

New Hampshire Yankee

Ted C. Feigenbaum
President and
Chief Executive Officer

NYN-91005

January 15, 1991

United States Nuclear Regulatory Commission
Washington, D.C. 20555

Attention: Document Control Desk

- References:
- (a) Facility Operating License No. NPF-86, Docket No. 50-443
 - (b) 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 dated November 13, 1990
 - (c) Letter dated December 26, 1990 from E. J. Leeds (NRC) to T. C. Feigenbaum

Subject: Supplement 1 to 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

Gentlemen:

New Hampshire Yankee (NHY) hereby supplements the Application filed on November 13, 1990 in the above Docket [Reference (a)]. Certain terms defined in the Application [Reference (b)] are used herein with the meanings there provided.

This Supplement responds to your letter of December 26, 1990 [Reference (c)] in which you requested amplification of the Application "to clarify NAESCO's role in the marketing of energy produced by Seabrook." The original Application, under the heading of "Antitrust Considerations", made only the factual statement about marketing because to the licensees/applicants it was clear that NAESCO could never venture into energy marketing. Therefore, it did not seem necessary to underscore this point. This oversight is hereby remedied.

As explained in the Application, the transfer of Managing Agent responsibilities to NAESCO is an integral part of the reorganization plan, i.e., the Joint Plan, confirmed by the Bankruptcy Court in the proceeding relating to PSNH. NAESCO's sole purpose under the Joint Plan is to function as the entity licensed by the Commission to "manage, operate and maintain" Seabrook Unit 1 on behalf of its owners, the other licensees. As such the organization of NAESCO as a New Hampshire corporation and public utility under New Hampshire law has been approved by the New Hampshire Public Utilities Commission (NHPUC). That NHPUC authorization of NAESCO is explicitly limited "to the management,

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operation and maintenance of the Seabrook project, and [does] not extend to its functioning as a franchised electric utility for the sale or distribution of electricity." (emphasis added, a provision omitted from the discussion in the original Application on page 4 and in footnote 2.) See pages 171 and 172 of the Report and Order, dated July 20, 1990 of the NHPUC in Docket #89-244, attached as Exhibit A hereto. Thus, NAESCO lacks the legal power and authority to sell energy.

Furthermore, Paragraph 15 of the Joint Ownership Agreement explicitly provides that each Participant (i.e., each of the twelve existing licensees) shall be entitled to its Ownership Share of the "capacity and hourly generation" of Seabrook Unit 1. Therefore, 100% of the Seabrook energy will continue to be owned by the present licensees and NAESCO will acquire no interest therein. Consistent with that fact, the scope of NAESCO's authority as outlined in the Application did not include any reference to energy marketing (See Section II of Application) and the Managing Agent Operating Agreement being prepared to implement the July 19, 1990 Agreement will explicitly withhold any authority with respect to energy marketing. (See draft form of Managing Agent Operating Agreement, attached as Exhibit B hereto, at Section II (f), page 11).

Given the foregoing explicit restraints upon NAESCO imposed by the NHPUC or by contract, NHY proposes that the form of license amendment filed with the Application (see Exh. 2 to Application) be modified in two respects: first, to change paragraph 2. b) to read as follows:

"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 Company, 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., solely with respect to, and with exclusive responsibility for and control over, the physical construction, operation and maintenance of the facility."

Second, to add an additional condition as follows:

"2. H. Marketing of Energy

NAESCO shall not participate in any way in the marketing or brokering of the capacity of, or electrical energy produced by, the facility. The licensees other than NAESCO, as the owners collectively of 100% of such capacity and energy, shall not delegate to their agent, NAESCO, any authority with respect to such marketing or brokering of capacity or electrical energy.

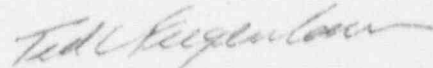
NHY submits that this proposed condition 2.H. will assure the Commission of direct control over NAESCO and the licensees with respect to the energy marketing issue.

NHY has performed a safety evaluation on the proposed Supplement 1 to the operating license amendment provided herein and has determined that it does not involve an Unreviewed Safety Question pursuant to 10CFR50.59. NHY has also determined that the conclusions reached in the analysis of the Application against the criteria of 10CFR50.92 remain valid and that the proposed supplement does not involve a Significant Hazards Consideration.

Supplement 1 to the Application has been reviewed and approved by the Station Operating Review Committee and the Nuclear Safety Audit and Review Committee.

If you have any questions, please contact Mr. Terry L. Harpster, Director of Licensing Services, at (603) 474-9521, extension 2765.

Very truly yours,



Ted C. Feigenbaum

Enclosure(s)

TCF:AMC/act/ssl

United States Nuclear Regulatory Commission
Attention: Document Control Desk

January 15, 1991
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New Hampshire Yankee
January 15, 1991

EXHIBIT A TO NYN-91005

SENT BY:

7-20-90 11:58AM

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DR 89-244

IN THE MATTER OF

NORTHEAST UTILITIES/PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
Reorganization Proceedings

BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

July 20, 1990

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I. REQUESTED STRUCTURAL CHANGES

NU requests the following "structural approvals" under the Rate Agreement and the Joint Plan:

1. approval of the commencement of business by NAEC and the new NU subsidiary which will operate Seabrook referred to as "NUOP" or "NAESC," as public utilities in New Hampshire
2. approval of the transfer of PSNH's Seabrook interests (including land and fuel) to NAEC
3. approval of the merger of Northeast Utilities Acquisition Corporation ("NUAC") with and into PSNH. NUAC will not engage in any public utility business and NU does not seek this commission's approval for its commencement of business pursuant to 374:22. NUAC will cease to exist when the merger between NU and PSNH takes effect.
4. approval of certain mortgages over present and future property of PSNH and NAEC.

NAEC and NAESC are essential parties to successful implementation of the Joint Plan. Ex. NU 5, Busch Prefiled Direct Testimony at 95. NAEC has the sole purpose of replacing PSNH in its ownership share of Seabrook over rights and obligations defined under the Seabrook Power Contract discussed above and found to be in the public good. NAESC or NUOP will have the sole purpose of replacing New Hampshire Yankee in the management, operation and maintenance of Seabrook. NU management of Seabrook discussed above was of paramount importance in achieving the projected rate levels. NU management of Seabrook will be conducted via NAESC and, accordingly, it will be in the public good to authorize NAESC

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to operate as a public utility. This authorization would be limited, as is currently NHY's authorization to operate as a public utility, to the management, operation and maintenance of the Seabrook project, and will not extend to its functioning as a franchised electric utility for the sale or distribution of electricity.

For similar reasons we approve the transfer of PSNH's Seabrook interest, including land and fuel, to NAEC, pursuant to RSA 374:30. The Joint Plan and the Rate Agreement cannot function without this transfer taking effect, thereby facilitating the financing of the reorganization, minimizing PSNH's capital costs and maximizing tax benefits. Tr. Apr. 11 at 62-63; Tr. Apr. 30 at 23-28. The rights and obligations of PSNH and NAEC will be defined primarily under the terms of the Seabrook Power Contract which we have found to be in the public good.

NU has also asked for approval of the merger of NUAC with and into PSNH. NUAC is the vehicle for effecting the merger between PSNH and NU and is therefore a vital part of the reorganization process. As we have discussed above, the merger between NU and PSNH is of paramount importance to attainment of the projected synergies and, ultimately, to containment of the rate increases to the 5.5% projection and important to assure that the public good will be served. For these reasons we find that the merger of NUAC with and into PSNH is in the public good and is hereby approved.

New Hampshire Yankee
January 15, 1991

EXHIBIT B TO NYN-91005

SEABROOK PROJECT
MANAGING AGENT OPERATING AGREEMENT

Effective as of _____, 1991

SEABROOK PROJECT
MANAGING AGENT OPERATING AGREEMENT

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SEABROOK PROJECT
MANAGING AGENT OPERATING AGREEMENT

This Managing Agent Operating Agreement ("Agreement") is made as of _____, 1991, between North Atlantic Energy Service Company, a corporation organized as a wholly-owned subsidiary of Northeast Utilities ("NU") and a public utility organized under the laws of the State of New Hampshire (the "Operator"), and those signatories to the Joint Ownership Agreement (as defined in the next paragraph hereof) which have executed and delivered or which hereafter execute and deliver this Agreement (the "Signatories"). The Signatories which are signatories of the Joint Ownership Agreement collectively with the other parties which are now or from time to time hereafter become signatories of the Joint Ownership Agreement are hereinafter referred to as the "Participants".

WHEREAS, the Participants are 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-Third Amendment (which agreement as from time to time amended is hereafter referred to as the "Joint Ownership Agreement"), which sets forth their respective rights and obligations with respect to the nuclear electric generating plant ("Seabrook Station" or the "Unit" or the "Plant" or the "project") 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; and

WHEREAS, pursuant to the Joint Ownership Agreement 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 Joint Ownership Agreement (the "Executive Committee"), currently resides in Public Service Company of New Hampshire ("PSNH"), acting through its New Hampshire Yankee Division (the "Division"); and

WHEREAS, pursuant to a plan of reorganization for PSNH 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"); and

WHEREAS, Paragraph 36.2 of the Joint Ownership Agreement is the appointment by Participants owning 51% or more of 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 Joint Ownership Agreement; and

WHEREAS, it is recognized that under the Joint Ownership Agreement 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; and

WHEREAS, by order in File No. _____, the Securities and Exchange Commission ("SEC") has approved and authorized, under the Public Utilities Holding Company Act of 1935 (the "Act"), the organization and conduct of business of Operator as a wholly owned subsidiary of NU, a public utility holding company registered under the Act; and

WHEREAS, Operator desires to assume the responsibilities of Managing Agent for Seabrook Station on behalf of the Participants and to perform such responsibilities and duties all in accordance with Prudent Utility Practice (as defined in Paragraph 8.1 of the Joint Ownership Agreement); and

WHEREAS, economies, increased efficiencies and other benefits will accrue to the Participants as a result of Operator's assumption of those responsibilities; and

WHEREAS, it is the intent of the Operator and the Signatories to promote the safe, efficient and reliable operation of Seabrook Station and the Signatories desire that the Operator shall have responsibility for the day-to-day operation and maintenance of Seabrook Station consistent with this goal; and

WHEREAS, the Operator and the Signatories, which hold in the aggregate Ownership Shares totalling 70.60921% of all Ownership Shares, wish to implement, as of the Time of Effectiveness (as hereinafter defined) the provisions of their Agreement made as of July 19, 1990 which can be implemented under the Joint Ownership Agreement with the approval of less than 80% of the Ownership Shares, and this Agreement is intended to accomplish that result; 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.

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

1. Definitions

- (a) Terms defined in the Joint Ownership Agreement are used in this Agreement with the same meanings as therein 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 License" shall mean the full-power operating license, No. NPF-86, and all other licenses relating to Seabrook Station issued by the NRC.
- (d) The term "NRC Amendment" shall mean the amendment to NRC License, which, inter alia, designate Operator as the entity technically qualified to operate Seabrook 1.
- (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 approvals 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.

2. Basic Understandings

(a) (i) This Agreement relates to the transfer and delegation to Operator by the Participants of authority with respect to the operation of Seabrook 1 under the NRC License and the supervision of the disposition of Seabrook 2, which has been cancelled and abandoned by the Participants, by appointing the Operator as Managing Agent pursuant to Paragraph 36.2 of the Joint Ownership Agreement.

(ii) The parties hereto 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.

- (iii) The Operator shall use all reasonable efforts to operate the Unit 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.

- (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.

(b) On or as soon as practicable after the Time of Effectiveness the Signatories will take the following actions in order to implement the transfer of authority contemplated herein:

(i) PSNH shall effect the assignment to the 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 the 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, the Operator as Managing Agent; and

- (ii) Subject to the reasonable direction of the Executive Committee, the 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.

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 Joint Ownership Agreement, hereby designate the Operator as Managing Agent of Seabrook Station under the Joint Ownership Agreement on behalf of the Participants, and (ii) the Participants hereby employ the Operator, and the 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 Joint Ownership Agreement. Subject to the provisions of this Agreement which assign certain authority to the Participants and/or the Executive Committee, the parties hereto 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 Joint Ownership Agreement. Such responsibilities, inter alia, include authority on all operational issues respecting Seabrook 1 to the extent necessary to comply with the NRC License, 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.

- (b) The Operator shall promptly advise the Participants of its significant actions in discharging its responsibilities, consistent with Section 6 of this Agreement.

- (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 senior on-site manager for the Plant.
- (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.
- (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.
- (f) The Participants expressly withhold from the Operator any authority to market or broker the capacity or energy produced by the Plant on their behalf, and nothing herein shall be interpreted as delegating to the Operator any such authority.

4. Services

The 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 6.1 of the Joint Ownership Agreement), 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 activities;

- (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, selecting and retaining consultants and contractors to assist in the performance of the Operator's responsibilities with respect to Seabrook Station;
- (e) subject to paragraphs 24.2 and 37.4(d) of the Joint Ownership Agreement and the resolution regarding the disposition of Seabrook 2 adopted by the Participants on November 5, 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 6 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 Joint Ownership Agreement, the Operator may retain or appoint a service company or agent (which service company or agent shall be affiliated with Operator) to act on behalf of and perform the responsibilities of the Operator hereunder and under the Joint Ownership Agreement, 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 any such service company or agent has been approved by at least three or more Unaffiliated Participants, owning collectively 60% or more of the Ownership Shares. The Participants shall not withhold their approval of any such agreement if it is fair and equitable to all affected parties.

5. Contracting Authority

In conformity with the paragraphs 9 and 10 of the Joint Ownership Agreement and subject to Section 3 of this Agreement and this Section 5, the Participants hereby authorize the Operator, as Managing Agent for the Participants, 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 the 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 proportion to their respective Ownership Shares. 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 the Operator's

opinion, to the operation of Seabrook Station or to the proper performance of the Operator's responsibilities hereunder. The Operator will use its best efforts to negotiate contracts that do not include provisions for indemnification and/or payment of special and consequential damages to third parties. In the event that the Operator finds it necessary to include one or more such provisions, 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 the inclusion of such provision(s) after the execution of such agreement(s).

The Operator, without the prior approval of the Executive Committee, shall not enter into an agreement related to Seabrook Station with a vendor, contractor or consultant that would require the Operator to refuse to furnish any Seabrook-related information that could be requested by a Participant on the basis that such vendor, contractor or consultant claims such information to be proprietary, provided that such 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 Seabrook Station 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 Seabrook Station as those described above.

The Participants and Operator agree that, whether or not the 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 or 10.1 of the Joint Ownership Agreement or this Section 5.

6. Periodic Reporting

- (a) The Operator shall meet with the Participants no less frequently than quarterly to report on the status of Seabrook Station and discuss other matters regarding Seabrook Station. Each Participant shall endeavor, in advance of the meeting, to notify the Operator of the matters of interest to that Participant for discussion.
- (b) 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:
 - (1) 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, o.g., related federal, 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; and
- (xi) Other items which the Executive Committee shall, from time to time, reasonably request.

At the Participants' meeting, the officer of the Operator with operational responsibility for the Plant shall give a presentation on the significant items contained in the written operational 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.

(c) 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 approved operating budget and which are at variance from the approved budget 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 approved operating budget and projected

to be at variance from the approved budget 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.); and

(iii) 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, 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; and
 - (vii) Other items which the Executive Committee may, from time to time, reasonably request;
- (e) 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 7(a), covering the cost of providing additional information, if any Participant shall reasonably request accounting or other information required by this Section 6 in a special or different format, such request shall be granted to the extent practicable.); and
 - (ii) Other items which the Executive Committee shall, from time to time, reasonably request.
- (f) 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 to the Participants immediately according to the Emergency Notification Procedures adopted by NEPEX, or equivalent.

- (g) The Operator shall report to the Participants, 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 to the Participants on the performance of the investment manager/trustee, as well as the specific investments comprising each trust fund.
- (h) 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 the insurer, 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.

- (i) 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.
- (j) The Operator shall report to the Participants, 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.
- (k) Semiannually, the Operator will furnish to the Participants data showing actual performance for the plant compared to estimates and goals contained in the approved Annual Seabrook Plan as described in Section 8 of this Agreement.

7. Access to Information

- (a) Each Participant shall have the unrestricted right to all information relating to Seabrook Station including, but not limited to, records and correspondence within the control of the Operator, and any service company or agent retained or appointed pursuant to Section 4 of

this Agreement, wherever located except for information which is a) protected by law, b) restricted by contract with third parties, or c) deemed commercially sensitive by such service company or agent. If requested information is restricted by contract with third parties, the Operator, and such service company or agent, 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 a service company or agent appointed or retained by the Operator, upon the request of one or more Participants, such service company or agent shall allow for its review by an independent third party, selected by the parties involved (other than the Operator and such service company or agent) and acceptable to the Operator (provided that the 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 non-disclosure agreement covering information that it considers commercially sensitive.

Review of information by Participants at the offices of the Operator, or a service company or agent appointed or retained by the Operator, shall occur at reasonable times during normal business hours, and shall be arranged in advance. The Participants shall use reasonable efforts to avoid disrupting the business operations of the Operator or such service company or agent.

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 7 any information relating to Seabrook Station 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 7, any Participant or the Executive Committee 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(s) requesting the audit; provided however that, absent extraordinary circumstances, and subject to the rights of the Participants under Section 18 (Arbitration) of this Agreement, a full-scope audit shall not be performed at the request of the Executive Committee or one or more Participants not affiliated

with the Operator more frequently than once each year. If an 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 proceeding, 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 7(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.

B. Payments; Budgets

- (a) All services rendered by the Operator, or by a service company or agent retained or appointed pursuant to Section 4 of this Agreement, under this Agreement will be at actual cost thereof, fairly and equitably allocated and calculated, all consistent with the requirements of the Act 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 the Operator, the employee wages and benefits paid by the Operator, the insurance expenses incurred pursuant to Section 9 of this Agreement, and other general overhead expenses incurred by the Operator. The Operator shall keep complete and accurate accounts of all receipts and expenditures hereunder in accordance with the rules and regulations of the Securities and Exchange Commission and the Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the Federal Power Act, as amended from time to time (or such similar accounts as may hereafter become appropriate) (hereinafter the "Uniform System of Accounts").

(b) The Participants shall pay the Operator for all project costs and expenses incurred by the Operator in accordance with the Joint Ownership Agreement.

(c) In each calendar year during the term hereof, commencing with the first such year which begins after the Time of Effectiveness, the Operator shall prepare and present to the Executive Committee (with copies to each Participant) the following budget information:

(i) by November 1 of each calendar year:

(A) a detailed estimated budget for operating and maintenance expenses, disposal costs of nuclear fuel, and any other funding requirements not contained in (i)(ii) below, in a reasonable format selected by the Executive Committee, for the succeeding calendar year (the "Proposed Annual Operating Budget");

(B) a six-year forecast of capital expenditures, including a detailed budget of expenditures for construction activities (plant additions and removals), and procurement of nuclear fuel for the succeeding calendar year (such capital budget for the succeeding calendar year being herein called the "Proposed Annual Capital Budget"); and

(C) a proposed annual plan which shall comprehensively address all operating goals and objectives for the Plant and its staff ("Proposed Annual Seabrook Plan") and the

basis thereof and shall include any planned changes in the authorized staffing level for the Plant; and

- (ii) by June 1 of the subsequent year, a five-year forecast of all expenditures defined in (i)(A) above, including a preliminary detailed estimated budget for the succeeding calendar year for expenditures defined in (i)(A) and (i)(B) above 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.

The Proposed Annual Operating Budget and the Proposed Annual Capital Budget, defined in (i)(A) and (i)(B) above, shall collectively comprise the "Proposed Annual Seabrook Budgets". All expenditures that the Participants are expected to fund to the Disbursing Agent over the succeeding calendar year, are to be contained in the Proposed Annual Seabrook Budgets and presented on a monthly basis.

or shall, as part of the development of the Proposed Annual Seabrook Budgets, provide a forecast of other project related expenditures, such as property tax payments and decommissioning funding requirements, which each Participant is required to remit directly to an entity other than the Disbursing Agent. Such direct pay expenditures forecast shall not be included in the total Proposed Annual Seabrook Budgets.

In advance of the meeting of the Participants at which the Proposed Annual Seabrook Budgets and Proposed Annual Seabrook Plan will be considered, which meeting shall be held on or prior to December 15 of each year, the Executive Committee shall review such Proposed Annual Seabrook Budgets and Proposed Annual Seabrook Plan and, after consulting with the other Participants, shall confer with the Operator regarding such Proposed Annual Seabrook Budgets and Proposed Annual Seabrook Plan for such calendar year. Subject to the provisions of Section 37.3(c) of the Joint Ownership Agreement, the Participants shall, by a vote of fifty-one percent (51%) or more of the Ownership Shares, either approve or modify the aggregate dollar amount of either or both the Proposed Annual Operating Budget or the Proposed Annual Capital Budget. Upon approval by the

Participants, the Proposed Annual Seabrook Budgets, reflecting any modifications made thereto by the Participants, and the Proposed Annual Seabrook Plan, reflecting any modifications made thereto by the Participants, shall be deemed to be the final annual Seabrook budgets (the "Final Annual Seabrook Budgets") and final annual Seabrook plan, (the "Final Annual Seabrook Plan"), respectively, for such year. To become effective, the Final Annual Seabrook Budgets and Final Annual Seabrook Plan for such year shall, subject to the provisions of Section 37.3(c) of the Joint Ownership Agreement, require approval by Participants owning fifty-one percent (51%) or more of the Ownership Shares in the Seabrook Project before the prior December 31, provided that if Participants owning more than 49% of the Ownership Shares do not disapprove of the Proposed Annual Seabrook Budgets and Proposed Annual Seabrook Plan in writing by the tenth day after the meeting called and held to consider it, then it shall be deemed to be the Final Annual Seabrook Budgets and Final Annual Seabrook Plan, respectively, for such year.

The Participants may review the planning and budget process and request changes, subject to approval by

the Executive Committee. The Operator shall make every reasonable effort to implement the changes reasonably requested by the Participants and approved by the Executive Committee. A decision by the Executive Committee to approve or disapprove any such requested change may be overridden by a vote of 51% or more of the Ownership Shares.

- (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. The Participants shall approve or disapprove in advance, by a vote of Participants owning fifty-one percent (51%) or more of the Ownership Shares, increases in expenditures contained in the Final Annual Operating Budget or the Final Annual Capital Budget if such projected expenditures are expected to result in total 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%. 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 License 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.

- (e) The Operator shall submit to the Participants for their approval, by a 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.

- (f) In the event that the Operator has obtained services from an affiliated company, as contemplated in Section 4 of this Agreement, such affiliated company shall, unless the Executive Committee otherwise directs, submit bills for such services to the Operator, and the Operator shall in turn bill the Participants for such services in accordance with the Agreement for Seabrook Project Disbursing Agent, as amended.
- (g) 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 lowest (i.e., "base") 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.

8a. Certain Transitional Rules

In the event that North Atlantic Energy Service Company shall be appointed by the Participants to act as Disbursing Agent for the project and such appointment shall become effective prior to the time that Participants owning eighty percent (80%) or more of the Ownership Shares have voted to amend Section 37.3 of the Joint Ownership Agreement to authorize the annual preparation of twelve-month budgets (rather than the quarterly preparation of six-month budgets, as presently required by said Section 37.3), then North Atlantic Energy Service Company shall comply with the requirements of the Joint Ownership Agreement and the First Amendment to the Seventh Amendment to and Restated Agreement for Project Disbursing Agent (such Agreement, as the same may from time to time be modified, supplemental or amended, being hereinafter called the "Disbursing Agent Agreement") with respect to the manner, timing and other matters affecting the budgets for the project and the billing and disbursement of Project Costs, unless and until Participants owning eighty percent (80%) or more vote to amend Section 37.3 of the Joint Ownership Agreement to authorize the annual preparation of twelve-month budgets; provided, however, that until said Section 37.3 shall be so amended, in addition to complying with the requirements of

Section 37.3 of the Joint Ownership Agreement and the Disbursing Agent Agreement, the Operator shall, for informational purposes only, also annually prepare and distribute to the Participants twelve-month budgets, as contemplated by Section 8 hereof.

9. Insurance

The Participants hereby direct the Operator to implement Paragraph 10 of the Joint Ownership Agreement.

The Participants further direct the 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 the Operator may from time to time determine, after consultation with the Participants.

10. Decommissioning

In furtherance of the provisions of Paragraph 13A of the Joint Ownership Agreement, the Participants hereby designate the Operator as "lead company" (as that term is defined in Chapter 162-F of the New Hampshire Revised Statutes Annotated) and delegate to the 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 Nuclear Decommissioning Financing Fund as contemplated by that statute. The Operator shall also perform all of the obligations of a Managing Agent under the Pre-Operational Decommissioning Funding Agreement, the Seabrook Pre-Operational Trust Agreement and the Seabrook Nuclear Decommissioning Financing Fund Master Trust Agreement, all dated as of February 11, 1989, as the same may be amended from time to time.

11. Limitation of Liability

For and in consideration of the fact that the 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 services, no Participant shall be entitled to recover from the 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 the performance or non-performance of its

respective responsibilities hereunder or under the Joint Ownership Agreement, or for any damage to Seabrook Station, any curtailment of power, or any other damages of any kind, including direct, incidental, consequential, special, indirect or punitive damages occurring during the course of the design, engineering, procurement, installation, 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 willful misconduct of the Operator, or, to the extent legally attributable to the Operator, directly from the willful misconduct of a Protected Party. Notwithstanding the preceding sentence, no Participant shall be entitled to recover any such damages if such damages resulted 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 a 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 11 shall apply notwithstanding any provision of this Agreement to the contrary and shall survive the expiration or termination of this Agreement.

12. Term and Effectiveness

(a) The term of this 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 the Operator, with or without cause, upon twelve months prior notice to the Participants; provided that the 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. The 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 the 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 11 of this Agreement.

- (d) If the Participants or the Operator terminate 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.
- (e) This Agreement shall also be subject to termination and shall terminate, without any action by any of the parties hereto, to the extent and from the time that performance may conflict with the Act or with any rule, regulation or order of the SEC adopted before or after the making hereof.

13. No Setoff

The Participants' obligation to make payments to the 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 the Operator or any affiliate of the Operator or by any other Participant or the amount of any claim by it

against the Operator or any affiliate of the Operator or any other Participant.

14. Assignment

This Agreement shall be binding upon and inure to the benefit of the Operator and the Participants and the Participants' successors and assigns, subject to the limitations herein set forth. The 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 a corresponding portion of its Ownership Share which complies with the Joint Ownership Agreement.

15. No Third Party Beneficiaries

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

16. Several Obligations of Participants

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 the 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 Participant's obligations.

17. Applicable Law and Enforceability

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

In the event that any clause or provision of this Agreement, or any part thereof, shall be declared invalid or unenforceable by any regulatory body or court having jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining portions of this Agreement.

18. Arbitration

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 the 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 the 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.

19. Notices

Any notice, demand, request or documentation to be furnished to any Participant or the Operator pursuant to any provision of this Agreement shall be provided 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 the Operator.

20. Counterparts

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.

21. Amendment

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 of greater than 51%, contained herein, may not be amended, and actions requiring a vote greater than 51%, contained herein, may not be rescinded or superseded, except in writing by Participants owning such greater percent of the Ownership Shares.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly signed by an authorized officer, and its respective seal to be duly affixed hereto and attested (or such signature by an authorized officer to be attested to by a witness) on the date indicated but as of the date first above written.

[ATTESTED SEAL OR
SIGNATURE OF WITNESS]

NORTH ATLANTIC ENERGY SERVICE COMPANY

By: _____

Its _____

Date: _____

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: _____

Its _____

Date: _____

THE UNITED ILLUMINATED COMPANY

By: _____

Its _____

Date: _____

EUA POWER CORPORATION

By: _____

Its _____

Date: _____

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY

_____ By: _____
Its _____
Date: _____

NEW ENGLAND POWER COMPANY

_____ By: _____
Its _____
Date: _____

THE CONNECTICUT LIGHT AND POWER COMPANY

_____ By: _____
Its _____
Date: _____

CANAL ELECTRIC COMPANY

_____ By: _____
Its _____
Date: _____

MONTAUP ELECTRIC COMPANY

_____ By: _____
Its _____
Date: _____

NEW HAMPSHIRE ELECTRIC COOPERATIVE, INC.

_____ By: _____
Its _____
Date: _____

VERMONT ELECTRIC GENERATION AND
TRANSMISSION COOPERATIVE, INC.

_____ By: _____
Its _____
Date: _____

TAUNTON MUNICIPAL LIGHTING PLANT

_____ by: _____
Its _____
Date: _____

HUDSON LIGHT & POWER DEPARTMENT

_____ By: _____
Its _____
Date: _____

SCHEDULE A

Addresses of Agents for Operator and Participants