



August 4, 2005

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

Serial No. 05-431  
NL&OS/GDM R1  
Docket No. 50-305  
License No. DPR-43

**DOMINION ENERGY KEWAUNEE, INC.**  
**KEWAUNEE POWER STATION**  
**EXECUTED SUPPORT, INDEMNITY, AND QUALIFIED DECOMMISSIONING TRUST**  
**AGREEMENTS**

- Ref:
1. December 19, 2003, letter from Larry L. Weyers, William D. Harvey, David A. Christian and Thomas Coutu to the U. S. NRC, "Application for Order and Conforming License Amendment to Transfer License"
  2. February 18, 2004, letter from David A. Christian and Thomas Coutu to the U. S. NRC, "Supplemental Information in Support of Application for Order and Conforming License Amendment to Transfer License"
  3. June 10, 2004 letter from C. F. Lyon of the U.S. NRC to David A. Christian of Dominion Energy Kewaunee, Inc. and Thomas Coutu of Nuclear Management Company, LLC dated, "Kewaunee Nuclear Power Plant - Order Approving the Transfer of the Facility Operating License from Nuclear Management Company, LLC, Wisconsin Public Service Corporation, and Wisconsin Power and Light Company to Dominion Energy Kewaunee, Inc. (TAC No. MC1595)"
  4. July 5, 2005 letter from C. F. Lyon of the U.S. NRC to M. G. Gaffney of Dominion Energy Kewaunee, Inc. dated, "Kewaunee Nuclear Power Plant – Issuance of Conforming Amendment Re: Transfer of the Facility Operating License from Nuclear Management Company, LLC, Wisconsin Public Service Corporation, and Wisconsin Power and Light Company to Dominion Energy Kewaunee, Inc. (TAC No. MC2738)"

Dominion Energy Kewaunee, Inc. (DEK) and Nuclear Management Company, LLC (NMC), with NMC acting on behalf of Wisconsin Public Service Corporation (WPSC) and Wisconsin Power and Light Company (WPL), applied for NRC's consent and a conforming license amendment to transfer the facility operating license for the Kewaunee Nuclear Power Plant (Kewaunee) to DEK (Reference 1). The NRC approved the license transfer in an Order dated June 10, 2004 (Reference 3) and

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issued a conforming license amendment in a letter dated July 5, 2005 (Reference 4). As noted in the letters referenced above, certain agreements were required to be implemented in support of the transfer of the Kewaunee license transfer. The status of these agreements is addressed below.

#### Support Agreement

The license transfer application for Kewaunee (Reference 1) provided the form of a Support Agreement that was to be implemented by DEK and parent company Dominion Resources, Inc. as part of the Kewaunee license transfer. The Support Agreement was subsequently revised and resubmitted to the NRC in a supplement to the license transfer application (Reference 2). The purpose of the Support Agreement is to provide a source of funds for DEK to pay the estimated fixed operations and maintenance costs for an outage of at least six months throughout the operating life of the plant and the completion of decommissioning. The Support Agreement has since been finalized and signed by both parties. A copy of the executed Support Agreement is provided in Attachment 1 for the NRC's information.

#### Indemnity Agreement

In the NRC letter that provided the conforming license amendment associated with the Kewaunee license transfer (Reference 4), the NRC provided five copies of Indemnity Agreement No. B-53, Amendment 10, that were required to be signed by the four parties involved with the transfer of Kewaunee from NMC, WPSC, and WPL to DEK. In response to this requirement, all four parties have signed Indemnity Agreement No. B-53, Amendment 10, and one executed original is provided in Attachment 2 for the NRC's records.

#### Qualified Decommissioning Trust Agreement

In Reference 2, DEK provided the form of the Qualified Decommissioning Trust Agreement that was to be put into place upon completion of the license transfer to facilitate the NRC's review of the qualification of DEK to meet the decommissioning funding requirements for Kewaunee. This agreement included provisions to meet the requirements of 10 CFR 50.75(h)(1). The Qualified Decommissioning Trust Agreement has since been finalized and implemented. A copy of the executed Agreement is provided in Attachment 3 for NRC's information.

It should be noted that DEK is in the process of amending the Qualified Decommissioning Trust Agreement to address a condition imposed by the Wisconsin Public Service Commission in their approval of the Kewaunee license transfer regarding the return of excess decommissioning funds. Consistent with Section 5.01(c) of the Qualified Decommissioning Trust Agreement, DEK will provide the Director, Office of Nuclear Reactor Regulation, with 30 working days

prior written notification before implementing any material changes to the Trust Agreement. DEK is also developing a Non-Qualified Decommissioning Trust Agreement for Kewaunee with substantially the same terms as the agreement for the Qualified Trust. Initially, the Non-Qualified Trust will have a zero balance; however, it is being created at this time to accommodate potential future contingencies. The amended Qualified Decommissioning Trust Agreement and the Non-Qualified Decommissioning Trust Agreement will be provided to the NRC in a subsequent submittal.

If you have any questions or require additional information, please contact Mr. Gary D. Miller at (804) 273-2771.

Sincerely,



Eugene S. Grecheck  
Vice President – Nuclear Support Services

Attachments

1. Executed Support Agreement between Dominion Resources, Inc. and Dominion Energy Kewaunee, Inc.
2. Executed Amendment to Indemnity Agreement No. B-53, Amendment 10
3. Executed Dominion Energy Kewaunee, Inc. Qualified Decommissioning Trust Agreement

Commitments made in this letter:

1. Consistent with Section 5.01(c) of the Qualified Decommissioning Trust Agreement, DEK will provide the Director, Office of Nuclear Reactor Regulation with 30 working days prior written notification before implementing any material changes to the Trust Agreement.
2. The amended Qualified Decommissioning Trust Agreement and the Non-Qualified Decommissioning Trust Agreement will be provided to the NRC in a subsequent submittal.

cc: Regional Administrator, Region III  
U. S. Nuclear Regulatory Commission  
2443 Warrenville Road, Suite 210  
Lisle, Illinois 60532-4352

Mr. J. F. Stang, Jr.  
U. S. Nuclear Regulatory Commission  
One White Flint North  
11555 Rockville Pike  
Mail Stop 08H4A  
Rockville, Maryland 20852

Mr. S. C. Burton  
NRC Senior Resident Inspector  
Kewaunee Power Station

**ATTACHMENT 1**

**Executed Support Agreement between Dominion Resources, Inc. and  
Dominion Energy Kewaunee, Inc.**

**Dominion Energy Kewaunee, Inc.  
Kewaunee Power Station**

**SUPPORT AGREEMENT BETWEEN  
DOMINION RESOURCES, INC. AND  
DOMINION ENERGY KEWAUNEE, INC.**

THIS SUPPORT AGREEMENT, dated as of July 5, 2005, between Dominion Resources, Inc., a Virginia corporation ("Dominion"), and Dominion Energy Kewaunee, Inc., a Wisconsin Corporation ("Subsidiary"),

**WITNESSETH:**

WHEREAS, Dominion is the indirect owner of 100% of the outstanding shares of Subsidiary;

WHEREAS, Subsidiary intends to purchase certain assets located at the Kewaunee Nuclear Power Plant ("Kewaunee") in the Town of Carlton, Kewaunee County, Wisconsin pursuant to the Asset Sale Agreement dated November 7, 2003 among Wisconsin Public Service Corporation, Wisconsin Power and Light Company, and Subsidiary; and

WHEREAS, Dominion and the Subsidiary desire to take certain actions to insure Subsidiary's ability to pay the expenses of operating and decommissioning Kewaunee safely and protecting the public health and safety (the "Expenses") and to meet Nuclear Regulatory Commission ("NRC") requirements during the operating life and decommissioning of the Kewaunee Assets (the "NRC Requirements").

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties hereto agree as follows:

1. *Availability of Funding.* From time to time, upon request of Subsidiary, Dominion shall provide or cause to be provided to Subsidiary such funds as Subsidiary determines to be necessary to pay its Expenses and meet the NRC Requirements; provided, however, in no event shall the aggregate amount which Dominion is obligated to provide under this Agreement exceed \$60 Million.
2. *No Guarantee.* This Support Agreement is not, and nothing herein contained, and no action taken pursuant hereto by Dominion shall be construed as, or deemed to constitute, a direct or indirect guarantee by

Dominion to any person of the payment of the Expenses or of any liability or obligation of any kind or character whatsoever of Subsidiary. This Agreement, however, may be relied upon by NRC in determining the financial qualifications of Subsidiary to hold the operating license for Kewaunee and may be relied upon by the Wisconsin Public Service Commission (WPSC) in making the determinations necessary to issue the consents, authorizations, approvals, rulings and orders necessary for Subsidiary to complete its acquisition of Kewaunee.

3. *Waivers.* Dominion hereby waives any failure or delay on the part of Subsidiary in asserting or enforcing any of its rights or in making any claims or demands hereunder.
4. *Amendments and Termination.* This Agreement may not be amended or modified at any time without 30 days prior written notice to NRC. This Agreement shall terminate at such time as Dominion is no longer the direct or indirect owner of any of the shares or other ownership interests in Subsidiary. This Agreement shall also terminate with respect to the Expenses and the NRC Requirements applicable to Kewaunee at such time as Kewaunee has been removed from service and decommissioned and the Kewaunee site has been restored in accordance with all applicable laws and governmental orders applicable to the retirement of a nuclear power plant.
5. *Successors.* This Agreement shall be binding upon the parties hereto and their respective successors and assigns.
6. *Third Parties.* Except as expressly provided in Section 4 with respect to NRC and WPSC, this Agreement is not intended for the benefit of any person other than the parties hereto, and shall not confer or be deemed to confer upon any other such person any benefits, rights, or remedies hereunder.
7. *Governing Law.* This Agreement shall be governed by the laws of the Commonwealth of Virginia.

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

Dominion Resources, Inc.

By:   
Name: G. Scott Hetzer  
Title: Sr. Vice President and Treasurer

Dominion Energy Kewaunee, Inc.

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

Dominion Resources, Inc.

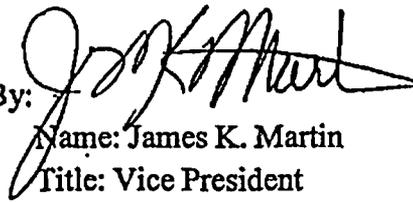
By:

Name: G. Scott Hetzer

Title: Sr. Vice President and Treasurer

Dominion Energy Kewaunee, Inc.

By:

A handwritten signature in black ink, appearing to read "J. K. Martin", written over the printed name and title.

Name: James K. Martin

Title: Vice President

**ATTACHMENT 2**

**Executed Amendment to Indemnity Agreement No. B-53, Amendment 10**

**Dominion Energy Kewaunee, Inc.  
Kewaunee Power Station**



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

50-305

AMENDMENT TO INDEMNITY AGREEMENT NO. B-53  
AMENDMENT NO.10

Effective July 5, 2005, Indemnity Agreement No. B-53, between Wisconsin Public Service Corporation, Wisconsin Power and Light Company, Nuclear Management Company, LLC, and the Atomic Energy Commission, dated July 13, 1972, as amended, is hereby further amended by deleting the above named licensees from the indemnity agreement and replacing these licensees with the following named licensee "Dominion Energy Kewaunee, Inc."

FOR THE UNITED STATES NUCLEAR REGULATORY COMMISSION

*Cathy Harley*

Cathy Harley, Program Director  
Policy and Rulemaking Program  
Division of Regulatory Improvement Programs, NRR

Accepted July 25, 2005

Accepted July 29 2005

By Charles Q. Schock  
Wisconsin Public Service Corporation

By [Signature]  
Wisconsin Power and Light Company

Accepted <sup>ms</sup> July 27 2005

Accepted July 26 2005

By Michael B. Sellman  
Nuclear Management Company, LLC

By [Signature]  
Dominion Energy Kewaunee, Inc.

**ATTACHMENT 3**

**Executed Dominion Energy Kewaunee, Inc.  
Qualified Decommissioning Trust Agreement**

**Dominion Energy Kewaunee, Inc.  
Kewaunee Power Station**

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**DOMINION ENERGY KEWAUNEE, INC.,  
QUALIFIED NUCLEAR DECOMMISSIONING  
TRUST AGREEMENT**

DOMINION ENERGY KEWAUNEE, INC.,  
QUALIFIED NUCLEAR DECOMMISSIONING TRUST AGREEMENT

This TRUST AGREEMENT is made the 1st day of December, 2004, between DOMINION ENERGY KEWAUNEE, INC., a Wisconsin corporation, the Grantor, and MELLON BANK, N.A., a national banking association with trust powers, the Trustee.

WHEREAS, the Grantor owns a 100 percent interest in the Kewaunee Power Station, a nuclear generating station located in the Town of Carlton, Kewaunee County, Wisconsin.

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

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

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

**ARTICLE 1 GENERAL PROVISIONS**

**1.01. Name of Trust.**

The separate trust may be referred to under the name DOMINION ENERGY KEWAUNEE, INC., QUALIFIED NUCLEAR DECOMMISSIONING TRUST or "the Trust Fund." The Trust Fund is the entire undistributed amount of all contributions and/or transferred assets placed with the Trustee, as adjusted for all income, expense, gain, or loss on such amount as may exist from time to time.

**1.02. Grantor, Trustee.**

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

**1.03. Trust Committee.**

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

Committee as the directions or actions of the Grantor. The Grantor must certify to the Trustee all appointments to or removals from the Committee, and the Trustee must recognize written instructions signed by any Committee member, or its designee, as a directive from the Committee.

## **ARTICLE 2 TRUSTEE APPOINTMENT, REMOVAL, LIABILITY**

### **2.01. Appointment, Removal, Successors.**

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

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

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

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

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

### **2.02. Establishment and Acceptance of Trust.**

(a) All contributions to the Trust Fund must be made in cash.

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

(c) Assets other than cash may be transferred to the Trust Fund in connection with a acquisition or disposition of an interest in a nuclear power plant that meets (or is treated as meeting) the requirements of Treasury Regulations Section 1.468A-6(b).

(d) All contributions and/or transferred assets and income therefrom will be held in trust and administered according to the terms of this Agreement.

(e) No part of the Trust Fund may be used for or diverted to purposes other than the exclusive purposes allowed by this Agreement, as described in Sections 4.02, 5.04 and 6.01 of this Agreement.

### 2.03. Limitation of Liability.

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

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

(c) Subject to the provisions of Section 2.03(b), the Trustee is fully protected and indemnified when relying on a written communication from a properly designated officer or employee of the Grantor concerning an instruction or direction of the Grantor and in continuing to rely upon a communication until a subsequent communication is filed with the Trustee. Subject to the provisions of Section 2.03(b), the Trustee is fully protected and indemnified in acting on any instrument, certificate, or paper believed by the Trustee to be genuine and to be signed or presented by the proper person. Subject to the provisions of Section 2.03(b), the Trustee is under no duty to make any investigation or inquiry as to any statement contained in any written communication or document signed by the proper person, but may accept it as conclusive evidence of the truth and the accuracy of the statements contained therein.

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

(e) The Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom, or regulation) with any recognized foreign clearing facility, book-entry system, centralized custodial depository, or similar organization. The Trustee shall not be responsible or liable for any losses or damages suffered by the Trust Fund arising as a result of the insolvency of any custodian, subtrustee or subcustodian, except to the extent the Trustee was negligent in its selection or continued retention of such entity. Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Grantor acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Grantor shall have sole responsibility for nonreceipt of payment (or late payment) by the counterparty.

#### 2.04. Discharge after Distributions or Termination.

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

#### 2.05. Legal Action.

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

### **ARTICLE 3 INVESTMENT DUTIES, POWERS**

#### 3.01. Investment Policy and Limitations.

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

be to realize the greatest total return on the Trust Fund as may be possible.

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

### 3.02. Investment of Trust Fund.

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

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

(a) Publicly traded domestic or foreign common and preferred stocks and options thereon, as well as warrants, rights and preferred stocks convertible into common stock, regardless of where or how traded.

(b) Investment grade domestic corporate bonds and debentures and any such securities which are convertible into common stock, domestic or foreign.

(c) Bonds or other obligations of the United States of America or non-U.S. sovereign debt with an equivalent rating of A or higher.

(d) Investment grade obligations of the states and of municipalities or of any agencies thereof.

(e) Investment grade notes of any nature, of foreign or domestic issuers.

(f) Savings accounts, certificates of deposit and other types of time deposits, bearing a reasonable rate of interest based upon the duration, amount, type and geographical area, with any financial institution or quasi-financial institution or any department of the same, either domestic or foreign, under the supervision of the United States or any State, including any Trustee in its

corporate or association capacity (including any department or division of the same) or a corporation or association affiliated with the same but only to the extent consistent with Treasury regulation § 1.468A-5(b)(2).

(g) Any collective, common or pooled trust fund operated or maintained exclusively for the commingling and collective investment of monies or other assets including any such fund operated or maintained by the Trustee or its affiliate. Notwithstanding the provisions of this Agreement which place restrictions upon the actions of the Trustee, to the extent monies or other assets are utilized to acquire units of any collective trust, the terms of the collective trust indenture shall solely govern the investment duties, responsibilities and powers of the trustee of such collective trust and, to the extent required by law, such terms, responsibilities and powers shall be incorporated herein by reference and shall be part of this Agreement. For purposes of valuation, the value of the interest maintained by the Trust Fund in such collective trust shall be the fair market value of the collective fund units held, determined in accordance with generally recognized valuation procedures. The Grantor expressly understands and agrees that any such collective fund may provide for the lending of its securities by the collective fund trustee and that such collective fund's trustee will receive compensation from such collective fund for the lending of securities that is separate from any compensation of the Trustee hereunder, or any compensation of the collective fund trustee for the management of such collective fund. The Trustee is authorized to invest in a collective fund which invests in Mellon Financial Corporation stock in accordance with the terms and conditions of the Department of Labor Prohibited Transaction Exemption 95-56 (the "Exemption") granted to the Trustee and its affiliates and to use a cross-trading program in accordance with the Exemption. The Grantor acknowledges receipt of the notice entitled "Cross-Trading Information," a copy of which is attached to this Agreement as Exhibit A.

(h) Open-end and closed-end investment companies, regardless of the purposes for which such fund or funds were created, (including those for which the Trustee or an affiliate provides services for a fee), and any partnership, limited or unlimited, joint venture and other forms of joint enterprise created for any lawful purposes otherwise consistent with the investment guidelines set forth herein.

(i) Subject to the limitations of Sections 3.01, 3.03 and 3.06, any other investments not described above as directed by the Grantor.

(j) The Trustee may lend the assets of the Fund in accordance with the terms and conditions of a separate securities lending agreement, may settle transactions in futures and/or options contracts, short-selling programs, foreign exchange or foreign exchange contracts, swaps and other derivative investments with third parties.

### 3.03. Prohibited Investments.

The assets of the trust are prohibited from being invested in:

(a) securities or other obligations of Dominion Energy Kewaunee, Inc. or its affiliates, subsidiaries, successors or assigns;

(b) securities or other obligations of any other owner or operator of any nuclear power reactor, or the affiliates, subsidiaries, successors or assigns of such owner or operator;

(c) a mutual fund in which at least 50 percent of the fund is invested in the securities of a licensee or parent company whose subsidiary is an owner or operator of a foreign or domestic nuclear power plant; or

(d) direct interests in real estate.

Provided, however, that the foregoing (i) shall not prohibit the fund from being invested in securities tied to market indices or other non-nuclear sector collective, commingled, or mutual funds; (ii) shall not require the sale or transfer either in whole or in part, or other disposition of any such prohibited investment that was made before December 24, 2002; and (iii) shall not prohibit less than 10 percent of the trust assets being indirectly invested in securities of any entity owning or operating one or more nuclear power plants.

#### 3.04. Additional Powers of Trustee.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(m) To cause any securities or other property held as part of the Trust Fund to be registered in its own name or in the name of one or more of its nominees, and to hold any investments in bearer form, but the books and records of the Trustee must at all times show that the investments are part of the Trust Fund and subject to the jurisdiction of the United States, and to hold the property in safekeeping facilities of the Trustee or of other Trustee banks or clearing corporations, in the United States or elsewhere.

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

(o) To do all acts, take all proceedings, and exercise all rights and privileges although

not specifically mentioned here, as the Trustee deems necessary to administer the Trust Fund and to carry out the purposes of this Agreement.

**3.05. Directing the Trustee.**

(a) Subject to the limitations in Sections 3.01, 3.03 and 3.06, the Grantor may direct the investments of the Trust in investments of any kind, including but not limited to, private equity, indirect interests in real estate, and non-investment grade bonds. Directed investments under this Section 3.05 may not exceed the total of the Trust Fund.

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

(c) If exercised, the Grantor's right to direct investment and reinvestment includes the right to select investment managers, brokers, salesmen, or agents to handle investments or execute investment orders. The Grantor may give an investment manager any of the Grantor's powers, pursuant to this Section 3.05 or otherwise, by so certifying in writing to the Trustee. The Trustee is not responsible for the selection, terms of appointment, compensation or conduct of any investment manager, broker, salesman, or agent selected by the Grantor, but the Trustee is responsible for its own actions in its dealing with such persons in accordance with the provisions of Section 2.03 of this Agreement. For purposes of Sections 2.03(c) and (d) and Section 3.05(g), the Trustee will be protected in treating the directions and other actions of the investment manager as the directions or actions of the Grantor.

(d) In the absence of directions under Section 3.05, the Trustee is free to proceed without the concurrence or affirmative expression of the grantor to handle, manage, control, invest, and reinvest the Trust assets that are not Segregated Amounts under the powers granted in this Agreement with the same force and effect as if this section were not a part of this Agreement.

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

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

(g) Subject to the power of the Grantor as described in this section, the powers granted the Trustee under Sections 3.02 and 3.04 of this Agreement will be exercised in the discretion of the Trustee. Neither the Trustee nor any other person is under a duty to question the Grantor's direction, and the Trustee will comply as promptly as possible with such direction if it is consistent with the terms of this Agreement. The Trustee shall not be liable for the acts or

omissions of any subcustodian appointed under Section 3.03 (h) at the direction of the Grantor or an investment manager including, but not limited to, any broker-dealer or other entity designated by the Grantor or an investment manager to hold any property of the Trust Fund as collateral or otherwise pursuant to investment strategy.

**3.06. Prohibition Against Self-Dealing.**

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

**ARTICLE 4 OTHER DUTIES OF TRUSTEE**

**4.01. Notice Regarding Disbursements or Payments.**

Except for (i) payments of ordinary administrative costs (including taxes) and other incidental expenses of the fund (including legal, accounting, actuarial, and trustee expenses) in connection with the operation of the fund, which includes investment management fees, (ii) withdrawals being made under 10 CFR 50.82(a)(8), and (iii) amounts transferred to a non-qualified trust established for Kewaunee Power Station pursuant to an agreement with terms substantially similar to this agreement, no disbursement or payment may be made from the trust until written notice of the intention to make a disbursement or payment has been given to the Director, Office of Nuclear Reactor Regulation, or the Director, Office of Nuclear Material Safety and Safeguards, as applicable, at least 30 working days before the date of the intended disbursement or payment. The disbursement or payment from the trust may be made following the 30-working day notice period if no written notice of objection from the Director, Office of Nuclear Reactor Regulation, or the Director, Office of Nuclear Material Safety and Safeguards, as applicable, is received by the Trustee or the Grantor within the notice period. The required notice may be made by the Trustee, or may be made on the Trustee's behalf, in which case evidence of such notice being made shall be provided to Trustee. No such notice is required for withdrawals being made pursuant to 10 CFR 50.82(a)(8)(ii), including withdrawals made during the operating life of the plant to be used for decommissioning planning. In addition, no such notice is required to be made to the NRC after decommissioning has begun and withdrawals are being made under 10 CFR 50.82(a)(8).

**4.02. Use of Trust Funds**

Until decommissioning has been completed, the Trust funds, including any disbursements or payments from the Trust Fund, must be used only as authorized by Section 468A of the Internal Revenue Code and the regulations thereunder, and by the regulations of the NRC including 10 CFR 50.75(h) & 50.80(a), such as:

(a) to satisfy, in whole or part, the liability of Grantor for decommissioning costs of the nuclear power plant to which the Trust Fund relates;

(b) to pay ordinary administrative costs (including taxes) and other incidental expenses of the fund (including legal, accounting, actuarial, and trustee expenses) in connection with the

operation of the Trust Fund, which includes investment management fees;

(c) to be transferred to a non-qualified trust established for Kewaunee Power Station pursuant to an agreement with terms substantially similar to this agreement, or to another financial assurance method acceptable under 10 CFR 50.75(c) of the NRC's regulations, to the extent permitted by the Internal Revenue Code; or

(d) to make investments, to the extent that the assets are not currently required for another purpose permitted under this section.

#### 4.03. Payments From The Trust Fund.

Subject to the foregoing provisions of this Article 4, on the written direction of the Grantor, the Trustee will make payments and transfers from the Trust Fund to the persons or entities, in the manner, in the amounts, and for the purposes specified in the written directions. After payment, the amount paid is no longer a part of the Trust Fund. Each Grantor direction will include a representation by the Grantor that the payment is in accordance with the purposes of this Agreement. The Trustee is not responsible for the application of the payments or for the adequacy of the Trust Fund after payment to meet and discharge Trust liabilities.

#### 4.04. Payment Of Compensation, Expenses, And Taxes.

(a) The Trustee will be paid reasonable compensation as agreed upon from time to time in writing by the Grantor and the Trustee. In addition, the Trustee will be reimbursed from the Trust Fund or, at the option of the Grantor, by the Grantor for all ordinary and necessary expenses incurred in connection with the operation of the Trust, including federal income tax imposed on the modified gross income of the Trust, any state or local tax imposed on the income or assets of the Trust, legal expenses, accounting expenses, actuarial expenses, investment manager fees and trustee compensation and expenses. All taxes levied or assessed on or in respect of the Trust Fund, whether assessed to the Trust Fund or the Grantor, will be paid, at the option of the Grantor, by the Grantor, or from the Trust Fund and pro rated among the Trust Fund and other funds in proportion to their respective fair-market values at the preceding calendar year end in the case of property taxes and in proportion to their respective taxable incomes for the relevant taxable year in the case of income taxes. To the extent that any taxes are provoked by the investment in or receipt of an identifiable asset or transaction involving the Trust Fund or other particular fund, the taxes will be charged against the Trust Fund or other appropriate fund, giving appropriate effect to computations of income and deductions related to the asset or transaction, and allocating any exemption available among the Trust Fund in proportion to the tax liability provoked. Identifiable direct expenses will be treated in the same way as taxes.

(b) The Trustee will prepare and file tax returns for the Trust Fund as directed by the Grantor, provided that the Grantor shall indemnify the Trustee for any penalties, additions to tax, or other amounts for which it may be charged due to a position taken on such returns. The Trustee may assume that any taxes assessed on or with respect to the Trust Fund are lawfully assessed unless the Grantor advises the Trustee in writing that in the opinion of counsel for the

Grantor the taxes are or may be unlawfully assessed. When so advised and requested in writing by the Grantor, the Trustee will contest the validity of the taxes in any manner deemed appropriate by the Grantor or its counsel) in which event the Trustee will execute all documents, instruments claims, and petitions necessary or advisable in the opinion of the Grantor or its counsel for the refund, abatement) reduction or elimination of taxes. Reasonable expenses incurred by the Trustee in connection with such a contest will be reimbursed as provided in paragraph (a) of this section.

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

#### 4.05. Accounting.

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

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

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

#### 4.06. Valuation.

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

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

(c) In determining the net worth of the Trust Fund, the Trustee will deduct all allocable expenses.

## **ARTICLE 5 AMENDMENT AND TERMINATION OF THE TRUST**

### **5.01. Amendment of the Trust.**

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

(a) No amendment may be made that changes the Trustee's duties or liabilities without the Trustee's written consent, such consent being evidenced by Trustee's agreement to such amendment;

(b) This agreement may not be amended so as to violate Section 468A or the regulations thereunder; and

(c) This agreement may not be amended in any material respect without written notification to the Director, Office of Nuclear Reactor Regulation (Director, NRR) having been given at least 30 working days before the proposed effective date of the amendment, such notice having provided the text of the proposed amendment and a statement of the reason for the proposed amendment, and without the notice period having expired with no notice of objection having been received from the Director, NRR.

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

### **5.02. Irrevocability of Trust Fund.**

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

### **5.03. Merger, Consolidation, or Succession.**

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

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

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

5.04. Impossibility of Diversion.

Assets of the Trust Fund may not be used for or diverted to purposes other than the purposes permitted by Internal Revenue Code Section 468A, whether by operation or natural termination of the Trust, by power of revocation or amendment, by happening of a contingency, by collateral arrangement, or by any other means. If permissible under the preceding sentence, contributions by the Grantor to the Trust found not to be deductible for federal income tax purposes shall be returned to the Grantor and transferred to a non-qualified trust established for Kewaunee Power Station pursuant to an agreement with terms substantially similar to this agreement.

**ARTICLE 6 MISCELLANEOUS PROVISIONS**

6.01. Construction.

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

6.02. Rights under the Trust.

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

6.03. Frustrated Actions.

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

6.04. Construction of Direction.

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

notice of the occurrence.

6.05. Authorizations and Communication.

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

6.06. Genuine Notice.

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

6.07. Loss or Damage.

Except as specifically provided by statute, neither the Grantor or the Trustee is liable for loss or damage, except by reason of its own gross negligence or willful default. The Trustee shall not be liable for any act or omission of any other person in carrying out any responsibility imposed upon such person and under no circumstances shall the Trustee be liable for any indirect, consequential or special damages with respect to its role as Trustee.

6.08. Binding Nature.

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

6.09. Settlement of Transactions and Collateral.

The Trustee may take all action necessary to pay for, and settle, authorized transactions, including exercising the power to borrow or raise monies from the Trustee in its corporate capacity or an affiliate. To secure expenses and advances made to settle or pay for authorized transactions, including payment for securities and disbursements, the Grantor grants to the Trustee a first priority security interest in the Trust Fund, all Property therein, all income, substitutions and proceeds, whether now owned or hereafter acquired (the "Collateral"); provided that the Grantor does not grant the Trustee a security interest in any securities issued by an affiliate of the Trustee (as defined in Section 23A of the Federal Reserve Act). The parties intend that as the securities intermediary with respect to the Collateral, the Trustee's security interest shall automatically be perfected when it attaches. To the extent the Trustee advances funds to the Trust Fund for disbursements or to effect the settlement of purchase transactions, the Trustee shall be entitled to collect from the Trust Fund reasonable charges established under the Trustee's standard overdraft terms, conditions and procedures.

6.10. Force Majeure.

Notwithstanding anything in this Agreement to the contrary contained herein, the Trustee shall

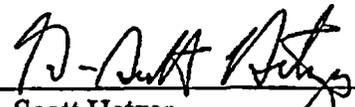
not be responsible or liable for its failure to perform under this Agreement or for any losses to the Trust Fund resulting from any event beyond the reasonable control of the Trustee, its agents or subcustodians. This Section shall survive the termination of this Agreement.

**6.11. Representation and Warranty as to Authority.**

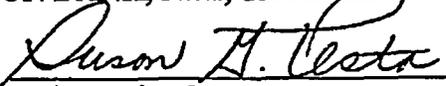
The Grantor and the Trustee hereby each represent and warrant to the other that it has full authority to enter into this Agreement upon the terms and conditions hereof and that the individual executing this Agreement on its behalf has the requisite authority to bind the Grantor or the Trustee to this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

IN WITNESS of this Amended and Restated Agreement, the grantor and the Trustee have signed below on this 1st day of December, 2011.

DOMINION ENERGY KEWAUNEE, INC.

By:   
Name: G. Scott Hetzer  
Title: Senior Vice President and Treasurer

MELLON BANK, N.A., TRUSTEE

By:   
Name: SUSAN G TESTA  
Title: VICE PRESIDENT

## EXHIBIT A

### CROSS-TRADING INFORMATION

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

I. The existence of the cross-trading program

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

II. The "triggering events" creating cross-trade opportunities

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

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

III. The pricing mechanism utilized for securities purchased or sold

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

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

Debt securities - the current market value of the debt security will be the price

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

IV. The allocation methods

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

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

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