

Lew W. Myers  
Senior Vice President

412-393-5234  
Fax: 724-643-8069

November 30, 1999  
L-99-177

U.S. Nuclear Regulatory Commission  
ATTN: Samuel J. Collins, Office of Nuclear Reactor Regulation  
Mail Stop O-5 E7  
One White Flint North  
11555 Rockville Pike  
Rockville, MD 20852-2738

**Subject: Beaver Valley Power Station, Unit No. 1 and No. 2  
BV-1 Docket No. 50-334, License No. DPR-66  
BV-2 Docket No. 50-412, License No. NPF-73  
Response to Condition (2) of September 30, 1999 NRC Order  
Approving License Transfer (TAC Nos. MA5370 and MA5371)**

In accordance with Condition (2), set forth in the NRC Order approving the transfer of licenses for the Beaver Valley Power Station (BVPS), Unit No. 1 and No. 2, Penn Power and the FirstEnergy Nuclear Operating Company (FENOC) are providing documentary evidence that the appropriate amount of insurance required of licensees under 10 CFR Part 140 of the Commission's regulations has been obtained. Enclosure 1 provides documentary evidence that Penn Power and FENOC have obtained primary insurance in the sum of 200 million dollars from American Nuclear Insurers (ANI). Enclosures 2 and 3 provide documentary evidence that Penn Power and FENOC will maintain property insurance as specified in 10 CFR 50.54(w).

If the NRC requires additional information concerning the required regulatory approvals, please contact Mark S. Ackerman of BVPS at 412-393-5203.

Sincerely,

  
Lew W. Myers

Enclosures

A001

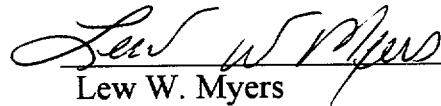
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Beaver Valley Power Station, Unit No. 1 and No. 2  
Response to Condition (2) of September 30, 1999 NRC Order  
Approving License Transfer (TAC Nos. MA5370 and MA5371)  
Page 2

- c: Document Control Desk
  - Mr. D. S. Collins, Project Manager
  - Mr. R. Wood, Licensee Relations Analyst
  - Mr. D. M. Kern, Sr. Resident Inspector
  - Mr. H. J. Miller, NRC Region I Administrator
  - Mr. W. P. Dornsife, Director BRP/DEP
  - Mr. M. P. Murphy (BRP/DEP)

I, Lew W. Myers, being duly sworn, state that I am Senior Vice President of FirstEnergy Nuclear Operating Company (FENOC), that I am authorized to sign and file this Application with the Nuclear Regulatory Commission on behalf of FENOC, and that the statements made and the matters set forth herein pertaining to FENOC are true and correct to the best of my knowledge and belief.

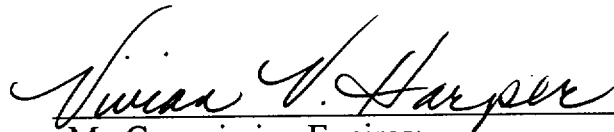
FirstEnergy Nuclear Operating Company



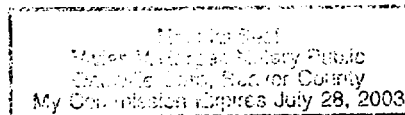
Lew W. Myers  
Senior Vice President - FENOC

STATE OF Pennsylvania  
COUNTY OF Beaver

Subscribed and sworn to me, a Notary Public, in and for the County and State above named, this 30 th day of November, 1999.



My Commission Expires:



Member, Pennsylvania Association of Notaries

**Enclosure 1**

**ANI Certificate of Insurance**

## CERTIFICATE OF NUCLEAR ENERGY LIABILITY INSURANCE (FACILITY FORM)

This is to certify that there is (are) in force as of the effective date of this Certificate, Nuclear Energy Liability Insurance (Facility Form) Policy(ies) issued by members of the American Nuclear Insurers as indicated (Companies), to the Insured named herein, with respect to the Nuclear Facility at the Location shown. If any such policy is cancelled or otherwise terminated prior to the end of December 31st of the calendar year in which the Effective Date of this Certificate occurs, the Companies will endeavor to mail or deliver 20 days written notice thereof to the Certificate Holder and this Certificate shall thereupon terminate; but failure to mail or deliver such notice shall impose no obligation or liability of any kind upon the Companies or their agents or representatives. Otherwise this Certificate shall terminate as of the end of such December 31st. A Certificate will NOT be issued for any subsequent calendar year unless requested in writing.

Name and Mailing Address of Insured:

Effective Date of this Certificate: December 2, 1999

Pennsylvania Power Company and FirstEnergy Nuclear Operating Company  
c/o FirstEnergy Corporation  
76 South Main Street  
Akron, OH 44308

Policy Issued by  
Members of:

Policy Number:

Policy Effective:

Limit of Liability:

ANI

NF-226

August 1, 1974

\$200,000,000

Name and Address of Certificate Holder:

Location of the Nuclear Facility (Site Description):

United States Nuclear Regulatory Commission  
Attn: Robert Wood, Licensee Relations Analyst  
Washington, D.C. 20555

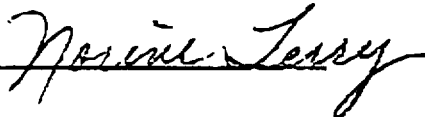
All Real and Personal Property located within the boundaries of the site location of Beaver Valley Power Station (approximately 501 acres) including the intake/discharge structures and tunnels, switchyard, substations and the barge unloading site and including the Shippingport Atomic Power Station (SAPS), all located in Shippingport Borough, Beaver County, Pennsylvania.

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER.

The insurance afforded by the policy is subject to the exclusions, conditions and other provisions of the policy. Neither this certificate nor any contract or other document with respect to which it is issued shall amend, extend or alter the coverage afforded by the policy. Limits of Liability shown above may have been reduced by payment of claims or claims expenses.

Marsh USA Inc.

By:



Norine Terry, Executive Secretary  
Name and Title

November 29, 1999

Date Signed

[Rev. 11/2/99]

Enclosure 2

Nuclear Electric Insurance Limited (NEIL)  
Certificate of Insurance

(Primary Property and Decontamination  
Liability Insurance)



NEIL

Nuclear Electric Insurance Limited Suite 1200  
 1201 Market Street  
 Wilmington, DE 19801  
 U.S.A.

Tel  
 302 888-3000  
 Fax  
 302 888-3007 Corporate  
 302 573-2213 Finance  
 302 888-3008 Insurance  
 302 888-3095 Loss Control

**CERTIFICATE OF INSURANCE**

**ISSUED TO:** United States Nuclear Regulatory Commission

**ADDRESS:** Washington, D.C. 20555  
 Attention: Robert Wood, Licensee Relations Analyst

**THIS IS TO CERTIFY** that insurance has been effected with **NUCLEAR ELECTRIC INSURANCE LIMITED**, 1201 Market Street, Suite 1200, Wilmington, Delaware 19801, under Policy No. P99-071 as follows:

**MEMBER INSURED:** PENNSYLVANIA POWER COMPANY

**ADDRESS:** c/o FirstEnergy Corporation  
 Risk Management Department  
 76 South Main Street  
 Akron, Ohio 44308

**RESPECTIVE INTEREST:** 39.37%

**MEMBER INSURED:** See attached Schedule No. 1

**PROPERTY INSURED:** Beaver Valley Power Station

**COVERAGE:** Primary Property and Decontamination Liability Insurance

**AMOUNT OF INSURANCE:** \$500,000,000

**INSUREDS:** See attached Schedule No. 3

**POLICY TERM:** 12:01 a.m. on July 1, 1999 to 12:01 a.m. on July 1, 2000,  
 Standard time in Hamilton, Bermuda.

**LOSS PAYEE CLAUSE:** See attached Schedule No. 2

This Certificate is not transferable and may be canceled by NUCLEAR ELECTRIC INSURANCE COMPANY by giving 60 days written notice to the party to whom this Certificate is issued prior to cancellation of the insurance described herein, unless specifically provided for otherwise under the Terms, Conditions and Exceptions of the Policy.

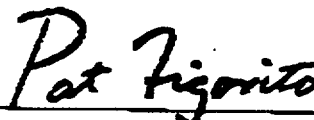
THIS CERTIFICATE is for information only; it is not a contract of insurance but attests that a policy as numbered herein, and as it stands at the date of this Certificate, has been issued by the Company. Said policy is subject to change by endorsement and cancellation in accordance with its terms.

EFFECTIVE DATE OF THIS CERTIFICATE: December 2, 1999

CERTIFICATE EXPIRES: July 1, 2000, unless canceled sooner.

Signed by:

NUCLEAR ELECTRIC INSURANCE LIMITED

A handwritten signature in cursive script that reads "Pat Figorito". The signature is written in black ink and is positioned above a horizontal line.

Patrick R. Figorito, Vice President-Underwriting



## SCHEDULE NO. 1

In addition to the Pennsylvania Power Company, the following are Member Insureds for this Policy:

Member Insured Mailing Address	The Cleveland Electric Illuminating Company c/o FirstEnergy Corporation Risk Management Department 76 South Main Street Akron, OH 44308
Respective Interest	12.235%

Member Insured Mailing Address	The Toledo Edison Company c/o FirstEnergy Corporation Risk Management Department 76 South Main Street Akron, OH 44308
Respective Interest	9.955%

Member Insured Mailing Address	Ohio Edison Company c/o FirstEnergy Corporation Risk Management Department 76 South Main Street Akron, OH 44308
Respective Interest	38.44%

## SCHEDULE NO. 2

## LOSS PAYEE

Loss, if any, under this policy except as otherwise provided below, shall be adjusted with Pennsylvania Power Company and payable as directed by it; and the receipt of the payee so designated shall constitute a release in full of all liability with respect to such loss, however:

1. As to any loss by fire of the Duquesne Light Company; if the aggregate amount payable on account of such loss shall be in excess of \$20 million, such amount shall be payable to Mellon Bank, N.A., Trustee, as its interest may appear.
2. As to any loss of the Ohio Edison Company; any fire loss which in aggregate equals or exceeds \$25,000, shall be made payable to Bankers Trust Company, as Trustee, as its interest may appear.
3. As to any loss of the Pennsylvania Power Company; any loss equal to or in excess of \$50,000, shall be made payable to Citibank, N.A. (Successor to First National Bank of the City of New York), as Trustee, as its interest may appear and that if the aggregate amount payable on the account of such loss shall be less than \$50,000, such amount shall be payable to Pennsylvania Power Company or its designated representative.
4. A. Receipt of notice is hereby acknowledged and said notice is hereby accepted that a Mortgage and Deed of Trust dated July 1, 1940 has been executed by The Cleveland Electric Illuminating Company and delivered to The Chase Manhattan Bank, N.A. as successor Trustee, which Mortgage and Deed of Trust as supplemented, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest at Trustee constitutes a lien on the property or any interest in property, whether real or personal, insured under this Agreement. This Company agrees that loss, if any sustained to such property and insured under this Agreement shall be adjusted with The Cleveland Electric Illuminating Company, that if the aggregate amount payable on account of such loss shall be in excess of \$25,000, such amount shall be payable to the order of "The Chase Manhattan Bank, N.A." as successor trustee, as its interest may appear; and that if the aggregate amount payable on account of such loss shall be \$25,000 or less, such amount shall be payable to the order of "The Cleveland Electric Illuminating Company" only.
- B. The Company further agrees that this insurance, as to the interest of the Trustee only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this Agreement, provided, that in case the mortgagor or owner shall neglect to pay any premium due under this

Agreement, the Trustee shall, on demand, pay the same.

- C. Provided, also, that the Trustee shall notify the Underwriter of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said Trustee, and unless permitted by this Agreement, it shall be noted thereon and the Trustee shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this Agreement shall be null and void.
  - D. The Company reserves the right to cancel this Agreement at any time as provided by its terms, but in such case this Agreement shall continue in force for the benefit only of the Trustee for 60 days after notice of the Trustee of such cancellation and shall then cease, and the Company shall have the right, on like notice, to cancel this clause.
  - E. Whenever the Company shall pay the Trustee any sum for loss or damage under this Agreement, and shall claim that, as to the mortgagor or owner, no liability thereof existed, the Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may at its option pay to the Trustee the whole principal due or to grow due on the mortgage, with interest accrued thereon to the date of such payment, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the Trustee to recover the full amount of its claim.
5. As to any loss of the Toledo Edison Company; any loss equal to or in excess of \$25,000, shall be payable to the Chase Manhattan Bank, Trustee, as its interests may appear.
  6. As to any loss which includes loss or damage to Nuclear Fuel leased from Centerior Fuel Corporation, such loss shall also be payable to Centerior Fuel Corporation, Bankers Trust Company and Barclays Bank PLC, and their assignees, as their respective interests may appear.
  7. As Respect to Beaver Valley Unit #2, the following are included as additional insureds and loss payees:

Bank One, Columbus, N.A. as Trustee under the Open-End Subordinate Indenture of Mortgage with The Cleveland Electric Illuminating Company, dated as of June 1, 1994, as its interest may appear.

Bank One, Columbus, N.A. as Trustee under the Open-End Subordinate Indenture of Mortgage with The Toledo Edison Company, dated as of June 1, 1994, as its interest may appear.

THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY.

## SCHEDULE NO. 3

## INSUREDS

The Complete Title of the Insureds reads as follows:

Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company, The Cleveland Electric Illuminating Company, Toledo Edison Company, FirstEnergy Nuclear Operating Company and their contractors and sub-contractors as their interests may appear.

Pursuant to the Credit Agreement as amended October 4, 1996, among the banks listed herein and Mellon Bank, N.A. and the First National Bank of Chicago as Co-agents:

ABN AMRO N.U.  
 Canadian Imperial Bank of Commerce  
 The First National Bank of Boston  
 The First National Bank of Chicago  
 Westdeutsche Landesbank Girozentrale, New York Branch  
 Mellon Bank, N.A.  
 PNC Bank, N.A.  
 Union Bank of California  
 The Yasuda Trust and Banking Co., Ltd.

The First National Bank of Chicago, as Agent under a First Security Agreement dated as of September 30, 1988, as amended between it and Penn Fuel Corporation and as Agent under a Credit Agreement dated as of September 30, 1988, as amended among Penn Fuel Corporation, The First National Bank of Chicago, as Agent, and Mellon Bank, N.A., as Co-agent and Syndication Agent. The lenders are:

PNC Bank, N.A.  
 Credit Lyonnais, New York and Cayman Island Branches  
 The Bank of New York  
 Canadian Imperial Bank of Commerce  
 Credit Suisse  
 The First National Bank of Boston  
 Penn Fuel Corporation  
 Broad Street Contract Services, Inc.  
 Lord Securities Corporation and Burton E. Sorenson,

Manufacturers Hanover Trust Company, in its individual capacity and as Pledgee under a First Security Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation and as Agent under a Credit Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation.

Pennsylvania Power Fuel Corporation,  
 Broad Street Contract Services, Inc.,  
 Broad Street Contract Partners, and  
 Lord Securities Corporation and Burton E. Sorenson,

Manufacturers Hanover Trust Company, in its individual capacity and as Pledgee under a First Security Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation and as Agent under a Credit Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation.

Further, the following Lessors and Owner Participants are included as Additional Insureds only to the extent their interest may appear in the Beaver Valley Nuclear Complex, Unit No. 2 and common facilities to both Unit No. 1 and 2. Except with compliance with the obligations imposed upon the Insured by Section XVII, Paragraph 8 (a) (b) & (c), Paragraph 14 and Paragraph 15 (a) (b) & (c) of this Policy, any obligation imposed upon the Member Insured named in Item 1 of the Declarations shall be the sole obligation of such Member Insured and not that of any Additional Insured named hereunder. In addition, in the event of cancellation of the Policy pursuant to Section XVII, Paragraph 6 (a) (b) (c) & (d), the Insurer shall send a copy of the written notice referred to therein to the Additional Insureds named hereunder:

Chrysler Financial Company, LLC  
 PARock Limited Partnership  
 Perry One Gamma Limited Partnership  
 DQU II Funding Corporation  
 Perry One Alpha Limited Partnership  
 NationsBank Leasing Corporation  
 Security Pacific Leasing Corporation  
 Beaver Valley Two Sigma Limited Partnership  
 Perry One Delta Limited Partnership  
 Palo Verde Leasing Corporation  
 Beaver Valley Two Omega, Inc.  
 Beaver Valley Two Omega Limited Partnership  
 Beaver Valley Two Pi Limited Partnership  
 Beaver Valley Two Tau Limited Partnership  
 Beaver Valley Two Tau, Inc.  
 Beaver Valley Leasing Corporation  
 PNC Commercial Corporation  
 Resources Capital Financing Corporation  
 Beaver Valley Inc.  
 The Bank of New York, as Indenture Trustee  
 Beaver Valley Two Rho Limited Partnership  
 Mission Funding Alpha  
 Mission Funding Beta  
 Mission Funding Gamma Investment Company  
 PNC Leasing Corporation

AHLIC Investment Holdings  
State Street Bank & Trust Company, as Successor Owner Trustee  
Chase Manhattan Realty Leasing Corporation

The following are included as Additional Insureds as their interests may appear in respect to the letters of credit pursuant to the Reimbursement Agreement dated as of October 13, 1994, among Duquesne Light Company and Swiss Bank Corporation and Union Bank as Administrating Banks:

Toronto Dominion Bank  
Societe Generale  
Barclays Bank PLC  
Canadian Imperial Bank of Commerce  
Credit Lyonnais  
Credit Suisse  
The Fuji Bank, Limited  
Union Bank of Switzerland  
The First National Bank of Boston  
Swiss Bank  
Union Bank of California

Further, the following are included as Additional Insureds as their interests may appear in respect to the Nuclear Fuel Credit Agreement:

Penn Fuel Corporation  
Broad Street Contract Services, Inc.

The First National Bank of Chicago, individually and as Agent, and Mellon Bank, N.A. as Co-Agent and as Syndication Agent, to Amendment No. 5 dated as of September 30, 1995, to the Second Amended and Restated Fuel Lease dated as of December 1, 1981, between Penn Fuel Corporation as Lessor and Duquesne Light Company as Lessee. Penn Fuel Corporation, Broad Street Contract Services, Inc., First National Bank of Chicago and Mellon Bank, N.A., and the following listed Banks referred to in Credit Agreement dated as of September 30, 1988 as amended:

The First National Bank of Chicago  
Mellon Bank, N.A.  
The Bank of New York  
Canadian Imperial Bank of Commerce  
Credit Lyonnais, New York Branch and Cayman Island Branch  
Credit Suisse  
The First National Bank of Boston  
PNC Bank, N.A.

The mailing address for the Additional Insureds is:

c/o Broad Street Contract Services, Inc.  
New York, NY 10004

Penn Fuel Corporation  
45 Broadway  
New York, NY 10006



Enclosure 3

Nuclear Electric Insurance Limited (NEIL)  
Certificate of Insurance

(Decontamination Liability, Decommissioning Liability,  
and Excess Property Insurance)



Nuclear Electric Insurance Limited Suite 1200  
1201 Market Street  
Wilmington, DE 19801  
U.S.A.

Tel  
302 888-3000  
Fax  
302 888-3007 Corporate  
302 573-2213 Finance  
302 888-3008 Insurance  
302 888-3095 Loss Control

### CERTIFICATE OF INSURANCE

ISSUED TO: United States Nuclear Regulatory Commission  
ADDRESS: Washington, D.C. 20555  
Attention: Robert Wood, Licensee Relations Analyst

**THIS IS TO CERTIFY** that insurance has been effected with **NUCLEAR ELECTRIC INSURANCE LIMITED**, 1201 Market Street, Suite 1200, Wilmington, Delaware 19801, under Policy No. X99-014 as follows:

MEMBER INSURED: PENNSYLVANIA POWER COMPANY  
ADDRESS: c/o FirstEnergy Corporation  
Risk Management Department  
76 South Main Street  
Akron, Ohio 44308  
RESPECTIVE INTEREST: 39.37%  
MEMBER INSURED: See attached Schedule No. 1  
PROPERTY INSURED: Beaver Valley Power Station  
COVERAGE: Decontamination Liability, Decommissioning Liability, and  
Excess Property Insurance  
AMOUNT OF INSURANCE: \$2,250,000,000  
INSUREDS: See attached Schedule No. 3  
POLICY TERM: 12:01 a.m. on July 1, 1999 to 12:01 a.m. on July 1, 2000,  
Standard time in Hamilton, Bermuda.  
LOSS PAYEE CLAUSE: A. Expenses covered under the Nuclear Liability  
Coverage (paragraph V.1(a)) shall be adjusted with

the Member Insured and payable to:

Pennsylvania Power Company

The Member Insured may, by written notice to the Insurer, designate other payees.

- B. The expenses covered under the Debris Removal and Decontamination Coverage (paragraph V.1 (b)), the losses covered under the Property Damage Coverage (paragraph V.1 (c)), and the losses covered under the Functional Total Loss Coverage (paragraph V.2(a)) shall be adjusted with the Member Insured and payable to:

See Attached Schedule No. 2

The Member Insured may, by written notice to the Insurer, designate other payees.

- C. Expenses covered under the Decommissioning Liability Coverage (subsection VI.1) shall be adjusted with the Member Insured and payable to:

See Attached Schedule No. 2

The Member Insured may, by written notice to the Insurer, designate other payees.

THE REMAINDER OF THIS PAGE WAS LEFT BLANK INTENTIONALLY

This Certificate is not transferable and may be canceled by NUCLEAR ELECTRIC INSURANCE COMPANY by giving 60 days written notice to the party to whom this Certificate is issued prior to cancellation of the insurance described herein, unless specifically provided for otherwise under the Terms, Conditions and Exceptions of the Policy.

THIS CERTIFICATE is for information only; it is not a contract of insurance but attests that a policy as numbered herein, and as it stands at the date of this Certificate, has been issued by the Company. Said policy is subject to change by endorsement and cancellation in accordance with its terms.

EFFECTIVE DATE OF THIS CERTIFICATE: December 2, 1999

CERTIFICATE EXPIRES: July 1, 2000, unless canceled sooner.

Signed by:  
NUCLEAR ELECTRIC INSURANCE LIMITED

*Pat Figorito*

Patrick R. Figorito  
Vice President - Underwriting

## SCHEDULE NO. 1

In addition to the Pennsylvania Power Company, the following are Member Insureds for this Policy:

Member Insured Mailing Address	The Cleveland Electric Illuminating Company c/o FirstEnergy Corporation Risk Management Department 76 South Main Street Akron, OH 44308
Respective Interest	12.235%
Member Insured Mailing Address	The Toledo Edison Company c/o FirstEnergy Corporation Risk Management Department 76 South Main Street Akron, OH 44308
Respective Interest	9.955%
Member Insured Mailing Address	Ohio Edison Company c/o FirstEnergy Corporation Risk Management Department 76 South Main Street Akron, OH 44308
Respective Interest	38.44%

## SCHEDULE NO. 2

## Loss Payee Clause

## Item 9B.

Loss, if any, under this policy except as otherwise provided below, shall be adjusted with Pennsylvania Power Company and payable as directed by it; and the receipt of the payee so designated shall constitute a release in full of all liability with respect to such loss, however:

1. As to any loss by fire of the Duquesne Light Company; if the aggregate amount payable on account of such loss shall be in excess of \$20 million, such amount shall be payable to Mellon Bank, N.A., Trustee, as its interest may appear.
2. As to any loss of the Ohio Edison Company; any fire loss which in aggregate equals or exceeds \$25,000, shall be made payable to Bankers Trust Company, as Trustee, as its interest may appear.
3. As to any loss of the Pennsylvania Power Company; any loss equal to or in excess of \$50,000, shall be made payable to Citibank, N.A. (Successor to First National Bank of the City of New York), as Trustee, as its interest may appear and that if the aggregate amount payable on the account of such loss shall be less than \$50,000, such amount shall be payable to Pennsylvania Power Company or its designated representative.
4. A. Receipt of notice is hereby acknowledged and said notice is hereby accepted that a Mortgage and Deed of Trust dated July 1, 1940 has been executed by The Cleveland Electric Illuminating Company and delivered to The Chase Manhattan Bank, N.A. as successor Trustee, which Mortgage and Deed of Trust as supplemented, under all present or future mortgages upon the property herein described in which the aforesaid may have an interest at Trustee constitutes a lien on the property or any interest in property, whether real or personal, insured under this Agreement. This Company agrees that loss, if any sustained to such property and insured under this Agreement shall be adjusted with The Cleveland Electric Illuminating Company, that if the aggregate amount payable on account of such loss shall be in excess of \$25,000, such amount shall be payable to the order of "The Chase Manhattan Bank, N.A." as successor trustee, as its interest may appear; and that if the aggregate amount payable on account of such loss shall be \$25,000 or less, such amount shall be payable to the order of "The Cleveland Electric Illuminating

Company" only.

- B. The Company further agrees that this insurance, as to the interest of the Trustee only therein, shall not be invalidated by any act or neglect of the mortgagor or owner of the within described property, nor by any foreclosure or other proceedings or notice of sale relating to the property, nor by any change in the title or ownership of the property, nor by the occupation of the premises for purposes more hazardous than are permitted by this Agreement, provided, that in case the mortgagor or owner shall neglect to pay any premium due under this Agreement, the Trustee shall, on demand, pay the same.
  - C. Provided, also, that the Trustee shall notify the Underwriter of any change of ownership or occupancy or increase of hazard which shall come to the knowledge of said Trustee, and unless permitted by this Agreement, it shall be noted thereon and the Trustee shall, on demand, pay the premium for such increased hazard for the term of the use thereof; otherwise this Agreement shall be null and void.
  - D. The Company reserves the right to cancel this Agreement at any time as provided by its terms, but in such case this Agreement shall continue in force for the benefit only of the Trustee for 60 days after notice of the Trustee of such cancellation and shall then cease, and the Company shall have the right, on like notice, to cancel this clause.
  - E. Whenever the Company shall pay the Trustee any sum for loss or damage under this Agreement, and shall claim that, as to the mortgagor or owner, no liability thereof existed, the Company shall, to the extent of such payment, be thereupon legally subrogated to all the rights of the party to whom such payment shall be made, under all securities held as collateral to the mortgage debt, or may at its option pay to the Trustee the whole principal due or to grow due on the mortgage, with interest accrued thereon to the date of such payment, and shall thereupon receive a full assignment and transfer of the mortgage and of all such other securities; but no subrogation shall impair the right of the Trustee to recover the full amount of its claim.
5. As to any loss of the Toledo Edison Company; any loss equal to or in excess of \$25,000, shall be payable to the Chase Manhattan Bank, Trustee, as its interests may appear.

6. As to any loss which includes loss or damage to Nuclear Fuel leased from Centerior Fuel Corporation, such loss shall also be payable to Centerior Fuel Corporation, Bankers Trust Company and Barclays Bank PLC, and their assignees, as their respective interests may appear.
7. As Respect to Beaver Valley Unit #2, the following are included as additional insureds and loss payees:

Bank One, Columbus, N.A. as Trustee under the Open-End Subordinate Indenture of Mortgage with The Cleveland Electric Illuminating Company, dated as of June 1, 1994, as its interest may appear.

Bank One, Columbus, N.A. as Trustee under the Open-End Subordinate Indenture of Mortgage with The Toledo Edison Company, dated as of June 1, 1994, as its interest may appear.

Item 9C.

Losses, if any, shall be adjusted with Pennsylvania Power Company and payable as follows:

1. As to any loss of the Toledo Edison Company, it shall be made payable to Key Bank, Trustee, Toledo Edison Decommissioning Trust, 127 Public Square, Cleveland, OH 44114.
2. As to any loss of The Cleveland Electric Illuminating Company, it shall be made payable to First Chicago/NBD, Trustee, Cleveland Electric Illuminating Decommissioning Trust, 611 Woodward Avenue, Detroit, MI 48226.
3. As to any loss of Duquesne Light Company, it shall be made payable to Mellon Bank, N.A., Trustee, Duquesne Light Decommissioning Trust, One Mellon Bank Center, Pittsburgh, PA 15258.
4. As to any loss of Ohio Edison Company, it shall be made payable to Mellon Bank, N.A., Trustee, Ohio Edison Decommissioning Trust, One Mellon Bank Center, Room 3346, Pittsburgh, PA 15258.
5. As to any loss of Pennsylvania Power Company, it shall be make payable to Mellon Bank, N.A., Trustee, Pennsylvania Power Company Master Decommissioning Trust, One Mellon Bank Center, Room 3346, Pittsburgh, PA 15258.



## SCHEDULE NO. 3

## INSUREDS:

The Complete Title of the Insureds reads as follows:

Duquesne Light Company, Ohio Edison Company, Pennsylvania Power Company, The Cleveland Electric Illuminating Company, Toledo Edison Company, FirstEnergy Nuclear Operating Company and their contractors and sub-contractors as their interests may appear.

Pursuant to the Credit Agreement as amended October 4, 1996, among the banks listed herein and Mellon Bank, N.A. and the First National Bank of Chicago as Co-agents:

ABN AMRO N.U.  
 Canadian Imperial Bank of Commerce  
 The First National Bank of Boston  
 The First National Bank of Chicago  
 Westdeutsche Landesbank Girozentrale, New York Branch  
 Mellon Bank, N.A.  
 PNC Bank, N.A.  
 Union Bank of California  
 The Yasuda Trust and Banking Co., Ltd.

The First National Bank of Chicago, as Agent under a First Security Agreement dated as of September 30, 1988, as amended between it and Penn Fuel Corporation and as Agent under a Credit Agreement dated as of September 30, 1988, as amended among Penn Fuel Corporation, The First National Bank of Chicago, as Agent, and Mellon Bank, N.A., as Co-agent and Syndication Agent. The lenders are:

PNC Bank, N.A.  
 Credit Lyonnais, New York and Cayman Island Branches  
 The Bank of New York  
 Canadian Imperial Bank of Commerce  
 Credit Suisse  
 The First National Bank of Boston  
 Penn Fuel Corporation  
 Broad Street Contract Services, Inc.  
 Lord Securities Corporation and Burton E. Sorenson,

Manufacturers Hanover Trust Company, in its individual capacity and as Pledgee under a First Security Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation and as Agent under a Credit Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation.

Pennsylvania Power Fuel Corporation,  
 Broad Street Contract Services, Inc.,  
 Broad Street Contract Partners, and  
 Lord Securities Corporation and Burton E. Sorenson,

Manufacturers Hanover Trust Company, in its individual capacity and as Pledgee under a First Security Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation and as Agent under a Credit Agreement dated as of December 1, 1981, between it and Pennsylvania Power Fuel Corporation.

Further, the following Lessors and Owner Participants are included as Additional Insureds only to the extent their interest may appear in the Beaver Valley Nuclear Complex, Unit No. 2 and common facilities to both Unit No. 1 and 2. Except with compliance with the obligations imposed upon the Insured by Section IX, Paragraph 8 (a)(b)(c) & (d), Paragraph 12 and Paragraph 14 (a)(b) & (c) of this Policy, any obligation imposed upon the Member Insured named in Item 1 of the Declarations shall be the sole obligation of such Member Insured and not that of any Additional Insured named hereunder. In addition, in the event of cancellation of the Policy pursuant to Section IX, Paragraph 5 (a)(b)(c)(d) & (e), the Insurer shall send a copy of the written notice referred to therein to the Additional Insureds named hereunder:

Chrysler Consortium Corporation  
 PARock Limited Partnership  
 Perry One Gamma Limited Partnership  
 DQU II Funding Corporation  
 Perry One Alpha Limited Partnership  
 NationsBank Leasing Corporation  
 Security Pacific Leasing Corporation  
 Beaver Valley Two Sigma Limited Partnership  
 Perry One Delta Limited Partnership  
 Palo Verde Leasing Corporation  
 Beaver Valley Two Omega, Inc.  
 Beaver Valley Two Omega Limited Partnership  
 Beaver Valley Two Pi Limited Partnership  
 Beaver Valley Two Tau Limited Partnership  
 Beaver Valley Two Tau, Inc.  
 Beaver Valley Leasing Corporation  
 PNC Commercial Corporation  
 Resources Capital Financing Corporation  
 Beaver Valley Inc.  
 The Bank of New York, as Indenture Trustee  
 Beaver Valley Two Rho Limited Partnership  
 Mission Funding Alpha  
 Mission Funding Beta

Mission Funding Gamma Investment Company  
PNC Leasing Corporation  
AHLIC Investment Holdings  
Chrysler Capital Corporation  
State Street Bank & Trust Company, as Successor Owner Trustee

The following are included as Additional Insureds as their interests may appear in respect to the letters of credit pursuant to the Reimbursement Agreement dated as of October 13, 1994, among Duquesne Light Company and Swiss Bank Corporation and Union Bank as Administrating Banks:

Toronto Dominion Bank  
Societe Generale  
Barclays Bank PLC  
Canadial Imperial Bank of Commerce  
Credit Lyonnais  
Credit Suisse  
The Fuji Bank, Limited  
Union Bank of Switzerland  
The First National Bank of Boston  
Swiss Bank  
Union Bank of California

Further, the following are included as Additional Insureds as their interests may appear in respect to the Nuclear Fuel Credit Agreement:

Penn Fuel Corporation  
Broad Street Contract Services, Inc.

The First National Bank of Chicago, individually and as Agent, and Mellon Bank, N.A. as Co-Agent and as Syndication Agent, to Amendment No. 5 dated as of September 30, 1995, to the Second Amended and Restated Fuel Lease dated as of December 1, 1981, between Penn Fuel Corporation as Lessor and Duquesne Light Company as Lessee. Penn Fuel Corporation, Broad Street Contract Services, Inc., First National Bank of Chicago and Mellon Bank, N.A., and the following listed Banks referred to in Credit Agreement dated as of September 30, 1988 as amended:

The First National Bank of Chicago  
Mellon Bank, N.A.  
The Bank of New York  
Canadian Imperial Bank of Commerce  
Credit Lyonnais, New York Branch and Cayman Island Branch

Credit Suisse  
The First National Bank of Boston  
PNC Bank, N.A.

The mailing address for the Additional Insureds is:

c/o Broad Street Contract Services, Inc.  
New York, NY 10004

Penn Fuel Corporation  
45 Broadway  
New York, NY 10006