

BEFORE THE
UNITED STATES NUCLEAR REGULATORY COMMISSION

LICENSE NO. NPF-86

DOCKET NO. 50-443

IN THE MATTER OF
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
SEABROOK STATION, UNIT NO. 1

APPLICATION TO AMEND FACILITY OPERATING
LICENSE NO. NPF-86

TO AUTHORIZE NORTH ATLANTIC
ENERGY SERVICE COMPANY TO ACT AS MANAGING
AGENT FOR SEABROOK STATION, UNIT NO. 1

November 13, 1990

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UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)
Public Service Company of) Docket No. 50-443
New Hampshire)
)
(Seabrook Station, Unit No. 1))

APPLICATION TO AMEND FACILITY OPERATING LICENSE NO. NPF-86

Public Service Company of New Hampshire ("PSNH"), acting for itself and as agent for Canal Electric Company, The Connecticut Light and Power Company ("CL&P"), EUA Power Corporation, Hudson Light & Power Department, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, The United Illuminating Company, and Vermont Electric Generation and Transmission Cooperative, Inc. (collectively the "Licensees"), and on behalf of North Atlantic Energy Service Company ("NAESCO", collectively with the Licensees, the "Applicants"), hereby files this application ("the Application") to Amend Facility Operating License No. NPF-86. Operating License No. NPF-86 ("the Operating License") presently authorizes the Licensees to possess Seabrook Station, Unit No. 1 ("Seabrook") as Joint Owners, and authorizes PSNH as agent and representative of the Licensees to possess, use and operate Seabrook in accordance with the terms and conditions of the Operating License. This Application requests the amendment of the Operating License to include as a Licensee thereunder, a newly

created entity, NAESCO, and to authorize NAESCO, as agent for the other Licensees, to manage, operate and maintain Seabrook.

As explained in more detail below, NAESCO will be organized as a wholly-owned service company subsidiary of Northeast Utilities ("NU"), after receipt of necessary regulatory approvals. In the interim, NAESCO's interests are being represented by Northeast Utilities Service Company ("NUSCO"), another subsidiary of NU. PSNH has been authorized by NUSCO to make this filing in the name of NAESCO, and a confirmatory Power of Attorney from NAESCO will be obtained and filed as soon as possible.

I. INTRODUCTION

Seabrook is a nuclear powered electric generating facility which has been constructed and is being operated on behalf of the Licensees, a group of investor-owned and municipal utilities, pursuant to an Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units, dated May 1, 1973, as amended (the "Joint Ownership Agreement")¹ and certain permits and licenses heretofore issued by the Nuclear Regulatory Commission (NRC). In accordance with the Joint Ownership Agreement, PSNH, an electric utility organized and operating under the laws of New Hampshire, has acted as lead participant and Managing Agent for all

¹The Joint Ownership Agreement has previously been filed in this Docket. Another copy will be provided if the Staff so requests.

the Licensees, with responsibility for management, operation and maintenance of Seabrook, which position has been recognized in the Operating License as noted above. Since 1984, PSNH has exercised this authority through its New Hampshire Yankee Division ("NHY").

On January 28, 1988, PSNH filed a voluntary petition with the United States Bankruptcy Court, District of New Hampshire (the "Bankruptcy Court") for protection under Chapter 11 of the Bankruptcy Code. After prolonged proceedings, the Bankruptcy Court, on December 28, 1989, approved the Third Amended Plan of Reorganization (the "Joint Plan") proposed by NUSCO and other parties. On April 20, 1990, the Bankruptcy Court confirmed the Joint Plan and ordered its implementation.

The Joint Plan involves a two step process by which NU subsidiaries ultimately acquire PSNH's business, after receipt of all necessary regulatory approvals (including NRC approval): the generation and distribution business going to one subsidiary; PSNH's ownership interest in the Seabrook facility going to a new wholesale generation company; and the Seabrook operational responsibility, currently exercised by NHY, being transferred to NAESCO. Each aspect of the Joint Plan is subject to a variety of regulatory hurdles, some of which will be more protracted than others. As a result of the prolonged bankruptcy proceedings which preceded confirmation of the Joint Plan and the on-going regulatory proceedings necessary to implement the Joint Plan, there has

naturally been some uncertainty on the part of Seabrook personnel as to their future role. Therefore, in the interest of maintaining the stability of the operating atmosphere at Seabrook and removing any distractions which may be created by the pending regulatory proceedings, the Licensees agree that a prompt transfer of operational control of Seabrook to NAESCO, with minimal impact on current operations, would be in the best interest of the Seabrook project. Not only would such transfer provide the benefits described below, but it would also constitute a tangible step toward the resolution of the financial and business uncertainties throughout New Hampshire which have been created by the bankruptcy filing of PSNH.

Therefore, the Joint Plan provides that promptly after NRC approval of this Application and issuance of the requested Operating License Amendment and receipt of all other necessary regulatory approvals, NAESCO will succeed PSNH as managing agent and become responsible for the management, operation and maintenance of Seabrook. These necessary approvals include New Hampshire Public Utilities Commission (PUC) approval of the issuance of common stock by NAESCO as a New Hampshire corporation and utility², approval by the Securities and Exchange Commission (SEC), under the Public Utility Holding Company Act of 1935, of

²In its decision dated July 20, 1990, the New Hampshire PUC approved the creation of NAESCO as a public utility for the purpose of managing, operating and maintaining Seabrook.

NU's acquisition of NAESCO stock³ and NRC approval of this Application by issuance of an Operating License Amendment.

On July 19, 1990, the Joint Owners entered into an agreement which appoints, subject to NRC approval, NAESCO to be the managing agent and operator of Seabrook as of the "Time of Effectiveness"⁴, sets forth their basic understandings on this subject and outlines the provisions to be contained in a subsequent management contract between the Joint Owners and NAESCO, as well as possible changes in the Joint Ownership Agreement. A copy of the July 19, 1990 Agreement is attached as Exhibit 1.

Until the Time of Effectiveness, PSNH acting through NHY, will continue to be responsible for the management, operation and maintenance of Seabrook.

II. MANAGING AGENT

The July 19, 1990 Agreement provides that NAESCO will become Managing Agent in accordance with Paragraph 36.2 of the Joint

³These proceedings will be promptly initiated by NU and copies of the approvals will be provided to the NRC as soon as they are available.

⁴The "Time of Effectiveness" is defined in the July 19, 1990 Agreement as 11:59 P.M. on the last day of the calendar month in which the NRC amendment to the Operating License designating NAESCO as the entity qualified to operate Seabrook becomes effective, and all other necessary federal, state and local regulatory, judicial and other approvals have become effective with respect to such designation.

Ownership Agreement. It specifically grants to NAESCO, subject to prior receipt of favorable action by the NRC on this Application, all of the responsibility for day-to-day management, operation and maintenance of Seabrook which the Joint Ownership Agreement and Operating License currently assign to PSNH in its role as agent and representative of the Joint Owners (Licensees). Thus, on and after the Time of Effectiveness, NAESCO, as agent for the Licensees, will be responsible for:

- managing, operating and maintaining Seabrook;
- selecting, employing, training and maintaining sufficient personnel to staff Seabrook in accordance with NRC license and regulatory requirements, and providing or causing to be provided any support services for such operations;
- planning for nuclear fuel utilization at Seabrook and procuring on behalf of the Joint Owners the requisite nuclear fuel, including arranging for all stages of uranium processing, fuel design and fabrication and eventual storage, transportation, disposition and/or reprocessing of irradiated nuclear fuel and the disposition of or use of reprocessed material;
- purchasing and maintaining on behalf of the Joint Owners, appropriate levels of inventories of materials, supplies and spare parts required for the operation and maintenance of Seabrook;
- after consultation with the Seabrook Executive Committee to the extent required by the July 19, 1990 Agreement, selecting and retaining consultants and contractors to assist in the performance of NAESCO's responsibilities;
- reporting to the Seabrook Executive Committee and Joint Owners on Seabrook operations and finances (including insurance); and

- taking all other actions necessary in order to keep the Operating License and other necessary regulatory permits in full force and effect.

The Licensees contemplate that this transition will be initially accomplished by transferring to NAESCO as of the Time of Effectiveness the existing staff of NHY and all existing authority to administer contracts with respect to Seabrook. This will achieve continuity in the management of Seabrook by allowing NAESCO to initially assume the role of operator of Seabrook with the same staff and contractor support resources that the NRC has previously evaluated and approved in connection with the technical qualifications of PSNH, including the engineering and technical resources supplied under contract by Yankee Atomic Electric Company ("YAEC"). Thus, Seabrook will be assured of the continuing availability of technical expertise for its operation. NAESCO, in the exercise of its management responsibility and discretion, will thereafter have the flexibility of determining how those existing resources can best be integrated with the other resources available to NAESCO, including those from the NU system, in order to carry out its responsibilities with respect to the Operating License.

III. REQUESTED APPROVALS AND CONSENTS

The Applicants request that the NRC amend the Operating License so that at the Time of Effectiveness as defined herein,

NAESCO be included as a Licensee and be given the authority to manage, operate and maintain Seabrook.⁵

Specifically, pursuant to 10 C.F.R. § 50.90, the Applicants hereby request that the NRC amend the Operating License in the manner indicated in Exhibit 2.⁶ Set forth below is the information submitted in support of this Application.

IV. GENERAL INFORMATION CONCERNING THE AMENDMENT REQUESTED
HEREIN

A. Proposed Additional Licensee:

North Atlantic Energy Service Company

⁵On this date, a separate application has been filed with the Nuclear Regulatory Commission requesting approval of an amendment to the Operating License to reflect a change in the ownership of Seabrook. Under the terms of the Joint Plan, all of PSNH's ownership in Seabrook ("Seabrook Interests") will ultimately be transferred to another newly created, wholly-owned subsidiary of NU called North Atlantic Energy Corporation (NAEC). However, provided that the NRC approves this Application and issues the Operating License Amendment requested herein, the Joint Owners intend to transfer the management, operation and maintenance of Seabrook to NAESCO at the Time of Effectiveness regardless of the status of the transfer of the Seabrook Interest pursuant to the Joint Plan. Thus the Applicants are requesting in this Application that approval by the NRC of the amendment requested herein and the authority to effect them not be contingent upon other aspects of the Joint Plan.

⁶Conforming changes in the indemnity and insurance agreements will be made in due course by separate correspondence.

B. Address

North Atlantic Energy Service Company
 Seabrook Station
 Route 1, Lafayette Road
 P.O. Box 300
 Seabrook, New Hampshire 03874
 Attention: Ted C. Feigenbaum

Copies of all official correspondence should also be sent to:

North Atlantic Energy Service Company
 c/o Northeast Utilities Service Company
 P.O. Box 270
 Hartford, Connecticut 06141
 Attention: John F. Opeka
 Executive Vice President

C. Description of the Business of NAESCO Under the Joint Plan

Prior to the issuance of an amendment to the Operating License reflecting the changes requested herein, NAESCO will be organized as a wholly-owned subsidiary of NU, and will take all necessary corporate and other action to authorize NAESCO to manage, operate and maintain Seabrook as of the Time of Effectiveness.

After approval of the amendments requested in this Application, NAESCO will, as of the Time of Effectiveness, be responsible for the management, operation and maintenance of Seabrook in accordance with the terms and conditions of the Operating License, the NRC's rules and regulations and the Joint Ownership Agreement.

D. Organization and Management of NAESCO

NAESCO will be a corporation and public utility organized under the laws of the State of New Hampshire. It will be a wholly-owned service company subsidiary of NU. The principal office of NAESCO will be located in Seabrook, New Hampshire. NAESCO will be neither owned, controlled nor dominated by an alien, foreign corporation, or a foreign government.

All of the prospective directors and principal officers of NAESCO will be citizens of the United States. Their names and addresses are as follows:

Directors

Bernard M. Fox	Lawrence H. Shay	Ted C. Feigenbaum
Robert E. Busch	Frank R. Locke	Walter F. Torrance, Jr.
John P. Cagnetta	Edward J. Mroczka	William B. Ellis
John F. Opeka		

The address for Ted C. Feigenbaum will be as indicated in Section IV.B above. For all of the other directors the address will be North Atlantic Energy Service Company, c/o Northeast Utilities Service Company, P.O. Box 275, Hartford, Connecticut 06141-0270.

Officers

William B. Ellis	Bernard M. Fox	John F. Opeka
Robert E. Busch	John P. Cagnetta	Edward J. Mroczka
Lawrence H. Shay	C. Thayer Browne	Walter F. Torrance, Jr.
Tod O. Dixon	Albert J. Hajek	Barry Ilberman
Francis L. Kinney	Keith R. Marvin	Wayne D. Romberg
George D. Uhl	Eric A. DeBarba	C. Frederick Sears
Theresa A. Allsop	Karen G. Valenti	Robert C. Aronson
Arthur H. Hierl	Ted C. Feigenbaum	Eugene G. Vertefeuille

The address for all of the above officers except Ted C. Feigenbaum, will be North Atlantic Energy Service Company, P.O. Box 270, Hartford, Connecticut 06141-0270.

E. Technical Qualifications

1. The Management, Operation and Maintenance of Seabrook Until the Time of Effectiveness.

Until the Time of Effectiveness, the management, operation and maintenance of Seabrook will continue to be the responsibility of PSNH. The NRC has, in issuing the Operating License to the Licensees, approved the technical qualifications of PSNH, acting through NHY, to manage, operate and maintain Seabrook.⁷

2. The Management, Operation and Maintenance of Seabrook by NAESCO As of the Time of Effectiveness

As of the Time of Effectiveness, NAESCO will be responsible for the management, operation and maintenance of Seabrook. NHY employees will become NAESCO employees as of that date. The overriding philosophy that will govern NAESCO management will be one of assuring that NAESCO will manage, operate and maintain Seabrook in accordance with the conditions and requirements

⁷Seabrook Station, Unit No. 1 Facility Operating License No. NPF-86, Paragraph 1.E.

established by the NRC with respect to Seabrook and with the same regard for public and personnel safety as heretofore exemplified by NHY.

Ted C. Feigenbaum, who served as Senior Vice President and Chief Operating Officer of NHY until October 1, 1990, is now the President and Chief Executive Officer of NHY. After the Time of Effectiveness, Mr. Feigenbaum will become a NAESCO employee, officer and director and will continue to act as the Seabrook Senior Nuclear Officer. Mr. Feigenbaum will have final site authority, and will be responsible for the overall safe operation and maintenance of Seabrook.

The NHY operating and onsite technical support organizations, as described in Chapter 13.1.2 of the Final Safety Analysis Report (FSAR), will become part of NAESCO and will continue to report to Mr. Feigenbaum. Specifically, these organizations are: Station Management, Operations, Training, Chemistry and Health Physics, Technical Support, Maintenance, Security and Fire Protection. This will ensure that the functions, responsibilities and reporting relationships of these organizations, especially as they relate to activities important to the safe operation of Seabrook, will continue to be clear and unambiguous. The NHY corporate management and technical support organizations including Quality Assurance, Engineering, Licensing, and Emergency Preparedness will also become part of NAESCO and will continue to report to Mr. Feigenbaum.

After the Time of Effectiveness, Mr. Feigenbaum will report to John F. Opeka, the Executive Vice-President of NAESCO, who will have corporate responsibility for overall plant nuclear safety.

NHY's organization and its technical qualifications have been described in the FSAR for Seabrook. The NRC has reviewed and concluded in its Safety Evaluation Report, and documented in the Operating License, that NHY's organization is technically qualified to manage, operate and maintain Seabrook.

The NAESCO operating organization will not only succeed to the resources of NHY but will also be able to draw on the resources of two other proven organizations: YAEC and NU. The NRC has reviewed YAEC's technical qualifications with respect to its design, engineering and operational support of Seabrook and has documented its findings of adequacy in Chapter 13 of the Seabrook SER. In addition, the NRC has previously approved the technical qualifications of YAEC in its reviews of the Yankee Rowe, Maine Yankee and Vermont Yankee licenses (License Nos. DPR-3, DPR-6 and DPR-28, respectively).

NU which, through its operating companies, is currently the largest nuclear plant operator in New England, has a proven record of safe and efficient nuclear plant operation and a demonstrated regard for public and personnel safety. Specifically, NU

affiliates operate, and have ownership interests in, four nuclear units in Connecticut: (1) the Haddam Neck plant, operated by Connecticut Yankee Atomic Power Company ("CY"),⁸ (2) Millstone Nuclear Power Station, Unit No. 1, operated by Northeast Nuclear Energy Company ("NNECO"), 100% of such plant being owned by NU subsidiaries,⁹ (3) Millstone Nuclear Power Station, Unit No. 2, operated by NNECO, 100% of such plant being owned by NU subsidiaries,¹⁰ and (4) Millstone Nuclear Power Station, Unit No. 3, also operated by NNECO and 65.1715% of such plant being owned by NU subsidiaries.¹¹ The technical qualifications of these NU System companies, which have over 50 reactor years of operating experience, have also previously been reviewed and approved by the NRC.

NAESCO will be well-qualified to assume responsibility for the operation, management and maintenance of Seabrook. Following implementation of the proposed license amendments, the technical qualifications of the Seabrook operating organization will be at least equivalent to those of the present Seabrook operating

⁸Docket No. 50-213, License No. DPR-61 (issued June 30, 1967). CL&P owns 34.5% of the common stock of CY, and 9.5% is owned by Western Massachusetts Electric Company.

⁹Docket No. 50-245, License No. DPR-21 (issued on October 7, 1970).

¹⁰Docket No. 50-336, License No. DPR-65 (issued on August 1, 1975).

¹¹Docket No. 50-423, License No. NPF-49 (issued on November 25, 1985).

organization, and very likely will be enhanced, because of NAESCO's increased ability to draw upon the experience and expertise of NU as well as YAEC. This will result in greater depth of technical support and greater efficiencies in operation.

3. Benefits

The transfer of operational responsibility from NHY to NAESCO will provide substantial benefits that are inherent to an operating organization that is supported by a system-wide management company with broad nuclear experience. Some of the expected benefits are:

- (1) NAESCO will have access to the wealth of nuclear operating experience and expertise currently existing in NU's nuclear operating subsidiaries. This will enhance public safety and cost effective operation.
- (2) Organization of NAESCO under NU will allow the development of specialization in certain areas that might not otherwise occur.
- (3) By operating as part of NU, NAESCO will engage in more effective communication with other NU nuclear plants and as such be aware of relevant nuclear operating experience and "lessons learned" promptly and consistently.

- (4) Certain non-nuclear support functions may be transferred from NAESCO to NU's specialty groups enabling NAESCO to focus more effectively on the requirements of nuclear operations.

- (5) Inclusion of present NHY employees in NAESCO as part of NU's nuclear operating organization will provide greater opportunity for career enrichment and advancement enhancing the ability to attract and retain highly qualified employees.

F. Financial Qualifications

The issue of the financial qualifications of the Licensees, each of which is an electric utility, has been previously reviewed and formally resolved in this Docket. This Application does not in any way alter the status quo with respect to the Licensees' ability to obtain the funds necessary to cover all costs for the operation, construction, maintenance, repair, decontamination and decommissioning of Seabrook, each Licensee remaining severally liable for such costs under the Joint Ownership Agreement.

NAESCO, as managing agent for the Licensees, will perform certain functions on behalf of the Licensees, the costs of which will continue to be borne by the Joint Owners. NAESCO itself will

be compensated at cost by the Licensees for any expenses incurred in performing its duties.

Therefore, this Application raises no issue with respect to financial qualifications.

G. Antitrust Considerations

NAESCO, as managing agent for the Licensees, will manage, operate and maintain Seabrook on behalf of all the Licensees. NAESCO will not acquire any ownership interest in Seabrook itself or in any electric energy produced by Seabrook and will not have any role in the marketing of such energy. Therefore, this Application has no impact whatsoever on the market for electric power and raises no issue with respect to antitrust considerations affecting that market.

H. Restricted Data

This application does not contain any Restricted Data or other defense information, and it is not expected that any such information will become involved in the licensed activities. However, in the event that such information does become involved, NAESCO agrees that it will appropriately safeguard such information and will not permit any individual to have access to Restricted Data until the Office of Personnel Management shall have made an

investigation and reported to the NRC on the character, associations and loyalty of such individual, and the NRC shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security of the United States.

I. Public Health, Safety and Welfare Considerations

The proposed license amendment would include NAESCO as a Licensee and authorize NAESCO, as agent for the other Licensees, to manage, operate and maintain Seabrook. It does not affect the physical configuration of the facility or adversely affect the technical specifications under which Seabrook operates. Moreover, as described in this Application, the technical qualifications of NAESCO to operate Seabrook will be at least equivalent to those of NHY. The proposed license amendment will therefore not have any adverse impact on the public health, safety and welfare.

J. Exclusion Area

Upon approval of the license amendment providing for assumption of operating responsibility by NAESCO, NAESCO will have authority to determine all activities within the Seabrook exclusion area, to the extent required by 10 C.F.R. Part 100.

K. Offsite Power

Offsite power is currently assured to Seabrook over transmission facilities owned by PSNH and New England Power Company, two of the Licensees. These arrangements will not change as a result of the change in operational control requested by this Application.

V. NO SIGNIFICANT HAZARDS CONSIDERATION EVALUATION
PURSUANT TO 10 C.F.R. § 50.92A. Proposed Change

The proposed amendment to the Operating License would revise the Operating License to authorize NAESCO to manage, operate and maintain Seabrook as of the Time of Effectiveness. Until the Time of Effectiveness, PSNH, through NHY, will continue to have the exclusive responsibility for the management, operation and maintenance of Seabrook.

B. No Significant Hazards Consideration Analysis

Applying the three standards set forth in 10 C.F.R. § 50.92, the proposed changes to the Operating License involve no significant hazards consideration:

1. The proposed changes will not increase the probability or consequences of any accident previously evaluated. The technical qualifications of NHY, the NU System companies and YAEC have already been approved by the NRC. There will be no changes that would adversely affect the NRC's conclusions on the technical qualifications of the Seabrook management, operating or maintenance organizations as documented in the Seabrook Safety Evaluation Report as supplemented.

Further, as a result of the proposed license amendment, there will be no physical changes to the Seabrook facility and all Limiting Conditions for Operation, Limiting Safety System Settings, and Safety Limits specified in the Technical Specifications will remain unchanged. Additionally, with the exception of administrative changes to reflect the role of NAESCO, the commitments in the Seabrook Quality Assurance Program, and the Seabrook Emergency Plan, Security Plan, and Training Program will be unaffected. Moreover, the license amendment will not result in any changes to NHY's regulatory commitments to the NRC.

2. The proposed amendment will not create the possibility of a new or different kind of accident from any accident previously evaluated. The Seabrook design and design bases will remain the same. The current plant safety analyses will therefore remain complete and accurate in addressing the licensing basis events and in analyzing plant response and consequences.

The Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits for Seabrook are not affected by the proposed license amendment. With the exception of administrative changes to reflect the role of NAESCO, plant procedures will be unaffected. As such, the plant conditions for which the design basis accident analyses have been performed will remain valid. Therefore, the proposed license amendment cannot create the possibility of a new or different kind of accident than previously evaluated.

3. The proposed amendment will not involve a reduction in a margin of safety. Plant safety margins are established through Limiting Conditions for Operation, Limiting Safety System Settings and Safety Limits specified in the Technical Specifications. Since there will be no change to the physical design or operation of the plant, there will be no change to any of these margins. Thus, the proposed license amendment will not involve a reduction in a margin of safety.

C. Conclusion

Based upon the analyses and description of the transaction provided herein, the proposed license amendment will not increase the probability or consequences of any accident previously evaluated, create the possibility of a new or different kind of

accident from any accident previously evaluated, or involve a reduction in a margin of safety. As a result, the proposed changes meet the requirements of 10 C.F.R. § 50.92(c) and do not involve a significant hazards consideration.

VI. ENVIRONMENTAL CONSIDERATIONS

The proposed amendment will not result in any change in the types, or any increase in the amounts, of any effluents that may be released offsite, and there will be no increase in individual or cumulative occupational radiation exposure. Accordingly, pursuant to 10 C.F.R. Section 51.22(c)(9), the proposed Operating License amendment is categorically excluded from the need for an environmental assessment or an environmental impact statement, and special circumstances do not exist to otherwise require such an assessment or statement. Alternatively, the applicants herein request that the Commission issue and publish a finding of no significant impact pursuant to 10 C.F.R. Sections 51.32 and 51.35.

VII. OTHER MATTERS

The Seabrook Station Operation Review Committee and the Seabrook Nuclear Safety Audit Review Committee have reviewed the proposed amendment as required by Section 6 of the Seabrook Technical Specifications and have recommended approval to NHY

executive management. A copy of the Application is also being provided to the State of New Hampshire.

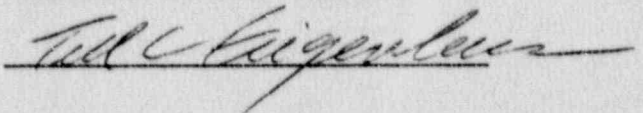
A copy of the NUSCO authorization with respect to this Application is filed herewith and a confirmatory Power of Attorney from NAESCO will be obtained and filed as soon as possible.

The Applicants request that the amendment described herein be issued by the first quarter of 1991, with the Operating License changes to become effective as of the Time of Effectiveness (see footnote 4).

Respectfully submitted,

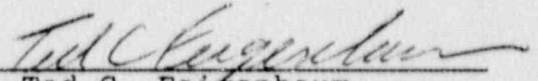
NEW HAMPSHIRE YANKEE DIVISION
OF PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE, on behalf of
the Licensees and NAESCO

By



AFFIRMATION

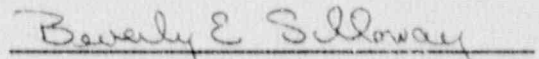
I, Ted C. Feigenbaum, being duly sworn, state that I am President and Chief Executive Officer of the New Hampshire Yankee Division of Public Service Company of New Hampshire; that on behalf of the Applicants in this proceeding I am authorized to sign and file with the Nuclear Regulatory Commission this "Application to Amend Facility Operating License No. NPF-86"; that I signed this Application as President and Chief Executive Officer of the New Hampshire Yankee Division of Public Service Company of New Hampshire; and that the statements made and the matters set forth therein are true and correct to the best of my knowledge, information and belief.



Ted C. Feigenbaum

STATE OF NEW HAMPSHIRE
COUNTY OF Rockingham

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 13th day of November, 1990.



My Commission Expires: 2/28/95

EXHIBIT 1

AGREEMENT

This Agreement is made as of July 19, 1990, between and among North Atlantic Energy Service Company, a corporation to be organized as a wholly owned subsidiary of Northeast Utilities ("NU") and a public utility organized under the laws of the State of New Hampshire ("Operator"), and certain signatories to the Joint Ownership Agreement referred to in Appendix 1 (the "Signatories"). The Signatories which are signatories of the Joint Ownership Agreement collectively with the other parties which are from time to time signatories of the Joint Ownership Agreement are hereinafter referred to as the "Participants".

Now, therefore, in consideration of the premises and the mutual covenants contained herein, the parties hereby agree as follows:

1. Definitions

Terms used in this Agreement are defined in Appendix 1.

2. Basic Understandings

The Joint Ownership Agreement sets forth rights and obligations of the Participants with respect to Seabrook Station. Paragraph 36.2 of the Joint Ownership Agreement permits the appointment of a managing agent by Participants owning 51% or more of the Ownership Shares. The Signatories have negotiated and agreed upon terms and conditions in Appendix 1 hereto to be included in one or more of the Joint Ownership Agreement, Managing Agent Operating Agreement, and Disbursing Agent Agreement.

3. Commitments

(a) The Signatories shall draft on an expedited basis a Managing Agent Operating Agreement, Disbursing Agent Agreement, and an amendment to the Joint Ownership Agreement that include all of the terms and conditions set forth in Appendix 1 and shall execute and deliver such agreements promptly thereafter.

(b) Since the proposed amendment of the Joint Ownership Agreement will require the execution and delivery thereof by Participants owning 80% of more of the Ownership Shares to be in full force and effect, and until all such agreements referred to in Paragraph 3(a) above are effective, the Signatories accept each of the terms and conditions set forth in Appendix 1 and agree to be bound thereby, unless they are precluded from doing so by those Participants which are not signatories hereto.

(c) The Signatories agree to cooperate in good faith and use all reasonable efforts to obtain, and not oppose directly or indirectly, the issuance of the NRC Amendment and other Regulatory Approvals on an appropriate schedule recognizing the overriding interest of the Participants in maintaining the safe, efficient and reliable operation of the Plant and in assuring a smooth transition to the new operator. Nothing in this Agreement or in Appendix 1 shall be deemed to limit or affect the rights of any Signatory to take any position in any proceeding on issues not related to Seabrook or, except as otherwise provided in the Settlement Agreement between New England Power Company and Northeast Utilities Service Company dated as of the date hereof, to abrogate or affect the right to prosecute any position already taken by a Signatory in FERC Docket No. EC90-10-000.

(d) Each Signatory agrees that it will vote its Ownership Shares in support of the terms and conditions set forth in Appendix 1.

(e) The Signatories agree that, at such time as the Managing Agent Operating Agreement, Disbursing Agent Agreement and amendment to the Joint Ownership Agreement referred to above have been executed and delivered and are all in full force and effect, the resolution of any inconsistency among said agreements shall be governed by the Joint Ownership Agreement as amended by the provisions set forth in Appendix 1.

4. Effectiveness

The Signatories agree that although bound to the terms and conditions as set forth in Appendix 1, the Operator shall not become managing agent and operator of the Plant until 11:59 P.M. on the last day of the calendar month in which the NRC Amendment and the Regulatory Approvals shall all have become effective.

5. Miscellaneous

(a) Nothing in this Agreement is intended or shall be deemed to preclude or discourage those Participants which are not signatories hereto from carrying on further negotiations with the Operator and its affiliates. The Operator and its affiliates will keep each Signatory fully informed of such negotiations.

(b) This Agreement shall remain in effect until such time as the Managing Agent Operating Agreement, Disbursing Agent Agreement and amendment to the Joint Ownership Agreement referred to above have been executed and delivered and are all in full force and effect. The Signatories do not intend that this Agreement be an amendment to the Joint Ownership Agreement.

(c) Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as an original and as if all of the Signatories to all of the counterparts had signed the same instrument.

IN WITNESS WHEREOF, each of the undersigned has caused this agreement to be signed on its behalf by a duly authorized officer on the date indicated but as of the date first written.

North Atlantic Energy Service Company
By: Northeast Utilities Service Company, its Agent

By: /s/ John F. Opeka

Title: Executive Vice President

Date: July 18, 1990

The Connecticut Power and Light Company

By: /s/ John F. Opeka

Title: Executive Vice President

Date: July 18, 1990

Public Service of New Hampshire

By: /s/ Leon E. Maglathlin, Jr.

Title: President and CEO

Date: July 19, 1990

The United Illuminating Company

By: /s/ Richard J. Grossi

Title: President and COO

Date: July 19, 1990

New England Power Company

By: /s/ Jeffrey D. Tranen

Title: Vice President

Date: July 19, 1990

Canal Electric Company

By: /s/ Russell D. Wright

Title: Financial Vice President

Date: July 19, 1990

Montaup Electric Company

By: _____

Title: _____

Date: _____

EUA Power Corporation

By: _____

Title: _____

Date: _____

Massachusetts Municipal Wholesale Electric Company

By: _____

Title: _____

Date: _____

Vermont Electric Generation and Transmission
Cooperative, Inc.

By: _____

Title: _____

Date: _____

Taunton Municipal Lighting Plant

By: _____

Title: _____

Date: _____

Hudson Light and Power Department

By: _____

Title: _____

Date: _____

N. H. Electric Cooperative, Inc.

By: _____

Title: _____

Date: _____

Provisions to be included in one or more of the
SEABROOK JOINT OWNERSHIP AGREEMENT (JOA),
MANAGEMENT AGENT OPERATING AGREEMENT (MAOA),
and DISBURSING AGENT AGREEMENT (DAA)

Appendix 1

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This Managing Agent Operating Agreement ("Agreement") is made as of _____, 1990, between North Atlantic Energy Service Company, a corporation to be organized as a wholly-owned subsidiary of Northeast Utilities ("NU") and a public utility organized under the laws of the State of New Hampshire ("Operator"), and [names of signing joint owners of Seabrook] (the "Signatories" and collectively with the other parties which are from time to time signatories of the Joint Ownership Agreement referred to below, the "Participants"). [Provision for MAOA]

Whereas, the Participants are currently the parties to the Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units, dated May 1, 1973, as heretofore amended through the Twenty-Second Amendment, (which agreement as from time to time amended is hereafter referred to as the "Joint Ownership Agreement" or "JOA"), which sets forth their respective rights and obligations with respect to the nuclear electric generating plant ("Seabrook Station" or the "Unit" or the "Plant") which the Participants have constructed in Seabrook, New Hampshire, consisting of unit one and all common facilities ("Seabrook 1") which is completed and unit two ("Seabrook 2") which has been cancelled; [Provision for MAOA] and

Whereas, pursuant to the JOA and actions taken by the Participants, management responsibility for Seabrook Station, subject to the limited oversight and direction functions of the Executive Committee described in Paragraph 37 of the JOA, currently resides in Public Service Company of New Hampshire ("PSNH"), acting through its New Hampshire Yankee Division (the "Division"); [Provision for MAOA] and

Whereas, pursuant to a plan of reorganization filed by Northeast Utilities Service Company in bankruptcy case No. 88-0043 pending in the United States Bankruptcy Court for the District of New Hampshire with respect to PSNH, it is contemplated that PSNH will become a wholly-owned subsidiary of NU, and that PSNH's Ownership Share of Seabrook Station (the "Seabrook Interest") will be transferred to a subsidiary of NU to be known as North Atlantic Energy Corporation ("NAEC") [Provision for MAOA] and

Whereas, Paragraph 36.2 of the JOA permits the appointment by Participants owning 51% or more of the Ownership Shares of Seabrook Station of a managing agent to act on behalf of all the Participants in the management of the operations of the Seabrook Station; and it is intended that this Agreement implement Paragraph 36.2 of the JOA; [Provision for MAOA] and

Whereas, Paragraph 35.1 of the JOA permits the appointment by Participants owning 51% or more of the Ownership Shares of Seabrook Station of a disbursing agent to receive, hold and disburse payments due from Participants; [Provision for DAA] and

Whereas, it is recognized that under the JOA the Participants are each severally responsible for their respective Ownership Shares of the costs of operating and maintaining Seabrook 1 and of the ultimate disposition of Seabrook 2 and are entitled to their Ownership Shares of the capacity and electric energy produced by Seabrook 1; [Provision for MAOA] and

Whereas, Operator desires to assume the responsibilities of Managing Agent for Seabrook Station on behalf of the Participants and agrees to perform its responsibilities and duties all in accordance with Prudent Utility Practice (as defined in Paragraph 8.1 of the JOA); [Provision for MAOA] and

Whereas, it is the intent of the Operator and the Signatories to promote the safe, efficient and reliable operation of Seabrook Station (Seabrook) and the Signatories desire that the Operator shall have responsibility for the day-to-day operation and maintenance of Seabrook consistent with this goal; [Provision for MAOA] and

Whereas, the Signatories and the Operator desire that all Participants shall have the unrestricted access to project information, with the limited restrictions set forth herein, and the Operator desires to keep the Participants regularly and fully advised of significant activities and developments; [Provision for MAOA] and

Now, therefore, in consideration of the premises and the mutual covenants contained herein, the parties hereby agree as follows:

1. Definitions [Provision for MAOA]

- (a) Terms defined in the JOA are used in this Agreement with the same meanings as there provided.
- (b) The term "NRC" shall mean the United States Nuclear Regulatory Commission or any governmental agency or agencies which succeed to the powers thereof.
- (c) The term "NRC Licenses" shall mean all licenses relating to Seabrook Station, each as from time to time in effect, issued by the NRC, including without limitation the zero-power Operating Licenses, No. NPF-56, the low-power Operating Licenses, No. NPF-67, the full-power operating license, No. NPF-86, and the Construction Permit, No. CPPR-135, with respect to Seabrook 1, the and Construction Permit No. CPPR-136, with respect to Seabrook 2.
- (d) The term "NRC Amendment" shall mean the amendments to NRC Licenses, which, inter alia, designate Operator as the entity technically qualified to operate Seabrook 1 and supervise disposal of Seabrook 2.
- (e) The term "Time of Effectiveness" shall mean 11:59 P.M. on the last day of the calendar month in which the NRC Amendment, and any other federal, state or local regulatory, judicial or other approval necessary for the performance of this Agreement (collectively "Regulatory Approvals"), shall all have become effective.
- (f) The term "Unaffiliated Participants" shall mean those Participants which are not under common control. [Provision for MAOA and JOA]

2. Basic Understandings

- (a) (i) This Agreement relates to the transfer and delegation to Operator by the Participants of authority under the NRC Licenses with respect to the operation of Seabrook 1 and the supervision of the disposition of Seabrook 2, which has been cancelled and abandoned by the Participants, by appointing Operator as Managing Agent pursuant to Paragraph 36.2 of the JOA. [Provision for MAOA]

- (ii) The parties recognize that such transfer and delegation can only be accomplished after the NRC Amendment is issued and becomes effective. The parties agree to cooperate in good faith and use all reasonable efforts to obtain, and not oppose directly or indirectly, the issuance of the NRC Amendment and other Regulatory Approvals on an appropriate schedule recognizing the overriding interest of the Participants in maintaining the safe, efficient and reliable operation of the Plant and in assuring a smooth transition to a new operator. The provisions of this Agreement relating to the transfer and delegation of such operating authority and the exercise thereof shall become operative at the Time of Effectiveness. [Provision for MAOA]

- (iii) The Operator shall use all reasonable efforts to cause the Unit to be operated in a safe, efficient and reliable manner in compliance with all applicable safety requirements, including but not limited to the technical specifications and the other terms and conditions of the NRC Licenses, the rules and regulations of the NRC, and any applicable orders issued by it. [Provision for MAOA]

- (iv) The Operator shall use all reasonable efforts to operate and maintain the Unit in a manner that will (a) promote the safety of workers at the Unit and the safety of the general public; (b) promote reliable Unit performance, high Unit availability, a low forced outage rate and short outage durations; (c) conform to all regulatory requirements and binding industry standards; and (d)

consistent with the goals described in the foregoing clauses (a), (b) and (c), produce busbar costs as low as reasonably possible, through control of operating and maintenance expenses and restraint in the commitment of capital funds. [Provision for MAOA]

- (b) On or as soon as practicable after the Time of Effectiveness the parties will take the following actions in order to implement the transfer of authority contemplated herein:
 - (i) PSNH shall effect the assignment to Operator of the responsibilities of the Division (as agent for Participants) under all outstanding contracts and agreements relating to Seabrook Station which have heretofore been entered into by PSNH or the Division either expressly or implicitly on behalf of all Participants and will cooperate with Operator in negotiating appropriate modifications reflecting the shift of authority being implemented hereby to any contracts relating to Seabrook Station (such as the NEIL insurance policy) which are subject to requirements which preclude execution by, or assignment to, Operator as Managing Agent; [Provision for MAOA]
 - (ii) The Participants will terminate the Disbursing Agent Agreement dated May 1, 1984 as amended and direct Yankee Atomic Electric Company ("Yankee Atomic") in its capacity as Disbursing Agent thereunder to transfer all funds and records held thereunder to Operator, acting as Disbursing Agent, such funds to be deposited in one or more of the accounts established pursuant to Section 4 of this Agreement. The Participants will direct Yankee Atomic to render a final accounting and reconciliation report with respect to its activities as Disbursing Agent; [Provision for DAA]
 - (iii) Operator, acting as Disbursing Agent, will open appropriate bank accounts on behalf of the Participants. Such accounts shall be treated in all respects as escrow accounts established for the sole benefit of Seabrook Station and shall be used solely for the

- costs of Seabrook Station. The Operator shall not commingle any funds paid by the Participants with respect to Seabrook Station with other funds. Except as the Executive Committee otherwise directs, Operator will pay an obligation with respect to the Plant only if Operator has on hand funds to pay each Participant's Ownership Share of such obligation; [Provision for DAA] and
- (iv) Subject to the reasonable direction of the Executive Committee, Operator shall assume responsibility on behalf of the Participants for all property tax negotiations with local communities relating to Seabrook Station facilities as to matters arising after the Time of Effectiveness. [Provision for MAOA]

3. Managing Agent

- (a) Commencing at the Time of Effectiveness and until the expiration or termination of this Agreement, (i) the Signatories, owning collectively 51% or more of the Ownership Shares as required by Paragraph 36.2 of the JOA, hereby designate Operator as Managing Agent of Seabrook Station under the JOA on behalf of the Participants, and (ii) the Participants employ Operator, and Operator hereby agrees, to perform the engineering, operational and other professional services and responsibilities of such Managing Agent on behalf of the Participants, in accordance with this Agreement and the JOA. Subject to the provisions of this Agreement which assign certain authority to the Participants and/or the Executive Committee, the parties agree that, as Managing Agent, Operator shall have complete and ultimate responsibility for day-to-day management of the operation of Seabrook 1, including those duties, functions, responsibilities, prerogatives, discretionary rights and authorizations to act on behalf of the Participants which are described in the JOA. Such responsibilities inter alia include authority on all operational issues respecting Seabrook 1 to the extent necessary to comply with the NRC Licenses, responsibility for all licensing actions with respect to Seabrook 1, and ultimate responsibility for the effective implementation of the quality assurance program at Seabrook 1. [Provision for MAOA]

- (b) The Operator shall promptly advise the Participants of its significant actions in discharging its responsibilities, consistent with Section 10 of this Agreement. [Provision for MAOA and JOA]
- (c) The Participants shall approve or disapprove in advance, by a vote of 51% or more of the Ownership Shares, the Operator's selection of the Plant's senior on-site manager. [Provision for MAOA and JOA]
- (d) The Participants shall approve or disapprove in advance, by a vote of 51% or more of the Ownership Shares, significant government affairs and public relations policies pertaining to the Plant. [Provision for MAOA and JOA]
- (e) The Participants shall approve or disapprove in advance, by a vote of 51% or more of the Ownership Shares, the incentive compensation programs and aggregate payments associated therewith for Operator personnel assigned to the Plant. [Provision for MAOA and JOA]

4. Disbursing Agent

- (a) Commencing at the Time of Effectiveness, Participants, owning collectively 51% or more of the Ownership Shares as required by Paragraph 35.1 of the JOA, hereby designate Operator as Disbursing Agent of Seabrook Station on behalf of the Participants. The Operator hereby agrees to perform the disbursing activities as set forth herein and in the JOA. [Provision for DAA]
- (b) The Executive Committee shall approve the significant policies and actions governing the control of funds managed by the Disbursing Agent. This shall include, but not be limited to:
 - (i) the selection of bank(s) in which funds are deposited.
 - (ii) the selection of any investment manager(s) utilized in administering the funds.

- (iii) determination of the investment guidelines governing the administration of funds other than those covered under Section 4(c) below.
 - (iv) agreements establishing and/or governing trust funds, including but not limited to, decommissioning trusts. [Provision for DAA and JOA]
- (c) The Disbursing Agent shall establish and maintain a special bank account, or accounts, with funds supplied by the Participants as required to fund their respective shares of project costs on a day-to-day basis. The Disbursing Agent shall endeavor to avoid carrying in the accounts funds in excess of a reasonable minimum balance for periods of time longer than necessary to provide for the orderly payment of invoices and payroll and other charges. Any income resulting from the investment of excess funds will accrue to the account of each Participant in respect to its Ownership Share. All invoices or charges in connection with the performance of this Agreement shall be paid by the Disbursing Agent from the aforementioned account or accounts. [Provision for DAA]
- (d) After receipt of billing information from the Operator, the Disbursing Agent shall prepare and submit bills to the Participants in reasonable detail for costs incurred hereunder. [Provision for DAA]
- (e) The Disbursing Agent shall provide a written report monthly to the Executive Committee, with copies provided to each Participant, reflecting all activities which occurred in the particular month. Such report shall include, but not be limited to, the beginning and ending balances of funds under the control of the Disbursing Agent. [Provision for DAA]
- (f) The Disbursing Agent shall establish such accounts for the segregation of Participants' funds as shall be deemed necessary or appropriate by the Executive Committee. [Provision for DAA]

- (g) The Executive Committee shall at all times act reasonably in the exercise of its responsibilities and authority with respect to the activities of the Disbursing Agent. The limitation of liability and indemnification provisions in Paragraph 4.2 of the Disbursing Agent Agreement dated May 1, 1984 as amended shall remain in full force and effect.

5. Services [Provisions in MAOA]

Operator agrees to perform or cause to be performed all the services and responsibilities assigned to it hereunder in conformance with professional standards of care and practice appropriate to the nature of the technical and professional services involved and in accordance with Prudent Utility Practice (as defined in Paragraph 8.1 of the JOA), including, but not limited to,:

- (a) selecting, employing, training and maintaining sufficient personnel to staff Seabrook Station in accordance with license and regulatory requirements applicable to the operation of Seabrook Station and to provide or cause to be provided any support services for such operations;
- (b) planning for nuclear fuel utilization at Seabrook 1 and procuring on behalf of the Participants the requisite nuclear fuel therefor, including arranging for all stages of uranium processing, fuel design and fabrication and eventual storage, transportation, disposition and/or reprocessing of irradiated nuclear fuel and the disposition of or use of reprocessed material;
- (c) purchasing and maintaining on behalf of the Participants, at appropriate levels, inventories of materials, supplies and spare parts required for operation and maintenance of Seabrook Station;

- (d) after consultation with the Executive Committee to the extent reasonably required by that Committee pursuant to Section 7 of this Agreement, selecting and retaining consultants and contractors to assist in the performance of Operator's responsibilities with respect to Seabrook Station;
- (e) subject to paragraphs 24.2 and 37.4(d) of the JOA and the resolution regarding the disposition of Seabrook 2 adopted by the Participants on November 6, 1986, recommending to the Participants specific actions concerning the disposal of Seabrook 2;
- (f) reporting to the Executive Committee and Participants on the operations and finances of, and the insurance for, Seabrook Station in accordance with Section 10 of this Agreement; and
- (g) taking all other actions necessary in order to keep the Operating Licenses and other necessary regulatory permits in full force and effect.

Other than its responsibilities with respect to the operation of Seabrook Station, in carrying out its obligations as Managing Agent hereunder and under the JOA, Operator may retain or appoint a service company or agent (which service company or agent shall be affiliated with Operator) to act on its behalf and perform the responsibilities of Operator hereunder and under the JOA, so long as such appointment is consistent with the terms of the Operating License and the rules and regulations of the NRC. No such retention or appointment shall become effective unless the agreement(s) between the Operator and such service company or agent(s) has been approved by at least three or more Unaffiliated Participants, owning collectively 60% or more of the Ownership Shares. Participants shall not withhold their approval of any such agreement if it is fair and equitable to all affected parties.

6. Contracting Authority [Provisions for MAOA]

In conformity with the paragraphs 9 and 10 of the JOA and subject to Section 3 of this Agreement and this Section 6, the Participants hereby authorize Operator as Managing Agent to enter into, and to execute and deliver, such contracts with third parties for design, engineering, construction and technical support services or for insurance for Seabrook Station or for the purchase of materials, equipment and nuclear fuel for Seabrook Station, and for the acquisition of interests (other than title) in real estate essential to Seabrook 1, as Operator deems necessary and prudent, provided that such contracts shall expressly provide that the Participants are severally liable in proportion to their respective Ownership Shares, and neither jointly nor jointly and severally liable thereon; and provided, further, that such contracts shall provide for title to any such property which becomes a fixture or integral part of Seabrook Station to pass to the respective Participants in similar proportions. Without limiting the generality of the foregoing, the Participants intend that this authorization includes authority to enter into operating leases for automobiles, equipment and other facilities necessary, in Operator's opinion, to the operation of Seabrook Station or to the proper performance of Operator's responsibilities hereunder. The Operator will use its best efforts to negotiate contracts that minimize indemnification and/or payment of special and consequential damages to third parties. In the event that the Operator finds it necessary to provide indemnification and/or payment of special and consequential damages to third parties, it shall, to the extent practicable, advise the Participants of such condition in advance of the execution of such agreement. In any event the Operator shall promptly advise the Participants of such action after the execution of such agreement(s).

Neither the Operator, nor its affiliate companies, without the prior approval of the Executive Committee, shall enter into an agreement related to the project with a vendor, contractor or consultant that would require the Operator or its affiliate companies to refuse to furnish any

information that could be requested by a Participant under this Agreement on the basis that a vendor, contractor or consultant claims such information to be proprietary to any such vendor, contractor or consultant, provided that an agreement may provide that any Participant which wishes to obtain any information treated as confidential or proprietary by a vendor, contractor or consultant shall sign an appropriate nondisclosure agreement requested by such vendor, contractor or consultant.

Major contracts and material modifications to such contracts for a) nuclear fuel and fuel services (excluding short-term spot market purchases); b) employment contracts with project personnel (excluding union labor contracts); c) contracts having a dollar value exceeding \$10 million and either presenting significant liability issues or presenting long-term (at least two years) political, regulatory or public relations policy issues; and d) the acquisition of interests (other than title) in real estate essential to Seabrook 1 shall not be executed unless approved in advance by Participants, owning collectively 51% or more of the Ownership Shares. The criteria governing the types of major contracts requiring prior approval by the Participants, in addition to those specifically identified herein, may be reasonably expanded from time to time by the Executive Committee. Such additional major contracts shall be of the same magnitude and importance to the project as those described above.

The Participants and Operator agree that, whether or not Operator fulfills its obligation to provide that the several liability of the Participants is referred to therein, the Participants shall be severally liable, and neither jointly nor jointly and severally liable, for their respective Ownership Shares of all obligations performable, and all payments due, under or with respect to any contracts entered into concerning Seabrook Station executed on their behalf as contemplated by Paragraphs 9 and 10.1 of the JOA and this Section 6.

7. Executive Committee [Provisions for JOA]

- (a) The Executive Committee shall have general oversight responsibility for the policymaking, planning, financial, legal, political, material litigation and significant operational decisions of the Operator related to Seabrook which do not involve the day-to-day operation of the Plant. The Executive Committee shall at all times act reasonably in the exercise of such responsibilities. The limitation of liability and indemnification provisions in Paragraph 37.6 of the JOA shall remain in full force and effect.
- (b) The Executive Committee shall also specifically and reasonably direct and approve the actions of the Operator on such items as: a) the resolution of disputes related to the payment of costs associated with providing information to a Participant(s) under Section 11 of this Agreement; b) periodic reporting criteria for information provided to the Participants under Section 10 of this Agreement; c) the method of cost allocation to the project by affiliate companies of the Operator as described in Section 12 of this Agreement; d) method of reimbursement of the Participants for the future joint use of common facilities constructed and utilized by Seabrook 1; e) policies for the sharing of Seabrook 1 equipment by units at other locations; f) criteria for determining which contracts will require Participant review or approval as described in Section 6 of this Agreement; g) activities of the Operator acting as Disbursing Agent; h) redistribution of expenditures among budget categories as described in Section 12 of this Agreement; and i) negotiations with municipalities pertaining to property taxes. Actions of the Executive Committee in the exercise of any and all of these specific responsibilities may be modified by a vote of at least three or more Unaffiliated Participants, owning collectively 60% or more of the Ownership Shares. Changes in the Executive Committee's authority to create committees and task forces may also be modified by a vote of at least three or more Unaffiliated Participants, owning collectively 60% or

more of the Ownership Shares. All other actions of the Executive Committee may be modified by a vote of Participants owning 51% or more of the Ownership Shares. All actions of the Executive Committee or modifications thereof by vote of Participants are subject to any Participant's rights to seek arbitration.

- (c) The by-laws of the Executive Committee may be modified from time to time by a vote of Participants owning collectively 80% or more of the Ownership Shares.
- (d) Any Participant may request that the Chairman of the Executive Committee or any two members of the Executive Committee call a meeting of the Participants upon reasonable notice (which shall not be less than three business days) to discuss any matter regarding the project. Such meetings may be held by telephone conference call. All actions requiring Participant review or approval shall take place at, or following, meetings of the Participants at which the particular matter was discussed. Any effort to override a vote of the Executive Committee shall be deemed a separate action which shall require a meeting of the Participants.
- (e) The Executive Committee shall be comprised of five members determined as follows: two members shall represent investor-owned Participants incorporated under the laws of New Hampshire; one member each shall represent investor-owned Participants incorporated under the laws of Massachusetts and Connecticut; and one member shall represent all municipal and cooperatively-owned Participants, wherever incorporated. An investor-owned Participant shall be entitled to vote only with respect to the selection of the representative of its state of incorporation. Each cooperatively-owned Participant and each municipal Participant, wherever incorporated, shall be entitled to vote to select its representative. In no event shall a Participant and its affiliates be entitled to select more than one member of the Executive Committee. The members of such Executive Committee shall be appointed from among the chief executive officers of Participants in

the Units. Any member of the Executive Committee may designate an alternate to attend and vote at any meeting of the Executive Committee in his place and stead.

8. Oversight Committee [Provisions for JOA]

The Executive Committee shall select or remove the members of an Oversight Committee, comprised of no more than five members at any time, which shall periodically review the activities of the Operator. Selection and removal by the Executive Committee may be modified by a vote of at least three or more Unaffiliated Participants owning collectively 60% or more of the Ownership Shares. A majority of the members of the Oversight Committee shall be comprised of individuals with substantial experience in the operation or oversight of commercial nuclear power facilities. The Oversight Committee shall report to the Participants not affiliated with the Operator ("Nonoperating Participants"). The Oversight Committee shall provide to the Operator a copy of any report which it provides to the Nonoperating Participants. All costs of the Oversight Committee shall be borne by the Nonoperating Participants based upon Ownership Shares.

Subject to Section 11(a) of this Agreement, the Operator shall cooperate fully with the Oversight Committee in performing its duties. The Operator shall provide a response to any recommendations which are made by the Oversight Committee. The Oversight Committee shall have the right to have reasonable access to the Plant and to observe Plant activities, provided that these activities will not interfere with the operation of the Plant, Plant safety or security. The Oversight Committee shall comply with all applicable rules and regulations in effect at the Plant whether imposed by governmental authority or by the Operator.

It is the intent of the Participants that at all times the Oversight Committee act consistently with the regulations of the NRC and that there be no delegation to, nor assumption by, the Committee of any duties or authority given to the Operator or the Participants. The creation of the Oversight Committee shall not be deemed to supersede the Operator's responsibilities under this Agreement.

9. Audit Committee [Provisions for JOA]

The Audit Committee shall consist of one representative from each Participant who so elects to participate. The Chair of the Audit Committee shall be appointed by the Executive Committee. However, the Chair of the Audit Committee may not be a representative of any Participant which is affiliated with the Operator. The Audit Committee shall:

- (a) report to the Executive Committee;
- (b) supervise the activities of any special independent auditor which may be selected from time to time by the Executive Committee on behalf of all Participants to review the activities and records of the Operator. The Audit Committee shall make a recommendation to the Executive Committee as to the selection of the independent auditor.
- (c) determine specific areas for audit as required and develop the scope and objectives for each audit, such scope potentially involving managerial or financial topics, or both;
- (d) review the results of any Operator (or its affiliate) internal or independent audit reports of Seabrook Station activities;
- (e) at least annually review the performance of the decommissioning trustee(s) and investment manager(s).

The scope of the audits subject to the review of the Audit Committee shall include all costs relating to the project.

Subject to Section 11(a) of this Agreement, the Operator shall cooperate fully with the Audit Committee and any independent auditors it may retain. [Provision for MAOA and JOA]

10. Periodic Reporting [Provisions for MAOA and JOA]

The Operator shall meet with the Participants no less frequently than quarterly to report on the status of the project and discuss other matters regarding the project. Each Participant shall endeavor, in advance of the meeting, to notify the Operator of the matters of interest to that Participant for discussion.

- (a) For each quarterly Participants' meeting, the Operator shall distribute, at least seven days in advance, a written operational report which shall include, but not be limited to, the following:
- (i) A brief summary of the Plant's operation since the last meeting of the Participants.
 - (ii) A summary of Plant shutdowns and unusual load reductions since the last meeting of the Participants.
 - (iii) The status of major capital projects. The criteria governing the projects to be reviewed shall be reasonably established from time to time by the Executive Committee.
 - (iv) A summary of any NRC, U.S. Environmental Protection Agency, New Hampshire Department of Environmental Protection, or OSHA violations, and the Operator's response thereto, since the last meeting of the Participants.
 - (v) A list of the NRC elevated enforcement actions including confirmatory action letters, enforcement conferences and NRC-requested management conferences.
 - (vi) A summary of new significant industry concerns that have a high potential impact on the Plant that would result in significant increased costs or a Plant shutdown.
 - (vii) A summary of major exposure items for the upcoming refueling outage.
 - (viii) A list of other issues that the Operator believes should be brought to the Participants' attention, e.g., related state or local specific issues.

- (ix) A summary of any event at the Plant declared by the NRC to have been an Abnormal Occurrence.
- (x) A report on industrial safety, including status of the lost-time accident incidence rate since the last meeting and the beginning of the year.
- (xi) Other items which the Executive Committee shall, from time to time, reasonably request.

At the Participant meeting, the officer of the Operator with operational responsibility for the Plant shall give a presentation on the significant items contained in the written report, as well as the current status of the Plant. The officer will also brief the Participants on the results of evaluations and assessments of the Plant by the Institute of Nuclear Power Operations ("INPO"), since the last meeting of the Participants.

- (b) For each quarterly Participants meeting, the Operator shall distribute, at least seven days in advance, a written financial report which shall include, but not be limited to, the following:
 - (i) Actual operating expenses for the prior quarter and year-to-date comparing same to the approved budget. The Operator shall explain, in detail, all line item expenses which are budgeted to be greater than 1% of the Operating Budget (as defined in Section 12 of this Agreement) and which are at variance from the approved budgets by greater than 10%. Each report shall identify actual expenditures not within the approved budget and actual withholding of expenditures which have been approved.
 - (ii) A projection as to any significant year-end variances from the approved budget. The Operator shall explain, in detail, all line item expenditures which are budgeted to be greater than 1% of the Operating Budget (as defined in Section 12 of this Agreement) and projected to be at variance from the approved budgets by greater than 10%. The Operator shall also explain whether the total level of Operating or Capital Expenditures is expected to exceed the respective approved budget by 5%. Each report shall identify proposed expenditures not within the approved budget or proposed withholding of expenditures which have been approved.

- (iii) Other items which the Executive Committee shall, from time to time, reasonably request.
- (c) Between the quarterly Participants meetings, the Operator shall distribute, on a timely basis, operational information which shall include, but not be limited to, the following:
- (i) A copy of the NRC Systematic Assessment of Licensee Performance ("SALP") report, or equivalent, and the Operator's response thereto. Copies of SALP reports are to be provided as soon as reasonably possible after they are released to the public by the NRC.
 - (ii) A copy of the year end INPO performance indicator report, or equivalent, for the Plant.
 - (iii) A copy of the Plant's post refuel outage report.
 - (iv) A description of any event which results in a Plant shutdown or could extend a refueling shutdown by greater than two weeks.
 - (v) A copy of the NRC report for any NRC violations in Severity Levels I, II, or III, and the Operator's response thereto.
 - (vi) A copy of any NRC report containing a proposed civil penalty enforcement action.
 - (vii) Other items which the Executive Committee shall, from time to time, reasonably request.
- (d) Between the quarterly Participants meetings, the Operator shall distribute, on a timely basis, financial information which shall include, but not be limited to, the following:
- (i) Monthly reports which will enable each Participant to meet its accounting, statistical, and financial disclosure requirements, including the requirements of any regulatory bodies having jurisdiction over such Participant. The Operator shall provide such accounting information in electronic format (i.e., magnetic tape or diskette) for those Participants which specifically request such. Subject to Section 11(a), covering the cost of providing additional information, if any Participant shall

- reasonably request accounting or other information required by this Section 10 in a special or different format, such request shall be granted to the extent practicable.
- (ii) Other items which the Executive Committee shall, from time to time, reasonably request.
- (e) Notices of an Unusual Event, Alert, Site Area Emergency, or General Emergency (as such terms are defined in the Emergency Plans for the Plant) shall be distributed by the Operator immediately according to the Emergency Notification Procedures adopted by NEPEX, or equivalent.
- (f) The Operator shall report, no less than quarterly, on the status of all decommissioning trust funds and all activity associated therewith. At least annually, consistent with the timing of the activities of the New Hampshire Decommissioning Finance Committee, or its equivalent, the Operator shall issue a written report on the performance of the investment manager/trustee, as well as the specific investments comprising each trust fund.
- (g) By the end of the first quarter of each year, the Operator shall furnish each Participant with a detailed list of insurance policies in effect for the Plant. Such list shall identify coverage amounts, deductibles, premiums and other relevant information. To the extent that premiums on policies providing coverage for facilities other than the Plant are allocated to the Plant, the Operator shall so identify and fully document the basis for such allocation. The Operator shall promptly notify each Participant of any material adverse change to any policy.
- (h) Upon the execution of an appropriate confidentiality agreement between the Operator and an individual Participant, the Operator will provide such Participant with copies of all evaluations and assessments of Seabrook Station and the Operator by INPO.

- (i) The Operator shall report, no less than quarterly, on the status of any material litigation involving possible liability of all of the Participants in the project before any Federal or state court or administrative agency.
- (j) Semiannually, the Operator will furnish data showing actual performance for the plant compared to estimates and goals contained in the approved Annual Seabrook Plan as described in Section 12 of this Agreement.

11. Access to Information [Provisions for MAOA and JOA]

- (a) Each Participant shall have the unrestricted right to all information relating to the Seabrook project including, but not limited to, records and correspondence within the control of the Operator, and its affiliates, wherever located except for information which is a) protected by law, b) restricted by contract with third parties, or c) deemed commercially sensitive by an affiliate or affiliates of the Operator. If requested information is restricted by contract with third parties, the Operator, and its affiliates, will use its best efforts to obtain the consent of third parties to disclose confidential information to Participants, with the understanding that Participants may be required to sign a non-disclosure agreement. For information which is considered commercially sensitive to an affiliate(s) of the Operator upon the request of one or more Participants, such affiliate shall allow for its review by an independent third party, selected by the parties involved (other than the Operator and its affiliates) and acceptable to the Operator (provided that Operator may not unreasonably withhold its acceptance) to determine, using an informal, simplified procedure, whether the information in question is commercially sensitive. In any event, if reasonable under the circumstances, the Operator may require a Participant to sign a nondisclosure agreement covering information that it considers commercially sensitive.

Review of information at the offices of the Operator, or its affiliate companies, shall occur at reasonable times during normal business hours, and shall be arranged in advance among the involved parties. The Participants shall use reasonable efforts to avoid disrupting the business operations of the Operator or its affiliates.

The Operator shall coordinate and facilitate the dissemination of information between the project and the Executive Committee and/or the Participants.

Upon request, the Operator shall assist the Participants in regulatory proceedings and other contested matters relative to the Plant, including the provision of witnesses and of current and accurate data on a timely basis.

Information, including witness support, that will require a substantial commitment of time or a substantial effort to assemble or develop, and is neither a) required by a substantial number of Participants, nor b) requested by the Executive Committee, shall be paid for by the Participant(s) requesting such information. The Operator, in consultation with the Executive Committee, shall develop a reasonable standard by which it will determine how and when a Participant is to be charged for information requested.

Subject to the limitations set forth elsewhere in this Section 11 any information relating to the project shall be provided to any Participant requesting it, with the understanding that the Participant may be required to pay for the cost of providing it in the circumstances described in the preceding paragraph.

- (b) Without limiting the generality of this Section 11, any Participant may request an audit of the accounts and records of the Operator, at its offices, at reasonable times, by an independent certified accountant or other representative of the Participant

requesting the audit; provided, that, absent extraordinary circumstances, subject to the rights of the Participants under Section 22 (Arbitration) of this Agreement, a full-scope audit shall not be performed by the Participants not affiliated with the Operator more frequently than once each year, regardless of who makes the request or who performs the audit. If any audit is requested by the Executive Committee, the costs thereof shall be borne by all Participants in proportion to their Ownership Shares. If an audit is requested by one or more, but less than all, of the Participants, the costs thereof shall be borne by the Participant(s) making such request. If an audit is performed in connection with an arbitration, the costs of the audit shall be allocated among the Participants in accordance with the decision of the arbitrator.

- (c) Each Participant shall be notified by the Operator, sufficiently in advance, of exit interview meetings with INPO, on its evaluation report, and the NRC, on its SALP report and enforcement conferences. Representatives of any Participant may attend such meetings as observers.
- (d) Each Participant shall have the right to have its representatives visit the Plant, tour facilities, inspect project records (subject to Section 11(a) hereof) and observe Plant activities, provided that these activities will not interfere with the operation of the Plant, Plant safety or security. Such representatives shall comply with all applicable rules and regulations in effect at the Plant whether imposed by governmental authority or by the Operator.

12. Payments

- (a) All services rendered by the Operator, or its affiliates, under this Agreement will be at actual cost thereof, fairly and equitably allocated and calculated, all consistent with the requirements of the Public Utility Holding Company Act of 1935 ("PUHCA") and the rules and regulations and orders thereunder. Direct charges will be made for services where a direct allocation of cost is possible. Charges not

directly assignable shall be determined and allocated on a reasonable and equitable basis in accordance with PUHCA requirements and as approved by the Executive Committee, which approval shall not be unreasonably withheld. The Operator shall obtain Executive Committee approval, which approval shall not be unreasonably withheld, of the methodology utilized, as well as changes thereto, for allocating costs to the project, prior to the implementation of such methodology. Such allocation methods will be appropriately documented and available for review by the Participants upon request. Without limiting the generality of the foregoing, allocable costs include executive salaries and fringe benefits paid by Operator, the employee wages and benefits paid by Operator, the insurance expenses incurred pursuant to Section 13 of this Agreement, and other general overhead expenses incurred by Operator. The Operator shall keep complete and accurate accounts of all receipts and expenditures hereunder in accordance with the Uniform System of Accounts prescribed for Class A and B Public Utilities and Licensees by the Federal Energy Regulatory Commission, as amended from time to time (or such similar accounts as may hereafter become appropriate) (hereinafter the "Uniform System of Accounts"). [Provision for MAOA]

- (b) The Participants shall pay the Operator for all project costs and expenses incurred by the Operator in accordance with the JOA.
- (c) In each calendar year during the term hereof, commencing with the first such year after the Time of Effectiveness, Operator shall prepare and present to the Executive Committee (with copies to each Participant) the following budget information: [Provision for MAOA and JOA]
 - (i) by June 1, a five-year forecast of operating and maintenance expenses and costs of nuclear fuel, including a preliminary detailed estimated budget for the succeeding calendar year using a reasonable format selected by the Executive Committee and a five year plan for the management of radioactive waste, including projected volumes, spent fuel inventory, processing and disposal plans and estimated costs; and

- (ii) By November 1, (a) a detailed estimated budget for operating and maintenance expenses and costs of nuclear fuel, in a reasonable format selected by the Executive Committee, for the succeeding calendar year (the "Operating Budget"), and (b) a six-year forecast of capital expenses, including a detailed estimated budget for capital costs for the succeeding calendar year (such capital budget for the succeeding calendar year being herein called the "Capital Budget", and the Operating Budget and the Capital Budget being herein called the "Annual Seabrook Budgets"); and c) a proposed annual plan which shall comprehensively address all operating goals and objectives for the Plant and its staff ("Annual Seabrook Plan") and the basis thereof and shall include any planned changes in the authorized staffing level for the Plant. All expenditures that the Participants are expected to fund over the succeeding calendar year are to be contained in the Annual Seabrook Budgets.

In advance of the meeting of the Participants at which the Annual Seabrook Budgets and Annual Seabrook Plan will be considered, the Executive Committee shall review such Annual Seabrook Budgets and Annual Seabrook Plan and, after consulting with the other Participants, shall confer with Operator regarding the Annual Seabrook Budgets and Annual Seabrook Plan for such calendar year. The final Annual Seabrook Budgets and Annual Seabrook Plan shall require approval by Participants owning at least an aggregate of 51% of the Ownership Shares for such year before the prior December 31, provided that if Participants owning more than 49% of the Ownership Shares do not disapprove of the the final Annual Seabrook Budgets and Annual Seabrook Plan in writing by the tenth day after the meeting called and held to consider it, then the Participants shall have deemed to have approved the final Annual Seabrook Budgets and Annual Seabrook Plan.

The Participants may review the planning and budget process and request changes. The Operator shall make every reasonable effort to implement the changes reasonably requested by the Participants.

- (d) Subsequent to approval of the final Annual Seabrook Budgets, the Executive Committee may, in the reasonable exercise of its discretion, approve the redistribution of expenditures among budget categories or budget items to which the Operator shall conform, unless the Executive Committee action is overridden by a vote of at least three or more Unaffiliated Participants, owning collectively 60% or more of the Ownership Shares. The Participants shall approve or disapprove in advance, by a vote of 51% or more of the Ownership Shares, increases in Operating or Capital Expenditures if such increases are expected to result in expenditures which exceed the respective approved annual budget by 5% unless there is an immediate need to proceed in order to maintain or restore the unit to safe reliable operation, in which case similar Participant approval is required if such increases are expected to result in expenditures which exceed the budget by 10%, provided, however, that in no event shall the Operator fail to comply with applicable law, the NRC's rules, regulations or orders, or the terms of the unit's Operating Licenses or Technical Specifications due to the need to obtain such approval. The Operator will make reasonable efforts to mitigate expenditures and avoid increases in approved budget amounts. Expenditures made for the purposes of regulatory compliance which were not anticipated in the approved budget and which result in exceeding the approved budget shall be reported by the Operator promptly to the Executive Committee. [Provision for MAOA and JOA]
- (e) The Operator shall submit to the Participants for their approval, by 51% vote of the Ownership Shares, a detailed plan and budget pertaining to all its activities covering the period from the

Time of Effectiveness to the end of that calendar year. Such plan shall be submitted at least 60 days prior to the Time of Effectiveness, and shall include, but not be limited to, staffing changes, significant contracts which the Operator proposes to terminate and/or assets which it proposes to abandon and the costs associated therewith. [Provision for MAOA]

- (f) On the fifteenth day of each month, or the first business day thereafter, commencing with the first such date after the Time of Effectiveness, Operator, acting as Disbursing Agent, shall bill each Participant for its Ownership Share of the estimated costs under the applicable budget for the subsequent month. Each statement shall be due and payable on the first day of such subsequent month and any amount not paid on such date shall bear interest from said due date until the date of payment at an annual rate equal to the lower of (i) 7% over the interest rate then being charged by Bank of Boston on 90-day commercial loans or (ii) the highest rate permitted by law. Succeeding statements shall set forth a reconciliation for previous months between the estimated costs previously billed and the actual costs incurred and shall set forth a credit or debit to the then currently billed amount to reflect such reconciliation and interest due for late payment or other adjustments. Unless otherwise directed by the Executive Committee, any net interest paid by any Participant with respect to an overdue payment for any month's bill shall be credited by Operator pro rata to those Participants which made timely payment of their bills for such month. [Provision for DAA and JOA]

- (g) In the event that Operator has obtained services from an affiliated company, as contemplated in Section 5 of this Agreement, such affiliated company shall, unless the Executive Committee otherwise directs, submit bills for such services to Operator, and Operator shall in turn bill the Participants for such services, in accordance with this Section 12. [Provision for MAOA and DAA]

- (h) All monies paid to Operator, as Disbursing Agent, under this Agreement and any other, including without limitation credits received from contractors and gains from investments or interest, shall be deemed not to be property of the Participants or of the Operator, but shall be held in escrow for the benefit of creditors of Participants in their capacity as owners of Seabrook Station on a several basis, not joint or joint and several basis, or applied to reduce future bills hereunder. Operator will disburse monies received from and credited to each Participant only to pay that Participant's Ownership Share of the capital and operating costs of the Plant. [Provision for DAA]
- (i) In the event of a dispute as to the amount of any payment to be made to the Operator hereunder, the Participant or Participants disputing such payment shall notify the Operator of the amount in dispute and shall pay to the Operator the total payment including the disputed amounts. The Operator shall promptly refund, with interest from the date of payment until the date of refund at an annual rate equal to the interest rate in effect from time to time at the Bank of Boston on 90-day commercial loans, any disputed amount ultimately found to be not payable. [Provision for MAOA and DAA]

13. Insurance [Provisions for MAOA]

The Participants hereby direct Operator to implement Paragraph 10 of the JOA.

The Participants further direct Operator to obtain and maintain for the benefit of its officers, directors and trustees while acting in such capacities, Directors and Officers Liability Insurance in such amount as Operator may from time to time determine, after consultation with the Participants.

14. Decommissioning [Provisions for MAOA]

In furtherance of the provisions of Paragraph 13A of the JOA, the Participants hereby designate Operator as "lead company" (as that term is defined in Chapter 162-F of the New Hampshire Revised Statutes Annotated) and delegate to Operator authority to serve as spokesman for the Participants, under the reasonable direction of the Executive Committee, in dealings with the State of New Hampshire with respect to the Seabrook Decommissioning Financing Fund as contemplated by that statute. Operator shall also perform all of the obligations of the Operator under the Pre-Operational Decommissioning Funding Agreement and the Seabrook Pre-Operational Decommissioning Trust Agreement, both dated as of February 11, 1989, as the same may be amended from time to time.

15. Limitation of Liability [Provisions for MAOA, DAA and JOA]

For and in consideration of the fact that Operator is undertaking responsibility for design, engineering, construction, operation and maintenance of Seabrook Station for and on behalf of the Participants without any compensation or charge other than recovery of its costs for such service, no Participant shall be entitled to recover from Operator or the directors, trustees, officers, employees, agents or affiliates of the Operator (or the directors, trustees, officers, employees or agents of such affiliates) (collectively "Protected Parties") any damages resulting from error, omission or delay in the performance of its respective responsibilities hereunder or under the JOA, or for any damage to Seabrook Station, any curtailment of power, or any other damages of any kind, including consequential, special, indirect or punitive damages occurring during the course of the design, engineering, procurement, installment, construction, operation, maintenance, refueling or decommissioning of Seabrook Station or otherwise arising out of the performance or non-performance of this Agreement, unless such damages shall have resulted directly from the wilful misconduct of the Operator, or, to the extent

legally attributable to the Operator, directly from the wilful misconduct of a Protected Party. Notwithstanding the above, no Participant shall be entitled to recover any such damages if such damages result from the Operator's or Protected Party's actions or omissions that have been expressly approved in advance by the Executive Committee or by the Participants.

[All goods and services provided to the project by a Protected Party shall be under written contract having the same limitation of liability as above; provided, however, that the same limitation of liability shall also apply even if goods and services are provided without a written contract.]

The provisions of this Section 15 shall apply notwithstanding any provision of this Agreement to the contrary and shall survive the expiration or termination of this Agreement.

16. Term and Effectiveness [Provisions for MAOA]

- (a) The term of this [Managing Agent] Agreement shall commence at the Time of Effectiveness, provided that it has been executed by Operator and Participants owning at least 51% of the Ownership Shares of Seabrook Station, and shall continue until the date, after the cessation of commercial operation of Seabrook 1, on which the Participants and Operator are ultimately relieved by the NRC of any further obligations with respect to the decommissioning of Seabrook 1, unless sooner terminated as hereinafter provided.
- (b) This Agreement may be terminated:
- (i) By the Participants, at any time, with or without cause, by the affirmative vote of 51% of all Ownership Shares.
- (ii) By Operator, with or without cause, upon twelve months prior notice to the Participants; provided that Operator may not give such notice of termination during the first twelve months following the Time of Effectiveness.

- (c) Any party terminating this Agreement shall give written notice of such termination to the other parties hereto, stating the date on which termination is to occur (the "Termination Date"). Notwithstanding such notice, the Termination Date shall not occur until any requisite amendment to the Operating License has been issued and is in effect. Operator agrees to cooperate with the Participants to accomplish the orderly transfer of its responsibilities hereunder to any successor designated by the Participants. On the Termination Date, as a precondition to any termination hereof, the Participants shall pay to Operator all amounts due to it hereunder and shall execute and deliver to Operator such instruments as it may reasonably request which evidence the continuing obligations of the Participants in accordance with Section 15 of this Agreement.
- (d) If the Participants terminate the Operator or the Operator terminates this Agreement, the Participants shall reimburse the Operator for direct costs actually incurred resulting from such termination. The Operator shall fully substantiate all direct costs actually and reasonably incurred and supply supporting documentation of such costs in reasonable detail. The Operator shall use its best efforts to mitigate the costs of termination.

17. No Setoff [Provisions for MAOA and DAA]

The Participants' obligation to make payments to Operator hereunder is absolute and unconditional and a Participant shall not be entitled to set off against the payments required to be made hereunder any amounts owed to it by Operator or any affiliate of the Operator or by any other Participant or the amount of any claim by it against Operator or any affiliate of the Operator or any other Participant.

18. Assignment [Provisions for MAOA]

This Agreement shall be binding upon and inure to the benefit of Operator and the Participants and the Participants' successors and assigns, subject to the limitations herein set forth. Operator may not assign its rights and obligations hereunder. A Participant may not assign part or all of its interests hereunder except as an integral part of a transaction involving an assignment of its Ownership Share which complies with the JOA.

19. No Third Party Beneficiaries [Provisions for MAOA and DAA]

The provisions of this Agreement are solely for the benefit of the parties hereto and are not intended to benefit or create rights in any third parties.

20. Several Obligations of Participants [Provisions for MAOA and DAA]

The obligations of the Participants under this Agreement and any contract entered into pursuant to this Agreement shall be several, and neither joint nor joint and several, in proportion to the respective Ownership Shares of the Participants. Every document delivered to any third party by Operator which may bear on the nature of the Participants' obligations shall specify such several (and not joint or joint and several) nature of the Participants' obligations.

21. Applicable Law [Provisions for MAOA and DAA]

This Agreement is made under and shall be governed by and interpreted in accordance with the law of the State of New Hampshire.

22. Arbitration [Provisions for MAOA and DAA]

Any dispute among a) any of the Participants and Operator or b) any Participant and other Participant(s) with respect to this Agreement ("Disputing Parties") shall be submitted to arbitration on the request of any Disputing Party. Copies of any such request shall be served on all Participants and Operator. Such request shall specify the issue or issues in dispute and summarize the submitter's claim with respect thereto. Within ten business days after receipt of such a request authorized representatives of the Participants and Operator shall confer and attempt to agree upon appointment of a single arbitrator. If such agreement is not accomplished, any Disputing Party may request the American Arbitration Association to appoint an arbitrator in accordance with its Commercial Arbitration Rules, which rules shall govern the conduct of the arbitration in the absence of contrary agreement by the Disputing Parties. The arbitrator shall conduct a hearing in Manchester, New Hampshire, or at any other location mutually agreed to among the Disputing Parties, and within thirty days thereafter, unless such time is extended by agreement by the Disputing Parties, shall notify the Participants and Operator in writing of his decision, stating his reasons for such decision and listing his findings of fact and conclusions of law. The arbitrator shall not have power to amend or add to this, or any other, Agreement, including the Joint Ownership Agreement. Subject to such limitation, the decision of the arbitrator shall be final and binding on the Disputing Parties except that any Disputing Party may petition a court of competent jurisdiction for review of errors of law. The decision of the arbitrator shall determine and specify how the expenses of the arbitration shall be allocated among the Disputing Parties.

23. Notices [Provisions for MAOA and DAA]

Any notice, demand, or request to any Participant or Operator pursuant to any provision of this Agreement shall be made in writing and shall be delivered either in person, by prepaid telegram, by registered or certified mail, or by telecopier, telefax, or other electronic means with verification of receipt thereof to the officer, official, or agent of such Participant or Operator at the address indicated on Schedule A hereto or at such address as may hereafter be designated from time to time by such Participant or Operator by written notice to the other Participants and Operator.

24. Counterparts [Provision for MAOA and DAA]

Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as an original and as if all of the Signatories to all of the counterparts had signed the same instrument.

25. Amendment [Provision for MAOA and DAA]

This Agreement may be amended from time to time by agreement in writing executed by Participants owning 51% or more of the Ownership Shares, except that voting requirements greater than 51%, contained herein, may not be amended except in writing by Participants owning such greater percent of the Ownership Shares.

EXHIBIT 2

(PROPOSED FORM OF LICENSE AMENDMENT)

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, ET AL¹

DOCKET NO. 50-443

SEABROOK STATION, UNIT NO. 1

AMENDMENT TO FACILITY OPERATING LICENSE

Amendment No.
License No. NPF-86

1. The Nuclear Regulatory Commission (the Commission or the NRC) has found that:
 - A. The application for amendment filed by the Public Service Company of New Hampshire (the licensee), acting for itself and as agent and representative of the 11 other utilities listed below and for North Atlantic Energy Service Company, hereafter referred to as licensees, dated _____, 1990 and supplemented by letters dated _____, and _____, 1990, complies with the standards and requirements of the Atomic Energy Act of 1954, as amended (the Act), and the Commission's rules and regulations set forth in 10 CFR Chapter I;
 - B. The facility will operate in conformity with the application, the provisions of the Act, and the rules and regulations of the Commission;
 - C. There is reasonable assurance: (i) that the activities authorized by this amendment can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the Commission's regulations set forth in 10 CFR Chapter I;

¹Except as hereinafter modified by this amendment, Public Service Company of New Hampshire is authorized to act as agent for the: Canal Electric Company, The Connecticut Light and Power Company, EUA Power Corporation, Hudson Light & Power Department, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Light Plant, The United Illuminating Company, and Vermont Electric Generation and Transmission Cooperative, Inc., and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

- D. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public; and
- E. The issuance of this amendment is in accordance with 10 CFR Part 51 of the Commission's regulations and all applicable requirements have been satisfied.

2. Accordingly, effective as of 11:59 P.M. on the last day of _____, 199_, the license is amended by modifying paragraphs as follows:

- a) Paragraph 1.E. of the license shall read:

"North Atlantic Energy Service Company is technically qualified to engage in the activities authorized by this license in accordance with the Commission's regulations set forth in 10 CFR Chapter I";

- b) The footnote on page 1 of the license shall read:

"North Atlantic Energy Service Company (NAESCO) is authorized to act as agent for the: Public Service Company of New Hampshire [North Atlantic Energy Corporation], Canal Electric Company, The Connecticut Light and Power Company, EUA Power Corporation, Hudson Light & Power Department, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Cooperative, Inc., Taunton Municipal Light Plant, The United Illuminating Company, and Vermont Electric Generation and Transmission Cooperative, Inc., and has exclusive responsibility and control over the physical construction, operation and maintenance of the facility.

- c) Paragraph 2 shall read as follows:

"Based on the foregoing findings and the Commissions Memorandum and Order, CLI-90-03, (dated March 1, 1990), Facility Operating License NPF-86, issued to NAESCO et al., (the licensees), is hereby amended to read as follows:"

- d) Paragraph 2.B.(1) shall be modified by substituting "North Atlantic Energy Service Company ("NAESCO") for "Public Service Company of New Hampshire ("PSNH").

- e) Paragraphs 2.B.(3), 2.B.(4), 2.B.(6), 2.C.(1), 2.C.(2) and 2.C.(3) shall each be modified by substituting "NAESCO" for "PSNH".
- f) Paragraph 2.D., 2.E., 2.F. and 2.G. shall each be modified by substituting "NAESCO" for "PSNH" wherever the latter appears.

3. This license amendment is effective as of its date of issuance.

FOR THE NUCLEAR REGULATORY COMMISSION

Date of Issuance: _____, 199_

New Hampshire Yankee
November 13, 1990

ENCLOSURE 2 TO NYN - 90194

APPOINTMENT OF AGENT AND SIGNATURE OF APPLICANT

WHEREAS, in connection with Northeast Utilities' proposed acquisition of Public Service Company of New Hampshire (PSNH), North Atlantic Energy Service Company (NAESCO) will be organized under the laws of New Hampshire and will be a public utility regulated under New Hampshire law, and

WHEREAS, NAESCO will be a wholly-owned subsidiary of Northeast Utilities, and

WHEREAS, as part of such proposed acquisition of PSNH, NAESCO will, after obtaining the approval of the U.S. Nuclear regulatory Commission (NRC) and certain other agencies, assume responsibility for the management, operation and maintenance of Seabrook Station, and

WHEREAS, Northeast Utilities Service Company (NUSCO) has been representing the interests of NAESCO in regulatory proceedings before the Securities and Exchange Commission, the Federal Energy Regulatory Commission, and various state agencies that have asserted regulatory jurisdiction over certain aspects of the acquisition, and

WHEREAS, NUSCO is authorized to act on behalf of NAESCO as its agent.

NOW, THEREFORE, NAESCO, acting by and through its agent, NUSCO, hereby joins in the filing of this Application to Amend Facility Operating License No. NPF-86 and in connection therewith hereby appoints Public Service Company of New Hampshire, acting through its New Hampshire Yankee Division (the "Agent"), as its agent for the purpose of:

(a) signing, executing, acknowledging and filing with the NRC any and all applications, documents and information (including amendments thereto) which are now or may become necessary which said Agent deems necessary or desirable in connection with Seabrook Station (including but not limited to, the operating licenses and other licenses required for the Station by the Atomic Energy Act of 1954, as amended) and in connection with NAESCO's assumption of responsibility for the management, operation and maintenance of Seabrook Station; and

(b) acting for and on its behalf in any hearing, appeal or other proceeding with respect to said operating license and other licenses, or the taking of action necessary or incidental thereto

or any action deemed necessary or desirable by said Agent in connection with the foregoing.

NORTH ATLANTIC ENERGY SERVICE COMPANY

John F. Opeka
By: Northeast Utilities Service Company, Its Agent

By: John F. Opeka

Title: Executive Vice President

VERIFICATION

State of Connecticut: :
County of Hartford : ss: Berlin November 8, 1990

Then personally appeared before me John F. Opeka who, being duly sworn, did state that he is Executive Vice President of Northeast Utilities Service Company (NUSCO), acting as agent for North Atlantic Energy Service Company (NAESCO), one of the Applicants herein, that he has read the foregoing information relating to such Applicant contained in the Application, and that the statements contained therein relating to such Applicant are true to the best of his knowledge and belief, and further that NUSCO is duly authorized to act on behalf of NAESCO as its agent.

Louise M. Shuckrows
Notary Public

My Commission expires: 3/31/91