 for approval.

- (f) Perform accounting required for the Station and furnish necessary reports to the signatories to enable each to meet its accounting and statistical requirements including the requirements of any regulatory body having jurisdiction.
- (g) Prepare bills in reasonable detail and render said bills to the signatories for cost of services performed, including an appropriate allowance for PE's overheads, as mutually agreed to, applicable to operation of the Station as provided in 14.1.

### Article 13

#### Scheduling of Operations

- 1 PE shall schedule the operation of the Station (operating periods, hourly generation and maintenance outages) in accordance with the practices of the Pennsylvania-New Jersey-Maryland Interconnection and shall keep ACE, DPL and PS fully informed of the status of the Station. Operation shall be scheduled so as to result in the maximum practicable benefit to the signatories from the utilization of the Station output.

### Article 14

#### Payments for Operation

- 14.1 Prior to the date the first generating unit is placed in operation, PE shall request from the other signatories and they shall remit promptly to PE, in proportion to their owner-

ship listed in 2.1, an amount of working funds to cover their share of estimated current operating disbursements. PE shall adjust the aggregate amount of such working funds in order to maintain a minimum balance necessary to provide for the orderly payment of bills.

- 14.2 PE shall make payments on behalf of all the signatories, as required, to vendors and contractors for the continuance of a complete, operable station.
- 14.3 At the end of each month, PE, Billing Agent as designated in 18.1, shall prepare a statement of actual cost of operation and maintenance of the Station and shall submit said statement to ACE, DPL and PS for reimbursement of its operating funds.
- 4.4 PE shall prepare annually an estimate of monthly costs of operating the Station during the ensuing budget year and submit said estimate to ACE, DPL and PS. Such estimate of payments shall cover all estimated costs of operation and maintenance, including labor, supervision, applicable fringe benefits and overheads, fuel, supplies, rentals, taxes, insurance and other expenses.

## Article 15

### Training of Operating Personnel

- 15.1 ACE, DPL and PS shall share in cost of training PE personnel who will be assigned to operate the Station, in proportion to their



ownership listed in 2.1. The signatories shall each bear the costs in connection with general training to qualify their personnel for nuclear operations.

- 15.2 ACE, DPL and PS shall have the right to assign personnel to the construction force during Station construction and to the Station operating force for training purposes. Those so assigned shall remain as employees of, and their wages and expenses paid by the signatory making the assignment.

#### Section IV - General

##### Article 16

##### Owners Committee

- 5.1 Each signatory, by written notice signed by an officer legally authorized to commit such signatory, and served upon other signatories, shall appoint one representative and an alternate to serve on an Owners Committee to coordinate the administration of all matters pertaining to the design, construction, ownership, operation and maintenance of the Station under this Agreement. Any signatory may, at any time, by similar written notice change its representative or alternate on the Owners Committee. All decisions made or directions given by the Owners Committee shall be by unanimous approval of its members except where specified in 5.2.

Article 17

Other Expenses

- 17.1 Legal expenses, audit expenses, expenses incurred in dealings with regulatory commissions, storeroom expense on materials and supplies and other expenses reasonably chargeable to the Station shall be allocated among the signatories in proportion to their ownership listed in 2.1.

Article 18

Designation of Billing Agent

- 18.1 PE is hereby designated as Billing Agent under this Agreement for receiving and disbursing payments and shall render bills for net charges and issue statements for net credits.

Article 19

Monthly Settlement

- 19.1 PE shall bill ACE, DPL and PS monthly for their portions of all expenses and charges under this Agreement. ACE, DPL and PS shall make payment within 10 days of receipt of said bill.

Article 20

PE Ownership in Future Nuclear Plants

- 20.1 It is the intent, when conditions make it feasible, that ACE will undertake to construct a nuclear power station and, at such time, shall offer PE the opportunity to share in the ownership of such a station in an amount equivalent to the total ACE share of the kilowatt capacity in Peach Bottom Units No. 2 and 3. ACE shall

be obligated to offer such opportunity to PE only as to the first nuclear power station constructed by ACE.

- 20.2 It is the intent, when conditions make it feasible, that DPL will undertake to construct a nuclear power station and, at such time, shall offer PE the opportunity to share in the ownership of such a station in an amount equivalent to the total DPL share of the kilowatt capacity in Peach Bottom Units No. 2 and 3. DPL shall be obligated to offer such opportunity to PE only as to the first nuclear power station constructed by DPL.

## Article 21

### Insurance and Indemnity

- 1.1 PE shall have sole responsibility for withholding from the compensation of its employees engaged in performing the services under this Agreement any taxes or contributions which are required by law to be withheld, and, sole responsibility for paying such withheld amount and taxes applicable to the compensation of such employees imposed by law upon PE to the proper governmental authority, and shall indemnify and save harmless the other signatories from and against any liability on account thereof.
- 21.2 PE shall have sole responsibility for the payment of workmen's compensation to its employees engaged in performing the services under this Agreement in accordance with the laws of the Commonwealth of Pennsylvania. PE may, at its option satisfy its liability under the Workmen's Compensation Act by providing primary Workmen's Compensation insurance or by annual qualification from the Commonwealth of Pennsylvania as a self-insurer augmented by excess

Workmen's Compensation insurance. Any such insurance policy provided by PE, either primary or excess, shall contain a subrogation waiver as follows: "It is understood and agreed that the Company shall not proceed against any of the Owners of Peach Bottom Atomic Power Station, Units No. 2 and 3 for recovery of any loss or losses paid under this policy." Evidence of any such Workmen's Compensation insurance provided is to be furnished to the other signatories.

21.3 PE, for itself and as agent of the other signatories, shall provide comprehensive public liability insurance in amounts to be determined from time to time by the signatories. Such insurance shall cover liability (other than nuclear) arising out of the ownership and operation of the Station and associated activities, including the use of automobiles, and shall name as insureds PE and the other signatories. A certified copy of this policy is to be furnished to the other signatories.

21.4 For the protection against liability arising out of or from a "nuclear incident" (as defined in the Atomic Energy Act of 1954, as amended) PE, for itself and as agent of the other signatories, shall provide (a) nuclear liability insurance in such amount and in such form as shall meet the financial protection requirements of the AEC pursuant to Subsection 170(b) of the Atomic Energy Act of 1954, as amended, and (b) a Government Indemnity Agreement with the AEC pursuant to Subsection 170(c) of the Atomic Energy Act of 1954, as amended. Certified copies of nuclear liability insurance policies and Government Indemnity Agreement are to be furnished to the other signatories.

- 21.5 PE, for itself and as agent of the other signatories, shall provide property damage insurance in such amount and in such form as deemed necessary and appropriate by the signatories. Such policy or policies shall name as insureds PE and the other signatories. Certified copies of such policies are to be furnished to the other signatories.
- 21.6 PE shall provide employees' fidelity insurance in the amount of \$500,000.
- 21.7 Costs of all insurances provided specifically for the ownership and operation of Peach Bottom Atomic Power Station shall be included in PE's expenses reimbursable by the other signatories under this Agreement.

## Article 22

### Audit

- 22.1 An audit shall be made each year of the accounts and records kept by PE under this Agreement by an independent certified public accountant to verify the accuracy of the expenses and costs charged to the signatories. The report of said certified public accountant shall be sent to each signatory who shall advise PE, within three

months of the receipt of said report, of any exception or objection to any item of expenses and costs in the period covered by said report.

### Article 23

#### Effective Date and Termination of Agreement

23.1 This Agreement shall become effective as of the date first above written and shall continue in full force and effect as long as the Station continues to be used and useful for electric generation unless sooner terminated by unanimous agreement.

### Article 24

#### Waiver of Rights

24.1 Any waiver of the rights of any signatory as to any other signatory or any other matter arising hereunder shall not be deemed a waiver as to any default or other matter subsequently occurring.

### Article 25

#### Liability

25.1 The signatories shall bear all loss or damage and liability therefor, arising out of ownership or operation of the Station, by reason of bodily injury, death or damage to property in proportion to their ownership interests listed in 2.1, without prejudice, however, to any rights against any other party, causing such loss, damage or liability.

- 5.2 No signatory shall be liable for the failure of any other signatory to perform any of its obligations under this Agreement.

Article 26

Governing Law

- 26.1 It is agreed by the signatories that this Agreement shall be construed, interpreted and controlled by the laws of the Commonwealth of Pennsylvania.

Article 27

Successors and Assigns

- 27.1 This Agreement shall enure to the benefit of and be binding upon the successors of the respective signatories.
- 27.2 A signatory may, upon agreement between the parties, transfer part or all of its interest in the Station to another signatory and correspondingly assign its rights and obligations under this Agreement.
- 27.3 A signatory may transfer part or all of its interest in the Station to a transferee not a signatory hereto and correspondingly assign its rights and obligations under this Agreement to such transferee, provided that the same offer of transfer shall first have been made in writing sent by registered mail to the other signatories

and shall have been rejected by them.

IN WITNESS WHEREOF, the signatories have caused these presents to be signed in their respective names, each by duly authorized officers as of the day and year first above written.

ATLANTIC CITY ELECTRIC COMPANY

BY *F. J. Picanti*  
Vice President

DELMARVA POWER & LIGHT COMPANY

BY *Ernest R. Street*  
Vice President

PHILADELPHIA ELECTRIC COMPANY

BY *William J. Atwood*  
Vice President

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY *C. H. Hoffman*  
Vice President



Memorandum of Owners' Agreement

Peach Bottom Atomic Power Station Units No. 2 and 3

The purpose of this memorandum is to record our agreement (1) as to our respective ownerships, as tenants in common, without right of partition, in Peach Bottom Atomic Power Station Units No. 2 and 3 (hereinafter referred to as the Units), two nominally 1065 mw boiling water nuclear generating units and appurtenant facilities, to be located on the Susquehanna River, in Peach Bottom Township, York County, Pennsylvania, in the following percentages:

|   |        |
|---|--------|
| Atlantic City Electric Company          | 7.51%  |
| Delmarva Power & Light Company          | 7.51%  |
| Philadelphia Electric Company           | 42.49% |
| Public Service Electric and Gas Company | 42.49% |

and (2) that our entitlements to capacity and energy from the Units will be in those same percentages at all times.

The Units are to be located at the Peach Bottom Atomic Power Station and Philadelphia Electric Company is responsible for their detailed engineering design, construction, and operation. The design and construction of the Units is in process, and contracts with the architect engineer and some of the equipment suppliers are being negotiated. The financial contributions of the parties hereto for the design and construction of the Units are to be in the foregoing respective percentages.

The parties hereto will bear all loss or damage and liability therefor arising out of the ownership or operation of the Units by reason of bodily injury, death or damage to property in the same proportions as their respective percentages of ownership in the Units, without prejudice, however, to any rights against any party or parties hereto, or third parties, causing such loss, damage or liability.

As soon as practicable hereafter, this memorandum will be implemented by several more formal documents providing for all necessary matters related to the ownership and operation of the Units.

Atlantic City Electric Company

Philadelphia Electric Company

By

*R. S. Hagg*

By

*Cell Watson*

Delmarva Power & Light Company

Public Service Electric and Gas Co.

By

*H. B. Ept*

By

*R. H. Hartung*

Dated: December 4, 1967