



10 CFR 50.75(h)(1)

RS-12-200

November 16, 2012

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, DC 20555-0001

Limerick Generating Station, Unit 1  
Facility Operating License Nos. NPF-39  
NRC Docket Nos. 50-352

Subject: Standby Trust Agreement

- References:
1. Letter from Patrick R. Simpson (Exelon Generation Company, LLC) to U.S. NRC, "Response to Request for Additional Information Regarding Status of Decommissioning Funding Assurance," dated May 21, 2012
  2. Federal Register Notice, "Decommissioning Planning," 76 FR 35512, dated June 17, 2011

As described in Reference 1, Exelon Generation Company, LLC (EGC) is using a parent company guarantee as part of the decommissioning funding assurance for Limerick Generating Station, Unit 1. Reference 2 modified 10 CFR 30, Appendix A, Section III.D, to require that the parent company guarantee be payable to a standby trust. Per Reference 2, the revised rule is effective December 17, 2012. The Standby Trust created by EGC in response to the 10 CFR revision is provided in Attachment 1. The Standby Trust was effective as of November 15, 2012.

Attachment 2 contains an Assignment to the amended parent company guarantee. The purpose of the Assignment is to confirm that the existing parent company guarantee, if required for decommissioning activities, will be paid into the Standby Trust.

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Note that, as required by 10 CFR 30, Appendix A, an updated financial test for the parent guarantee will be performed and provided to the NRC 90 days after the close of the fiscal year (i.e., by March 31, 2013).

There are no new regulatory commitments made in this letter.

If you have any questions about this letter, please contact me at (630) 657-2823.

Respectfully,

A handwritten signature in black ink that reads "Patrick R. Simpson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Patrick R. Simpson  
Manager - Licensing  
Exelon Generation Company, LLC

cc: Regional Administrator – NRC Region I  
NRC Senior Resident Inspector – Limerick Generating Station

Attachments:

1. Proposed Standby Trust Agreement for Limerick Generating Station Unit 1
2. Assignment to Amended Guarantee

**ATTACHMENT 1**

**Proposed Standby Trust Agreement for Limerick Generating Station Unit 1**

**STANDBY TRUST AGREEMENT  
FOR LIMERICK STATION, UNIT 1**

TRUST AGREEMENT, the Agreement entered into as of November 15, 2012 by and between **EXELON GENERATION COMPANY, LLC**, a Pennsylvania corporation, herein referred to as the “Grantor,” and **THE NORTHERN TRUST COMPANY**, 50 South LaSalle Street, Chicago, IL 60603, the “Trustee.”

WHEREAS, the U.S. Nuclear Regulatory Commission (NRC), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Part 50, of the *Code of Federal Regulations* (10 CFR Part 50). These regulations, applicable to the Grantor, require that a holder of, or an applicant for, a 10 CFR Part 50 license provide assurance that funds will be available when needed for required decommissioning activities.

WHEREAS, the Grantor has elected, when necessary, to use a parent guarantee to provide part of such financial assurance for Limerick Station, Unit 1;

WHEREAS, when payment is required to be made under the parent guarantee, this Standby Trust shall be used for the receipt of such payment; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee;

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

**Section 1. Definitions.** As used in this Agreement:

- (a) The term “Grantor” means the NRC licensee who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term “Trustee” means the trustee who enters into this Agreement and any successor Trustee.

**Section 2. Costs of Decommissioning.** This Agreement pertains to the costs of decommissioning Limerick Station, Unit 1, as identified in License Number NPF-39, issued pursuant to 10 CFR Part 50.

**Section 3. Establishment of Fund.** The Grantor and the Trustee hereby establish a Standby Trust Fund (the “Fund”) for the benefit of the Grantor but only to the extent the provisions of 31 U.S.C. 3302(b) would not be applicable. The Grantor and the Trustee intend that no third party shall have access to the Fund except as provided herein. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to

collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by NRC.

Section 4. Payments Constituting the Fund. Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established initially as consisting of the property acceptable to the Trustee. Such property and any other property subsequently transferred to the Trustee are referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided.

Section 5. Payment for Required Activities Specified in the Plan. The Trustee shall make payments from the Fund to the Grantor or to a decommissioning contractor of the Grantor, as the Grantor may designate, upon presentation to the Trustee of the following:

- (a) A certificate duly executed by the Vice President Finance (Nuclear) of the Grantor (or such other authorized officer as may be designated by the Grantor) attesting to the occurrence of the events, and in the form set forth in the attached Specimen Certificate (Appendix A), and
- (b) A certificate attesting to the following conditions: (1) that decommissioning is proceeding pursuant to an NRC-approved plan, and (2) that the funds withdrawn will be expended for activities undertaken pursuant to that plan.

Notwithstanding the foregoing, except for payments for 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, no disbursements or payments from the Fund shall be made: (1) unless 30 working days prior written notice of such disbursement or payment has been made to the NRC or (2) if the Trustee receives written notice of an objection from the NRC's Director of the Office of Nuclear Reactor Regulation or the Director of the Office of Nuclear Material Safety and Safeguards, as applicable. Except that the foregoing shall not apply if the Grantor is making a withdrawal pursuant to 10 CFR 50.82(a)(8).

In the event of the Grantor's default or inability to direct decommissioning activities, the Trustee shall: (1) make payments from the Fund as the NRC or State agency shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement; (2) make disbursements to the Grantor or other persons as specified by the NRC, or State agency, from the fund for expenditures for required activities in such amounts as the NRC, or State agency, shall direct in writing; and (3) refund to the Grantor such amounts remaining after the license has been terminated or as the NRC or State Agency specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Upon presentation of the certificates described above to the Trustee or upon receipt of a direction to make a distribution from the NRC or State Agency as described in this Section, the Trustee shall process a payment in the amount set forth in such certificates or direction and shall not be responsible, nor shall it undertake any responsibility, to verify any matters set forth in such certificates or direction.

**Section 6. Trust Management.** Grantor shall appoint one or more Investment Managers (each an “Investment Manager”) to manage the assets of the Fund and shall direct the Trustee with respect to the segregation of the assets of the Fund to be managed by each such Investment Manager. In the event an Investment Manager resigns or is otherwise terminated for any reason with respect to a portion of the Fund’s assets, the Grantor shall appoint one or more successor Investment Managers with respect to such assets. The Trustee shall act with respect to assets in the Fund only as directed by the applicable Investment Manager. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with directions of the Investment Manager. In investing, reinvesting, exchanging, selling, and managing the Fund, the Grantor shall require the Investment Manager to discharge its duties with respect to the Fund in the best interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) The Grantor shall ensure that no Investment Manager directs the Trustee to acquire or hold securities or other obligations of the Grantor, or any other owner or operator of any nuclear power reactor, or any of their affiliates, subsidiaries, successors, or assigns, as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), or in a mutual fund in which at least 50 percent of the Fund is invested in the securities of an NRC licensee of a nuclear power plant, or a parent company whose subsidiary is an owner or operator of a foreign or domestic nuclear power plant. The Investment Manager may direct the Trustee to acquire or hold an investment tied to market indices or other nonnuclear-sector collective, commingled, or mutual funds (i.e. a mutual fund in which less than 50 percent of the Fund is invested in the securities of a licensee or a parent company whose subsidiary is an owner or operator of a foreign or domestic nuclear power plant), however, that no more than 10 percent of trust assets may be indirectly invested in securities of any entity owning or operating one or more nuclear power plants.
- (b) For a reasonable time, not to exceed 60 days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

- (c) The Grantor shall ensure that any Investment Manager shall adhere to the applicable State-specific investment standard and/or the “prudent investor” standard as specified in 18 CFR 35.32(a)(3) of the Federal Energy Regulatory Commission regulations or any successor regulation thereto (the “Prudent Investor Standard”); and
- (d) The Grantor, its affiliates, and its subsidiaries are prohibited from acting as investment manager for the funds or from giving day-to-day management direction of the funds’ investments or direction on individual investments by the funds except that the Grantor, or an affiliate or subsidiary, may act as an investment manager in the case of passive fund management of trust funds where management is limited to investment-tracking market indices.

Section 7. Commingling and Investment. The Trustee is expressly authorized at the direction of the Investment Manager:

- (a) To transfer, from time to time, any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80A-1 et seq.), including one that may be created, managed, or underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, in carrying out directions given to the Trustee hereunder, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary, for prudent management of the Fund;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest and dividend payments and funds from matured and redeemed instruments, to file proper forms concerning securities held in the Fund in a timely fashion with appropriate government agencies, or to deposit or arrange

for the deposit of such securities in a qualified central depository, even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee; and
- (e) To compromise or otherwise adjust all claims in favor of or against the Fund.

**Section 9. Taxes and Expenses.** All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund may be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee, may be paid from the Fund. The Grantor shall (i) determine the taxability of Trust income, (ii) calculate the amount of any taxes owed by the Trust, (iii) direct the Trustee regarding the payment of such taxes, and (iv) be responsible for the preparation and filing of any required tax forms relating to the Trust or distributions from the Trust, including Form 1041 or any other information or tax returns. The Trustee agrees to cooperate in providing the Grantor or its designee with such information as is contained within its ordinary business records and is needed in order to timely complete any such form.

**Section 10. Annual Valuation.** After payment has been made into this Trust Fund, the Trustee shall furnish on a monthly basis to the Grantor a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value within a reasonable time of such statement. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

**Section 11. Advice of Counsel.** The Trustee may, from time to time, consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

**Section 12. Trustee Compensation.** The Trustee shall be entitled to reasonable compensation for its services, as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee. Upon 60 days notice to the Grantor, the Trustee may resign; upon 60 days notice to the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has either appointed a successor Trustee and this successor accepts the appointment, or implements another financial assurance mechanism specified in 10 CFR 50.75(e). The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If, for any reason, the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the Trust in a writing sent to the Grantor and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions under this Agreement by the Grantor or an Investment Manager to the Trustee shall be in writing, signed by such persons as are signatories to this Agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's or an Investment Manager's orders, requests, instructions, or certificates, including the making of payments in reliance upon certificates presented by the Grantor pursuant to Section 5. If the NRC or State agency issues orders, requests, or instructions to the Trustee in the event of Grantor default, these shall be in writing, signed by the NRC, State agency, or their designees, and the Trustee shall act and shall be fully protected in acting without inquiry in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor, the NRC, or State agency, hereunder, has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the NRC, or State agency, except as provided for herein and shall incur no liability for not acting on such orders, requests or instructions as a result of the non-delivery, or delay in the delivery, of a direction or instruction, or error in the transmission of such direction or instruction, to the Trustee.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and, if applicable, the NRC or State agency, or by the Trustee and the NRC or State Agency, if the Grantor ceases to exist. Notwithstanding any provision herein to the contrary, this Agreement cannot be modified in any material respect without first providing 30 working days prior written notice to the NRC's Director of the Office of Nuclear Reactor Regulation or the Director of the Office of Nuclear Material Safety and Safeguards, applicable. This Agreement may not be amended if the Trustee receives written

notice of objection from the Director, Office of Nuclear Reactor Regulation, or the Director, Office of Nuclear Materials Safety and Safeguards, as applicable, within the notice period.

Section 16. Termination. This trust shall continue until terminated at the written agreement of the Grantor, the Trustee, and, if applicable, the NRC or State agency, or by the Trustee and the NRC or State agency if the Grantor ceases to exist. Upon termination of the Trust, all remaining Trust property, less final Trust administration expenses, shall be delivered to the Grantor or its successor, or transferred to another financial assurance mechanism specified in 10 CFR 50.75(e), as appropriate and in accordance with its instructions.

Section 17. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor, the NRC, or State agency, issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense, in the event the Grantor fails to provide such defense.

Section 18. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of Illinois.

Section 19. Interpretation and Severability. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions, which will remain valid and enforceable.

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IN WITNESS WHEREOF the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunto affixed and attested as of the date first written above.

ATTEST:

EXELON GENERATION COMPANY, LLC

  
*Stacie M Frank*

By: Stacie M. Frank

Its: Treasurer

ATTEST:

THE NORTHERN TRUST COMPANY

*H. Cuzco*

By: *Henry Cuzco*

Its: *Senior Vice President*

## Appendix A

### CERTIFICATE OF EVENTS

The Northern Trust Company,  
as Trustee of Standby Trust for Limerick Station, Unit 1 Trust ("Northern")  
50 S. LaSalle Street  
Chicago, Illinois 60603  
Attention:

Re: Standby Trust for Limerick Station, Unit 1 ("Trust")

To whom it may concern:

In accordance with the terms of the Standby Trust Agreement for Limerick Station, Unit 1, with you dated November \_\_\_\_, 2012, I, \_\_\_\_\_, [insert name of authorized officer], \_\_\_\_\_ [insert position] of Exelon Generation Company, LLC, hereby certifies that the following events have occurred:

1. Exelon Generation Company, LLC has begun the decommissioning of Limerick Station, Unit 1, located at 3146 Sanatoga Road, Pottstown, PA 19464 (hereinafter called the decommissioning).
2. The plans and procedures for the commencement and conduct of the decommissioning have been noticed and approved by the U.S. Nuclear Regulatory Commission, or its successor, on \_\_\_\_\_ (copy of approval attached).
3. The Board of Directors of Exelon Corporation, the parent of Exelon Generation Company, LLC, has adopted the attached resolution authorizing the commencement of the decommissioning.

\_\_\_\_\_  
[Title]

\_\_\_\_\_  
Date

**ATTACHMENT 2**

**Assignment to Amended Guarantee**

**ASSIGNMENT**  
**AMENDED GUARANTEE**  
**NRC DECOMMISSIONING FUNDING ASSURANCE**  
**(Limerick Station Unit 1, License No. NPF-39)**

This Assignment is attached to and made a part of that certain Amended Guarantee – NRC Decommissioning Funding Assurance dated February 21, 2012, made by Exelon Corporation (“Exelon”) in favor of Exelon Generation Company, LLC (“ExGen”), as amended on May 17, 2012 (the “Guarantee”).

For good and valuable consideration, ExGen hereby assigns and transfers to The Northern Trust Company, as Trustee under the Standby Trust Agreement for Limerick Station Unit 1, dated as of November 15, 2012 (the “Standby Trust”), all interest of ExGen under the Guarantee and hereby directs Exelon to remit and deliver to the Standby Trust any money or property that Exelon would otherwise be required to remit or deliver to ExGen under the Guarantee in the absence of this Assignment, including but not limited to any money or alternative financial assurance that Exelon may at any time be required to pay or deliver to ExGen under the Guarantee.

Exelon consents to the foregoing assignment and agrees to remit and deliver to the Standby Trust any money or property that Exelon would otherwise be required to remit or deliver to ExGen under the Guarantee in the absence of this Assignment, including but not limited to any money or alternative financial assurance that Exelon may at any time be required to pay or deliver to ExGen under the Guarantee.

This Assignment shall be binding upon and shall inure to the benefit of Exelon, ExGen and the Standby Trust.

Dated: November 15, 2012

EXELON GENERATION COMPANY, LLC

By: Stacie M. Frank  
Name: Stacie M. Frank  
Title: Treasurer

EXELON CORPORATION

By: Stacie M. Frank  
Name: Stacie M. Frank  
Title: Vice President and Treasurer