

From G.P.U.
to N.R.R.

4/16/79

TANK CAR
LEASE AGREEMENT

In consideration of the mutual promises and covenants hereinafter contained, Union Tank Car Company, a Delaware corporation ("Lessor") and General Public Utilities Corporation, a Pennsylvania corporation, ("Lessee") agree as follows:

1. Parties

Lessee represents and warrants to Lessor, as a material inducement to Lessor upon which Lessor has relied in becoming a party to this Agreement, that (i) Lessee is the owner of all of the issued and outstanding voting shares of each of the following corporations (the "Subsidiaries"), namely:

Jersey Central Power & Light Company, a New Jersey corporation having its principal office at 2800 Pottsville Pike, Muhlenburg Township, Berks County, Pennsylvania (mailing address Box 542, Reading, Pennsylvania 19603);

Metropolitan Edison Company, a Pennsylvania corporation having its principal office at 2800 Pottsville Pike, Muhlenburg Township, Berks County, Pennsylvania (mailing address Box 542, Reading, Pennsylvania 19603); and

Pennsylvania Electric Company, a Pennsylvania corporation having its principal office at 1001 Broad Street, Johnstown, Pennsylvania 15907

(ii) Lessee and/or one or more of the Subsidiaries are the owners and operators of a nuclear generating station located on an island in the Susquehanna River near Harrisburg, Pennsylvania and commonly referred to as the "Three Mile Island Nuclear Station"; (iii) In becoming a party to this Agreement, it is

159 033

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Lessee's intention to do so on its own behalf and on behalf of each of the Subsidiaries; and (iv) Lessee is fully authorized to so commit each of the Subsidiaries to this Agreement.

It is accordingly understood and agreed by and between Lessor and Lessee that all obligations of Lessee hereunder, whether expressly so stated or not, shall be deemed to be the joint and several obligations of Lessee and each of the Subsidiaries.

2. Purpose of Agreement

As the result of the "Nuclear Occurrence" (as such term is hereinafter defined) which recently occurred at the Three Mile Island Nuclear Station (the "Plant Site"), Lessee desires to lease from Lessor at least ten (10) and as many as fifty (50) tank cars for the purpose of providing temporary storage capacity at the Plant Site for cooling water used in the generating process and now contaminated with radioactive material, and also for the purpose of transporting such cooling water to and from the reactor facilities and the demineralization station located within the Plant Site. Lessor is willing to lease such tank cars to Lessee for such purposes strictly in accordance with the terms and conditions herein set forth, and it is the intent and purpose of the parties in entering into this Agreement to set forth in definitive form all such terms and conditions which shall apply to Lessee's use of such tank cars for such purposes, including the rental charges and other expenses to be paid by Lessee therefor.

159 034

3. Definitions

As used herein, the following terms shall have the meaning indicated:

- (a) "Act" means the Atomic Energy Act of 1954, as amended 42 U.S.C. §2011 et seq.
- (b) "Bodily Injury" means bodily injury, sickness or disease, including death resulting therefrom, sustained by any person and arising out of or in connection with the radioactive, toxic, explosive or other properties of Nuclear Material discharged or dispersed over a period of days, weeks, months, or any longer or shorter period of time.
- (c) "Car" means each of the tank cars listed and described in Schedule A hereto and each additional tank car leased to Lessee under and in accordance with this Agreement.
- (d) "Commission" means the United States Nuclear Regulatory Commission established by the Energy Reorganization Act of 1974, as amended, 42 U.S.C. §5801 et seq.
- (e) "Nuclear Incident" has the meaning given to it by the Act, 42 U.S.C. §2014.
- (f) "Nuclear Material" means Source Material, Special Nuclear Material or Byproduct Material, which terms have the meanings given to them by the Act, 42 U.S.C. §2014.
- (g) "Nuclear Occurrence" means any occurrence or series of occurrences causing Bodily Injury or Property Damage arising out of or in connection with the radioactive, toxic, explosive or other properties of Nuclear Material discharged or dispersed over a period of days, weeks, months, or any longer or shorter period of time, whether during the lease term of any Car or at any time thereafter, including without limitation continuous or repeated exposure to the radioactive, toxic, or other properties of Nuclear Material, whether or not at the Plant Site.

- (h) "Property" means real and personal property of every nature and description, including without limitation, the Cars, and whether or not located at the Plant Site.
- (i) "Property Damage" means radioactive contamination of Property, and loss of use of Property so contaminated, and loss of use of Property while evacuated or withdrawn from use because possibly so contaminated or because of imminent danger of such contamination.
- (j) "Supplier" means any vendor, subcontractor or other person, regardless of title, who furnishes equipment, materials or services in connection with this Agreement or the Cars furnished by Lessor hereunder including, without limitation, Lithcote Company, a subsidiary of Lessor, which may at the request of Lessee, furnish cleaning, testing or other services with respect to any Car prior to its delivery to the Plant Site.
- (k) "Survey" means an evaluation of the radiation hazards incident to the production, use, release, disposal, or presence of radioactive materials or other sources of radiation under a specific set of conditions, including, where appropriate, a physical survey of the location of materials and equipment and measurements of radiation or concentrations of radioactive materials present.

4. Lease of Tank Cars

Subject to the terms and conditions herein set forth, Lessor hereby leases to Lessee and Lessee hereby hires from Lessor the ten (10) Cars listed and described in Schedule A hereto attached. In addition, Lessor agrees to reserve for a period of not to exceed thirty (30) days from the date hereof, an additional forty (40) Cars of the same type and design as are described in Schedule A and will, upon written request of Lessee, at any time and from time to time during such thirty (30) day period, furnish to Lessee for lease hereunder, one or more of such additional Cars.

As and when Lessor shall receive any such written request, specifying the number of such additional Cars desired to be leased by Lessee, Lessor shall forthwith list and describe such additional Cars, to the same extent as set forth in Schedule A, in a separate additional schedule to be hereto attached and shall forward to Lessee a duplicate of such additional schedule, verified by the signature thereon of an officer of Lessor, for attachment by Lessee to its copy of this Agreement. Each such additional Car so listed in any such additional schedule shall thereupon be deemed to be leased to Lessee subject to and in accordance with all terms and conditions of this Agreement.

5. Term of Lease

Each Car so leased to Lessee hereunder shall be deemed to be leased for a separate lease term. Said term shall (i) commence on the date such Car is delivered by Lessor from the then existing storage point of such Car, as set forth in Schedule A or in the additional schedule listing such Car, to the railroad company selected by Lessor for the movement of such Car to the Plant Site and (ii) end on the date, which shall be not less than ninety (90) days and not more than one hundred eighty (180) days from the commencement date, upon which such Car shall be delivered, in accordance with the provisions of paragraph 11 hereof, back to Lessor at the original storage point thereof or at such other storage point as may be specified by Lessor.

6. Delivery of Cars

Within twenty-four (24) hours after execution of this Agreement by the parties hereto, as to each Car listed in Schedule A, and within twenty-four (24) hours after receipt of Lessee's request for any additional Car or Cars within the thirty (30) day period referred to in paragraph 4 hereof, as to each such additional Car or Cars, Lessor shall tender delivery of such Cars to a railroad company for delivery to Lessee at the Plant Site. Thereafter, Lessee shall have no responsibility for the timely arrival of any such Car at the Plant Site or for any delay in delivery to Lessee at the Plant Site caused by the railroad carrier or carriers moving such Car, including any delay caused by the decision of any such carrier to repair or replace rusted or pitted journals on such Car prior to movement thereof.

7. Rental Charges and Other Expenses to be Paid by Lessee

As to each Car leased hereunder, Lessee agrees to pay to Lessor within ten (10) days after receipt of Lessor's invoice therefor, the following rental charges and other expenses:

(a) Rental Charge

A rental charge at the rate of \$6.67 per day for each day of the lease term applicable to such Car.

(b) Freight Charges

Such amount as shall be charged to Lessor by the railroad carrier or carriers for delivery of such

Car to the Plant Site and for the return of such Car to the original storage point thereof or to such other storage point as shall be designated by Lessor, as aforesaid.

(c) Demurrage Charges

Any demurrage, track storage, or detention charges imposed upon such Car during the lease term thereof.

(d) Certain Repair or Replacement Costs

Such amounts as shall be charged to Lessor for the repair or replacement of rusted or pitted journals on such Car as such repair or replacement may be deemed necessary or desirable by any railroad carrier prior to the delivery of such Car to the Plant Site and/or prior to the return of such Car to Lessor at its original or designated storage point.

(e) Other Repairs and Replacement Costs

The cost of any additional repairs (including the cost of replacement parts) required to be made to such Car while same shall remain at the Plant Site.

(f) Certain Taxes

Any sales or use taxes imposed by any state or local government upon such Car, or upon Lessor with respect to such Car, by reason of the lease of such Car hereunder.

Lessor will invoice rental charges hereunder upon a monthly basis; other charges and expenses will be invoiced monthly, or at the election of Lessor, as and when such charges and expenses are incurred.

3. Use of Cars

Lessee shall use each Car leased hereunder solely for the purposes set forth in paragraph 2 hereof; namely, for the purposes

of loading into such Car at the Plant Site, radioactive cooling water and the storage and transportation thereof in such Car within the Plant Site. Following the original delivery of such Car to the Plant Site, Lessee shall in no event thereafter, suffer or permit the movement of such Car from the Plant Site, whether containing any such contaminated cooling water or not, without full and strict compliance with the provisions of paragraph 11 hereof.

9. Disclaimer of Warranties
by Lessor

Lessor has no knowledge or expertise in the handling, storage or transportation of Nuclear Material or the decontamination of Property which has been exposed to Nuclear Material. Lessee has represented to Lessor that it has such knowledge and expertise, and Lessor is relying upon such representation. LESSOR MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO (a) THE SUITABILITY OF THE CARS FOR THE PURPOSE OF HANDLING, STORING OR TRANSPORTING NUCLEAR MATERIAL, OR FOR ANY OTHER PURPOSE, (b) THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL OR WORKMANSHIP IN, THE CARS, (c) THE MERCHANTABILITY OF THE CARS OR ANY PART THEREOF, (d) THE SAFETY OF THE CARS FOR USE FOR THE PURPOSES CONTEMPLATED BY LESSEE, OR (e) ANY OTHER MATTER, EXCEPT THAT LESSOR HAS THE RIGHT TO LEASE THE CARS TO LESSEE HEREUNDER, IT BEING AGREED THAT LESSEE IS LEASING THE CARS "AS IS" AND THAT ALL SUCH RISKS SHALL BE BORNE BY LESSEE.

10. Further Representations, Warranties and Covenants of Lessee

In addition to the representations and warranties of Lessee contained in paragraph 1 hereof, Lessee further represents, warrants and covenants to Lessor, upon which Lessor has relied in becoming a party to this Agreement, that:

(a) License

Lessee and the Subsidiaries have been and are duly licensed by the Commission under the Act;

(b) Compliance with Law and Regulations

At all times during the lease term of each Car leased hereunder, Lessee will comply in all respects with all lawful rules, regulations and orders of any legislative, executive, administrative or judicial body exercising power or jurisdiction over such Car.

(c) Certain Insurance Protection

Lessee and the Subsidiaries have secured, and agree to maintain in full force and effect, at their own cost, insurance protection against liability or loss arising out of or resulting from a Nuclear Incident, including the following:

- (i) nuclear energy liability insurance in such amounts and in such form as shall meet the financial protection requirements of the Commission pursuant to Subsection 170(b) of the Act, 42 U.S.C. §2210(b), under which Lessor and its Suppliers shall be described or named as additional insureds;
- (ii) a government indemnity agreement with the Commission pursuant to Subsection 170(c) of the Act, 42 U.S.C. §2210(c), and the regulations thereunder; and
- (iii) nuclear energy property damage insurance in the form issued by the Nuclear Energy Property Insurance Association, under which Lessee shall require the insurers to waive all rights to subrogation against Lessor and its Suppliers.

Without limiting the generality of the foregoing, Lessor shall have no responsibility or liability to Lessee for any loss or damage whatsoever, (whether for interruption of service, loss of anticipated profits, or for any CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL or PUNITIVE DAMAGES or otherwise) arising out of or in connection with any of the following matters and without regard to whether such loss or damage shall be due in whole or in part to any negligence of Lessor:

(a) Use and Operation of Cars

The use, operation, or performance of any Car during the lease term of such Car.

(b) Defect or Malfunction

Any defect in or failure or malfunction of any Car or part thereof, including, but not limited to, the leakage or rupture of the tank of any Car while being used for the storage, handling or transportation of Nuclear Material.

The provisions of this paragraph 9 have been negotiated and are intended to be a complete exclusion and negation of all representations and warranties by Lessor, express or implied, other than the right of Lessor to lease the Cars to Lessee hereunder. In no event shall Lessor be deemed to have assumed the risk of any Nuclear Incident or Nuclear Occurrence arising out of or in connection with the use of any Car during the lease term of such Car or thereafter. In the event that any Car is purchased by Lessee pursuant to the provisions of paragraph 12 of this Agreement, or otherwise, the provisions of this paragraph 9 shall apply in all respects to such purchase transaction.

159 041

10. Further Representations, Warranties and Covenants of Lessee

In addition to the representations and warranties of Lessee contained in paragraph 1 hereof, Lessee further represents, warrants and covenants to Lessor, upon which Lessor has relied in becoming a party to this Agreement, that:

(a) License

Lessee and the Subsidiaries have been and are duly licensed by the Commission under the Act;

(b) Compliance with Law and Regulations

At all times during the lease term of each Car leased hereunder, Lessee will comply in all respects with all lawful rules, regulations and orders of any legislative, executive, administrative or judicial body exercising power or jurisdiction over such Car.

(c) Certain Insurance Protection

Lessee and the Subsidiaries have secured, and agree to maintain in full force and effect, at their own cost, insurance protection against liability or loss arising out of or resulting from a Nuclear Incident, including the following:

- (i) nuclear energy liability insurance in such amounts and in such form as shall meet the financial protection requirements of the Commission pursuant to Subsection 170(b) of the Act, 42 U.S.C. §2210(b), under which Lessor and its Suppliers shall be described or named as additional insureds;
- (ii) a government indemnity agreement with the Commission pursuant to Subsection 170(c) of the Act, 42 U.S.C. §2210(c), and the regulations thereunder; and
- (iii) nuclear energy property damage insurance in the form issued by the Nuclear Energy Property Insurance Association, under which Lessee shall require the insurers to waive all rights to subrogation against Lessor and its Suppliers.

(d) Additional Insurance Protection

In addition, Lessee agrees that with respect to all Cars not purchased by Lessee in accordance with the provisions of paragraph 12 hereof, Lessee shall maintain at its expense for a period of not less than five (5) years from the date hereof, the following additional insurance coverages and shall designate Lessor as an additional named insured thereunder:

- (i) insurance against loss or Property Damage to the Cars caused by a Nuclear Occurrence, in an amount not less than the full insurable value of the Cars. The term "full insurable value" as used herein means actual replacement cost, less actual physical depreciation; and
- (ii) comprehensive general public liability insurance, with contractual coverage endorsement, against claims for Bodily Injury or Property Damage arising out of or in connection with a Nuclear Occurrence not on the Site, with primary amounts of not less than \$10,000,000 with respect to Bodily Injury to any one person, not less than \$100,000,000 with respect to Bodily Injury to more than one person in one Nuclear Occurrence, and not less than \$100,000.00 with respect to Property Damage.

11. Decontamination Survey
and Release of Cars

At any time following the expiration of the minimum ninety (90) day lease term of each Car leased hereunder, Lessee may elect to discontinue its permitted use of such Car and return same to Lessor provided that Lessee shall first strictly comply with the provisions of subparagraphs (a) and (b) of this paragraph 11 and provided further, that the condition precedent set forth in subparagraph (c) of this paragraph 11 to the release and return of such Car shall first be satisfied.

(a) Decontamination

159 043

Prior to the return of such Car to Lessor and the removal thereof from the Plant Site, Lessee shall unload

all cooling water remaining in such Car and shall then thoroughly clean and decontaminate both the interior of the tank and the exterior of the Car by whatever means shall represent the latest and most advanced method known to technical expertise available to Lessee to render such Car free and clear of radioactive contamination at least to the extent of the minimum survey guidelines referred to in subparagraph (b) below of this paragraph 11.

(b) Survey

Following the completion of such decontamination procedures, Lessee shall cause all surfaces of such Car, both interior and exterior, to be surveyed by a duly qualified and recognized expert in nuclear technology, who shall thereupon prepare and furnish to Lessor and to a duly authorized representative of the Commission, over the signature of such expert, a written Survey which shall specify in full and sufficient detail, the methods used to so clean, decontaminate and survey such Car and which shall contain the certification of such expert that such Car and all interior and exterior surfaces thereof are free and clear of all radioactive contamination to the extent of at least the minimum standards and guidelines set forth in the table hereto attached and entitled "Table I - Acceptable Surface Contamination Levels".

(c) Approval of Release and Return of Car

Following such cleaning, decontamination, and survey procedures as to each Car to be released from the Plant Site and returned to Lessor, it shall be a condition precedent to such release and return of such Car, that Lessee shall first obtain and mail to Lessor by first class registered mail, a certificate of the Commission duly executed by an authorized official thereof, that such Car is sufficiently free of radioactive contamination as to permit its unrestricted use. Lessor and Lessee further agree, however, that if as a condition precedent to the issuance of such a certificate, the Commission shall require a release from either or both of the parties hereto of any tort liability of the Commission on account of the issuance of such certificate, same shall be promptly furnished provided only that such certificate of the Commission shall be bona fide and issued in good faith.

12. Purchase of Cars by Lessee

In the event as to any Car, Lessee shall fail or be unable to furnish to Lessor the certificate of the Commission referred to in subparagraph (c) of paragraph 11 above within a period of one hundred eighty (180) days from the commencement of the lease term as to such Car, then and in such event, Lessee shall forthwith purchase such Car for such amount as shall be determined by the applicable provisions of Rule 107 of the Interchange Rules promulgated by the Association of American Railroads. Until such purchase is consummated by payment to Lessor of such purchase price, the term of lease as to such Car shall be deemed to continue hereunder notwithstanding any provision to the contrary herein contained.

13. Indemnity Obligations of Lessee

Lessee further agrees:

(a) Loss or Damage to Car on Site

To indemnify and save Lessor harmless of and from any loss of or damage to any Car, from whatever cause, while such Car is in the possession or control of Lessee at the Plant Site.

(b) Loss or Property Damage to Cars

To indemnify and save Lessor harmless of and from any loss or Property Damage with respect to any Car either during or after the lease term of such Car hereunder.

(c) Third Party Liability

To indemnify, protect and hold Lessor, its affiliated companies, Suppliers, and their respective officers, directors and employees harmless of and from all losses, damages, injuries, liabilities,

claims and demands whatsoever of Lessee, any Subsidiary, or any third party (including without limitation claims based upon actual or alleged Bodily Injury or Property Damage, and whether or not due to negligence of Lessor of any degree) and expenses in connection therewith (including without limitation reasonable attorneys' fees and expenses) arising out of or as the result of any Nuclear Occurrence within or outside of the Plant Site and without regard to the date of such Nuclear Occurrence.

The indemnities arising under this paragraph 13 shall continue in full force and effect notwithstanding the full payment and discharge by Lessee of all other obligations under this Lease or the purchase of any of the Cars by Lessee pursuant to the terms hereof.

The acceptance by Lessor of any Car following the expiration or earlier termination of the lease term of such Car hereunder shall not affect the liabilities, responsibilities and indemnities of Lessee under this Lease. Lessee agrees that the provisions of this paragraph 13 shall apply and continue in full force and effect notwithstanding that Lessee and the Commission may have certified, upon the return of any Car to Lessor, that such Car presents no hazard to the safety of the public and is fit for unrestricted use.

14. Notices

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been

given if delivered or mailed, by certified or registered mail, postage prepaid,

(a) if to Lessor, to: Union Tank Car Company
111 West Jackson Boulevard
Chicago, Illinois 60604
Attention: G. F. Lahey

(b) if to Lessee, to: General Public Utilities Corporation
260 Cherry Hill Road
Parsippany, New Jersey 07054

15. Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs and assigns.

16. Governing Law

This Agreement shall be governed by and shall be construed and enforced in accordance with the laws of the State of Illinois

17. Entire Agreement

This Agreement which includes as a part hereof all Schedules herein referred to and the Table hereto attached, contains the entire agreement between the parties hereto with respect to the transactions contemplated herein. No modification, alteration or amendment of this Agreement shall be valid or effective unless in writing, executed by both parties hereto.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective, duly authorized officers, and their respective corporate seals to be hereto affixed, all as of the 16th day of April, 1979.

ATTEST:

Assistant Secretary

Union Tank Car Company

By _____

Its _____

ATTEST:

Secretary

General Public Utilities Corporation

By _____

Its _____

159 048

Schedule A

to

Tank Car Lease Agreement

<u>Tank Car No.</u>	<u>DOT Design Specification</u>	<u>Capacity</u>	<u>Lessor's Storage Point</u>
UTLX-	105200 AJW	10,000 gals.	
"	" "	"	
"	" "	"	
"	" "	"	
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TABLE 1
ACCEPTABLE SURFACE CONTAMINATION LEVELS

ISOTOPIES	AVERAGE		MAXIMUM		REMOVABLE	
	b	c f	b	d f	b	e f
U-nat, U-235, U-238, and associated decay products	5,000 dpm a/100 cm ²		15,000 dpm a/100 cm ²		1,000 dpm a/100 cm ²	
Transuranics, Ra-226, Pa-228, Th-230, Th-228, Pa-231, Ac-227, I-125, I-129	100 dpm/100 cm ²		300 dpm/100 cm ²		20 dpm/100 cm ²	
Th-nat, Th-232, Sr-90, Re-223, Re-224, U-232, I-126, I-131, I-133	1,000 dpm/100 cm ²		3,000 dpm/100 cm ²		200 dpm/100 cm ²	
Beta-gamma emitters (nuclides with decay modes other than alpha emission or spontaneous fission) except SR-90 and others noted above.	5,000 dpm β /100 cm ²		15,000 dpm β /100 cm ²		1,000 dpm β /100 cm ²	

a Where surface contamination by both alpha- and beta-gamma-emitting nuclides exists, the limits established for alpha - and beta-gamma-emitting nuclides should apply independently.

b As used in this table, dpm (disintegrations per minute) means the rate of emission by radioactive material as determined by correcting the counts per minute observed by an appropriate detector for background, efficiency, and geometric factors associated with the instrumentation.

c Measurements of average contaminant should not be averaged over more than 1 square meter. For objects of less surface area, the average should be derived for each such object.

d The maximum contamination level applies to an area of not more than 100 cm²

159 050

TABLE 1

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- d. The amount of removable radioactive material per 100 cm² of surface area should be determined by wiping that area with dry filter or soft absorbent paper, applying moderate pressure, and assessing the amount of radioactive material in the wipe with an appropriate instrument of known efficiency. When removable contamination on objects of less surface area is determined, the pertinent levels should be reduced proportionally and the entire surface should be wiped.
- f. The average and maximum radiation levels associated with surface contamination resulting from beta-gamma emitters should not exceed 0.2 mrad/hr at 1 cm and 1.0 mrad at 1 cm, respectively, measured through not more than 7 milligrams per square centimeter of total absorber.

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