

New Hampshire Yankee
January 22, 1991

ATTACHMENT 1 TO NYN-91008

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM U-1

APPLICATION/DECLARATION WITH RESPECT TO THE
PROPOSED ORGANIZATION AND CONDUCT OF BUSINESS OF
NORTH ATLANTIC ENERGY SERVICE COMPANY
Under
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Northeast Utilities
174 Brush Hill Avenue
West Springfield, MA 01090-0010

North Atlantic Energy Service
Company
Route 1, Lafayette Road
Seabrook, NH 03874

Northeast Utilities Service Company
107 Selden Street
Berlin, CT 06037-0218

Yankee Atomic Electric Company
580 Main Street
Bolton, MA 01740

(Names of companies filing this statement
and addresses of principal executive offices)

NORTHEAST UTILITIES

(Name of top registered holding company)

Walter F. Torrance, Jr., Esq.
Senior Vice President, Secretary and General Counsel
Northeast Utilities Service Company
107 Selden Street
Berlin, CT 06037-0218

(Name and address of agent for service)

The Commission is requested to mail signed copies of all orders,
notices and communications to:

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P.O. Box 270
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ITEM I

DESCRIPTION OF PROPOSED TRANSACTIONS

INTRODUCTION

1. Northeast Utilities ("NU"), a public utility holding company registered under the Public Utility Holding Company Act of 1935, as amended (the "Act"), North Atlantic Energy Service Company ("NAESCO"), a to-be-formed electric utility company and service company subsidiary of NU, Northeast Utilities Service Company ("NUSCO"), a service company subsidiary of NU, and Yankee Atomic Electric Company ("YAEC"), an electric utility company subsidiary of NU and New England Electric System (collectively, the "Applicants") submit this application/declaration (the "Application") pursuant to Sections 6(a), 7, 9(a), 10, and 13 of the Act and the rules thereunder, with respect to certain transactions related to the formation and capitalization of NAESCO. At the request of the staff of the Commission's Office of Public Utility Regulation, this Application is being submitted on Form U-1. NAESCO will be formed to manage, operate and maintain Seabrook Unit No. 1 ("Seabrook"), an 1150 megawatt nuclear power plant located in Seabrook, New Hampshire. NAESCO will also be responsible for supervision of the disposition of Seabrook Unit No. 2, a cancelled nuclear unit on the same site as Seabrook Unit No. 1. NAESCO will not have an ownership interest in Seabrook or Seabrook Unit No. 2 or an entitlement to any of the capacity or energy therefrom.

2. This proposed transaction is a part of the overall proposed acquisition of Public Service Company of New Hampshire ("PSNH") by NU which is described in the application/declaration of NU and NUSCO in File No. 70-7695, as amended, and which was approved by the Commission in its Memorandum Opinion and Order issued December 21, 1990. The application in File No. 70-7695 seeks the necessary Commission approvals of all aspects of NU's proposed acquisition of PSNH except those related to NAESCO, and the December 21, 1990 order approved that acquisition and certain related transactions, reserving jurisdiction over other transactions. The only approvals sought in this Application are those related to NAESCO's formation, capitalization and conduct of business.

3. The acquisition transactions, in relevant part, can be described as follows:

PSNH, the owner of an approximately 35.6 percent interest in Seabrook, is currently authorized under U.S. Nuclear Regulatory Commission ("NRC") Operating License NPF-86 to manage, operate and maintain Seabrook on behalf of itself and the 11 other joint owners of the unit (collectively, with PSNH, the "Joint Owners"). Since 1984, PSNH has performed those functions

for Seabrook through its New Hampshire Yankee Division ("NHY").¹ After suffering through financial problems for most of the 1980s caused in large part by its sizeable investment in Seabrook, PSNH filed in United States Bankruptcy Court, District of New Hampshire (the "Bankruptcy Court"), in January, 1988 a petition seeking protection from its creditors under Chapter 11 of the U.S. Bankruptcy Code. NU became interested in acquiring PSNH, and, in December, 1989, after intense negotiations between NUSCO, on behalf of NU, and the official committees representing PSNH's unsecured creditors and equity security holders, and the holders of a majority of PSNH's third mortgage bonds, those parties filed with the Bankruptcy Court a Joint Plan of Reorganization for PSNH. PSNH later endorsed the Plan and became a co-sponsor of the final version of the Joint Plan as it was filed with the Bankruptcy Court on January 2, 1990 and subsequently confirmed by the Court (the "Plan"). The Plan has also been supported by the State of New Hampshire.

4. The Plan contemplates, inter alia, (i) the acquisition of PSNH's common stock by NU, (ii) the transfer of PSNH's ownership interest in Seabrook (the "Seabrook Interest") to North Atlantic Energy Corporation ("NAEC"), a to-be-formed electric

¹ An application was submitted in 1986 in File No. 70-7214 to create a separate corporation owned by the Joint Owners to perform the functions currently performed by NHY. That proposal is no longer being pursued.

utility subsidiary of NU, (iii) the assumption by a wholly owned subsidiary of NU (which will be NAESCO) from NHY of the responsibility for managing, operating and maintaining Seabrook and supervising the disposition of Seabrook Unit No. 2, and (iv) the issuance by each of NU, PSNH, NAEC and NAESCO of certain securities in connection with the Plan. The Plan is structured to provide for NU's acquisition of PSNH in a one-step transaction in which NU would acquire all of a new issue of PSNH common stock concurrently with the cancellation of all of PSNH's currently outstanding stock if certain conditions, most notably the acquisition of required regulatory approvals, are received in time. If those conditions are not met in time, the acquisition would occur in two steps, with PSNH emerging from bankruptcy at step one as a stand-alone entity owned by its current unsecured creditors and equity security holders and committed by an order of the Bankruptcy Court to a merger with a wholly-owned subsidiary of NU, and with NU acquiring the reorganized PSNH at step two through that merger. In either the one-step or the two-step transaction, PSNH's Seabrook Interest would be transferred to NAEC at or shortly after the time NU's acquisition of PSNH is consummated. The Applicants currently expect the transaction to occur in two steps.

5. As stated above, in accordance with the Plan, NAESCO will be formed to assume from NHY the responsibility for

managing, operating and maintaining Seabrook and for supervising the disposition of Seabrook Unit No. 2. In March, 1990, Seabrook received its full-power license from the NRC and on May 29, 1990, it was synchronized to the New England grid. The unit successfully completed power ascension testing in August, 1990. The 12 Joint Owners, and their ownership shares in Seabrook, are as follows:

<u>Joint Owner</u>	<u>Ownership Percent</u>
Public Service Company of New Hampshire	35.56942
The United Illuminating Company	17.50000
EUA Power Corporation	12.13240
Mass. Municipal Wholesale Electric Co.	11.59340
New England Power Company	9.95766
The Connecticut Light and Power Company	4.05985
Canal Electric Company	3.52317
Montaup Electric Company	2.89989
New Hampshire Electric Cooperative, Inc.	2.17391
Vermont Elec. Gen. and Transmission Coop.	.41259
Taunton (Mass.) Municipal Lighting Plant	.10034
Hudson (Mass.) Light & Power Dept.	.07737

6. After its acquisition by NU, PSNH will cease to own an interest in or operate Seabrook, and NAEC will hold the Seabrook Interest. NAESCO will be an electric utility company and a service company subsidiary of NU and, as explained in paragraph 15, it will manage, operate and maintain Seabrook and supervise the disposition of Seabrook Unit No. 2 once certain conditions have been met, which may occur prior to NU's acquisition of PSNH.

7. The Plan was confirmed by the Bankruptcy Court in an order dated April 20, 1990. NU and PSNH are currently proceeding with applications for necessary regulatory approvals and working toward satisfying the other conditions for both step one and step two of the two-step transaction.

DESCRIPTION OF NAESCO

8. Because NAESCO, as the operator of Seabrook, will be involved in the "generation . . . of electricity ultimately sold to the public," it will be a "public utility" for New Hampshire law purposes under Section 362:2 of the New Hampshire Revised Statutes and must be a New Hampshire business entity under Section 374:24 of the New Hampshire Revised Statutes. N.H. Rev. Stat. Ann. §§ 362:2, 374:24 (1984). NAESCO will be a New Hampshire corporation, wholly owned and controlled by NU, and its principal executive offices will be located at Route 1, Lafayette Road, Seabrook, New Hampshire.

9. NAESCO's sole business will be providing managerial, operational and maintenance services to the Joint Owners under the Managing Agent Operating Agreement (the "MAOA") (Exhibit B.1) and the Disbursing Agent Agreement (the "DAA") (Exhibit B.2), described in paragraphs 15 to 21 herein. NAESCO's associate company customers within the NU system will be The Connecticut

Light and Power Company ("CL&P") and NAEC (after NAEC receives the transfer of the Seabrook Interest from PSNH), two NU electric utility company subsidiaries. A statement of the gross operating revenues of CL&P for the last available 12-month period is filed herewith as Exhibit H. (Because NAEC will be a newly formed company with no history of gross operating revenues, no statement of gross operating revenues is being filed for it.) NAESCO will perform the same services for the other Joint Owners listed in paragraph 5 as it does for CL&P and NAEC. Although it is not presently contemplated that NAESCO will provide services to non-affiliated companies other than the non-affiliated Joint Owners, NAESCO reserves the right to do so and will file with the Commission the appropriate notice at least 60 days prior to the commencement of the provision of such services.

10. It is presently expected that NAESCO's only authorized class of stock will be one class of common stock, \$1 par value, of which 1,000 shares will be authorized and issued to NU as NAESCO's sole common stockholder. NU will pay \$10 per share, or \$10,000 in the aggregate, for those shares.

11. The Applicants do not presently anticipate the need for NAESCO to raise any capital besides that supplied by NU's purchase of its common shares. As described in paragraphs 19 and 20, NAESCO will be entitled to payment in full by the Joint

Owners for the costs it will incur in performing its duties in advance of performing those duties, and because of this assured cash flow to pay its expenses prior to those expenses coming due, it is not expected to require additional capital. If the need for additional capital does arise, the method for raising that capital will be the subject of one or more subsequent applications.

12. NAESCO has not yet been formed, and accordingly currently has no property. NHY currently acquires property only as agent, acting on behalf of the Joint Owners, who hold the title to that property. This arrangement will continue after NAESCO assumes from NHY the responsibility for managing, operating and maintaining Seabrook. Therefore, NAESCO will not own any property.

13. Initially, NAESCO's operations will be governed by three agreements -- the MAOA, the DAA, and the Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the "JOA") (Exhibit B.3), and it will have a service contract with NUSCO (Exhibit B.4) and a service contract with YAEC (Exhibit B.5). These agreements are described in paragraphs 15 to 25. Acting through NHY, PSNH will assign to NAESCO, as agent of the Joint Owners, and NAESCO will assume, NHY's rights and obligations under various contracts entered into

on behalf of the Joint Owners with respect to the management, operation and maintenance of Seabrook.

14. The following is a list of the prospective directors of NAESCO, their connections with associate companies of NAESCO, and the approximate percentages of their total working time that initially will be devoted to NAESCO on an annual basis. With the exception of Mr. Feigenbaum, none of these directors will receive any compensation directly from NAESCO.

William B. Ellis - Chairman and Chief Executive Officer - NU, The City & Suburban Electric & Gas Company ("C&SE&G"), The Connecticut Steam Company ("Steam"), The Connecticut Transmission Corporation ("Transmission"), Electric Power, Inc. ("EPI"), and the Nutmeg Power Company ("Nutmeg"); Chairman, Chief Executive Officer and Director - CL&P, NUSCO, Northeast Nuclear Energy Company ("NNECO"), Western Massachusetts Electric Company ("WMECO"), Holyoke Water Power Company ("HWP"), Holyoke Power & Electric Company ("HP&E"), Charter Oak Energy, Inc. ("Charter Oak"), Charter Oak (Paris), Inc. ("Paris"), the Quinnehtuk Company ("Quinnehtuk"), and The Rocky River Realty Company ("Rocky River"); approximately 5% of time to be devoted to NAESCO annually.

Bernard M. Fox - President and Chief Operating Officer - NU, C&SE&G, Steam, Transmission, EPI, and Nutmeg; President, Chief Operating Officer and Director - CL&P, NUSCO, NNECO, WMECO, HWP, HP&E, Charter Oak, Paris, Quinnehtuk, and Rocky River; Director - YAEC, Vermont Yankee Nuclear Power Corp., and Maine Yankee Atomic Power Company; approximately 5% of time to be devoted to NAESCO annually.

John F. Opeka - Director and Executive Vice President, Engineering and Operations - CL&P, NUSCO, NNECO, WMECO, HWP, HP&E, Charter Oak, Quinnehtuk, and Rocky River; Director - YAEC, Vermont Yankee Nuclear Power Corp., and Maine Yankee Atomic Power Company and member of Executive Committee of YAEC; approximately 30% of time to be devoted to NAESCO annually.

Robert E. Busch - Senior Vice President and Chief Financial Officer - NU, Paris, C&SE&G, Steam, Transmission, EPI, and Nutmeg; Director, Senior Vice President and Chief Financial Officer - Charter Oak, CL&P, NUSCO, NNECO, WMECO, HWP, HP&E, Quinnehtuk, and Rocky River; approximately 5% of time to be devoted to NAESCO annually.

John F. Cagnetta - Director and Senior Vice President, Corporate Planning and Regulatory Relations - Charter Oak, CL&P, NUSCO, NNECO, WMECO, HWP, and HP&E; Executive Vice President and Director - Paris; Director - Quinnehtuk, and Rocky River; approximately 1% of time to be devoted to NAESCO annually.

Lawrence W. Shay - Director and Senior Vice President, Administrative Services - Charter Oak, CL&P, NUSCO, NNECO, WMECO, HWP, HP&E, Quinnehtuk, and Rocky River; approximately 5% of time to be devoted to NAESCO annually.

Frank R. Locke - Director - CL&P, NNECO, WMECO, HWP, HP&E, Quinnehtuk, and Rocky River; Director, Senior Vice President and Chief Administrative Officer, New Hampshire - NUSCO; approximately 5% of time to be devoted to NAESCO annually.

Edward R. Mroczka - Director and Senior Vice President, Nuclear Engineering and Operations - CL&P, NUSCO, NNECO, WMECO, HWP, and HP&E; Director - Quinnehtuk, and Rocky River; approximately 20% of time to be devoted to NAESCO annually.

Ted C. Feigenbaum - No position currently with any NU system company; 100% of time to be devoted to NAESCO.

Walter F. Torrance, Jr. - Senior Vice President, Secretary and General Counsel - NU; Director, Senior Vice President, Secretary and General Counsel - Charter Oak, Paris, CL&P, NUSCO, NNECO, Rocky River, C&SE&G, Steam, Transmission, EPI, and Nutmeg; Director, Senior Vice President, Secretary, General Counsel and Assistant Clerk - HWP, HP&E, WMECO, and Quinnehtuk; approximately 5% of time to be devoted to NAESCO annually.

The following is a list of the prospective officers of NAESCO, their connections with associate companies of NAESCO, and the approximate percentages of their total working time that initially will be devoted to NAESCO on an annual basis. The

exact title of each officer has not yet been determined. With the exception of Mr. Feigenbaum, none of these officers will receive any compensation directly from NAESCO.

William B. Ellis - See list of directors

Bernard M. Fox - See list of directors

John F. Opeka - See list of directors

Robert E. Busch - See list of directors

John P. Cagnetta - See list of directors

Edward J. Mrocza - See list of directors

Lawrence W. Shay - See list of directors

Walter F. Torrance, Jr. - See list of directors

Ted C. Feigenbaum - See list of directors

C. Thayer Browne - Vice President and Treasurer - NU, Charter Oak, Paris, CL&P, NUSCO, NNECO, WMECO, HWP, HP&E, Quinnehtuk, Rocky River, C&SE&G, Steam, Transmission, EPI, and Nutmeg; approximately 5% of time to be devoted to NAESCO annually.

Tod O. Dixon - Vice President, Information Resources - CL&P, NNECO, NUSCO, WMECO, HWP, and HP&E; approximately 5% of time to be devoted to NAESCO annually.

Albert J. Hajek - Vice President, Corporate Performance Services and Organizational Control - CL&P, NNECO, NUSCO, WMECO, HWP, and HP&E; approximately 5% of time to be devoted to NAESCO annually.

Barry Ilberman - Vice President, Human Resources - CL&P, NUSCO, NNECO, WMECO, HWP, and HP&E; approximately 5% of time to be devoted to NAESCO annually.

Francis L. Kinney - Vice President, Public Affairs - CL&P, NNECO, NUSCO, WMECO, HWP, HP&E, Quinnehtuk, and Rocky River; approximately 5% of time to be devoted to NAESCO annually.

Keith R. Marvin - Vice President, Purchasing and Materials Management - CL&P, NNECO, NUSCO, WMECO, HWP, HP&E, Quinnehtuk, and Rocky River; approximately 10% of time to be devoted to NAESCO annually.

Wayne D. Romberg - Vice President, Nuclear Operations - CL&P, NNECO, NUSCO, and WMECO; approximately 20% of time to be devoted to NAESCO annually.

George D. Uhl - Vice President and Controller - NU, CL&P, NNECO, NUSCO, WMECO, HWP, HP&E, Quinnehtuk, Rocky River, C&SE&G, Steam, Transmission, EPI, and Nutmeg; approximately 10% of time to be devoted to NAESCO annually.

Eric A. DeBarba - Vice President, Generation, Engineering & Construction - CL&P, NUSCO, NNECO, WMECO, HWP, and HP&E; approximately 20% of time to be devoted to NAESCO annually.

C. Frederick Sears - Vice President, Nuclear and Environmental Engineering - CL&P, NUSCO, NNECO, WMECO, HWP, and HP&E; approximately 20% of time to be devoted to NAESCO annually.

Theresa H. Allsop - Assistant Secretary - NU, CL&P, NNECO, NUSCO, Charter Oak, Paris, and Rocky River; Assistant Clerk - WMECO, HWP, HP&E, and Quinnehtuk; Director and Assistant Secretary - C&SE&G, Steam, Transmission, EPI, and Nutmeg; approximately 5% of time to be devoted to NAESCO annually.

Karen G. Valenti - Assistant Secretary - NU, CL&P, NUSCO, NNECO, Charter Oak, Paris, Rocky River, C&SE&G, Steam, Transmission, EPI, and Nutmeg; Assistant Clerk - WMECO, HWP, HP&E, and Quinnehtuk; approximately 5% of time to be devoted to NAESCO annually.

Robert C. Aronson - Assistant Treasurer - NU, CL&P, NNECO, NUSCO, WMECO, Charter Oak, Paris, HWP, HP&E, Quinnehtuk, Rocky River, C&SE&G, Steam, Transmission, EPI, and Nutmeg; approximately 1% of time to be devoted to NAESCO annually.

Arthur H. Hierl - Assistant Treasurer - NU, CL&P, NUSCO, NNECO, WMECO, Charter Oak, Paris, HWP, HP&E, Quinnehtuk, Rocky River, C&SE&G, Steam, Transmission, EPI, and Nutmeg; approximately 1% of time to be devoted to NAESCO annually.

Eugene G. Vertefeuille - Assistant Treasurer - NU, CL&P, NUSCO, NNECO, WMECO, Charter Oak, Paris, HP&E, HWP, Quinnehtuk, Rocky River, C&SE&G, Steam, Transmission, EPI, and Nutmeg; approximately 5% of time to be devoted to NAESCO annually.

Pierre O. Caron - No position currently with any NU system company; approximately 5% of time to be devoted to NAESCO annually.

The compensation received by NAESCO's most senior officers and directors is included in NU's 1990 proxy statement, filed herewith as Exhibit I. During 1989 and 1990, Ted C. Feigenbaum received no compensation from any NU system company.

In addition, NAESCO's permanent employees initially will be the same as those employed by NHY immediately prior to the transfer of operating responsibility. (See paragraph 15 for a description of the transition from NHY to NAESCO.) The salaries of these employees will be included in NAESCO's annual operating budget. A proposed operating budget for NAESCO's first fiscal year is filed herewith as Exhibit J. The current organization of NHY is shown in Exhibit M.

AGREEMENTS WITH THE JOINT OWNERS

15. NAESCO's obligations to the Joint Owners will be governed principally by three agreements -- the MAOA, the DAA and the JOA (Exhibits B.1, B.2 and B.3, respectively). The MAOA will define NAESCO's duties with regard to the management, operation and maintenance of Seabrook and will be the most important of the three for the purposes of this Application. The principal terms of the MAOA were set forth in a July 19, 1990 agreement (the

"July 19, 1990 Agreement") between NUSCO, acting on behalf of NAESCO, and New England Power Company, CL&P, PSNH, The United Illuminating Company and Canal Electric Company (filed herewith as Exhibit B.6). Under the MAOA, NAESCO will assume from NHY the responsibilities for managing, operating and maintaining Seabrook and for supervising the disposition of Seabrook Unit No. 2 at the "Time of Effectiveness," which is defined as 11:59 p.m. of the last day of the calendar month in which all federal, state and local regulatory approvals necessary for the transfer of those responsibilities have been acquired. The Applicants 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 the YAEC service contract. 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. The Joint Owners have passed a resolution directing NAESCO not to make significant staffing changes in the operating and on-site technical support organizations at Seabrook between the Time of Effectiveness and the completion of the first refueling, without the approval of the Joint Owners.

16. The July 19, 1990 Agreement has been signed by Joint Owners with an aggregate ownership interest in Seabrook of 70.60921 percent, which is large enough to appoint NAESCO as the Managing Agent of the plant pursuant to Section 36 of the present JOA and as the Disbursing Agent pursuant to Section 35 of the JOA. The July 19, 1990 Agreement grants NAESCO the authority to manage, operate and maintain Seabrook once all of the requisite regulatory approvals have been obtained, even if NU's acquisition of PSNH has not yet been consummated. That agreement also sets forth the principal provisions of the MAOA and the amendment to the DAA and certain modifications to the JOA which the signatories to the July 19, 1990 Agreement have agreed upon. While the Joint Owners must still enter into the MAOA and amend the DAA and may modify the present JOA to reflect the terms of the July 19, 1990 Agreement, NAESCO's assumption of its responsibilities related to Seabrook has already been authorized pursuant to the July 19, 1990 Agreement and may occur prior to the formal execution of those agreements. Nevertheless, it is

expected that the MAOA and the DAA will be executed prior to the Time of Effectiveness. The execution of a document modifying the JOA, which will require the approval of Joint Owners with an aggregate ownership interest of 80%, is not a condition precedent to the execution of the MAOA and the DAA or the assumption by NAESCO of its responsibilities for the management, operation and maintenance of Seabrook. If NAESCO assumes those responsibilities prior to the formal execution of the MAOA and the DAA, its performance will be governed by the July 19, 1990 Agreement until those agreements are executed.

17. The MAOA will give to NAESCO responsibility for the day-to-day management, operation and maintenance of Seabrook. Specifically, NAESCO's duties will include, inter alia:

- (i) managing, operating and maintaining Seabrook;
- (ii) 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;
- (iii) 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;

- (iv) purchasing and maintaining on behalf of the Joint Owners inventories of materials, supplies and spare parts required for the operation and maintenance of Seabrook;
- (v) after consultation with the executive committee of the Joint Owners (the "Executive Committee") (see paragraph 22) 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;
- (vi) recommending to the Joint Owners specific actions concerning the disposition of Seabrook Unit No. 2;
- (vii) reporting to the Executive Committee on the operation and finances of, and insurance for, Seabrook; and
- (viii) taking all other actions necessary to keep the necessary regulatory permits in full force and effect.

18. The provisions of the July 19, 1990 Agreement give NAESCO the authority to appoint or retain a service company or agent affiliated with NAESCO to perform certain of its responsibilities under the MAOA and the JOA. Any agreement with such service company or agent must be approved by at least three Joint Owners, unaffiliated with each other, with an aggregate ownership interest in Seabrook of at least 60 percent. While NAESCO will remain primarily responsible for the management, operation and maintenance of Seabrook, it will enter into such service agreements with both NUSCO and YAEC for certain services. The material terms of those proposed contracts are discussed in paragraphs 23 to 25 of this Application.

19. NAESCO will adhere to Section 13 of the Act and the Commission's rules promulgated thereunder with respect to the allocation of its costs to its customer companies. More specifically, the MAOA will require the Joint Owners, severally in accordance with their ownership shares and not jointly or jointly and severally, to pay NAESCO, at cost, for all project costs and expenses incurred by it pursuant to the JOA. The MAOA will call for each Joint Owner to pay the Disbursing Agent by the first of each month its ownership share of NAESCO's estimated costs under its operating and capital budgets for that month in accordance with the provisions of the DAA. Any differences between NAESCO's actual and estimated costs in a particular month will be reflected in billings by the Disbursing Agent to the Joint Owners in subsequent months. Any amount billed to NAESCO for services performed by an affiliate pursuant to a service agreement authorized in accordance with the MAOA will be billed by the Disbursing Agent to the Joint Owners at cost.

20. NAESCO will also assume the duties YAEC currently performs as the Disbursing Agent for Seabrook, as set out in the MAOA. These functions will include the preparation of monthly bills to the Joint Owners as contemplated by paragraph 19. NAESCO will establish and maintain an escrow account or accounts into which it will deposit the funds it receives from the Joint

Owners in payment of those bills. Subject to the approval of the Executive Committee, NAESCO's duties under the DAA will also include the selection of investment managers to administer the funds it receives, the determination of investment guidelines relating to the administration of those funds, and the governing or establishment of certain trust funds. Costs incurred under the DAA will be included in NAESCO's annual operating budget and billed in accordance with Paragraph 19. NAESCO's charges for its services under the DAA will be at cost, and any amount billed to NAESCO for services performed by an affiliate under the DAA will be billed to the Joint Owners at cost. NAESCO will be required to keep complete and accurate accounts of all receipts and expenditures in accordance with the Commission's rules and the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission.

21. As noted above, the Disbursing Agent Agreement presently in effect for the Seabrook Project designates YAEC as the Disbursing Agent. Changes will be incorporated to reflect the designation of NAESCO as Disbursing Agent and to incorporate certain required provisions from the July 19, 1990 Agreement. Such changes are reflected in the proposed First Amendment to the Seventh Amendment to and Restated DAA which has been submitted herewith as part of Exhibit B.2.

22. The MAOA will be executed pursuant to Section 36 of the current JOA. The JOA contains the provisions establishing the relationships among the Joint Owners and the management of Seabrook. Various provisions of that agreement will be relevant to NAESCO's role as the managing agent for that plant. Section 37 of the JOA calls for the formation of an Executive Committee with general oversight responsibility. The July 19, 1990 Agreement contemplates that the Executive Committee's role will include certain additional responsibilities with respect to the direction and approval of NAESCO's actions upon execution of an amendment to the JOA.

NUSCO SERVICE CONTRACT

23. NAESCO will enter into a service contract with NUSCO which is similar to the service contracts NUSCO now has with the other NU operating subsidiaries. A copy of the proposed service contract between NAESCO and NUSCO is filed herewith as Exhibit B.4. While NAESCO will remain primarily responsible for the management, operation and maintenance of Seabrook, NUSCO will provide NAESCO, if and to the extent requested by NAESCO, with certain administrative, general and technical support services similar to those which it provides to the other nuclear plants operated by the NU system, which include the three Millstone units in Waterford, Connecticut and the Connecticut Yankee unit

in Haddam Neck, Connecticut. Because these services will be provided to a total of five nuclear plants, as well as other NU system companies, NUSCO will be able to take advantage of economies of scale that NAESCO, if it were to perform these functions alone, could not. Furthermore, because NU has more than 50 reactor years of experience operating four nuclear units, NAESCO will have access to a wealth of nuclear operating experience and expertise currently residing in NU's subsidiaries. In each instance where a particular task or activity must be accomplished, NAESCO will decide whether to use internal NAESCO resources, NUSCO resources or YAEC resources, as discussed in paragraph 25 below. This decision will be based upon the goal of achieving cost effectiveness without sacrificing nuclear safety, quality or reliability.

24. NUSCO will bill NAESCO at cost for any services rendered pursuant to the service contract between the two companies. Under the July 19, 1990 Agreement, NUSCO costs that are incurred by NUSCO on behalf of NAESCO or for the sole benefit of NAESCO will be billed directly to NAESCO. All other NUSCO costs in which NAESCO is to bear an allocated share along with the other NU system companies will be allocated among NAESCO and the other NU system companies fairly and equitably in accordance with Exhibit A to Exhibit B.4, and the method of that allocation must be approved by the Executive Committee. NUSCO

will not be obligated to perform any services under this service contract if any cost allocation method approved by the Executive Committee would require the NU system companies to bear a disproportionately large portion of those indirect costs. Any allocation method that is used will be consistent with the Commission's rules with respect to allocations of service companies' costs to affiliated companies.

YAEC SERVICE CONTRACT

25. YAEC has been providing technical support services to the Seabrook project since its inception, and to NHY since NHY's formation in 1984. Although NAESCO will remain primarily responsible for the management, operation and maintenance of Seabrook, NAESCO and YAEC will enter into a new service contract under which YAEC will continue to perform for NAESCO engineering and technical functions of the type it now provides under its existing contract with NHY. A copy of the proposed YAEC service contract is filed herewith as Exhibit B.5. Because YAEC operates the Rowe nuclear plant in Rowe, Massachusetts and its Nuclear Services Division also provides engineering, licensing and technical services to Vermont Yankee, Maine Yankee and Seabrook, it, like NUSCO, will be able to take advantage of additional economies of scale that NAESCO, operating only Seabrook, would not have available to it. In addition, Yankee has accumulated an

experienced staff which has over 650 man-years of direct Seabrook experience and over 66 reactor years of operating and support experience. As with the NUSCO service contract, YAEC will bill NAESCO at cost for whatever services it provides. Under the July 19, 1990 Agreement, YAEC costs that are incurred by YAEC on behalf of NAESCO or for the sole benefit of NAESCO will be billed directly to NAESCO. All other YAEC costs in which NAESCO is to bear an allocated share along with the other companies to which YAEC provides services will be allocated among NAESCO and those other companies fairly and equitably in accordance with Exhibit B to Exhibit B.5, and the method of that allocation must be approved by the Executive Committee. No other YAEC customer company will bear a disproportionately large portion of those indirect costs. Any allocation method that is used will be consistent with the Commission's rules with respect to allocations of service companies' costs to affiliated companies.

THE TRANSACTION WILL MEET ALL OF THE REQUIREMENTS OF THE ACT

Sections 6(a) and 7

26. Pursuant to Section 6(a) of the Act, the Applicants request the Commission to approve the issuance by NAESCO of 1,000 shares of NAESCO's authorized but unissued common stock, \$1 par

value, to NU for \$10 per share, or \$10,000 in the aggregate. This issuance will comply with the applicable provisions of Section 7. Because this common stock will be NAESCO's only outstanding class of stock, it will be without preference as to dividends or distribution of voting power. The fees, commissions and other remuneration to be paid in connection with this issuance will consist primarily of legal fees, plus nominal costs for filing fees and stock certificates, and will represent a minor part of the overall cost of implementation of the Plan. Estimates of these costs are included in Exhibit G (to be filed by amendment). The only state commission with jurisdiction over this issuance is the New Hampshire Public Utilities Commission ("NHPUC"). The application to the NHPUC seeking approval of this issuance will be filed by amendment as Exhibit D.3, and the NHPUC's order approving it will be filed by amendment as Exhibit D.4. The issuance by NAESCO of its common stock to NU will be exempt from the competitive bidding requirements of Rule 50 by virtue of Section (a)(3) of that rule, which exempts the "issuance or sale of securities to any registered holding company . . . whose acquisition of such securities has been approved by the Commission pursuant to Section 10 of the Act."

Sections 9 and 10

27. While most of the prospective directors and officers of NAESCO hold similar positions with other NU system companies, the interlocking relations are not detrimental to the public interest or the interests of investors or consumers under Section 10(b)(1) of the Act for several reasons. First, these people were chosen for their competence, not to create interlocking management in the NU system. Second, NAESCO will be a first tier subsidiary, subject to regulation under New Hampshire law and regulation by the NHPUC, and the relationship between NAESCO and the rest of the NU system will be the same as the current relationships among NU's operating subsidiaries. Thus, the interlocking relationships will be only those necessary to integrate NAESCO into the NU system. Third, this transaction merely involves the "spinning off" to NAESCO, an NU subsidiary, of a function which otherwise would be performed by a division of PSNH, which under the Plan will also become a wholly owned subsidiary of NU. Any interlocking relations resulting from this transaction do not change materially the situation as it would exist if NAESCO were not formed. Fourth, in accordance with the Commission's holding in Energy Services, Inc., H.C.A. Release No. 2255, these directors and officers will not receive salaries from both NU and NAESCO, and therefore, this arrangement will not defeat the purpose of Section 13 by having directors and officers paid by

both the registered holding company and a service company subsidiary. In fact, any amount paid for their services will be paid under a cost allocation methodology approved by the Executive Committee. Finally, because of the benefits described herein which will accrue to the public and to consumers and investors as a result of NAESCO's management, operation and maintenance, the interlocking relationships will not be of a kind or to an extent detrimental to the public interest or the interest of investors or consumers. Cf. Eastern Utilities Associates, H.C.A. Release No. 25049 (March 2, 1990).

28. The transaction will not unduly complicate NU's capital structure. "The Commission has recognized that the creation of a direct subsidiary of a public utility holding company does not unduly or unnecessarily complicate the system's capital structure in violation of [S]ection 10(b)(3)." Entergy Corp., H.C.A. Release No. 25100 (June 5, 1990). See also Entergy Corp., H.C.A. Release No. 25136 (August 27, 1990).

29. The creation of a new NU subsidiary to manage, operate and maintain Seabrook is necessary and appropriate, and it is not an undue complication of the NU system. As explained in paragraph 8, because NAESCO will be a "public utility" under New Hampshire law, it must be organized as a New Hampshire entity. Since none of the current NU subsidiaries are organized under New

Hampshire law, they may not assume the responsibility for managing, operating and maintaining Seabrook. Furthermore, since PSNH would no longer own an interest in Seabrook after NU's acquisition of PSNH is consummated, it therefore would make little sense for it to continue to operate the plant. NAEC is merely a financing vehicle, and requiring that company to take on the responsibility for managing, operating and maintaining Seabrook Unit No. 1 and supervising the disposition of Seabrook Unit No. 2 would complicate its situation and could adversely impact its ability to acquire financing on the most favorable terms possible. Finally, as evidenced by their application in File No. 70-7214 (see footnote 1, supra), the Joint Owners have for some time intended to have Seabrook operated by a separate company, like NAESCO, the only business of which is the operation of that plant. In fact, this approach mirrors NU's own past practice of having a separate subsidiary operate its nuclear plants. Thus, in light of the various options available, the creation of NAESCO to manage, operate and maintain Seabrook is the best alternative and is not an undue complication of the NU system.

30. In accordance with Section 10(c)(1), the proposed transaction will not be unlawful under Section 8 because NU no longer has any interest in a gas utility company, having divested itself last year of the gas utility business previously operated

by CL&P. See H.C.A. Release No. 24908 (June 22, 1989). NAESCO will have no direct or indirect interest in a gas utility business. Nor will the proposed transaction be detrimental to carrying out the provisions of Section 11 of the Act. The addition of NAESCO simply adds to the integrated NU system another electric utility company and service company to operate Seabrook, of which that system, after NU's acquisition of PSNH, will own 40 percent. The formation of NAESCO therefore is a logical and functionally related addition to the system.

31. In compliance with Section 10(c)(2) of the Act, the addition of NAESCO to the NU system "will serve the public interest by tending towards the economical and efficient development of an integrated public utility system." As discussed above, the NU system will continue to be an integrated public utility system after NAESCO is formed, and the transaction has the potential for, and is expected to result in, significant economies for the NU system and benefits for the public for the following reasons:

32. First, the formation of NAESCO is a part of NU's Plan to acquire and reorganize the bankrupt PSNH. The economies and efficiencies which will result from the implementation of NU's Plan are discussed at length in paragraphs 42 through 49 of NU's application/declaration in File No. 70-7695 which are hereby

incorporated herein by reference, and they were accepted by the Commission in its Opinion and Order in that file. Of the total savings expected to be accomplished by the Plan, by far the largest component of those savings is expected to result from NAESCO's operation of Seabrook. The NU system has more than 50 reactor years of experience operating four nuclear units, and it is recognized throughout the nuclear industry for its safe and efficient operation of those plants. The Applicants contemplate that through NAESCO, the NU system will be able to bring to the operation of Seabrook both its experience and the economies of scale which will be created by adding Seabrook to its multi-unit nuclear organization, thus achieving the projected savings. These savings are discussed in detail in paragraph 46 of NU's application/declaration in File No. 70-7695.

33. Furthermore, the savings accomplished by NAESCO's operation of Seabrook will be enjoyed by all of the New England utilities with an ownership interest in, or power contract for power generated by, Seabrook in the same proportion as their ownership interest or entitlement in the plant. Therefore, substantial savings will accrue to New England electric utility companies other than NU and PSNH.

34. Finally, NAESCO's management, operation and maintenance of Seabrook means that NU, one of the more experienced and

capable nuclear operators in the country, will bring its ability and experience to that plant. Among the benefits expected to be achieved through this arrangement are access by NAESCO to the wealth of nuclear operating experience and expertise currently existing in NU's nuclear operating subsidiaries, the development of specialization in the NU system in areas where it might not otherwise occur, the opportunity for NAESCO to benefit from the specific "lessons learned" by NU, the transfer of certain non-nuclear support functions (administrative and general) from NAESCO to NU's specialty groups allowing NAESCO to focus more effectively on the requirements of nuclear operations, and an enhanced ability to attract highly qualified employees for Seabrook because of the greater opportunities for career advancement throughout the larger NU system.

35. Once the Applicants have received the NHPUC's approval of NAESCO's issuance of common stock to NU as discussed in Item IV of this Application, all state laws with respect to the formation of NAESCO shall have been complied with, thus satisfying Section 10(f) of the Act. Therefore, because this transaction complies with this and all of the other relevant subsections of Section 10, the Commission should approve NU's acquisition of NAESCO's common stock.

Section 13

36. Section 13(b) of the Act prohibits a subsidiary of a registered public utility holding company from performing services for associate companies except in accordance with rules and regulations or orders of the Commission. Section 13(f) of the Act prohibits a service company subsidiary of a registered holding company from performing services to any public utility in contravention of the rules and regulations or orders of the Commission regarding "reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts and similar matters." In managing, operating and maintaining Seabrook, NAESCO will be performing services both for associate companies (CL&P and, eventually, NAEC) and for other public utilities (the other Joint Owners), and NUSCO and YAEC, in entering into the contemplated arrangements with NAESCO and the Joint Owners, will be performing services for associate companies and non-associate companies. As the following paragraphs demonstrate, these service arrangements will comply with all of the pertinent rules and regulations of the Commission.

37. Rule 86 prohibits a registered holding company subsidiary from performing services for associate companies without Commission approval, and Rule 87 lists the classes of company for which that approval may be granted. Among the

classes listed in Rule 87 is "a subsidiary company whose organization and conduct of business the Commission has found, pursuant to [Rule 88], sufficient to meet the requirements of Section 13(b) of the Act." Under Rule 88(b), the Commission may approve the formation of a subsidiary service company under Section 13(b) if it finds, pursuant to a declaration of the company, that it will provide the services to the associates efficiently and economically with costs allocated fairly and equitably among them. As discussed herein, NAESCO will perform the managerial, operational and maintenance services for Seabrook efficiently and economically, producing savings for NAEC, CL&P and the other Joint Owners. Because the only work NAESCO will engage in will be related to Seabrook, all of its costs will be allocated to the Joint Owners to be paid in the manner described in paragraphs 19 and 20. Therefore, the formation of NAESCO complies with Rule 88, meaning it also complies with Rules 86 and 87.

38. The performance of services for NAESCO by NUSCO and YAEC also will comply with Rules 86 and 87. Consistent with Rule 87(a)(2), NUSCO's organization and conduct of business has been approved by the Commission, see Northeast Utilities Service Company, H.C.A. Release No. 15519 (June 30, 1966), and consistent with Rule 87(a)(3), YAEC is "a subsidiary company which is principally engaged in the business of an operating electric

. . . utility company" and the services it will provide to NAESCO will be performed incidentally to its generating business. In addition, the organization and conduct of business of the Nuclear Services Division of YAEC, which will provide the services contemplated by the YAEC service contract, has been approved by the Commission. See Yankee Atomic Electric Co., H.C.A. Release No. 16141 (August 20, 1968). Accordingly, the contemplated service arrangements with both NUSCO and YAEC comply with Rule 87, and should be authorized under Rule 86.

39. In compliance with Rule 89, the MAOA, the DAA and the NUSCO and YAEC service contracts state that those agreements shall be terminated if and to the extent that they do not comply with the Act. In compliance with Rule 90, as described in paragraphs 19, 20, 25, and 26, NAESCO, NUSCO and YAEC will perform the services set out in the MAOA, the DAA and the NUSCO and YAEC service contracts at cost as determined in accordance with Rule 91. NAESCO will keep its accounts, cost accounting procedure, correspondence, memoranda, papers, books and other records in the manner prescribed by Rule 93 and preserve them for the appropriate time periods under that rule. Finally, NAESCO will file the appropriate reports at the appropriate times under Rules 94 and 95.

40. In accordance with Rule 91, the costs to be charged by NAESCO to the Joint Owners under the MAOA and the DAA and the costs to be charged by NUSCO and YAEC to NAESCO under the NUSCO and YAEC service contracts shall include a reasonable return on capital for the shareholders of each of those companies. The return on capital component for each of those contracts shall be determined in accordance with their respective provisions, including Exhibits A to the MAOA and the NUSCO service contract and Exhibit B to the YAEC contract.

41. Section 13(f) of the Act prohibits a service company from using the mails or any means or instrumentality of interstate commerce

to enter into or take any step in the performance of any service, sales or construction contract with any public-utility company engaged in interstate commerce, or with any registered holding company or any subsidiary of a registered holding company, in contravention of such rules and regulations or orders regarding reports, accounts, costs, maintenance of competitive conditions, disclosure of interest, duration of contracts, and similar matters as the Commission deems necessary or appropriate in the public interest or for the protection of investors or consumers. . . .

This section of the Act applies to NAESCO's, NUSCO's and YAEC's relationships with the Joint Owners who are not their affiliates as well as to their relationships with their associate companies.

While the Commission has not promulgated any rules under this Section applying specifically to service arrangements with non-affiliates, each company will perform its duties with respect to its non-affiliates in the identical manner that it will perform those duties with respect to its affiliates, in compliance with the applicable rules the Commission has promulgated. This ensures that any concerns the Commission might have regarding each company's relationships with its non-affiliates are handled under the rules promulgated for services to affiliates. Accordingly, the Applicants have complied or will comply with every applicable rule, regulation and order of the Commission, and NAESCO's organization and conduct of business and the MAOA, DAA and the NUSCO and YAEC service contracts should be approved under the appropriate provisions of Sections 13(b) and 13(f) of the Act.

42. In several material respects, the transactions for which the Applicants seek Commission approval with this Application are similar to those transactions recently approved by the Commission in Entergy Corp., H.C.A. Release No. 25100 (June 5, 1990). In that matter, Entergy Corporation, a registered public utility holding company, and its electric utility, generating and fuel supply subsidiaries sought to form a new company, called Entergy Services, Inc., to manage, operate and maintain the nuclear units in which the Entergy system

companies held interests. The transaction was expected to bring about several economies of scale, much as this transaction is. In fact, the primary difference between the Entergy case and this matter is that the security issuances and intra-system contractual arrangements in Entergy were more complex than those proposed for NAESCO. In its decision in Entergy, the Commission held that "the proposed transactions are consistent with the standards of the Act and our rules, that no adverse findings are necessary and that no hearing is required to develop the facts further." Id. See also General Public Utilities Corp., H.C.A. Release No. 21708 (Sept. 5, 1980) (organization of subsidiary service company to operate nuclear units approved); Yankee Atomic Electric Co., H.C.A. Release No. 16141 (August 20, 1968) (formation of division of operating electric utility to provide nuclear services to other utilities approved).

43. On the basis of these precedents and the description of this transaction contained in this Application, the Commission is requested to approve the organization and conduct of business of NAESCO as a wholly owned service company and electric utility subsidiary of NU and to issue all of the ancillary approvals necessary to implement that organization and conduct of business. As explained herein, the assumption by NAESCO of NHY's duties with regard to the management, operation and maintenance of Seabrook will produce significant savings for all those involved

in the Seabrook project and will comply with each of the relevant sections of the Act. NAESCO's management, operation and maintenance of Seabrook is supported by Joint Owners with more than 70 percent of the ownership interest in Seabrook, as demonstrated by the July 19, 1990 Agreement. Accordingly, the Commission should approve NAESCO's organization.

ITEM II

FEES, COMMISSION, AND EXPENSES

44. The estimated amounts of fees, commissions and expenses paid or incurred, or to be paid or incurred, directly or indirectly, by the Applicants with respect to the organization of NAESCO are set forth in Exhibit G (to be filed by amendment).

45. None of such fees, commissions or expenses will be paid to any associate company or affiliate of the Applicants except for financial and other services to be performed at cost by NUSCO, an affiliated service company, and YAEC, an affiliated electric utility company, and except that C. Duane Blinn, a member of the firm of Day, Berry & Howard, counsel to NU, NUSCO and NAESCO, is Assistant Secretary of Connecticut Yankee Atomic Power Company, an affiliate, and the estimate of legal fees will include payment to be made to that firm for legal services in connection with the transactions proposed in this Application.

ITEM III

APPLICABLE STATUTORY PROVISIONS

46. The following sections of the Act, and Rules promulgated by the Commission pursuant to the Act, are or may be applicable to the transactions described herein:

<u>Sections of the Act</u>	<u>Transaction to which Sections Are or May Be Applicable</u>
6 and 7	NAESCO's issuance of common stock to NU
9 and 10	NU's acquisition of NAESCO's common stock
13(b)	Organization of NAESCO as a subsidiary service company
	Provision of services by NAESCO to CL&P and, eventually, NAEC
	Provision of services by NUSCO to NAESCO
	Provision of services by YAEC to NAESCO
13(f)	Provision of services by NAESCO, NUSCO, and YAEC to certain Joint Owners
<u>Rules Issued by SEC pursuant to the Act</u>	<u>Transaction to which Rules Are or May Be Applicable</u>
43	Issuance by NAESCO of common stock to NU
50	Exemption of NAESCO's issuance of common stock to NU from the Rule 50 competitive bid requirements under Rule 50(a)(3)
86, 87	Provision of services by NAESCO to Joint Owners and by NUSCO and YAEC to NAESCO

88	Organization of NAESCO
89	Termination provisions of MAOA and DAA and NUSCO and YAEC service contracts
90, 91, 92	Cost allocation under MAOA and DAA and NUSCO and YAEC service contracts
93	Accounting methods to be used by NAESCO
94, 95	Filing of reports by NAESCO

ITEM IV

REGULATORY APPROVALS

47. NRC approval is required to amend the NRC operating license for Seabrook to include NAESCO as a licensee under that license and to authorize NAESCO, as agent for the Joint Owners, to manage, operate and maintain Seabrook. On November 14, 1990, PSNH, on behalf of the Joint Owners, filed an application with the NRC for these approvals, a copy of which is filed herewith as Exhibit D.1. A copy of the NRC order approving the license amendments will be filed by amendment as Exhibit D.2 when it becomes available.

48. As explained in paragraph 8, for NAESCO to operate Seabrook, New Hampshire law requires it to be formed as a New Hampshire business entity. The NHPUC has already approved the formation of NAESCO as a public utility (See Exhibit L at 171-72). As a New Hampshire public utility, NAESCO must receive the

authorization of the NHPUC under Section 369:1 of the New Hampshire Revised Statutes to issue its common stock to NU. While the NHPUC has not yet addressed this security issuance specifically, in a July 20, 1990 decision authorizing many of the transactions related to NU's acquisition of PSNH (See Exhibit L), the NHPUC held that the overall financing plan outlined for that acquisition, of which NAESCO's issuance of common stock to NU is a part, is "conceptually consistent with the public good." See Exhibit L at 188. In addition to NAESCO's issuance of its common stock to NU, NHPUC approval will also be requested under Sections 366:3 to 366:5 of the New Hampshire Revised Statutes for certain of NAESCO's contracts with its affiliates. Copies of the application to the NHPUC seeking all of the necessary approvals and the NHPUC's order granting such approvals will be filed by amendment as Exhibits D.3 and D.4, respectively.

ITEM V

PROCEDURE

49. Although NAESCO will operate and maintain Seabrook as an integral part of NU's acquisition of PSNH, under the July 19, 1990 Agreement NAESCO may assume responsibility for operation and maintenance once it has received the necessary regulatory approvals, even if that occurs prior to the consummation of that acquisition, in order to achieve as promptly as possible the

substantial savings outlined herein. Accordingly the Commission is requested to issue its order granting the requested approvals as promptly as practicable and in any event by March 15, 1991. The Commission is further requested to issue that order even if the NRC has not yet taken action.

50. Except for such issues as may be set down for hearing, the Applicants hereby waive a recommended decision by a hearing officer or other responsible officer of the Commission and consent that the Office of Public Utility Regulation within the Division of Investment Management may assist in the preparation of the Commission's decision and/or order and hereby request that the Commission's order become effective forthwith upon issuance.

ITEM VI

EXHIBITS AND FINANCIAL STATEMENT

(a) EXHIBITS

Asterisked (*) items are to be filed by subsequent amendment.

- *A.1 Certificate of Incorporation of NAESCO
- *A.2 Bylaws of NAESCO
- B.1 Form of Managing Agent Operating Agreement
- B.2 Seventh Amendment to and Restated Agreement for Seabrook Project Disbursing Agent and First Amendment thereto

- B.3 Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units, as amended
- B.4 Form of service contract between NUSCO and NAESCO
- B.5 Form of YAEC service contract
- B.6 July 9, 1990 Agreement among NUSCO, New England Power Co., CL&P, PSNH, The United Illuminating Co. and Canal Electric Co.
- D.1 NRC Application
- *D.2 NRC Order
- *D.3 NHPUC Application
- *D.4 NHPUC Order
- *F Opinion of Counsel
- *G Statement of fees, commissions and expenses
- H Statement of gross operating revenue for CL&P
- I 1990 NU Proxy Statement
- J Proposed NAESCO operating budget for first fiscal year
- K Form of Proposed Notice
- L NHPUC Decision in Docket No. 89-244 (July 20, 1990) filed as Exhibit D.10 to the application/declaration in File No. 70-7695 and incorporated herein by reference.
- M Organizational structure of NHY

(b) FINANCIAL STATEMENTS

- 1. Northeast Utilities (parent company only)
 - *1.1 Balance Sheet, per books and pro forma, as of September 30, 1990
 - *1.2 Statement of Income per books and pro forma for the twelve months ended September 30, 1990

2. Northeast Utilities and Subsidiaries and PSNH (consolidated)
 - *2.1 Balance Sheet, per books and pro forma, as of September 30, 1990
 - *2.2 Statement of Income and Statement of Retained Earnings for the twelve months ended September 30, 1990
3. Yankee Atomic Electric Company
 - 3.1 Balance Sheet, per books as of September 30, 1990.
(Because Yankee will provide to NAESCO, at cost, the same services it currently provides to NHY at cost, this transaction will have no material effect on its balance sheet or income, and, accordingly, no pro forma balance sheet, statement of income or statement of retained earnings is being filed herewith.)
 - 3.2 Statement of Income and Statement of Retained Earnings for the twelve months ended September 30, 1990.
- *4. North Atlantic Energy Service Company
(Because NAESCO is a newly-organized company, no Statement of Income and Statement of Retained Earnings has been prepared.)

ITEM VII
INFORMATION AS TO ENVIRONMENTAL EFFECTS

(a) The steps required for the implementation of the transactions described herein involve the issuance of securities and the execution of contracts related to already existing facilities. As such, the issuance of an order by the Commission with respect to this Application is not a major federal action significantly affecting the quality of the human environment. An environmental impact statement was prepared for Seabrook by the NRC in its Docket No. 50-443. This transaction will not change the assessment in that statement.

(b) No.

SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned applicants have each duly caused this Application to be signed on its behalf by the undersigned officers hereunto duly authorized.

Dated: January 11, 1991

Northeast Utilities
Northeast Utilities Service Company
North Atlantic Energy Service Company
by Northeast Utilities Service Company,
Their Agent

By s/John F. Opeka
John F. Opeka
Executive Vice President

Yankee Atomic Electric Company

By s/H. T. Tracy, Jr.
H. T. Tracy, Jr.
Vice President

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 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 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, as amended from time to time, 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, designates 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 8.1 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 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 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:
 - (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 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 Nuclear 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, or 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 nondisclosure 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.

8. 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)(B) 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.

The Operator 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 NRC 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 Participant ; 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

SEVENTH AMENDMENT TO AND RESTATED AGREEMENT
FOR SEABROOK PROJECT DISBURSING AGENT

This SEVENTH AMENDMENT, made as of the first day of November 1990, to the Agreement for Seabrook Project Disbursing Agent, dated as of May 23, 1984 ("Disbursing Agent Agreement" or "Agreement"), as heretofore amended and herein restated to include all seven amendments, by and among Public Service Company of New Hampshire, The United Illuminating Company, Canal Electric Company (successor in interest to New Bedford and Edison Light Company), The Connecticut Light and Power Company, EUA Power Corporation, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, Hudson Light & Power Department and Vermont Electric Generation and Transmission Cooperative, Inc. (collectively, the "Participants") and Yankee Atomic Electric Company ("Yankee" or "Disbursing Agent").

WITNESSETH THAT:

WHEREAS, Commercial Operation of Unit No. 1 has commenced;
and

WHEREAS, the Participants and Yankee wish to amend certain provisions of this Disbursing Agent Agreement in order to provide for funding of the operation of Unit No. 1 and to make other changes as a result of the Seabrook Project moving from a construction budget to an operating budget; and

WHEREAS, the parties hereto desire that this Disbursing Agent Agreement be restated in one document which incorporates the seven amendments hereto;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the Participants and Yankee hereby agree that this Disbursing Agent Agreement as amended prior hereto and on the date hereof shall read as follows.

This Agreement is made pursuant to the provisions of Paragraph 35 of the Joint Ownership Agreement to establish the powers, duties, responsibilities, terms of employment and compensation of, and other matters respecting, the Disbursing Agent appointed to receive, hold and disburse payments due from Participants in the Seabrook Project.

1. Appointment of Yankee as Disbursing Agent under the Joint Ownership Agreement.

1.1. Appointment. The Participants hereby appoint Yankee to act as their Disbursing Agent under the terms of the Joint Ownership Agreement as now in effect and as it may from time to time be amended or modified in the future, and Yankee hereby accepts this appointment. The scope of the agency is as set forth in this Agreement.

1.2 Powers, etc. Yankee's powers, duties and responsibilities under this Agreement shall be limited to activities reasonably incident to collection and disbursal of

Participants' payments for their respective shares of costs of the Seabrook Project, as is more fully set out below in Paragraph 1.5 and Paragraph 2.

1.3 Agency. For purposes of this Agreement, the Participants agree that Yankee shall act as agent for each of the Participants individually (and not jointly or jointly and severally). With respect to certain other agreements, the following provisions shall apply:

(1) In the event of any conflict between the provisions of this Agreement and the Nuclear Support Services Agreement between Yankee and PSNH (as agent for the Participants), effective as of July 1, 1983, the provisions of this Agreement shall prevail.

(2) The parties to this Agreement on April 27, 1984 entered into an agreement entitled "Interim Agreement to Preserve and Protect the Assets of and Investment in the New Hampshire Nuclear Units" ("Interim Agreement"). This Agreement does not supersede the Interim Agreement, and any bills or invoices paid pursuant to that agreement shall not be paid or deemed paid pursuant to this Agreement.

(3) In the event of any conflict between the provisions of this Agreement and the provisions of the Joint Ownership Agreement, the provisions of the Joint Ownership Agreement shall prevail.

1.4 Escrowed Funds. Notwithstanding anything to the contrary contained elsewhere in this Agreement, all monies paid to Yankee under this Agreement, including, without limitation, vendor credits received under Paragraph 2.6 and gains from investment or interest under Paragraph 2.3 shall not be the property of the Participants but shall be held at all times in escrow by Yankee in the accounts established under Paragraph 2.3 hereof to be disbursed by Yankee pursuant to the provisions hereof. Upon termination of this Agreement, the Executive Committee will determine whether the moneys held by the Disbursing Agent exceed future Project Costs and any necessary reserves and, if so, will issue instructions to the Disbursing Agent for the distribution of such surplus consistent with the intent and purpose of this Agreement.

[Fifth Amendment]

1.5 Disbursements. Except as otherwise specifically set out herein, Yankee shall disburse monies received from and credited to each Participant only to pay that Participant's pro rata share, as defined in Paragraph 5.1 below, of Project Costs as defined in Paragraph 1.6. [Second Amendment] Monies received by Yankee from, or credited to, PSNH pursuant to Paragraphs 23.10 or 23.11 of the Joint Ownership Agreement may be applied only to pay MMWEC's pro-rata share of Project Costs as defined in the Joint Ownership Agreement. [Sixth and Seventh Amendments]

1.6 Definitions. As used in this Agreement, the following terms shall have the following meanings:

Costs of Completion means and includes all Project Costs that are subject to contractual commitment to be paid by or incurred by the Participants to complete construction of Unit 1 of the Seabrook Project, including, without limitation, costs resulting from suspension and restarting after suspension (if any) of the construction of Unit 1. Without limiting the generality of the foregoing, Costs of Completion shall include the cost of the initial nuclear fuel load for Unit 1 of the Seabrook Project.

[Seventh Amendment]

Project Costs means and includes those costs described in Paragraph 1.5 above and in Paragraphs 11, 13 and the Operating Deposit described in 37.3(d)(1) of the Joint Ownership Agreement, including costs of the design, construction, operation, maintenance, renovation and termination or decommissioning (if any) of, and fuel for, Unit 1 of the Seabrook Project, and with respect to the preservation, protection and termination of Unit 2 of the Seabrook Project. Costs incurred for one or more Participants' individual accounts are not Project Costs but may be billed to such Participant or Participants by Yankee directly.

[Seventh Amendment]

Project Manager means the New Hampshire Yankee Division of PSNH unless and until New Hampshire Yankee Electric Corporation or some other successor to said Yankee Division has received all necessary licenses and authorizations to replace PSNH and has replaced PSNH as Project Manager of the Seabrook Project. [Fourth and Seventh Amendments]

2. Billings, Deposits, Investments and Payments.

2.1 The Executive Committee. The Executive Committee established pursuant to Paragraph 37 of the Joint Ownership Agreement (the "Executive Committee"), or its successor, shall oversee the functions of the Disbursing Agent. The Participants authorize the Executive Committee or any designee of such Executive Committee (i) to perform the functions assigned to it in this Agreement, and (ii) to provide direction to Yankee in the fulfillment of Yankee's responsibilities under this Agreement. Yankee agrees that it will operate under the direction of the Executive Committee or its designee. [Fourth Amendment]

2.2(a) Routine Monthly Billing. - Not later than the 15th day of each month, or the first business day thereafter, the Disbursing Agent shall, subject to the provisions of Paragraph 37.3(f) of the Joint Ownership Agreement, bill ("routine monthly billing") each Participant for its pro-rata Ownership Share of the estimated Project Costs for the subsequent month under the approved then current six-months' budget, as established pursuant

to Paragraphs 37.3(a), 37.3(b) and 37.3(c) of the Joint Ownership Agreement. Each invoice shall be due and payable on the first business day of the next following month. Any amount not paid on such date shall bear interest from said date until the date of payment at the rate provided in the Joint Ownership Agreement. In the event that one or more Participants have not paid their routine monthly billing by the due date, the Disbursing Agent shall notify the Executive Committee of such fact and the details thereof and obtain specific direction from the Executive Committee. Succeeding routine monthly billings shall set forth a reconciliation for the previous month between the estimated Project Costs previously billed, including any interim payments billed pursuant to Paragraph 2.2(c) below, and the actual Project Costs incurred. Such billings also shall set forth a credit or debit to the then current routine monthly billed amount to reflect such reconciliation and interest due for late payment or other adjustments such as vendor credits and interest. The routine monthly billings shall show as debits or credits the amounts necessary to restore the Operating Deposit (as defined in Paragraph 37.3(d)(i) of the Joint Ownership Agreement) to the target amount set from time to time as provided in the Joint Ownership Agreement, and such amounts shall be funded by the Participants as provided in Paragraph 37.3(d)(i) and (d)(ii) of the Joint Ownership Agreement. The Disbursing Agent shall not

include in a routine monthly billing for Project Costs a bill for funds for a major expenditure unless such expense is to be paid by the Disbursing Agent during the month for which the routine monthly billing is made. Unless otherwise directed by the Executive Committee or provided by the Joint Ownership Agreement, any net interest paid by any Participant with respect to its overdue payment for any month's bill shall be credited by the Disbursing Agent, pro-rata determined by Ownership Share, to those Participants which made timely payment of their bills for each such month. [Seventh Amendment]

2.2(b) Operating Deposit. - After Commercial Operation of Unit No. 1, the Disbursing Agent shall bill each Participant for its pro-rata share of the target amount of the Operating Deposit as provided in Paragraph 37.3(d)(i) and (ii) of the Joint Ownership Agreement. Such billing shall be included in the routine monthly billing made by the Disbursing Agent under Paragraph 2.2(a) above. The Operating Deposit shall be held by the Disbursing Agent with the routine monthly billing payments to provide sufficient working capital for the Project, in escrow as provided in Paragraphs 1.4 and 2.13 of this Agreement and in Paragraph 37.3(h) of the Joint Ownership Agreement, solely for the benefit of creditors of the Project, to be disbursed solely to pay each Participant's Ownership Share of Project Costs, and

at no time shall any of such funds be the property of the Disbursing Agent. [Seventh Amendment]

2.2(c) Interim Billing. Subject to the prior approval of the Executive Committee, the Disbursing Agent may, when and to the extent authorized by Paragraph 37.3(g) of the Joint Ownership Agreement, obtain an interim payment from each Participant by means of an interim billing to all Participants, for payment of unanticipated expenditures which, in the absence of such interim payment, would result in the reduction at the end of the month of the sum of (i) the balance of the Operating Deposit and (ii) the amounts of funds then remaining from the routine monthly billings to the minimum required amount set forth in Paragraph 37.3(g) of the Joint Ownership Agreement, or less. To the extent that any interim billing would result in estimated Project Costs exceeding the then current six-months' budget, such interim billing shall require approval, in advance, as provided in Paragraph 37.3(c)(i) and (ii) of the Joint Ownership Agreement. Upon receipt of the aforesaid required approvals, the Disbursing Agent shall without delay bill each Participant for its pro-rata Ownership Share of the interim billing which shall be the amount necessary to restore said minimum required balance. Each interim billing shall be due and payable ten business days after issuance by the Disbursing Agent and any amount not paid by such date shall bear interest from said due date until the date of payment at the rate

provided in the Joint Ownership Agreement. Each interim billing shall be accompanied by a letter from the Project Manager or the Managing Agent confirming the amount required and the reason for the request. [Seventh Amendment]

2.3(a) Deposit of Funds. The Disbursing Agent shall establish one or more bank accounts ("bank account(s)") at one or more banks or trust companies organized under the laws of the United States or one of the states with a combined capital and surplus of at least \$10,000,000, which is subject to supervision or examination by federal or state authority and is not a creditor of any Participant. The Executive Committee shall have the right to approve the selection of, and direct the Disbursing Agent to change banks if the Executive Committee determines such to be in the best interests of the Project. The monies deposited and held in all bank accounts shall at all times be subject to the provisions of Paragraphs 1.4 and 2.13 of this Agreement and Paragraph 37.3(h) of the Joint Ownership Agreement, and each bank account shall be denominated to show that it is an escrow account. [Seventh Amendment]

2.3(b) Investment of Monies. To the extent that monies held in bank accounts are not immediately required to pay Project Costs pursuant to Paragraph 2.5 of this Agreement, the Disbursing Agent shall to the maximum extent practicable invest such monies in one or more investment pool accounts ("investment pool

accounts") which have been selected by the Disbursing Agent pursuant to investment guidelines developed and modified from time to time by the Disbursing Agent, all with the approval of the Executive Committee. Annually, a Participant shall inform the Disbursing Agent of the particular investment pool account it prefers. The monies deposited and held in all investment pool accounts and all earnings and gains thereon shall at all times be subject to the provisions of Paragraphs 1.4 and 2.13 of this Agreement and Paragraph 37.3(b) of the Joint Ownership Agreement, and each investment pool account shall be denominated to show that it is an escrow account. The Disbursing Agent shall maintain records which show the earnings and gains of each investment pool account and the credits from such earnings and gains which are attributable to each Participant. Such credits shall be entered into the escrow account maintained by the Disbursing Agent in the name of such Participant. Each Participant shall directly pay such taxes on such gains and earnings on investment pool accounts as may be attributable to it. [Seventh Amendment]

2.3(c) Executive Committee Satisfaction. The procedures for selecting, establishing, maintaining and changing bank accounts and investment pool accounts, and the receipt, holding, investment and disbursement of all monies and credits, shall at

all times be satisfactory to the Executive Committee. [Seventh Amendment]

2.4 Daily Payment Certificates. On a daily basis, the Project Manager shall present a certificate to Yankee signed by an officer or authorized agent of the Project Manager, certifying:

(i) the total amount of payments to be made for bills, invoices and requests for payment covering Project Costs; and

(ii) that such expenditures have been authorized as provided in Paragraph 37 of the Joint Ownership Agreement.

Such certificate, when accompanied by an invoice approved by the Project Manager, an audited voucher and a check (if required by Yankee) for each payment being made, shall be presented to Yankee for Yankee's review and payment. [Fourth and Seventh Amendments]

2.5 Project Costs Payments. Yankee shall withdraw and disburse monies from the appropriate bank accounts to pay each Participant's pro rata share of Project Costs, but Yankee shall pay only those Project bills that have been duly certified as provided in Paragraph 2.4 above. [Fourth Amendment] Before making payment, Yankee shall review all Project bills submitted for payment to ensure compliance with these requirements. After following these procedures, Yankee shall pay such approved Project bills, in whole or in part, directly to the vendors, as provided in Paragraph 1.5 of this Agreement. In the event of,

and as a condition to, a partial payment, Yankee shall obtain from the payee a release or waiver, in a form approved by the Executive Committee, of liability, of each Participant that has contributed its pro rata share of such payment (including a waiver of liens on Seabrook Project real or personal property), unless the Executive Committee otherwise directs in each specific case.

2.6 Vendor Credits. The Project Manager will deliver to Yankee, without delay, any and all monies derived from vendor credits, chargebacks and other reimbursements ("vendor credits") that it receives on the Seabrook Project. The Project Manager will notify all vendors to deliver all such vendor credits on the Seabrook Project to, and to make such vendor credits payable to, Yankee as Disbursing Agent for the Participants. Checks or other instruments representing such vendor credits, if payable to the Project Manager, shall be properly endorsed by the Project Manager or its agent to be payable to the order of Yankee as Disbursing Agent. PSNH hereby irrevocably grants to Yankee the power so to endorse any such checks or instruments payable to PSNH as Project Manager but delivered to or obtained by Yankee without such endorsement by PSNH. Upon receipt of such vendor credits, Yankee shall promptly deposit the same into the appropriate bank account and credit each Participant, pro rata according to its respective Ownership Share at the time the

expense was billed to the Participants, except that if any Participant did not pay its pro rata share of such expense, such Participant shall not be entitled to such credit. Yankee shall disburse all such vendor credits solely to pay Project Costs. If any Participant has a surplus of such vendor credits over its pro rata share of disbursements for Project Costs, Yankee shall retain such surplus and shall disburse it, in accordance with Paragraph 2.5 above, to pay such Participant's pro rata share of Project Costs in subsequent months.

2.7 MMWEC Credits. Notwithstanding any other provision of this Agreement to the contrary, credits, refunds, recoveries and damages (collectively "Credits") to which MMWEC would be entitled but which arise on account of payments made by Yankee from funds provided by other Participants on or after July 28, 1988 (including payments made from funds deposited with Yankee before July 28, 1988) of MMWEC's pro-rata share of Seabrook Project Requirement Estimates, shall be applied by Yankee to MMWEC's Supplementary Advance Payment Account in accordance with Yankee's prior practice; provided, that if any Credit is in the amount of Twenty-Five Thousand Dollars (\$25,000.00) or more, such Credit shall not be so applied by Yankee, but Yankee shall deposit the Credit into the main account of the Participant which made the payment to which the Credit relates; except that any such Credits related to MMWEC Supplementary Advance Payments made under

Paragraph 23.10 or 23.11 of the Joint Ownership Agreement, which Credit is received while PSNH is obligated to make such payments, shall be deposited into the MMWEC Supplementary Advance Payment Account.

2.8 Executive Committee Instructions. Yankee shall report to the Executive Committee or its designee (1) for overall direction in carrying out its function, (2) for specific approval of or direction with respect to payment of specific Project bills, if Yankee believes that there is a question as to whether such Project bills have been duly certified or have been duly authorized under Paragraph 37 of the Joint Ownership Agreement and (3) for specific approval for payment of bills related to any program adopted to reconcile past unpaid bills. Yankee shall also provide a monthly report to the Participants itemizing, in appropriate form and detail, and in any event in such form and detail as the Executive Committee may direct, all Seabrook Project disbursements, credits, expenses, investment and interest income and monies received from Participants. [Seventh Amendment]

2.9 Records. Yankee shall maintain separate records of each Participant's payments, credits applied on its behalf and disbursements applied against its payments and credits. Yankee shall also maintain combined records of all deposits, investments, certificates and disbursements from, and relating to, the banks accounts and shall report on such matters as

provided in Paragraph 2.8 above. Yankee shall make its records available at its offices at reasonable times for examination by an independent certified public accountant or other representative, as designated by a Participant, or by a majority in interest of the Participants, requesting the examination. Such examination shall be at the expense of the Participant or Participants requesting the examination.

2.10 Compensation. Yankee shall be compensated at cost for its services under this Agreement and shall bill the several Participants for its services upon approval of its charges by the Executive Committee or its designee. Each Participant will pay its pro rata share of such bills and shall only be liable for such pro rata share.

2.11 Consultants. The Executive Committee is authorized to engage such consultants as it sees fit to assist it in carrying out its function under this Agreement and shall bill each Participant on a monthly basis for the cost thereof based upon each such Participant's pro rata Ownership Share of such costs. Each Participant will pay its pro rata share of such bills and shall only be liable for such pro rata share.

2.12 Reports. This Agreement shall not affect the obligations of PSNH or other Project Manager to provide accounting reports to the other Participants pursuant to the Joint Ownership Agreement.

2.13 Yankee Covenant re Escrowed Funds. Yankee agrees and stipulates that neither it nor any of its creditors shall have any interest in the bank accounts, the investment pool accounts, or in monies deposited therein or credits applied thereto, and that the bank accounts and investment pool accounts have been created and are being held in escrow solely for the vendors whose bills have been certified for payment pursuant to Paragraph 2.4 above, subject to the terms of, and to maintaining and disbursing funds in the bank accounts in accordance with, this Agreement. [Fifth and Seventh Amendments].

2.14 PSNH/MMWEC Settlement. Notwithstanding any other provision of this Agreement to the contrary, on and after August 1, 1989, and in order to give effect thereto

- (a) MMWEC shall have no liability for payment or repayment to Yankee of any amounts applied by Yankee for MMWEC Project Costs from funds held by Yankee for MMWEC's account since June 1, 1988 (including payment or refunding any of the pre-funded amounts drawn down by MMWEC from June 1, 1988 through July 28, 1988);
- (b) MMWEC shall have no liability to pay any interest or penalties with respect to the aforesaid application of funds by Yankee or with respect to MMWEC's non-payment of MMWEC Project Costs;

(c) PSNH shall not incur any additional obligations or liability as a result of making payments required under Paragraphs 1 and 6 of the Memorandum of Understanding of November 4, 1988 between PSNH and MMWEC, except for the additional liability that PSNH assumes with respect to the obligations of MMWEC under Paragraphs 23.10 and 23.11 of the Joint Ownership Agreement, as amended, and only to the extent specifically provided therein; and

(d) MMWEC shall not be liable for any payment which PSNH is to make under Paragraphs 23.10 and 23.11 of the Joint Ownership Agreement, as amended, whether or not PSNH makes such payment. [Sixth Amendment]

2.15 Further Amendment. The provisions of this Agreement not specifically amended by the Sixth Amendment, including without limitation the provisions of Section 5.1, shall be deemed to have been modified, without the necessity of further formal amendment, as may be necessary to give effect to the provisions of Paragraphs 23.10 and 23.11 of the Joint Ownership Agreement with respect to payments to be made by PSNH thereunder which MMWEC but for said Amendment would have been obligated to make. [Sixth Amendment]

3. Removal or Resignation of Yankee and Appointment of Successor.

Yankee may resign at any time by giving twenty-one (21) days' prior written notice thereof to each of the Participants. Such resignation shall become effective on the date specified in the notice, or upon the appointment of and acceptance by a successor, whichever is earlier. Upon agreement of Participants owning sixty-two percent (62%) [Fourth Amendment] or more of the Ownership Shares in the Seabrook Project, the Participants may at any time remove Yankee without cause upon twenty-one (21) days' prior written notice to Yankee, and with cause upon seven (7) days' prior written notice to Yankee. Such removal shall become effective on the date specified in the notice. In the event of resignation or removal, Yankee shall be entitled to compensation under Paragraph 2.10 of this Agreement until the effective date of such resignation or removal. In the event Yankee resigns or is removed, the Participants shall use their best efforts to appoint a successor upon agreement of Participants owning sixty-two percent (62%) [Fourth Amendment] or more of the Participants' Ownership Shares in the Seabrook Project. Any successor agent shall execute an instrument accepting such appointment and shall thereupon become vested with and subject to all properties, rights, powers and duties of Yankee, as if originally named in the provisions hereof (including this Paragraph 3). Yankee shall duly assign, transfer and deliver to the successor agent

all records, property and money held by it hereunder, provided that Yankee may retain copies of such records.

4. Liability and Indemnification.

4.1 Yankee. Yankee shall not be responsible for the genuineness of any signature and may rely conclusively upon, and shall be protected in acting upon, any certificate, notice, request, consent, statement or other instrument believed by it in good faith to be duly authorized and properly made. The duties and obligations of Yankee hereunder shall be governed solely by the provisions of this Agreement and the Joint Ownership Agreement. Neither Yankee nor its officers or employees shall be liable to any other Party to this Agreement for claims for direct, incidental, indirect, consequential or other damages of any nature, including, but not limited to, damages for loss of anticipated profits, loss of use of revenue, loss by reason of construction shutdown or interruption, and cost of capital, connected with or resulting from the performance of this Agreement by Yankee, except in the event of willful misconduct. In addition, the Participants, severally (and not jointly or jointly and severally), in accordance with their respective pro rata Ownership Shares as specified in Paragraph 5.1, agree to defend, indemnify and hold Yankee and its officers and employees harmless against all losses, claims, expenses (including reasonable counsel fees) and liabilities, not resulting from

Yankee's willful misconduct, which may be asserted, imposed or incurred in connection with the performance of its responsibilities hereunder, including any litigation arising from the foregoing. Yankee shall not have any duty to use its own funds in carrying out its responsibilities under this Agreement.

4.2 Executive Committee. Neither the Executive Committee nor any member nor designee thereof, when acting in such capacity, nor any employer of any member or designee, nor any affiliate, agent or employee of such member, designee or employer, shall by virtue of its relationship to the Executive Committee or any Executive Committee member or designee acting in such capacity, be liable to any Party to this Agreement for claims for direct, incidental, indirect, consequential or other damages of any nature, including, but not limited to, damages for loss of anticipated profits, loss of use of revenue, loss by reason of construction shutdown or interruption, and cost of capital, connected with or resulting from the performance of this Agreement by the Executive Committee or by any member or designee thereof or by any employee of any member or designee or any affiliate, agent or employee of such member, designee or employer, except in the event of willful misconduct. In addition, the Participants, severally (and not jointly or jointly and severally), in accordance with their respective pro rata shares as specified in Paragraph 5.1, agree to defend, indemnify

and hold the Executive Committee, each member and designee thereof and each of the other persons or entities referred to in the preceding sentence, harmless against all losses, claims, expenses (including reasonable counsel fees) and liabilities, not resulting from his or their willful misconduct, which may be asserted, imposed or incurred in connection with the performance of his or its responsibilities hereunder, including any litigation arising from the foregoing.

5. Miscellaneous.

5.1 Liability of Participants. All obligations of the Participants hereunder are pro rata and several (not joint or joint and several) and, with respect to each Participant, limited to the proportion of such Participant's Ownership Share in the Seabrook Project to the total of all Ownership Shares in the Seabrook Project (called a "pro rata share" in this Agreement). As of the date of execution of this Agreement, the pro rata share of each Participant is as follows:

<u>PARTICIPANT</u>	<u>OWNERSHIP SHARE</u>
Public Service Company of New Hampshire	35.56942%
The United Illuminating Company	17.50000%
Canal Electric Company	3.52317%
The Connecticut Light and Power Co.	4.05985%
Hudson Light and Power Department	0.07737%
Massachusetts Municipal Wholesale Electric Co.	
Montaup Electric Company	11.59340%
New England Power Company	2.89989%
New Hampshire Electric Cooperative	9.95766%
Taunton Municipal Lighting Plant	2.17391%
	0.10034%

Vermont Electric Generation &
Transmission Cooperative, Inc.
EUA Power Corporation

0.41259%
12.13240%
100.00000% [Fifth
Amendment]

The Executive Committee shall notify Yankee promptly of any changes in each Participant's pro rata share. Every document delivered to any third party by Yankee pursuant to this Agreement which may bear on the nature of the Participants' obligations hereunder shall specify such several (and not joint or joint and several) nature of the Participants' obligations.

5.2 Unpaid Project Costs. Without limiting the generality of Paragraph 5.6, nothing in this Agreement shall constitute or be construed as a waiver or limitation on the enforceability of, or an election of remedies with respect to, the rights of the Participants other than PSNH to recover PSNH's unpaid share of Project Costs, if any, or its share of interim care and protection costs paid by other Participants pursuant to the Interim Agreement or to enforce other claims (whether now existing or arising in the future) against PSNH. [Seventh Amendment]

5.3 Governing Law. This Agreement is made under and shall be governed by, and construed in accordance with, the laws of the State of New Hampshire.

5.4 Severability. 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 of the remaining portions of this Agreement.

5.5 Survival. All provisions of this Agreement providing for limitation of or protection against liability shall apply to the full extent permitted by law and shall survive termination of this Agreement.

5.6 Right of Vendors. This Agreement is not intended, and shall not be construed, to create or acknowledge any rights in favor of persons who or entities that are not parties to this Agreement, except for rights of vendors whose bills have been certified for payment pursuant to Paragraph 2.4, subject to the terms of, and to maintaining and disbursing the bank accounts and investment pool accounts in accordance with, this Agreement. Anything in this Agreement to the contrary notwithstanding, the Participants agree that this Agreement is made without prejudice to, and does not constitute a waiver of, or election of remedies with respect to, or limitation on the enforceability of, any rights or claims which any Party or Participant may now have or in the future have against any other Party or Participant.
[Fifth and Seventh Amendments]

5.7 Corporate Acts. This Agreement is the act and obligation of the Parties hereto in their corporate capacities.

5.8 Effectiveness. The Seventh Amendment hereto shall become effective upon execution by Yankee and by Participants owning ninety-five percent (95%) or more of the Ownership Shares in the Seabrook Project, and upon its effectiveness, all Participants shall be, and be deemed to be, Parties to this Agreement as amended by the Seventh Amendment). [Seventh Amendment]

5.9 Counterparts. Any number of counterparts of this Agreement may be executed and each shall have the same force and effect as the original.

5.10 Amendments. Upon the Seventh Amendment becoming effective, this Agreement may thereafter be amended or modified by an instrument executed by Participants owning fifty-one percent or more of the Ownership Shares in the Seabrook Project and by Yankee; provided, however, that this Paragraph 5.10 and the definitions of "Project Costs" and "Cost of Completion" in Paragraph 1.7 hereof, may be modified or amended only by consent of Participants owning ninety-five percent or more of the Ownership Shares in the Seabrook Project and Yankee, and provided further that any amendment to this Agreement which would have the effect of modifying the terms of the Joint Ownership Agreement shall not become effective unless approved as provided in Article 29 of the Joint Ownership Agreement.

5.11 Notices. Unless otherwise provided herein, notices and other communications required or permitted to be given or made under the terms of this Agreement shall be in writing, and shall be deemed to have been duly made or given when delivered personally or when made or given by telex, telegraph or telecopier, prepaid, at, in the case of each Participant such address and to the attention of the chief executive officer or such other person as may be designated from time to time by a Participant in accordance with the Joint Ownership Agreement; and, in the case of Yankee, to Yankee Atomic Electric Company, 580 Main Street, Bolton, Massachusetts 01740, Attention: Treasurer, or to such other address or to the attention of such other person as Yankee may from time to time designate by notice in writing to each Participant. [Fourth and Seventh Amendment

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly signed by an authorized officer 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.

CANAL ELECTRIC COMPANY

By _____

Title: _____

THE CONNECTICUT LIGHT AND
POWER COMPANY

By _____

Title: _____

EUA POWER CORPORATION

By _____

Title: _____

HUDSON LIGHT & POWER
DEPARTMENT

By _____

Title: _____

MASSACHUSETTS MUNICIPAL
WHOLESALE ELECTRIC COMPANY

By _____

Title: _____

MONTAUP ELECTRIC COMPANY

By _____

Title: _____

NEW ENGLAND POWER COMPANY

By _____

Title: _____

NEW HAMPSHIRE ELECTRIC
COOPERATIVE

By _____

Title: _____

PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE, DEBTOR AND DEBTOR-
IN-POSSESSION

By _____

Title: _____

TAUNTON MUNICIPAL LIGHTING
PLANT

By _____

Title: _____

THE UNITED ILLUMINATING
COMPANY

By _____

Title: _____

VERMONT ELECTRIC GENERATION
AND TRANSMISSION COOPERATIVE,
INC.

By _____

Title: _____

YANKEE ATOMIC ELECTRIC COMPANY

By _____

Title: _____

FIRST AMENDMENT TO SEVENTH AMENDMENT
TO AND RESTATED AGREEMENT FOR
SEABROOK PROJECT DISBURSING AGENT,
DATED AS OF NOVEMBER 1, 1990

This FIRST AMENDMENT, made as of the ____ day of _____, 1991, to the Seventh Amendment to and Restated Agreement for Seabrook Project Disbursing Agent, dated as of November 1, 1990 ("Disbursing Agent Agreement" or "Agreement"), by and among Public Service Company of New Hampshire, The United Illuminating Company, Canal Electric Company (successor in interest to New Bedford and Edison Light Company), The Connecticut Light and Power Company, EUA Power Corporation, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, Hudson Light and Power Department and Vermont Electric Generation and Transmission Cooperative, Inc. (collectively, the "Participants") and North Atlantic Energy Service Company ("NAESCO") (successor to Yankee Atomic Electric Company).

WITNESSETH THAT:

WHEREAS, by order in File No. 70-____, the Securities and Exchange Commission has approved and authorized, under the Public Utility Holding Company Act of 1935 (the "Act"), the organization and conduct of business of NAESCO as a wholly owned

service company subsidiary of Northeast Utilities, a public utility holding company registered under the Act; and

WHEREAS, pursuant to a Managing Agent Operating Agreement between the Participants and NAESCO ("Managing Agent Operating Agreement"), NAESCO will assume responsibility for managing, operating and maintaining the Seabrook Project as of the "Time of Effectiveness" (as hereinafter defined in Article 15 hereof); and

WHEREAS, NAESCO is willing to perform the responsibilities of the Disbursing Agent under the Disbursing Agent Agreement at cost, in accordance with Section 2.10 thereof; and

WHEREAS, economies, increased efficiencies and other benefits will accrue to the Participants as a result of NAESCO rendering the services provided for in the Disbursing Agent Agreement; and

WHEREAS, pursuant to Section 3 of the Disbursing Agent Agreement, Participants owning at least 62 percent of the Ownership Shares in the Seabrook Project have agreed to remove Yankee Atomic Electric Company ("Yankee") as Disbursing Agent, and Yankee has been given twenty-one (21) days' prior written notice of that removal; and

WHEREAS, pursuant to Section 3 of the Agreement, Participants owning at least 62 percent of the Ownership Shares in the Seabrook Project have agreed to appoint NAESCO Disbursing Agent, as evidenced by the July 19, 1990 Agreement between Northeast Utilities Service Company acting on behalf of NAESCO, and certain Participants owning 70.60921 percent of the Ownership Shares in the Seabrook Project:

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the Participants and NAESCO agree to amend the Disbursing Agent Agreement as follows.

1. The reference to "Yankee Atomic Electric Company ("Yankee" or "Disbursing Agent")" in the first paragraph of the Agreement is changed to "North Atlantic Energy Service Company ("NAESCO" or "Disbursing Agent")".
2. All references to "Yankee" subsequent to the first paragraph of the Agreement are changed to "NAESCO."
3. The reference in subparagraph (1) of Section 1.3 to the "Nuclear Support Services Agreement between Yankee and PSNH (as agent for the Participants), effective as of July 1, 1983" is changed to the "Managing Agent Operating Agreement."

4. The definition of "Project Manager" in Section 1.5 is deleted and replaced with the following: "Project Manager means North Atlantic Energy Service Company unless and until a successor has received all necessary licenses and authorization to replace North Atlantic Energy Service Company and has replaced North Atlantic Energy Service Company as Project Manager of the Seabrook Project."

5. The fourth sentence of Section 2.6 is hereby deleted.

6. In the second line of Section 2.12, delete "PSNH or other" and insert "the" before "Project Manager". At the end of Section 2.12, insert "or the Managing Agent Operating Agreement."

7. The final two sentences of Section 2.9 are deleted and replaced with the following:

Each Participant shall have the unrestricted right to all financial records relating to the Seabrook project within the control of the Disbursing Agent, 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 Disbursing Agent. If requested financial records are restricted by

contract with third parties, the Disbursing Agent, and its affiliates, will use their best efforts to obtain the consent of third parties to disclose confidential financial records to Participants, with the understanding that Participants may be required to sign a non-disclosure agreement. For financial records which are considered commercially sensitive to, (an) affiliate(s) of the Disbursing Agent, upon the request of one or more Participants, such affiliate shall allow for their review by an independent third party, selected by the parties involved (other than the Disbursing Agent and its affiliates) and acceptable to the Disbursing Agent (provided that the Disbursing Agent may not unreasonably withhold its acceptance) to determine, using an informal, simplified procedure, whether the financial records in question are commercially sensitive. In any event, if reasonable under the circumstances, the Disbursing Agent may require a Participant to sign a non-disclosure agreement covering financial records that it considers commercially sensitive.

Review of financial records at the offices of the Disbursing Agent, 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 Disbursing Agent or its affiliates.

The Disbursing Agent shall coordinate and facilitate the dissemination of financial records between Seabrook Station and the Executive Committee and/or the Participants.

Subject to the limitations set forth elsewhere in this Section 2.9, any financial records relating to the project shall be provided to any Participant requesting them, with the understanding that the Participant may be required to pay for the cost of providing them in the circumstances described in Section 2.13.

Without limiting the generality of this Section 2.9, any Participant or the Executive Committee may request an audit of the accounts and records of the Disbursing Agent, 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

18 (Arbitration) of the Managing Agent Operating 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 Disbursing Agent 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.

8. Section 2.10 is amended to read as follows:

2.10 Payments. All services rendered by the Disbursing Agent, or its affiliates, under this Agreement shall 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 the Act and as approved by the Executive Committee, which approval shall not be unreasonably withheld. The Disbursing Agent 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 Seabrook Station 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 Disbursing Agent, the employee wages and benefits paid by the Disbursing Agent, the insurance expenses incurred by the Disbursing Agent and other general overhead expenses incurred by the Disbursing Agent. The Disbursing Agent 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 provisions of 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").

9. The following is inserted after Section 2.12, and Sections 2.13, 2.14 and 2.15 are renumbered as 2.14, 2.15 and 2.16, respectively:

2.13 Technical Assistance. Upon request, the Disbursing Agent 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 Disbursing Agent, 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.

10. All of Section 4.1 following the first two sentences thereof is deleted and replaced with the following:

For and in consideration of the fact that NAESCO is undertaking responsibility under this Agreement 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 NAESCO or the directors, trustees, officers, employees, agents or affiliates of NAESCO (or the directors, trustees, officers, employees or agents of such affiliates) (collectively, "Protected Parties") any damages resulting from performance or non-performance of its respective responsibilities hereunder or under the Joint Ownership Agreement, or for any damage to the Seabrook Project, 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, installment, construction, operation, maintenance, refueling or decommissioning of the Seabrook project 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 NAESCO, or, to the extent legally attributable to NAESCO, 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 NAESCO's or a Protected Party's actions or

omissions that have been expressly approved by the Executive Committee or by the Participants. All goods and services provided to the Seabrook 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 4.1 shall apply notwithstanding any provision of this Agreement to the contrary and shall survive the expiration or termination of this Agreement. NAESCO shall not have any duty to use its own funds in carrying out its responsibilities under this Agreement.

11. In the first line of Section 4.2, the phrase "Notwithstanding the provisions of Section 4.1 of this Agreement," should be inserted prior to the beginning of the first sentence.

12. A new Section 5.12 is added, reading as follows:

5.12 Contracts with Affiliates. NAESCO may retain or appoint a service company or agent (which service company or agent shall be affiliated with NAESCO) to act on its behalf

and perform the responsibilities and assume the duties of the Disbursing Agent 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 regulation of the NRC. No such retention or appointment shall become effective unless the agreement(s) between NAESCO and such service company or agent(s) has been approved by at least three or more unaffiliated Participants, owning collectively 60 percent 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. Any service company or agent(s) which perform services under this section shall, unless the Executive Committee otherwise directs, submit bills for such services to NAESCO, and NAESCO shall in turn bill the Participants for such services.

13. The address in Section 5.11 is changed to 107 Selden Street, Berlin, Connecticut 06037.

14. A new Section 5.13 is added, reading as follows:

5.13 Termination. This Agreement shall be subject to termination and shall terminate, without any action by NAESCO or the Participants, to the extent and from the time

that performance may conflict with the Public Utility Holding Company Act of 1935 or with any rule, regulation or order of the Securities and Exchange Commission before or after the making hereof.

15. This Amendment shall become effective at the "Time of Effectiveness." As used herein, "Time of Effectiveness" shall mean 11:59 a.m. on the last day of the calendar month in which all federal, state or local regulatory, judicial or other approvals necessary for the performance of the Managing Agent Operating Agreement between NAESCO and the Participants shall have become effective.

FURTHERMORE, NAESCO accepts the appointment as the Disbursing Agent pursuant to Section 3 of the Disbursing Agent Agreement.

IN WITNESS WHEREOF, each of the undersigned has caused this Amendment to be duly signed by an authorized officer 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.

CANAL ELECTRIC COMPANY

By _____

Title: _____

THE CONNECTICUT LIGHT AND POWER COMPANY

By _____

Title: _____

EUA POWER CORPORATION

By _____

Title: _____

HUDSON LIGHT & POWER DEPARTMENT

By _____

Title: _____

MASSACHUSETTS MUNICIPAL WHOLESAL
ELECTRIC COMPANY

By _____

Title: _____

MONTAUF ELECTRIC COMPANY

By _____

Title: _____

NEW ENGLAND POWER COMPANY

By _____

Title: _____

NEW HAMPSHIRE ELECTRIC
COOPERATIVE

By _____

Title: _____

NORTH ATLANTIC ENERGY SERVICE
COMPANY

By _____

Title: _____

PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE, DEBTOR AND DEBTOR IN
POSSESSION

By _____

Title: _____

TAUNTON MUNICIPAL LIGHTING PLANT

By _____

Title: _____

THE UNITED ILLUMINATING COMPANY

By _____

Title: _____

VERMONT ELECTRIC GENERATION AND
TRANSMISSION COOPERATIVE, INC.

By _____

Title: _____

AGREEMENT FOR JOINT OWNERSHIP, CONSTRUCTION AND
OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

Dated: May 1, 1973

As Amended: May 24, 1974 (First)
June 21, 1974 (Second)
September 25, 1974 (Third)
October 25, 1974 (Fourth)
January 31, 1975 (Fifth)
April 18, 1979 (Sixth)
April 18, 1979 (Seventh, not effective)
April 25, 1979 (Eighth)
June 8, 1979 (Ninth)
October 11, 1979 (Tenth)
December 15, 1979 (Eleventh)
June 16, 1980 (Twelfth)
December 31, 1980 (Thirteenth)
May 25, 1982 (Fourteenth)
April 27, 1984 (Fifteenth)
June 15, 1984 (Sixteenth)
March 8, 1985 (Seventeenth)
March 14, 1986 (Eighteenth)
May 1, 1986 (Nineteenth)
September 19, 1986 (Twentieth)
November 12, 1987 (Twenty-First)
January 13, 1989 (Twenty-Second)

Parties

Public Service Company of New Hampshire
The United Illuminating Company
Montaup Electric Company
EUA Power Corporation
New England Power Company
Canal Electric Company
The Connecticut Light and Power Company
New Hampshire Electric Cooperative, Inc.
Town of Hudson, Massachusetts Light and Power Department
Vermont Electric Generation and Transmission Cooperative, Inc.
Massachusetts Municipal Wholesale Electric Company
Taunton Municipal Lighting Plant Commission

Note: In text that follows the wording which appears between these asterisks (***) is that addition made by the amendment noted in the margin.

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the Units.

It is agreed as follows:

1. Description of the Units

The Units shall be two nuclear fueled steam electric generating units each of approximately 1150 MW net capability and will include the main power transformer or transformers and those switching station facilities and connecting cables which are installed at the Site in connection with the two units. The First Unit shall initially be scheduled to commence commercial operation on or about November 1, 1979, and the Second Unit on or about November 1, 1981; provided, however, that PSNH reserves the right to revise the schedules from time to time to reflect actual progress in design, engineering, licensing, procurement, and construction. In order to meet the scheduled 1979 and 1981 commercial operating dates, PSNH presently intends to proceed with AEC license preparation pending receipt of the New Hampshire siting certificate; however, PSNH reserves the right to revise the schedules to reflect a PSNH decision, based on developments in its New Hampshire siting proceeding, to suspend or delay AEC license preparation pending receipt of the New Hampshire siting certificate.

2. Designation of the Site

The Units will be constructed at either the Seabrook site or the Litchfield site, as determined by PSNH. Such determination will be made not later than the time at which the last license or permit required to enable commencement of construction of the Units is obtained on terms satisfactory to PSNH.

The Seabrook site is located westerly of Hampton Harbor in Seabrook, Hampton, and Hampton Falls, New Hampshire, and the Litchfield site

is located on the easterly side of the Merrimack River in Litchfield, New Hampshire.

3. Participation in the Units

3.1 Subject to change in accordance with the provisions of this Agreement, the Units and the Property Interests as defined in paragraph 4.1 of this Agreement will be owned jointly, as tenants in common with undivided interests, by the Original Participants in the following proportions:

PSNH	50.0000%
UI	20.0000
CMP	2.5505
CL&P	11.9776
Fitchburg	.1716
Montaup	1.5366
New Bedford	1.3539
NEPCO	8.9430
VELCO	<u>3.0970</u>
Total	100.0000%

Nothing herein shall be deemed to restrict the right of PSNH or UI to make capacity exchange arrangements on an ownership basis with other Participants which will reduce their Ownership Shares and increase the Ownership Shares of such other Participants.

In accordance with the Preliminary Agreement, the Original Participants agree to make available to the Additional Participants portions of their interests, as set forth in paragraphs 3.2 - 3.6 below.

The proportions in which the Participants shall own the Units and be entitled to their capacity and output, as from time to time established under this Agreement, are herein referred to as the "Ownership Share" or "Ownership Shares".

***Over the Adjustment Periods as defined below, the Ownership Share of PSNH shall be reduced and (i) the Ownership Shares of Bangor, CMP, Hudson, MWEC, Montaup, NB and Taunton (herein collectively referred to as the "Initial Transferees") shall be increased by 1.0114%, 1.05, 0.0195%, 6.00021%, 1.15, 1.1719% and 2.1105%, respectively, and (ii) the Ownership Share of each party which shall become an Additional Transferee as provided in clause (e) hereof shall be increased by the percentage Ownership Share specified by such party pursuant to said clause (e) (the Initial Transferees and Additional Transferees being herein referred to as the "Transferees" and the percentage increase of each Transferee being herein referred to as its "New Ownership Share"), as follows: ***

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***a) That portion of amounts incurred while one or more Adjustment Periods are in effect for costs of the Units which would be applicable to the Ownership Share of PSNH in the absence of this provision shall be for all purposes of the Agreement deemed applicable to the Ownership Shares of the Transferees for which such Adjustment Periods are then in effect in the proportion that the New Ownership Share of each such Transferee bears to the aggregate New Ownership Shares of all Transferees for which Adjustment Periods are then in effect; provided, however, that if, at any time while the Adjustment Periods of Bangor, CMP, Fitchburg, Hudson, Montaup and NB are in effect, the Adjustment Period of MWEC is not in effect, the portion of amounts incurred for such costs which shall be deemed applicable to the Ownership Shares of the above-named Transferees shall be computed as though the Adjustment Periods of MWEC and Taunton were in effect.

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*May be slightly more or less, as specified by written notice by MWEC to PSNH.

For purposes of this provision, the terms "cost" or "costs" shall include the amount invoiced to the Participants, except that in the case of PSNH "cost" shall be the difference between the amounts invoiced to the Participants and the total amount on which such invoices are based. In all cases, "costs" shall be considered to be applicable to a Participant's Ownership Share regardless of whether payment of the invoice has been received by PSNH and shall not include any Participant's allowance for funds used during construction or any equivalent thereof or interest, if any, paid by UOATCO pursuant to clause (f) below.

The Adjustment Period or Adjustment Periods in effect as to any Transferee shall be the period or periods beginning with the Effective Date with respect to each New Ownership Share of such Transferee and ending on the earlier of (i) in the case of a Transferee having another Ownership Share, when that Share has increased by the amount of its New Ownership Share, or (ii) in the case of each other Transferee, when such Transferee's Ownership Share is equal to its New Ownership Share, or (iii) termination of the Project. If the Effective Date of the Adjustment Period of New Hampshire Electric Cooperative, Inc. (NH Coop) has not occurred by January 1, 1981, NH Coop or PSNH may at any time thereafter, by written notice to NH Coop or PSNH, as the case may be, terminate the proposed acquisition of NH Coop's New Ownership Share, in which case NH Coop shall have no further rights or obligations with respect to such New Ownership Share. Such termination shall not affect the other acquisitions contemplated herein. PSNH shall promptly notify the Participants and other Transferees of such termination.

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The Effective Date with respect to the New Ownership Shares of Bangor, CMP, Fitchburg, Hudson, Montaup and NB shall be January 31, 1981.

Subject to clause (f) below, the Effective Date with respect to the New Ownership Share of MOWEC shall be the last day of the month in which MOWEC shall receive an approval of the Massachusetts Department of Public Utilities of the financing by MOWEC of the acquisition of such New Ownership Share (MOWEC Order).

The Effective Date with respect to the New Ownership Share of Taunton shall be the last day of the month in which Taunton shall have received the last of the approvals of the Municipal Lighting Plant Commission of the City of Taunton and the Taunton City Council. If the Effective Date of the Adjustment Period of Taunton has not occurred by June 30, 1981, Taunton shall have no further rights or obligations with respect to such New Ownership Share. No such termination shall affect any other acquisitions of New Ownership Shares contemplated herein.

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Amend

The Effective Date with respect to the New Ownership Share of NH Coop shall remain as provided in the Tenth Amendment, i.e. the last day of the month in which the last of any required regulatory approvals of the type specified in Section 3 of the Seventh Amendment with respect to the acquisition by NH Coop of its New Ownership Share shall have been received and financing of such New Ownership Share shall have been accomplished.

Appeals or other requests for review of any such regulatory approvals shall not stay the Effective Date established in the preceding two paragraphs of this clause (a), unless a stay is issued by the court or other body to which the appeal or request for review is directed **

*** (b) During any Adjustment Period, the Ownership Share of PSNH and of each of the Transferees shall be that percentage which the aggregate costs then applicable to such Ownership Share under the provisions of this Agreement including the foregoing clause (a) is of the aggregate costs then so applicable to all Participants.

10th
Amend

The obligation of each Transferee to pay any amount specified in the foregoing clause (a) shall be subject to the condition precedent, at the time such payment is required, that PSNH shall have delivered to the Transferee:

(i) an invoice for the amount of such payment, referring to paragraph 3.1 and showing the total costs otherwise applicable to PSNH's share, in which the Transferee's proportion is computed, and stating that the Adjustment Period has not been terminated pursuant to the foregoing clause (a);

(ii) a certificate or other instrument in recordable form of PSNH confirming the Transferee's adjusted Ownership Share pursuant to the foregoing clause (b) after giving effect to the invoice specified in the preceding subclause (i); and

(iii) such other instruments, certificates, opinions or documents as the Transferee may reasonably request to establish or confirm its interest in the Units, the Property Interests, and related rights and interests in accordance with its adjusted Ownership Share.

(d) At the time that PSNH requests from a Transferee the first payment pursuant to the foregoing clause (a) inserted by the Tenth Amendment to the Agreement, PSNH shall deliver to such Transferee necessary releases, if any, from all trustees under bond indentures to which PSNH is a party or to which any of its assets or properties is subject, and an opinion of counsel for PSNH in form and substance satisfactory to such Transferee to the effect that the Agreement, as amended by the Tenth Amendment to the Agreement, is the valid, legal, and binding agreement of PSNH and will be effective to establish as to each Transferee the full legal right, free and clear of any liens or security interests of mortgages or

Tenth
Amend

security agreements of PSNH, to its proportionate share of the Units, Property Interests, and related rights and interests in accordance with its adjusted Ownership Share, in accordance with the provisions of the Agreement.

(e) A Participant may become an Additional Transferee with respect to an increase in its Ownership Share by execution and delivery to PSNH of an agreement to such effect, in the form attached as Exhibit 1 to the offer dated October 11, 1979, of PSNH with respect to the Units, specifying the percentage Ownership Share constituting such increase. If an Initial Transferee has agreed or shall agree to a further increase in its Ownership Share, such further increase shall be deemed a separate New Ownership Share with respect to which such Transferee shall be deemed an Additional Transferee (and not an Initial Transferee).

10th
Amen

Any other public utility approved by PSNH, whether municipal, cooperative or investor-owned, may become an Additional Transferee by entering into an Agreement with PSNH to such effect in the form attached as Exhibit 2 to the offer dated October 11, 1979, of PSNH with respect to the Units, specifying the percentage Ownership Share it agrees to acquire, and agreeing to become a party to the Agreement and entitled to all rights as a Participant hereunder to the extent of its Ownership Share.***

*** (f) MWEC shall use its best efforts to complete the first issuance of securities for the financing of its New Ownership Share as promptly as possible after receipt of the MDPU Order. PSNH may, in accordance with the provisions of clause (c)(1) of Paragraph 3.1 of this Agreement, invoice MWEC for such New Ownership Share as of the first day of the month following the month in which the MDPU Order is received. The amount of any invoice issued to MWEC pursuant to this clause for its New Ownership Share, together with interest thereon from the date of said invoice to the date of payment at a rate of thirteen percentum (13%) per

13th
Amen

annum until March 31, 1981, and thereafter at the rate equal to the rate at which PSNH has during the period accrued to its allowance for funds used during construction, shall not be due and payable until the first business day following receipt by MOWEC of the proceeds of such initial financing. If, for any reason, MOWEC shall be unable to complete such financing by June 30, 1981, (i) no further invoices shall be issued pursuant to the second sentence of this clause (f), (ii) MOWEC shall be and hereby is released and discharged from any obligations arising under the amendments to Paragraph 3.1 contained in the Thirteenth Amendment to the Agreement, which relate to the Adjustment Period which started on the Effective Date established under clause (a) of Paragraph 3.1, including obligations under the outstanding invoices and such invoices shall be null and void, (iii) the Effective Date of MOWEC's New Ownership Share established in clause (a) of Paragraph 3.1 shall be deemed automatically cancelled and the Effective Date of MOWEC's New Ownership Share shall thereafter be the last day of the month in which MOWEC shall receive the proceeds from the first issuance of securities for such New Ownership Share, and (iv) such portion of the New Ownership Share theretofore acquired by MOWEC shall revert to PSNH; provided, however, that MOWEC shall not thereby be excused from the obligation to use its best efforts thereafter to complete such financing in the manner contemplated by this clause (f).***

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3.2 Each Original Participant shall, if and to the extent required by the provisions of paragraphs 3.3 and 3.4, make available to the Additional Participants a portion of its Ownership Share, as set forth in paragraph 3.1. In such event, the Units and the Property Interests will be owned jointly by the Original Participants and any Additional Participants so acquiring Ownership Shares.

3.3 The Ownership Shares to be made available to Additional Participants, and the Original Participants' respective obligations to make such Ownership Shares available, are set forth in Exhibit 1 attached hereto and made a part hereof.

3.4 An Additional Participant desiring to participate in ownership of the Units shall, on or before November 30, 1974*, become a party to this Agreement and the Transmission Agreement identified in paragraph 17 of this Agreement by executing copies thereof and shall thereby acquire an Ownership Share in each of the Units equal to its Commitment. At the time of such execution each such Additional Participant shall reimburse each Original Participant by which any portion of its Ownership Share was made available for costs theretofore paid and incurred by such Original Participant under this Agreement in excess of such Original Participant's Ownership Share (as revised), including an "allowance for funds used during construction" at the rate or rates used by such Original Participant from the dates such costs were paid or incurred to the dates of reimbursement by such Additional Participant. Following their acquisition of Ownership Shares and reimbursement of Original Participants, such Additional Participants shall be deemed to be Participants for all purposes of this Agreement.

If an Additional Participant shall not, on or before November 30, 1974*, enter into this agreement and the Transmission Agreement with valid and binding effect on such Additional Participant, it shall no longer have any right to participate in the Units.

4. Conveyance of Property

4.1 Promptly following designation of the Site in accordance with paragraph 2 or June 30, 1974 (whichever is later), PSNE shall arrange

*Date variously changed by Amendments dated May 24, 1974, September 25, 1974 and October 25, 1974; and ultimately extended to January 31, 1975, by Waiver Agreement dated December 26, 1974.

for and complete conveyance to the Participants, in their adjusted Ownership Shares in the Units, of title, in fee simple, to that portion of the Site which is designated by PSNE as the First and Second Unit Site (or to such portions of the First and Second Unit Site so designated as have then been acquired), together with such easements, rights, and permissions as may be reasonably required for the construction and operation of the Units, but not including those required for necessary transmission lines. All of the property to be so conveyed (including such portions of the Site and such easements, rights and permissions) are hereinafter referred to as the "Property Interests". However, PSNE shall have authority to determine activities on the Site so as to permit the Site to qualify as an "exclusion area" for the Units and any other units which are located on the Site. If any portions of the First and Second Unit Site have not then been acquired, they shall later be conveyed to the Participants when required. In designating the First and Second Unit Site, PSNE will reserve a sufficient area to permit (with such easements, rights and permissions) the use of the First and Second Unit Site for the purposes contemplated by this Agreement. In making such easements, rights, and permissions available hereunder, PSNE shall take into account, to the extent it deems practicable, any special requirements of the other Participants' mortgage indentures as to bondable property or otherwise which are brought to the attention of PSNE. The conveyance will be by one or more indentures of co-tenancy and will be subject to any restrictions contained in the underlying deeds and any restrictions or liens resulting from municipal action, but free of any mortgages or attachments. Such conveyance shall be by instruments warranting only against defects in title based on any actions by Properties, Inc., or PSNE during their respective periods of ownership. Each Participant shall have the right to review the titles to the Property Interests. Upon notice by any

Participant to PSNE that there is any defect in the titles to the land comprising the First and Second Unit Site, or any lien or encumbrance with respect thereto, which, in the reasonable opinion of counsel for such Participant, would prevent said land or any Improvements thereto from being used as a basis for the issuance of securities by such Participant, PSNE shall use its best efforts in cooperation with such Participant and at the expense of such Participant to eliminate or cure such defect, lien or encumbrance. If any such defect affects more than one Participant, such expenses shall be shared by them in proportion to their Ownership Shares. In no event, however, shall any such defect, lien or encumbrance permit any Participant to delay or reduce payment of its Ownership Share of the price payable for the Property Interests.

4.2 If deemed necessary by PSNE, appropriate easements in the First and Second Unit Site shall be provided to PSNE for transmission facilities by reservation in the conveyance to Participants.

4.3 In consideration for its Ownership Share of the Property Interests each Participant shall upon delivery of the instrument conveying title thereto pay to PSNE, Properties, Inc., and/or UI, as directed by PSNE, such Participant's Ownership Share of that portion of the total Site acquisition costs to PSNE, Properties, Inc., and/or UI to the date of conveyance, including an "allowance for funds used during construction" and property taxes, allocable to the First and Second Unit Site, such total Site acquisition costs being determined in accordance with the Federal Power Commission's Uniform System of Accounts Prescribed for Class A and B Public Utilities and Licensees (the Uniform System). The portion so allocable to the First and Second Unit Site shall be that portion of such total Site acquisition costs as determined by PSNE which is equal to the sum of (i) the

purchase price of the land included in the First and Second Unit Site and (ii) the amount by which such total Site acquisition costs exceed the aggregate purchase price of all the land included in the Site (the costs as of April 30, 1972, of the Seabrook site being itemized in Exhibit 5 to the Preliminary Agreement). Upon delivery of such instrument of conveyance, each Participant shall also evidence full compliance with the provisions of this Agreement by paying, in addition to the amount payable under the first sentence of this paragraph 4.3, all sums then due and payable which are required to be paid by any other provisions of this Agreement or under any contract entered into by or on behalf of each Participant in pursuance of this Agreement.

5. Waiver of Partition

5.1 Each Participant hereby waives any right to partition the Units and the Property Interests or any part thereof (whether by partition in kind or by sale and disposition of the proceeds thereof) so long as the Property Interests are used or useful for an electric generating unit, or for the term set forth in paragraph 31.1, whichever is less, and agrees not to commence during such period any action of any kind seeking any form of partition with respect thereto whether pursuant to a remedy at common law or under any statute and waives the benefit of all laws and decisions, now or hereafter enacted or decided authorizing such partition. The indenture of co-tenancy and each other deed or instrument conveying any title or right to any Participant shall contain an express waiver of any right to partition plus the other provisions of this Agreement or such of them as, in the opinion of counsel for PSNE, should appropriately be recorded in the Registry of Deeds.

6. Relationship of Participants

6.1 The obligations of the Participants are several and not joint. Any intent to create by this Agreement or by any grant, lease or

license related hereto an association, joint venture, trust or partnership or to impose on any Participant trust or partnership rights or obligations is expressly negatived. Except as expressly provided herein, no Participant shall have by virtue of this Agreement or of any such grant, lease or license the right or power to bind any other Participant without its express written consent.

7. Environmental Studies

7.1 Certain environmental studies have been either completed or commenced by PSNH. Those not yet completed shall be completed and PSNH may undertake such additional environmental studies as it deems necessary or desirable in connection with the siting or design of the Units or the securing of any approvals therefor.

8. Design and Construction of the Units

***8.1 PSNH shall have sole responsibility for, and is fully authorized to act for the other Participants with respect to, and shall determine the design, engineering, procurement, installation and all other aspects of the construction of, the Units and of any modifications or additions at any time made to the Units, except as the Participants shall otherwise agree, all in accordance with "Prudent Utility Practice". As used herein, the term "Prudent Utility Practice" shall at a particular time mean any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known to PSNH at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with licensing and regulatory considerations, environmental considerations, reliability, safety and expedition and taking into account the interests of all Participants. In determining whether any practice, method or act is in accordance with Prudent Utility Practice, due

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consideration shall be given to the fact that the design and other aspects of construction of nuclear electric generating units involve the application of advancing technology and are subject to changing regulatory and environmental requirements. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts including those involving the use of new concepts or technology.*** It is expected that the Nuclear Services Division of Yankee Atomic Electric Company will provide engineering and construction supervision, that the architect-engineer will be United Engineers and Constructors, Inc., and that Westinghouse Electric Corporation will supply the nuclear steam supply system and fabrication of initial fuel loading and of several regions of reload fuel. The Participants shall share risks of employee negligence and other risks of construction in accordance with their respective Ownership Shares. During the process of design and construction of the Units or of any modifications or additions thereto, PSNE shall furnish reports, at least quarterly, to all Participants with respect to progress of the project, shall provide each Participant at other times with such other information relating thereto as such Participant reasonably may from time to time request, and shall endeavor to advise all Participants concerning any design decisions which will have a significant adverse effect upon the cost of power from the Units, or upon their reliability or availability, and to consider responses thereto. It is recognized by the Participants that requests and consideration of responses as aforesaid must not be allowed to delay work on the Units to such an extent as to create a material adverse effect on the cost of the Units or the timetable for their completion and that PSNE will have sole discretion in making design and construction decisions.

9. Execution of Contracts

9.1 The contracts covering design, engineering and construction services and major components of the Units and all other contracts relating to procurement, operation and maintenance of the Units, including contracts for the purchase of materials, equipment, fuel, or services for the Units shall be executed by PSNE acting for itself and as agent on behalf of each of the Participants, shall provide for several and not joint liability in proportion to the Participants' respective Ownership Shares and may provide for separate invoicing to the Participants in accordance with their Ownership Shares; provided, however, that at the request of PSNE, any Participant shall, on its own behalf, execute any of such contracts; and provided further, that the firm or firms responsible for the engineering and construction of the Units may be authorized by PSNE to sign contracts as agent for all Participants. Whether or not a contract is entered into in the name of all Participants, each Participant shall be severally and not jointly responsible for its Ownership Share of all amounts that are payable under or with respect to the contract. No contract contemplated by this paragraph shall provide for retention of title by a supplier to property purchased for the Units after the delivery of the property at the Site. It is understood that PSNE has prior to the date hereof executed in its own name certain contracts relating to the Units, including without limitation contracts with Westinghouse Electric Corporation for the purchase of two nuclear steam supply systems and for nuclear fuel fabrication, and each Participant by its execution hereof agrees at the request of PSNE to accept in writing assignments from PSNE of interests in such contracts proportional to such Participant's Ownership Share, whereupon such Participant shall be severally and not jointly responsible for its Ownership Share of all amounts payable under or with respect to such contracts.

10. Insurance and Liability of Participants

10.1 PSNE is authorized to obtain and maintain, and shall obtain and maintain on behalf of all Participants, policies of liability

and property insurance with respect to ownership of the Property Interests and the construction, ownership, operation, and maintenance of the Units which shall afford protection against the insurable hazards and risks as to which the owners of units of similar size and type customarily maintain insurance, unless PSNH is unable to obtain, or to obtain on reasonable terms, any such insurance or unless Participants having Ownership Shares aggregating at least 60% agree that any such hazard or risk (other than that of nuclear liability) shall not be insured. Such coverage shall include, to the extent available, nuclear liability insurance from NELLIA or MAELU, or both, in such form and for such amount as will meet the financial protection requirements of the Atomic Energy Act of 1954, as amended, and an agreement of indemnification as contemplated by Section 170 of said Act. In the event that the nuclear liability protection system contemplated by said Section 170 is repealed or changed, PSNH shall obtain and maintain, to the extent available on reasonable terms, alternate protection against nuclear liability.

PSNH or any successor managing agent appointed under Paragraph 36.2 is further specifically authorized, subject to the direction of the Executive Committee, to obtain and maintain surety bonds, insurance or other forms of assurance to afford protection from liability or expense in the event that one or more of the Participants fail to pay all or any portion of their respective share or shares of Decommissioning Financing Fund payments pursuant to Paragraph 13A. All costs of any such surety bond premiums, insurance premiums or similar forms of assurance shall be part of the expenses of operating and maintaining the Units borne by the Participants and shall include any excise taxes paid or incurred in connection with the payment of such costs.

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Amend.

It is recognized that the amount of property insurance available to the generating units in a nuclear electric generating station may (as it now is) be subject to an overall site limitation and that if so, PSNH may be unable to obtain all of the property insurance coverage which

would otherwise be required by this paragraph. If, as a result of such coverage limitation, the amount of insurance proceeds received on a loss simultaneously affecting one of the Units and one or more other units or other property on the Site is less than the aggregate amount of the insurable loss, the insurance proceeds shall be allocated among the units or other property affected in proportion to the gross investments therein. If the insurance proceeds allocated (or reallocated) to any unit or other property in this manner are in excess of the insurable loss sustained as to it, such excess shall be reallocated in the same manner among the other units or property affected.

In the event PSNH determines that all or a portion of the property insurance for the Units should be provided through a mutual insurance company organized by electric utilities or otherwise, it may, following consultation with the other Participants, require all Participants to become members of such company, subject to their obtaining necessary regulatory approvals.

***It is recognized that in order to meet applicable regulatory requirements it may be necessary from time to time to obtain policies of liability and property damage insurance and excess property insurance from one or more insurers. With respect to such policies, PSNH or the managing agent appointed under Paragraph 36.2 is specifically authorized to execute and deliver on behalf of the Participants all applications and other documents relating thereto. With respect to the Secondary Financial Protection Policy required by the Nuclear Regulatory Commission pursuant to the Price-Anderson Act, as amended through March 14, 1986, PSNH or any successor managing agent appointed under Paragraph 36.2 is specifically authorized, notwithstanding any provisions to the contrary in Paragraphs 9 or 10 or any other Paragraph of this Agreement which

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provide authority to PSNH to execute with limitations contracts on the part of Participants, to execute and deliver on behalf of the Participants without restriction any Bond in connection with the Certificate of Insurance relating thereto. Notwithstanding any delegation of responsibilities pursuant to Paragraph 36 which may have occurred, PSNH or the managing agent appointed under Paragraph 36.2, when specifically authorized by vote of the Executive Committee, shall have the authority to obtain and maintain in its name any policy of insurance from a mutual insurer for the protection of the Property Interests and for the benefit of all Participants, and in an amount appropriate to the circumstances. In addition, where possible, all Participants shall be made an additional insured on such policies. Without derogating from the authority granted by the third preceding sentence, any payments (including without limitation any premiums, reserve premiums or retrospective premiums) required by such policies or Bond shall constitute an operating expense of the Units of which each Participant is obligated vis-a-vis the other Participants to pay its Ownership Share pursuant to Paragraph 13, the respective portions of such premiums to be paid by each Participant, promptly after receipt of notification, to the insurer or to PSNH or such managing agent for payment to the insurer in accordance with the payment provisions of the respective insurance policies. If any Participant pays less than its Ownership Share of such payments, it shall indemnify and make whole, any other Participant who as a result has paid more than its Ownership Share of such payments.***

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The premium for the property insurance obtained pursuant hereto shall be allocated among all of the units covered on the basis of the gross investments in the units.

In the event any portion of the insurance contemplated by this paragraph cannot be obtained, insurance shall be obtained on reasonable terms, written notice of such fact shall be given to all Participants. ***PSNH shall keep the other Participants informed as to the status of insurance in force. Any Participant may request additional insurance to the extent available, and PSNH shall purchase such requested insurance at the expense of such Participant. The proceeds from such requested insurance shall be disbursed as directed by such Participant.***

Each insurance policy obtained pursuant to this paragraph shall name to the extent of their insurable interests all Participants as insureds, each to the same effect as if separately insured, and shall, if a Participant so requests, include as insureds mortgagees and others holding a security interest in such Participant's undivided interest in the Units; and certificates of insurance for all such policies shall be provided to each Participant upon request.

PSNH shall have authority on behalf of all Participants to settle any loss covered by any policy of insurance obtained pursuant to this paragraph. ***PSNH shall notify the other Participants of any such loss, and before entering into any such proposed settlement, shall notify the other Participants of such proposed settlement, and shall, to the extent sufficient time is available, provide the other Participants with an opportunity to comment; provided, however, that such right to comment shall not be allowed to delay any settlement or to affect the sole discretion of PSNH in making such settlement.***

10.2 Any uninsured loss, damage, or liability and any expenses arising out of any such loss, damage, or liability shall be borne by the Participants in accordance with their Ownership Shares.

10.3 ***For and in consideration of the fact that PSNE pursuant to this Agreement is undertaking to design, engineer, procure, install, construct, operate and maintain the Units for and on behalf of itself and the other Participants as their respective interests appear without any compensation or charge other than the recovery of PSNE's actual costs and expenses for such service, no *** Participant shall be entitled to recover from PSNE for any damages resulting from error or delay in the design, engineering, procurement, installation, or construction of either of the Units, or for any damage thereto, any curtailment of power, or any other damages of any kind, including consequential damages occurring during the course of the design, engineering, procurement, installation, construction, operation, or maintenance of the Units or otherwise arising out of the performance of this Agreement, unless such damage shall have resulted from a deliberate violation of this Agreement occurring pursuant to authorized corporate action by PSNE.

11. Payment of Capital Costs Incurred

11.1 Upon execution of this Agreement each Original Participant shall reimburse PSNE and UI such Original Participant's Ownership Share of the total amount shown in Column (C) of Exhibit 2 to this Agreement, said amount being the sum of (a) the costs for the period prior to May 1, 1972 shown in Exhibit 4 to the Preliminary Agreement plus (b) the costs for the period May 1, 1972 through April 30, 1973.

Each Participant shall thereafter promptly after receipt of invoices from PSNE, which shall be submitted by PSNE monthly, pay to PSNE its Ownership Share of any amounts incurred by PSNE additional to those reimbursed in accordance with the immediately preceding paragraph, whether incurred prior to the date of this Agreement or thereafter, for all direct and indirect costs (other than those covered by paragraph 4.3) associated with the design and construction of the Units, including but not limited to costs incurred pursuant to paragraphs 7, 8, 10, or 21, or for similar costs incurred by PSNE at any time during the lives of the

Units as a result of modifications or additions to the Units, including any costs of removal and reflecting any salvage. Costs for which the Participants are liable pursuant to this paragraph 11 shall be determined in accordance with the Uniform System and shall include all direct and indirect costs reasonably incurred by or on behalf of PSNE with respect to the Units or either of them which are properly chargeable to capital accounts under the Uniform System (or such similar accounts as may hereafter become appropriate) in connection with the design, engineering, procurement, installation, construction, insuring, and licensing of the Units or either of them. Such costs will also include costs incurred by PSNE in improving and developing the Site as required for the Units. Each Participant further agrees, with respect to all contracts for engineering and construction services and components of the Units as to which the Participants are separately invoiced for their Ownership Shares by the contractor or manufacturer, to pay promptly all such invoices properly rendered. Each Participant shall make available to PSNE upon PSNE's request the Participant's Ownership Share of such amounts as PSNE may reasonably request in order to enable PSNE to make timely payments for costs covered by this paragraph without the necessity of use by PSNE of its own funds to cover other Participants' Ownership Shares of such payments. Any amount remaining unpaid after 15 days following the receipt of invoices or requests under this paragraph shall bear interest thereon from the date of invoice or request at an annual rate of 2% over the lowest interest rate then being charged by The First National Bank of Boston on 90-day commercial loans; *** provided that any Participant which agrees to pay the additional expense, if any, which may be caused to PSNE by its request, may require PSNE to furnish invoices and requests for funds to it 15 days in advance of the schedule followed by PSNE as to other Participants. A Participant which

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requests that invoices and requests for funds be so furnished to it 15 days in advance shall not be obligated to pay interest in accordance with the preceding sentence unless it fails to pay an invoice within 30 days of its receipt thereof, or fails to provide funds so requested within 30 days of receipt of the request.*** There shall be included in the costs covered by this paragraph amounts equal to the costs of ownership to PSNH and UI (including but not limited to capital costs, including related franchise and income taxes; property taxes; and insurance) of that portion of the Site which is not within the First and Second Unit Site as designated in accordance with paragraph 4.1, which amounts (a) for the period prior to operation of the First Unit shall be all of said costs of ownership and (b) for the period beginning with operation of the First Unit and prior to operation of the Second Unit shall be one-half of said costs of ownership.

5th
Amend

***As part of the quarterly reporting procedure required by paragraph 8, PSNH shall prepare and provide to each other Participant a cash flow estimate showing by quarters projected construction costs to be shared by the Participants under this Agreement throughout the construction period of the Units. Such cash flow estimate shall be reviewed semiannually and revised as necessary, and copies of any such revision shall be furnished Participants with the next progress report furnished pursuant to paragraph 8. At the beginning of each calendar year or as soon thereafter as is practicable throughout the duration of this Agreement, PSNH shall provide each other Participant with a schedule showing by month the projected costs to be shared by Participants during such calendar year. Throughout the construction period of the Units, such schedule shall be revised for the remainder of the calendar year at approximately mid-year. In addition, each monthly invoice to one of the other Participants throughout the construction period shall include, in addition to the information provided for in the preceding

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Amend

paragraph, an estimate of the amounts of projected construction costs to be shared by Participants during the two months following the one for which the invoice is submitted. All schedules and estimates provided for in this paragraph shall be for informational purposes only, and any inaccuracies or errors therein shall in no way relieve any of the other Participants from the obligation to pay promptly all invoices rendered in accordance with the provisions of this Agreement. ***

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***11.2 Within not more than 20 days after receipt of a request from PSNH, each of the following Participants will make an advance payment toward the costs of the Units (in addition to the normal monthly payments made by such Participant), of the amount set forth opposite its name below (which shall be the amount specified in the request):

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The United Illuminating Company	\$ 3,000,000
Bangor Hydro-Electric Company	111,777
Central Maine Power Company	765,150
Central Vermont Public Service Corporation	319,130
Fitchburg Gas and Electric Light Company	51,430
Hudson Light and Power Department	3,256
Maine Public Service Company	438,268
Massachusetts Municipal Wholesale Electric Company	1,635,924
Montaup Electric Company	571,920
New Bedford Gas and Edison Light Company	406,170
New England Power Company	3,033,090
Taunton Municipal Lighting Plant	30,102
Vermont Electric Power Company, Inc.	39,780
	<u>\$10,627,917</u>

3th Amend.

The advance payments shall be credited against costs of the Units applicable to the Ownership Share of such Participant and invoiced or accrued to it commencing *** the earlier of (i) January 1, 1981, or (ii) the Effective Date with respect to the New Ownership Shares of the Initial Transferees specified in paragraph 3.1(a) of the Agreement *** ^{x/} or on such earlier date as PSNH shall specify by written notice to each such Participant;

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x/ This date was first changed to July 1, 1980 by the Eleventh Amendment which also provided "except that in the case of The United Illuminating Company said January 1, 1980, date shall not be changed and the advance payments of The United Illuminating Company shall be credited against costs of the Units applicable to its Ownership Share and invoiced or accrued to it commencing January 1, 1980."

provided, however, that if construction of the Units is suspended or terminated prior to *** the earlier of (i) January 1, 1981, or (ii) the Effective Date with respect to the New Ownership Shares of the Initial Transferees specified in paragraph 3.1(a) of the Agreement *** , such credit shall commence as of the date of such suspension or termination. Such credit shall be in the amount of the advance payment plus interest at the rate specified in paragraph 11.1 of the Agreement from the date of the advance payment to the date of such credit. The amount of the advance payment to be made by each such Participant was arrived at by multiplying twice its Ownership Share at May 31, 1979, times \$15,000,000, except that The United Illuminating Company's advance payment was arrived at by multiplying its Ownership Share at May 31, 1979, times \$15,000,000.***

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***11.3 Within not more than 20 days after receipt of a request from PSNH, each of the following Participants will make an advance payment toward the costs of the Units (in addition to the normal monthly payments made by such Participant and the advance payment heretofore made by such Participant under paragraph 11.2), of the amount set forth opposite its name below (which shall be the amount specified in the request):

Bangor Hydro-Electric Company	\$ 111,747
Central Maine Power Company	765,150
Central Vermont Public Service Corporation	539,130
Fitchburg Gas and Electric Light Company	51,480
Hudson Light and Power Department	5,256
Maine Public Service Company	438,168
Massachusetts Municipal Wholesale Electric Company	1,635,924
Montaup Electric Company	571,920
New Bedford Gas and Edison Light Company	406,170
New England Power Company	3,033,090
Taunton Municipal Lighting Plant	30,102
Vermont Electric Power Company, Inc.	<u>39,780</u>
	 \$7,627,917

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The advance payments shall be credited, together with the advance payments made by such Participants under paragraph 11.2, against costs of the Units applicable to the Ownership Share of such Participant and invoiced or

accrued to it commencing on the earlier of (i) January 1, 1981, or (ii) the Effective Date with respect to the New Ownership Shares of the Initial Transferees specified in paragraph 3.1(a) of the Agreement (as amended by the Tenth Amendment to the Agreement); provided, however, that if construction of the Units is suspended or terminated prior to January 1, 1981, such credit shall commence as of the date of such suspension or termination. Each such credit shall be in the amount of the advance payment plus interest at the rate specified in paragraph 11.1 of the Agreement from the date of the advance payment to the date of such credit. All advance payments under paragraph 11.2 shall be credited prior to any of those under this paragraph 11.3.

11.4 If the Value of the Trust Estate, as hereinafter defined, under the Collateral Trust Indenture dated as of July 2, 1979, between the Company and The Connecticut Bank and Trust Company, as Trustee, decreases at any time or from time to time to less than 125% of the aggregate amount of the advance payments outstanding from the Participants under paragraphs 11.2 and 11.3, the advance payments shall be credited against costs of the Units applicable to the Ownership Share of each such Participant and thereafter invoiced or accrued to it, until the Value of the Trust Estate equals or exceeds 125% of the aggregate advance payments under paragraphs 11.2 and 11.3 not so credited. Each such credit shall include interest on the advance payment so credited at the rate specified in paragraph 11.1 of the Agreement from the date of the advance payment to the date of such credit. All advance payments under paragraph 11.2 shall be credited prior to any of those under paragraph 11.3. Such credit shall be apportioned among Participants according to the size of the advance payment of each Participant. The term "Value of the Trust Estate" as of any date shall mean (i) the number of pounds of U₃O₈ included in the Trust Estate multiplied by the dollar price per pound

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of U₃O₈ as quoted under the caption of "Exchange Value" in the Nuclear Exchange Corporation's most recently published Monthly Report to the Nuclear Industry plus (ii) the aggregate number of dollars, if any, expended in connection with the conversion of such pounds of U₃O₈ into U₂O₃. ***

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11.5 Notwithstanding the provisions of paragraph 11.2 of the Agreement to the contrary, advance payments made pursuant thereto shall be credited against the costs of the Units applicable to the Ownership Shares of Bangor, ME, CVPS, Fitzburg, Hudson, MOSE, Montauk, NY, Taunton and VEC commencing on the earlier of June 1, 1981 or the first day of the month following the month in which MOSECO shall receive the proceeds from the first issuance of securities to finance its increased Ownership Share provided in Paragraph 3.1 of the Agreement and in the case of such costs applicable to MOSECO on the earlier of June 1, 1981 or the first business day following receipt by MOSECO of the proceeds of such initial financing; provided, however, that if construction of the Units is suspended or terminated prior to such date, such credit shall commence as of the date of such suspension or termination. Interest at the rate specified in Paragraph 11.1 of the Agreement shall continue to accrue on such advance payments until the day of such credit.

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12. Operation and Maintenance of the Units

12.1 Subject to paragraph 16.1 with respect to power pool operation, PSNH shall have sole responsibility for, and is fully authorized to act for the other Participants with respect to, operation and maintenance of the Units (which shall include but not be limited to replacements, repairs and fuel procurement) in accordance with *** Prudent Utility Practice (as defined in paragraph 8.1)*** for the benefit of all Participants, the objectives being to operate the Units as efficiently, economically and reliably as feasible. The Participants shall share risks of employee negligence and other

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risks of operation and maintenance in accordance with their respective Ownership Shares. In furtherance of such responsibility PSNH shall select, hire and control such personnel as are required, which personnel shall be employees solely of PSNH unless otherwise determined by PSNH upon notice to the other Participants. PSNH shall keep all Participants reasonably informed with respect to operation and maintenance of the Units and insofar as feasible consistently with the stated objectives shall consult with all Participants with respect to all significant decisions prior to making such decisions except (a) in emergency situations and (b) to the extent that such decisions relate to maintenance and dispatch of the Units in accordance with the provisions of a power pool agreement, as set forth in paragraph 16.1; provided, however, that such consultation shall not be allowed to delay work on any phase of operation or maintenance or in any way to limit the sole discretion of PSNH in making such decisions. To facilitate such procedures each Participant shall from time to time designate one person and an alternate therefor who shall represent the Participant for purposes of such consultations and reports. After the Units are placed in commercial operation, PSNH shall furnish reports at least quarterly to all Participants with respect to the operation and maintenance of the Units and shall at other times furnish such information relating thereto as the Participants may reasonably request.

13. Payment of Operation and Maintenance Expenses;
Inventories and Fuel

13.1 The Participants shall share in the expenses of operating and maintaining the Units, in accordance with their Ownership Shares. Expenses to be so shared shall include all costs and expenses with respect to the Units reasonably incurred and properly chargeable to the Units under the Uniform System (or such similar accounts as may hereafter become appropriate). Without limiting the generality of the foregoing, such costs and expenses shall include (1) a properly allocated portion of PSNH administrative and

general expense, *** (ii) all costs of PSNH of keeping accounting and other records, of furnishing accounts, reports and other information with respect to the Units and of audits pursuant to paragraph 14, and (iii) all costs of staffing, testing, and starting up the Units which are not capitalized. Notwithstanding the foregoing, PSNH may elect to segregate, and to require the Participants to share per capita, any portion of such costs of keeping accounting and other records, of furnishing accounts, reports and other information and of audits, as are incurred on a per capita basis.***

13.2 Costs of capital, franchise and income taxes, and property, business, occupation and like taxes, of each Participant shall be borne entirely by such Participant, and such items, as well as depreciation, amortization, and allowance for funds used during construction, shall not be deemed expenses of operating and maintaining the Units for the purposes of this paragraph 13, except that there shall be included as such expenses, amounts equal to the product of (i) the costs of ownership to PSNH and UI (including but not limited to capital costs, including related franchise and income taxes; property taxes; and insurance) of that portion of the Site not included within the First and Second Unit Site or occupied by any other generating unit in operation or under construction, which costs of ownership (a) for the period beginning with operation of the First Unit and prior to operation of the Second Unit shall be one-half of said costs and (b) for the period after operation of the Second Unit begins shall be all of said costs, multiplied by (ii) the ratio of the actual or expected net capabilities of the Units to the sum of the actual or expected net capabilities of all of the units in service or under construction on the Site at any time during such period.

13.3 PSNE may request all Participants to execute contracts for nuclear fuel or for other expenses related to the operation and maintenance of the Units, which contracts shall provide for several and not joint liability in proportion to their Ownership Shares and may provide for separate invoicing to the Participants in proportion to their Ownership Shares, and all Participants agree to pay promptly any such invoices properly rendered. PSNE will submit to each Participant a monthly statement in reasonable detail showing all costs not so invoiced separately together with additional costs incurred by PSNE in purchasing and maintaining at appropriate levels inventories of nuclear fuel (to the extent such fuel is not leased) and materials and supplies, said inventories being deemed at all times to be owned by Participants in their Ownership Shares and credit for the use thereof to be appropriately applied. Such monthly statement may also include such amount as PSNE may reasonably request in order to enable PSNE to make timely payments for costs covered by this paragraph 13 without necessity of use by PSNE of its own funds to cover other Participant's Ownership Shares of such payments. Each Participant shall pay its Ownership Share of such monthly statement within fifteen days of receipt of such statement, and any amount set forth in such statement (including the amount of any funds so requested to be provided) which is not paid by the end of such fifteen day period shall bear interest from the date of such statement at an annual rate of 7% over the lowest interest rate then being charged by The First National Bank of Boston on 90-day commercial loans; *** provided that any Participant which agrees to pay the additional expense, if any, which may be caused to PSNE by its request, may require PSNE to furnish monthly statements to it 15 days in advance of the schedule followed by PSNE as to other Participants. A Participant which requests that monthly statements be so furnished to it 15 days in advance shall not be obligated to pay interest in accordance with the preceding sentence unless it fails to pay a statement within 30 days of its receipt thereof. ***

13.4 PSNE shall have sole responsibility for, and is fully authorized to act for the other Participants with respect to, the procurement of nuclear fuel and purchasing and maintaining at appropriate levels inventories of materials, supplies and spare parts required for the operation and maintenance of the Units, and with respect to arranging for the storage, transportation, disposition and/or reprocessing of irradiated nuclear fuel and for the disposition or use of reprocessed material.

In discharging its responsibility and so acting with respect to the procurement, disposition and reprocessing of nuclear fuel, PSNE shall have the authority to determine the basis on which fuel will be procured and, subject to the terms of this Agreement, to purchase or lease uranium, plutonium or other fuel materials in an enriched or unenriched form, to arrange for the enrichment or processing of fuel materials, to arrange for fuel design and fabrication, or to purchase or lease fabricated fuel, and generally to make several and not joint long or short-term commitments on behalf of each of the Participants with respect to any phase of nuclear fuel procurement, disposition and reprocessing; *** provided, however, that PSNE, in addition to any other notice herein required, shall keep the other Participants informed, insofar as practicable, of the means by which it intends to finance nuclear fuel requirements for the foreseeable future.***

Unless arrangements are made for the leasing of nuclear fuel for the Units or other special joint fuel financing arrangements are made, all such fuel, materials, supplies and spare parts for the Units shall be deemed to be owned by the Participants in their Ownership Shares.

If PSNE determines that fuel materials or nuclear fuel should be obtained on a lease basis, or that other special joint fuel financing arrangements should be made, it shall have the authority to enter into such a lease or other arrangement on behalf of the Participants, containing such terms, conditions and provisions as PSNE may deem appropriate, but in

any event providing for several and not joint liability. Before entering into any such lease or other arrangement, however, PSNE shall notify each of the other Participants of the action to be taken and shall provide them an opportunity to comment on it, provided that any such comment shall not affect the sole discretion of PSNE to determine whether to go forward with such lease or other arrangement. If, within ten days of its receipt of such a notification or with such longer period as may be specified by PSNE in such notification, any Participant notifies PSNE that it may not legally participate in the lease or other arrangement without the prior approval of a regulatory body or for any other reason, such Participant shall not be obligated to participate in such arrangement so long as such disability continues, but PSNE may (but shall not be required to) elect:

- (i) to increase the percentage participation of PSNE in the lease or other arrangement by a percentage equal to such Participant's Ownership Share in which case such Participant shall be obligated to pay, as an operating cost, to PSNE each month an amount equal to the increase in the costs to PSNE resulting from such election; or
- (ii) to cause such Participant to enter into another arrangement for the financing of its Ownership Share of the fuel, such arrangement to be one chosen by such Participant but subject to review and approval by PSNE insofar as it may conflict with or adversely affect the negotiation or implementation of the proposed lease or other arrangement for the balance of the fuel; or
- (iii) to require such Participant to use its best efforts to obtain any such prior approval of a regulatory body as it may require or to take such other reasonable action as may be necessary to permit it to participate legally in the arrangement; provided, that nothing herein shall be deemed to require such Participant to discharge or eliminate any security outstanding on the date of this Agreement if to do so would substantially adversely affect such Participant.

Upon the request of PSNE, all Participants shall themselves enter into any such lease or other joint arrangement.

***13A. Decommissioning Costs and Payments.

In recognition of the Participants' obligations under an operating license and the applicable statutory requirements and regulations of the NRC to decommission the Units and in implementation of the Participants' respective obligations contained in Paragraph 11.1 hereof or enforceable under Chapter 162-F of the New Hampshire Revised Statutes Annotated ("NHRSA") to pay costs of such decommissioning, the Participants agree as follows:

13A.1. PSNH or any successor managing agent appointed pursuant to Paragraph 36.2 hereof (hereinafter in this Paragraph 13A referred to as the "Managing Agent") shall, subject to the direction of the Executive Committee, be responsible on behalf of all Participants: for making, and periodically updating, appropriate plans and cost estimates for the eventual decommissioning of the Units; for establishing appropriate reserves to provide for the ultimate payment of the decommissioning of the Units; for administering the collection from the Participants and the appropriate depositing on their behalf of monthly Decommissioning Financing Fund payments, in each case consistent with applicable statutory and regulatory requirements; and for periodically providing the Participants with a written notice of Decommissioning Financing Fund payment calculations, the applicable schedule of payments and other relevant information as to collections and the financial status of the Fund.

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13A.2. Each month each Participant shall pay to the Managing Agent or as the Managing Agent directs, as part of the expenses identified in Paragraph 13 hereof, an amount equal to its Ownership Share of the

Decommissioning Financing Fund payments for that month with respect to each Unit.

The Participants understand and agree (i) that the Decommissioning Financing Fund may be held by the Fund (as defined) or its designated agent or by an independent trust or other separate fund, as determined by the Committee (as defined) or, in the absence of such determination, in related but separate funds for each Participant according to its Ownership Share or as otherwise determined by the Managing Agent, (ii) that, to the extent feasible, the Decommissioning Financing Fund shall satisfy the requirements for tax deductibility under Section 468A of the Internal Revenue Code of 1954, as amended, (iii) that the amount and/or timing of accruals to the Decommissioning Finance Fund may from time to time during the term hereof be modified by the Managing Agent, subject to the direction of the Executive Committee, consistent with the determinations of the Committee (as defined), if any, or to reflect changes in the amount or timing of anticipated Decommissioning Costs, and (iv) that the use of the terms "decommission" and "decommissioning" in this Paragraph encompass compliance with all requirements (other than those relating to spent nuclear fuel) of the NRC for permanent cessation of operation of a nuclear facility and any activities reasonably related thereto and all requirements of other governmental authorities having jurisdiction related to removal and disposal of a Unit and restoration of the Site.

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The Participants further understand that the aggregate amount of Decommissioning Financing Fund payments made by them prior to the commencement of decommissioning may not be sufficient to make full payment of Decommissioning Costs of a Unit, and each Participant agrees that,

notwithstanding any insufficiency of the Decommissioning Financing Fund, it shall have a continuing obligation to pay into the Decommissioning Financing Fund the balance of its Ownership Share of the entire amount of the Decommissioning Costs of such Unit.

13A.3. Certain terms defined in NHRSA 162-F:14 (namely, without limitation, "Fund" and "Committee") are used in this Paragraph 13A with the meanings there provided.

As used in this Paragraph 13A: "Decommissioning Financing Fund" shall mean the Fund; and "Decommissioning Financing Fund payments" for any month shall mean an amount equal to all accruals in such month to the Decommissioning Financing Fund, as from time to time established by the Managing Agent in accordance with Paragraph 13A.2, to provide for the ultimate payment of the Decommissioning Costs of a Unit.

"Decommissioning Costs" for each Unit shall include:

- (1) All costs and expenses related to removal of the Unit from service, including without limitation, dismantling, mothballing, removing radioactive material (excluding spent nuclear fuel) to temporary and/or permanent storage sites, decontaminating, restoring and supervising the Site, and any costs and expenses incurred in connection with proceedings before governmental authorities relating to any authorization to decommission such Unit or remove such Unit from service.
- (2) All costs of labor and services, whether directly or indirectly incurred, including without limitation,

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services of foremen, inspectors, supervisors, surveyors, engineers, security personnel, counsel and accountants, performed or rendered in connection with the decommissioning of the Unit, supervising the site, and removal of the Unit from service, and all costs of materials, supplies, machinery, construction equipment and apparatus acquired or used (including rental charges for machinery, equipment or apparatus hired) for or in connection with the decommissioning of the Unit and removal of the Unit from service, and all administrative costs, including services of counsel and financial advisors, of any applicable independent trust or other separate fund established pursuant to this Paragraph; it being understood that any amount (exclusive of proceeds of insurance) realized as salvage on any machinery, construction equipment and apparatus shall be treated as a reduction of the amounts otherwise chargeable on account of the costs of decommissioning of the Unit; and

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- (3) All overhead costs applicable to the Unit during its decommissioning period, including, without limiting the generality of the foregoing, taxes (other than taxes on or in respect of income), charges, licenses, excises and assessments, casualties, surety bond premiums and insurance premiums.

Without limiting the generality of the foregoing, any other amounts expended or to be paid with respect to decommissioning of the Unit or removal of the Unit from service shall constitute part of the Decommissioning Costs if they are, or when paid will be, either (i) properly chargeable to any account related to decommissioning of a nuclear generating unit in accordance with the Uniform System (or such similar accounts as may hereafter become appropriate), or (ii) properly chargeable to decommissioning of a nuclear generating unit in accordance with then applicable regulations of the NRC or any other governmental authority having jurisdiction.^{www}

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14. Right to Audit

14.1 *** PSNH 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 Power Commission as amended from time to time (or such similar accounts as may hereafter become appropriate).*** At least annually PSNH shall account to all Participants in such form as the Participants reasonably request for all expenses incurred in the design, construction, operation, and maintenance of the Units. Any reasonable requests by a Participant for an additional accounting in a different form required by it shall also be granted to the extent practicable but shall be at the expense of such Participant. With reasonable frequency and not less often than annually, upon the reasonable request of a majority in interest of the Participants other than PSNH, PSNH shall make its accounts and records available at its offices at reasonable times for examination, at the expense of the Participants requesting the audit, by an independent certified public accountant or other representative designated by a majority in interest of the Participants other than PSNH requesting the audit.

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15. Entitlements

15.1 Each Participant shall be entitled to its Ownership Share of the installed capacity, available capacity and hourly generation of each of the Units. All deliveries of power shall be made to Participants and metered at the low side of the station transformer. Each Participant shall be responsible for all transformer and transmission losses incurred with respect to transformation and deliveries of energy for it beyond the point at which the Units are metered. Subject to the restrictions on transfer of Ownership Shares contained in paragraph 23 and to paragraph 25, any Participant shall be free to sell all or any part of its entitlements in the Units upon such terms and to such parties as it may choose.

16. Dispatch of Units

16.1 The Units shall be maintained and dispatched in accordance with the provisions of the New England Power Pool Agreement as in effect from time to time, or the provisions of such other power pool agreement as may supersede it, so long as PSNH is a party to such Agreement. If no such agreement is in effect, the Units shall be maintained and dispatched in accordance with the schedule determined to be appropriate by PSNH in its sole discretion, after consultation with the other Participants, it being the intention to meet to the extent reasonably possible, the requirements and desires of all Participants.

17. Transmission of Power

17.1 Arrangement for transmission of its entitlement from the Units will be the responsibility of each Participant. However, this provision shall not in any respect limit any Participant's rights under the terms of the New England Power Pool Agreement or any power pool agreement which may supersede it.

17.2 Except as may otherwise be mutually agreed by the Participants, the following transmission facilities to be constructed, owned, and operated by PSNH and NEPCO will be deemed to be associated with both of the Units if the Units are constructed at the Seabrook site, and the fixed and operating costs related to them will be borne by PSNH, UI, and the other Participants in the Units in proportion to their Ownership Shares in the Units:

345 KV Line, including terminal facilities - Seabrook to Scobie S/S

345 KV Line, including terminal facilities - Seabrook to Tewksbury

345 KV Line, including terminal facilities - Seabrook to Newington

In the event the Units are constructed at the Litchfield site, PSNH will designate the transmission facilities to be associated with the Units and supported by all Participants. Such determination will be consistent with any uniform policy which may then have been adopted by the NEPOOL participants covering the designation of transmission facilities to be treated as associated with particular generating units. The rights and obligations of the Participants under this paragraph 17.2 are defined and set forth in a separate agreement which shall be executed by each Participant contemporaneously with its execution of this Agreement.

18. Agreements - Delay in Commercial Operation Date

18.1 PSNH and UI (for purposes of this paragraph, the "lead participants" for the Units) previously signed agreements dated as of August 7, 1972, with the lead participants for the Connecticut nuclear unit, which agreements were intended to be signed also by the lead participant for the Pilgrim 2 Unit and to provide for (1) the sharing of additional capacity made necessary

by delay of the scheduled commercial operation of either of said units or the Units (the "Additional Capacity Agreement") and (2) the temporary reallocation of capacity in the event of such delay of either of said units or the Units (the "Reallocation Agreement"). Copies of the Additional Capacity Agreement and the Reallocation Agreement have been furnished to each Participant. The Additional Capacity Agreement and the Reallocation Agreement are currently being revised both to reflect a new scheduled in-service date for the Pilgrim 2 Unit and to acknowledge that no Participant making capacity available to others in accordance with the Reallocation Agreement should be required as a result thereof to pay a Capability Responsibility deficiency charge under Section 9.4(d) of the NEPOOL Agreement on the amount of capacity so made available and to provide that the signatories to, and the other entities which become bound by, the Reallocation Agreement shall take all appropriate action in the NEPOOL Management Committee to obtain appropriate waivers of the Capability Responsibility deficiency charge in such circumstances. Each Participant understands that PSNH and UI expect to sign the Additional Capacity Agreement and the Reallocation Agreement, revised as aforesaid, and by its execution of this Agreement expressly agrees that upon such signing by PSNH and UI it will be deemed hereby to have expressly assumed all the respective obligations imposed on joint ownership participants in the Units by, and that it will thereupon be bound by, the Additional Capacity Agreement and the Reallocation Agreement, as so revised, in accordance with the terms thereof as if such Participant had executed such Agreements.

19. Destruction, Damage, or Condemnation of Units

19.1 If either during construction or after completion of construction of either of the Units all or substantially all of either or both of the Units or that portion constructed shall be destroyed, damaged or condemned, PSNH may elect to repair, restore or reconstruct such Unit or

Units to its or their former character and use or to such character and use as PSNH may then determine to be appropriate; and, in any such case, each Participant shall pay its Ownership Share of the costs thereof after due credit for any net salvage or insurance proceeds realized. Although the sole responsibility and authority for making any such election shall rest with PSNH, it shall, upon request, consult with any Participant concerning the repair, restoration or reconstruction of such Unit or Units, provided, however, that any such request or consultation shall not be allowed to delay work on repair, restoration or reconstruction of such Unit or Units or to affect the sole discretion of PSNH in making such election.

19.2 In the event that less than substantially all of either or both of the Units or that portion constructed is destroyed, damaged, or condemned, and such destruction, damage or condemnation does not preclude prompt completion of construction or repair, restoration or reconstruction of such Unit or Units, PSNH shall proceed with steps required to effect completion of construction or repair, restoration or reconstruction of such Unit or Units and each Participant shall pay its Ownership Share of the costs thereof after due credit for any net salvage or insurance proceeds realized, unless Participants having at least *** 51% *** of the Ownership Shares elect that such completion of construction or repair, restoration or reconstruction should not be effected. 13th Amend.

19.3 If under either paragraph 19.1 or paragraph 19.2 the election is made not to repair, restore or reconstruct the Unit or Units, each Participant shall pay its Ownership Share of any costs or expenses

incurred by PSNH in the shutdown, demolition or disposal of the Unit or Units and the provisions of paragraph 24 with respect to conveyance of the Property Interests shall be applicable.

20. Other Uses of the Site

20.1 Participants recognize that units in addition to the Units may be constructed and operated on other portions of the Site and that in connection therewith it may be necessary or desirable to relocate or modify some of the facilities constructed in connection with the Units. In the event of such occurrence, PSNH may, subject to the obtaining by each Participant of any necessary regulatory approvals and mortgage indenture releases (which each Participant agrees to use its best efforts to obtain), make such relocations and modifications provided they are accomplished without cost to the Participants, other than PSNH and the participants in any such additional unit, as provided in paragraph 20.2 below. It is further recognized that in the event of construction of additional units on the Site it may be necessary or desirable to provide for joint use by the Units and one or more other units of parts of the First and Second Unit Site, certain interests in land, and certain facilities constructed in connection with the Units such as the administration and service buildings, the cooling water intake and discharge facilities, the fuel handling facilities, the station transformer, and switching facilities. Such joint use shall be permitted, subject to the obtaining by each Participant of any necessary regulatory approvals and mortgage indenture releases (which each Participant agrees to use its best efforts to obtain), and the Participants shall execute such documents as may reasonably be required to accomplish such purpose, if arrangements are made to reimburse the Participants on an equitable basis for their investment in any facilities or land or interests in land to be jointly used and provided such joint use is accomplished without

cost to the Participants, other than PSNE and the participants in any such additional unit, as provided in paragraph 20.2 below.

No Participant (other than PSNE and UI) shall have any right as a result of its ownership of the Units and the Property Interests to participate in the ownership of any additional unit on the Site.

20.2 PSNE agrees that if the construction, operation or maintenance of additional units on the Site requires relocation or modification of, or results in an increase in the fixed, operation or maintenance costs of, the Units or results in an increase in the Participants' system power costs because of the unavailability or reduced availability of the Units or either of them, neither the costs of such relocations or modifications nor such increases in fixed operation, maintenance or system power costs shall be borne by the Participants.

20.3 In the event PSNE determines that any portion of the Property Interests, or any interest therein, is not needed for operation of the Units, it may provide for the conveyance of such portion to itself or to any other purchaser for a fair and reasonable price and establish the terms and conditions for such conveyance. ***Subject to obtaining necessary regulatory approvals and mortgage indenture releases where applicable (which each Participant agrees to use its best efforts to obtain), each Participant shall execute and deliver any deed or other instrument necessary to convey, free and clear of all liens and encumbrances other than (i) those which existed at the time of conveyance to such Participant, (ii) liens securing taxes or other governmental charges, the payment of which is not yet delinquent, and (iii) liens and encumbrances caused by the acts or omissions of PSNE, such portion of the Property Interests or any interest therein determined by PSNE not to be necessary for the operation of the Units, and

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upon such conveyance by it each Participant shall receive its Ownership Share of the price, less any related expenses.

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21. Approvals of Regulatory Agencies

21.1 PSNE shall proceed, and is fully authorized to act on behalf of all Participants, to use its best efforts to obtain all approvals or permits from regulatory agencies required for construction and operation of the Units, and all Participants shall cooperate as reasonably requested in such process. Each Participant shall be responsible for securing any approvals required for its participation in the Units and for any actions required by it pursuant to applicable statutes and governmental regulations, including but not limited to actions under the laws of The State of New Hampshire in order for such Participant to carry on such activities, if any, in New Hampshire as may be required in accordance with this Agreement.

22. Conveyance of Security Interests or in Trust

22.1 Each Participant shall have, without need for consent from or prior offer to any other Participant, the right at any time and from time to time to convey any form of security interest including a mortgage of, or to convey to a trustee or trustees as security for its present or future bonds or obligations or securities, its Ownership Share of the Property Interests and the Units. ***Any such conveyance shall be subject to all the terms and conditions of this Agreement, except that agreements herein limiting the amount of, or means of determining, the consideration to be paid to a Participant for its right, title and interest in any property conveyed by it or on its behalf pursuant to paragraphs 19.3, 20.1, 20.3, 24.5 or 25.2(d) of this Agreement shall not be controlling in determining such property's value for any purposes of any mortgage indenture or other security instrument to which it is subject.*** Subject to such terms and conditions, any such

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trustee or trustees, mortgagee or holder of a security interest, any successor or assign thereof, and any receiver or trustee in bankruptcy, reorganization or receivership of a Participant may, without need for consent of any other Participant, succeed to and acquire all rights of a Participant pursuant to this Agreement. No such conveyance permitted by this paragraph shall involve an interest in only one of the Units or different interests in the First Unit and the Second Unit; provided, however, that this sentence shall not be deemed to prohibit a Participant's creation of a security interest in particular nuclear fuel.

23. Rights re Transfer of Ownership Shares

23.1 Except as contemplated by paragraph 3 and as provided in this paragraph and paragraphs 22 and 25, no Participant shall sell or transfer any portion of its Ownership Share of the Units or the Property Interests. Subject to the provisions of paragraph 32.5, any Participant may at any time sell all or any portion of its Ownership Share of the Property Interests and the Units to any entity which is engaged in the electrical utility business in New England, but no such sale shall be made unless PSNE and UI have (and in the event (i) of an offer of sale by either PSNE or UI to which the other does not respond with an offer to purchase or (ii) of an offer of sale by a Participant other than PSNE or UI to which neither PSNE nor UI responds with an offer to purchase, then all other Participants) have first been afforded in writing an opportunity to purchase the interest involved separately or in the aggregate on equal or better terms than those of the offer of sale and have declined such opportunity. Any writing to Participants pursuant to this paragraph shall specify the interest offered, the proposed terms and conditions of the sale, and the date not less than eight months from the date of the writing when it is proposed to consummate the sale. Failure by any Participant within two months of the date of the writing to respond

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in writing with an offer to purchase the interest involved shall be deemed a "realization of the offer of sale by such Participant."** In the event that (i) both PSNH and UT fail to offer to purchase or (ii) either PSNH or UT offers to sell and the other fails to offer to purchase and such an offer of sale results in offers by more than one Participant to purchase the interest, such interest shall be apportioned in accordance with the Ownership Shares of the Participants making offers or in such other manner as the purchasing Participants agree. In the event an offer of sale results in offers by both PSNH and UT to purchase the interest, such interest shall be apportioned between them in accordance with their respective Ownership Shares, or in such other manner as they may agree. (b) PSNH may ***transfer all or part of its Ownership Share or any right to acquire an increased or revised Ownership Share (a) to a wholly-owned subsidiary; or (b) to another company in the same holding company system or a lease-trust or similar entity for the benefit of the transferor or another company in the same holding company system,*** provided, that transfers by VELCO shall be permitted only as set forth below in this paragraph 23.3; or (c) in connection with a merger, consolidation or acquisition of substantially all of the properties or all of the generating facilities of a Participant; and VELCO may, prior to September 30, 1974,* transfer to Central Vermont Public Service Corporation a portion of VELCO's Ownership Share equal to 1.7971% and/or to Green Mountain Power Corporation a portion of VELCO's Ownership Share equal to 1.1673%, subject in each case to the obligation of any assignee to make available to the Additional Participants, in the same manner as VELCO is obligated to do hereunder, a portion of its Ownership Share equal to the ratio of its Ownership Share to the original Ownership Share of VELCO (3.0970%) multiplied by the Ownership Share which VELCO would have been obligated to

*Date extended to September 30, 1974 by Second Amendment dated June 21, 1974.

make available to the Additional Participants hereunder as set forth in Exhibit 1 attached hereto; and either PSNH or UI may, prior to the time of transfer of title in accordance with paragraph 4.1 hereof, transfer a portion of its Ownership Share as part of a capacity exchange on an ownership basis with another Participant. Neither any transfer permitted by the preceding sentence, nor any transfer contemplated by paragraph 3.2, paragraph 22, or paragraph 25 hereof, shall be subject to the foregoing right of refusal. Any transfer of any portion of an Ownership Share shall be made expressly subject to all provisions of this Agreement. No such conveyance permitted by this paragraph shall involve an interest in only one of the Units or different interests in the First Unit and the Second Unit.

*** 23.2 Notwithstanding the provisions of 23.1 but subject to the provisions of paragraph 32.5, any Participant may sell all or any portion of its Ownership Share in particular nuclear fuel provided that such Participant makes arrangements to lease the fuel share so sold, that the terms of such sale and lease arrangements do not adversely affect the rights and interests of the other Participants in such particular nuclear fuel and its use and financing in accordance with this Agreement, and that such terms are satisfactory to PSNH. ***

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***23.3 For purposes of Paragraph 23 of this Agreement only, the following terms, when capitalized but not otherwise, shall have the following meanings:

- (a) "Departing Participants" means Bangor Hydro-Electric Company ("BHE"), Central Maine Power Company ("CMP"), Central Vermont Public Service Corporation ("CVPS"), Fitchburg Gas & Electric Light Company ("Fitchburg") and Maine Public Service Company ("MPSC"). "Departing Participant" means any one of BHE, CMP, CVPS, Fitchburg or MPSC.

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- (b) "EUA" means Eastern Utilities Associates.
- (c) "EUA Power" means EUA Power Corporation.
- (d) "Purchase and Sale Agreements" means: (i) that certain purchase and sale agreement by and between BHE and EUA dated as of February 19, 1986, as amended and supplemented by a certain addendum by and between BHE, EUA and EUA Power dated as of June 30, 1986, relating to BHE's sale of its Ownership Interest to EUA Power; (ii) that certain purchase and sale agreement by and between CMP and EUA dated as of February 19, 1986, as amended and supplemented by a certain addendum by and between CMP, EUA and EUA Power dated as of June 23, 1986, relating to CMP's sale of its Ownership Interest to EUA Power; (iii) that certain purchase and sale agreement by and between CVPS and EUA dated as of February 19, 1986, as amended and supplemented by a certain addendum by and between CVPS, EUA and EUA Power dated as of June 23, 1986 relating to CVPS's sale of its Ownership Interest to EUA Power; (iv) that certain purchase and sale agreement by and between Fitchburg and EUA dated as of April 8, 1986, as amended and supplemented by a certain addendum by and between Fitchburg, EUA and EUA Power dated as of June 30, 1986, relating to Fitchburg's sale of its Ownership Interest to EUA Power; and (v) that certain purchase and sale agreement by and between MPSC and EUA dated as of April 7, 1986, as amended and supplemented by a certain addendum by and between MPSC, EUA and EUA Power dated as

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of June 26, 1986, relating to MPSC's sale of its Ownership Interest to EIA Power. "Purchase and Sale Agreement" means any one of the Purchase and Sale Agreements.

- (e) "Remaining Participants" means the Participants other than EIA Power and the Departing Participants.
- (f) "Costs of Cancellation" means any and all obligations, whether contractual, statutory or otherwise, relating to, arising out of, connected with or in anticipation of the cancellation, termination or shutdown (for an extended period or permanently) of either or both of the Units (including without limitation removal, relocation, demolition, dismantling or storage, or any combination thereof, of structures, or the restoration and rehabilitation of the physical and aesthetic appearance of the Site) accruing to the Participants as a direct result of either or both of the Units being cancelled, terminated or shutdown for an extended period or permanently (including without limitation any costs payable in accordance with contracts executed under Paragraph 9 of this Agreement). For the purposes of the foregoing sentence only, shutdown for an extended period shall be deemed to have occurred (i) in the case of Unit 2, upon closing of the transactions contemplated by any Purchase and Sale Agreement, and (ii) in the case of Unit 1, if the Participants by appropriate action under Paragraph 24.1 of this Agreement decide that Unit 1 shall be shut down for an extended period.

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23.4 Upon closing of the transactions contemplated by any Purchase and Sale Agreement, this Agreement shall be deemed amended without any further action by the Participants to (i) delete the Departing Participant party to such Purchase and Sale Agreement as a Participant and party to this Agreement, and (ii) substitute EUA Power in such Departing Participant's stead.

23.5 Upon closing of the transactions contemplated by any Purchase and Sale Agreement, the Departing Participant party to such Purchase and Sale Agreement (and its officers, directors, employees, affiliates and the officers, directors and employees of its affiliates) shall be deemed released, discharged and excused by the Remaining Participants and all other Departing Participants without any further action by them of and from (a) any and all contractual obligations of any kind whatsoever to be performed after such closing arising from, related to, or connected with the ownership, construction or operation of the Units, including without limitation those arising under or related to (i) this Agreement, (ii) the Transmission Support Agreement by and among the Participants dated May 1, 1973, as amended from time to time, (iii) any and all resolutions adopted by the Participants with respect to the ownership, construction or operation of the Units (to the extent, if any, of obligations arising thereunder), (iv) any other agreement among the Participants created in pursuance of this Agreement, the Transmission Support Agreement, the aforesaid resolutions of the ownership, construction or operation of the Units, and (v) any and all contracts, agreements or other undertakings arising from transactions between the Participants or anyone acting on their behalf, on the one hand, and other persons, corporations, firms or entities of any nature, on the other hand, created in pursuance of the ownership, construction or operation of the Units, and

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and all obligations, whether contractual (including without limitation under Paragraph 13A of this Agreement as added by the Nineteenth Amendment to this Agreement dated as of May 1, 1986 (the "Nineteenth Amendment") with respect to "Decommissioning Costs" as defined therein), statutory or otherwise, relating to, arising out of, connected with or in anticipation of the decommissioning, conversion or cancellation of all or any portion of either or both of the Units, including without limitation (i) removal, relocation, shipment, containment, demolition, dismantling or storage or any combination thereof of any radioactive equipment, materials, nuclear wastes or contaminated structures, (ii) storage of radioactive debris, and (iii) restoration and rehabilitation of the physical and aesthetic appearance of the Site.

23.6 Upon closing of the transactions contemplated by any Purchase and Sale Agreement, the Remaining Participants and the Departing Participants not party to such Purchase and Sale Agreement (and their officers, directors, employees, affiliates and the officers, directors and employees of their affiliates) shall be deemed released, discharged and excused by the Departing Participant party to such Purchase and Sale Agreement without any further action by it of and from any and all obligations of the kind described in clauses (a) and (b) of Paragraph 23.5 of this Agreement.

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23.7 Notwithstanding the generality of Paragraphs 23.5 and 23.6 of this Agreement, the closing of the transactions contemplated by any Purchase and Sale Agreement shall not operate to release (i) any rights of contribution or indemnification that the Participants would, but for Paragraphs 23.5 and 23.6 of this Agreement, have against each other (whether under this Agreement, any other agreement or statute, at law or in

equity) relating to any claim of any person, corporation, firm or entity of any nature (other than a Participant) based upon any actionable act, omission or breach of contract occurring prior to such closing, or (ii) the obligations (if any) of CMP, BNE or Fitchburg under that certain "Agreement to Share Certain Costs Associated with the Tewksbury-Seabrook Transmission Line" dated as of May 8, 1986.

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20.8 *** "The obligations of EUA Power to pay its share of Decommissioning Costs and Costs of Cancellation are secured by a separate fund of \$10 million ("EUA Power Fund"), which has been established under, and is subject to the terms and provisions of, a Decommissioning Costs Security Agreement dated November 26, 1986. The several obligations of the Departing Participants which existed under Paragraph 20.8 of this Agreement prior to the Twenty-Second Amendment to pay up to an aggregate of \$10 million of Decommissioning Costs and Costs of Cancellation after exhaustion of the EUA Power Fund are hereby released, discharged and excused upon the effective date of the Twenty-Second Amendment. On and after the effective date of the Twenty-Second Amendment to this Agreement, EUA Power shall deposit into the EUA Power Fund, promptly upon receipt thereof, such amounts, if any, as may be paid in cash to EUA Power on account of claims asserted by EUA Power against United Engineers and Constructors, Inc., which claims have been assigned to EUA Power by the Departing Participants under the aforesaid Settlement Agreement. The amount to be so deposited shall be the cash paid to EUA Power in settlement of said claims or as a result of a final

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judgment entered upon litigation or arbitration of said claims less (i) \$1 million and (ii) EUA Power's payments of indemnification and contribution under Section 3 of said Settlement Agreement." ***

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23.9 Notwithstanding the provisions of Paragraphs 23.1 and 32.3 of this Agreement, the Participants hereby consent to the sale and transfer to EUA Power by the Departing Participants of their respective Ownership Shares, and hereby irrevocably waive and release any and all rights of first refusal or other rights to purchase such Ownership Shares (and any and all written notice requirements with respect thereto) under this Agreement or otherwise, arising by reason of the proposal or consummation of such sales and transfers to EUA Power, all in order that such sales and transfers to EUA Power may be consummated and carried into effect.***

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*** (23.10 - "Notwithstanding any other provision to the contrary in this Agreement or in the Agreement for Seabrook Project Disbursing Agent dated May 23, 1984, as amended to the date hereof (the "Disbursing Agreement"), PSNH, pursuant to the terms providing therefor in this Agreement and in the Disbursing Agreement (but not subject to Paragraph 33.1 of this Agreement), shall pay or cause to be paid with respect to the Seabrook Project, in an aggregate amount not to exceed \$30 million, all of the funds necessary to pay (i) M&WEC's Ownership Share of the Seabrook Project Costs (as defined in Paragraph 37.4 of this Agreement, but excluding Decommissioning Costs and Costs of

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Cancellation), if not paid prior to the effective date hereof by MMWEC or CL&P; and, also, as they become due on and after December 1, 1988, (ii) MMWEC's Ownership Share of property taxes with respect to the Seabrook Project and (iii) MMWEC's Ownership Share of amounts due under the Transmission Support Agreement dated May 1, 1973, as amended to the date hereof. If prior to such effective date MMWEC is billed for MMWEC's Ownership Share of Project Costs, which has not been paid previously by MMWEC or CL&P, or for MMWEC's Ownership Share of property taxes or amounts due under the Transmission Support Agreement, PSNH shall reimburse such party as shall have made payment therefor, and such reimbursements shall be credited against PSNH's obligations to make payments of up to \$30 million as provided hereunder. MMWEC hereby assigns to PSNH all credits, refunds, recoveries, damages and settlements which are paid or credited to MMWEC or to which MMWEC would be entitled had MMWEC made the payments referred to in clauses (i), (ii) and (iii) above, and which are attributable directly and proportionately to payments made by PSNH. If any cash credits, refunds, recoveries, damages or settlements (collectively, the "Credits") which, prior to the first to occur of NEPOOL Dispatch or Cancellation, are paid or credited against the payments described in clauses (i), (ii) and (iii) above, the Credits shall not reduce PSNH's obligation to make payments up to \$30 million, and shall be applied toward the next payment due for MMWEC's Ownership Share of Project Costs. PSNH's obligations to make the

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aforesaid payments pursuant hereto shall cease, even if the aggregate amount of \$30 million has not then been reached, upon (a) NEPOOL Dispatch of Seabrook Unit No. 1 or (b) Cancellation of Unit No. 1, whichever occurs first. As used in this Paragraph 23.10 and in Paragraphs 23.11, 23.12 and 23.13: "NEPOOL Dispatch" means the date upon which said Unit No. 1 receives an operating license granted by the Nuclear Regulatory Commission to operate at more than five percent (5%) of Unit No. 1's generating capacity and the Unit is released to the New England Power Exchange for dispatch; and "Cancellation" means the time at which pursuant to due authorization the Joint Owners cancel, abandon or cease activities leading to full power operation of Unit No. 1 as a nuclear unit. Notwithstanding the foregoing provisions of this Paragraph 23.10, MMWEC shall remain fully liable as a Participant, and shall pay its Ownership Share of all Project Costs, property taxes and amounts owing under the Transmission Support Agreement either (i) for amounts due above the aforesaid \$30 million or upon NEPOOL Dispatch, whichever is earlier, or (ii) to the extent, but only to the extent before NEPOOL Dispatch and before PSNH has expended the aforesaid \$30 million, of any credits received by or on behalf of MMWEC on account of the billing dispatch savings of any electric power actually taken by MMWEC from Seabrook Unit No. 1, provided, that to the extent that MMWEC does not so take such power, PSNH shall be entitled to receive such power without MMWEC thereby incurring liability except as provided in this Paragraph 23.10."

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23.11 - "Notwithstanding any other provisions to the contrary in this Agreement, if Cancellation of Seabrook Unit No. 1 occurs prior to NEPOOL Dispatch, MMWEC shall pay its Ownership Share of all Decommissioning Costs (as defined in Paragraph 13A.3) and all Costs of Cancellation (as defined in Paragraph 23.3(f)), including its Ownership Share of all payments which may then become due under Paragraph 23.8 as amended by the Twenty-Second Amendment, and its Ownership Share of all property taxes and all payments due under the Transmission Support Agreement, but in an amount not exceeding \$10 million in the aggregate; and in such event PSNH shall pay all of MMWEC's Ownership Share of (i) such Decommissioning Costs and Costs of Cancellation, (ii) property taxes and (iii) payments under the Transmission Support Agreement to the full extent that the aggregate of them exceeds \$10 million. If Cancellation occurs after NEPOOL Dispatch, the preceding provisions of this Paragraph 23.11 shall be null and void, and MMWEC shall pay its Ownership Share of the foregoing costs."

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23.12 - "Whether or not PSNH makes the payments which would otherwise be required of MMWEC, as provided under Paragraphs 23.10 and 23.11 hereof, MMWEC shall have no obligation to make any such payment prior to (i) PSNH's full payment of \$30 million, (ii) NEPOOL Dispatch or (iii) Cancellation, whichever occurs first, except to the extent of the value of any credits or benefits received by or on behalf of MMWEC on account of electric power actually taken by MMWEC. Upon the effective date of

the Twenty-Second Amendment, MMWEC shall be deemed not to have been in default since June 1, 1988 under this Agreement, the Disbursing Agreement, or the Transmission Support Agreement. The failure by PSNH to make any payment which would otherwise be required of MMWEC, as provided under Paragraphs 23.10 and 23.11 hereof, shall not (i) constitute a default by MMWEC under this Agreement, the Disbursing Agreement or the Transmission Support Agreement or (ii) reduce or diminish the Ownership Share of MMWEC existing on June 1, 1988. However, any such failure of PSNH shall constitute a default by PSNH under this Agreement, for which the other Participants (except MMWEC) may assert any remedy available under this Agreement, seek equitable relief or damages, or exercise any other right or remedy at law or in equity, including without limitation the reduction of PSNH's Ownership Share."

23.11 - "The obligations of PSNH under Paragraphs 23.10 and 23.11 to make MMWEC's payment to the Seabrook Project shall be limited as provided in said Paragraphs. Neither PSNH nor any other Participant shall have any obligation to make any additional or other MMWEC payments. Failure by PSNH or any other Participant to make any such additional or other MMWEC payment shall neither constitute a default under this Agreement nor diminish the Ownership Share of PSNH or of any other Participant. Failure by MMWEC to pay its Ownership Share of Project Costs, property taxes, or amounts due under the Transmission Support Agreement as required by Paragraphs 23.10 and 23.11:

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(a) If before NEPOOL Dispatch and before Cancellation, and after 40 days' written notice has been given to MWEC, shall entitle the other Participants to obtain equitable relief or damages, or exercise any other right or remedy at law or in equity, but not to reduce MWEC's Ownership Share, nor may PSNH exercise its rights under Paragraph 25.2; and

(b) If after Cancellation or after NEPOOL Dispatch, shall constitute a default by MWEC under this Agreement for which the other Participants may seek any remedies available under this Agreement (including without limitation PSNH's exercise of its rights under Paragraph 25.2), equitable relief or damages, or exercise any other right or remedy at law or in equity, including without limitation the reduction of MWEC's Ownership Share. For purposes of this subsection (b), a default shall include without limitation the failure after Cancellation or NEPOOL Dispatch to cure a nonpayment under subsection (a) above within seven days after Cancellation or NEPOOL Dispatch.

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23.14 - "Except as specifically provided otherwise in Paragraphs 23.10, 23.11, 23.12 and 23.13, all of the Participants, including PSNH and MWEC, shall remain fully liable and obligated for their respective Ownership Shares of all Seabrook Project Costs, property taxes, Transmission Support Agreement payments, Costs of Cancellation and Decommissioning Costs, and all other costs and expenses as provided in this Agreement and in the Disbursing Agreement, and no Participant shall be

obligated or become obligated to pay or assume the obligations of any other Participant with respect to the Seabrook Project." ***

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*** 24. Termination, Suspension, Shutdown or Resumption of Construction

24.1 Construction or operation of Unit 1 may be terminated or suspended or shut down for a brief or extended period or permanently, or construction or operation may be resumed after suspension or shut down for a brief or extended period by written agreement of Participants owning fifty-one percent (51%) or more of the Ownership Shares. Each Participant shall bear its Ownership Share of all costs of such termination, suspension or shutdown and of all costs resulting therefrom, including, in the event of resumption of construction or operation, the costs thereof.

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24.2 Recognizing that: (a) by a vote of the Participants on September 8, 1983, construction of Unit 2 was reduced to the lowest feasible level; (b) by a vote of the Participants on March 30, 1984, it was agreed that Unit 2 be cancelled as of December 1, 1984 subject to the

satisfaction of two specified conditions and that, until December 1, 1984, expenditures for Unit 2 would be further reduced to the level necessary to preserve and maintain Unit 2 and any existing permits and approvals therefor; and (c) pursuant to PSNH action of April 19, 1984, all construction of Unit 2 was suspended, construction of Unit 2 shall not be resumed without a vote of Participants owning at least fifty-one percent (51%) of the Ownership Shares. ***

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25. Default: v Participants

25.1 In the event of default by any Participant in any obligation pursuant to this Agreement the remaining Participants, or any of them, shall be free to invoke such remedies at law or in equity as may be deemed appropriate, subject to the arbitration provision set forth in paragraph 26 hereof. No default in the performance of any obligation other than an obligation to make any payment hereunder which the Participant may legally make shall be deemed to exist if such default is the result of an "uncontrollable force". The term "uncontrollable force" as used herein shall mean storm, flood, lightning, earthquake, fire, explosion, failure of facilities not due to lack of proper care or maintenance, civil disturbance, labor disturbance, sabotage, war, national emergency, restraint by court or public authority, or other causes beyond the control of the affected Participant, which such Participant could not reasonably have been expected to avoid by exercise of due diligence and foresight. Any Participant affected by an uncontrollable force shall use due diligence to place itself in a position to fulfill its obligations hereunder and if unable to fulfill any obligation by reason of an uncontrollable force such Participant shall exercise due diligence to remove such disability with reasonable dispatch. ***In the event that any Participant shall fail to make when due any payment required by this Agreement under any contract relating to the construction,

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operation or maintenance of the Units or the support of their associated transmission facilities entered into pursuant to this Agreement, in addition to any other rights which may then exist and in consideration of the mutual agreements of the other Participants, each of the Participants hereby agrees (i) that PSNH shall have the right in its sole discretion to make such payment, or the Disbursing Agent (appointed by the Participants under a separate Agreement dated as of May 23, 1984, as amended, the "Disbursing Agent Agreement"), shall have the right to accept funds with which to make such payment and to disburse any funds so accepted to meet obligations of the defaulting Participant, (ii) that, whenever such a payment has been made on behalf of a defaulting Participant, PSNH or the Disbursing Agent, as the case may be, are hereby authorized on behalf of all Participants to recover from any such defaulting Participant the amount of such payments, heretofore or hereafter made, together with interest from the date payment by the defaulting Participant was due to the date of reimbursement, and (iii) that the interest so payable by the defaulting Participant shall be at an annual rate of seven percentage points over the lowest interest rate then being charged by The First National Bank of Boston on 90-day commercial loans or, if such rate would be deemed usurious, at the highest rate then legally permissible. The Participants further agree that (a) if PSNH has itself made the payment, it shall retain any such recovery together with the interest thereon, and (b) if the Disbursing Agent has made such payment, all such recoveries shall be applied as follows: the principal thereof to reimburse the appropriate accounts and the interest thereon to be credited for the pro rata benefit of all non-defaulting Participants, unless otherwise directed pursuant to the Disbursing Agent Agreement.

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25.2 If a default by a Participant other than PSNE or VI (the "defaulting Participant") in any obligation under this Agreement has continued for more than five months *** after written notice of such default has been given to the defaulting Participant by PSNE,*** PSNE may, in lieu of any other rights or remedies that it may have against the defaulting Participant by reason of the default, by written notice to the defaulting Participant with copies to all other Participants, terminate all rights of the defaulting Participant under this Agreement on the date specified in such notice, which date shall not be less than thirty days after the giving of such notice.

Upon the effectiveness of such termination,

(a) The defaulting Participant shall cease to have any rights in the capacity and output of the Units or any rights under this Agreement except as set forth in this paragraph 25.2.

(b) PSNE shall succeed to all the defaulting Participant's rights, under all contracts, leases and other instruments relating to the Units, including this Agreement;

(c) The defaulting Participant shall pay to PSNE all amounts then owed by the defaulting Participant under the terms of this Agreement with interest thereon at the rate specified in paragraph 25.1, and the amount of any legal or other expenses incurred by PSNE in connection with such default or the termination of the defaulting Participant's rights under this Agreement, and, in addition, as liquidated damages, an amount equal to 25% of the lesser of (i) the defaulting Participant's net investment (as determined in accordance with the Uniform System, if applicable to the Participant, or, if not so applicable, in a manner consistent with the principles of the Uniform System) at the effectiveness of such termination in the Units, the Property Interests and the fuel and operating inventories

for the Units, or *** (ii) the then fair market value of said defaulting Participant's Ownership Share in the Units, Property Interests and such fuel and inventories (without giving effect to the defaulting Participant's loss of its rights in the capacity and output of the Units pursuant to paragraph 25.2(a) above.*** Such amount of liquidated damages is agreed by the Participants to be a fair and reasonable approximation of the additional damages which will result to PSNH upon the breach of this Agreement by any other Participant, which damages cannot more accurately be determined by any other method due to the duration of this Agreement and the uncertainty which necessarily exists at the date of this Agreement with respect to the costs associated with the Units and to other pertinent factors, considering the protection afforded to PSNH by the provisions of paragraph 25.2(d) hereof.

(d) *** Subject to obtaining necessary regulatory approvals and mortgage indenture releases where applicable (which the defaulting Participant agrees to use its best efforts to obtain promptly), the defaulting Participant shall convey, transfer and assign to PSNH or its designees (in such proportions as it may designate), free and clear of all liens and encumbrances other than (i) those which existed at the time of conveyance to such Participant, (ii) liens securing taxes or other governmental charges, the payment of which is not yet delinquent, and (iii) liens and encumbrances caused by the acts or omissions of PSNH, all its right, title and interest in the Units, the Property Interests and the fuel and operating inventories for the Units and all contracts, leases or other instruments relating to the Units.*** Upon the completion of such conveyance, transfer and assignment, PSNH shall pay to the defaulting Participant an amount equal to the lesser of (i) the defaulting Participant's net investment (as determined according to the method described in sub-paragraph (c) above) at the effectiveness of such termination in the

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Units, the Property Interests and the fuel and operating inventories for the Units or *******(ii) the then fair market value of said defaulting Participant's Ownership Share in the Units, Property Interests and such fuel and inventories (without giving effect to the defaulting Participant's loss of its rights in the capacity and output of the Units pursuant to paragraph 25.2(a) above*******, less (iii) all amounts owed to PSNE pursuant to the terms of sub-paragraph (c) above. If the amount required to be deducted under clause (iii) of the preceding sentence is greater than the lesser of the amounts described in clauses (i) and (ii), the defaulting Participant shall remain liable for the deficiency.

*******Notwithstanding any provision hereof to the contrary, a Participant shall not be deemed to be in default if (A) such Participant fails to pay its Ownership Share of the cost of a capital item, as hereinafter defined, which such Participant determines after good faith investigation of all reasonable alternatives can be financed only by the issuance of bonds or other securities, and (B) (i) if such Participant is a municipal corporation, such issuance requires the approval of the voters, town meeting members or city council of such municipality and is disapproved by such voters, town meeting members or city council despite the best efforts of such Participant or (ii) in the case of both a Participant which is a municipal corporation and any other Participant, such issuance requires such authorization by a state legislature and such authorization is not granted despite the best efforts of such Participant, and (C) such Participant tenders to PSNE within five months (or such longer period as may be fixed by written agreement of the Participant and PSNE) after the initial payment with respect to the cost of such capital item has been requested, a good and sufficient deed conveying to PSNE, free and

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clear of all liens and encumbrances, other than (i) those which existed at the time of conveyance to such Participant, (ii) liens securing taxes or other governmental charges, the payment of which is not delinquent, and (iii) liens and encumbrances caused by the acts or omissions of PSNH, the portion of the Participant's Ownership Share in the Units determined in accordance with the formula specified below. (Such deed shall be completed by the insertion of the percentage conveyed when the amount of the reduction is finally determinable.) If the foregoing conditions are met PSNH shall undertake the payment of the share of the cost of such capital item which such Participant would otherwise have been obligated to pay, such Participant shall not be obligated to pay such share and shall not be deemed in default hereunder by reason of its failure to make such payment, and the Ownership Share of such Participant shall be reduced in accordance with the following formula:

$$S_T = S_0 \frac{(V - (1.25 \times A))}{V}$$

where:

- V = The lesser of (i) such Participant's unadjusted Ownership Share of the estimated fair market value of the Units, the Property Interests and the fuel and operating inventories for the Units after addition of such capital item, or (ii) such Participant's net investment as determined in accordance with the Uniform System of Accounts prescribed for Class A and B Public Utilities and Licensees by the Federal Power Commission as amended from time to time (or such similar accounts as may hereafter become appropriate) in the Units, the Property Interests and the fuel and operating inventories for the Units plus such Participant's unadjusted Ownership Share of the cost of the capital item (as finally determined on the basis of the costs to PSNH.)
- A = Such Participant's unadjusted Ownership Share of the cost of the capital item which such Participant is unable to pay including interest as provided in paragraph 11.1 on any part of such cost already billed.
- S₀ = Such Participant's Ownership Share prior to nonpayment.

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"cost of a (or the) capital item" means (i) costs (other than costs for which the Participants are individually responsible of the type described in paragraph 13.2) incurred under this Agreement for design, engineering, procurement, installation, and construction of the Units, including costs incurred with respect to the acquisition of the Site, in excess of the estimated aggregate of such costs, which estimated aggregate of such costs for purposes of this provision is \$1,075,000,000; (ii) costs (other than costs for which the Participants are individually responsible of the type described in paragraph 13.2) incurred under this Agreement with respect to renewals, replacements, modifications, additions, extensions, betterments and improvements of the Units, whether elective, pursuant to regulatory law, or otherwise; and (iii) costs (other than costs for which the Participants are individually responsible of the type described in paragraph 13.2) incurred under this Agreement with respect to any completion, repair, restoration or reconstruction of the Units pursuant to the terms of paragraph 19 hereof, in excess of any proceeds of insurance or award upon condemnation available therefor. The costs required to be incurred in connection with the termination, shutdown, demolition or disposal of the Units shall not constitute "cost of a capital item," and the provisions of this paragraph shall not be applicable to a failure to pay such costs. [Fifth Amendment]

25.3 Failure by a Participant to insist on any occasion upon strict performance of any provision of this Agreement or to take advantage of any rights hereunder shall not be construed as a waiver thereof and no waiver of any provision of this Agreement shall be

effective unless in writing and executed by Participants having at least 80% of the Ownership Shares.

26. Arbitration

26.1 Any dispute among the Participants with respect to this Agreement shall be submitted to arbitration on the request of a Participant. Copies of any such request shall be served on all Participants and it shall specify the issue or issues in dispute and summarize the Participant's claim with respect thereto. Within ten days after receipt of such a request authorized representatives of all Participants shall confer and attempt to agree upon appointment of a single arbitrator. If such agreement is not [end of page 33]

accomplished, any Participant 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 all Participants. The arbitrator shall conduct a hearing in Manchester, New Hampshire, and within thirty days thereafter, unless such time is extended by agreement of all Participants, shall notify the Participants 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 Agreement, except as provided in paragraph 29 hereof. Subject to such limitation, the decision of the arbitrator shall be final and binding on all Participants except that any Participant 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 Participants.

27. Notices

27.1 ***Any notice, demand, or request to any Participant pursuant to any provision of this Agreement shall be made in writing and shall be delivered either in person, by prepaid telegram, or by registered or certified mail to an officer, official, or agent of the Participant at such Participant's principal office or place of business or to such officer, official, or agent of the Participant, and at such address, as may be designated from time to time by such Participant by written notice to the other Participants. If no such designation by written notice shall have been made by a Participant, such Participant shall be deemed to have designated such officer, official, or agent as shall have executed the most recent amendment or addendum to this Agreement and such address as shall be shown thereon.***

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28. Severability of Provisions

28.1 A holding by any court having jurisdiction that any provision of this Agreement is invalid shall not result in invalidation of the entire Agreement, but all remaining terms shall remain in full force and effect.

29. Amendment

29.1 This Agreement may be amended from time to time by agreement in writing executed by Participants having Ownership Shares aggregating at least 80% with binding effect on all Participants; provided that no such amendment shall operate to change the Ownership Share of a Participant or its right to submit disputes to arbitration in accordance with paragraph 26, without the express consent of such Participant; and provided further that without the express consent of all Participants no such amendment shall operate (a) to reduce the aforesaid percentage of the Ownership Shares required to agree to an amendment, or (b) to make the relative rights and obligations of any Participant differ in any respect from the rights and obligations of any other Participant, or (c) to change substantially (i) the description of the Units set forth in paragraph 1, (ii) the form of ownership thereof as set forth in paragraph 3, (iii) the relationship of the Participants as set forth in paragraph 6, or (iv) the nature of costs and expenses to be shared by the Participants as set forth in paragraphs 11, 13, 17, 19, and 24.

In the event any provision of this Agreement is determined to be invalid under or in conflict with any applicable statute or any regulation or order of any regulatory agency having jurisdiction, or is in conflict with any provisions of any electric power pooling agreement to which Participants owning at least 80% of the Unit are signatories, the

Participants shall, unless they unanimously agree that no amendment is necessary, attempt by negotiation in good faith to agree upon an amendment of this Agreement which eliminates such invalidity or conflict while at the same time permitting the accomplishment of the objectives hereof to the greatest extent possible. In the event that agreement on an amendment cannot be reached by Participants having Ownership Shares aggregating at least 80% the matter shall be submitted to arbitration in accordance with paragraph 26.1 hereof and for this purpose only the arbitrator shall have the power to amend or add to this Agreement.

30. Applicable Law

30.1 This Agreement is made under and shall be governed by the law of The State of New Hampshire.

31. Term

31.1 This Agreement shall remain in full force and effect for the lesser of (i) the full useful lives of the Units, or of any replacement or reconstruction thereof pursuant to paragraph 19 hereof, or (ii) the period of ninety-nine years from the date of execution; provided, however, that in the event it shall be found that the Rule against Perpetuities applies, no transfer, conveyance or offering of any interest in the Units or the Property Interests shall be required to be made, and no option or right of refusal or declination with respect to any such transfer, conveyance or offering may be exercised under any provision of this Agreement later than twenty-one years after the death of the last to survive of the following persons living at the date of this Agreement: Elizabeth A. Tallman, child of William C. Tallman of Bedford; Deborah L. Adams, Stephen P. Adams, and Sally Anne Adams, children of William A. Adams, Jr., of Manchester; Christina J. Anderson, grandchild of David W. Merrill of Candia; Ian B. MacDermott, Derek A. MacDermott, Kimberly S.

MacDermott, Joshua E. T. Foster, Shawn A. Foster, and Samantha J. Foster, grandchildren of Eliot Priest of Manchester; MaryAnne Sinville and Donald E. Sinville, Jr., children of Donald E. Sinville of Manchester; and David R. Harrison, Gregory J. Harrison, Marie E. Harrison, and Thomas G. Harrison, children of Robert J. Harrison of Manchester; all of the State of New Hampshire; and provided, further that, notwithstanding the expiration of the term of this Agreement, the provisions of this Agreement shall continue in effect after such expiration to the extent necessary to permit full effect to be given to paragraph 24.

32. Miscellaneous

32.1 Each Participant shall, upon request of another Participant, execute and deliver any document reasonably required to implement any provision hereof.

32.2 A Participant shall not have the right to challenge any bill, invoice or statement, invoke arbitration of the same or bring any court or administrative action of any kind questioning the propriety of the same after a period of eighteen months from the date it is rendered. In the case of a bill, invoice or statement containing estimates, a Participant shall not have the right to challenge its accuracy after a period of eighteen months from the date it is adjusted to reflect the actual amounts due.

32.3 If it becomes necessary to estimate charges, any item billed on an estimated basis shall be paid when rendered. An adjustment will be made to the extent appropriate after the actual amount of the estimated item has been determined.

32.4 This Agreement shall be binding on successors and assigns of each Participant and, insofar as permitted by law, on any receiver or trustee in bankruptcy, receivership, or reorganization of any Participant.

32.5 No assignment or transfer of any interest by any Participant except in accordance with paragraph 3.2 hereof or the third from last sentence of *** paragraph 23.1 *** shall relieve it of any of its obligations hereunder absent express release by the remaining Participants, but PSNH is authorized, on behalf of all Participants, and agrees to grant such an express release with respect to any transfer contemplated by the first refusal provision of paragraph 23 hereof upon the furnishing to PSNH of reasonable assurance that the financial ability of the assignee or transferee is substantially as satisfactory as that of the Participant involved and that such assignee or transferee has met, or can reasonably be expected to meet prior to the time of issuance of a construction permit for the Units, the financial qualification requirements of the Atomic Energy Act of 1954. In the event of any transfer in accordance with paragraph 3.2 or the third from last sentence of *** paragraph 23.1 *** hereof, each Participant shall be deemed to have granted to the Participant making such transfer its express release from all obligations under this Agreement to the extent of the interest transferred except obligations outstanding at the time of such transfer whether or not due.

14th
Amend.

14th
Amend.

32.6 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 parties to all of the counterparts had signed the same instrument.

32.7 Except to the extent that the Preliminary Agreement or any exhibit thereto is specifically referred to herein and except to the extent that the continued applicability of any other agreement is specifically

recognized herein, this Agreement shall constitute the entire understanding between the Participants, superseding any and all previous understandings pertaining to the subject matter contained herein.

***32.3 References. The following shorthand references may have been or may be employed with respect to the named Participants, Initial Transferees, Additional Transferees, or Transferees as the same may be from time to time referenced in the Agreement:

Public Service Company of New Hampshire	PSNH
The United Illuminating Company	UI
Bangor Hydro-Electric Company	Bangor
Central Maine Power Company	CMP
Central Vermont Public Service Corporation	CVPS
The Connecticut Light and Power Company	CLP
Fitchburg Gas and Electric Light Company	Fitchburg
Green Mountain Power Corporation	GMP
Hudson Light and Power Department	Hudson
Maine Public Service Company	MPSC
Massachusetts Municipal Wholesale Electric Company	MMWEC
Montaup Electric Company	Montaup
New Bedford Gas and Edison Light Company	NB
New England Power Company	NEP
Taunton Municipal Lighting Plant	Taunton
Vermont Electric Cooperative, Inc.	VEC
Vermont Electric Power Company, Inc.	VELCO

provided, however, that any shorthand reference shall be for that purpose only and shall not otherwise control or affect the operation or interpretation of any of the provisions of the Agreement.***

***33. Certain Agreements Concerning Construction of the Units

33.1 Financing of Costs. Each Participant will use its reasonable best efforts, subject to regulatory requirements, to finance its Ownership Share of the costs of completing in a timely manner construction of the Units. If at any time a Participant (a "Delinquent Participant") should determine that it cannot pay its Ownership Share of current construction costs, it will notify the other Participants in writing, in as timely a manner as possible. One or more of the remaining Participants may then, after

timely notice to all Participants, make on behalf of the Delinquent Participant advances (or all or part of the monthly payments due from the Delinquent Participant). In the event two or more Participants give notice of an intent to make advances aggregating more than the monthly payments due from the Delinquent Participant, the right to make such advances shall be apportioned between them in accordance with their respective Ownership Shares, or in such other manner as they may agree. If within 3 months after it becomes delinquent in its payment of current construction costs, the Delinquent Participant fails to recommence its payments, and repay the advances plus interest at the rate specified in paragraph 11.1 of the Agreement from the date of the advance to the date of repayment, then, at the option of each Participant which has made advances, (a) its Ownership Share shall be increased and that of the Delinquent Participant decreased, so that the Ownership Share of each is in the proportion which the aggregate costs paid by it (including said advances) bears to the total costs applicable to all Participants, or (b) it shall be credited with the amount of its advances against payments which would otherwise be due from such Participant thereafter on account of its existing Ownership Share. Such changes in Ownership Shares shall take effect when all regulatory approvals therefor are received, and the Participants agree to use their best efforts to obtain such approvals promptly.

33.2 Termination or Suspension of Construction or Operation.

Notwithstanding any other provision of this Agreement, PSNH will not terminate the Project, suspend construction for an extended period, or defer the scheduled dates of commercial operation of either of the Units, except (a) with the written agreement of Participants (including PSNH) having Ownership Shares aggregating at least 75%, or (b) unless such action is required by any law, regulation, or order of any governmental body or agency or by reason of an emergency, requirements of public safety or health, or other similar causes.***

***34. Creation of Oversight Committee

34.1 An Oversight Committee of five (5) members is hereby established to participate in the oversight of the Project. Members of the Oversight Committee shall be appointed from time to time by majority vote of Participants, with each such Participant's vote given weight proportional to its Ownership Share in the Project. Members of the Oversight Committee will have experience in nuclear construction and operation. The Oversight Committee will hold meetings as required, but no less frequently than once a month.

It is the intent of the Participants that at all times the Oversight Committee act consistently with the regulations of the Nuclear Regulatory Commission (NRC) and that there be no delegation to, nor assumption by, the Committee of any duties or authority given to the NRC licensees.

15th
Amend

The Senior Vice President of PSNH or such other officer of PSNH with primary responsibility for managing the construction of the Project will, from time to time: (a) inform the Oversight Committee of the status of the Project and of problems and other developments at the site; and (b) meet with the Oversight Committee at such times as the Committee may request.

PSNH will consult with the Oversight Committee prior to making major decisions in connection with the Project which PSNH could reasonably expect to be of concern to the Participants. Each such consultation shall be as detailed as time permits. PSNH will follow the recommendations of the Oversight Committee to the extent reasonably practicable, unless PSNH believes that such recommendations are not in

accordance with the NRC regulations or prudent utility practice. The creation of the Oversight Committee shall not be deemed to affect PSNM's responsibility for construction under this Agreement.

35. Appointment of Disbursing Agent

35.1 Participants owning fifty-one percent (51%) or more of the Ownership Shares may appoint one or more disbursing agents to receive, hold and disburse payments due from Participants under the terms of this Agreement, including without limitation Paragraphs 11 and 13 of this Agreement.

35.2 All monies paid to the disbursing agent or agents shall not be property of the Participants, but shall be held in escrow and disbursed by the Disbursing Agent, subject to and in accordance with the provisions of the Agreement for Seabrook Project Disbursing Agent made as of May 23, 1984, as amended.

35.3 The disbursing agent or agents so appointed shall disburse monies received from Participants only to meet each Participant's own Ownership Share of the costs.

35.4 The powers, duties, responsibilities, terms of employment, compensation and other matters regarding the disbursing agent or agents so appointed shall be limited to activities reasonably incident to collection and disbursement of Participants' payments, as distinguished from those of a managing agent under paragraph 36, and shall be further defined by written agreement of Participants owning fifty-one percent (51%) or more of the Ownership Shares. The disbursing agent or agents may be removed by Participants owning fifty-one percent (51%) of the Ownership Shares, and a successor disbursing agent or agents may be appointed by Participants owning fifty-one percent (51%) of the Ownership Shares. The disbursing agent or agents may resign by giving seven days' prior written notice to all Participants.

35.5 The disbursing agent or agents so appointed may assess Participants for their Ownership Shares of the ordinary and necessary costs of carrying out the functions of the disbursing agent, including the costs of counsel.

36. Change In Project Management

36.1 Upon the written agreement of Participants owning fifty-one percent (51%) or more of the Ownership Shares, approval of the necessary regulatory authorities, including any necessary action of the NRC, and appointment of a managing agent under Paragraph 36.2, PSNH shall be relieved of all of its management duties, functions, responsibilities, prerogatives, discretionary rights, and authorizations to act for and on behalf of all other Participants hereunder, including, without limitation, those described in Paragraphs 8, 9, 10, 12, 13, 19, 20, and 24; provided, however, that nothing herein shall be construed so as to affect PSNH's Ownership Share or its duty to pay its Ownership Share of the costs of the Project, or to perform such other duties as are required to be performed by each Participant.

13th
Amend.

36.2 Upon written agreement and effective upon approval of the necessary regulatory authorities, Participants owning fifty-one percent (51%) or more of the Ownership Shares may appoint a managing agent (which may be a Participant) for the Project who shall perform all of the management duties and functions, and who shall have all of the responsibilities, prerogatives, discretionary rights, and authorizations to act on behalf of all other Participants previously vested in PSNH. The terms, powers, duties, responsibilities, term of employment, compensation and other matters regarding the managing agent so appointed, will be defined by written agreement of Participants owning fifty-one percent

(51%) or more of the Ownership Shares prior to the effective date of the appointment. The Managing Agent may be removed by Participants owning at least fifty-one percent (51%) of the Ownership Shares, and a successor Managing Agent may be appointed by Participants owning at least fifty-one percent (51%) of the Ownership Shares. The Managing Agent may resign upon written notice to all Participants.***

13th
Amend.

***37. Creation of Executive Committee

***37.1 (a) An Executive Committee is hereby established to perform the functions set out in this Paragraph 37, subject to the limitations of Paragraph 37.4 and 37.5 below. The members of such Executive Committee shall be appointed from among the Chief Executive Officers of Participants in the Units, and may be removed, according to the following method: (i) as to each of the New England States (except the State of New Hampshire), all of the investor-owned and cooperative Participants serving that State, at wholesale or at retail, shall together select, and may remove, by a majority of the total Ownership Shares of such Participants, the Chief Executive Officer of one such Participant as an Executive Committee member (currently, the Participants serving Connecticut, Maine, Massachusetts, Rhode Island and Vermont shall thus each select an Executive Committee member), except that no Participant shall have more than one representative on the Executive Committee; (ii) if the New Hampshire Electric Cooperative, Inc. and all of the investor-owned and cooperative Participants serving Vermont so agree in writing, such Participants may together select an Executive Committee member.

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Amend.

who shall be the Chief Executive Officer of a Participant serving Vermont; and (iii) all those Participants owned by or organized pursuant to authority of governmental entities shall select, and may remove, by a majority of the total Ownership Shares of such Participants, a Chief Executive Officer of one such Participant as an Executive Committee member. The foregoing selections and removals shall be made either at a meeting of all Participants or at a special meeting of the Participants that are entitled to select the member. 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.

(b) In the event that a member resigns or is removed from the Executive Committee or becomes unable to serve as an Executive Committee member by virtue of default in payment of Project Costs as described in clause (c) of this Paragraph 37.1 or by disablement, death or resignation or removal as a Chief Executive Officer of a Participant, or if the Participant employing such member as its Chief Executive Officer ceases to be a Participant or is succeeded by another Participant, the successor to such member shall be selected within two weeks of the date on which such vacancy first occurs and by the same method as such member being replaced was selected.

16th
Amend

(c) The Chief Executive Officer of PSNH shall be and shall remain as an additional member of the Executive Committee so long as PSNH continues to pay its full share of current Project Costs (as defined in Paragraph 37.4). No other

Participant shall be entitled to have its Chief Executive Officer or alternate serve on the Executive Committee if it is more than one month in arrears in the payment of its full share of current Project Costs.

(d) The Executive Committee shall be entitled to appoint task forces, consisting of persons who are not Executive Committee members, to undertake specific assignments on its behalf, including oversight of the activities of the Disbursing Agent appointed under Paragraph 35. The Executive Committee will maintain supervisory control over each task force. Each task force and each member thereof shall be considered a designee of the Executive Committee.

***37.2 (a) The Executive Committee shall hold meetings as required, but no less frequently than once a month. A quorum for effective action at any meeting of the Executive Committee shall consist of a majority of all members. The Executive Committee shall act by majority vote of its members present, voting per capita rather than by Ownership Share.

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Amend.

(b) The Executive Committee may adopt rules of procedure or by-laws to govern the conduct of its meetings and the performance of its functions under this Paragraph. The Executive Committee shall appoint a Chairman, who shall have such duties, consistent with this Paragraph, as the Executive Committee may give to him.

(c) The Executive Committee shall be subject to control and direction by the Participants, and action of the

Executive Committee may be modified by written agreement executed by Participants owning fifty-one percent (51%) or more of the Ownership Shares; except that the rights, duties and responsibilities of the Executive Committee under the Agreement for Seabrook Project Disbursing Agent may only be modified or altered by amendment of that agreement, and the Executive Committee's actions thereunder shall only be subject to modification consistent with the provisions of that agreement.

(d) Upon the effectiveness of the appointment of a managing agent pursuant to Paragraph 36 of this Agreement, the powers, duties and responsibilities of the Executive Committee set out in this Paragraph shall be reexamined and may be modified; provided that any modification shall be consistent with this Paragraph, including the limitations of Paragraph 37.5.

16th
Amend.

***37.3 (a) On a quarterly basis, or more frequently if the Executive Committee so requests, the Project Manager shall prepare and present to the Participants an itemized cash budget for Project Costs (as defined in Paragraph 37.4) for each of the next six months (referred to as the "next six months' budget") and, if construction of either Unit is in progress, for Project Costs of construction through completion, with an estimated date for scheduled commercial operation. The Project Manager shall deliver a copy of such next six months' budget (with the estimated costs through completion and the estimated date of completion) to each Participant at least ten days before the Participants' meeting called to consider it. The Executive Committee may also present to the Participants its recommendation with respect to the next six months' budget and costs through completion. The Participants shall review the next six months' budget, and, after consultation with the Project Manager and the Executive Committee, shall either approve or modify the aggregate dollar amount of such budget pursuant to the methods described in either subparagraph (b) or (c) below, as appropriate.

17th
Amend.

(b) Prior to full funding of construction, the Participants shall approve or modify the next six months' budget by either of the following methods, as appropriate:

(1) agreement by Participants owning fifty-one percent (51%) or more of the Ownership Shares in the Seabrook Project, if the aggregate dollar amount of such budget does not exceed the aggregate dollar amount of the current six months' budget, provided that if Participants owning more than forty-nine percent (49%) of the Ownership Shares in the Seabrook Project do not disagree by the tenth day after the meeting called and held to consider it, then the Participants shall be deemed to have approved such budget; or

(ii) agreement by five (5) or more Participants owning sixty-two percent (62%) or more of the Ownership Shares in the Seabrook Project, if the aggregate dollar amount of such budget exceeds the aggregate dollar amount of the current six months' budget, except that if such proportion and number of Participants do not so agree by the tenth day after the Participants' meeting called and held to consider it, then the Participants shall be deemed to have approved the next six months' budget in an aggregate dollar amount equal to the current six months' budget.

(c) After full funding of construction, the Participants shall approve or modify the next six months' budget by either of the following methods, as appropriate:

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Amend.

(i) agreement by Participants owning fifty-one percent (51%) or more of the Ownership Shares in the Seabrook Project, if the aggregate dollar amount of such budget does not exceed one hundred and ten percent (110%) of the aggregate dollar amount of the current six months' budget, provided that if Participants owning more than forty-nine percent (49%) of the Ownership Shares in the Seabrook Project do not disagree by the tenth day after the meeting called and held to consider it, then the Participants shall be deemed to have approved such budget; or

(ii) agreement by five (5) or more Participants owning sixty-two percent (62%) or more of the Ownership Shares in the Seabrook Project if the aggregate dollar amount of such budget exceeds one hundred and ten percent (110%) of the aggregate dollar amount of the current six months' budget, except that if such proportion and number of Participants do not so agree by the tenth day after the Participants' meeting called and held

to consider it, then the Participants shall be deemed to have approved the next six months' budget in an aggregate dollar amount equal to the current six months' budget.

17th
Amend

(d) The Executive Committee shall use, and shall be entitled to rely upon, the aggregate budget so approved or deemed approved by the Participants, in performing its functions under this Paragraph.***

***37.4 The Executive Committee shall perform the following functions and shall also have the specific rights, and be subject to the specific duties and responsibilities, given it in the Agreement for Seabrook Project Disbursing Agent made the 23rd day of May 1984:

(a) On a periodic basis, the Executive Committee shall review and approve or modify the Project Manager's budget, workplan and level of activity to assure that construction costs, costs resulting from suspension and termination (including any costs associated with restarting construction after suspension), and costs of operation and maintenance of the Units (all such costs being collectively referred to in this Paragraph as "Project Costs") incurred or proposed to be incurred by the Project Manager on behalf of Participants (i) are authorized by the provisions of this Agreement, including without limitation the provisions of Paragraphs 11, 13 and 24.2 of this Agreement and the Resolution referred to in Paragraph 24.2, and (ii) do not and will not exceed the reasonable budgetary limits established by the Participants from time to time, as provided in Paragraph 37.3 above;

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Amend

(b) The Executive Committee shall provide direction to and oversee the functions of the Disbursing Agent appointed under Paragraph 35 of this Agreement to assure that Participants' payments and the funds and credits attributable to those payments are properly allocated and applied under the provisions of this Agreement, including without limitation ensuring the proper application of credits to Project Costs and the allocation of payments made by each Participant to pay only such Participant's Ownership Share of such Project Costs; and shall further provide direction to the Disbursing Agent and shall oversee the allocation of Participants' payments in cases where one or more of the Participants have not paid their Ownership Share of Project Costs;

(c) The Executive Committee is authorized to conduct a search for and make recommendations to the Participants with respect to a new managing agent to be appointed under Paragraph 36 of this Agreement and upon the execution of a written agreement making such appointment as provided in Paragraph 36, shall be authorized to take any and all steps necessary to effectuate the transfer of project management; provided, however, that the Executive Committee shall take no action that would subject the Participants to additional New Hampshire regulation;

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Amend.

(d) In respect of the functions given to the Executive Committee by clause (a) of this Paragraph 37.4, the Executive Committee is specifically directed to ensure that no

liabilities on behalf of Participants are incurred with respect to, or billed or paid for, Project Costs of Unit 2, except insofar as such liabilities, bills or payments are consistent with the limitations of Paragraph 24.2 of this Agreement and the level of construction of Unit 2, if any, approved by the Participants under this Agreement.

***37.5 It is the intention of the Participants that at all times the Executive Committee shall act consistently with the regulations of the Nuclear Regulatory Commission ("NRC") and that there shall be no delegation to, nor assumption by, the Executive Committee of any duties or authority that would conflict with NRC permits or licenses held by the Participants or the technical specifications for the Units. The Executive Committee shall exercise only the limited financial oversight and direction functions set out in this Paragraph 37, and the creation of the Executive Committee shall not be deemed to affect the duties and responsibilities for construction, operation and maintenance of the Units, as provided in this Agreement, of PSNH when acting in its capacity as Project Manager or of a managing agent appointed pursuant to Paragraph 36. The Participants (other than PSNH when acting in its capacity as Project Manager) do not hereby undertake, or intend to undertake, or grant to the Executive Committee, any responsibility for management of the construction or operation and maintenance of the Units.

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Amend.

**37.6 Neither the Executive Committee nor any member or designee thereof, when acting in such capacity, nor any employer of any member or designee, nor any affiliate, agent or employee of such member, designee or employer, shall by virtue of its or his relationship to the Executive Committee or any member or designee thereof acting in such capacity, be liable to any Participant for claims for direct, incidental, indirect, consequential or other damages of any nature, including, but not limited to, damages for loss of anticipated profits, loss of use of revenue, loss by reason of construction shutdown or interruption and cost of capital, connected with or resulting from the actions of the Executive Committee or of any member or designee thereof under this Paragraph, under the Agreement for Seabrook Project Disbursing Agent, and under the Participants' May 14, 1984 Resolutions, except in the event of willful misconduct. In addition, the Participants, severally (and not jointly, or jointly and severally), in accordance with their respective Ownership Shares, agree to defend, indemnify and hold the Executive Committee and each member and designee thereof, when acting in such capacity, and each of the other persons or entities referred to in the preceding sentence, harmless against all losses, claims, expenses (including reasonable counsel fees) and liabilities, not resulting from his or their willful misconduct, which may be asserted, imposed or incurred in connection with the performance of his or its responsibilities under this Paragraph, under the Agreement for

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Amend.

Seabrook Project Disbursing Agent, and under the Participants' May 14, 1984 resolutions, including any litigation arising from the foregoing. Nothing in this Paragraph shall be construed to affect any Participant's Ownership Share or its duty to pay its Ownership Share of the Project Costs or to perform such other duties as are required to be performed by each Participant under this Agreement, under the Agreement for Seabrook Project Disbursing Agent, under the Participants' May 14, 1984 Resolutions, or under other agree- ments among the Participants.

16th
Amend

***37.7 The Executive Committee may assess Participants for their respective Ownership Shares of the ordinary and necessary costs of carrying out the functions of the Executive Committee, including the reasonable costs of consultants and counsel."

EIGHTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Amendatory Agreement made as of the 25th day of April, 1979, by and among Public Service Company of New Hampshire (PSNH), The United Illuminating Company (UI), Bangor Hydro-Electric Company (Bangor), Central Maine Power Company (CMP), Central Vermont Public Service Corporation (CVPS), The Connecticut Light and Power Company (CL&P), Fitchburg Gas and Electric Light Company (Fitchburg), Hudson Light and Power Department (Hudson), Maine Public Service Company (MPC), Massachusetts Municipal Wholesale Electric Company (MMWEC), Montaup Electric Company (Montaup), New Bedford Gas and Edison Light Company (NB), New England Power Company (NEP), Taunton Municipal Lighting Plant (Taunton), and Vermont Electric Power Company, Inc. (VELCO) (the Participants)

2. Effective Date of this Eighth Amendment.

When counterparts of this Amendment have been executed by Participants having Ownership Shares aggregating at least 80%, this Amendatory Agreement shall become effective in accordance with paragraph 29 of the Agreement.

(Eighth Amendment became effective April 25, 1979)

NINTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Amendatory Agreement made as of the 8th day of June, 1979,
by and among Public Service Company of New Hampshire (PSNH), The United
Illuminating Company (UI), Bangor Hydro-Electric Company (Bangor),
Central Maine Power Company (CMP), Central Vermont Public Service
Corporation (CVPS), The Connecticut Light and Power Company (CL&P),
Fitchburg Gas and Electric Light Company (Fitchburg), Hudson Light and
Power Department (Hudson), Maine Public Service Company (MPC), Massachusetts
Municipal Wholesale Electric Company (MOWEC), Montaup Electric Company
(Montaup), New Bedford Gas and Edison Light Company (NB), New England
Power Company (NEP), Taunton Municipal Lighting Plant (Taunton), and
Vermont Electric Power Company, Inc. (VELCO) (the Participants),

2. Effective Date of this Ninth Amendment

When counterparts of this instrument have been executed by the
Participants, this Amendatory Agreement and the amendment expressed
in Section 1 hereof shall become effective in accordance with
paragraph 29 of the Agreement.

(Ninth Amendment became effective June 8, 1979)

TENTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Amendatory Agreement made as of the 11th day of October, 1979, by and among Public Service Company of New Hampshire (PSNH), The United Illuminating Company, Bangor Hydro-Electric Company (Bangor), Central Maine Power Company (CMP), Central Vermont Public Service Corporation, The Connecticut Light and Power Company, Fitchburg Gas and Electric Light Company, Hudson Light and Power Department (Hudson), Maine Public Service Company, Massachusetts Municipal Wholesale Electric Company (MMWEC), Montaup Electric Company (Montaup), New Bedford Gas and Edison Light Company (NB), New England Power Company, Taunton Municipal Lighting Plant (Taunton), Vermont Electric Cooperative, Inc. and Vermont Electric Power Company, Inc. (the Participants),

4. Effective Date of this Tenth Amendment.

When counterparts of this Amendment have been executed by the Initial Transferees referred to herein and by Participants (including the Initial Transferees) having Ownership Shares aggregating at least 80%, this Amendatory Agreement shall become effective in accordance with paragraph 29 of the Agreement.

(Tenth Amendment became effective October 11, 1979)

ELEVENTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Amendatory Agreement made as of the 15th day of December, 1979, by and among Public Service Company of New Hampshire (PSNH), The United Illuminating Company, Bangor Hydro-Electric Company, Central Maine Power Company, Central Vermont Public Service Corporation, The Connecticut Light and Power Company, Fitchburg Gas and Electric Light Company, Hudson Light and Power Department, Maine Public Service Company, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New Bedford Gas and Edison Light Company, New England Power Company, Taunton Municipal Lighting Plant, Vermont Electric Cooperative, Inc. and Vermont Electric Power Company, Inc. (the Participants),

4. Effective Date of this Eleventh Amendment.

When counterparts of this Amendment have been executed by PSNH and the Participants named in paragraph 11.2 of the Agreement, this Amendatory Agreement shall become effective in accordance with paragraph 29 of the Agreement.

(Eleventh Amendment became effective December 15, 1979)

TWELFTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Amendatory Agreement made as of the 16th day of June, 1980,
by and among Public Service Company of New Hampshire (PSNH), The United
Illuminating Company, Bangor Hydro-Electric Company, Central Maine Power
Company, Central Vermont Public Service Corporation, The Connecticut
Light and Power Company, Fitchburg Gas and Electric Light Company,
Hudson Light and Power Department, Maine Public Service Company, Massachusetts
Municipal Wholesale Electric Company, Montaup Electric Company, New
Bedford Gas and Edison Light Company, New England Power Company, Taunton
Municipal Lighting Plant, Vermont Electric Cooperative, Inc. and Vermont
Electric Power Company, Inc. (the Participants),

6. Effective Date of this Twelfth Amendment.

There is provided opposite the name of each signatory to this Amendment boxes for such signatory to indicate whether it agrees or does not agree that one or both of the amendments provided in Sections 1 and 2 of this Amendment shall be applicable to such signatory. The absence of any check in such a box will be presumed to be agreement to such applicability of such Amendment. When counterparts of this Amendment have been executed by Participants having Ownership Shares aggregating at least 80%, this Amendatory Agreement shall become effective in accordance with Paragraph 19 of the Agreement and in accordance with the following provisions:

- (a) Section 1 of this Amendment shall be applicable to the advance payments made by each Participant who executes a counterpart and agrees to such applicability. The date for commencing crediting of advance payments of those Participants who indicate they do not so agree shall remain July 1, 1980.
- (b) Section 2 of this Amendment shall be applicable to each Participant who executes a counterpart and agrees to such applicability. Each Participant who indicates that it does not agree that Section 2 shall be applicable to it shall not be obliged to make the advance payment specified in Section 2.
- (c) Section 3 of this Amendment shall be applicable to each Participant who agrees that Section 1 shall be applicable to it.

(Twelfth Amendment became effective June 16, 1980)

THIRTEENTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Thirteenth Amendment to Agreement For Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the Thirteenth Amendment), made as of the 31st day of December, 1980, by and among Public Service Company of New Hampshire, The United Illuminating Company, Bangor Hydro-Electric Company (Bangor), Central Maine Power Company (CMP), Central Vermont Public Service Corporation (CVPS), The Connecticut Light and Power Company, Fitchburg Gas and Electric Light Company (Fitchburg), Hudson Light and Power Department (Hudson), Maine Public Service Company (MPSC), Massachusetts Municipal Wholesale Electric Company (MMWEC), Montaup Electric Company (Montaup), New Bedford Gas and Edison Light Company (NB), New England Power Company, Taunton Municipal Lighting Plant (Taunton) and Vermont Electric Cooperative, Inc. (VEC) (sometimes also collectively the Participants).

4. Effective Date of this Thirteenth Amendment.

When counterparts hereof have been executed by Bangor, CMP, CVPS, Fitchburg, Hudson, MPSC, MMWEC, Montaup, NB, Taunton and VEC and by Participants having Ownership Shares aggregating at least 80%, this Thirteenth Amendment shall become effective in accordance with Paragraph 29 of the Agreement.

(Thirteenth Amendment became effective December 31, 1980)

FOURTEENTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Fourteenth Amendment to Agreement For Joint Ownership,
Construction and Operation of New Hampshire Nuclear Units (the Fourteenth
Amendment), made as of the 25th day of May, 1982, by and among Public
Service Company of New Hampshire, The United Illuminating Company, Bangor
Hydro-Electric Company (Bangor), Central Maine Power Company (CMP),
Central Vermont Public Service Corporation (CVPS), The Connecticut Light
and Power Company, Fitchburg Gas and Electric Light Company (Fitchburg),
Hudson Light and Power Department (Hudson), Maine Public Service Company
(MPSC), Massachusetts Municipal Wholesale Electric Company (MMWEC),
Montaup Electric Company (Montaup), New Bedford Gas and Edison Light
Company (NB), New England Power Company, Taunton Municipal Lighting Plant
(Taunton) and Vermont Electric Cooperative, Inc. (VEC) (sometimes also
collectively the Participants).

4. Effective Date of this Fourteenth Amendment

When counterparts hereof have been executed by Participants having
Ownership Shares aggregating at least 80%, this Fourteenth Amendment
shall become effective in accordance with Paragraph 29 of the
Agreement.

(Fourteenth Amendment became effective May 25, 1982)

FIFTEENTH AMENDMENT OF AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Fifteenth Amendment to Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the "Fifteenth Amendment") made as of the 27th day of April, 1984, by and among Public Service Company of New Hampshire, The United Illuminating Company, Bangor Hydro-Electric Company, Central Maine Power Company, Central Vermont Public Service Corporation, Canal Electric Company (successor in interest to New Bedford Gas and Edison Light Company), The Connecticut Light and Power Company, Fitchburg Gas & Electric Light Company, Hudson Light & Power Department, Maine Public Service Company, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, and Vermont Electric Generation and Transmission Cooperative, Inc. (the "Participants").

8. When counterparts hereof have been executed by Participants having Ownership Shares aggregating at least eighty percent (80%), the provisions of this Fifteenth Amendment shall become effective in accordance with Paragraph 29 of the Agreement.

(Fifteenth Amendment became effective April 27, 1984)

SIXTEENTH AMENDMENT OF AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Sixteenth Amendment to Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the "Sixteenth Amendment") made as of the 15th day of June, 1984, by and among Public Service Company of New Hampshire ("PSNH"), The United Illuminating Company, Bangor Hydro- Electric Company, Central Maine Power Company, Central Vermont Public Service Corporation, Canal Electric Company (successor in interest to New Bedford Gas and Edison Light Company), The Connecticut Light and Power Company, Fitchburg Gas & Electric Light Company, Hudson Light & Power Department, Maine Public Service Company, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, and Vermont Electric Generation and Transmission Cooperative, Inc. (the "Participants").

4. When counterparts hereof have been executed by Participants having Ownership Shares aggregating at least eighty percent (80%), the provisions of this Sixteenth Amendment shall become effective in accordance with Paragraph 29 of the Agreement.

(Sixteenth Amendment became effective June 15, 1984)

SEVENTEENTH AMENDMENT TO AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Seventeenth Amendment to Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the "Seventeenth Amendment") made as of the 8th day of March, 1985, by and among Public Service Company of New Hampshire, The United Illuminating Company, Bangor Hydro-Electric Company, Central Maine Power Company, Central Vermont Public Service Corporation, Canal Electric Company (successor in interest to New Bedford Gas and Edison Light Company), The Connecticut Light and Power Company, Fitchburg Gas & Electric Light Company, Hudson Light & Power Department, Maine Public Service Company, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, and Vermont Electric Generation and Transmission Cooperative, Inc. (the "Participants").

(Seventeenth Amendment became effective March 8, 1985)

EIGHTEENTH AMENDMENT OF AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Eighteenth Amendment to Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the "Eighteenth Amendment") made as of the 14th day of March, 1986, by and among Public Service Company of New Hampshire, The United Illuminating Company, Bangor Hydro-Electric Company, Central Maine Power Company, Central Vermont Public Service Corporation, Canal Electric Company (successor in interest to New Bedford Gas and Edison Light Company), The Connecticut Light and Power Company, Fitchburg Gas and Electric Light Company, Hudson Light and Power Department, Maine Public Service Company, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, and Vermont Electric Generation and Transmission Cooperative, Inc. (the "Participants").

2. When counterparts hereof have been executed by Participants having Ownership Shares aggregating at least eighty percent (80%), the provisions of this Eighteenth Amendment shall become effective in accordance with Paragraph 29.1 of the Agreement.

(Eighteenth Amendment became effective March 14, 1986)

NINETEENTH AMENDMENT OF AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Nineteenth Amendment to Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the "Nineteenth Amendment") made as of the 1st day of May, 1986, by and among Public Service Company of New Hampshire, The United Illuminating Company, Bangor Hydro-Electric Company, Central Maine Power Company, Central Vermont Public Service Corporation, Canal Electric Company (successor in interest to New Bedford Gas and Edison Light Company), The Connecticut Light and Power Company, Fitchburg Gas & Electric Light Company, Hudson Light & Power Department, Maine Public Service Company, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, and Vermont Electric Generation and Transmission Cooperative, Inc. (the "Participants").

3. When counterparts hereof have been executed by Participants having Ownership Shares aggregating at least eighty percent (80%), the provisions of this Nineteenth Amendment shall become effective in accordance with Paragraph 29.1 of the Agreement.

(Nineteenth Amendment became effective November 25, 1986)

TWENTIETH AMENDMENT OF AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Twentieth Amendment to Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units (the "Twentieth Amendment") made as of the 19th day of September, 1986, by and among Public Service Company of New Hampshire, The United Illuminating Company, Bangor Hydro-Electric Company ("BHE"), Central Maine Power Company ("CMP"), Central Vermont Public Service Corporation ("CVPS"), Canal Electric Company (successor in interest to New Bedford Gas and Edison Light Company), The Connecticut Light and Power Company, Fitchburg Gas & Electric Light Company ("Fitchburg"), Hudson Light & Power Department, Maine Public Service Company ("MPSO"), Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, and Vermont Electric Generation and Transmission Cooperative, Inc. (the foregoing parties together with their predecessors and successors in interest (other than EUA Power Corporation), if any, are hereinafter referred to as the "Participants") and EUA Power Corporation ("EUA Power").

2. EUA Power hereby agrees that, upon the closing of the transactions contemplated by any Purchase and Sale Agreement, it will be substituted for the Departing Participant party to such Purchase and Sale Agreement in all respects under and as a party to, and shall be bound by and expressly subject to all provisions of, any and all agreements relating to the ownership, construction and operation of the Units, including

Notwithstanding the generality of the foregoing, EUA Power does not agree to assume and EUA Power shall not be required to pay, perform or discharge (i) any judgments, damages or awards against any of the Departing Participants arising out of litigation with respect to the ownership, construction or operation of the Units filed prior to February 19, 1986 with respect to BEZ, CMP, CTFB and MRSS, and April 8, 1986 with respect to Hitchburg, even though such judgments, damages or awards are entered thereafter, or (ii) the Departing Participants' obligations, if any, on outstanding pollution control notes; all of which shall remain the obligation of the Departing Participant which, on the date hereof, is obligated thereon.

3. Effectiveness. When this Twentieth Amendment has been executed and delivered by Participants having Ownership Shares (as defined in the Joint Ownership Agreement) aggregating at least eighty percent (80%), it shall become effective against and shall bind them. Its effect as to the other Participants shall be governed by Paragraph 29.1 of the Joint Ownership Agreement. No amendment of any provision of this Twentieth Amendment shall be effective against any Remaining Participant, Departing Participant or EUA Power absent its express written consent.

(Twentieth Amendment became effective November 25, 1986)

TWENTY-FIRST AMENDMENT OF AGREEMENT FOR JOINT OWNERSHIP,
CONSTRUCTION AND OPERATION OF NEW HAMPSHIRE NUCLEAR UNITS

This Twenty-First Amendment, made as of the 12th day of November, 1987, by and among Public Service Company of New Hampshire, The United Illuminating Company, Canal Electric Company, The Connecticut Light and Power Company, 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, Vermont Electric Generation and Transmission Cooperative, Inc. and EUA Power Corporation (the "Participants").

As of the date indicated above, counterparts hereof had been executed by Participants having Ownership Shares aggregating at least eighty percent (80%) and in accordance with Paragraph 29.1 of the Agreement the provisions of this Twenty-First Amendment shall become effective.

TWENTY-THIRD AMENDMENT TO AGREEMENT
FOR JOINT OWNERSHIP, CONSTRUCTION AND OPERATION
OF NEW HAMPSHIRE NUCLEAR UNITS

This Twenty-Third Amendment, made as of the first day of November 1990, to the Agreement For Joint Ownership, Construction And Operation Of New Hampshire Nuclear Units, dated as of May 1, 1973 ("Joint Ownership Agreement"), as heretofore amended, by and among Public Service Company of New Hampshire, The United Illuminating Company, Canal Electric Company (successor in interest to New Bedford and Edison Light Company), The Connecticut Light and Power Company, EUA Power Corporation, Massachusetts Municipal Wholesale Electric Company, Montaup Electric Company, New England Power Company, New Hampshire Electric Cooperative, Inc., Taunton Municipal Lighting Plant, Hudson Light & Power Department and Vermont Electric Generation and Transmission Cooperative, Inc. (collectively, the "Participants").

W I T N E S S E T H T H A T :

WHEREAS, Commercial Operation of Unit No. 1 has commenced; and

WHEREAS, at least eighty percent of the Participants wish to amend certain provisions of the Joint Ownership Agreement in order to provide for funding of the operation of Unit No. 1;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the Participants executing this Amendment hereby agree as follows:

1. Amendments. The Joint Ownership Agreement is hereby amended as follows:

A. Paragraph 37.3(a) is amended by inserting the following two sentences after the first sentence:

"Upon and after Commercial Operation of Unit No. 1, the Project Manager shall prepare and present the next six months' budget, quarter-annually. The budget will be prepared on a cash basis unless the Executive Committee has voted to permit the Project Manager to prepare the budget on an accrual or modified accrual basis. In performing its function under this Paragraph 37.3, the Executive Committee shall use and be entitled to rely upon, the budget when approved or deemed approved by the Participants as provided in Paragraph 37.3(c) below."

B. Paragraph 37.3(d) of the Joint Ownership Agreement is hereby amended in its entirety as follows:

"37.3(d)(i) Operating Deposit. After Commercial Operation of Unit No.1, the Executive Committee shall determine from time to time the amount ("target amount") of an Operating Deposit which shall be made by each Participant pro-rata in accordance with its Ownership Share. The initial target amount shall be one month's average Project Costs as determined from the approved budget for the period July through December 1990 and funded in accordance with the Operating Deposit Funding Schedule (as defined in Paragraph 37.3(d)(ii) below). The Operating Deposit

shall be held by the Disbursing Agent, together with routine monthly billing payments, made as required in Paragraph 37.3(e) below, to provide the Project Manager with working capital sufficient to carry out the Project Manager's obligations as managing agent of the Project. The Project Manager shall recommend semi-annually (January 1 - June 30 and July 1 - December 31) to the Executive Committee the target amount for the following six months when the Project Manager presents to the Participants its "next six-months' budget". Such recommendation shall include details of the basis and calculation of the target amount for the next six months. The target amount so established by the Executive Committee shall in no event be greater than one and one-half months' average Project Costs as projected in the next six-months' budget. The Operating Deposit shall be funded consistent with the Operating Deposit Funding Schedule by the Participants pro-rata in accordance with their respective Ownership Shares on the first business day of each month as may be necessary, from time to time, to restore the target amount so established. The Executive Committee shall determine the schedule for funding the Operating Deposit, which determination shall be binding upon all Participants. Any Participant which fails to fund its pro-rata share of the Operating Deposit and to make payments required by Paragraph 37.3(d)(ii) below shall be liable for interest on the unpaid amount at the rate provided

elsewhere in this Agreement. The Disbursing Agent shall bill each Participant for its pro-rata share of the target amount. Such billings shall be included in the routine monthly billing made by the Disbursing Agent under Paragraph 37.3(e) hereof. Each Participant's share of the Operating Deposit shall be held in escrow by the Disbursing Agent as provided in Paragraph 37.3(h) below.

(ii) Operating Deposit Funding Schedule. Each Participant shall pay its pro-rata share of the initial target amount of one month's average Project Costs as follows: 48.2405% thereof ("initial payment") when billed by the Disbursing Agent as provided in paragraph (d)(i); and 51.7595% thereof in 18 equal monthly installments on the first business day of each month, commencing on July 1, 1991 ("Operating Deposit Funding Schedule"). Upon dissolution of the Seabrook Preoperational and Supplementary Decommissioning Trusts, each Participant shall promptly pay 51.7595% of its share of the distributions made to it from such Trusts to be applied against installments of its then unpaid pro-rata share of the target amount in the inverse order of when they are to become due. The initial payment by each Participant shall constitute the minimum dollar amount to be maintained by each Participant in the Operating Deposit until the Participant pays its full pro-rata share. Prior to December 31, 1992, the target amount shall not exceed one month's average

Project Costs as provided in the then current six-months' budget."

C. The following new Paragraphs 37.3(e), 37.3(f), 37.3(g) and 37.3(h), are inserted:

"37.3(e) Routine Monthly Billing. Not later than the fifteenth day of each month, or the first business day thereafter, the Disbursing Agent shall, subject to the provisions of Paragraph 37.3(f) of the Joint Ownership Agreement, bill ("routine monthly billing") each Participant for its pro-rata Ownership Share of the estimated Project Costs for the subsequent month under the then approved current six-months' budget, as established pursuant to Paragraphs 37.3(a), 37.3(b) and 37.3(c) above. Each invoice shall be due and payable on the first business day of the next following month. Any amount not paid on such date shall bear interest from said due date until the date of payment at the rate provided elsewhere in this Agreement. Succeeding routine monthly billings shall set forth a reconciliation for the previous month between the estimated Project Costs previously billed, including any interim payments billed pursuant to Paragraph 37.3(g) below, and the actual Project Costs incurred. Such billings also shall set forth a credit or debit to the then current routine monthly billed amount to reflect such reconciliation and interest due for late payment or other adjustments, such as vendor credits and interest. The

routine monthly billings shall show as debits or credits the amounts necessary to restore the Operating Deposit to the target amount as set from time to time and such amounts shall be funded by the Participants as provided in Paragraph 37.3(d)(i) and (ii) above. Unless otherwise directed by the Executive Committee or provided by other provisions of this Agreement, any net interest paid by any Participant with respect to an overdue payment for any month's bill shall be credited by the Disbursing Agent pro-rata determined by Ownership Share to those Participants which made timely payment of their bills for each such month."

"37.3(f) Special Provisions Re Payment of Project Costs and Determination of Target Amount. Notwithstanding the other provisions of this Paragraph 37, the following additional provisions shall apply and control with respect to payment of Project Costs and the determination of the target amount:

(i) The Disbursing Agent shall not include in a routine monthly billing for Project Costs a bill for funds for a major expenditure unless such expense is to be paid by the Disbursing Agent during the month for which the routine monthly billing is made.

(ii) The Project Manager, on a quarterly basis, shall report to the Participants the difference, if any, between estimated Project Costs to date under the then current budget and Project Costs actually incurred to said date, together with

estimated Project Costs for the remainder of the current budget. If Project Costs actually incurred and Project Costs estimated for the remainder of the then current budget exceed 110% or are less than 90% of the estimated Project Costs in said budget, the Project Manager shall recommend to the Executive Committee that a change be made to the estimated Project Costs for the remainder of the budget which change, if approved in accordance with Paragraph 37.3(c), shall then be reflected by modification of future routine monthly billings by the Disbursing Agent.

(iii) The Project Manager shall monitor and inform the Executive Committee promptly of the ledger book balance of the Project as of the end of each month. If such ledger book balance is anticipated, or continues, to exceed or be less than the target amount by plus or minus 10%, the Project Manager shall recommend to the Executive Committee whether and in what amount a reduction or increase should be made in the funding for future Project Costs so that the closing ledger book balance and the target amount will be substantially the same."

"37.3(g) Interim Billing: Subject to the prior approval of the Executive Committee, the Disbursing Agent may, from time to time, obtain an interim payment from each Participant by means of an Interim Billing to all Participants, for payment of unanticipated expenditures, which, in the absence of such interim payment, would result in the reduction at the end of the month of

the sum of (i) the balance of the Operating Deposit and (ii) the amount of funds then remaining from the routine monthly billings to the minimum required amount of \$5,300,000, or less. To the extent that any Interim Billing would result in the estimated Project Costs exceeding the then current six months' budget, such Interim Billing shall require approval, in advance, as provided in paragraph 37.3(c)(i) and (ii) above. Upon receipt of the aforesaid required approvals, the Disbursing Agent shall without delay bill each Participant for its pro-rata Ownership Share of the Interim Billing which shall be the amount necessary to restore said minimum required balance to \$5,300,000. Each Interim Billing shall be due and payable ten business days after issuance by the Disbursing Agent and any amount not paid by such date shall bear interest from said due date until the date of payment at the rate provided elsewhere in this Agreement. Each Interim Billing shall be accompanied by a letter from the Project Manager confirming the amount requested and the reason for the request. The Project Manager shall use its best efforts at all times to manage cash so as to avoid the need for interim billings."

"37.3(h) Escrowed Funds. All funds held by, or under the control of, the Disbursing Agent at any time, including without limitation, credits received from contractors, suppliers and others and all gains and interest derived from investments or

otherwise, shall at no time be property of the Participants or of the Disbursing Agent but shall be received, held and invested at all times in escrow and escrow accounts solely for the benefit of creditors of the Project, to be disbursed solely to pay each Participant's Ownership Share of Project Costs."

D. Paragraph 29.1 (Amendment) is amended by inserting the following sentence at the end of the first paragraph thereof:

"Prior to December 31, 1992, the provisions of Paragraph 37 pertaining to the initial target amount of the Operating Deposit and the Operating Deposit Funding Schedule shall not be subject to any amendment, in whole or in part, or to any alteration by action of the Executive Committee or Participants, except upon the written consent of Participants who own in the aggregate at least 95% of the Ownership Shares of the Project."

*with
is part*

2. Counterparts. Any number of counterparts of this Twenty-Third Amendment may be executed, and each shall have the same force and effect as an original and as if all parties to all of the counterparts had signed the same instrument.

3. Limitation of Amendments. Except as specifically amended by this Twenty-Third Amendment, the Joint Ownership Agreement shall continue in full force and effect without amendment or alteration.

4. Effectiveness. This Twenty-Third Amendment shall become effective when duly executed and delivered by

Participants having Ownership Shares aggregating at least eighty percent (80%), at which time it shall become binding on all Participants.

IN WITNESS WHEREOF, the Participants have caused this Twenty-Third Amendment to be duly executed by an authorized officer, as of the date first written above.

CANAL ELECTRIC COMPANY

By _____

Title: _____

THE CONNECTICUT LIGHT AND POWER
COMPANY

By _____

Title: _____

EUA POWER CORPORATION

By _____

Title: _____

HUDSON LIGHT & POWER DEPARTMENT

By _____

Title: _____

MASSACHUSETTS MUNICIPAL
WHOLESALE ELECTRIC COMPANY

By _____

Title: _____

MONTAUP ELECTRIC COMPANY

By _____

Title: _____

NEW ENGLAND POWER COMPANY

By _____

Title: _____

NEW HAMPSHIRE ELECTRIC COOPERATIVE

By _____

Title: _____

PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE, DEBTOR AND DEBTOR-IN-
POSSESSION

By _____

Title: _____

TAUNTON MUNICIPAL LIGHTING PLANT

By _____

Title: _____

THE UNITED ILLUMINATING COMPANY

By _____

Title: _____

VERMONT ELECTRIC GENERATION AND
TRANSMISSION COOPERATIVE, INC.

By _____

Title: _____

SERVICE AGREEMENT

Between

NORTHEAST UTILITIES SERVICE COMPANY

and

NORTH ATLANTIC ENERGY SERVICE COMPANY

ACTING AS AGENT FOR

THE JOINT OWNERS OF SEABROOK

Effective as of _____, 1991

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EXHIBITS

Exhibit A	Description of Methods and Procedure for Allocating Costs of Services
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SERVICE AGREEMENT
between
NORTHEAST UTILITIES SERVICE COMPANY
and
NORTH ATLANTIC ENERGY SERVICE COMPANY
ACTING AS AGENT FOR
THE JOINT OWNERS OF SEABROOK

This Agreement is made as of _____, 1991, by and between NORTHEAST UTILITIES SERVICE COMPANY ("NUSCO"), a Connecticut corporation, and NORTH ATLANTIC ENERGY SERVICE COMPANY ("NAESCO"), a New Hampshire corporation, acting as agent for the joint owners (the "Joint Owners") of the Seabrook nuclear generating project ("Seabrook").

WHEREAS, by order in File No. 37-65, the Securities and Exchange Commission ("SEC") has approved and authorized, under the Public Utility Holding Company Act of 1935 (the "Act"), the organization and conduct of business of NUSCO as a wholly owned service company subsidiary of Northeast Utilities ("NU"), a public utility holding company registered under the Act; and

WHEREAS, by order in File No. _____, the SEC has approved and authorized, under the Act, the organization and conduct of business of NAESCO as a wholly owned electric utility and service company subsidiary of NU; and

WHEREAS, NAESCO has entered into a Managing Agent Operating Agreement (the "MAOA") with the owners of an aggregate ownership share in Seabrook of 70.60921 percent, pursuant to which NAESCO has been appointed the Managing Agent to manage, operate and maintain Seabrook Unit No. 1 and supervise the disposition of Seabrook Unit No. 2 on behalf of the Joint Owners effective as of the "Time of Effectiveness" (defined as 11:59 p.m. on the last day of the calendar month in which all federal, state or local regulatory, judicial or other approvals necessary for the performance by NAESCO of its obligations as Managing Agent for Seabrook shall have become effective); and

WHEREAS, Section 4 of the MAOA specifically confers on NAESCO the authority to contract with an affiliated service company to act as subagent on NAESCO's behalf in performing certain of NAESCO's duties relative to the management, operation and maintenance of Seabrook Unit No. 1, and the supervision of the disposition of Seabrook Unit No. 2;

WHEREAS, pursuant to a First Amendment to the Seventh Amendment to and Restated Agreement For Seabrook Project Disbursing Agent ("Disbursing Agent Agreement") dated as of _____, 1991, between NAESCO and the Joint Owners, Joint Owners with aggregate ownership shares in Seabrook of 70.60921% have designated NAESCO as the disbursing agent for Seabrook,

effective as of the Time of Effectiveness, and NAESCO has agreed to act as disbursing agent for Seabrook; and

WHEREAS, NUSCO, which renders services to NU and its subsidiary companies, is willing to provide similar services to NAESCO consistent with the terms of the MAOA and the Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units dated as of May 1, 1973, as amended (the "JOA"), and the Disbursing Agent Agreement; and

WHEREAS, economies, increased efficiencies and other benefits will accrue to NAESCO as a result of NUSCO rendering those services as herein provided; and

WHEREAS, notwithstanding the services provided hereunder by NUSCO, NAESCO will at all times remain responsible for the management, operation and maintenance of Seabrook;

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein, it is agreed as follows:

ARTICLE I

Agreement to Render Services

Section 1.1 - In implementation of the authority granted to it in Section 4 of the MAOA, NAESCO hereby appoints NUSCO as agent on its behalf and on behalf of the Joint Owners to perform the services described in Article II hereof. To the extent requested by NAESCO, NUSCO agrees to furnish to NAESCO upon the terms and conditions provided herein, and NAESCO agrees to use, the services described in Article II of this Agreement at such times and for such periods as requested by NAESCO, and NUSCO will, as and to the extent required to provide such services to NAESCO, keep itself and its personnel available and competent so long as it is authorized to do so by federal and state regulatory agencies having jurisdiction.

Section 1.2 - For the purpose of providing the services described in Article II of this Agreement and providing services to the other NU subsidiaries, NUSCO has established various departments, one or more of which will participate in providing the services described in Article II. NUSCO reserves to itself the right, without amendment to this agreement or the express prior consent of NAESCO or the Joint Owners or any other NU subsidiary to which it provides services, from time to time to establish new departments, to subdivide or otherwise reorganize any of the departments established by it or to reallocate services among various departments.

Section 1.3 - NUSCO will continue to furnish services to NU and NU's other subsidiaries. NUSCO also furnishes services to companies not affiliated with NU, and it may provide services to other unaffiliated companies if it determines in its own discretion that furnishing those services will not increase the cost of the services it renders to NAESCO, NU or NU's other subsidiaries.

Section 1.4 - With the prior approval of NAESCO, which approval shall not be granted without the prior approval of the Executive Committee of the Joint Owners (the "Executive Committee") if the approval of the Executive Committee is required under the MAOA, subject to the limitations contained herein, NUSCO, in rendering the services provided herein, may arrange for the services of such executives, financial advisers, accountants, attorneys, technical advisers, engineers and other contractors (collectively "Advisers and Contractors") as it determines in its discretion are necessary or appropriate for the rendition of those services. Nothing in this Agreement or the MAOA shall be construed to require NUSCO to terminate or abrogate any contract or arrangement with an Advisor or Contractor providing services to NUSCO at the Time of Effectiveness.

Section 1.5 - Except for such services as are then being provided under the Nuclear Support Services Agreement between Yankee Atomic Electric Company and NAESCO, acting as Agent for the Joint Owners, during the term of this Agreement, NAESCO shall, prior to contracting work to others, consider giving NUSCO the opportunity to provide such work. NAESCO shall decide in each instance who shall perform such work.

Section 1.6 - NUSCO shall, at all times during the term of this Agreement, perform the services provided for in this agreement in accordance with the standard of "Prudent Utility Practice." As used herein, the term "Prudent Utility Practice" shall, at a particular time, mean any of the practices, methods or acts which, in the exercise of reasonable judgment in the light of the facts known to NUSCO at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost and consistent with licensing and regulatory requirements, environmental considerations, reliability, safety and expedition and taking into account the interests of all Joint Owners. In determining whether any practice, method or act is in accordance with Prudent Utility Practice, due consideration shall be given to the fact that the design and other aspects of the operation of nuclear electric generating units involve the application of advancing technology and are subject to changing regulatory and environmental limitations. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others but rather to

encompass a spectrum of possible practices, methods or acts, including those involving the use of new concepts or technology.

Section 1.7 - NUSCO shall cooperate to the extent reasonably requested with the Oversight Committee of the Joint Owners and with the Executive Committee.

Section 1.8 - Whenever NUSCO is providing a service to NAESCO hereunder which is subject to guidelines, direction, limitations or other provisions set forth in the MAOA, NUSCO agrees to be bound by, and shall be entitled to the benefit of, such provisions of the MAOA, subject to the other provisions of this Agreement.

ARTICLE II

Services to be Performed

Section 2.1 - NAESCO will at all times remain primarily responsible for the management, operation and maintenance of Seabrook. Subject to the provisions of Article I of this agreement, NUSCO will provide to NAESCO, to the extent requested by NAESCO, and subject at all times to the direction and control of NAESCO, the following types of services: fuel planning and procurement; purchasing and stores; recommendations related to the disposition of Seabrook Unit No 2; preparation of reports; corporate secretarial functions; personnel and employee relations; accounting; taxes; insurance; budgets; data processing; engineering and technical support; decommissioning and decontamination; nuclear waste disposal; licensing; and such other services as NAESCO may from time to time reasonably request and which NUSCO determines that it has the capability and resources to provide.

ARTICLE III

Agreement to Pay for Services

Section 3.1 - NAESCO agrees to pay to NUSCO the cost, determined in accordance with Exhibit A attached hereto, of such services as are provided to NAESCO under the terms of this Agreement. Such payments will include reasonable compensation for necessary capital as permitted by Rule 91 of the SEC under the Act.

Section 3.2 - All services rendered by NUSCO 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,

including without limitation costs of capital, shall be determined and allocated on a reasonable and equitable basis in accordance with the requirements of the Act and as approved by NAESCO, which will not grant that approval without the prior approval of the Executive Committee of the Joint Owners (the "Executive Committee"). Neither NAESCO's nor the Executive Committee's approval of cost allocation methods shall be unreasonably withheld. NUSCO will not be obligated to provide services under this Agreement if the method of allocation approved by NAESCO and the Executive Committee would be in contravention of the Act, or the rules regulations or orders thereunder. The method of determining the cost of a particular service and the method of allocating that cost to NAESCO and the other customer companies of NUSCO when such an allocation is necessary are set forth in Exhibit A hereto. Such allocation methods will be appropriately documented and available for review by NAESCO and the Joint Owners upon request. Without limiting the generality of the foregoing, allocable costs include executive salaries and fringe benefits paid by NUSCO, the employee wages and benefits paid by NUSCO, the insurance expenses incurred pursuant to Section 9 of the MAOA and other general overhead expenses incurred by NUSCO. NUSCO 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 provisions of the Federal Power Act, as amended from time to time.

Section 3.3 - By the twentieth day of each calendar month, or the first business day thereafter, NUSCO shall submit to NAESCO an invoice for services rendered in the previous calendar month. All invoices submitted by NUSCO shall be prepared in accordance with Exhibit A hereto. Monthly charges may be made in whole or in part for particular expenses on an estimated basis, subject to adjustment. Each invoice shall be payable upon presentation and not later than the first business day of the next following month, and any amount not paid on such date shall bear interest from the date of invoice to the date of payment at an annual rate of two percent (2%) over the lowest (i.e. "base") rate charged, from time to time, by The First National Bank of Boston on 90-day commercial loans.

Section 3.4 - All sales, use, excise, gross receipts franchise, or other similar taxes which may be applicable to the services to be performed by NUSCO for NAESCO shall be paid by NAESCO; provided, however, that no federal, state or local income tax incurred by NUSCO shall be paid by NAESCO pursuant to this Section or otherwise.

ARTICLE IV

Access to Information

Section 4.1 - NAESCO and the Joint Owners shall have the unrestricted right to all information in the control of NUSCO relating to NUSCO's performance of its obligations hereunder for the benefit of the Seabrook project (the "Seabrook Information"), wherever located, except for information which is (i) protected by law, (ii) restricted by contract with third parties, or (iii) deemed commercially sensitive by NUSCO. If the Seabrook Information requested is restricted by contract with third parties, NUSCO will use its best efforts to obtain the consent of the third parties to disclose confidential Seabrook Information to NAESCO and to the Joint Owners, with the understanding that NAESCO and the Joint Owners may be required to execute a non-disclosure agreement. If NAESCO or one or more Joint Owners, requests Seabrook Information which NUSCO considers commercially sensitive, NUSCO shall allow an independent third party, selected by the parties involved (other than NUSCO) and acceptable to NUSCO (provided that NUSCO may not unreasonably withhold its acceptance) to determine, using an informal, simplified procedure, whether the Seabrook Information in question is commercially sensitive. In any event, if reasonable under the circumstances, NUSCO may require NAESCO and the Joint Owner(s) requesting the information to execute a non-disclosure agreement covering information considered commercially sensitive by NUSCO.

Section 4.2 - NAESCO acknowledges, on behalf of itself and the Joint Owners, that NUSCO will be providing services to The Connecticut Light and Power Company, Public Service Company of New Hampshire and North Atlantic Energy Corporation with regard to those companies' current or future ownership interests or power entitlements in Seabrook. NUSCO and NAESCO agree that the Seabrook Information does not include any information related solely to such services. NUSCO and NAESCO also agree that the Seabrook Information does not include any information within the possession of NUSCO related solely to NUSCO's performance of services for its customer companies other than NAESCO or solely to NUSCO's billings for such services.

Section 4.3 - Unless otherwise agreed among the parties involved, review of the Seabrook Information under this Article by either NAESCO or one or more Joint Owners shall occur at NUSCO's general offices at reasonable times between 8 a.m. and 4 p.m. on normal business days, and shall be arranged in advance among the parties involved. NAESCO and the Joint Owners shall use reasonable efforts to avoid disrupting NUSCO's business operations.

Section 4.4 - Upon request by NAESCO or any Joint Owner, NUSCO, on behalf of NAESCO, shall provide technical support to NAESCO or any Joint Owner in regulatory proceedings and other contested matters relative to Seabrook, including the provision of witnesses 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 Joint Owners nor b) requested by the Executive Committee, shall be paid for by the Joint Owner(s) requesting such information. NAESCO, in consultation with the Executive Committee, shall develop a reasonable standard by which it will determine how and when a Joint Owner is to be charged for information requested.

Section 4.5 - Without limiting the generality of this Article IV, NAESCO, the Executive Committee and any Joint Owner may request an audit of the accounts and records of NUSCO relating solely to the performance of NUSCO's obligations under this Agreement at NUSCO's offices, at reasonable times, by an independent public accountant or other representative; provided that, absent extraordinary circumstances, a full-scope audit shall not be performed at the request of NAESCO, the Executive Committee or any Joint Owner more frequently than once each year, and provided further that any such audit shall not include the right to examine any accounts or records of NUSCO which are not related to (i) NUSCO's billings to NAESCO under this Agreement, or (ii) the allocation of NUSCO's costs to NAESCO or Seabrook.

Section 4.6 - NAESCO and any Joint Owner shall have the right to review the results of such portions of internal or independent audit report of NUSCO as may be related to (i) NUSCO's billings to NAESCO under this Agreement or (ii) the allocation of NUSCO's costs to NAESCO or to Seabrook.

Section 4.7 - NUSCO shall cooperate with the Audit Committee of the Joint Owners and provide such support and assistance to the Audit Committee as may be reasonably requested from time to time.

ARTICLE V

Effective Date, Termination and Modifications

Section 5.1 - The term of this Agreement shall commence at the Time of Effectiveness, provided that it has been executed by NAESCO and NUSCO, and shall continue until the date, after the cessation of commercial operation of Seabrook Unit No. 1, on which the Joint Owners and NAESCO are ultimately relieved by the U.S. Nuclear Regulatory Commission of any further obligations

with respect to the decommissioning of Seabrook Unit No. 1, unless sooner terminated as hereinafter provided.

Section 5.2 - This Agreement may be terminated:

(i) By NAESCO, without cause, following a vote of Joint Owners with at least 51% of all ownership shares in Seabrook to terminate the MAOA, provided that NAESCO gives written notice of such termination to NUSCO, which notice NAESCO shall be obligated to give under such circumstances.

(ii) By NAESCO, with cause, upon written notice to NUSCO, following a vote of Joint Owners with at least 51% of all ownership shares in Seabrook to terminate this Agreement; provided, however, that NUSCO shall have a reasonable opportunity, not to exceed 90 days after the date of such notice, to cure the failure of performance.

(iii) By NUSCO, without cause, at any time, upon twelve months prior notice to NAESCO and the Joint Owners, provided that NUSCO may not give such notice of termination during the first twelve months following the Time of Effectiveness.

(iv) By NUSCO, with cause, upon written notice to NAESCO and the Joint Owners, provided, however, that NAESCO shall have a reasonable opportunity, not to exceed 90 days after the date of such notice, to cure the failure of performance.

Section 5.3 - Any party terminating this Agreement shall give written notice of such termination to the other party 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 U.S. Nuclear Regulatory Commission Operating License for Seabrook has been issued and is in effect. NUSCO agrees to cooperate with NAESCO to accomplish the orderly transfer of its responsibilities hereunder to any successor designated by NAESCO.

Section 5.4 - If either NAESCO or NUSCO terminates this Agreement, NAESCO shall reimburse NUSCO for direct costs actually incurred resulting from such termination, unless this Agreement is terminated for willful misconduct on the part of NUSCO as described in Article VI hereof. NUSCO shall fully substantiate all direct costs actually and reasonably incurred and supply supporting documentation of such costs in reasonable detail. NUSCO shall use its best efforts to mitigate the costs of termination. Furthermore, as a precondition to any termination hereof, NAESCO shall pay to NUSCO on the Termination Date all amounts due to NUSCO hereunder and shall execute and deliver to NUSCO such instruments as it may reasonably request which evidence the continuing obligations of NAESCO and/or the Joint

Owners in accordance with Section 11 of the MAOA and Article VI hereof.

Section 5.5 - This Agreement shall also be subject to termination and shall terminate, without any action by either NUSCO or NAESCO, 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. Notwithstanding the foregoing, the parties hereto will use reasonable efforts to negotiate any amendments to this Agreement which are necessary for this Agreement to comply with the Act or any rule, regulation or order thereunder. If this Agreement is terminated under this provision, NUSCO and NAESCO shall fulfill their obligations under Sections 5.3 and 5.4 of this Agreement.

Section 5.6 - Modifications to the terms of this Agreement, including changes in the scope of the services to be provided, may be made at any time only by written agreement between NUSCO and NAESCO and shall not be inconsistent with the requirements of the MAOA and the JOA.

ARTICLE VI

Limitation of Liability and Set-off

Section 6.1 - For and in consideration of the fact that NUSCO is undertaking its responsibility for the services provided herein without compensation or charge other than recovery of its costs for those services, neither NAESCO nor any Joint Owner shall be entitled to recover from NUSCO or the directors, trustees, officers, employees, agents or affiliates of NUSCO (or the directors, trustees, officers, employees or agents of such affiliates) (collectively, the "Protected Parties") any damages resulting from the performance or non-performance of their responsibilities hereunder or for any damage to Seabrook, 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 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 NUSCO, or, to the extent legally attributable to NUSCO, directly from the willful misconduct of a Protected Party. Notwithstanding the above, neither NAESCO nor any Joint Owner shall be entitled to recover any such damages if such damages result from NUSCO's or a Protected Party's actions or omissions that have been expressly approved in advance by the Executive Committee or by the Joint Owners.

Section 6.2 - All goods and services provided to NUSCO or NAESCO for the benefit of Seabrook by a Protected Party shall be under written contract having the same limitation on liability as above; provided, however, that the same limitation on liability shall also apply even if the goods and services are provided without written contract.

Section 6.3 - The provisions of this Article VI shall apply notwithstanding any provision of this Agreement to the contrary and shall survive the expiration or termination of this Agreement.

Section 6.4 - NAESCO's obligation to make payments to NUSCO hereunder is absolute and unconditional and NAESCO shall not be entitled to set off against the payments required to be made hereunder any amounts owed to it or any of the Joint Owners by NUSCO or any affiliate of NUSCO or the amount of any claim by NAESCO or any of the Joint Owners against NUSCO or any affiliate of NUSCO.

Section 6.5 - All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation.

ARTICLE VII

Assignment and Third Party Beneficiaries

Section 7.1 - This Agreement shall be binding upon and inure to the benefit of NAESCO and NUSCO, and neither shall assign its rights or obligations hereunder without the prior written consent of the other.

Section 7.2 - The provisions of this Agreement are solely for the benefit of NAESCO, NUSCO and the Joint Owners and are not intended to benefit or create rights in any third parties, except for the benefits accruing to Protected Parties under Section 6.1.

ARTICLE VIII

Miscellaneous

Section 8.1 - This Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire regardless of any conflicts of laws provision to the contrary.

SECTION 8.2 - Except as provided in Section 1.6 hereof, NO WARRANTIES OF ANY KIND, WHETHER STATUTORY, WRITTEN, ORAL OR

IMPLIED (INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) SHALL APPLY TO THE SERVICES PERFORMED BY NUSCO HEREUNDER OR TO ANY GOODS OR OTHER PROPERTY PROVIDED BY NUSCO IN CONNECTION WITH SUCH SERVICES. The foregoing shall not be deemed to affect in any manner any warranties provided by other vendors or suppliers.

Section 8.3 - This Agreement, including the attached Exhibit A, constitute the entire agreement between NUSCO and NAESCO governing all rights and obligations arising out of NUSCO's performance of services for NAESCO in connection with NAESCO's management, operation and maintenance of Seabrook.

Section 8.4 - This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution, delivery, and performance.

Section 8.5 - The work performed under this Agreement shall, at all times, be in accordance with applicable federal and state laws and regulations.

Section 8.6 - The obligations of the Joint Owners under this Agreement are several and not joint or joint and several.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, by their respective officers thereunto duly authorized, all as of the day and year first above written.

NORTHEAST UTILITIES SERVICE COMPANY

By _____
[Name]
[Title]

Attest:

NORTH ATLANTIC ENERGY SERVICE COMPANY, as agent for the Joint Owners of Seabrook

By _____
[Name]
[Title]

Attest:

EXHIBIT A

DESCRIPTION OF METHODS AND PROCEDURES
FOR DETERMINING COST OF SERVICES

WORK ORDERS FOR SERVICE

There shall be work orders covering services to be performed by NUSCO for NAESCO. These orders, which may be either general or specific, will specify the nature of the services to be performed thereunder in sufficient detail that charges therefor may be determined as herein provided and properly accounted for by NAESCO under the rules and regulations of the SEC and the prescribed Federal Energy Regulatory Commission (FERC) Uniform System of Accounts.

CHARGES FOR SERVICES

Specific Services

Charges for specific services rendered to NAESCO will be made to specific work order numbers assigned to accumulate the charges applicable to particular activities. These charges will be made on the bases of benefits conferred and will include both direct and indirect costs involved in providing the specific services and reasonable compensation for necessary capital as permitted by Rule 91 under the Act.

General Services

Charges for general services rendered to NAESCO and to other NU system companies will be made to the appropriate general work order number assigned to accumulate the charges applicable to the particular activity. These charges will be made on the bases of benefits conferred and will include both direct and indirect costs involved in providing the general services and reasonable compensation for necessary capital as permitted by Rule 91 under the Act. They will be allocated fairly and equitably to the companies receiving such general services.

NATURE OF CHARGES AND METHOD OF ALLOCATION

Direct Charges

Direct charges consist of those costs which can practicably be recorded separately and identified not only by work order number but also as to source, such as time reports for each employee, vehicle reports, invoices and other source documents.

Time reports will be maintained for each employee, including officers, in such detail as may be appropriate for such employee and the nature of the services performed. Employees will record on their time reports hours chargeable to the appropriate work order numbers.

Indirect Charges or Overhead Expenses

Indirect charges or overhead expenses consist of all costs of NUSCO, other than direct charges described above. These charges may be classified into the following two general categories:

1. General NUSCO Overheads - These charges include costs which cannot be identified as applicable to a particular work order number and which must be allocated to the appropriate company on a fair and equitable basis. The following items are illustrative, and not all-inclusive, of the types of costs which may be so-allocated: rents, office supplies and expenses; depreciation; building operation and maintenance; insurance; reasonable compensation for necessary capital; general services, such as reprographic services, mailroom services, etc.; employee benefits, including payroll - related state and federal taxes; and other general overheads.

General NUSCO overhead costs will be allocated to NAESCO and each other NU system company on the basis of the direct NUSCO payroll costs charged to each such company.

2. Non-Productive Time Overheads - Lost or nonproductive time for vacations, personal time off, sickness, holidays, etc., of all employees will be allocated to NAESCO and each other NU system company on the basis of NUSCO productive payroll costs charged to each such company.

CHARGES TO NU SYSTEM COMPANIES

Specific Services

Charges for specific services recorded in the appropriate work order numbers, including overhead items, will be billed monthly to NAESCO.

General Services

Charges for general services recorded in the appropriate work order numbers, including overhead items, will be allocated among and billed monthly to NAESCO and the other NU system companies on a fair and equitable basis. The bases may include,

but are not necessarily limited to, revenues, payroll costs, customers, electric peak load, or such other bases as experience may show will provide a more fair and equitable allocation of charges.

BILLING

Bills will be provided to NAESCO in sufficient detail so as to identify the services rendered and permit proper accounting distribution of the charges under the rules and regulations of the SEC and the prescribed FERC Uniform System of Accounts. Detail on the bill will include: (1) the department or group providing the service; (2) function or type of service; and (3) nature of charges, whether direct or indirect (overhead).

NUCLEAR SUPPORT SERVICES AGREEMENT

between

YANKEE ATOMIC ELECTRIC COMPANY

and

NORTH ATLANTIC ENERGY SERVICE COMPANY

ACTING AS

AGENT FOR THE JOINT OWNERS

OF SEABROOK STATION

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This Agreement is made as of _____, by and between YANKEE ATOMIC ELECTRIC COMPANY (Yankee), a Massachusetts corporation, acting by and through its Nuclear Services Division, and NORTH ATLANTIC ENERGY SERVICE COMPANY (NAESCO), a New Hampshire corporation, acting as agent for the joint owners of the Seabrook Station (the Joint Owners).

WHEREAS, the Nuclear Services Division (NSD) was established as a division within Yankee to provide support as needed for Yankee's nuclear-fueled, electric generating plant in Rowe, Massachusetts, and the various individual nuclear projects undertaken by one or more of the 10 New England utilities who own the capital stock of Yankee (the sponsoring utilities) and their associates and affiliates and the organizations in which they may have a substantial interest;

WHEREAS, the Seabrook Station is such a nuclear project;

WHEREAS, by order in File No. 70-____, the Securities and Exchange Commission (SEC) has approved and authorized, under the Public Utility Holding Company Act of 1935 (the Act), the organization and conduct of business of NAESCO as a wholly owned electric company and service company subsidiary of Northeast Utilities (NU), a public utility holding company registered under the Act;

WHEREAS, NAESCO has entered into a Managing Agent Operating Agreement ("MAOA") with the owners of an aggregate ownership share in the Seabrook Station of 70.60921 percent, pursuant to which NAESCO has been appointed the managing agent for the Seabrook Station as of the "Time of Effectiveness" (defined as 11.59 p.m. on the last day of the month in which all federal, state, or local regulatory, judicial or other approvals necessary for the performance by NAESCO of its obligations as managing agent for the Seabrook Station shall have become effective);

WHEREAS, Section 4 of the MAOA specifically confers on NAESCO the authority to contract with an affiliated service company to act as subagent on behalf of NAESCO and on behalf of the Joint Owners to perform certain of NAESCO's duties relative to the management, operation and maintenance of Seabrook Unit No. 1, and the supervision of the disposition of Seabrook Unit No. 2; and

WHEREAS, Yankee, through NSD, has since 1972 been providing certain services in support of, and in conjunction with, the ongoing engineering, design, licensing, construction, startup, and operation of the Seabrook Station;

WHEREAS, Yankee, which currently renders services to Seabrook Station, is willing to provide similar services to NAESCO consistent with the terms of the MAOA and the Agreement for Joint Ownership, Construction and Operation of New Hampshire

Nuclear Units dated as of May 1, 1973, as amended (the "JOA"), and the First Amendment to the Seventh Amendment to and Restated Agreement for Seabrook Project Disbursing Agent, and NAESCO is willing to accept such services; and

WHEREAS, economies, increased efficiencies and other benefits will accrue to NAESCO as a result of Yankee rendering those services as herein provide; and

WHEREAS, notwithstanding the services provided hereunder by Yankee, NAESCO will at all times remain responsible for the management, operation and maintenance of Seabrook;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. GENERAL SCOPE OF NSD SERVICES

- A. In implementation of the authority granted to it in Section 4 of the MAOA, NAESCO hereby appoints Yankee as agent on its behalf and on behalf of the Joint Owners to perform the services described herein.

Yankee shall, to the extent requested by NAESCO, provide, and NAESCO shall use, various engineering, licensing, environmental, quality assurance, and other related support services for the Seabrook Station, including without limitation the services described in Exhibit A hereto, as provided for in the Annual Plan and Budget described in Section 2.A herein. In addition, subject to the availability of the NSD staff and the applicable provisions of this Agreement, Yankee shall provide such other services as may be requested by NAESCO. In providing these services, personnel of Yankee shall at all times be subject to the control and direction of designated representatives of NAESCO.

- C. In providing services hereunder, Yankee shall utilize the capability of the NSD organization. If requested to perform services that are beyond the capability of the NSD organization, Yankee may, subject to prior written approval by NAESCO, arrange to have services provided by other contractors or consultants and manage these on behalf of NAESCO, which approval shall not be granted by NAESCO without the prior approval of the executive committee of the Joint Owners ("the Executive Committee) if the approval of the Executive Committee is required under the MAOA.

- D. To maintain its expertise and to keep abreast of developing events in fields related to nuclear power and engineering, NSD shall maintain memberships on certain industry committees, codes and standards committees, and in other professional groups and organizations. Generally, these memberships are of a generic nature as to benefit all plants and will be jointly funded, thus reducing costs to all. In addition, short-lived industry groups formed to address immediate industry problems may be joined at NSD's discretion and the associated costs allocated proportionately over Yankee's service agreements, including this Agreement. In cases where the benefits of a membership are determined to be specific only to the Seabrook Station, cost will be wholly allocated under this agreement; provided, however, that any such membership specific only to Seabrook Station shall not be undertaken by Yankee without the prior written approval of NAESCO.
- E. NAESCO will at all times remain primarily responsible for the management, operation and maintenance of Seabrook.
- F. Yankee shall cooperate to the extent reasonably requested with the Oversight Committee of the Joint Owners and with the Executive Committee.

2. GENERAL SCOPE OF NAESCO'S OBLIGATIONS

- A. NAESCO shall purchase support services from Yankee for Seabrook Station. Prior to September in the year preceding each calendar year during the term of this Agreement, beginning with September, 1991, NAESCO and Yankee shall establish the scope of services and manpower requirements to be supplied by Yankee hereunder during such calendar year, which support services shall be reflected in NAESCO's Annual Plan and Budget for Seabrook Station for such calendar year, and shall be subject to modification within the limits herein specified, if such Annual Plan and Budget are subsequently modified pursuant to the MAOA. In the course of formulating that Annual Plan and Budget, due consideration will be given to Yankee's need for manpower requirements which are consistent from year to year, as follows: To assist NAESCO in achieving a cost effective reorganization of the operational support for the Seabrook Station, NAESCO may initially adjust, in 1991 (or in the year in which the Time of Effectiveness occurs), the current manpower level of

100.5 man-years by up to plus or minus a maximum of twenty-five (25) percent, provided that (i) Yankee and NAESCO shall have mutually discussed how the adjustments will be made on a departmental basis and (ii) Yankee is given written notice within five (5) days of the Time of Effectiveness specifying the initial adjustment. Following the receipt of such written notice, Yankee shall promptly take appropriate steps to effect staffing changes reflecting such initial adjustment and shall complete such changes within one hundred and eighty (180) days of receipt of said notice. After said initial adjustment, if any, the amount of services to be provided by Yankee shall be consistent from year to year and shall not vary by more than plus or minus a maximum of ten (10) percent from one year to the next.

- B. NAESCO shall not make an initial assignment of work for the Seabrook Station to others, including affiliated companies, for services of the type being performed by NSD at the Time of Effectiveness, without prior discussion with Yankee. In addition, NAESCO shall, prior to contracting work to others, consider giving Yankee the opportunity to provide such work. NAESCO shall decide in each instance who shall perform such work.

3. PAYMENT FOR SERVICES

- A. NAESCO shall pay to Yankee the cost, determined in accordance with Exhibit B attached hereto, of such services as are provided to NAESCO under the terms of this Agreement. Such payments will include reasonable compensation for necessary capital as permitted by Rule 91 of the SEC under the Act.
- B. All services rendered by Yankee 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, including without limitation costs of capital, shall be determined and allocated on a reasonable and equitable basis in accordance with the requirements of the Act and as approved by NAESCO, which will not grant that approval without the prior approval of the Executive Committee. Neither NAESCO's nor the Executive Committee's approval of cost allocation methods shall be unreasonably

withheld. Yankee will not be obligated to provide services under this Agreement if the method of allocation approved by NAESCO and the Executive Committee would be in contravention of the Act, or the rules, regulations or orders thereunder. The method of determining the cost of a particular service and the method of allocating that cost to NAESCO and the other customer companies of Yankee when such an allocation is necessary are set forth in Exhibit B hereto. Such allocation methods will be appropriately documented and available for review by NAESCO and the Joint Owners upon request. Without limiting the generality of the foregoing, allocable costs include executive salaries and fringe benefits paid by Yankee, the employee wages and benefits paid by Yankee, insurance expenses, and other general overhead expenses incurred by Yankee. Yankee 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 provisions of the Federal Power Act, as amended from time to time.

- C. Yankee shall submit itemized invoices for services rendered to NAESCO in any calendar month by the fifteenth (15th) business day of the next calendar month. All invoices submitted by Yankee shall show a breakdown of labor and material costs including overheads with department, group, and work order cost listings. NAESCO shall pay such invoice from Yankee within thirty (30) days after receipt thereof. Any payment delayed beyond thirty (30) days after receipt by NAESCO of a monthly invoice shall bear interest from the date of invoice to the date of payment at an annual rate of (2%) over the lowest (i.e. "base") rate charged, from time to time, by The First National Bank of Boston on 90-day commercial loans.
- D. All sales, use, excise, gross receipts, franchise, or other similar taxes, which may be applicable to the services to be performed by Yankee for NAESCO, shall be paid by NAESCO; provided, however, that no federal, state, or local income tax incurred by Yankee shall be paid by NAESCO pursuant to this paragraph or otherwise.
- E. NAESCO's obligation to make payments to Yankee hereunder is absolute and unconditional and NAESCO shall not be entitled to set off against the payments required to be made hereunder any amounts owned to it

or any of the Joint Owners by Yankee or any affiliate of Yankee or the amount of any claim by NAESCO or any of the Joint Owners against Yankee or any affiliate of Yankee.

4. TERM, TERMINATION AND MODIFICATION

- A. The Term of this Agreement shall commence at the Time of Effectiveness, provided that it has been executed by NAESCO and Yankee, and shall continue until the date, after the cessation of commercial operation of the Seabrook Station, on which the Joint Owners and NAESCO are ultimately relieved by the U.S. Nuclear Regulatory Commission of any further obligations with respect to the decommissioning of Seabrook Unit No. 1, unless sooner terminated as hereinafter provided.
- B. This Agreement may be terminated:
- (i) By NAESCO, without cause, following a vote of Joint Owners with at least 51 percent of all ownership shares in Seabrook Station to terminate this Agreement, provided that Yankee is given at least two years' prior written notice and no reduction in the manpower to be provided hereunder exceeding 10 percent per year occurs during said two-year period. In the event that there is a termination of the MAOA which becomes effective prior to the expiration of the two-year period, then the Joint Owners shall remain responsible and liable for the performance of this Agreement and NAESCO shall be excused from performance of this Agreement as of the effective date of termination of the Managing Agent Operating Agreement, except for its obligations under Section 4.C and 4.D hereof.
 - (ii) By NAESCO, with cause, upon written notice to Yankee, following a vote of Joint Owners with at least 51 percent of all ownership shares in Seabrook Station to terminate this Agreement; provided, however that Yankee shall be given a reasonable opportunity, not to exceed 90 days after the date of such notice, to cure the failure of performance.
 - (iii) By Yankee, without cause, upon two years' prior notice to NAESCO and the Joint Owners;

- (iv) By Yankee, with cause, upon written notice to NAESCO and the Joint Owners; provided, however, that NAESCO shall be given a reasonable opportunity, not to exceed 90 days after the date of such notice, to cure the failure of performance.
- C. Any party terminating this Agreement shall give written notice of such termination to the other party 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 U.S. Nuclear Regulatory Commission Operating License for Seabrook Station has been issued and is in effect. Yankee agrees to cooperate with NAESCO to accomplish the orderly transfer of responsibilities hereunder to any successor designated by NAESCO. On the Termination Date, as a precondition to any termination hereof, NAESCO shall pay to Yankee all amounts due hereunder and shall execute and deliver to Yankee such instruments as Yankee may reasonably request which evidence the continuing obligations of NAESCO and/or the Joint Owners in accordance with Section 11 of the MAOA and Sections 6.B and 7.B of this Agreement.
- D. If either NAESCO or Yankee terminates this Agreement, NAESCO shall reimburse Yankee for direct costs actually resulting from such termination, unless this Agreement is terminated for willful misconduct on the part of Yankee as described in Section 7 hereof. Yankee shall fully substantiate all direct costs actually and reasonably incurred and supply supporting documentation of such costs in reasonable detail. Yankee 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 either Yankee or NAESCO, 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. Notwithstanding the foregoing, the parties hereto will use reasonable efforts to negotiate any amendments to this Agreement which are necessary for this Agreement to comply with the Act or any rule, regulation or order thereunder. If this Agreement is terminated under this provision, Yankee and NAESCO shall fulfill their obligations under Sections 4.C and 4.D of this Agreement.

- F. Modifications to the terms of this Agreement, including changes in the scope of the services to be provided, may be made at any time only by written agreement between Yankee and NAESCO and shall not be inconsistent with the requirements of the MAOA and JOA.

5. ASSIGNMENT AND THIRD PARTY BENEFICIARIES

- A. Neither Yankee nor NAESCO may assign any of its rights or obligations hereunder except with the written consent of the other.
- B. The provisions of this Agreement are solely for the benefit of NAESCO, the Joint Owners, and Yankee and are not intended to benefit or create rights in any third parties, except for the benefits accruing to Protected Parties under Section 7.B of this Agreement.

6. INSURANCE AND INDEMNIFICATION

- A. Yankee shall provide and maintain the following coverages, and upon request from NAESCO, furnish certificates of the same:
- a. Workmen's Compensation Insurance with statutory limits of liability as required in any state in which Yankee may be required to pay compensation related to performance of services hereunder.
 - b. Employer's Liability Insurance with limits of \$250,000 each accident.
 - c. Comprehensive General Liability with not less than the following requirements:
 - o Bodily Injury Liability, having a combined single limit of \$1,000,000
 - o Property Damage Liability, having a combined single limit of \$1,000,000
 - o Such insurance shall name the Joint Owners and NAESCO as additional insureds as their interests may appear.
 - o Such insurance shall provide that no material change or cancellation can be effective without thirty (30) days prior written notice to NAESCO.

- d. Automobile Liability, including owned, nonowned, and hired automobiles with not less than the following requirements:
- Bodily Injury, having a combined single limit of \$1,000,000
 - Property Damage, having a combined single limit of \$1,000,000
 - Such insurance shall name the Joint Owners and NAESCO as additional insureds as their interests may appear.
 - Such insurance shall provide that no material change or cancellation can be effective without thirty (30) days prior written notice to NAESCO.
- B. During those time periods when Yankee is performing services hereunder, NAESCO, acting on behalf of the Joint Owners, shall obtain and/or maintain, at their own expense, for the Seabrook Station, the following:
- a. Indemnification, as contemplated by Section 170 of the Atomic Energy Act of 1954, as amended; and
 - b. Nuclear Liability Insurance in such form and in such amounts as will meet the financial protection requirements of the NRC, pursuant to Section 170 of the Atomic Energy Act of 1954, as amended, or any provisions of other federal statutes substantially related to the same subject matter.

In the event that the nuclear liability protection system contemplated by Section 170 of the Atomic Energy Act of 1954, as amended, is repealed or changed, NAESCO, acting as agent for the Joint Owners, shall use its best efforts to secure and maintain in effect, during those periods when Yankee is providing services hereunder, substantially equivalent liability protection and indemnification agreements from governmental and/or private sources from which such coverage is available consistent with prudent utility industry practice. In the event that substantially equivalent liability protection is not provided, then Yankee shall have the right to terminate this Agreement upon written notice to NAESCO, to be effective on the date on which the reduction in liability protection becomes effective. Notwithstanding any provision of

this Agreement to the contrary, Yankee shall not be liable to NAESCO or the Joint Owners or any of their insurers for any loss of, damage to, or loss of use of, any property or equipment or for injury (including death) to persons located at such plant site or in the vicinity of such plant site arising out of or resulting from a "nuclear incident."

7. GENERAL LIMITATIONS OF LIABILITY AND WAIVER

- A. Yankee shall, at all times during the term of this Agreement, perform the services provided for in this Agreement in a professional and workmanlike manner, using well qualified and experienced personnel, and in accordance with the standard of "Prudent Utility Practice." As used herein, the term "Prudent Utility Practice" shall at a particular time mean any of the practices, methods, or acts which, in the exercise of reasonable judgment in the light of the facts known to Yankee at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost and consistent with licensing and regulatory requirements, environmental considerations, reliability, safety, and expedition and taking into account the interests of all Participants. In determining whether any practice, method, or act is in accordance with Prudent Utility Practice, due consideration shall be given to the fact that the design and other aspects of the operation of nuclear electric generating units involve the application of advancing technology and are subject to changing regulatory and environmental limitations. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather, to be a spectrum of possible practices, methods, or acts, including those involving the use of new concepts or technology.
- B. For and in consideration of the fact that Yankee is undertaking its responsibility for the services provided herein without compensation or charge other than recovery of its costs for those services, except to the extent of the actual proceeds of insurance provided and maintained pursuant to Section 6 hereof, neither NAESCO nor any Joint Owner shall be entitled to recover from Yankee or the directors, officers, employees, agents, or affiliates of Yankee (or the directors, trustees, officers, employees, or agents of such affiliates) (collectively, the "Protected Parties") any damages resulting from the performance or

nonperformance of their responsibilities hereunder 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 nonperformance of this Agreement, unless such damages shall have resulted directly from the willful misconduct of Yankee, or, to the extent legally attributable to Yankee, directly from the willful misconduct of a Protected Party. Notwithstanding the preceding sentence, neither NAESCO nor any Joint Owner shall be entitled to recover any such damages if such damages resulted from Yankee's or a Protected Party's actions or omissions that have been expressly approved in advance by the Executive Committee or by the Joint Owners. To the extent not covered by or in excess of the insurance requirement in Section 6 hereof, NAESCO, acting on behalf of the Joint Owners, shall indemnify and hold Yankee and the Protected Parties harmless against all liability to third parties for injuries, losses, and damages occurring at Seabrook Station related to Yankee's services hereunder unless such injuries, losses, and damages shall have resulted directly from the willful misconduct of Yankee, or to the extent legally attributable to Yankee, directly from the willful misconduct of a Protected Party. Notwithstanding the preceding sentence, NAESCO, acting on behalf of the Joint Owners, shall indemnify and hold Yankee and the Protected Parties harmless if such injuries, losses, or damages resulted from Yankee's or a Protected Party's actions or omissions expressly approved in advance by the Executive Committee or the Joint Owners. NAESCO's obligation to indemnify and hold harmless shall apply only if and to the extent that funds are provided to NAESCO for such purpose by the Joint Owners, and NAESCO shall have no obligation to provide funds of its own for such purpose. All goods and services provided to Seabrook Station by a Protected Party shall be under written contract having the same limitation on liability as above; provided, however, that the same limitation on liability shall also apply even if the goods and services are provided without written contract. The provisions of this Section 7.B shall apply notwithstanding any provision of this Agreement to the contrary and shall survive the expiration or termination of this Agreement.

- C. Neither NAESCO nor the Joint Owners shall be liable to Yankee for claims for direct, incidental, indirect, consequential, or other damages of any nature connected with, or resulting from, performance of this Agreement by NAESCO whether or not due to negligence by NAESCO.
- D. Except as may be provided in this Section 7, NO WARRANTIES OF ANY KIND, WHETHER STATUTORY, WRITTEN, ORAL, OR IMPLIED (INCLUDING WITHOUT LIMITATION WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY) SHALL APPLY TO THE SERVICES PERFORMED BY YANKEE HEREUNDER OR TO ANY GOODS OR OTHER PROPERTY PROVIDED BY YANKEE IN CONNECTION WITH SUCH SERVICES. The foregoing shall not be deemed to affect in any manner any warranties provided by other vendors or suppliers.
- E. All provisions of this Agreement providing for limitation of, or protection against, liability shall apply to the full extent permitted by law, regardless of fault, and shall survive either termination pursuant to this Agreement or cancellation. Nothing in this Agreement shall be construed as relieving Yankee of its obligations under the secondary financial protection requirements of the Price Anderson nuclear liability protection program, or as obligating NAESCO or the Joint Owners to indemnify Yankee for any payment obligations thereunder.

8. ACCESS TO INFORMATION

- A. NAESCO and the Joint Owners shall have the unrestricted right to all information in the control of Yankee relating to its performance of its services hereunder for the benefit of Seabrook Station (the "Seabrook Information"), wherever located, except for information which is (i) protected by law, (ii) restricted by contract with third parties, or (iii) deemed commercially sensitive by Yankee. If the Seabrook Information requested is restricted by contract with third parties, Yankee will use its best efforts to obtain the consent of the third parties to disclose confidential Seabrook Information to NAESCO and to the Joint Owners, with the understanding that NAESCO and the Joint Owners may be required to execute a nondisclosure agreement. If NAESCO or one or more Joint Owners requests Seabrook Information which Yankee considers commercially sensitive, Yankee shall allow an independent third party, selected by the parties

involved (other than Yankee) and acceptable to Yankee (provided that Yankee may not unreasonably withhold its acceptance), to determine, using an informal, simplified procedure, whether the Seabrook Information in question is commercially sensitive. In any event, if reasonable under the circumstances, Yankee may require NAESCO and the Joint Owner(s) requesting the information to execute a nondisclosure agreement covering information considered commercially sensitive by Yankee.

- B. Review of information under this Section 8 shall occur at Yankee's offices at 580 Main Street, Bolton, Massachusetts, at reasonable times during Yankee's normal business hours, and shall be arranged in advance among the parties involved. NAESCO and the Joint Owners shall use reasonable efforts to avoid disrupting Yankee's business operations.
- C. Upon request by NAESCO, Yankee shall provide technical support to any Joint Owner in regulatory proceedings and other contested matters relative to Seabrook Station, including the provision of witnesses 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 Joint Owners nor b) requested by the Executive Committee, shall be paid for by the Joint Owner(s) requesting such information. NAESCO, in consultation with the Executive Committee, shall develop a reasonable standard by which it will determine how and when a Joint Owner is to be charged for information requested.
- D. Without limiting the generality of this Section 8, NAESCO, the Executive Committee and any Joint Owner may request an audit of the accounts and records of Yankee relating solely to the performance of Yankee's obligations under this Agreement at Yankee's offices, at reasonable times, by an independent public accountant or other representative; provided that, absent extraordinary circumstances, a full-scope audit shall not be performed at the request of NAESCO, the Executive Committee or any Joint Owner more frequently than once each year, and provided further that any such audit shall not include the right to examine any accounts or records of Yankee not related to (i) Yankee's billings to NAESCO under this Agreement, or

(ii) the allocation of Yankee's costs to NAESCO or the Seabrook Project.

- E. NAESCO and the Joint Owners shall have the right to review the results of such portions of internal or independent audit reports of Yankee as may be related to (i) Yankee's billings to NAESCO under this Agreement, or (ii) the allocation of Yankee's costs to NAESCO or the Seabrook Project.
- F. Yankee shall cooperate with the Audit Committee of the Joint Owners and provide such support and assistance to the Audit Committee as may be reasonably requested from time to time.

9. MISCELLANEOUS PROVISIONS

- A. This Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire.
- B. This Agreement shall be subject to approval of any federal or state regulatory body whose approval is a legal prerequisite to its execution, delivery, and performance.
- C. The work performed under this Agreement shall, at all times, be in accordance with applicable federal and state laws and regulations.
- D. This Agreement, including the attached Exhibits A and B, constitutes the entire agreement between the Parties for the services to be provided hereunder, and supersedes all prior representations and agreements, whether written or oral, between the Parties as to such services.
- E. This Agreement specifically supersedes in its entirety the Nuclear Support Service Agreement between Yankee and Public Service Company of New Hampshire effective as of July 1, 1983, as amended by Amendment No. 1 thereto effective as of June 1, 1985.
- F. The obligations of the Joint Owners under this Agreement are several and not joint or joint and several.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

YANKEE ATOMIC ELECTRIC COMPANY

By _____
(Signature)

(Typed Name)

(Title)

Attest

(Date)

NORTH ATLANTIC ENERGY SERVICE
COMPANY, as agent for the
Joint Owners of Seabrook
Station

By _____
(Signature)

(Typed Name)

(Title)

Attest

(Date)

EXHIBIT A

Description of Yankee Nuclear Services Division Services

The service available under this Agreement are those normally furnished by the Yankee Atomic Electric Company, Nuclear Services Division, in the following areas:

Construction Services
Environmental Engineering Services
Fuel Cycle Services
Computer Science Services
Licensing Services
Nuclear Engineering Services
Operations Support Services
Operational Quality Assurance
Plant Engineering Services
Operational Project Management
Supervision and Administrative Services.

EXHIBIT B

Determination of Cost of Service and Allocation Thereof

Cost of service will be determined in accordance with the Public Utility Holding Company Act of 1935 and the rules and regulations and orders thereunder, and will include all costs of doing business incurred by the Nuclear Services Division.

Records will be maintained to accumulate all costs of doing business and to determine the cost of service. These costs will include wages and salaries of employees and related expenses such as insurance, taxes, pensions, and other employee welfare expenses, general administrative expenses, and rent, light, heat, telephone, supplies, and other housekeeping costs.

Charges for services rendered and related expenses and nonpersonnel expenses (e.g., use of automotive equipment, etc.) will be billed directly to the serviced companies, either individually or, when the services performed are for a group of companies, by means of an equitable allocation formula. Each formula will have an appropriate basis such as nuclear capacities, plant investments, fuel inventories, or operating revenues.

Charges for services will be determined from the time sheets of employees, and will be computed on the basis of each employee's hourly rate plus a percentage factor to cover related expenses and general administrative expenses. Records of such related expense and general administrative expenses will be maintained and subjected to periodic review.

Out-of-pocket expenses which are incurred for the serviced companies will be billed at cost. Charges for nonpersonnel expenses, such as for use of automobiles, will normally be computed on the basis of costs per hour or per mile.

SETTLEMENT AGREEMENT DATED AS OF JULY 19, 1990 BETWEEN
NORTHEAST UTILITIES SERVICE COMPANY
AND NEW ENGLAND POWER COMPANY

Section 1: New England Power Company ("NEP") has intervened in FERC Docket Nos. EC90-10-000 et al., concerning the application of Northeast Utilities Service Company ("NUSCO") for Northeast Utilities ("NU") to acquire Public Service Company of New Hampshire ("PSNH"). On May 25, 1990, NEP submitted pre-filed testimony in that docket expressing concerns about the assumption by NU of management and operating responsibility for the Seabrook Unit No. 1 nuclear generating unit ("Seabrook") in the absence of appropriate measures to protect the interests of minority joint owners of Seabrook, including NEP, and their customers. NU and NEP desire to resolve NEP's concerns and have negotiated in good faith to develop a set of terms and conditions that they believe is adequate to protect the interests of the minority owners of Seabrook and their customers, as reflected in this Settlement Agreement.

Section 2: Based upon NU's agreement to the terms and conditions described in Section 3, below, NEP agrees to withdraw the pre-filed testimony of Mr. Tranen and the portions of the pre-filed direct testimony of Dr. Kamerschen addressed to NU's assumption of management and operating responsibility

for Seabrook, including specifically, the sentence beginning on page 6, line 11 and ending on line 17; page 14, line 17 through page 18, line 13; the sentence beginning on page 19, line 3 and ending on line 6; and page 58, line 22 through page 77, line 3.

NEP agrees to cooperate in good faith and use all reasonable efforts to obtain, and not to oppose directly or indirectly, the issuance of the NRC Amendment (as defined in Appendix 1 hereto) and other Regulatory Approvals (as defined in Appendix 1) on an appropriate schedule recognizing the overriding interest of the Seabrook Participants in maintaining the safe, efficient and reliable operation of the plant and in assuring a smooth transition to the new operator. NEP further agrees that all issues related to the operation and management of the Seabrook Unit 1 nuclear power project, which were excluded from its Settlement Agreement with NU dated February 24, 1990, have been resolved. NU agrees, however, that NEP may take actions related to such issues consistent with its commitment in the first sentence of this paragraph. In all other respects, NEP agrees that its commitments undertaken in the February 24, 1990 Settlement Agreement are otherwise unqualified with respect to NU's acquisition of PSNH and its transmission system and generating capacity, and those commitments remain in full force and effect.

Section 3: In return for NEP's agreement as set forth in Section 2, above, NU accepts each of the terms and conditions set forth in the Agreement attached to this Settlement Agreement as Appendix 1. In particular, NU accepts all of the terms and conditions set forth in Appendix 1, and agrees that in negotiations with any other Seabrook joint owners, it will not agree to modifications to any of those terms and conditions with respect to any issue addressed by any of those terms and conditions, unless NEP consents to the modification. Further, NEP and NU agree that each will vote its ownership share of Seabrook, and, in the case of NU, PSNH's ownership share of Seabrook, in support of the terms and conditions set forth in Appendix 1, and in opposition to any other terms and conditions addressed to the same issues not consented to by NEP.

Section 4: Nothing in this Settlement Agreement is intended or shall be deemed to preclude or discourage any other joint owner of Seabrook from engaging in further negotiations with NU.

Section 5: NU and NEP agree that the Appendix is an integral part of this Agreement. Any modification or change to this Settlement Agreement or Appendix attached hereto during the course of or as a result of discussions and negotiations with others, as contemplated under Section 4, shall be by mutual agreement of NU and NEP.

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 below.

NORTHEAST UTILITIES SERVICE COMPANY

By: John F. Guber
Title: Executive Vice President
Date: July 19, 1990

NEW ENGLAND POWER COMPANY

By: Jeffrey D. Hansen
Title: Vice President
Date: July 20, 1990

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% or 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 above 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 Light and Power Company

By: /s/ John F. Opeka

Title: Executive Vice President

Date: July 18, 1990

Public Service Company 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: _____

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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 MADA]

- (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 MADA 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;

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- (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 MADA 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.

- (11) 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 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.

New Hampshire Yankee

EXHIBIT D.1

Ted C. Feigenbaum
President and
Chief Executive Officer

NYN-90194

November 13, 1990

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

Attention: Document Control Desk

Reference: Facility Operating License No. NPF-86, Docket No. 50-443

Subject: 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:

Pursuant to 10CFR50.90, New Hampshire Yankee (NHY) hereby submits the enclosed application to amend the Seabrook Station, Unit No. 1 (Seabrook) Operating License. This amendment would include a new entity, North Atlantic Energy Service Company (NAESCO), as a Licensee and would authorize NAESCO, as agent for the other Licensees, to manage, operate and maintain Seabrook. Also enclosed with this letter is Northeast Utilities Service Company's authorization of NHY to act as their agent in regard to this application.

NAESCO will be a wholly owned service company subsidiary of Northeast Utilities (NU). Its sole function will be to serve as the managing agent for Seabrook. It is proposed that NAESCO will assume this role as of the "Time of Effectiveness" which is defined as the last day of the month in which NRC and all other necessary approvals have become effective. At the Time of Effectiveness, NHY employees will become NAESCO employees. Until then, Public Service of New Hampshire (PSNH), acting through New Hampshire Yankee division, will continue to be responsible for the management, operation and maintenance of Seabrook.

By separate transmittal on this date, NHY is filing another application for an amendment to the Seabrook Operating License that would allow another wholly-owned subsidiary of NU, known as the North Atlantic Energy Corporation (NAEC), to acquire and possess the ownership interest in Seabrook now possessed by PSNH. The Joint Owners, however, intend to transfer the managing agent responsibilities from NHY to NAESCO upon receipt of all necessary approvals regardless of the status of the transfer of the ownership interest. NHY therefore requests that NRC approval of the amendment requested herein not be contingent upon the ownership transfer.

NHY has performed a safety evaluation on the proposed operating license amendment provided herein and has determined that it neither involves an Unreviewed Safety Question pursuant to 10CFR50.59 nor a Significant Hazards Consideration pursuant to 10CFR50.92.

New Hampshire Yankee Division of Public Service Company of New Hampshire
P.O. Box 300 • Seabrook, NH 03874 • Telephone (603) 474-9521

The application and proposed amendment have also been reviewed and approved by the Station Operating Review Committee and the Nuclear Safety Audit and Review Committee.

NHY has reviewed the proposed changes in accordance with the criteria specified in 10CFR50.92 and has determined that the proposed changes would not:

1. Involve a significant increase in the probability or consequences of any accident previously evaluated. The technical qualifications of NHY, the NU system companies and Yankee Atomic Electric Company (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.

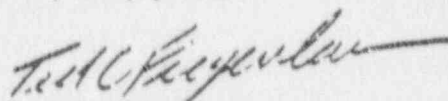
2. Create the possibility of a new or different kind of accident from any accident previously evaluated. The Seabrook design and design bases will remain the same. The current plant safety analyses will therefore remain complete and accurate in addressing the licensing basis events and in analyzing plant 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. 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.

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

United States Nuclear Regulatory Commission
Attention: Document Control Desk

November 13, 1990
Page three

Enclosure(s)

TCF:JBH/les

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Seabrook, NH 03874

New Hampshire Yankee
November 13, 1990

ENCLOSURE 1 TO NYN - 90194

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, Montpelier 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", 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.

"The "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

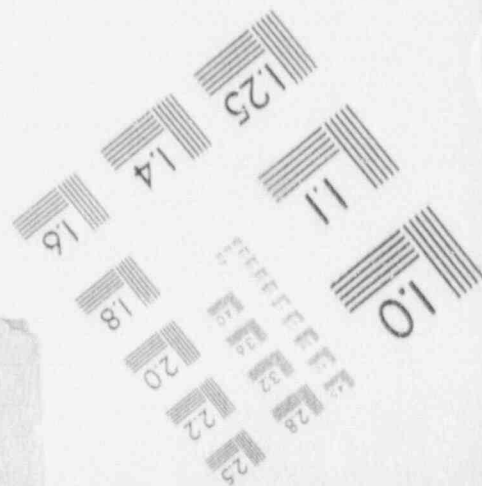
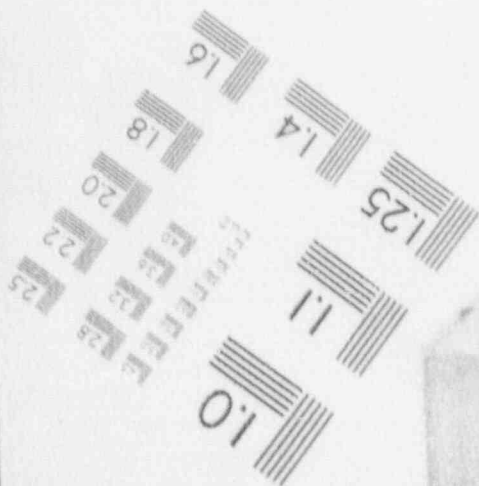
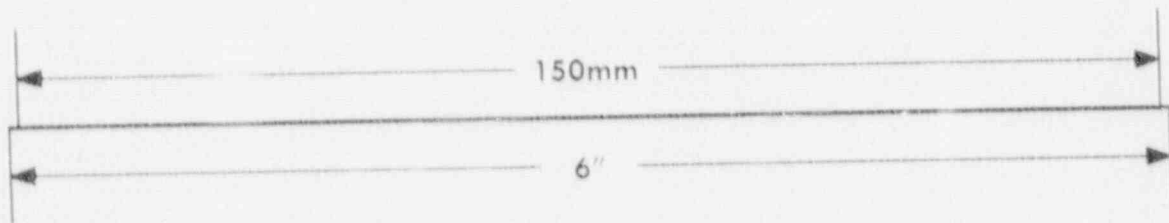
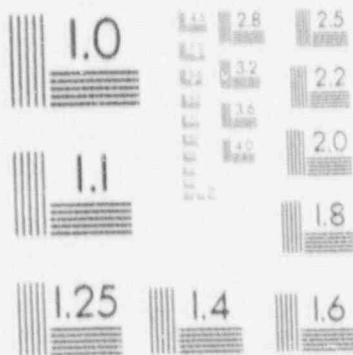
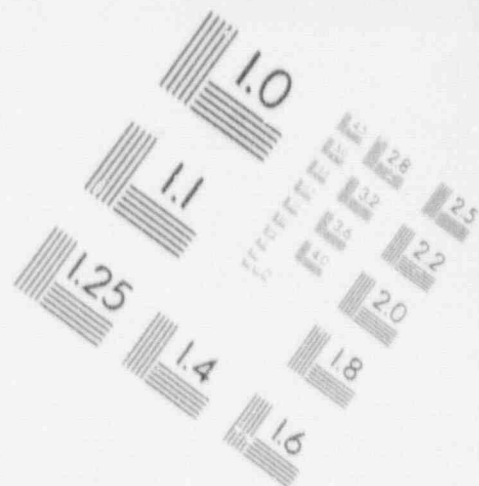
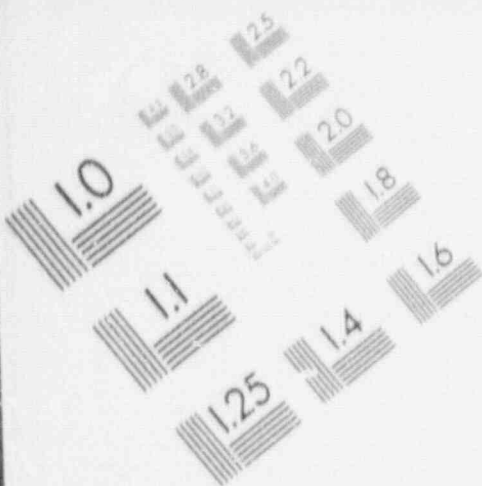
C. Description of the Business of NAESCO Under the Joint Plan

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.

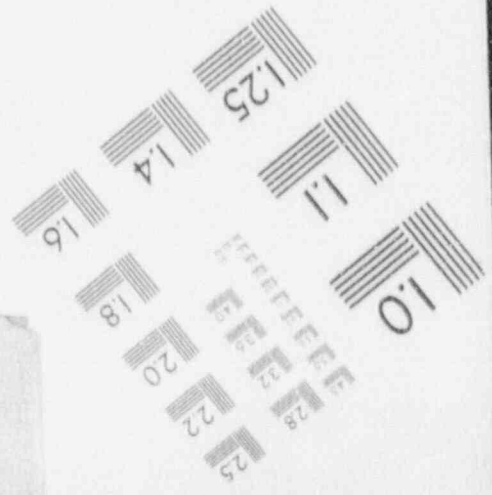
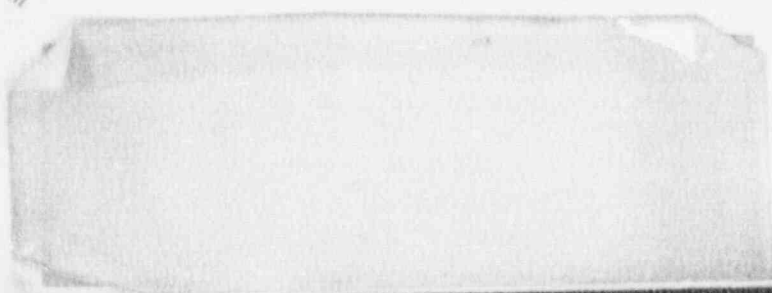
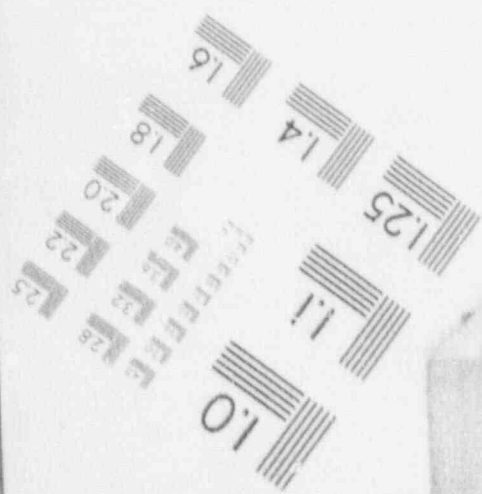
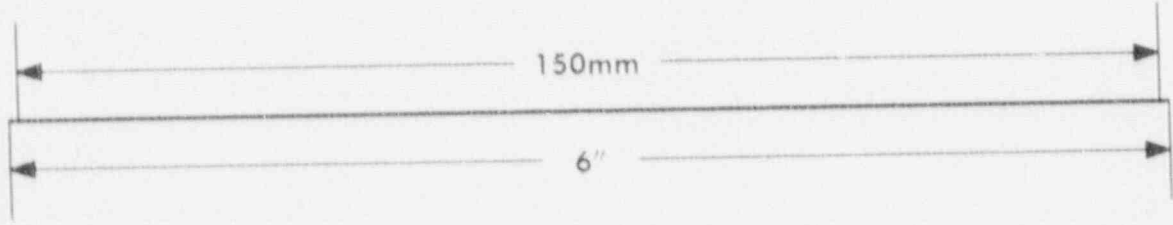
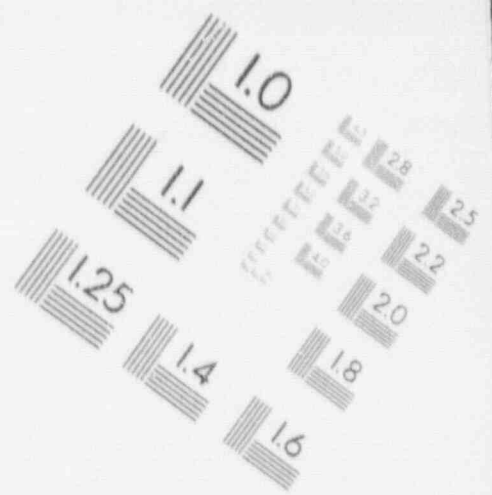
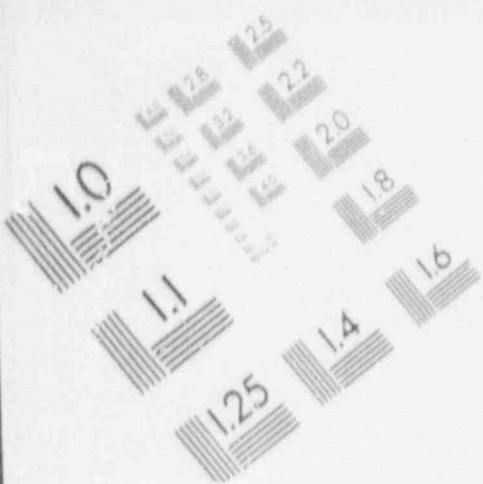
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IMAGE EVALUATION TEST TARGET (MT-3)



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IMAGE EVALUATION
TEST TARGET (MT-3)



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. Mrocza	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 270, Hartford, Connecticut 06141-0270.

Officers

William B. Ellis	Bernard M. Fox	John F. Opeka
Robert E. Busch	John P. Cagnetta	Edward J. Mrocza
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"),⁶ (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

⁶Docket 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.

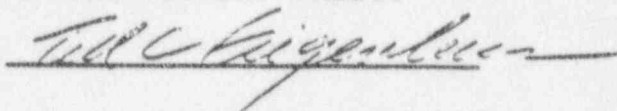
A copy of the NUSCO authorization with respect to this Application is filed herewith and a confirmatory Power of Attorney from NAESCO will be obtained and filed as soon as possible.

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
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.

Beverly E. Sillmore
My Commission Expires: 2/28/93

EXHIBIT 1

Exhibit 1 to the NRC Application is the
July 19, 1990 Agreement,
included herein as Exhibit B.6

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-36

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: ss: Berlin November 9, 1990
County of Hartford :

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.

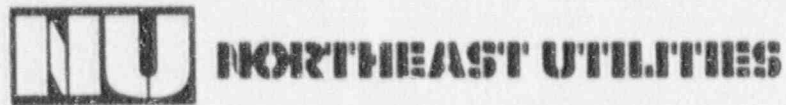
James M. Shuckert
Notary Public

My Commission expires: 3/31/91

THE CONNECTICUT LIGHT AND POWER COMPANY

Statement of Gross Operating Revenues
Twelve Months Ending September 30, 1990
(In Thousands)

Residential	\$ 791,553
Commercial	671,405
Industrial	315,335
Other Utilities	29,230
Streetlighting and Railroads	31,704
Miscellaneous	49,196
Total	----- \$1,888,423 =====



1990 Annual Meeting of Shareholders

Dear Shareholder:

It is my pleasure to invite you to attend the 1990 Annual Meeting of Shareholders of Northeast Utilities. The meeting will be held on Tuesday, May 22, 1990, at 10:00 a.m. at **La Renaissance in East Windsor, Connecticut**, which is located at Exit 45 (Warehouse Point--Ellington Exit) of Interstate 91 (see map on reverse side).

Information concerning the matters to be acted upon at the meeting is provided in the accompanying Notice of Annual Meeting and Proxy Statement. In addition, our meeting agenda will include a discussion of the operations of Northeast Utilities' system companies and a question and answer period.

Whether or not you plan to attend the meeting, it is important that you complete, date, sign and return your proxy in the enclosed envelope as soon as possible. This will ensure that your shares will be represented at the meeting in accordance with your wishes.

Very truly yours,

A handwritten signature in cursive script that reads "William B. Ellis".

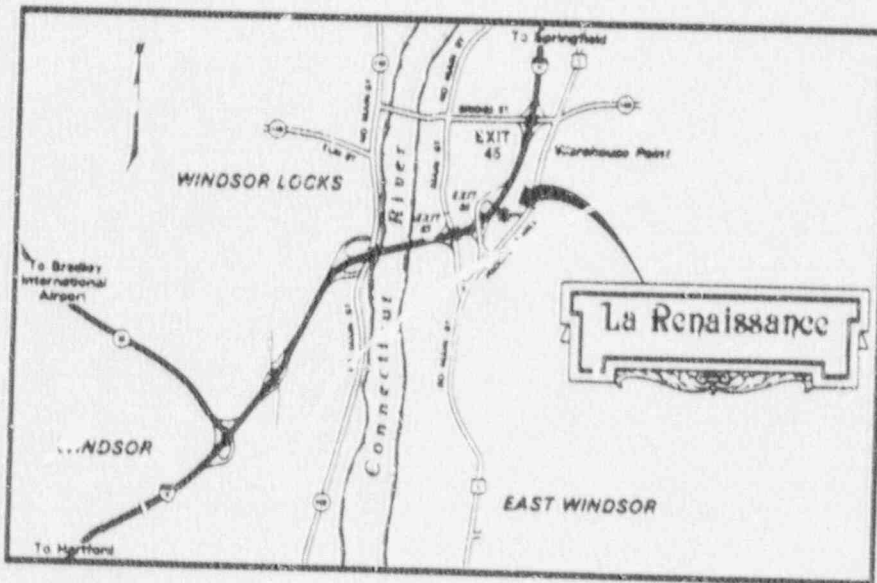
William B. Ellis
Chairman of the Board and
Chief Executive Officer

March 24, 1990

DIRECTIONS TO LA RENAISSANCE

From Springfield Area:

I-91 south to Exit 45—Turn left on Route 140 and go to top of hill. Right at light on Route 5 to La Renaissance on the right.



From Hartford Area:

I-91 north to Exit 45—Turn right on Route 140 to first traffic light. Right at light on Route 5 to La Renaissance on the right.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be Held on May 22, 1990

To the Shareholders of Northeast Utilities:

The Annual Meeting of Shareholders of Northeast Utilities will be held on Tuesday, May 22, 1990, at 10:00 a.m. at La Renaissance in East Windsor, Connecticut, which is located at Exit 45 (Warehouse Point--Ellington Exit) of Interstate 91, for the following purposes:

1. To fix the number of Trustees at fifteen;
2. To elect thirteen Trustees for the ensuing year;
3. To ratify the selection of Arthur Andersen & Co. as independent auditors for 1990; and
4. To transact any other business that may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 23, 1990 are entitled to receive notice of and to vote at the meeting or any adjournment thereof.

You are cordially invited to be present at the meeting and to vote. If you are unable to attend the meeting, please complete, date and sign the enclosed proxy and return it in the envelope enclosed for that purpose.

By order of the Board of Trustees,

Walter F. Torrance, Jr.

Walter F. Torrance, Jr.
Secretary

107 Selden Street
Berlin, Connecticut

Mailing Address:
Post Office Box 270
Hartford, Connecticut 06141-0270

March 24, 1990

IMPORTANT

Shareholders can help avoid the necessity and expense of follow-up letters to ensure that a quorum is present at the annual meeting by promptly returning the enclosed proxy. The enclosed envelope requires no postage, if mailed in the United States.

PROXY STATEMENT

The accompanying proxy is solicited on behalf of the Board of Trustees of Northeast Utilities (the Association) for use at the Annual Meeting of Shareholders to be held on May 22, 1990, and at any and all adjournments thereof.

Please read this proxy statement and fill in, date, sign and return the enclosed form of proxy. The proxy may be revoked at any time before it is voted by a writing filed with the Secretary of the Association or by a duly executed proxy bearing a later date. Properly executed proxies not revoked will be voted according to their terms.

Only holders of common shares of record at the close of business on March 23, 1990 are entitled

to receive notice of and to vote at the meeting or any adjournment thereof. On that date there were 108,669,106 common shares outstanding. Each such share is entitled to one vote.

The principal office of the Association is located at 174 Brush Hill Avenue, West Springfield, Massachusetts. The general office of the Association and its subsidiaries is located at 107 Selden Street, Berlin, Connecticut (mailing address: Post Office Box 270, Hartford, Connecticut 06141-0270). This proxy statement and the accompanying form of proxy are being mailed to shareholders commencing March 24, 1990.

1. NUMBER OF TRUSTEES

2. ELECTION OF TRUSTEES

Unless a shareholder specifies otherwise, the enclosed proxy will be voted to fix the number of Trustees for the ensuing year at fifteen (15) and to elect as Trustees the thirteen (13) nominees named below to serve until the next Annual Meeting and until their successors have been elected and shall have qualified. Each of the nominees has previously been elected as a Trustee by the shareholders. If one or more of the nominees should become unavailable for election, the proxy may be voted for a substitute person or persons. However, there is no reason to anticipate that any of the nominees will not be available.

The Association's Declaration of Trust provides that, if a vacancy shall exist in the Board of Trustees by reason of failure to elect a full Board at a meeting of shareholders, a new Trustee to fill such vacancy shall be elected by the remaining Trustees. The Trustees propose the election of less than a full Board at the 1990 Annual Meeting. The Association has committed to provide representation on the Board of Trustees by New Hampshire residents in connection with the Association's pro-

posal to acquire Public Service Company of New Hampshire (PSNH), and the creation of vacancies will permit the Board to honor that commitment without delay, if the acquisition is completed before the 1991 Annual Meeting. In addition, the availability of vacancies will provide an opportunity to add to the Board any other person or persons whose background and experience would be particularly helpful to the Association in dealing with issues that confront it and its subsidiaries. As of the date of this proxy statement, the Trustees have not selected any candidates to fill the vacancies on the Board that would be created by the election of fewer Trustees than the full number fixed by the shareholders.

Set forth below is each nominee's name, age, date first elected as a Trustee, number of shares of the Association beneficially owned as of February 28, 1990 (each nominee has sole voting and investment power with respect to the listed shares unless otherwise noted), and a brief summary of the nominee's business experience during the past five years.



RICHARD L. CREVISTON
(65 years) 1985

330 Shares

Until February 28, 1990, Chairman and a Director of NESB Corp., New London, Connecticut and its subsidiary banks, New England Savings Bank and OmniBank of Connecticut. He is a Trustee of Lawrence and Memorial Hospitals, Inc., and a Trustee of Connecticut College and Mitchell College. He has served as Chairman of Savings Bank Life Insurance Company of Connecticut and the Savings Bank Association of Connecticut.



DONALD W. DAVIS
(68 years) 1969 700 Shares

Chairman of the Executive Committee and a Director of The Stanley Works, New Britain, Connecticut (tools, hardware and industrial products). Mr. Davis is also a Director of Allied-Signal Inc., The Dexter Corporation, Pitney Bowes Inc., New Britain General Hospital, Connecticut Public Television, the National Captioning Institute and the National Institute for Dispute Resolution. He is Chairman of the Finance Committee of the National Association of Manufacturers and Vice Chairman of the University of Hartford's Board of Regents.



DONALD J. DONAHUE
(65 years) 1983 1,380 Shares

Chairman, Magma Copper Company, San Manuel, Arizona. Previously Chairman, Chief Executive Officer and a Director of The Continental Group, Inc. He is a Director of North American Company for Life and Health, Counsellors Fund and Finevest Foods, Inc. He is a member of the Board of Directors of Georgetown University and Vice Chairman of the Greenwall Foundation.



WILLIAM B. ELLIS
(49 years) 1977 15,753 Shares (1)

Chairman of the Board and Chief Executive Officer of Northeast Utilities and Chairman, Chief Executive Officer and a Director of its principal subsidiaries and of Connecticut Yankee Atomic Power Company. He is Vice President and a Director of Connecticut Economic Development Corporation, Inc., and a Director of Nuclear Electric Insurance Limited, Connecticut Mutual Life Insurance Company, Bank of New England Corporation, Hartford Hospital, and the Greater Hartford Chamber of Commerce. He is also Chairman and a Director of Connecticut Business and Industry Association, Inc.



BERNARD M. FOX
(47 years) 1986 12,620 Shares (1)(2)

President and Chief Operating Officer of Northeast Utilities and President and Chief Operating Officer and a Director of its principal subsidiaries and of Connecticut Yankee Atomic Power Company. Mr. Fox is a Director of Vermont Yankee Nuclear Power Corporation, Yankee Atomic Electric Company and Maine Yankee Atomic Power Company. He is also a Director of The Connecticut National Bank, GroupAmerica (a subsidiary of Connecticut Mutual Life Insurance Company), The Institute of Living and Mount Holyoke College. Mr. Fox is a Fellow and Founder of the American Leadership Forum, Chairman of the Hartford Corporate Advisory Committee of the Connecticut Special Olympics, Chairman of the Open Hearth Capital Campaign, Chairman of Leadership Greater Hartford and a Senior Member of the Institute of Electrical and Electronic Engineers.



GEORGE B. HARVEY
(58 years) 1983 973 Shares

Chairman of the Board, President, Chief Executive Officer and a Director of Pitney Bowes Inc., Stamford, Connecticut (mailing and office products, business supplies and financial services). Mr. Harvey is a Director of Norton Company, McGraw-Hill, Inc., Bank of New England Corporation and Connecticut Mutual Life Insurance Company. He is also a member of the Board of Overseers of the Wharton School of the University of Pennsylvania.



EUGENE I. JONES

(65 years) 1973 1,738 Shares

Senior Vice President, Greiner Inc., Wallingford, Connecticut (consulting engineers). Mr. Jones served as Chairman of the American Society of Civil Engineers' Committee on the Economic Status of the Civil Engineer and Chairman of the American Consulting Engineers Council's Committee on New Towns and Urban Development and its Task Force on Minority Employment. He is a technical transportation advisor to the Office of Technology Assessment of the United States Congress, a member of the Accreditation Board for Engineering and Technology and a Trustee of Clarkson University. He is a licensed Professional Engineer in several states.



ELIZABETH T. KENNAN

(52 years) 1980 715 Shares

President of Mount Holyoke College, South Hadley, Massachusetts, and President of Five Colleges, Incorporated. Mrs. Kennan is a Director of Berkshire Life Insurance Company, Shawmut Bank, N.A., NYNEX Corporation and the Council on Library Resources. She is a Trustee of the University of Notre Dame and a member of the Indo-U.S. Subcommittee on Education and Culture of the American Secretariat and the Council on Foreign Relations.



DENHAM C. LUNT, JR.

(64 years) 1973 2,271 Shares (3)

Chairman, Chief Executive Officer and a Director of Lunt Silversmiths, Greenfield, Massachusetts, and a Director of Lamson and Goodnow Manufacturing Company and Heritage Cutlery, Inc., both subsidiaries of Lunt Silversmiths. Mr. Lunt is a Director of the Shawmut Bank of Franklin County and Berkshire Life Insurance Company. He is a Director and a member of the Executive Committee of the Silver Users Association, Inc.



BURKE MARSHALL

(67 years) 1977 500 Shares

Nicholas deB. Katzenbach Professor of Law, Yale Law School, New Haven, Connecticut. Mr. Marshall is a Director of State Farm Mutual Automobile Insurance Company and a member of the Boards of the Robert F. Kennedy Memorial, the Vera Institute of Justice and the Center for Community Change.



WILLIAM J. PAPE II

(59 years) 1974 1,089 Shares

Publisher, Waterbury Republican and American, Waterbury, Connecticut (newspapers). Mr. Pape is President and Treasurer of American-Republican Inc. He is a Director of Bank of Boston Connecticut, Platt Bros. and Co., and Paper Delivery, Inc. He is a Trustee of Post College and the Waterbury Y.M.C.A.



NORMAN C. RASMUSSEN
(62 years) 1977 500 Shares

Professor of Nuclear Engineering, Massachusetts Institute of Technology, Cambridge, Massachusetts. Mr. Rasmussen is Chairman of the M.I.T. Reactor Safeguards Committee. From 1972 through 1975 he directed the Reactor Safety Study for the Atomic Energy Commission. He served on former President Ford's Advisory Committee on Technology and Economic Strength and was appointed by former President Reagan to the National Science Board, on which he served from 1982 through 1988. He serves on the Scientific Advisory Board for the Three Mile Island Unit 2 Clean-Up Fund, is a member of Princeton Plasma Physics Laboratory Visiting Committee, and is Chairman of the Cabot Corporation LNG Safety Committee. He is a Fellow of the American Nuclear Society and the Health Physics Society and a member of the National Academy of Engineering and the National Academy of Science. In 1989, Mr. Rasmussen was appointed to the Presidential Commission on Catastrophic Nuclear Accidents. He is a licensed Professional Engineer in Massachusetts.



ALBERT E. STEIGER, JR.
(67 years) 1974 1,000 Shares

President, Chief Executive Officer and Director of Albert Steiger, Inc., Springfield, Massachusetts (department store chain). Mr. Steiger is a Director of Frederick Atkins, Inc. and a Director and member of the Investment Committee of Massachusetts Mutual Life Insurance Company. He is a Vice President, Trustee and member of the Board of Investment of Springfield Institution for Savings. He is a Director of Springfield Central, Inc., Better Homes for Springfield, Inc. and Westmass Area Development Corporation. He is President and a Director of Albert Steiger Memorial Fund, Inc. and Chairman of the Investment Committee of Baystate Medical Center.

- 1) The shares beneficially owned by Messrs. Ellis and Fox include 6,370 and 4,461 shares, respectively, held for their benefit under the Association's Tax Reduction Act Employee Stock Ownership Plan (TRAESOP), Payroll-Based Employee Stock Ownership Plan (PAYSOP) and Executive Incentive Compensation Program (EICP). In accordance with the terms of those plans, Messrs. Ellis and Fox have voting, but not investment, power over those shares.
- (2) Mr. Fox shares voting and investment power with his wife for 2,631 shares, and he has sole voting and investment power for 995 shares, which he owns as custodian for his children.
- (3) Mr. Lunt shares voting and investment power for 2,271 shares with a banking institution under an indenture.

The Board of Trustees recommends that shareholders vote to fix the number of Trustees at fifteen and FOR election of the thirteen nominees listed above.

As of January 20, 1990, the nominees for the executive officers of the Association as a group, beneficially owned 93,592 common shares of the Association, which is less than 1 percent of the common shares outstanding. Of the shares beneficially owned by the Association's executive officers as a group, 39,608 shares are held for their benefit under the TRAESOP,

PAYSOP and EICP. The executive officers of the Association have voting, but not investment, power over those shares. The Association is not aware of any individual or group owning more than 5 percent of the Association's outstanding common shares. The Association has no other class of voting securities.

COMMITTEE COMPOSITION AND RESPONSIBILITY

The Board of Trustees of the Association has Audit, Executive, Finance and Corporate Responsibility Committees, a Committee on Organization, Compensation and Board Affairs and an ad hoc Task Force on the acquisition of PSNH. The Board of Trustees does not have a Nominating Committee.

The Audit Committee meets independently with the internal and independent auditors of the Association and its subsidiaries to review the auditors' activities, procedures and recommendations. Following each meeting, the Committee reports to the Board. The Committee recommends annually the appointment of the Association's independent auditors for the coming year. The Audit Committee met three times in 1989. The members of the Committee are Messrs. Donahue (Chairman), Creviston, Jones, Marshall, Rasmussen, Steiger and S. Caesar Raboy. Mr. Raboy is a Trustee who has elected not to stand for re-election. No Committee member is an employee of the Association or its subsidiaries.

The Executive Committee is empowered to exercise all the authority of the Board, subject to certain limitations prescribed in the Association's Declaration of Trust, during the intervals between meetings of the Board. The Committee met four times in 1989. The members of the Committee are Messrs. Ellis (Chairman), Davis, Donahue, Fox, Harvey, Lunt, Pape and Steiger.

The Finance Committee reviews and makes recommendations as to financial matters that may affect the Association and its subsidiaries. The Committee met two times in 1989. The members of the Committee are Messrs. Ellis (Chairman), Creviston, Donahue, Fox, Lunt, Marshall, Rasmussen and Steiger.

The Corporate Responsibility Committee reviews the policies and practices of the Association and its subsidiaries that have broad social or com-

munity significance. The Committee met four times in 1989. The members of the Committee are Mrs. Kennan (Chairman) and Messrs. Harvey, Jones, Marshall, Pape and Rasmussen, none of whom is an employee of the Association or its subsidiaries.

The Committee on Organization, Compensation and Board Affairs reviews and adjusts as appropriate the compensation policies of the Association and its subsidiaries. As part of this responsibility, the Committee makes recommendations to the Board of Trustees regarding compensation for the Chairman of the Board and the President. The Committee is also responsible for reviewing policies affecting the organization of the Association and its subsidiaries. The Committee on Organization, Compensation and Board Affairs met three times in 1989. The members of the Committee are Messrs. Davis (Chairman), Harvey, Jones, Lunt, Pape and Raboy and Mrs. Kennan, none of whom is an employee of the Association or its subsidiaries.

In June, 1989, the Board appointed an ad hoc Task Force on the acquisition of PSNH. The Task Force's primary responsibility is to provide guidance and counsel to management in connection with the Association's efforts to acquire PSNH. The Task Force met five times in 1989. The members of the Task Force are Messrs. Davis, Donahue, Harvey, Marshall and Steiger, none of whom is an employee of the Association or its subsidiaries.

In 1989, the Board of Trustees held 14 meetings. Committees of the Board held a total of 21 meetings. All members of the Board of Trustees, except Mr. Harvey, attended 75 percent or more of the aggregate number of meetings of the Board and the committees of which they were members. While Trustees make every effort to attend meetings of the Board and committees of which they are members, there are instances when, for compelling reasons, they are unable to attend those

meetings. The Board of Trustees believes that attendance percentage information is not of itself a

meaningful indicator of the quality or importance of a Trustee's contribution to the Board.

COMPENSATION OF TRUSTEES AND EXECUTIVE OFFICERS

COMPENSATION OF TRUSTEES

During 1989, each Trustee who was not an employee of the Association or its subsidiaries was compensated at an annual rate of \$14,000, plus \$700 for each meeting of the Board or its committees, including the PSNH Task Force, attended. The Chairmen of the Audit and Corporate Responsibility Committees and the Committee on Organization, Compensation and Board Affairs

were compensated at an additional annual rate of \$2,500. Pursuant to a deferred compensation plan for Trustees established by the Board in 1980, Mr. Marshall elected to defer payments for his 1989 service as a Trustee until termination of his service as a Trustee, at which time he will receive his deferred compensation in five annual installments.

CASH COMPENSATION OF EXECUTIVE OFFICERS

All cash compensation paid in 1989 to each of the five highest paid executive officers of the Association and its subsidiaries, and to all executive officers of the Association and its subsidiaries as a group, appears below.

<u>Name of Individual</u>	<u>Capacities in Which Served (1)</u>	<u>Cash Compensation (2)</u>
William B. Ellis	Chairman of the Board and Chief Executive Officer of Northeast Utilities	\$ 518,211
Bernard M. Fox	President and Chief Operating Officer of Northeast Utilities	\$ 323,325
John F. Opeka	Executive Vice President of Northeast Utilities Service Company	\$ 234,353
Walter F. Torrance, Jr.	Senior Vice President, Secretary and General Counsel of Northeast Utilities	\$ 205,545
John P. Cagnetta	Senior Vice President of Northeast Utilities Service Company	\$ 181,801
All executive officers of Northeast Utilities and its subsidiaries, as a group, consisting of 13 individuals in 1989		\$2,583,913

(1) Each of the named individuals also served as an executive officer and as a director of various subsidiaries of the Association.

(2) "Cash Compensation" consists of salaries paid by Northeast Utilities Service Company, including any salary that may have been deferred during 1989 under the Northeast Utilities Service Company Supplemental Retirement and Savings Plan and the Deferred Compensation Plan for Officers of Northeast Utilities System Companies (Deferred Compensation Plan). "Cash Compensation" also includes cash awards made in 1989 under the EICP, payments made to one executive officer constituting interests on amounts deferred in previous years under the Deferred Compensation Plan and paid in 1989, and certain payments made in connection with the relocation of one executive officer; neither of the latter officers is named in the above table. No executive officer receives benefits under life and health insurance plans that are not available generally to all salaried employees.

COMPENSATION PURSUANT TO PLANS

Retirement Plan

Employees of subsidiaries of the Association, including the executive officers referred to in the above table, are entitled to participate in the Northeast Utilities Service Company Retirement Plan, which is a noncontributory, defined benefit retirement plan. Retirement benefits are computed on the basis of a percentage of an employee's final average earnings (i.e., an employee's highest average annual compensation earned during any 60 consecutive months in the 120-month period preceding retirement) multiplied by the employee's years of credited service. The Retirement Plan provides for several optional forms of benefit payments, including a straight life annuity option, a contingent annuitant option, a ten-year certain and

life option and a level income option. Retirement benefits under the Retirement Plan are not reduced by the employee's Social Security benefit. Contributions, which are actuarially determined, are made by the Association's subsidiaries for the benefit of all employees covered by the Retirement Plan.

As of December 31, 1989, the five most highly compensated executive officers of the Association or its subsidiaries had the following years of credited service for retirement compensation purposes: Mr. Ellis—13, Mr. Fox—25, Mr. Opeka—19, Mr. Torrance—11 and Dr. Cagnetta—17. Assuming that retirement occurs at age 65 for these officers, retirement will occur with 29, 43, 35, 14 and 25 years of credited service, respectively.

ANNUAL PENSION FOR YEARS OF SERVICE INDICATED

The following table shows the estimated annual retirement benefits payable assuming that retirement occurs at age 65. The benefits as presented are based on a straight life annuity and do not take into account any reduction for joint and survivorship annuity payments.

Average Annual Earnings* for the Highest Consecutive 60 Months of Last 120 Months Prior to Retirement	Years of Service			
	15	25	35	45
\$ 75,000	\$ 16,223	\$ 27,038	\$ 37,853	\$ 41,603
\$175,000	38,723	64,538	90,353	91,103
\$275,000	61,223	102,038	**142,853	**156,603
\$375,000	83,723	**139,538	**195,353	**214,103
\$475,000	**106,223	**177,038	**247,853	**271,603
\$575,000	**128,723	**214,538	**300,353	**329,103

* Under recent changes in the Internal Revenue Code, compensation earned in years after 1988 that is used in calculating retirement benefits under the Retirement Plan is limited to a maximum of \$200,000, adjusted for inflation (\$209,200 in 1990). This may affect the calculation of "average annual earnings" for certain individuals and effectively reduce their benefits under the Retirement Plan.

** Pursuant to provisions in the Internal Revenue Code, the maximum annual benefit that could be accrued under the Retirement Plan was \$98,064 in 1989, and will be \$102,582 in 1990. Officers of the Association and its subsidiaries whose accrued benefit under the Retirement Plan would exceed the maximum accrued benefit limit, but for the existence of this limit, are eligible for a supplemental benefit under the Supplemental Executive Retirement Plan discussed below. This will yield them an annual aggregate retirement benefit under the two plans as indicated in the table, but even this may not reflect actual compensation because of the \$200,000 limit described in the preceding footnote.

Supplemental Executive Retirement Plan

In 1987, the Association's Board of Trustees established the Supplemental Executive Retirement Plan for Officers of Northeast Utilities System Companies (the Supplemental Plan). The Supplemental Plan is an unfunded plan that provides officers of the Association and its subsidiaries with the benefits that would have been provided to them under the Retirement Plan (i) if the Retirement

Plan benefits were not subject to certain limitations imposed by federal tax law on tax-qualified, funded retirement plans and (ii) if awards under the EICP were included in benefit calculations under the Retirement Plan.

TRAESOP/PAYSOP

The Northeast Utilities Service Company TRAESOP and PAYSOP (collectively the Plans)

are two defined contribution plans under each of which common shares of the Association have been contributed to or purchased by a trust and are being held by a trustee for the benefit of eligible employees. Contributions to the Plans have been suspended, and the Plans are effectively frozen. No contributions were made to the Plans during 1989. The officers of the Association, including those named in the foregoing table, have interests in common shares of the Association and its subsidiaries held under the Plans as described on pages 4 and 5. These shares generally may not be distributed until the termination of their employment.

Supplemental Retirement and Savings Plan

The Northeast Utilities Service Company Supplemental Retirement and Savings Plan (the 401(k) Plan) is a defined contribution plan that is designed to provide eligible employees with a means of saving for retirement through regular payroll contributions. Participating employees may contribute, with certain restrictions, up to 13 percent (10 percent prior to March 1, 1990) of their annual salary, which will be invested in accordance with the employee's instructions in (i) a Northeast Utilities common shares fund, (ii) a guaranteed fixed income fund, (iii) a pooled equity fund or (iv) a combination of these investments. A before-tax savings feature of the 401(k) Plan permits participating employees to have their salaries reduced by the amount of their contribution and thereby allows them to lower their income tax liability for the year in which contributions are made. In addition to employee contributions to the 401(k) Plan, each subsidiary of the Association employing a participating employee contributes, out of current or accumulated earnings, an amount equal to one-half of up to the first 3 percent of compensation that the employee contributes to the 401(k) Plan on a before-tax basis.

To be eligible to participate in the 401(k) Plan, employees must have at least one year of service with one or more of the subsidiaries of the Association and Connecticut Yankee Atomic Power Company. Employees are at all times vested in their own contributions to the 401(k) Plan. Employees vest in their portion of the contributions to the 401(k) Plan by the participating subsidiaries of the Association at the rate of 20 percent for each year of service. The distribution to an employee of amounts held in his or her 401(k) Plan account will generally be made as soon as practicable after

retirement, death, total disability or termination of employment. The 401(k) Plan also provides for withdrawals prior to termination of employment, subject to specified conditions and limitations.

In 1989, Northeast Utilities Service Company contributed \$3,154, \$2,970, \$2,844, and \$2,533 to the 401(k) Plan accounts of Messrs. Fox, Opeka, Torrance and Cagnetta, respectively. Mr. Ellis did not participate in the 401(k) Plan in 1989. Northeast Utilities Service Company contributed a total of \$27,137 to the 401(k) Plan accounts of those executive officers who participated in the plan in 1989. No executive officer is entitled to a benefit under the 401(k) Plan that is not generally available to all employees who meet the plan's service requirements.

Deferred Compensation Plan

The Deferred Compensation Plan permits officers of the Association and its subsidiaries to defer receipt of up to 75 percent of their salary compensation until (i) termination of employment or (ii) any other date that is subsequent to the year in which the deferred compensation is earned. Interest is paid on deferred compensation at the statutory interest rate in Connecticut, which is currently set at 8 percent. Compensation earned by executive officers in 1989 but deferred to future years is included in the Cash Compensation Table set forth above.

EICP

The EICP is designed to help attract and retain executives of high ability and to strengthen the extent to which executives identify with the goals of the Association.

The EICP consists of two parts: a Short Term Program and a Long Term Program. Under the Short Term Program, corporate goals and individual goals are set annually and achievement of the goals is measured, and awards made, after one year. Each award under the Short Term Program is made in common shares of the Association, which shares are forfeited to the Association if the participant does not remain in the employ of a subsidiary of the Association until at least January 1 of the third year after the year for which the award is made, unless employment is terminated earlier by death, disability, retirement, or other excusable cause. Under the Long Term Program, goals are set annually but are based on results over a se-

lected period of at least 3 years, with achievement of goals measured, and awards made, at the end of the period. Awards under the Long Term Program are made in cash. No awards may be made under either program if certain minimum goals are not met. Participants are selected by the Committee on Organization, Compensation and Board Affairs from among the officers of the Association and its subsidiaries.

Both Short Term and Long Term Programs were in effect for 1989. All executive officers of the Association and its subsidiaries were, in addition to certain other officers, selected to participate in both the Short Term and Long Term Programs.

Under the 1989 Short Term Program, the maximum potential total dollar amount of all awards was set at 20 percent of the aggregate compensation of all participating officers. The aggregate award under the 1989 program will be based on the achievement of corporate goals that relate to the Association's return on equity and its relative ranking on a cost of service basis with comparable electric utility systems. To determine individual awards, each participant's performance will be evaluated on the basis of the participant's success in achieving individual goals. Individual awards will then be made by relating each officer's goal achievement and salary to the size of the 1989 Short Term Program aggregate award. Amounts that will be awarded to participants in the 1989 Short Term Program had not been determined as of February 28, 1990. Restricted common shares that were awarded to participants in the 1986 Short Term Program became unconditionally vested on January 1, 1989. On that date, the five most highly compensated executive officers of the

Association and its subsidiaries received the following number of shares related to the 1986 Short Term Program: Mr. Ellis—2,800, Mr. Fox—1,430, Mr. Opeka—1,257, Mr. Torrance—1,405, and Dr. Cagnetta—1,333. On January 1, 1989, all executive officers of the Association and its subsidiaries, as a group, received 8,225 shares related to the 1986 Short Term Program.

The 1989 Long Term Program covers a 3-year period that began on January 1, 1989. The Long Term Program goals were based on the Association's relative ranking over this 3-year period against comparable electric utility systems with respect to the earned rate of return on common equity, the market-to-book value ratio for the Association's common shares, and the cost of service to subsidiaries' customers. The maximum amount of the dollar award under the 1989 Long Term Program was set at 20 percent of the aggregate 1989 compensation of all officers participating in that program. After the end of the 1989 Long Term Program (i.e., after December 31, 1991), the relative success of the Association in achieving the corporate goals will be determined, which will establish the maximum dollar award that will be allocable to participants. Individual awards under the 1989 Long Term Program will be made to participating officers in proportion to each participant's salary for the first year of the 1989 Long Term Program; however, no amounts will be awarded until after the end of the 3-year performance period that began on January 1, 1989. Awards for the 3-year performance cycle that began on January 1, 1986 and ended on December 31, 1988 were made on May 20, 1989. Those awards are included in the Cash Compensation Table set forth above.

3. RATIFICATION OF THE SELECTION OF AUDITORS

The firm of Arthur Andersen & Co., independent public accountants, was selected by the Board of Trustees, and approved by the shareholders, to serve as independent auditors of the Association and its subsidiaries for 1989.

Pursuant to the recommendation of the Audit Committee, the Board of Trustees recommends that shareholders ratify the selection by the Board of Trustees of Arthur Andersen & Co. to audit the accounts of the Association and its subsidiaries for 1990. Andersen Consulting, the consulting group of Arthur Andersen & Co., has been en-

gaged to assist a subsidiary of the Association in the design of a major new computer software system. The Audit Committee continues to review the nature and scope of these consulting services and other non-audit services and has determined that such services do not affect Arthur Andersen & Co.'s audit independence.

Representatives of Arthur Andersen & Co. are expected to be present at the meeting. They will have the opportunity to make a statement, if they desire to do so, and to respond to appropriate questions raised at the meeting.

The Board of Trustees recommends that shareholders vote FOR this proposal.

4. OTHER MATTERS

The Board of Trustees knows of no matters other than the foregoing to come before the meeting. However, if any other matters come before the meeting, the persons named in the enclosed proxy will vote in their discretion with respect to such other matters.

The Association's Annual Report to Shareholders for the year ended December 31, 1989, including financial statements, is being mailed with this proxy solicitation material. An additional copy of the Annual Report will be mailed to any shareholder upon request.

COST OF SOLICITATION OF PROXIES

The cost of soliciting proxies on behalf of the Board of Trustees will be borne by the Association. In addition to the use of the mails, proxies may be solicited by personal interview, telephone or telegraph by Trustees, officers or employees of the Association or Northeast Utilities Service Company, or by an independent company, Morrow & Co., Inc., which has been retained to assist in the

solicitation of proxies from banks, brokerage firms, nominees and individual shareholders for a fee of \$10,000, plus reimbursement for expenses. Arrangements will be made to reimburse brokerage firms, nominees, custodians and fiduciaries for expenses incurred in forwarding solicitation materials to the beneficial owners of common shares held as of March 23, 1990.

MULTIPLE COPIES OF ANNUAL REPORT TO SHAREHOLDERS

Some shareholders with multiple accounts may receive more than one Annual Report to Shareholders, which is costly to the Association and may be inconvenient to those shareholders. The Association will discontinue multiple mailings of Annual Reports to Shareholders, if the affected shareholders so request. To request discontinuance of multiple mailings of the Annual Report,

please mark the designated box on the proxy card(s) for the account(s) for which Annual Report mailings may be discontinued. Mailing of dividends, dividend reinvestment statements, proxy materials and special notices will not be affected by an election to discontinue multiple mailings of the Annual Report to Shareholders.

SHAREHOLDER PROPOSALS FOR 1991 ANNUAL MEETING

To be included in the proxy statement and form of proxy for the 1991 Annual Meeting of Shareholders, proposals by shareholders must be re-

ceived by Theresa H. Allsop, Assistant Secretary of the Association, at the Association's general office by November 23, 1990.

By order of the Board of Trustees,

Walter F. Torrance, Jr.

Walter F. Torrance, Jr.
Secretary

Northeast Utilities will provide shareholders with a copy of its 1989 Annual Report on Form 10-K to the Securities and Exchange Commis-

sion, including the financial statements and schedules thereto, without charge, upon receipt of a written request sent to:

Theresa H. Allsop
Assistant Secretary
Northeast Utilities
P.O. Box 270
Hartford, Connecticut 06141-0270

NORTHEAST UTILITIES ACQUISITION
SUMMARY OF BOTTOMS OF O&M ESTIMATE

O&M COST
COMPARISON OF NU'S SEABROOK PROJECTION TO NHY BUDGET
{1991 DOLLARS X 1000}

FUNCTION	NU'S PROJECTION			NHY BUDGET			DIFFERENCE		
	PAYROLL	NON-PAYROLL	TOTAL	PAYROLL	NON-PAYROLL	TOTAL	PAYROLL	NON-PAYROLL	TOTAL
BENEFITS	0.0	3837.0	3837.0	0.0	8235.0	8235.0	0.0	-4398.0	-4398.0
PENSIONS	0.0	2738.0	2738.0	0.0	4927.0	4927.0	0.0	-2189.0	-2189.0
PAYROLL TAXES	0.0	3027.0	3027.0	0.0	3674.0	3674.0	0.0	-647.0	-647.0
INSURANCE	0.0	7287.0	7287.0	0.0	9817.0	9817.0	0.0	-2530.0	-2530.0
WORKERS COMPENSATION	0.0	206.0	206.0	0.0	343.0	343.0	0.0	-137.0	-137.0
ACCOUNTING	678.7	48.6	727.3	847.0	614.0	1461.0	-168.3	-565.4	-733.7
ADMINISTRATIVE SERVICES	229.9	35.9	265.8	0.0	940.0	940.0	229.9	-904.1	-674.2
CORPORATE COMMUNICATIONS	450.0	504.0	954.0	514.0	1545.0	2159.0	-64.0	-1141.0	-1205.0
EXECUTIVE MANAGEMENT	155.3	66.9	222.2	339.0	394.0	733.0	-183.7	-327.1	-510.8
FINANCE	326.0	273.6	599.6	260.0	125.0	385.0	66.0	148.6	214.6
GENERAL SERVICES	386.7	1563.3	1950.0	0.0	0.0	0.0	386.7	1563.3	1950.0
HUMAN RESOURCES	538.9	760.7	1299.6	534.0	1677.0	2211.0	4.9	-916.3	-911.4
INFORMATION SERVICES	1632.5	1292.5	2925.0	2678.0	5066.0	7744.0	-1045.5	-3773.5	-4819.0
LEGAL	213.5	884.7	1098.2	0.0	1379.0	1379.0	213.5	-494.3	-280.8
MISCELLANEOUS	0.0	-1897.5	-1897.5	0.0	-2461.0	-2461.0	0.0	563.5	563.5
PURCHASING	257.8	21.0	278.8	384.0	955.0	1339.0	-126.2	-934.0	-1060.2
* TOTAL A & G	4869.3	20648.7	25518.0	5556.0	37330.0	42886.0	-686.7	-16681.3	-17368.0

"MISCELLANEOUS" Budget Category (A&G Expense):

This category includes Administrative & General expenses for general service company overhead loading and capitalized expenses. These items result in a credit adjustment to the O&M budget to reflect payroll and associated overheads for people charging to capital work orders. This budget category also includes Accounting adjustments for other miscellaneous overhead expenses, associated with A&G expenses, which are allocated to the nuclear units.

NORTHEAST UTILITIES ACQUISITION
SUMMARY OF BOTTOMS UP O&M ESTIMATE

O&M COST
COMPARISON OF NU'S SEABROOK PROJECTION TO NHY BUDGET
(1991 DOLLARS X 1000)

FUNCTION	NU'S PROJECTION			NHY BUDGET			DIFFERENCE		
	PAYROLL	NON-PAYROLL	TOTAL	PAYROLL	NON-PAYROLL	TOTAL	PAYROLL	NON-PAYROLL	TOTAL
NUCLEAR OPERATIONS	22556.0	33788.0	56344.0	25771.0	35879.0	61650.0	-3215.0	-2091.0	-5306.0
NUCLEAR & ENVIR. ENGRG.	8967.0	17598.0	26565.0	13568.0	23755.0	37323.0	-4601.0	-6157.0	-10758.0
GEN. ENGRG. & CONSTRUCTION	3769.0	3409.0	7178.0	4608.0	11047.0	15655.0	-839.0	-7638.0	-8477.0
OTHER	335.8	-2841.0	-2505.2	0.0	0.0	0.0	335.8	-2841.0	-2505.2
* TOTAL PRODUCTION	35627.8	51954.0	87581.8	43947.0	70681.0	114628.0	-8319.2	-18727.0	-27046.2
* TOTAL OPERATIONS & MAINTENANCE	40497.1	72602.7	113099.8	49503.0	108011.0	157514.0	-9005.9	-35408.3	-44414.2

"OTHER" Budget Category (Production Expense/Non-A&G):

This category includes production expenses (non-A&G) for support services functions, such as Purchasing, IRG, Corporate Communications, R&D, and Electronics Testing. It also includes a credit adjustment, to the incremental refueling outage costs included in NU's Preliminary 1991 Seabrook O&M Budget, to reflect levelized refueling outage expenses used in NU's O&M synergy calculations. This budget category also includes Accounting adjustments for the other miscellaneous overhead expenses, associated with production (non-A&G) expenses, which are allocated to the nuclear units.

EXHIBIT K

PROPOSED FORM OF NOTICE

[RELEASE NO. _____]

PROPOSED ORGANIZATION AND CONDUCT OF BUSINESS OF
NORTH ATLANTIC ENERGY SERVICE COMPANY,
ISSUANCE AND SALE OF SECURITIES IN CONNECTION THEREWITH
TO NORTHEAST UTILITIES, AND
REQUEST FOR EXEMPTION FROM COMPETITIVE BIDDING

_____, 1991

Northeast Utilities ("NU"), a holding company registered under the Public Utility Holding Company Act of 1935, as amended (the "Act"), Northeast Utilities Service Company ("NUSCO"), a service company subsidiary of NU, Yankee Atomic Electric Company ("YAEC"), an electric utility company subsidiary of NU, and North Atlantic Energy Service Company ("NAESCO"), a to-be-formed electric utility company and service company subsidiary of NU, have filed an application/declaration with this Commission pursuant to Sections 6(a), 7, 9(a), 10 and 13 of the Act and Rules 43, 50 and 86 through 95 thereunder. NU is located at 174 Brush Hill Avenue, West Springfield, Massachusetts 01090-0010, NUSCO is located at 107 Selden Street, Berlin, Connecticut 06037-0218, YAEC is located at 580 Main Street, Bolton, Massachusetts 01740, and NAESCO will be located at Route 1, Lafayette Road, Seabrook, New Hampshire 03874. Authorization is requested for the organization and conduct of business of NAESCO, the issuance and sale to NU of all of NALSCO's only class of common stock, the acquisition of that stock by NU, and other related transactions and activities.

The organization, capitalization and conduct of business of NAESCO is a part of NU's plan to acquire Public Service Company of New Hampshire ("PSNH"), which acquisition, and certain security issuances and other transactions in connection therewith, were the subject of NU and NUSCO's application/declaration in File No. 70-7695. That acquisition and certain of the transactions related thereto were approved by the Commission in Holding Company Act Release No. 25221 issued on December 21, 1990. The application/declaration in this matter only seeks approvals and authorizations related to the organization, capitalization and conduct of business of NAESCO. All other aspects of NU's proposed acquisition of PSNH requiring Commission approval are discussed in the application/declaration in File No. 70-7695.

PSNH, the owner of a 35.6 percent interest in the Seabrook Unit No. 1 nuclear power plant ("Seabrook"), is currently authorized under U.S. Nuclear Regulatory Commission ("NRC") Operating License NPF-86 to manage, operate and maintain Seabrook on behalf of itself and the 11 other joint owners of the unit (collectively, the "Joint Owners"), and since 1984 it has performed those functions for Seabrook through its New Hampshire Yankee Division ("NHY"). After suffering through financial problems for most of the 1980s caused in large part by its sizeable investment in Seabrook, PSNH filed in United States Bankruptcy Court, District of New Hampshire (the "Bankruptcy Court"), in January, 1988 a petition seeking protection from its creditors under Chapter 11 of the United States Bankruptcy Code. NU became interested in acquiring PSNH, and, after intense negotiations, NU gained the support of PSNH's equity security holders, unsecured creditors and the holders of a majority of its third mortgage bondholders for its plan of reorganization for the company (the "Plan"). PSNH and the State of New Hampshire also endorsed the Plan, and on April 20, 1990, the Bankruptcy Court confirmed the Plan.

The Plan contemplates, inter alia, the transfer of PSNH's interest in Seabrook to North Atlantic Energy Corporation ("NAEC"), a to-be-formed wholly-owned subsidiary of NU, and the assumption by a wholly owned subsidiary of NU (which will be NAESCO) from NHY of the responsibility for managing, operating and maintaining Seabrook and supervising the disposition of Seabrook Unit No. 2, a cancelled nuclear unit on the same site as Seabrook. NAESCO will not have an ownership interest in Seabrook or Seabrook Unit No. 2 or an entitlement to any of the capacity or energy therefrom. Seabrook received its full power license from the NRC in March, 1990, was synchronized to the New England grid on May 29, 1990, and successfully completed power ascension testing in August, 1990.

NAESCO will be organized as a New Hampshire corporation, wholly owned and controlled by NU, and its only business will be providing managerial, operational and maintenance services to the Joint Owners pursuant to a Managing Agent Operating Agreement (the MAOA), a Disbursing Agent Agreement (the "DAA") and a presently existing Joint Owners Agreement (the "JOA"). NAESCO's only associate company customers will be NAEC and The Connecticut Light and Power Company, which owns an approximately 4 percent interest in Seabrook. It is presently contemplated that NAESCO will have only one outstanding security, \$1 par value common stock, of which 1,000 shares will be authorized and issued to NU.

The material terms of the MAOA and the DAA and certain proposed modifications to the present JOA were spelled out in a July 19, 1990 agreement among NUSCO, acting on behalf of NAESCO, and the New England Power Company, CL&P, PSNH, The United Illuminating Company and Canal Electric Company. Under the terms of that agreement, NAESCO will assume the responsibility for

managing, operating and maintaining Seabrook and for supervising the disposition of Seabrook Unit No. 2 at 11:59 p.m. of the last day of the calendar month in which all federal, state and local regulatory approvals necessary for the implementation of that agreement have been obtained, regardless of whether NU has accomplished its acquisition of PSNH at that time. The regulatory approvals required to implement the agreement are those from the Commission, the NRC and the New Hampshire Public Utilities Commission. The Joint Owners who have already executed the July 19, 1990 agreement collectively own a sufficient interest in Seabrook to effect the change in managing agent from NHY to NAESCO.

The MAOA, DAA and JOA will articulate NAESCO's responsibilities with respect to Seabrook and Seabrook Unit No. 2. Under the MAOA, NAESCO will have responsibility for the day-to-day management, operation and maintenance of Seabrook. Under the DAA, NAESCO will maintain a bank account or accounts into which it shall deposit the funds it receives from the Joint Owners in payment of its expenses. NAESCO will bill the Joint Owners at cost for the expenses it incurs in performing its duties under those agreements, and because NAESCO will perform no work other than that related to Seabrook and the disposition of Seabrook Unit No. 2, there will be no need to allocate indirect costs.

The MAOA will give to NAESCO the authority to appoint or retain a service company or agent with which it is affiliated to perform its responsibilities under the MAOA and JOA, subject to the approval of at least three unaffiliated Joint Owners with an aggregate ownership interest in Seabrook of at least 60 percent. It is presently contemplated that NAESCO will enter into two such agreements, one with NUSCO and the other with YAEC. NUSCO will provide NAESCO with administrative, general and technical services. It is presently contemplated that YAEC will continue to provide NAESCO with the type of engineering and technical functions it now provides under an existing contract with NHY. Both NUSCO and YAEC will perform their services at cost, which, because of the size of their organizations and the opportunities for economies of scale, will be less than those services would cost NAESCO if it were to perform them itself. Both companies will allocate costs directly to NAESCO whenever possible, and when expenses are not directly assignable to NAESCO, they will allocate those costs among their customer companies in a fair and equitable manner consistent with the requirements of the Act and approved by the executive committee of the Joint Owners.

The applicants state that they intend to request the Commission's approval, pursuant to the application/declaration, of all transactions connected to the organization, capitalization and conduct of business of NAESCO and the service contracts with NUSCO and YAEC, whether under the enumerated sections of the Act and the rules thereunder or otherwise.

The application/declaration and any amendments thereto are available for public inspection through the Commission's Office of Public Reference. Any interested persons wishing to comment or request a hearing on the application/declaration should submit their views in writing by _____, 1991, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the applicants at the addresses specified above. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in this matter. After said date, the application/declaration, as filed or as it may be further amended, may be granted.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

YANKEE ATOMIC ELECTRIC COMPANY

Balance Sheets
September 30, 1990
(Unaudited)

ASSETS	
Utility plant, at original cost:	
Electric	\$94,435,267
Less: accumulated provision for depreciation	80,323,629

	14,111,638
Construction work in progress	11,439,893
Nuclear fuel, at amortized cost	19,647,698

Net utility plant	45,199,229

Other property and investments:	
Non-utility property, net of accumulated provision for depreciation	746,452
Other	1,507,231

	2,253,683

Decommissioning trust	47,310,931

Current assets:	
Cash and temporary investments	148,002
Accounts receivable	15,469,619
Materials and supplies, at average cost	954,274
Prepayments and other	184,639

	16,756,534

Deferred federal and state taxes	14,124,186

Total Assets	\$125,644,563
	=====

YANKEE ATOMIC ELECTRIC COMPANY

Balance Sheets
September 30, 1990
(Unaudited)

CAPITALIZATION AND LIABILITIES

Capitalization:

Capital stock, par value \$100 per share; 153,400 shares authorized and outstanding	\$15,340,000
Retained earnings	6,408,625
Long-term debt	20,000,000

Total capitalization	----- 41,748,625 -----
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Current liabilities:

Short-term debt	16,300,000
Accounts payable and other liabilities	9,553,527
Accrued federal income taxes	464,963
Accrued interest	119,004

	----- 26,437,494 -----
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Unamortized investment tax credits	572,917
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Decommissioning reserve	56,885,527
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Total Liabilities	----- \$125,644,563 =====
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YANKEE ATOMIC ELECTRIC COMPANY

Statements of Income and Retained Earnings
 Twelve Months Ending September 30, 1990
 (Unaudited)

OPERATING REVENUES	
Electric sales	\$68,513,742
Engineering services to others	38,034,531

Total operating revenues	106,548,273

OPERATING EXPENSES	
Fuel	9,692,913
Operations	24,087,841
Engineering	50,044,922
Maintenance	4,086,058
Decommissioning	5,672,748
Deprecation	2,387,082
Taxes, other than federal income	3,973,352
Federal income taxes	1,596,722

Total operating expenses	101,541,638

OPERATING INCOME	5,006,635
OTHER INCOME	
Allowance for equity funds used during construction	-
Other	142,088
Referendum	5,255

Operating and other income	5,153,978

INTEREST	
Interest on long-term debt	1,788,257
Interest on short-term debt	1,024,194
Other interest	77,758
Allowance for borrowed funds used during construction	(486,894)

Total interest	2,403,315

NET INCOME (LOSS)	\$2,750,663
	=====
Retained earnings at beginning of period	\$6,265,762
Net income (loss)	2,750,663

	9,016,425
Dividends paid	2,607,800

Retained earnings at end of period	\$6,408,625
	=====
PER SHARE DATA	
Earnings per share	\$17.93
	=====
Dividends per share	\$17.00
	=====