ENCLOSURE 1

3/27/72

1972

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AGREEMENT NO. 04-GEN-A2

3/27/72

The People of the State of Illinois, represented by the Attorney General, William J. Scott (hereinafter, the "State of Illinois"), The Izaak Walton League of America, the Illinois Division of the Izaak Walton League of America, the Iowa Division of the Izaak Walton League of America, the Davenport, Iowa Chapter of the Izaak Walton League of America, the Clinton, Iowa Chapter of the Izaak Walton League of America, the Blackhawk Chapter of the Izaak Walton League of America (hereinafter, collectively, the "Izaak Walton League"), the Illinois State Community Action Program of the United Automobile, Aerospace and Agricultural Implement Workers of America (hereinafter, the "UAW"), (all of whom, hereinafter, collectively, the "Plaintiffs"), Commonwealth Edison Company, the Iowa Illinois Gas & Electric Company (hereinafter, the "Utilities") are parties to litigation pending in the United States District Court for the District of Columbia and each is of the view that it is in its best interest and in the best interest of the public to settle and terminate that litigation on the following terms:

1. Modification of Condenser Cooling Water System.

The Utilities will construct and place in operation within the 60-month period more fully described in Paragraph 7 hereof and in accordance with the procedures described herein, a closed-cycle cooling system for the condenser cooling water discharge from both units of the nuclear electric generating station commonly known as Quad Cities Units 1 and 2 (hereinafter, "Quad Cities Station"). The closed-cycle system shall be comprised of a spray canal, having a blowdown discharge to the Mississippi River of not more than 50 cubic feet per second annual average and 125 cubic feet per second instantaneous maximum.

2. The Utilities will reapply to the Iowa Conservation Commission for a permit to construct a diffuser discharge pipe (of the design previously submitted to that Commission) in the Mississippi River to be used for the discharge of condenser cooling water, and, if the Utilities obtain all necessary approvals from regulatory agencies, will construct and place the diffuser discharge pipe in operation as soon as feasible after the issuance of the last required permit. The parties anticipate that the construction time for the diffuser will not exceed five months.

3. Dismissal of Pending Judicial Proceedings.

The State of Illinois, the Izaak Walton League and the UAW (who are, collectively, the plaintiffs in the suits described below) will cause the preliminary injunctions entered in the suits known as Izaak Walton League of America, et al., v. Schlesinger, et al., No. 2207-71; the People of the State of Illinois ex rel Scott, et al., v. United States Atomic Energy Commission, et al., No. 2208-71, pending in the United States District Court for the District of Columbia (the "District Court Cases") to be vacated and will cause those actions to be dismissed with prejudice. Thereafter, Utilities will dismiss their appeals currently pending in the United States Court of Appeals for the District of Columbia Circuit in the following actions: Izaak Walton League of America, et al., v. James Schlesinger, et al., Nos. 71-2028 and 72-1057; People of the State of Illinois ex rel Scott v. United States Atomic Energy Commission, et al., Nos. 71-2029 and 72-1058.

4. Further Regulatory Proceedings.

A. In view of the demonstrated and immediate need for additional electrical generating capacity within the Utilities service areas and of the particular need to fully test each of the Quad Cities units prior to the date of the summer 1972 peak load, the Plaintiffs, when and as requested by the Utilities, will support in any reasonable way the application of the Utilities for all permits and licenses which are required under the following circumstances:

1. Prior to completion of the diffuser discharge pipe;

(a) To operate at 50 percent of station capacity; and

(b) To operate at capacity levels in excess of 50 percent of station capacity when, after the Utilities have used their best efforts to reduce total demand for electricity by interrupting their interruptible customers, such operation is necessary to avoid a reduction in the voltage being supplied either to the Utilities' customers, or to the customers of interconnected systems, when alternative power sources are not available.

2. To operate after completion of the diffuser discharge system, at full station capacity.

Such applications include:

(a) Application to the Illinois Pollution Control Board.

(b) Application to the Iowa Conservation Commission for permission to construct the diffuser discharge pipe in the bed of the Mississippi River.

(c) Applications for interim and permanent operating licenses from the United States Atomic Energy Commission.

(d) Applications for any permits that may be needed from the United States Army Corps of Engineers.

Such support shall include, as the Utilities may request, written statements to, and oral testimony before, the appropriate regulatory body indicating approval of the authority sought by the Utilities, together with furnishing to the Utilities or the regulatory body of such data or evidence as the Utilities may request, to the extent such data or evidence is reasonably available to the Plaintiffs or any of them.

B. In the event that permits allowing construction and operation of the diffuser discharge pipes from the appropriate regulatory agencies acting for the States of Iowa and Illinois and the United States of America are not obtained and Utilities determine to install an alternative condenser cooling water discharge system, Plaintiffs will support the Utilities' applications to install such an alternative condenser cooling water discharge system which, having due regard for the energy needs of the Utilities and the conservation of the aquatic environment of the Mississippi River, will enable the Utilities to operate the Quad Cities Station at full station capacity, pending completion of the closed-cycle cooling system described in Paragraph 1 hereof. Utilities will inform the Plaintiffs of the progress of pending applications to various regulatory bodies and will consult with the Plaintiffs prior to the filing of any substantial amendment of those applications.

5. Condition to Performance of the Agreement.

Performance of this agreement by the Utilities is conditional upon vacation of the preliminary injunction and dismissal of the proceedings now pending in the United States District Court for the District of Columbia in the District Court Cases by March 29, 1972.

6. Time of Performance and Force Majeure.

A closed-cycle cooling system having a capacity equal to one-half of the condenser cooling water discharge of the Quad Cities Station shall be installed and placed in operation no later than May 4, 1974 and the closed-cycle cooling system for the entire station shall be placed in operation no later than May 4, 1975; provided, however, that in the event the completion of such system is delayed either by reason of the failure of any governmental agency asserting jurisdiction over the Quad Cities Station to grant all necessary authority for construction and operation of the closed-cycle cooling system within three months after submission of a request therefor, or by reason of any other event beyond the reasonable control of the Utilities, the time for performance shall be extended for a time equal to such period of delay. The Utilities will notify the Plaintiffs no later than ten business days after it becomes aware of any factor which the Utilities claim may be a basis for an extension of time of more than 30 days for performance of the Utilities' obligations described in this paragraph.

7. Operation After Construction of the Closed-Cycle System.

The Utilities shall operate closed-cycle at the Quad Cities Station at all times, except that:

A. The Utilities may utilize the diffuser or other alternate cooling system and shall not be required to operate closed-cycle when, in the judgment of the Utilities, closed-cycle operation will result in a threat to public health and safety. In no event, except as provided below, shall the Utilities operate without the closed-cycle cooling system after its installation, except to avoid a threat to public health and safety arising from closed-cycle operation. One calendar year after installation of the closed-cycle cooling system, Utilities and Plaintiffs agree to confer regarding the establishment of reasonable criteria, pursuant to which Utilities shall operate the Quad Cities Station thereafter without the closed-cycle cooling system to avoid a threat to public health and safety arising from closed-cycle operation. Such reasonable criteria shall be established within 60 days after the end of the first calendar year of closed-cycle operation.

B. Utilities may utilize the diffuser or other alternate cooling system whenever (i) a malfunction or other physical impairment, such as freezing, of the closed-cycle cooling system occurs which prevents operation of the Quad Cities Station at its operating capacity, as scheduled from time to time, and (ii) if the Utilities cannot reasonably supply their customers' energy needs by using other sources of energy within their generating system. Utilities agree to correct the malfunction or other physical impairment and restore the closed-cycle cooling system to operation at the earliest practicable date.

C. In each case in which the Utilities shall operate other than closed cycle pursuant to subparagraph

A or B, or pursuant to Paragraph 4A.1.(b), shall operate in excess of 50% capacity, they shall within ten business days thereafter, furnish notice to the Plaintiffs of all of the circumstances surrounding the use of the diffuser or other cooling system or operation in excess of 50% capacity, including, as applicable, the nature of the threat to the public health or safety, or the malfunction, or the extent to which operation exceeded 50% of capacity, all action taken in connection therewith, and the length of time the closed-cycle cooling system remained inoperative.

8. Disputes.

If any dispute arises between the Utilities and the Plaintiffs, or any of them, concerning the interpretation or performance of this agreement, the parties hereto will first attempt to resolve the same by good faith discussions directed to settlement of the dispute. In the event the parties are unable to resolve the disputes through good faith negotiations, this agreement will be enforceable by appropriate judicial or administrative bodies.

9. Illinois Commerce Commission.

Commonwealth Edison Company shall file this agreement with the Illinois Commerce Commission as part of the record in its Docket Numbers 56405 and 55149, and the requirement for the construction of a closed-cycle cooling system as described in this agreement shall, subject to the approval of the Commission, be incorporated in the Commission's environmental orders in those proceedings.

10. Entire Agreement.

This agreement and any other writing signed by the parties or their agents or any of them contemporaneously herewith supersede all prior representations, negotiations and

understandings of the parties hereto, whether oral or written, and constitute the entire agreement of the parties. This agreement shall not be changed or superseded, except in a writing, signed by the duly authorized representatives of the parties hereto.

11. Notices.

Any notice of information required by this agreement shall be sent registered mail, return receipt requested, postage prepaid, to a representative of each party as follows:

(a) For the Utilities:

President
Commonwealth Edison Company
Post Office Box 767
Chicago, Illinois 60690

(b) For the Plaintiffs in the District Court Cases:

Hon. William J. Scott
Attorney General of Illinois
160 North LaSalle Street
Chicago, Illinois 60601

Joseph V. Karaganis, Esq.
189 West Madison Street
Chicago, Illinois 60602

12. Miscellaneous.

No public announcement or statement regarding this agreement shall be made by any of the parties or their agents prior to the time the orders referred to in Paragraph 5 have been entered by the District Court.

The undersigned represent that they have the requisite authority of their respective organizations to execute this agreement on their behalf. This agreement shall be binding upon the representatives, successors and assigns of each signatory.

This agreement is entered into by the Utilities and the State of Illinois, the Izaak Walton League and the UAW to resolve all controversies, differences and disputes between the parties hereto with respect to the licensing and operation of Quad Cities Station Units 1 and 2, including, but not limited to, those which have heretofore risen, or might or could have arisen to the date of this agreement. The execution of this document by the Utilities is not intended to and does not constitute any admission by the Utilities that the discharge of condenser cooling water other than from a closed-cycle cooling system is inadequate, unsafe or results in any way in an adverse effect on the aquatic environment in the Mississippi River.

Dated: March 27, 1972

COMMONWEALTH EDISON COMPANY and
IOWA-ILLINOIS GAS & ELECTRIC COMPA

By: Isham, Lincoln & Beale
Att'ys

STATE OF ILLINOIS

By: _____
Attorney General

IZAAK WALTON LEAGUE OF AMERICA
ILLINOIS DIVISION OF THE IZAAK WALTON LEAGUE OF AMERICA
IOWA DIVISION OF THE IZAAK WALTON LEAGUE OF AMERICA
DAVENPORT, IOWA CHAPTER OF THE IZAAK WALTON LEAGUE OF AMERICA
CLINTON, IOWA CHAPTER OF THE IZAAK WALTON LEAGUE OF AMERICA
BLACKHAWK CHAPTER OF THE IZAAK WALTON LEAGUE OF AMERICA

By: _____

ILLINOIS STATE COMMUNITY ACTION PR.
OF THE UNITED AUTOMOBILE, AIRCRA
AND AGRICULTURAL IMPLEMENT WORK
OF AMERICA

By: _____

8/27/79

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NO. [illegible]

RET.

AGREEMENT
1979

The people of the State of Illinois, represented by the Attorney General, William J. Scott (hereinafter the "State of Illinois"), the Izaak Walton League of America, the Illinois Division of the Izaak Walton League of America, the Iowa Division of the Izaak Walton League of America, the Davenport, Iowa Chapter of the Izaak Walton League of America, the Clinton, Iowa Chapter of the Izaak Walton League of America, the Blackhawk Chapter of the Izaak Walton League of America (hereinafter collectively, the "Izaak Walton League"), the Illinois State Community Action Program of the United Automobile, Aerospace and Agricultural Implement Workers of America (hereinafter the "UAW") (all of whom, hereinafter, collectively, the "Plaintiffs"), Commonwealth Edison Company, and the Iowa Illinois Gas & Electric Company (hereinafter, the "Utilities") were parties to litigation in the United States District Court for the District of Columbia in 1972. That litigation was settled by agreement among the parties on March 27, 1972, a copy of which agreement is attached hereto and incorporated herein by reference as Exhibit A.

All parties to the March 27, 1972 agreement recognize that the spray canal closed-cycle cooling system constructed at the nuclear electric generating station commonly known as Quad Cities Units 1 and 2 (hereinafter "Quad Cities Station") does not, under present design and operating conditions, provide adequate cooling capacity for the Quad Cities Station for closed-cycle operation as defined in the 1972 agreement. All parties recognize that technology is available which would allow closed-cycle operation as provided in the 1972 agreement. All parties agree that the Utilities are under a continuing and binding obligation to install and operate a closed-cycle system pursuant to the

1972 agreement. All parties further agree that all undertakings of the Utilities under the March 27, 1972 agreement as modified by the 1979 agreement are enforceable pursuant to the terms of Paragraph 5 below.

All parties further recognize that there is a demonstrated and immediate need for additional electrical generating capacity from nuclear power plants in the Utilities' service area at the present time. Accordingly, each party is of the view that it is in its best interest and in the best interests of the public to reaffirm and modify the March 27, 1972 agreement with the following:

1. Condenser Cooling Water System

The Utilities reaffirm their obligation to operate the Quad Cities Station condenser cooling system on a closed-cycle basis as defined herein, subject to the exemptions and relief described below. For purposes of this agreement, a closed-cycle system shall consist of such components as the Utilities may, at their sole option, select, but shall be of such capacity as to limit the blowdown discharge to the Mississippi River to not more than 50 cubic feet per second annual average and 125 cubic feet per second instantaneous maximum. Nothing in this paragraph shall relieve the Utilities of their obligation to otherwise comply with all applicable laws.

2. Plaintiffs' Investigation and Decision

A. Through appropriate consultants, the Plaintiffs have been investigating the difficulties associated with closed-cycle operation using the spray canal for condenser cooling at Quad Cities Station, possible modifications thereof, and the impact of various modes of operation

involving less than full closed-cycle operation, and intend to complete such investigation. Upon completion of their investigation, the Plaintiffs will make a preliminary determination with respect to closed-cycle operation, open-cycle operation, and operation in intermediate modes, and such determination will include a preliminary decision in writing, based upon balancing of all relevant factors, with respect to the mode of operation to be required for the Station and any restrictions associated therewith. They will give the Utilities an opportunity to respond to such preliminary determination and decision and, after having reviewed any responsive materials, will reach a final decision. Such final decision shall be binding on all of the parties hereto and shall not be subject to judicial review. In arriving at their determinations and decisions, the Plaintiffs shall have full access to all information and data prepared by or available to the Utilities.

B. The Plaintiffs agree to meet promptly after the completion of the investigation described in Paragraph 2A above and to make every effort to arrive at a final determination. If a final determination has not been agreed to by all Plaintiffs within six months of the date of the preliminary decision, each of the Plaintiffs shall have the right to notify the Utilities that they are unable to reach a final determination. The Utilities shall thereupon have the right to confer with each of the Plaintiffs, or the appointed representative of each of them, in an attempt to arrive at a final determination acceptable to each of them. If no such final determination is reached with each plaintiff within three months of such notification, the effect of such notification shall be to require the Utilities to operate the Quad Cities Station condenser cooling water system on a closed-cycle basis. The Utilities in such event, shall,

however, have a reasonable period of time, not to exceed four years from the date of such notification, to complete construction of an adequate closed-cycle cooling system and during such period may operate in the manner described in paragraph 3. The Utilities further agree to reimburse the Izaak Walton League and the UAW for any attorneys' and consultants' fees reasonably incurred in the course of the investigation.

3. Interim Operation

From the date of this agreement until such time as the Plaintiffs reach a final decision pursuant to Paragraph 2, the Utilities may operate the Quad Cities Station in a partial open-cycle mode. The Station shall be operated during this period with no fewer than three lift pumps delivering condenser cooling discharge water to the spray canal. The Utilities agree to operate the Station on a four or five lift pump mode to the greatest extent practicable without subjecting the Station to substantial capacity losses.

4. Operation During Emergencies

Notwithstanding the provisions of Paragraphs 1 and 3, the Utilities may operate with less than three lift pumps:

A. When, in the judgment of the Utilities, closed-cycle operation will result in a threat to public health and safety.

B. When (i) a malfunction or other physical impairment, such as freezing, of the closed-cycle cooling system occurs which prevents operation of the Quad Cities Station at its operating capacity, as scheduled from time to

time, and (ii) if the Utilities cannot reasonably supply their customers' energy needs by using other sources of energy within their generating system. For purposes of this Paragraph 4(b), "customer" shall include only those users of electrical energy within the Utilities' service areas, and shall not include other generators of electrical energy which may purchase power from the Utilities. The Utilities agree to use all alternative sources of energy, including purchase through interconnect facilities, before utilizing the diffuser pursuant to this Subparagraph B. The Utilities agree to correct the malfunction or other physical impairment and restore the closed-cycle cooling system to operation at the earliest practicable date.

C. In each case in which the Utilities shall operate with less than three lift pumps discharging to the spray canal, pursuant to Subparagraph A or B, they shall within in ten business days thereafter, furnish notice to the Plaintiffs of all of the circumstances surrounding the use of the diffuser including, as applicable, the nature of the threat to the public health or safety, or the malfunction, all action taken in connection therewith, and the length of time the closed-cycle cooling system remained inoperative.

5. Performance of the Agreement

Any element of the Utilities' undertakings in this agreement may be enforced in any court of competent jurisdiction which the Plaintiffs may jointly select. The Utilities waive service of process and confess that a violation of this agreement is not compensible in damages and that Plaintiffs are entitled to a mandatory injunction to enforce any or all elements of this agreement. The Utilities expressly waive any and all legal and equitable defenses or

claims which they might raise against such a mandatory injunction. The Utilities further expressly waive any right to contest the entry or the enforcement of such a mandatory injunction and waive any appeal from the entry of such an injunction.

6. Disputes

If any dispute arises between the Utilities and the Plaintiffs, or any of them, concerning the interpretation or performance of this agreement, the parties hereto will first attempt to resolve the same by good faith discussions directed to settlement of the dispute.

7. Entire Agreement

This agreement and the agreement of March 27, 1972 constitute the entire agreement of the parties. This agreement shall not be changed or superseded, except in writing, signed by the duly authorized representatives of the parties hereto.

8. Notices

Any notice of information required by this agreement shall be sent registered mail, return receipt requested, postage prepaid, to a representative of each party as follows:

A. For the Utilities:

President
Commonwealth Edison Company
Post Office Box 767
Chicago, Illinois 60690

B. For the Plaintiffs in the District Court Cases:

Hon. William J. Scott
Attorney General of Illinois
160 North LaSalle Street
Chicago, Illinois 60601

Joseph V. Karaganis, Esquire
150 North Wacker Drive
Chicago, Illinois 60606

Harold A. Katz, Esquire
7 South Dearborn Street
Chicago, Illinois 60603

The undersigned represent that they have the requisite authority of their respective organizations to execute this agreement on their behalf. This agreement shall be binding upon the representatives, successors and assigns of each signatory.

This agreement is entered into by the Utilities and the State of Illinois, the Izaak Walton League and the UAW to resolve all controversies, differences and disputes between the parties hereto with respect to discharges of heated effluent from Quad Cities Station Units 1 and 2, including, but not limited to, those which have heretofore arisen, or might or could have arisen to the date of this agreement. It is not intended that this agreement should affect in any way the rights of any party to any licensing proceeding pending before the United States Nuclear Regulatory Commission concerning the disposition, storage, shipment or handling of spent fuel from Quad Cities Station Units 1 and 2, or any other proceeding before any other forum not involving the discharge of heated effluent. The execution of this document by the Utilities is not intended to and does not constitute any admission by the Utilities that the discharge or condenser cooling water other than from a closed-cycle cooling system is inadequate, unsafe or results in any way in an adverse effect on the aquatic environment in the Mississippi River.

DATED: August 1, 197

COMMONWEALTH EDISON COMPANY, and
IOWA-ILLINOIS GAS & ELECTRIC
COMPANY,

BY: Thomas G. Ayers

STATE OF ILLINOIS,

BY: William J. Scott
Attorney General

IZAAK WALTON LEAGUE OF AMERICA
ILLINOIS DIVISION OF THE IZAAK
WALTON LEAGUE OF AMERICA
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IZAAK WALTON LEAGUE OF AMERICA
BLACKHAWK CHAPTER OF THE IZAAK
WALTON LEAGUE OF AMERICA

BY: Joseph V. Karaganis

ILLINOIS STATE COMMUNITY ACTION
PROGRAM OF THE UNITED AUTOMO-
BILE, AEROSPACE AND AGRICULTURAL
IMPLEMENT WORKERS OF AMERICA

BY: _____