

Copies to:

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From:

**DRAFT** J. F. Wilson - Met-Ed

February 28, 1978

Babcock & Wilcox Company  
Post Office Box 1260  
Lynchburg, VA 24505

Attention: J. T. Janis  
Power Generating Group

Gentlemen:

Subject: EPRI Contract - RP825-1

In response to Mr. Janis' letter of December 1, 1976, and in accordance with the meeting of our respective representatives on February 27, 1978, this will serve as formal authorization for The Babcock & Wilcox Company (B&W) to enter upon Metropolitan Edison Company's (Met-Ed) Middletown, Pennsylvania, property with B&W personnel and equipment for the purpose of performing the Task V portion (Primary Coolant Loop of PWR Plants) of B&W's PWR Radiation Control Study on Unit #1 of Met-Ed's Three Mile Island Nuclear Station, as more fully described in Exhibit A, attached hereto and made a part hereof. This authorization, however, is contingent upon B&W's compliance with the following conditions:

1. The Study shall be conducted by B&W in such a manner so as not to interfere with or impede Met-Ed's use, operation or maintenance of the Station and other electric installations.
2. The Study shall be performed by B&W in a good and workmanlike manner and in conformity with all laws and all orders, rules, regulations and specifications of any public body having jurisdiction over the Station and its operations.

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Robert Capuzelo RPR  
Doyle Reporting, Inc. RC

3. B&W personnel shall comply with Met-Ed safety and security regulations as may be in force at the Station.
  4. Met-Ed will provide, without cost to B&W, normal health physics services and assistance for B&W's performance of the Study. Provided, however, if it becomes apparent that Met-Ed will incur other costs, B&W will reimburse Met-Ed for such costs to the extent B&W gives advanced authorization to Met-Ed to incur such costs and, in the event such advanced authorization is denied, Met-Ed shall be under no obligation to incur such costs.
  5. B&W shall not be liable in any event for loss of anticipated profits, loss by reason of plant shutdown, non-operation or increased expense of operation of other equipment, or special or consequential loss or damage of any nature arising from any cause whatsoever.
  6. B&W indemnifies and holds harmless Met-Ed, except to the extent Met-Ed is covered by insurance, against all losses, claims, damages or liabilities arising out of or based upon bodily injury (including death at any time resulting therefrom) occurring prior to completion of B&W's performance at the Station, when due to the negligence of B&W or its suppliers provided such bodily injury (including death at any time resulting therefrom) does not result from or is not caused in whole or in part directly or indirectly by a "nuclear incident" as defined in the Atomic Energy Act of 1954, as amended.
- Met-Ed waives any and all rights and remedies against B&W and its suppliers, whether in contract or tort (including negligence) or otherwise for loss of, damage to, or loss of use of, any property at the Station no matter how caused and regardless of fault.

Met-Ed indemnifies and holds harmless B&W and its suppliers against all losses, claims, damages or liabilities arising out of or based upon bodily injury (including death at any time resulting therefrom) when due to other than the negligence of B&W or its suppliers or, regardless of negligence, losses, claims, damages or liabilities arising out of or based upon bodily injury (including death at any time resulting therefrom) and loss of or damage to any property located on or off the Station site whenever or wherever occurring, when resulting in whole or in part, directly or indirectly, from a "nuclear incident" as defined in the Atomic Energy Act of 1954, as amended.

7. B&W shall provide and maintain minimum insurance coverage as follows:

- |    |                        |                             |
|----|------------------------|-----------------------------|
| a. | Worker's Compensation: | Statutory Limits            |
|    | Employer's Liability:  | \$100,000                   |
| b. | General Liability:     |                             |
|    | Bodily Injury          | \$ 500,000 each person      |
|    |                        | \$1,000,000 each occurrence |
|    | Property Damage        | \$ 500,000 each occurrence  |
| c. | Automobile:            |                             |
|    | Bodily Injury          | \$100,000 each person       |
|    |                        | \$300,000 each occurrence   |
|    | Property Damage        | \$100,000 each occurrence   |

Upon request, B&W shall provide Met-Ed with a suitable certificate of such insurance providing that such insurance shall not be terminated unless Met-Ed is first given thirty (30) days' written notice to such effect.

8. Met-Ed agrees that the Study to be furnished hereunder shall not be used or operated in connection with, or in any manner associated with, a nuclear or atomic energy activity or facility unless and until (a) Met-Ed shall have entered into an agreement of indemnification with the Nuclear Regulatory Commission, or successor agency, as provided under Section 170 of the Atomic Energy Act of 1954, as amended; and (b) Met-Ed shall have obtained such policy or policies of insurance, or shall have provided financial protection of such type and in such amounts as the Nuclear Regulatory Commission, or successor agency, shall require as a condition of its entering into the indemnity agreement referred to in (a) above. Met-Ed agrees that B&W and its suppliers shall be included among the persons indemnified under (a) above, and among the named insureds or persons protected under (b) above. Met-Ed further agrees, with respect to the insurance secured from the nuclear energy insurance pools, to secure and maintain any and all of the amendatory endorsements available at any time which extend the insurance in terms of its coverage and/or its limits of liability. Met-Ed agrees to maintain such indemnification agreement, and insurance or other financial protection in full force and effect so long as the Study furnished hereunder shall be used.

For its own protection and the protection of B&W and its suppliers, Met-Ed shall secure and maintain in force property damage insurance in the form of a policy from the Nuclear Energy Liability Property Insurance Association (NEL-PIA) and/or the Mutual Atomic Energy Reinsurance Pool (MAERP), or equivalent,

under which B&W and its suppliers will be named insureds, <sup>covering</sup> ~~covered~~ all property at the Station; and to the extent possible in the exercise of its best efforts will obtain such property damage insurance for the full value. Said property damage insurance shall be maintained in effect from the time nuclear fuel first arrives at the Station.

9. The data collected from the Study will become part of the reports to EPRI on the total Radiation Control Program. The TMI data to be contained in the EPRI annual and final reports will be sent to Met-Ed for review at least thirty (30) days prior to open publication in any EPRI or B&W reports. Likewise, a Met-Ed representative will be invited to attend program review sessions between B&W and EPRI.
10. Met-Ed shall not make any changes in the Station operating conditions for the accommodation of this Study without the prior express approval of Met-Ed's Plant Superintendent.
11. Inasmuch as no representative of B&W is authorized or licensed to operate any of Met-Ed's equipment, all operation of such equipment shall be performed by Met-Ed. Although B&W personnel performing the Study shall cooperate with and assist Met-Ed personnel, said B&W personnel shall at all times remain in the employment of and under the control of B&W. To the extent B&W requests, and Met-Ed agrees, that B&W personnel use Met-Ed monitoring equipment in the performance of the Study, B&W shall not perform any work whatsoever in lieu of work otherwise performed by Met-Ed personnel outside the scope of the Study.
12. The provisions of 10 CFR 21 apply hereto. B&W shall immediately inform Met-Ed's Vice President of Generation in writing if it obtains information



reasonably indicating that the Plant or a service or materials or a basic component delivered to the Owner for the Plant (a) fails to comply with the Atomic Energy Act of 1954, as amended, or any applicable rule, regulation, order or license of the Nuclear Regulatory Commission ("NRC") relating to substantial safety hazards; or (b) contains a defect, which could create a substantial safety hazard, unless it has actual knowledge that the NRC has been adequately informed of such defect or failure to comply, all as required by Part 21 of 10 Code of Federal Regulations ("10 CFR 21"), and shall simultaneously furnish to Met-Ed's Vice President of Generation copies of any notification given by B&W to the NRC pursuant to 10 CFR 21.

13. This consent shall extend to B&W, its officers, employees, agents and contractors, as the case may be.

If B&W is in agreement with the foregoing, kindly so indicate by signing the enclosed carbon copy of this letter at the place provided and returning the same to the undersigned.

Very truly yours,

J. G. HERBEIN  
Vice President

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Date \_\_\_\_\_

Metropolitan Edison Company:

B&W, for itself and its successors and assigns, intending to be legally bound, hereby accept Met-Ed's authorization and agree to comply with the foregoing conditions.

BABCOCK & WILCOX COMPANY

By \_\_\_\_\_  
Title:

W 12270