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JAN 05 2015

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D.C. 20555-0001

**SUSQUEHANNA STEAM ELECTRIC STATION
RESPONSE TO SECOND REQUEST FOR
ADDITIONAL INFORMATION REGARDING
APPLICATION FOR APPROVAL OF INDIRECT
TRANSFER OF CONTROL
PLA-7274**

**Docket Nos. 50-387
50-388
and 72-28**

- References: 1. PLA-7191, T. S. Rausch (PPL Susquehanna, LLC) to U.S. NRC, "Request for Order Approving Indirect Transfer of Control and Conforming License Amendments," dated July 11, 2014.*
- 2. Letter, J. A. Whited (U.S. NRC) to T. S. Rausch (PPL Susquehanna, LLC), "Request for Additional Information Re: Request for Order Approving Indirect Transfer of Control and Conforming License Amendments (TAC Nos. MF4426 and MF4427)," dated December 16, 2014.*

By letter dated July 11, 2014 (Reference 1) PPL Susquehanna, LLC (PPL Susquehanna) submitted an Application for Approval of Indirect Transfer of Control of the Licenses for the Susquehanna Steam Electric Station, Units 1 and 2 in accordance with Section 184 of the Atomic Energy Act of 1954, 10 CFR § 50.80, and 10 CFR § 72.50. On December 16, 2014 (Reference 2) the NRC provided a Request for Additional Information (RAI) regarding the PPL Susquehanna application; the purpose of this letter is to respond to that NRC request. The Enclosure to this letter provides PPL Susquehanna's complete response to each RAI question.

Attachment 1 of the Enclosure contains confidential commercial information. PPL Susquehanna requests that this information be withheld from public disclosure pursuant to 10 CFR § 2.390, as described in my Affidavit, provided in Attachment 2 to the Enclosure.

In a conference call on December 11, 2014, the NRC Staff also requested a copy of the limited liability company operating agreement for PPL Susquehanna; it is provided in Attachment 3 to the Enclosure.

UNRESTRICTED UPON REMOVAL OF ATTACHMENT 1

A001
NM5526

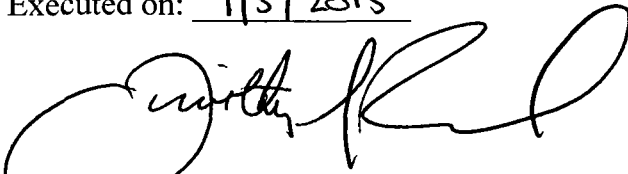
Finally, and unrelated to the RAI response herein, please be advised that PPL is updating the projected income statements in Attachment 4P of the Application (Reference 1) to reflect the current five-year business plan. The updated statements will be submitted to the NRC upon completion.

There are no new regulatory commitments associated with this response.

In the event that the NRC has questions on this response, please contact Mr. Rocco R. Sgarro at (610) 774-7552.

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

Executed on: 1/5/2015

A handwritten signature in black ink, appearing to read 'Timothy S. Rausch', written over a large, loopy circular flourish.

Timothy S. Rausch
Senior Vice President and Chief Nuclear Officer

Enclosure: PPL Susquehanna Responses to NRC Request for Additional Information
dated December 16, 2014

cc: NRC Region I
Mr. J. Greives, NRC Sr. Resident Inspector
Mr. J. Whited, NRC Project Manager
Mr. L. Winker, PA DEP/BRP

Enclosure to PLA-7274

**PPL Susquehanna Responses to NRC
Request for Additional Information dated
December 16, 2014**

RAI 6

Talen Energy Corp's S-1 filing with the Securities and Exchange Commission on November 5, 2015, page 40 stated:

We face intense competition in the competitive power generation market, which may adversely affect our ability to operate profitably... We believe that the commencement of commercial operation of new electricity generating facilities in the regional markets where we own or control generation capacity and the evolution of demand side management resources will continue to increase competition in the wholesale electricity market in those regions, which could have an adverse effect on electricity and capacity prices.

The ability of the licensee, PPL Susquehanna, and new parent company, Talen Energy Corp., to generate and access necessary funds may be impaired if the revenue and cash flow is significantly less than in the past.

- a) Please address this concern generally.**
- b) The application indicated that sources of funds other than the revenue generated by SSES, specifically a parent support agreement and credit facility, would be available to pay fixed operating costs during an outage of at least six months for SSES. Provide supporting financial information for the NRC staff to evaluate the reasonableness of these sources of funds.**

PPL Susquehanna Response

- a) Forecasted income and cash flow for PPL Susquehanna are based upon market energy prices and PPL's proprietary fundamental forward energy prices, and therefore already reflect the impact of the competitive generation market on profitability. The income and cash flow forecasted in the Application remain positive and substantial under the base and both sensitivity cases. PPL Susquehanna is currently updating those forecasts to reflect the most recent update to the business plan and market price projections, and will provide those updates to the NRC upon completion. Based on preliminary results, these updated forecasts continue to project substantial positive net income and cash flow under all scenarios.**
- b) The parent support agreement provided in Attachment 5 of the Application provides:**

Talen Energy represents and warrants that, by and through its subsidiaries, as necessary, it will provide funding (of up to \$205 million) to Susquehanna Nuclear, at any time that the Board of Managers of Susquehanna Nuclear determines that, in order to protect the public health and safety and/or to comply with NRC requirements, such funds are necessary to meet its ongoing operating expenses for Susquehanna SES or such funds are necessary to safely maintain Susquehanna SES...

This \$205 million commitment represents a small percentage of the market value of equity and enterprise value estimated for Talen Energy in the Application. Further, as stated in the Application, Talen Energy will have a large and diverse generation portfolio that, with

estimated synergies, is expected to produce significant earnings before interest, taxes, depreciation and amortization ("EBITDA").

In addition, PPL has fully negotiated the \$1.85 billion credit facility with 18 banks and has written commitments from each bank. The next step, upon completion of required regulatory reviews and approvals, will be closing the Transactions, at which time the credit facility will become fully effective. The facility has been negotiated with the expectation that Talen Energy Corporation will have an initial credit rating below investment grade. There are no default provisions in the credit facility based upon Talen's rating or further reduction in Talen's credit rating. The \$205 million commitment in the parent support agreement is approximately 11% of the credit facility.

In addition to the credit facility, approximately \$200 million of cash on hand is planned to be maintained at Talen Energy Supply, which is available to all Talen Energy Supply subsidiaries, including Susquehanna Nuclear. Talen Energy Supply plans to maintain an overall credit profile that allows it access to capital markets and/or bank markets when needed, the proceeds of which would be available to Susquehanna Nuclear, as required.

On December 18, 2014, the Federal Energy Regulatory Commission ("FERC") issued an order granting conditional approval of the Transactions, subject to the conditions that, within 30 days following the order, we (a) commit to dispose of the assets referenced in two divestiture packages (which would amount to about 2,000 MW because of overlap in the facilities identified in the two packages), (b) commit to dispose of the assets in one of the divestiture packages and agree to cost-based price controls on electricity sold into certain markets by the generating facilities in the other divestiture package that are not sold, or (c) propose an alternative mitigation plan to address the FERC's competitiveness concerns. While PPL is currently evaluating these divestiture alternatives, it does not anticipate that divestiture would materially affect the projected market or enterprise value or projected earnings of Talen Energy. For example, even if the full divestiture of approximately 2,000 MW of generation were selected, the proceeds from such divestiture would be received by Talen Energy and would be expected to be invested into other similar generating assets in the United States, replacing the lost ongoing cash flow from the divested generation. The divestiture will also not impact the credit facility.

RAI 7

Talen Energy proposed two divestiture options in a filing with the Federal Energy Regulatory Commission July 15, 2014 (EC14-112). One involves divesting a total of seven plants in New Jersey and Pennsylvania for a total of 1,315 megawatts (MWs). The second involves divesting six Riverstone plants, plus a 399-MW coal-fired plant in Maryland and two PPL hydro plants in Pennsylvania for a total of 1,345 MWs. Indicate how the divestiture plans will impact sources of funds available from Talen Energy Corp. or otherwise impact the financial qualifications of SSES.

PPL Susquehanna Response

As previously discussed, PPL is currently evaluating divestiture alternatives specified in FERC's December 18, 2014 Order, one of which is divestiture of the generation in both previously proposed divestiture options (which would amount to approximately 2,000 MW because of overlap in the facilities identified in those options).

PPL is still evaluating the divestiture alternatives; however, the divestiture of assets will generate a short-term significant inflow of cash for Talen Energy. That inflow of cash is expected to be reinvested into similar generating assets in the United States. The ongoing cash flow from the newly acquired/constructed generation stations is expected to replace the lost ongoing cash flow from the divested generation stations. The divestiture will not impact the credit facility, as described in the response to RAI 6.

RAI 8

Following the announcement that PPL intended to spin-off the power generation subsidiary, PPL Energy Supply (to become Talen Energy Supply), Standard & Poor's Ratings Services and Fitch Ratings downgraded PPL Energy Supply/Talen. Fitch cut PPL Energy to double-B from triple-B-minus and placed the company's ratings on rating watch negative. S&P lowered its rating on PPL Energy Supply to double-B from double-B-plus, and placed it on CreditWatch negative.

Both ratings agencies cited the debt level of Talen following the transaction as a factor in their analysis. Provide the ratings agencies reports describing the credit downgrades.

PPL Susquehanna Response

The following requested reports are provided in Attachment 1:

- Standard & Poor's Research Update dated June 11, 2014
- Fitch Ratings Press Release dated June 11, 2014

The following additional reports released after the announcement are also provided for your information and use in Attachment 1:

- Moody's Rating Action dated June 10, 2014
- Moody's Rating Action dated June 24, 2014
- Standard & Poor's Industry Report Card dated October 31, 2014
(See discussion of the planned spin-off on page 9)

All of the reports in Attachment 1 are requested to be withheld from public disclosure under the provisions of 10 CFR § 2.390 for the reasons delineated in the affidavit provided in Attachment 2.

RAI 9

As stated in their November 5, 2014, Security Exchange Commission S-1 filing, Talen Energy Corp., indicated that their debt level would be a financial risk factor:

Our indebtedness, which would have been approximately \$3,693 million on a pro forma basis as of June 30, 2014, could adversely affect our financial condition and impair our ability to operate our business.

As of June 30, 2014, after giving effect to the Transactions, we would have had approximately \$3,693 million in total indebtedness. See "Capitalization." Our indebtedness could have important consequences to our future financial condition, operating results and business, including the following:

...requiring that a substantial portion of our cash flows from operations be dedicated to payments on our indebtedness instead of other purposes, including operations, capital expenditures and future business opportunities; limiting our ability to obtain additional debt or equity financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; increasing our cost of borrowing; and limiting our ability to adjust to changing market and economic conditions and limiting our ability to carry out capital spending that is important to our growth.

The NRC has previously expressed concern about the financial impacts on NRC licensees resulting from holding company and LLC corporate structures.¹ Absent specific corporate policies, Talen Energy Corp. may impact the financial viability of SSES by using the nuclear units' earnings to fund other Talen Energy operations, leaving insufficient funds available for PPL Susquehanna for nuclear operations.

Provide further information regarding whether operating revenues from SSES will be transferred to Talen Energy Corp. Explain how sufficient equity and liquidity will be retained in PPL Susquehanna to maintain safe operations. Indicate if loans may be made from PPL Susquehanna to Talen Energy Corp. or any affiliated companies, providing supporting documentation as to the type and magnitude of any such loans.

PPL Susquehanna Response

Energy Supply (PPL Energy Supply now, to be renamed Talen Energy Supply upon closing) maintains a centralized bank account in which the cash generated by substantially all of its subsidiaries is deposited. The books of account are maintained identifying the balances due to or from each subsidiary, including the due to and due from balances at Susquehanna (PPL Susquehanna now, to be renamed Susquehanna Nuclear upon closing). Susquehanna has and will continue to have access to Energy Supply's liquidity capacity, including cash on hand and available credit facility capacity.

¹ See SECY-93-025 and SECY-94-280.

This “pooling” of cash allows Energy Supply to efficiently and effectively meet the operating and liquidity needs of all its subsidiaries. As a result, Energy Supply has access to all the cash flows from its entire generation portfolio and energy marketing and sales operation. On an ongoing basis, this cash and Energy Supply’s liquidity facility capacity are (and will be) used to meet Susquehanna’s operational and maintenance expenses as well as to fund its capital projects. Energy Supply utilizes cash as efficiently as possible and maintains adequate liquidity capacity to fund all cash “calls” when required. In practice, because of the company’s high level of commitment to operate Susquehanna safely, Susquehanna has a “de facto” first priority call on funds derived from: Susquehanna net income, Energy Supply’s other operating subsidiaries, Energy Supply’s credit facility, and other funding sources. Because of these cash operational practices, Susquehanna has and will have significantly greater liquidity and funding sources than if it were a ring-fenced, stand-alone entity relying solely on its self-generated cash and its access to capital and bank markets. Also, Energy Supply’s debt indenture and credit agreement do not contain any covenants that prohibit funding Susquehanna’s operational and capital expenditure requirements. Susquehanna is a significant strategic asset for Energy Supply; its continued safe operation is a top priority.

In addition, as presented in Attachment 5 of the Application, Talen Energy represents and warrants that, by and through its subsidiaries, as necessary, it will provide funding (of up to \$205 million) to Susquehanna Nuclear, at any time that the Board of Managers of Susquehanna Nuclear determines that, in order to protect the public health and safety and/or to comply with NRC requirements, such funds are necessary.

Energy Supply’s cash management practice is to maintain approximately \$200 million of cash on hand, which has been and will continue to be available within the framework described above to all Energy Supply subsidiaries, including Susquehanna. In addition, as discussed in the Application, Talen Energy Supply will have in place \$1.85 billion in credit facilities upon closing.

Energy Supply has and expects to continue to maintain a capitalization structure at Susquehanna comprised of equity in the range of 55% - 65% of total capitalization. The Susquehanna Board of Managers may periodically authorize equity distributions or, if required, Energy Supply may make equity contributions to Susquehanna to maintain the indicated capitalization structure. As another means of funding for Susquehanna, Energy Supply periodically causes a wholly-owned subsidiary of Energy Supply to loan monies to Susquehanna to ensure that Susquehanna maintains a financially appropriate capitalization structure and has necessary funds when required. In support of the above capitalization guidelines, all term debt at Susquehanna will continue to be notes from a wholly-owned subsidiary of Energy Supply. PPL Susquehanna has not in the past, and Susquehanna Nuclear does not plan in the future to loan monies to Energy Supply or any of its affiliates.

In addition, Talen Energy Supply plans to maintain an overall credit profile that allows it access to capital markets and/or bank markets when needed, the proceeds of which would be available to Susquehanna Nuclear as required.

RAI 10

In its July 31, 2014 SEC 10 Q filing, PPL Corp. stated:

Following the announcement of the transaction to form Talen Energy, efforts have been initiated to identify the appropriate staffing for Talen Energy and for PPL and its subsidiaries following completion of the spinoff. ...At present, there is considerable uncertainty as to the range of costs that will be incurred and when those costs will be recognized, as the amount of each category of costs will depend on the number of employees leaving the company, current position and compensation level, years of service and expected separation date. Additionally, certain of these costs are expected to be reimbursed to PPL by Talen Energy upon closing of the transaction. As a result, a range of the separation costs associated with the spinoff transaction and the timing of when those costs will be recognized cannot be reasonably estimated at the time but could be material.

Explain the impacts of reduced staffing on SSES operations. Provide an estimate of the costs that are expected to be reimbursed to PPL by Talen Energy.

PPL Susquehanna Response

The impact of the work force reduction described in the excerpt above is not expected to have any appreciable impact on SSES operations. The majority of the staff reductions will impact corporate services (i.e., Accounting, Treasury, Human Resources, Information Services, etc...). Additional workforce reductions will impact our energy marketing subsidiary and our fossil and hydro plants. There is no impact on Susquehanna's Operations department. In Nuclear Maintenance, 11 individuals have accepted voluntary severance packages. Based on this and as part of future planning for retirements and attrition, 59 maintenance positions from the Energy Supply mobile workforce are being transferred to SSES in 2015. These individuals will be trained and qualified to perform nuclear maintenance work as the need arises.

The severance costs that are expected to be reimbursed to PPL by Talen Energy upon closing cannot yet be determined with certainty, because the final severance numbers are not yet known and the methodology by which Talen Energy's reimbursement will be determined remains under consideration. However, based on current information, an approximate estimate of the costs expected to be reimbursed by Talen Energy to PPL are in the range of \$5 to \$10 million.

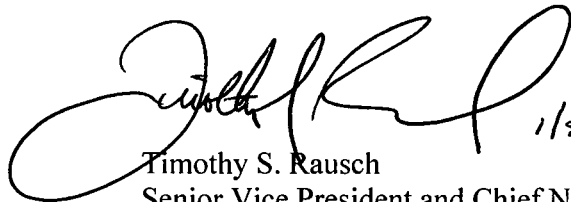
Attachment 2 to Enclosure of PLA-7274

**Affidavit of Timothy S. Rausch
(Request for Withholding)**

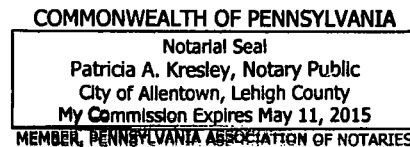
Attachment 2
Affidavit of Timothy S. Rausch

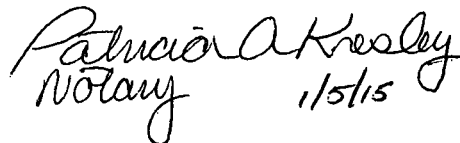
I, Timothy S. Rausch, Senior Vice President and Chief Nuclear Officer, PPL Susquehanna, LLC, do hereby affirm and state:

1. I am authorized to execute this affidavit on behalf of PPL Susquehanna, LLC;
2. PPL Susquehanna, LLC requests that Attachment 1, which is labeled "CONTAINS PROPRIETARY INFORMATION WITHHOLD UNDER 10 CFR 2.390", be withheld from public disclosure in its entirety under the provisions of 10 CFR § 2.390(a)(4).
3. Attachment 1 contains confidential commercial information of third parties provided to PPL Corp. and/or its wholly owned subsidiaries, the disclosure of which would adversely affect those entities.
4. PPL Corp. and its subsidiaries customarily keep such information in confidence, and there is a rational basis for holding such information in confidence. The information is copyright protected by its owners and they impose restrictions on its use and distribution under their licensing agreements with PPL Corp. and its subsidiaries.
5. Public disclosure of this information would cause harm to PPL Corp. and its subsidiaries by potentially placing it in violation of those agreements.


Timothy S. Rausch
Senior Vice President and Chief Nuclear Officer

1/5/2015




Notary

1/5/15

Attachment 3 to Enclosure of PLA-7274

Amended and Restated

Limited Liability Company Agreement of

PPL Susquehanna, LLC

**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PPL SUSQUEHANNA, LLC**

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PPL SUSQUEHANNA, LLC
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**AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PPL SUSQUEHANNA, LLC**

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Agreement") of PPL Susquehanna, LLC (the "Company") is entered into this 23rd day of December, 2014, by PPL Generation, LLC, a Delaware limited liability company, as the sole member of the Company (the "Member").

EXPLANATORY STATEMENT

The Member desires to operate a limited liability company in accordance with the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the Member, intending legally to be bound, agrees as follows:

ARTICLE I

DEFINED TERMS

The following capitalized terms shall have the meanings specified in this Article I. Other terms are defined in the text of this Agreement and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

"Act" means the Delaware Limited Liability Company Act, as amended from time to time.

"Agreement" means this Agreement, as amended from time to time.

"Board" means the Board of Managers of the Company described in Section 5.1.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed to the Company by the Member, net of liabilities assumed or to which the assets are subject.

"Cash Flow" means all cash provided by operations of the Company as reflected in the financial statements of the Company.

"Code" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"Company" means PPL Susquehanna, LLC, the limited liability company formed in accordance with this Agreement.

"Delaware Secretary of State" means the Secretary of State of the State of Delaware.

"Involuntary Withdrawal" means, with respect to the Member, the bankruptcy, insolvency, liquidation or dissolution of the Member under applicable federal or state law.

"Manager" means an individual who serves on the Board of Managers.

"Member" means PPL Generation, LLC and any Person who subsequently is admitted as a member of the Company.

"Person" means an individual, a corporation, a partnership, an association, a federal, state, local or foreign governmental or regulatory entity (or any department, agency, authority or political subdivision thereof), a trust or other entity or organization.

"Profit" and **"Loss"** means, for each taxable year of the Company (or other period for which Profit or Loss must be computed), the Company's net income or net loss determined in accordance with generally accepted accounting principles, as consistently applied by the Company.

ARTICLE II

FORMATION AND NAME; OFFICE; PURPOSE; TERM

2.1. **Formation.** Marian T. Ryan, as an "authorized person" within the meaning of the Act, previously prepared, executed and filed the Certificate of Formation of the Company with the office of Delaware Secretary of State on November 29, 1999. By its execution of this Agreement, the Member hereby (i) ratifies the acts to form the Company pursuant to the filing of the Certificate of Formation of the Company with the office of the Delaware Secretary of State; and (ii) confirms its admission to the Company as the sole Member.

2.2. **Name of the Company.** The name of the Company is PPL Susquehanna, LLC. The Company may do business under that name and under any other name or names as selected by the Board.

2.3. **Purpose.** The Company is organized to do all things permitted to be done by limited liability companies under the Act, and to do all things necessary, convenient or incidental to that purpose.

2.4. **Term.** The term of the Company began upon the acceptance of the Certificate of Formation by the office of the Delaware Secretary of State and shall continue in existence perpetually unless terminated pursuant to the terms of this Agreement.

2.5. Principal Office. The principal office of the Company shall be located at Two North Ninth Street, Allentown, PA 18101-1179 or at any other place selected by the Member.

2.6. Registered Agent. The name and address of the Company's registered agent, as well as the address of the registered office of the Company, in the State of Delaware is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801 in New Castle County.

2.7. Member. The name, present mailing address and taxpayer identification number of the Member shall be maintained with the books and records of the Company.

ARTICLE III

CAPITAL

3.1. Capital Contributions. The Member made an original Capital Contribution to the Company of \$100.

3.2. No Other Capital Contributions Required. The Member is not required to contribute any additional capital to the Company, and the Member shall have no personal liability for any obligations of the Company.

ARTICLE IV

PROFIT, LOSS AND DISTRIBUTIONS

All Cash Flow, Profit and Loss shall be distributed or allocated to the Member.

ARTICLE V

MANAGEMENT: RIGHTS, POWERS AND DUTIES

5.1. Board of Managers.

A. In order to provide for the management of the Company, the Member hereby establishes a Board of Managers consisting of persons elected by the Member. The Board shall have the power, authority and responsibility to manage the Company for and on behalf of the Member and to make decisions as to all matters which the Company has authority to perform, as fully as if the Member were making such decisions. Approval by or action taken by the Board in accordance with this Agreement shall constitute approval or action by the Company.

B. The Board shall at all times consist of not less than three Managers, as determined by the Member from time to time. The names of the current Managers are set forth in Exhibit A.

C. Any individual Manager may be removed from office at any time, without assigning any cause, by the Member.

5.2. Authority of the Board. The Board, by its own action or by action of a majority of the Board, or by delegation to officers of the Company, shall, in addition to any other power granted to it in this Agreement, have the right, power and authority to take the following actions and none of the following actions will be taken without the approval of the Board:

A. To do and perform all acts as may be necessary or appropriate to the conduct of the Company's business;

B. To purchase, hold, sell, exchange, transfer and otherwise acquire and dispose of and exercise all rights, powers, privileges and other incidents of ownership or possession with respect to real and personal property, whether tangible or intangible, held by the Company;

C. To purchase liability and other insurance to protect the Company's property and business;

D. To execute on behalf of the Company all instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, security agreements, financing statements, documents providing for the acquisition, mortgage or disposition of the Company's property, assignments, bills of sale, leases, partnership agreements, operating agreements of other limited liability companies and any other instruments or documents necessary, in the opinion of the Managers, to the business of the Company;

E. To employ accountants, legal counsel, managing agents, or other experts or consultants to perform services for the Company and to compensate them from Company funds;

F. To enter into any and all other agreements on behalf of the Company, with any other person for any purpose, in such forms as the Managers may approve;

G. With the consent of the Member, to approve of the dissolution of the Company; and

H. With the consent of the Member, to amend this Agreement.

5.3. Subcommittees. The Board may designate one or more subcommittees. Any subcommittee, to the extent provided by the Board, shall have and may exercise all of the power and authority of the Board.

5.4. Meetings and Voting.

A. Regular and special meetings of the Board shall be held at any time on reasonable notice given by any two Managers. Meetings of the Board shall be held at the Company's principal place of business or at such place as determined by the Board of Managers.

B. The presence in person of at least a majority of the Managers shall constitute a quorum for the transaction of business at a Board meeting. Managers may participate in any Board meeting by means of telephone and participation by such means shall constitute presence in person at such Board meeting. The affirmative vote of a majority of the Managers present at a duly constituted meeting shall govern all of the Board's actions and constitute approval by the Board.

C. In lieu of holding a meeting, the Board may vote or otherwise take action by a written instrument indicating the consent of Board.

5.5. Officers. The Board may unanimously agree on and appoint positions of president, chief financial officer, treasurer, secretary, one or more vice presidents, and any other officer position that the Board may establish, all with such duties as may be established by the Board. As of the date of this Agreement, the officers consist of a president, a senior vice president, two vice presidents, a treasurer, two assistant treasurers, a secretary and an assistant secretary. The names of the current officers are set forth in Exhibit A.

5.6. Signing Authority. Any document or instrument purporting to bind the Company shall be effective to bind the Company when executed by (a) the Member or (b) a Manager or (c) an officer of the Company expressly authorized to execute such document or instrument by the terms of this Agreement or the written resolutions of the Board.

5.7. Liability and Indemnification. The Company shall indemnify and hold harmless, to the fullest extent permitted by law, (i) the Member, (ii) each Manager, (iii) each

officer, and (iv) each agent, partner, employee, counsel and affiliate of the Member, Manager, officer or of any of their affiliates (individually, an "Indemnified Party"), as follows:

A. The Company shall indemnify and hold harmless, to the fullest extent permitted by law, any Indemnified Party from and against any and all losses, claims, damages, liabilities, expenses (including legal fees and expenses), judgments, fines, settlements and other amounts ("Indemnified Costs") arising from all claims, demands, actions, suits or proceedings ("Actions"), whether civil, criminal, administrative or investigative, in which the Indemnified Party may be involved, or threatened to be involved, as a party or otherwise arising as a result of its status as (i) a Member, (ii) a Manager, (iii) an officer or (iv) an agent, partner, employee, counsel or affiliate of a Member, a Manager, an officer, or any of their affiliates, regardless of whether the Indemnified Party continues in the capacity at the time the liability or expense is paid or incurred, and regardless of whether the Action is brought by a third party, or by or in the right of the Company; provided, however, no such Person shall be indemnified for any Indemnified Costs which proximately result from the Person's fraud, bad faith or willful misconduct or the Person's material breach of this Agreement.

B. The Company shall pay or reimburse, to the fullest extent allowed by law and consistent with Section 5.7(A) above, in advance of the final disposition of the proceeding, Indemnified Costs incurred by the Indemnified Party in connection with any Action that is the subject of Section 5.7(A) above.

C. The indemnification and advancement of expenses provided for hereby shall, unless otherwise provided when authorized or ratified, continue as to an Indemnified Party who has ceased to serve in the capacity as to which he or she was indemnified, and shall inure to the benefit of the heirs, executors and assigns of such Indemnified Party.

ARTICLE VI

TRANSFER OF MEMBERSHIP INTERESTS; ADMISSION OF NEW MEMBERS

6.1. **Transfer.** The Member shall have the right to transfer all (but not less than all) of its membership interest to any Person at any time. Any transferee shall be admitted as a Member as of the effective date of the transfer.

6.2. **Admission of New Members.** No new Member shall be admitted (other than pursuant to Section 6.1), either by transfer of a portion of the Member's interest, or in any other manner, which causes the Company to have two or more Members, until this Agreement has been amended to provide for such admission, including amendments relating to the governance of the Company, and providing for the allocation of Profits and Losses of the Company among the Members, and such amendment has been accepted by the existing Member and the New Member.

ARTICLE VII

DISSOLUTION, LIQUIDATION AND TERMINATION OF THE COMPANY

7.1. Events of Dissolution. The Company shall be dissolved upon the happening of any of the following events:

- A. upon the election of the Member; or
- B. upon the occurrence of an Involuntary Withdrawal of the Member.

7.2. Procedure for Winding Up and Dissolution. If the Company is dissolved for any reason, the Board shall wind up its affairs, as provided for in the Act.

7.3. Filing of Articles of Dissolution. If the Company is dissolved, the Board shall promptly file Articles of Dissolution with the Delaware Secretary of State.

ARTICLE VIII

BOOKS, RECORDS, ACCOUNTING AND TAX ELECTIONS

8.1. Books and Records. The Company shall keep or cause to be kept complete and accurate books and records of the Company. The books and records shall be maintained in accordance with generally accepted accounting principles and practices.

8.2. Tax Elections. Any election under any provision of any tax law shall be made only by the Board or by a person authorized to do so by the Board.

ARTICLE IX

GENERAL PROVISIONS

9.1. Complete Agreement. This Agreement constitutes the complete and exclusive statement of the Member. It supersedes all prior written and oral statements, including any prior representation, statement, condition or warranty. Except as expressly provided otherwise herein, this Agreement may not be amended without the written consent of the Member.

9.2. Applicable Law. All questions concerning the construction, validity and interpretation of this Agreement and the performance of the obligations imposed by this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Delaware.

9.3. Section Titles. The headings herein are inserted as a matter of convenience only, and do not define, limit or describe the scope of this Agreement or the intent of the provisions hereof.

9.4. Binding Provisions. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns.

9.5. Terms. Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the Person may in the context require.

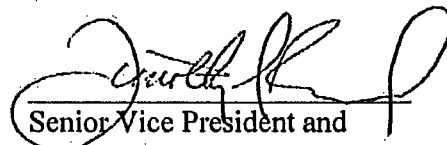
9.6. Severability of Provisions. Each provision of this Agreement shall be considered severable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

IN WITNESS WHEREOF, the Member has executed, or caused this Agreement to be executed, as of the date set forth hereinabove.

MEMBER

PPL GENERATION, LLC

By:


Senior Vice President and
Chief Nuclear Officer

MANAGERS

Paul A. Farr
Clarence J. Hopf, Jr.
Timothy S. Rausch
Mark F. Wilten

OFFICERS

Paul A. Farr – President
Timothy S. Rausch – Senior Vice President and Chief Nuclear Officer
Jon A. Franke – Site Vice President-Susquehanna
Jeffrey M. Helsel – Vice President-Nuclear Operations
Mark F. Wilten – Treasurer
Russell R. Clelland – Assistant Treasurer
Alexander J. Torok – Assistant Treasurer
Elizabeth Stevens Duane – Secretary
Janis A. Marsh – Assistant Secretary