

400 North Akard Street
Dallas, Texas 75201
Telephone 214 742-7941

October 15, 1979

Mr. Jerome Saltzman, Chief
Office of Antitrust & Indemnity
Nuclear Reactor Regulation
Nuclear Regulatory Commission
Washington, D. C. 20555

M&M Nuclear Consultants

Tennessee Valley Authority
Watts Bar Nuclear Plant
ANI Policy #256
CERTIFIED COPIES

Dear Mr. Saltzman:

Enclosed for your records are eight certified copies of the Declaration Page, Subscribing Companies and Endorsements #1 through 8 for the Watts Bar Nuclear Plant dated September 4, 1979.

Sincerely,



Jean Fielder (Mrs.)

C. R. Dodson
cc: W. Smythe
J. M. McSweeny

jf

Enclosure

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NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

127 John Street, New York, New York 10038

Nuclear Energy Liability Policy No. NF-256
(Facility Form)

DECLARATIONS

Item 1. Named Insured Tennessee Valley Authority

Address 633 Chestnut Street, 660 Commerce Union Bldg., Chattanooga, TN 37401
(No. Street Town or City State)

Item 2. Policy Period: Beginning at 12:01 A.M. on the 4th day of September, 19 79, and continuing through the effective date of the cancellation or termination of this policy, standard time at the address of the named insured as stated herein.

Item 3. Description of the Facility:

Location All of the premises including the land and all buildings and structures known as the Watts Bar Nuclear Plant, including but not limited to the Units 1 and 2 Nuclear Reactors. The Watts Bar Nuclear Plant is located in Rhea County, Tennessee on the west bank of the Tennessee River at Tennessee River mile 528.

Type _____

The Operator of the facility is Tennessee Valley Authority

Item 4. The limit of the companies' liability is \$ 1,000,000.00 subject to all the terms of this policy having reference thereto.

Item 5. Advance Premium \$ 100.00

Item 6. These declarations and the schedules forming a part hereof give a complete description of the facility, insofar as it relates to the nuclear energy hazard, except as noted No Exceptions.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.

Date of Issue September 4, 19 79 Countersigned by _____

Charles R. Bardes
Charles R. Bardes, Vice President - Liability Underwriting
American Nuclear Insurers

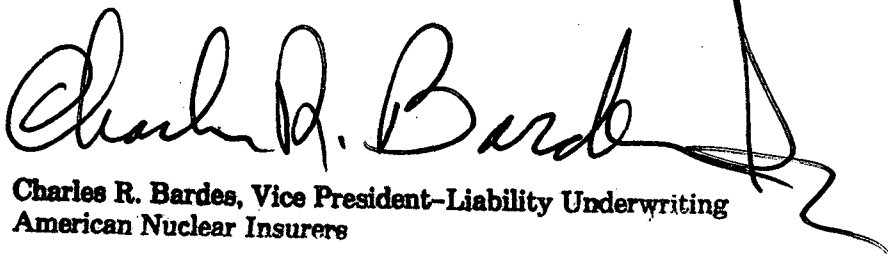
SUBSCRIBING COMPANIES

PROPORTION OF 100%

Aetna Casualty and Surety Co., The, 151 Farmington Ave., Hartford, CT 06156	10.114078
Aetna Insurance Company, 55 Elm St., Hartford, CT 06115	2.523520
Allstate Insurance Co., Allstate Plaza, Northbrook, IL 60062	4.214199
American Home Assurance Co., 102 Maiden La., New York, NY 10005	.884922
American Motorists Insurance Co., Long Grove, IL 60049	.421420
Bituminous Casualty Corporation, 320 18th St., Rock Island, IL 61201	.421420
Centennial Insurance Co., 45 Wall St., New York, NY 10005	.579452
Commercial Union Insurance Co., One Beacon St., Boston, MA 02108	3.034224
Connecticut Indemnity Company, The, 1000 Asylum Ave., Hartford, CT 06101	1.011408
Continental Casualty Co., CNA Plaza, Chicago, IL 60685	4.214139
Continental Insurance Co., The, 80 Maiden La., New York, NY 10038	6.742719
Federal Insurance Co., 51 John F. Kennedy Pkwy., Short Hills, NJ 07078	1.517112
Fireman's Fund Insurance Co., 3333 California St., San Francisco, CA 94119	5.057039
General Accident Fire and Life Assurance Corp., Ltd., Fourth & Walnut Sts., Philadelphia, PA 19105	1.348544
Great American Insurance Co., 580 Walnut St., Cincinnati, OH 45201	1.348544
Hanover Insurance Co., The, 440 Lincoln St., Worcester, MA 01605	.505704
Hartford Accident and Indemnity Co., Hartford Plaza, Hartford, CT 06115	7.164139
Hartford Steam Boiler Ins. & Ins. Co., The, 56 Prospect St., Hartford, CT 06102	.505704
Home Indemnity Co., The, 59 Maiden La., New York, NY 10038	3.708495
Insurance Co. of North America, 1600 Arch Street, Philadelphia, PA 19101	3.371359
Monarch Insurance Co. of Ohio, The, 19 Rector St., New York, NY 10006	.337136
Northern Insurance Company of New York, 59 John Street, New York, NY 10038	1.854248
Northwestern National Ins. Co., 731 No. Jackson St., Milwaukee, WI 53201	.674272
Ohio Casualty Insurance Company, The, 136 North Third St., Hamilton, OH 45025	.168568
Pacific Indemnity Co., 3200 Wilshire Blvd., Los Angeles, CA 90010	.337136
Peerless Insurance Co., 62 Maple Ave., Keene, NH 03431	.125426
Phoenix Assurance Co. of New York, 80 Maiden La., New York, NY 10038	.505704
Protective Insurance Co., 3100 No. Meridian St., Indianapolis, IN 46208	.163563
Providence Washington Insurance Co., 20 Washington Place, Providence, RI 02903	.105355
Puritan Insurance Company, 1515 Summer St., Stamford, CT 06905	.252952
Reliance Insurance Company, 4 Penn Center Plaza, Philadelphia, PA 19103	1.491627
Royal Globe Insurance Company, 150 William Street, New York, NY 10038	3.371359
St. Paul Fire & Marine Ins. Co., 385 Washington St., St. Paul, MN 55102	4.773845
Seaboard Surety Co., 90 William St., New York, NY 10038	.421420
State Farm Fire & Casualty Company, 112 East Washington St., Bloomington, IL 61701	.842840
Transamerica Insurance Co., 1150 So. Olive St., Los Angeles, CA 90015	.842840
Travelers Indemnity Company, The, One Tower Square, Hartford, CT 06115	10.956917
United States Fidelity and Guaranty Co., 100 Light Street, Baltimore, MD 21202	10.114078
United States Fire Insurance Co., Madison Ave., at Canfield Rd, Morristown, NJ 07960	2.697088
Zurich Insurance Co., 111 West Jackson Blvd., Chicago, IL 60604	1.264260

NE-79

This is to certify that this is a true copy of the original
 Endorsement having the endorsement number and being made part
 of the Nuclear Energy Liability Policy (Facility Form) as des-
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Charles R. Bardes, Vice President-Liability Underwriting
American Nuclear Insurers

COPY

NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

INDUSTRY CREDIT RATING PLAN
PREMIUM ENDORSEMENT

It is agreed that Condition 1 of the policy is replaced by the following:

CONDITION 1. PREMIUM

- (1) Definitions: With reference to the premium for this policy:

"*advance premium*", for any calendar year, is the estimated *standard premium* for that calendar year;

"*standard premium*", for any calendar year, is the premium for that calendar year computed in accordance with the companies' rules, rates, rating plans (other than the Industry Credit Rating Plan), premiums and minimum premiums applicable to this insurance;

"*reserve premium*" means that portion of the *standard premium* paid to the companies and specifically allocated under the Industry Credit Rating Plan for *incurred losses*. The amount of the "*reserve premium*" for this policy for any calendar year during which this policy is in force is the amount designated as such in the Standard Premium Endorsement for that calendar year;

"*industry reserve premium*", for any calendar year, is the sum of the *reserve premiums* for that calendar year for all Nuclear Energy Liability Policies issued by Nuclear Energy Liability Insurance Association and Mutual Atomic Energy Liability Underwriters and subject to the Industry Credit Rating Plan;

"*policy refund ratio*", for any calendar year, is the ratio of the named insured's *reserve premium* for that calendar year to the *industry reserve premium* for that calendar year;

"*incurred losses*" means the sum of:

- (1) all losses and expenses paid by Nuclear Energy Liability Insurance Association and Mutual Atomic Energy Liability Underwriters, and
- (2) all reserves for unpaid losses and expenses as estimated by Nuclear Energy Liability Insurance Association and Mutual Atomic Energy Liability Underwriters

because of obligations assumed and the expenses incurred in connection with such obligations by members of Nuclear Energy Liability Insurance Association and Mutual Atomic Energy Liability Underwriters under all Nuclear Energy Liability Policies issued by Nuclear Energy Liability Insurance Association and Mutual Atomic Energy Liability Underwriters and subject to the Industry Credit Rating Plan;

"*reserve for refunds*", at the end of any calendar year, is the amount by which (1) the sum of all *industry reserve premiums* for the period from January 1, 1957 through the end of such calendar year exceeds (2) the total for the same period of (a) all *incurred losses*, valued as of the next following July 1, and (b) all *reserve premium refunds* made under the Industry Credit Rating Plan by members of Nuclear Energy Liability Insurance Association and Mutual Atomic Energy Liability Underwriters;

"*industry reserve premium refund*", for any calendar year, is determined by multiplying the *reserve for refunds* at the end of the ninth calendar year thereafter by the ratio of the *industry reserve premium* for the calendar year for which the premium refund is being determined to the sum of such amount and the total *industry reserve premiums* for the next nine calendar years thereafter, provided that the *industry reserve premium refund* for any calendar year shall in no event be greater than the *industry reserve premium* for such calendar year.

- (2) *Payment of Advance and Standard Premiums* The named insured shall pay the companies the *advance premium* stated in the declarations, for the period from the effective date of this policy through December 31 following. Thereafter, at the beginning of each calendar year while this policy is in force, the named insured shall pay the *advance premium* for such year to the companies. The *advance premium* for each calendar year shall be stated in the Advance Premium Endorsement for such calendar year issued to the named insured as soon as practicable prior to or after the beginning of such year.

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

As soon as practicable after each December 31 and after the termination of this policy, the *standard premium* for the preceding calendar year shall be finally determined and stated in the Standard Premium Endorsement for that calendar year. If the *standard premium* so determined exceeds the *advance premium* previously paid for such calendar year, the named insured shall pay the excess to the companies; if less, the companies shall return to the named insured the excess portion paid by such insured.

The named insured shall maintain records of the information necessary for premium computation and shall send copies of such records to the companies as directed, at the end of each calendar year, at the end of the policy period and at such other times during the policy period as the company may direct.

- (3) *Use of Reserve Premiums* All *reserve premiums* paid or payable for this policy may be used by the members of Nuclear Energy Liability Insurance Association to discharge their obligations with respect to *incurred losses* whether such losses are incurred under this policy or under any other policy issued by Nuclear Energy Liability Insurance Association or Mutual Atomic Energy Liability Underwriters.
- (4) *Reserve Premium Refunds* A portion of the *reserve premium* for this policy for the first calendar year of any group of ten consecutive calendar years shall be returnable to the named insured provided there is a *reserve for refunds* at the end of the tenth calendar year.
- (5) *Computation of Reserve Premium Refunds* The *reserve premium refund* due the name insured for any calendar year shall be determined by multiplying any *industry reserve premium refund* for such calendar year by the *policy refund ratio* for such calendar year. The *reserve premium refund* for any calendar year shall be finally determined as soon as practicable after July 1 of the tenth calendar year thereafter.
- (6) *Final Premium* The final premium for this policy shall be the sum of the *standard premiums* for each calendar year, or portion thereof, during which this policy remains in force less the sum of all refunds of *reserve premiums* due the named insured under the provisions of this Condition 1.
- (7) *Reserve Premium Refund Agreement* Each member of Nuclear Energy Liability Insurance Association subscribing this policy for any calendar year, or portion thereof, thereby agrees for itself, severally and not jointly, and in the respective proportion of its liability assumed under this policy for that calendar year, to return to the named insured that portion of any *reserve premium refund* due the named insured for that calendar year, determined in accordance with the provisions of this Condition 1.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.

Charles R. Bordes
 Charles R. Bordes, Vice President - Liability Underwriting
 American Nuclear Insurers

Effective Date of this Endorsement September 4, 1979

12:01 A.M. Standard Time

Issued to Tennessee Valley Authority

NF-256
 To form a part of policy No. _____

Date of Issue September 24, 1979

For the subscribing companies
 By *[Signature]*
 General Manager

COPIES

Endorsement No. 1

Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

ADVANCE PREMIUM AND STANDARD PREMIUM ENDORSEMENT

CALENDAR YEAR 1979

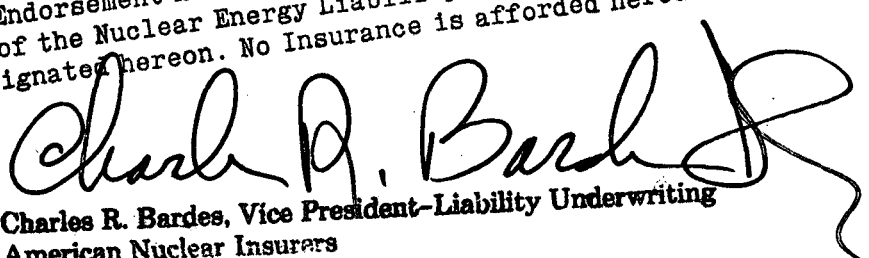
It is agreed that Item 5 of the Declarations "Advance Premium" is amended to read:

ADVANCE PREMIUM: It is agreed that the Advance Premium due the companies for the period designated above is: \$100.00.

STANDARD PREMIUM AND RESERVE PREMIUM: In the absence of a change in the Advance Premium indicated above, it is agreed that, subject to the provisions of the Industry Credit Rating Plan, the Standard Premium is said Advance Premium and the Reserve Premium is:

\$ 67.00.

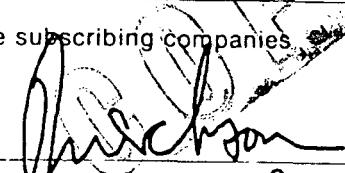
This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.


Charles R. Bardes, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement September 4, 1979 To form a part of Policy No NF-256

Issued to Tennessee Valley Authority 12:01 A.M. Standard Time

Date of Issue September 24, 1979 For the subscribing companies

By  **General Manager**

Endorsement No 2
NE-41

Countersigned by _____

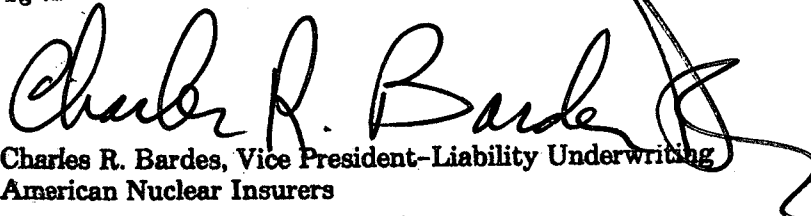
Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

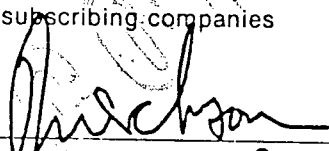
ADDRESS OF NUCLEAR ENERGY LIABILITY INSURANCE
ASSOCIATION ENDORSEMENT

It is agreed that the address of the Nuclear Energy Liability Insurance Association appearing in the "Company Representation" condition of the policy is amended to read:

The Exchange
Farmington Avenue
Farmington, Connecticut 06032

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.


Charles R. Bardes, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement September 4, 1979 To form a part of Policy No. NF-256
12:01 A.M. Standard Time
Issued to Tennessee Valley Authority
Date of Issue September 24, 1979 For the subscribing companies
By  General Manager
Endorsement No 3 Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDATORY ENDORSEMENT
(Facility Form)

It is agreed that:

I. In Insuring Agreement III, "DEFINITIONS"

- A. The first sentence of the definition of "nuclear facility" is amended to read:

"nuclear facility" means "the facility" as defined in any Nuclear Energy Liability Policy (Facility Form) issued by Nuclear Energy Liability Insurance Association or by Mutual Atomic Energy Liability Underwriters.

- B. The definition of "indemnified nuclear facility" is replaced by the following:

"indemnified nuclear facility" means

- (1) "the facility" as defined in any Nuclear Energy Liability Policy (Facility Form) issued by Nuclear Energy Liability Insurance Association or by Mutual Atomic Energy Liability Underwriters, or

- (2) any other nuclear facility,

if financial protection is required pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, with respect to any activities or operations conducted thereat;

II. Insuring Agreement IV is replaced by the following:

IV APPLICATION OF POLICY This policy applies only to bodily injury or property damage (1) which is caused during the policy period by the nuclear energy hazard and (2) which is discovered and for which written claim is made against the insured, not later than ten years after the end of the policy period.

III. Condition 2 is replaced by the following:

2 INSPECTION; SUSPENSION The companies shall at any time be permitted but not obligated to inspect the facility and all operations relating thereto and to examine the insured's books and records as far as they relate to the subject of this insurance. Neither the right to make inspections and

examinations nor the making thereof nor any advice or report resulting therefrom shall constitute an undertaking on behalf of or for the benefit of the insured or others, to determine or warrant that such facility or operations are safe or healthful, or are in compliance with any law, rule or regulation.

If a representative of the companies discovers a condition which he believes to be unduly dangerous with respect to the nuclear energy hazard, a representative of the companies may request that such condition be corrected without delay. In the event of non-compliance with such request, a representative of the companies may, by notice to the named insured, to any other person or organization considered by the companies to be responsible for the continuance of such dangerous condition, and to the United States Nuclear Regulatory Commission, suspend the insurance with respect to the named insured and such other person or organization effective 12:00 midnight of the next business day of such Commission following the date that such Commission receives such notice. The period of such suspension shall terminate as of the time stated in a written notice from the companies to the named insured and to each such person or organization that such condition has been corrected.

IV. Condition 4 is replaced by the following:

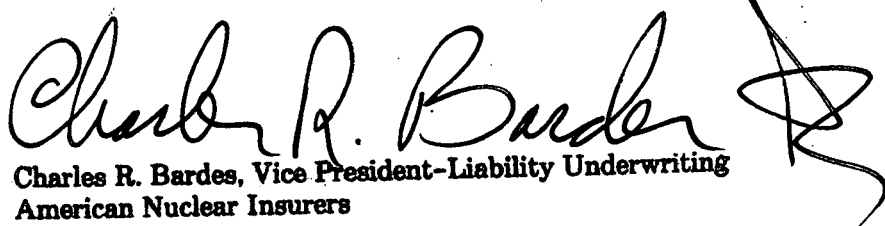
- 4 LIMITATION OF LIABILITY; COMMON OCCURRENCE Any occurrence or series of occurrences resulting in bodily injury or property damage arising out of the radioactive, toxic, explosive or other hazardous properties of
- (a) nuclear material discharged or dispersed from the facility over a period of days, weeks, months or longer and also arising out of the properties of other nuclear material so discharged or dispersed from one or more other nuclear facilities insured under any Nuclear Energy Liability Policy (Facility Form) issued by Nuclear Energy Liability Insurance Association, tion, or
 - (b) source material, special nuclear material, spent fuel or waste in the course of transportation for which insurance is afforded under this policy and also arising out of such properties of other

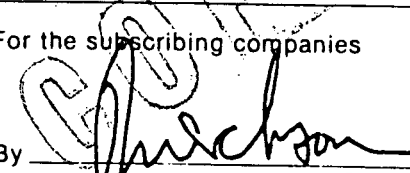
Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

Amendment of Condition 4 Endorsement

It is agreed that with respect to bodily injury or property damage caused on or after the effective date of this endorsement by the nuclear energy hazard, the figure \$96,875,000 stated in Condition 4 of the policy is amended to read \$124,000,000.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.


Charles R. Bardes, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement September 4, 1979 To form a part of Policy No. NF-256
12:01 A.M. Standard Time
Issued to Tennessee Valley Authority
Date of Issue September 24, 1979 For the subscribing companies
By  General Manager
Endorsement No 5 Countersigned by _____
NE-LRF (1/1/70)

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

WAIVER OF DEFENSES ENDORSEMENT
(Extraordinary Nuclear Occurrence)

The named insured, acting for himself and every other insured under the policy, and the members of Nuclear Energy Liability Insurance Association agree as follows:

1. With respect to any extraordinary nuclear occurrence to which the policy applies as proof of financial protection and which
 - (a) arises out of or results from or occurs in the course of the construction, possession, or operation of the facility, or
 - (b) arises out of or results from or occurs in the course of the transportation of nuclear material to or from the facility,

the insureds and the companies agree to waive

- (1) any issue or defense as to the conduct of the claimant or the fault of the insureds, including but not limited to:
 - (i) negligence,
 - (ii) contributory negligence,
 - (iii) assumption of risk, and
 - (iv) unforeseeable intervening causes, whether involving the conduct of a third person, or an act of God,
- (2) any issue or defense as to charitable or governmental immunity, and
- (3) any issue or defense based on any statute of limitations if suit is instituted within three years from the date on which the claimant first knew, or reasonably could have known, of his bodily injury or property damage and the cause thereof, but in no event more than twenty years after the date of the nuclear incident.

The waiver of any such issue or defense shall be effective regardless of whether such issue or defense may otherwise be deemed jurisdictional or relating to an element in the cause of action.

2. The waivers set forth in paragraph 1. above do not apply to
 - (a) bodily injury or property damage which is intentionally sustained by the claimant or which results from a nuclear incident intentionally and wrongfully caused by the claimant;
 - (b) bodily injury sustained by any claimant who is employed at the site of and in connection with the activity where the extraordinary nuclear occurrence takes place if benefits therefor are either payable or required to be provided under any workmen's compensation or occupational disease law;
 - (c) any claim for punitive or exemplary damages, provided, with respect to any claim for wrongful death under any State law which provides for damages only punitive in nature, this exclusion does not apply to the extent that the claimant has sustained actual damages, measured by the pecuniary injuries resulting from such death but not to exceed the maximum amount otherwise recoverable under such law.

3. The waivers set forth in paragraph 1. above shall be effective only with respect to bodily injury or property damage to which the policy applies under its terms other than this endorsement; provided, however, that with respect to bodily injury or property damage resulting from an extraordinary nuclear occurrence, Insuring Agreement IV, "Application of Policy", shall not operate to bar coverage for bodily injury or property damage (a) which is caused during the policy period by the nuclear energy hazard and (b) which is discovered and for which written claim is made against the insured not later than twenty years after the date of the extraordinary nuclear occurrence.

Such waivers shall not apply to, or prejudice the prosecution or defense of any claim or portion of claim which is not within the protection afforded under

- (a) the provisions of the policy applicable to the financial protection required of the named insured;
- (b) the agreement of indemnification between the named insured and the the Nuclear Regulatory Commission made pursuant to Section 170 of the Atomic Energy Act of 1954, as amended; and
- (c) the limit of liability provisions of Subsection 170e. of the Atomic Energy Act of 1954, as amended.

Such waivers shall not preclude a defense based upon the failure of the claimant to take reasonable steps to mitigate damages.

4. Subject to all of the limitations stated in this endorsement and in the Atomic Energy Act of 1954, as amended, the waivers set forth in paragraph 1. above shall be judicially enforceable in accordance with their terms against any insured in an action to recover damages because of bodily injury or property damage to which the policy applies as proof of financial protection.

5. As used herein:

"extraordinary nuclear occurrence" means an event which the Nuclear Regulatory Commission has determined to be an extraordinary nuclear occurrence as defined in the Atomic Energy Act of 1954, as amended.

"financial protection" and "nuclear incident" have the meanings given them in the Atomic Energy Act of 1954, as amended.

"claimant" means the person or organization actually sustaining the bodily injury or property damage and also includes his assignees, legal representatives and other persons or organizations entitled to bring an action for damages on account of such injury or damage.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No Insurance is afforded hereunder.

Effective Date of this Endorsement September 4, 1979 To form a part of Policy No. NE 456
Issued to Tennessee Valley Authority 12:01 A.M. Standard Time
Date of Issue September 24, 1979 Charles R. Bardes, Vice President - Liability Underwriting
American Nuclear Insurers
By [Signature] General Manager
Endorsement No 6
Countersigned by [Signature]

Nuclear Energy Liability Insurance

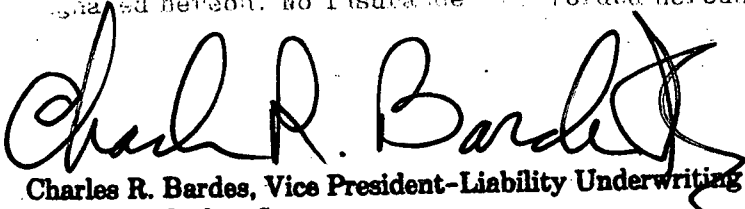
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

SUPPLEMENTARY ENDORSEMENT
WAIVER OF DEFENSES
REACTOR CONSTRUCTION AT THE FACILITY

It is agreed that in construing the application of paragraph 2(b) of the WAIVER OF DEFENSES ENDORSEMENT (NE-33a) with respect to an extraordinary nuclear occurrence occurring at the facility, a claimant who is employed at the facility in connection with the construction of a nuclear reactor with respect to which no operating license has been issued by the Nuclear Regulatory Commission shall not be considered as employed in connection with the activity where the extraordinary nuclear occurrence takes place if:

- (1) the claimant is employed exclusively in connection with the construction of a nuclear reactor, including all related equipment and installations at the facility, and
- (2) no operating license has been issued by the Nuclear Regulatory Commission with respect to the nuclear reactor, and
- (3) the claimant is not employed in connection with the possession, storage, use or transfer of nuclear material at the facility.

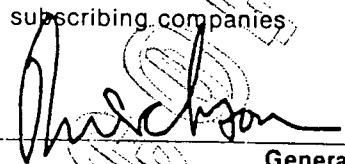
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Charles R. Bardes, Vice President-Liability Underwriting
American Nuclear Insurers

Effective Date of this Endorsement September 4, 1979 To form a part of Policy No. NF-256
12:01 A.M. Standard Time

Issued to Tennessee Valley Authority

Date of Issue September 24, 1979 For the subscribing companies

By 
General Manager

Endorsement No 7

Countersigned by _____

Nuclear Energy Liability Insurance
NUCLEAR ENERGY LIABILITY INSURANCE ASSOCIATION

AMENDMENT OF DEFINITIONS OF
"Nuclear Energy Hazard" and "Insured Shipment"
(Indemnified Nuclear Facility)

It is agreed that:

I. In Insuring Agreement III, "DEFINITIONS"

A. solely with respect to an "insured shipment" to which this policy applies as proof of financial protection required by the Nuclear Regulatory Commission, Subdivision (2) of the definition of "nuclear energy hazard" is amended to read:

(2) the nuclear material is in an insured shipment which is away from any other nuclear facility and is in the course of transportation, including the handling and temporary storage incidental thereto, within

(a) the territorial limits of the United States of America, its territories or possessions, Puerto Rico or the Canal Zone; or

(b) international waters or airspace, provided that the nuclear material is in the course of transportation between two points located within the territorial limits described in (a) above and there are no deviations in the course of the transportation for the purpose of going to any other country, state or nation, except a deviation in the course of said transportation for the purpose of going to or returning from a port or place of refuge as the result of an emergency.


B. the definition of "insured shipment" is replaced with the following;

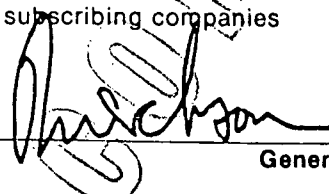
"insured shipment" means a shipment of source material, special nuclear material, spent fuel or waste, herein called "material", (1) to the facility from any location except an indemnified nuclear facility, but only if the transportation of the material is not by prede-

termination to be interrupted by removal of the material from a transporting conveyance for any purpose other than the continuation of its transportation, or (2) from the facility to any other location, but only until the material is removed from a transporting conveyance for any purpose other than the continuation of its transportation.

II. As used herein, "financial protection" has the meaning given it in the Atomic Energy Act of 1954, as amended.

This is to certify that this is a true copy of the original Endorsement having the endorsement number and being made part of the Nuclear Energy Liability Policy (Facility Form) as designated hereon. No insurance is afforded hereunder.


**Charles R. Bardes, Vice President-Liability Underwriting
American Nuclear Insurers**

Effective Date of this Endorsement September 4, 1979 To form a part of Policy No. NE-256
Issued to Tennessee Valley Authority ^{12:01 A.M. Standard Time}
Date of Issue September 24, 1979 For the subscribing companies
By  **General Manager**
Endorsement No 8 Countersigned by _____

NE-45
(1/1/77)