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10CFR51

January 23, 2002

United States Nuclear Regulatory Commission
ATTN: Document Control Desk
Washington, DC 20555-0001

Peach Bottom Atomic Power Station, Units 2 and 3
Facility Operating License Nos. DPR-44 and DPR-56
NRC Docket Nos. 50-277 and 50-278

Subject: Information On Correspondence Received By the U.S. Nuclear Regulatory Commission (NRC) From the Delaware State Historic Preservation Officer

Reference: Letter from L.L. Wheeler (NRC) to M.P. Gallagher (Exelon Generation Company, LLC) dated November 26, 2001

Dear Sir/Madam:

This letter is in response to the reference letter, where you forwarded a letter you received from the Delaware State Historic Preservation Officer (SHPO) concerning the remnants of a 19th century feeder canal in the Delaware portion of the transmission corridor for the Peach Bottom Atomic Power Station, Units 2 and 3 (PBAPS). Your letter requested any information that we may have concerning: (1) legal title to the property in question, (2) the chronology of the development of the transmission corridor, (3) copies of permit applications for construction, operations and maintenance of the transmission corridor, (4) a brief discussion of current and future responsibilities for operation and maintenance of the transmission line, and (5) any alternatives we consider feasible to address the SHPO's concerns.

Background

On November 9, 2001, the NRC conducted a site audit with respect to the environmental portion of the application by Exelon Generation Company, LLC (Exelon) to renew the operating licenses for PBAPS. This audit included a site visit to the remnants of the feeder canal that the SHPO states is within the area of potential effect of the transmission line. Present during that site visit were members of Exelon's Environmental License Renewal team, Exelon's Transmission and Distribution department, Exelon's Real Estate department, Conectiv's Vegetation Management department, NRC Project Management, and National Lab employees contracted by the NRC to aid them in writing the Environmental Impact Statement for the renewal of the PBAPS operating licenses. During that visit, the area that the SHPO states is an historic property within the transmission corridor was examined as well as the area adjacent to the corridor. The examination entailed a visual check of the area through a walk down.

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Add: Duke Wheeler
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The transmission corridor in question contains four different transmission lines, only one of which serves PBAPS (the Keeney Line). The remains of the feeder canal consist of an earthen ditch without any observable stonework. The remnants of the feeder canal within the transmission corridor have less definition than the portions located in adjacent areas. In addition, several varieties of wetland vegetation were observed within the remains of the feeder canal in the transmission corridor, and trees were observed growing in portions of the feeder canal outside the transmission corridor. The feeder canal is not listed on the National Register of Historic Places.

(1) Legal Title to the Transmission Lines and Transmission Corridor

In 1977, an agreement was entered into by several utilities to own and operate fully interconnected electric supply systems, and to ensure that the planning and operations of the bulk supply facilities of such systems are coordinated pursuant to various agreements. Those utilities included Philadelphia Electric Company and Delmarva Power and Light Company. Delmarva Power and Light Company has subsequently merged with Atlantic City Electric Company to become Conectiv and Philadelphia Electric Company changed its name to PECO Energy Company and subsequently merged to become Exelon. This agreement, titled Lower Delaware Valley Transmission System Agreement (Agreement) with supplements and addendums, is on file with the Federal Energy Regulatory Commission (FERC) as Rate Schedule Number 45, dated November 1, 1977. Schedule 3 of the Agreement delineates the responsibilities of Delmarva Power and Light Company (now Conectiv). With respect to the Peach Bottom - Keeney Line (Delaware Section), it was the responsibility of Delmarva Power and Light Company to construct and make available to the Lower Delaware Valley Transmission System Agreement signatories a single circuit 500 kV, 3 phase twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line right-of-way, extending from the Delaware/Maryland Boundary to Keeney Substation, a distance of approximately 4 miles within Delaware. Schedule 5 of the Agreement delineates the responsibilities of Philadelphia Electric Company (now Exelon). With respect to the Peach Bottom - Keeney Line (Maryland Section), it was the responsibility of Philadelphia Electric Company to construct and make available to the Lower Delaware Valley facilities a single circuit 500 kV, 3 phase twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Peach Bottom in Pennsylvania to the Maryland/Delaware State Boundary, a distance of approximately 32 miles.

Therefore, it was the responsibility of Delmarva Power and Light Company to construct the line and right-of-way for the portion of the Keeney Line in Delaware that intersects with the remains of the canal discussed in the SHPO letter. Philadelphia Electric Company did not have any responsibility for construction of the Delaware Section of the Keeney Line and did not have responsibility for obtaining right-of-way.

(2) Chronology of the Development of the Transmission Corridor

As discussed above, the transmission corridor consists of four transmission lines. The Keeney Line was the last of the lines, and was installed in the corridor around 1971. The other three transmission lines were installed prior to the Keeney line. As the Philadelphia Electric Company (now Exelon) was not responsible for the construction of these other lines and does not have ready access to related construction permits or documentation, the exact dates of their construction is unknown.

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At the completion of the examination of the transmission corridor on November 9, 2001, Exelon's Environmental License Renewal team, NRC Project Management, and a National Lab employee reviewed aerial photographs of the region at the New Castle Historical Society in Delaware. During the examination of photographs of the area, that included the property in question, it was observed that the feeder canal seemed to experience the most degradation in the time period between 1968 and 1979. Since the photographs are not taken every year, it was not possible to narrow the time period of degradation any further than those time periods.

(3) Copies of the Permit Applications for the Transmission Corridor

A copy of the Lower Delaware Valley Transmission System Agreement is enclosed.

As stated above, Exelon was not responsible for construction, operation, or maintenance of the right-of-way or the construction of the other three transmission lines in the right-of-way. As a result, Exelon does not have ready access to copies of permit applications for construction, operations, or maintenance of the transmission corridor. This documentation would be maintained by the parties responsible for their construction.

(4) Discussion of Current and Future Responsibilities for Operation and Maintenance of the Keeney Line

Under the Lower Delaware Valley Transmission System Agreement, Delmarva Power and Light Company was responsible for operating and maintaining the line and right-of-way. Conectiv is currently responsible for operating and maintaining the line and right-of-way. Exelon or its predecessors have not had (and currently do not have) any responsibility for operation and maintenance of the Delaware Section of the Keeney Line. Furthermore, Exelon has no plans to assume responsibility for operation and maintenance of the Delaware Section of the Keeney Line. Exelon is also not aware of any plans to modify the Lower Delaware Valley Transmission System Agreement that would assign Exelon any such responsibility.

(5) Feasible Alternatives to Address the SHPO's Concerns

Section 106 of the National Historic Preservation Act (NHPA) requires a federal agency to take into account, prior to issuance of a license, the effect of the license on a property that is included or eligible for inclusion in the National Register of Historic Places. We have researched the application of the NHPA to the feeder canal running under the Keeney Line. The application of NHPA to the canal was discussed in the SHPO's letter to the NRC. The results of our research are included as an attachment to this letter (Attachment A) titled, Eligibility of the Feeder Canal for Listing in the National Register. As discussed in the attachment, for a property to be eligible for inclusion on the National Register, it must fall within one of the eligibility categories, possess integrity, and have historic significance.

In our opinion, the feeder canal does not satisfy these criteria for listing in the National Register. As discussed in more detail in Attachment A, the feeder canal is a ruin and is not a site of any important historic or cultural event. It is decayed and does not retain much of its integrity. Furthermore, it was never finished and did not make an important or significant contribution to the canal industry in Delaware. Therefore, we do not believe that the feeder canal is eligible for inclusion in the National Register since it does not satisfy any eligibility criteria.

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Since the feeder canal is not eligible for inclusion in the National Register, NRC has no responsibility under the NHPA to consider alternatives for addressing the SHPO's concerns related to the feeder canal.

Furthermore, even if the feeder canal were eligible for inclusion on the National Register, there is no basis in the NHPA for the NRC to agree to SHPO's request for remediation of past degradation of the feeder canal. Section 106 of the NHPA requires federal agencies to take into account the effect of a federal undertaking (including issuance of a license) on a property on the National Register or eligible for inclusion on the National Register, prior to approval of the undertaking or license. Thus, NHPA applies prospectively to proposed issuance of a federal license, and does not require an agency to consider actions to remediate pre-existing impacts on historic properties. Therefore, contrary to SHPO's claims, there is no legal basis for the NRC to require restoration of the feeder canal.


Furthermore, there are three other transmission lines unrelated to PBAPS in the same corridor as the Keeney Line, and those transmission lines would continue to operate even if PBAPS were shut down permanently. Therefore, it would appear that future operation and maintenance of the Keeney Line itself would not cause any incremental impacts to the feeder canal, beyond that being caused by the transmission lines unrelated to PBAPS. As a result, in the absence of any incremental impacts attributable to future operation and maintenance of the Keeney Line, there is no need under the NHPA to consider mitigation alternatives.

Even if it was assumed that the Keeney Line would adversely affect the feeder canal, the portion of the Keeney Line that is within Delaware is owned and controlled by Conectiv, who is not a licensee of PBAPS. There is no basis in existing law for the NRC to order Conectiv (which is not a licensee of PBAPS) to take the mitigative actions recommended by SHPO. Furthermore, Exelon has no contractual or legal authority on its own to enter into the transmission corridor of the Delaware Section of the Keeney Line and to take mitigative actions on its own. Any voluntary initiatives that the NRC may wish to pursue with Conectiv or other parties would be outside the bounds of the PBAPS license renewal process.

In summary, we believe that the NRC has no obligation under the NHPA to consider alternatives to address the SHPO's concerns.

We hope that this information will aid the NRC in its review of SHPO letter. If you should have any questions regarding this letter, please contact Mr. William Maher at (610) 765-5939.

Very truly yours,



Michael P. Gallagher
Director - Licensing and Regulatory Affairs
Mid-Atlantic Regional Operating Group

Enclosure: Attachment A: Eligibility of the Feeder Canal for Listing in the National Register

cc: H. J. Miller, Administrator, Region I, USNRC
A. C. McMurtry, USNRC Senior Resident Inspector, PBAPS

ATTACHMENT A

ELIGIBILITY OF THE FEEDER CANAL FOR LISTING IN THE NATIONAL REGISTER

1.0 Purpose

The purpose of this paper is to discuss whether the Chesapeake and Delaware Feeder Canal is eligible for inclusion in the National Register of Historic Places. As this paper demonstrates, the Feeder Canal is not eligible for inclusion in the National Register.

2.0 Criteria for Inclusion of a Property in the National Register

A property is eligible for inclusion in the National Register of Historic Places if it satisfies the regulations of the National Park Service in 10 CFR § 60.4. Section 60.4 states that a property must satisfy the following criteria to be eligible for inclusion in the National Register:

- 1) Eligible Category - the property must fall within one of the following categories: "districts, sites, buildings, structures, and objects;" and
- 2) Integrity - the property must "possess integrity of location, design, setting, materials, workmanship, feeling, and association;" and
- 3) Historic Significance - the property must satisfy at least one of the following four criteria on historic significance:
 - (a) it is "associated with events that have made a significant contribution to the broad patterns of our history;" or
 - (b) it is "associated with the lives of persons significant in our past;" or
 - (c) it "embod[ies] the distinctive characteristics of a type, period, or method of construction, or that represent[s] the work or a master, or that possess[es] high artistic values, or that represent[s] a significant and distinguishable entity whose components may lack individual distinction;" or
 - (d) it has "yielded, or may be likely to yield, information important in prehistory or history."

The eligibility of the Feeder Canal under each of these criteria is evaluated below.

3.0 Category of the Feeder Canal

The letter dated October 29, 2001 from the Delaware State Historic Preservation Office (SHPO) did not discuss whether the Feeder Canal falls within one of the eligible categories of properties for inclusion in the National Register.

Guidance on the categories of properties eligible for inclusion in the National Register is provided in Section IV of National Register Bulletin 15, *How to Apply the National Register Criteria for Evaluation*. This guidance states that canals are an example of a "structure." However, this guidance also states that "[i]f a structure has lost its historic configuration or pattern of organization through deterioration or demolition, it is usually considered a 'ruin' and is categorized as a site."

The Feeder Canal appears to have lost its historic configuration through deterioration or demolition. In particular, in the transmission corridor, the sides of the canal are no longer intact, much of the canal has been filled with earth, and there is no evidence of the canal except for a slight depression in the ground. In the area near the transmission corridor, the remains of the canal consist of an earthen ditch without any stonework or structural elements, the sides of the canal are eroded, and trees and other vegetation are growing throughout the canal and its banks. Therefore, the Feeder Canal appears to be a "ruin" and not a structure. A ruin qualifies for listing in the National Register only if it can be categorized as a "site."

For a property to be categorized as a "site," Section IV of National Register Bulletin 15 states that the property must be a location that "itself possesses historic, cultural, or archeological value regardless of the value of any existing structure." The location of the Feeder Canal does not possess historic, cultural or archeological value -- it was never used and was not the location of an important historical or cultural event. Therefore, the Feeder Canal does not satisfy the first criterion for inclusion in the National Register.

4.0 Integrity of the Canal

The letter dated October 29, 2001 from the SHPO also did not discuss this criterion.

Guidance on the Integrity of properties eligible for inclusion in the National Register is provided in Section VIII of National Register Bulletin 15. This guidance states:

To retain historic integrity, a property will always possess several, and usually most, of the aspects [of location, design, setting, materials, workmanship, feeling, and association]. The retention of specific aspects of integrity is paramount for a property to convey its significance. Determining which of these aspects are most important to a particular property requires knowing why, where, and when the property is significant.

A comparison of the Feeder Canal with the seven aspects of Integrity indicates the following:

- The Feeder Canal has integrity of Location.
- The Feeder Canal retains some elements of Design (especially its routing and some indication of its overall dimensions). However, the canal is deteriorated (especially in

the transmission corridor), and therefore has an appearance that is different from its original condition.

- The Feeder Canal does not appear to retain the aspect of Setting. It is currently adjacent to modern elements (such as the transmission corridor, modern houses, and highways) and there is no evidence of elements that were present when the canal was constructed.
- The aspect of Materials would not appear to be applicable to the Feeder Canal, since the canal was simply a hole dug in the ground without any stonework or other materials.
- For the same reason, the aspect of Workmanship would not appear to be applicable to the Feeder Canal, since the canal was simply a hole dug in the ground and does not display physical evidence of a craft or skill.
- The Feeder Canal does not appear to retain the aspect of Feeling. For example, the canal is merely a ditch and conveys little of "the aesthetic or historic sense of a particular period of time."
- The Feeder Canal does not have the aspect of Association, since it was never used and was not the site of an important historic event or activity.

In summary, although the Feeder Canal does retain some aspects of Integrity, a number of the aspects of Integrity are not present or are not applicable. Furthermore, with the exception of Location, none of the aspects is present in the transmission corridor. Therefore, the Feeder Canal would not appear to be eligible for inclusion in the National Register based upon the criterion of Integrity.

5.0 Criteria on Historic Significance

The letter dated October 29, 2001 from the SHPO states that the Feeder Canal has historic significance under Criterion A (associated with events that have made a significant contribution to the broad patterns of our history) and Criterion C (distinctive characteristics of a type, period, or method of construction).

5.1 Criterion A

With respect to Criterion A, the SHPO states that the Feeder Canal "represents early canal building industry in the state." However, for a property to be eligible under Criterion A, Section VI of National Register Bulletin 15 states that "the property must have an important association with the event or historic trends." This guidance goes on to state that:

Mere association with historic events or trends is not enough, in and of itself, to qualify under Criterion A: the property's specific association must be considered important as well. For example, a building historically in commercial use must be shown to have been significant in commercial history.

The Feeder Canal would not appear to meet this criterion. The canal was never used, and there is no indication that it was important to the canal industry in the state. Therefore, although the canal is old, it does not have any significance to the history of the canal industry in Delaware.

5.2 Criterion C

With respect to Criterion C, the SHPO states that the Feeder Canal is "a good example of early 19th century construction technology." However, for a property to be eligible under Criterion A, Section VI of National Register Bulletin 15 states that the property "must clearly contain enough of those [distinctive] characteristics to be considered a true representative of a particular type, period, or method of construction." This guidance goes on to state that "[a] structure is eligible as a specimen of its type or period of construction if it is an important example (within its context) of building practices of a particular time in history."

The Feeder Canal has no structural elements and does not display any particular construction methods. Instead, the canal is merely a ditch, which is deteriorated. Furthermore, the canal was never finished or used, and therefore does not represent an important example of canal building. Therefore, the Feeder Canal does not qualify for inclusion in the National Register under Criterion C.

6.0 Conclusions

For a property to be eligible for inclusion in the National Register, it must fall within one of the eligible categories, possess integrity, and have historic significance. The Feeder Canal does not satisfy any of these criteria. In particular, it is a ruin that is not the site of any important historic or cultural event, it is decayed and does not retain its integrity, and it was never finished and did not make an important or significant contribution to the canal industry in Delaware. Therefore, the Feeder Canal is not eligible for inclusion in the National Register.

PHILADELPHIA ELECTRIC COMPANY

RATE SCHEDULE FERC NO. 45
Effective November 1, 1977
(Supersedes Rate Schedule FPC No. 35)

LOWER DELAWARE VALLEY TRANSMISSION SYSTEM AGREEMENT

(Includes Smithburg Substation Supply Agreement)

between

Atlantic City Electric Company
Delmarva Power & Light Company
Jersey Central Power & Light Company
Philadelphia Electric Company
and
Public Service Electric and Gas Company.

ON FILE WITH THE
FEDERAL ENERGY REGULATORY COMMISSION

LOWER DELAWARE VALLEY
TRANSMISSION SYSTEM AGREEMENT

THIS AGREEMENT, made and entered into this thirtieth day of September, 1977, by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation (herein called ACE); DELMARVA POWER & LIGHT COMPANY, a Delaware corporation (herein called DPL); JERSEY CENTRAL POWER & LIGHT COMPANY, a New Jersey corporation (herein called JC); PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation (herein called PE); and PUBLIC SERVICE ELECTRIC AND GAS COMPANY, a New Jersey corporation (herein called PS).

WITNESSETH:

WHEREAS, the signatories hereto own and operate fully-interconnected electric supply systems, and the planning and operations of the bulk supply facilities of such systems are coordinated pursuant to various agreements, including the Interconnection Agreement dated September 26, 1956, as amended and supplemented, establishing the Pennsylvania-New Jersey-Maryland Interconnection (herein called PJM) and the Mid-Atlantic Area Coordination Agreement (herein called MAAC) dated April 23, 1971; and

WHEREAS, ACE, DPL, PE, and PS (herein called Station Owners) are owners in common of undivided interests in Peach Bottom Atomic Power Station units No. 2 and No. 3 (herein called Peach Bottom) at Peach Bottom located in York County, Pennsylvania and Salem Nuclear Generating Station units No. 1, No. 2, and No. 3 (herein called Salem) located in Salem County, New Jersey; and

WHEREAS, JC is constructing Forked River Nuclear Generating Station unit No. 1 (herein called Forked River) in Lacey Township, Ocean County, New Jersey; and

WHEREAS, Station Owners are owners in common of undivided interests in extra high voltage facilities; and

WHEREAS, the Signatories may individually own other extra high voltage facilities which together with those jointly-owned will constitute the Lower Delaware Valley Transmission System (herein called LDV) connecting Peach Bottom, Salem and Forked River to their respective high voltage systems, and for other interconnection purposes; and

WHEREAS, one or more of the signatories may construct generating stations or extra high voltage transmission facilities requiring connection to LDV; and

WHEREAS, LDV, together with the underlying high voltage networks of the signatories is designed to promote reliable, stable and economic system operation; and

WHEREAS, this Agreement supersedes the Memorandum of Owners Agreement dated November 6, 1969, between the signatories hereto, and the two Memorandums of Owners Agreement dated March 31, 1971, and May 21, 1971, between the Station Owners, which provided for the initial planning, design, construction, ownership and support of investments of LDV facilities;

NOW, THEREFORE, the signatories hereto, each in consideration of the agreement of the others, herein set forth, mutually agree as follows:

ARTICLE I

Administrative Committee

1.1 Each of the signatories hereto shall appoint one representative to serve on an Administrative Committee, with authority to act for it in the administration of all matters pertaining to this Agreement. Each appointment shall be made by written notice, signed by an officer legally authorized to commit the signatory and shall be served upon the other

signatories. The initial members of the Administrative Committee shall be so appointed within thirty days after the execution of this Agreement; and by similar notices, representatives on the Administrative Committee may be changed at any time.

1.2 Each member of the Administrative Committee may, at any time by written notice to the other members, designate a substitute to act for him with respect to any matters specified in such notice. The members of the Administrative Committee shall have equal authority, and all decisions made or directions given by the Administrative Committee shall be unanimous.

ARTICLE II

Facilities To Be Made Available

2.1 The signatories jointly or individually shall construct and make available portions of LDV, as shown in schedules attached.

2.2 The jointly-owned portions of LDV, with the exception of New Freedom Substation, shall be owned by the Station Owners as tenants in common without right of partition with undivided interest in the proportions shown in a schedule attached.

2.3 The jointly-owned portion of New Freedom Substation shall be owned by ACE and PS as tenants in common without right of partition with undivided interest in the proportions shown in a schedule attached.

ARTICLE III

Construction of Facilities

3.1 The jointly-owned facilities in New Jersey shall be constructed by PS. All other facilities shall be constructed by the owner of said facilities.

3.2 The LDV facilities shall be designed and constructed in accordance with ratings and design criteria as approved by the Administrative Committee.

3.3 Reimbursement to PS for construction expenditures for jointly-owned facilities will be made monthly based on estimated amounts before the month and adjusted after the month on the basis of actual expenditures, in accordance with the proportions set forth in schedules attached.

ARTICLE IV

Schedules

4.1 The schedules embodied as part of this Agreement are as follows:

Schedule 1	Facilities Owned in Common
Schedule 2	Facilities Provided by ACE
Schedule 3	Facilities Provided by DPL
Schedule 4	Facilities Provided by JC
Schedule 5	Facilities Provided by PE
Schedule 6	Facilities Provided by PS
Schedule 7	The Allocation of Undivided Interests in Facilities Owned in Common
Schedule 8	The Allocation of Undivided Interests in New Freedom Substation
Schedule 9	Charges for Terminal Facilities Provided for JC
Schedule 10	Investment Responsibility
Schedule 11	Net Monthly Charges and Credits
Schedule 12	Determination of LDV Losses

4.2 To conform to changing conditions, schedules shall be prepared and revised, as required, by the Administrative Committee, setting forth descriptions of interconnections, determinations of charges for interconnection facilities and any other matters requisite or appropriate to the carrying out of this Agreement. Upon acceptance by the signatories of any such schedule and satisfaction of all applicable regulatory requirements, said schedule shall become a part of this Agreement.

4.3 The PS representative on the Administrative Committee is hereby authorized to file with the Federal Power Commission on behalf of all the signatories hereto, this Agreement, amendments or supplements to this Agreement, and revised schedules to replace those attached.

ARTICLE V

Monthly Payments

5.1 The net monthly charges or credits shall be computed as provided in this Article and in schedules attached.

5.2 The LDV investment of each signatory shall be the original cost, plus additions and less retirements, of the land and rights-of-way acquired for and the facilities installed thereon as its portion of LDV (as described in schedules attached), including overheads reasonably applicable thereto and allowance for funds used during construction (AFDC).

5.3 Each signatory shall maintain separate records of its LDV investment which shall be available to the other signatories upon request.

5.4 At the request of any signatory, the Administrative Committee shall review the cost and energy loss allocations made hereunder and recommend such adjustments as are deemed equitable.

5.5 Net monthly charges shall be payable to the billing agent for LDV, designated herein, by the tenth working day of the next succeeding month. Net monthly credits shall be payable by said billing agent by the fifteenth working day of said next succeeding month, but the billing agent shall have no responsibility to make payment of such credits except to the extent of the funds previously received by it pursuant to this Section 5.5. Interest on uncollected amounts shall accrue daily from the date due until the day upon which collection is made at a rate equal to one hundred thirty percent (130%) of the prime rate per annum as estab-

lished from time-to-time during such period of delinquency by the Chase Manhattan Bank (National Association) or its successor.

5.6 PS is hereby designated as the billing agent for LDV for receiving and disbursing payments and shall render bills for net charges and issue statements for net credits.

ARTICLE VI

Losses and Metering

6.1 Energy flow shall be measured at the metering points agreed upon by the Administrative Committee. Losses in LDV shall be determined in accordance with a schedule attached.

6.2 The transmission losses of LDV will be allocated to the signatories in proportion to their owned capacity in Peach Bottom, Salem and Forked River except that losses charged against JC prior to initial operation of Forked River shall be based on JC's use of LDV.

ARTICLE VII

Operation and Maintenance

7.1 Scheduling and accounting for the hour by hour capacity and energy transactions over LDV shall be performed pursuant to the terms of the PJM Interconnection Agreement dated September 26, 1956, as amended and supplemented, and pursuant to the terms of agreements among the signatories, between the signatories and others not a party hereto and between PJM companies and other systems or power pools with which agreements do or may exist.

7.2 Each signatory shall be responsible for the operation and maintenance of its facilities as set forth in schedules attached. PS shall operate and maintain the jointly-owned LDV facilities in New Jersey.

7.3 The signatories shall reimburse PS for operation and maintenance of the jointly-owned LDV facilities in New Jersey in proportion to the signatories' ownership of said facilities as set forth in schedules attached, including provision for overheads reasonably applicable hereto. PS shall maintain separate records of expenditures for operation and maintenance of said facilities, which shall be available to the other signatories upon request.

7.4 Switching, voltage levels and scheduling of maintenance outages shall be coordinated by the signatories through the PJM office, subject to overriding direction by a signatory in emergency situations.

ARTICLE VIII

Facility Changes and Other Uses

8.1 Additions, modifications, connections to, disconnections from or removal of any LDV facilities, including those made by an owner for its own purposes, and with the exception of normal maintenance and replacements, shall be made only after approval by the Administrative Committee; and such approval shall be withheld only when the proposed change impairs the planned reliability of the regional transmission system or the functions for which LDV was provided.

8.2 When additional facilities are so connected to LDV or when additional facilities owned by a signatory are so located that their use materially affects the proportional use of the LDV facilities on a continuing basis, a reallocation shall be made of the payments provided for in Article V. There shall be no reallocation of the payments when JC places in service the LDV facilities it is to provide, except as associated with line terminals at New Freedom Substation and Deans Substation.

8.3 With the prior approval of the signatories, the LDV may be used for purposes compatible with but other than the delivery of energy and capacity from Peach Bottom, Salem and Forked River for the respective owners thereof to their underlying transmission systems, provided there is no impairment of the planned reliability of the regional transmission system or existing services provided by LDV. An appropriate allocation of payments shall be made for such additional use.

8.4 Should the installation or completion of any facilities described in the attached schedules be cancelled or delayed by a signatory for any cause and the cancellation or delay of such facilities materially affects the proportional use of the LDV facilities as planned on a continuing basis, a reallocation shall be made of the payments provided for in Article V.

ARTICLE IX

Indemnity and Insurance

9.1 Each signatory owning, controlling or making available individually-owned LDV facilities provided under this Agreement agrees that it will indemnify and save harmless each other signatory against and from all claims, suits, and expense arising out of any bodily injury, death, or damage to property caused by or resulting from such facilities, notwithstanding that a judgment in respect thereof may be rendered against such other signatory; except (1) bodily injury, death, or damage to property resulting from any negligent or other tortious acts by such other signatory, its employees, agents, and servants, or independent contractors; and (2) claims of a signatory's employees, or subrogation claims related thereto, under any workman's compensation or similar law.

9.2 Any signatory claiming indemnity pursuant to 9.1 shall give prompt notice in writing to the indemnifying signatory of any claim and the filing of any suit for which indemnity is claimed. Failure to give such notice of the filing of a suit shall relieve the indemnifying signatory of its obligation under this article but not of any liability which may otherwise exist.

9.3 In connection with the construction and operation of the jointly-owned LDV facilities in New Jersey, PS shall arrange for insurance, naming the Station Owners, against claims for personal injury and property damage and the insurance normally required of employers. PS's responsibility, other than that covered by 9.4, shall be limited to arranging for such insurance and maintaining the same in effect during the term of this Agreement. The amounts and types of such insurance shall be agreed upon by the Station Owners.

9.4 Any liability arising out of claims for injury or damage caused by or resulting from the design, construction, operation and maintenance of the jointly-owned LDV facilities provided in New Jersey, not covered by 9.3, shall be shared by the Station Owners in proportion to their ownership in that facility as provided under schedules attached.

9.5 The Station Owners shall reimburse PS for the insurance provided in 9.3 in proportion to the ownership of the jointly-owned LDV facilities in New Jersey.

ARTICLE X

Waiver of Rights

10.1 Any waiver of the rights of any signatory as to any default of any other signatory or any other matter arising hereunder shall not be deemed a waiver as to any default or other matter subsequently occurring.

ARTICLE XI

Effective Date, Termination and Assignment

11.1 This agreement shall become effective as of November 1, 1977, and shall continue in full force and effect for an initial period of forty (40) years, and thereafter until terminated by any signatory by giving to the other signatories not less than five (5) years prior written notice of intention to terminate this Agreement, which notice may be given five (5) years prior to the expiration of the initial term or at any time thereafter. Upon receiving such notice of termination, any Station Owner or Owners may elect, and the signatory issuing such notice hereby agrees to be bound by such election, to purchase from the signatory issuing the notice all or any part of the facilities hereunder owned by such signatory at a price to be mutually agreed upon. Monthly payments under Article V with respect to any LDV facility shall begin on dates to be determined by the Administrative Committee.

11.2 The rights and obligations created by this Agreement shall inure to and bind the successors and assigns of the respective signatories hereto, provided, however, that they shall not be assignable by any signatory without the written consent of the other signatories, except to a successor acquiring the properties of such signatory.

11.3 If, and to the extent that, any transaction pursuant to this Agreement shall require the authorization of any governmental body, the rights and obligations of the signatories hereto shall be subject to obtaining such authorization and the signatories hereto agree to use their best efforts to obtain such authorization.

11.4 It is agreed by the signatories hereto that this Agreement shall be construed, interpreted and controlled by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the signatories hereto have caused these presents to be signed in their respective names, each by duly authorized officers, as of the day and year first above written.

ATLANTIC CITY ELECTRIC COMPANY

BY

F. J. Piccolante
Vice President

DELMARVA POWER & LIGHT COMPANY

BY

James K. W. Berry
Senior Vice President

JERSEY CENTRAL POWER & LIGHT COMPANY

BY

J. P. Murchison
Vice President

PHILADELPHIA ELECTRIC COMPANY

BY

Maya C. Antley
Vice President

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY

Charles H. Hoffman
Senior Vice President

SCHEDULE 1

Effective: November 1, 1977

Facilities Owned in Common

Reference: Sections 2.1 and 5.2

PS shall construct for the Station Owners who shall make available the following LDV facilities:

1. Keeney - Salem Line (NJ Section)

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from the New Jersey/Delaware State Boundary to Salem Switching Station, a distance of approximately 13 miles.

Estimated investment \$ 9,345,000

2. Salem - New Freedom South Line

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Salem Switching Station to New Freedom Substation, a distance of approximately 50 miles.

Estimated investment \$19,474,000

3. Salem Switching Station

Terminal facilities associated with the Salem generators, with the transmission lines described in items 1 and 2 above, and with the Salem-New Freedom North Line; such facilities consisting principally of eight 500 kV circuit breakers and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment \$14,469,000

4. New Freedom - Deans Line

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from New Freedom Substation to Deans Substation, a distance of approximately 68 miles.

Estimated investment \$68,000,000

SCHEDULE 1

5. Deans - Branchburg Line

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Deans Substation to Branchburg Substation, a distance of approximately 20 miles.

Estimated investment	\$21,000,000
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PS shall construct and ACE and PS shall make available the following LDV facilities.

6. New Freedom Substation

Terminal facilities associated with the transmission lines described in items 2 and 4 above and with the Salem-New Freedom North Line; such facilities consisting principally of three 500/230-13.8 kV, 650 MVA transformers, each equipped with voltage regulating equipment and metering facilities to measure power flow at the 230 kV terminals; six 500 kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches and grounding devices, excluding relaying, metering and control facilities (see Schedule 6, item 4).

Estimated investment	\$12,549,000
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The facilities at New Freedom Substation shall also accommodate a terminal for the New Freedom-Forked River Line. Upon completion of the New Freedom-Forked River Line and connection to its terminal at New Freedom, an investment shall be allocated to JC and be removed from the above investment. The investment in permanent terminal facilities shall be equal in amount to the investment in specific facilities required for the line terminal, such as the A-frame, disconnecting switches and bus work, plus one-half the investment in the two 500 kV circuit breakers, necessary land, bus structures and disconnecting switches of the third switchgear bay, excluding relaying, metering and control facilities (see Schedule 6, item 4). If temporary facilities are provided for the New Freedom-Forked River Line, the interim investment allocated to JC shall be that associated with the facilities provided.

Estimated permanent investment	
allocated to JC	\$ 1,200,000

SCHEDULE 2

Effective: November 1, 1977

Facilities Provided by ACE

Reference: Sections 2.1 and 5.2

Atlantic City Electric Company (ACE) initially shall provide no facilities other than those owned in common.

SCHEDULE 3

Effective: November 1, 1977

Facilities Provided by DPL

Reference: Sections 2.1 and 5.2

Delmarva Power & Light Co. (DPL) shall construct and make available the following LDV facilities:

1. Peach Bottom - Keeney Line (Delaware Section)

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line right-of-way, extending from the Delaware/Maryland Boundary to Keeney Substation, a distance of approximately 4 miles.

Estimated investment \$ 1,591,000

2. Keeney Substation

Terminal facilities associated with the transmission lines described in items 1 above and 3 below consisting principally of two 500/230-13.8 kV, 650 MVA transformers, each equipped with voltage regulating equipment and metering facilities to measure power flow at the 230 kV terminals; four 500 kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment \$ 8,061,000

3. Keeney - Salem Line (Delaware Section)a. Other than the Delaware River Crossing

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Keeney Substation to the west bank of the Delaware River and from the east bank of the Delaware River to the Delaware/New Jersey state boundary, a combined distance of approximately 9 miles.

Estimated investment \$ 5,769,000

SCHEDULE 3

b. Delaware River Crossing

An aerial crossing of the river, to include steel structures, piling foundations with fender protection systems and a single circuit 500 kV, 3 phase, twin bundled conductor, 2505 kcmil AACSR each, transmission line, a distance of approximately 3 miles.

Estimated investment

\$22,671,000

SCHEDULE 4

Effective: November 1, 1977

Facilities Provided by JC

Reference: Sections 2.1 and 5.2

Jersey Central Power & Light Company (JC) shall construct and make available the following LDV facilities:

1. New Freedom - Forked River Line

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR equivalent each, steel and aluminum tower transmission line and right-of-way, extending from New Freedom Substation to the Forked River Switching Station, a distance of approximately 51 miles.

Estimated investment \$32,087,000

2. Forked River - Smithburg Line

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR equivalent each, steel and aluminum tower transmission line and right-of-way, extending from Forked River Switching Station to the Smithburg Substation, a distance of approximately 32 miles.

Estimated investment \$22,449,000

3. Smithburg - Deans Line

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR equivalent each, steel and aluminum tower transmission line and right-of-way, extending from Smithburg Substation to Deans Substation, a distance of approximately 18 miles.

Estimated investment \$14,842,000

SCHEDULE 4

4. Forked River Switching Station

Terminal facilities associated with the Forked River generator and the transmission lines described in items 1 and 2 above consisting principally of three 500 kV circuit breakers and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment \$ 6,400,000

5. Smithburg Substation

Terminal facilities associated with the transmission lines described in items 2 and 3 above consisting principally of two 500/230-34.5 kV, 870 MVA transformers, each equipped with voltage regulating equipment and metering facilities to measure power flow at the 230 kV terminals; four 500 kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment \$14,800,000

SCHEDULE 5

Effective: November 1, 1977

Facilities Provided by PE

Reference: Sections 2.1 and 5.2

Philadelphia Electric Company (PE) shall construct and make available the following LDV facilities:

1. Peach Bottom - Keeney Line (Maryland Section)

A single circuit 500 kV, 3 phase twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Peach Bottom Switching Station to the Maryland/ Delaware State Boundary, a distance of approximately 32 miles.

Estimated investment \$12,800,000

2. Peach Bottom Switching Station

Terminal facilities associated with the Peach Bottom generators and the transmission line described in item 1 above consisting principally of seven 500 kV circuit breakers and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment \$10,922,000

3. Whitpain Substation

Facilities consisting principally of one 500/230-13.8 kV, 650 MVA transformer equipped with voltage regulating equipment and metering facilities to measure power flow at the 230 kV terminals; two 500 kV circuit breakers; and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment \$ 4,715,000

SCHEDULE 6

Effective: November 1, 1977

Facilities Provided by PS

Reference: Sections 2.1 and 5.2

Public Service Electric and Gas Company (PS) shall construct and make available the following LDV facilities:

1. Salem-New Freedom North Line

A single circuit 500 kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Salem Switching Station to New Freedom Substation, a distance of approximately 40 miles.

Estimated investment	\$20,180,000
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2. Deans Substation

Terminal facilities associated with the New Freedom-Deans and Deans-Branchburg Lines consisting principally of three 500/230-13.8 kV, 650 MVA transformers, each equipped with voltage regulating equipment and metering facilities to measure power flow at the 230 kV terminals; six 500 kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment	\$16,673,000
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The facilities at Deans Substation shall also accommodate a terminal for the Smithburg-Deans Line. Upon completion of the Smithburg-Deans Line and connection to its terminal at Deans, an investment shall be allocated to JC and removed from the above investment, equal in amount to one-half the investment in the two 500 kV circuit breakers, necessary land, bus structures, disconnecting switches, relaying, telemetering and control facilities of the third switchgear bay.

Estimated existing investment allocated to JC	\$ 700,000
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SCHEDULE 6

In addition, the investment in new facilities that are required for establishment of the line terminal, such as the A-frame, disconnecting switches, bus work and line relaying, shall be allocated to JC

Estimated new investment allocated to JC	\$ 1,000,000
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3. Branchburg Substation

Terminal facilities associated with the Deans-Branchburg Line consisting principally of one 500 kV circuit breaker and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated investment	\$ 2,015,000
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4. New Freedom Substation

Control house and associated land; relaying, metering and control equipment in the control house associated with the Salem-New Freedom South and New Freedom-Deans Lines and the transmission line described in item 1 above.

Estimated investment	\$ 1,100,000
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Upon completion of the New Freedom-Forked River Line and connection to its terminal at New Freedom, an investment shall be allocated to JC and be removed from the above investment, equal in amount to the investment in the relaying, metering and control equipment in the control house associated with the terminal.

Estimated permanent investment allocated to JC	\$ 300,000
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SCHEDULE 7

Effective: November 1, 1977

The Allocation of Undivided Interests in Facilities Owned in Common

Reference: Sections 2.2

The respective undivided interests of the Station Owners, as tenants in common of the LDV facilities owned in common, with the exception of New Freedom Substation, shall be as shown in the following table:

<u>FACILITY</u>	<u>PS</u>	<u>PE</u>	<u>ACE</u>	<u>DPL</u>
	%	%	%	%
Keeney-Salem Line (NJ Section)	42.55	42.55	13.90	1.00
Salem-New Freedom South Line	42.55	42.55	13.90	1.00
Salem Switching Station	42.55	42.55	7.45	7.45
New Freedom-Deans Line	42.55	42.55	13.90	1.00
Deans-Branchburg Line	42.55	42.55	13.90	1.00

SCHEDULE 8

Effective: November 1, 1977

The Allocation of Undivided Interests in New Freedom Substation

Reference: Section 2.3

The respective undivided interests of ACE and PS as tenants in common in the New Freedom Substation facilities owned in common shall be 21.78% and 78.22% respectively.

SCHEDULE 9

Effective: November 1, 1977

Charges for Terminal Facilities Provided for JC

Reference: Schedules 1, 4, and 6

Upon completion of each of the Smithburg-Deans and New Freedom-Forked River Lines and their connection at Deans Substation and New Freedom Substation respectively, JC shall make monthly payments to PS and ACE at the rate of one and twenty-five one-hundredths percent (1.25%) of their respective ownership interests in the facilities allocated for use by JC. Such payments shall be time-weighted for partial months.

SCHEDULE 10

Effective: November 1, 1977

Investment Responsibility

Reference: Section 5.1

The total LDV investment responsibility shall be equal to the total LDV investment by the Station Owners.

The LDV investment responsibility of each Station Owner shall be based on the percent share of each Station Owner in the combined jointly-owned generating capacity of Peach Bottom and Salem as follows:

ACE	7.45%
DPL	7.45%
PE	42.55%
PS	42.55%

SCHEDULE 11

Effective: November 1, 1977

Net Monthly Charges and Credits

Reference: Section 5.1

1. Computation of Monthly Charges and Credits

Monthly charges and credits are computed as follows and as illustrated in Exhibit A:

(a) Step One

The real and business personal property taxes (excluding franchise taxes, capital stock taxes, and gross receipts or other taxes in lieu of property taxes) and permit and license fees and rentals (not capitalized) incurred by the Station Owners which are directly related to their respective LDV investments shall be allocated among all Station Owners in the proportions which their respective LDV investment responsibilities bear to the total of such responsibilities. Each Station Owner incurring such expense in excess of its allocated responsibility for such expense shall be credited with the amount of such excess. Each Station Owner having an allocated responsibility for such expense in excess of the expense incurred by it shall be charged with the amount of such excess. The taxes, fees and rentals used for monthly billing during a calendar year shall be the actual amounts which applied in the previous calendar year.

(b) Step Two

In each month that the Station Owner's time-weighted average LDV investment in that month exceeds its time-weighted average LDV investment responsibility in that month, said Station Owner will be credited with one and twenty-five one-hundredths percent (1.25%) of the amount of such excess. In each month that the Station Owner's time-weighted average LDV investment responsibility in that month exceeds its time-weighted average LDV investment in that month, said Station Owner will be charged with one and twenty-five one-hundredths percent (1.25%) of the amount of such excess. Estimated investment data shall be used for computation of monthly charges and credits until actual data are available. Adjustment shall be made to reflect actual investment retroactive to the effective date of the investment, subject to approval of the Administrative Committee.

SCHEDULE 11

2. Revision of the Basis for Computation of Charges and Credits

Any Station Owner, at any time, may request a revision of the basis for computation of charges and credits provided for in item 2. If all Station Owners do not agree to the revision requested, or to a modification thereof, then, upon at least one year's written notice to all other Station Owners, any Station Owner may initiate a change in such basis for computation in the manner provided by law.

SCHEDULE 11

Exhibit A

Illustration of Computation of Monthly Charges and Credits

	(1) Schedules 2, 3, 5 & 6	(2) Schedules 1 & 7	(3) Schedules 1 & 8	(4)	(5)	(6)
Station Owner	Individual LDV Investment \$	Joint LDV Investment \$	Joint New Freedom Substation Investment \$	Total LDV Investment (1)+(2)+(3) \$	Percent	LDV Investment Responsibility [Total (4)] x (5) \$
ACE	0	17,455,000	2,733,000	20,188,000	7.45	18,724,400
DPL	38,092,000	2,257,000	0	40,349,000	7.45	18,724,400
PE	28,437,000	56,288,000	0	84,725,000	42.55	106,942,600
PS	39,968,000	56,288,000	9,816,000	106,072,000	42.55	106,942,600
Total	106,497,000	132,288,000	12,549,000	251,334,000	100.00	251,334,000

	(7)	(8)	Step One			Step Two		(14)	(15)
Station Owner	Excess of Investment Responsibility Over Investment (6)-(4) \$	Excess of Investment Over Investment Responsibility (4)-(6) \$	(9) Monthly Taxes And Fees \$	(10) Monthly Charges [(5) x Total (9)] \$	(11) Monthly Credit (9) - [(5) x Total (9)] \$	(12) Monthly Charges 1.25% of (7) \$	(13) Monthly Credit 1.25% of (8) \$	Net Monthly Charges for LDV System (10)+(12) -(11)-(13) \$	Net Monthly Credit for LDV System (11)+(13) -(10)-(12) \$
ACE	0	1,463,600	8	1,875	0	0	18,295	0	16,420
DPL	0	21,624,600	10,962	0	9,079	0	270,307	0	279,386
PE	22,217,600	0	12,762	0	2,005	277,720	0	275,715	0
PS	870,600	0	1,548	9,209	0	10,882	0	20,091	0
Total	23,088,200	23,088,200	25,280	11,084	11,084	288,602	288,602	295,806	295,806

SCHEDULE 12

Effective: November 1, 1977

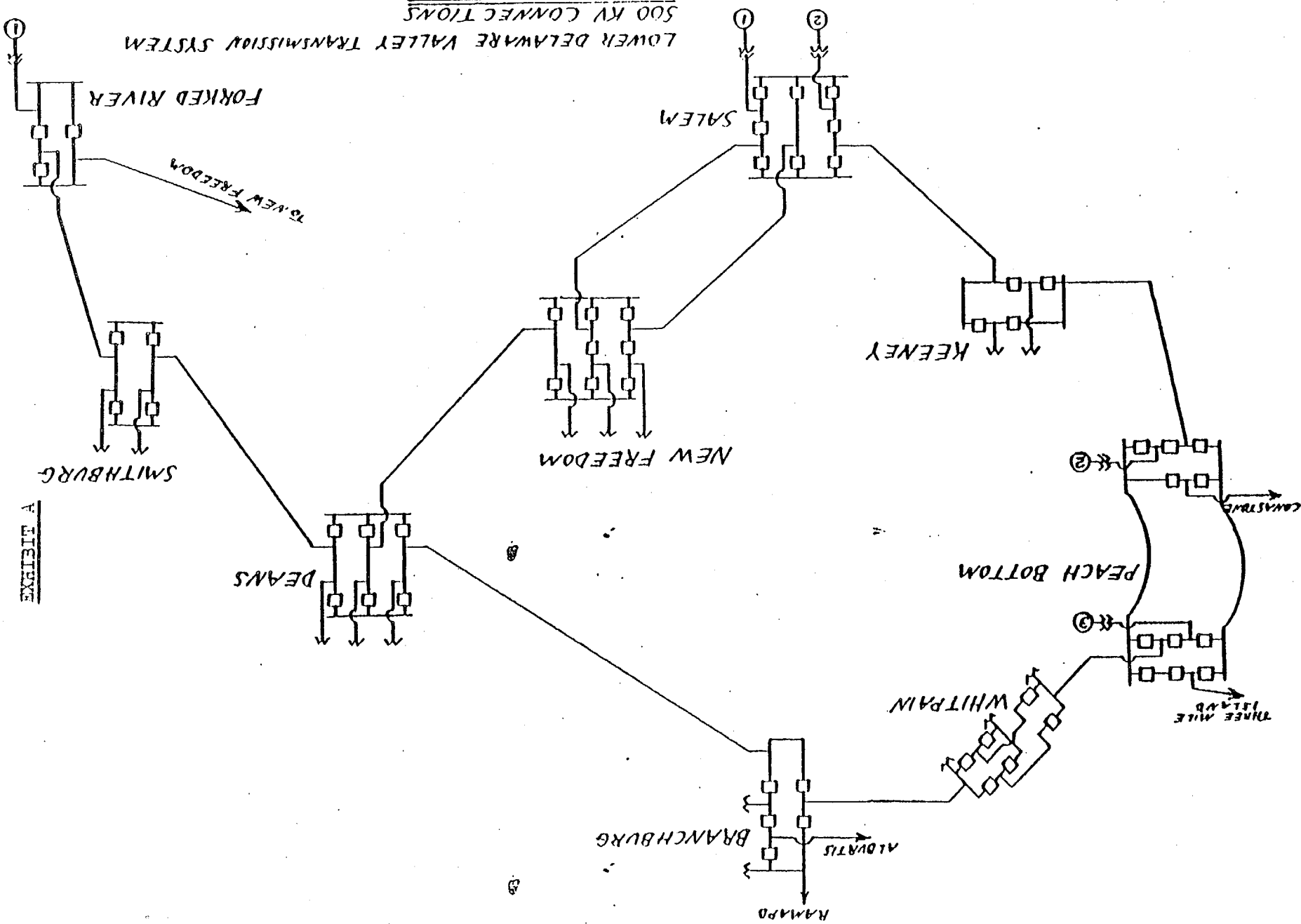
Determination of LDV Losses

Reference: Section 6.1

1. The total losses on the LDV and other 500 kV systems within the PJM Interconnection connected thereto (herein called the Total Connected System) shall be the difference between the metered energy input to and the metered energy output from the Total Connected System.
2. The LDV losses shall be the product of the total losses and an allocation factor for the LDV developed by computer analyses. Such analyses shall determine: (1) the computed losses for each individual line of the Total Connected System under supply conditions appropriately representing the total PJM Interconnection; and (2) flows in each line under such other conditions as may be required to determine that portion of flow in each line attributable only to delivery of the generated output of the Peach Bottom units No. 2 and No. 3 and the Salem units No. 1, No. 2 and No. 3 to their owners. The computed loss in each line shall be allocated to the LDV in proportion to the flow in that line attributed thereto. The allocation factor shall be the ratio of the sum of such allocated losses in the individual lines to the total computed losses.
3. The allocation factor shall be redetermined whenever the generation or transmission connected to the Total Connected Systems, or any other quantity entering into the determination, changes significantly.

SCHEDULE 12

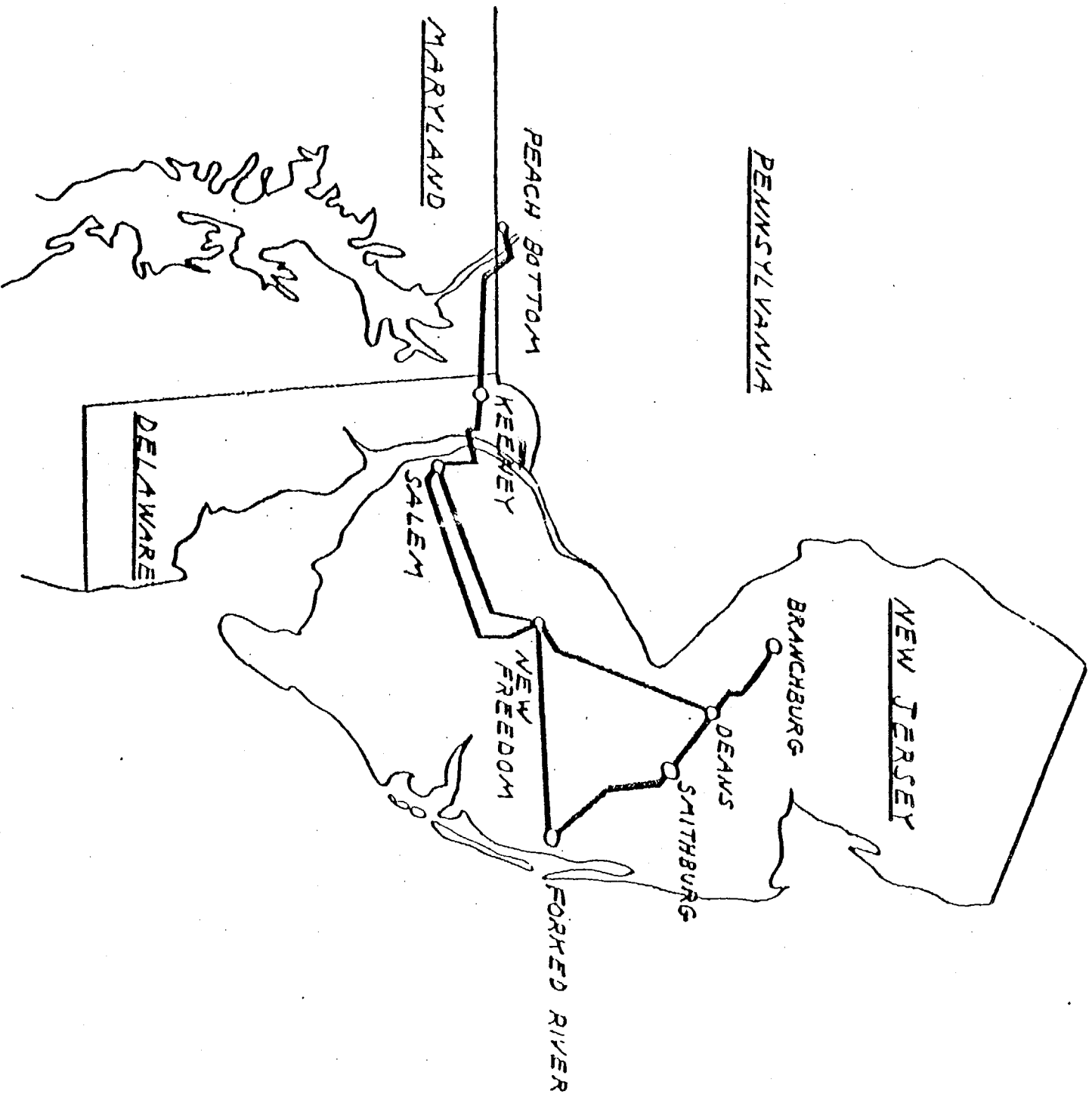
4. Whenever the LDV is used as provided for in Section 8.3, that portion of the LDV losses attributable to such use, as determined by the Administrative Committee, may be assigned to the entity responsible for such use and subtracted from the LDV losses to be allocated as provided in Section 6.2.



9/27/77

EXHIBIT B

EXHIBIT 3 TO
SUPPLEMENT NO. 12 TO
RATE SCHEDULE PERC NO. 45
Effective November 1, 1977



LOWER DELAWARE VALLEY TRANSMISSION SYSTEM
LOCATION OF FACILITIES

9/27/77

LDV AGREEMENT

Sheet 1 of 3
Issued: 4/13/81
Effective: 10/1/80

SCHEDULE 13

DETERMINATION OF USE AND USE ENTITLEMENT
OF THE LDV SYSTEM BY THE SIGNATORIES
AND ACCOUNTING FOR OVERUSE

Section 8.3 makes provisions for the use of the LDV System for purposes compatible with but other than those described in Section 8.3, with the prior approval of the signatories.

The following procedures shall be applied to determine each signatory's use of the LDV System, its use entitlement, charges for any use beyond its use entitlement ("overuse"), and the allocation of the payments of those charges among the signatories. For the purpose of these determinations, the LDV System shall include all facilities constructed and made available by the Station Owners as shown in Schedules 1, 2, 3, 5 and 6 of the LDV Agreement.

I. Determination of Use

This procedure is designed to determine for each signatory its use of the LDV System to service its load and to transmit any transactions it has arranged, using only the transmission facilities to which it has use entitlement. This procedure is as follows:

- A) Determine by computer analysis for each signatory the flow on each facility of the LDV System under the following conditions:
 - 1) Represent the total combined transmission systems of the signatories and disconnect all transmission facilities which the signatory has no entitlement to use.
 - 2) Signatory load set equal to its actual diversified peak in the immediately preceding Planning Period, determined in a manner consistent with the procedures set forth in Schedule 2.211 of the PJM Agreement, and all other signatory loads set equal to zero.
 - 3) Peach Bottom and Salem generation set equal to the signatory's share of the net capability of the stations in accordance with Schedule 10 of the Agreement or revision thereof, the remainder of its owned and contracted-for generation economically dispatched, and all other signatories' generation set equal to zero.

- 4) Represent any transaction between the signatory and others as a block of generation or load at the appropriate tie points.
- B) Determine each signatory's MW-miles use of each facility of the LDV System by multiplying the flow determined in I(A) by line length in miles for lines and by 10 miles for each transformer.

II. Determination of Use Entitlement

- A) Determine the total effective operating capability of the LDV System as the sum of the MW-miles effective operating capability of each facility calculated by multiplying its summer normal capability sequentially by:
 - 1) 0.8 to provide a margin for operating contingencies;
 - 2) Line length in miles and 10 miles for each transformer.
- B) Determine each signatory's use entitlement by multiplying the sum determined in II(A) by its percentage of investment responsibility determined as follows:
 - a) Prior to the date on which the Deans-Smithburg 500 kV line and the first Smithburg 500/230 kV transformer are placed in service -- the percentages for the Station Owners shall be as shown in Schedule 10 of the Agreement and shall be zero for JC;
 - b) After the date on which the Deans-Smithburg 500 kV line and the first Smithburg 500/230 kV transformer are placed in service -- the percentages for the Station Owners as shown in Schedule 10 of the Agreement shall be adjusted to reflect a percentage responsibility for JC based on its allocation of investment in accordance with Article II of the Smithburg Substation Supply Agreement between the same Signatories.

III. Determination of Use in Excess of Entitlement (Overuse)

Each signatory's overuse shall be the excess, if any, of the sum of its use of the LDV System as determined in I(B) over its use entitlement as determined in II(B).

IV. Determination of Charges for Overuse

The monthly charge to each signatory for its overuse of the LDV System shall be calculated as:

- A) The LDV System investment;
- B) Divided by the effective operating capability for the LDV System in MW-miles determined in II(A);
- C) Multiplied by the rate used to compute the net monthly charges and credits, adjusted for taxes, under Schedule 11 of the Agreement or revision thereof;
- D) Multiplied by the MW-miles of overuse as determined in III.

V. Billing for Overuse

- A) Since the use of the LDV System by a signatory as determined in I is a function of its actual diversified peak, such use will be calculated at least annually in June based on actual company peaks during the preceding Planning Period and the transmission facilities represented by the investment in the LDV System effective for monthly billing as of January 1 in the preceding Planning Period. Charges determined by such calculation will be billed by the billing agent for the LDV System for each month of the succeeding Planning Period.
- B) Use and entitlement will be recalculated upon request of the Administrative Committee or a signatory whenever changes occur in system conditions which could modify the results. Any modifications in charges resulting from such recalculation will become effective as directed by the Administrative Committee.

VI. Allocation of Payments for Overuse

Payments for overuse of the LDV System as determined in IV will be allocated in proportion to each signatory's percentage of investment responsibility as determined in IIB. However, in the event that the overuse associated with any such allocated payment to a signatory (or signatories) in combination with that signatory's use exceeds that signatory's entitlement then the payments associated with such excess shall be allocated instead among the other signatories in proportion to their respective percentages of investment responsibility as determined in II(B).

LDV AGREEMENT

Sheet 1 of 2

Issued: 4/13/81

Effective: 10/1/80

SCHEDULE 14

DETERMINATION OF USE OF THE LDV SYSTEM
INVOLVING ONLY NON-SIGNATORIES
AND ACCOUNTING FOR SUCH USE

Section 8.3 makes provision for the use of the LDV System for purposes compatible with but other than those described in Section 8.3 with the prior approval of the signatories.

The following procedures shall be applied to determine use of the LDV System involving only non-signatories to the Agreement, charges for such use, and the allocation of the payments of those charges among the signatories. For the purpose of these determinations, the LDV System shall include all facilities constructed and made available by the Station Owners as shown in Schedules 1, 2, 3, 5 and 6 of the Agreement. Redeterminations according to these procedures shall be made whenever changes occur in system conditions which could modify the results.

Any use of the LDV System involving only non-signatories shall be under agreement between that signatory which is delivering the transaction or a designated agent acting for the signatories, and the non-signatory which is receiving the transaction.

I. Determination of Use

- A) Determine by computer analysis for each transaction between non-signatories the flow on each facility of the LDV System under the following conditions:
 - 1) The total transmission system to be represented shall consist of all 500 kV transmission facilities of the signatories to the EHV Agreement and any other transmission facilities of those signatories which the non-signatories are entitled to use.
 - 2) Represent the transaction between the non-signatories as blocks of generation at the points where the transaction enters the represented transmission system and as blocks of loads at the points where the transaction leaves the represented transmission system.
 - 3) Set all other generation and loads to zero.

- B) Determine each transaction's MW-miles use of each facility of the LDV System by multiplying the flow determined in I(A) by line length in miles for lines and by 10 miles for each transformer.

II. Determination of Charges for Use

The monthly charge to the delivering signatory or designated agent for use of the LDV System involving only non-signatories shall be calculated as:

- A) The LDV investment;
- B) Divided by the effective operating capability for the LDV System in MW-miles as determined in Schedule 13 subpart II(A) of the Agreement or revision thereof;
- C) Multiplied by the rate used to compute the net monthly charges and credits, adjusted for taxes, under Schedule 11 of the Agreement or revision thereof;
- D) Multiplied by the sum of MW-miles of use of the LDV System as determined in I(B).

III. Billing for Use

- A) Charges determined in II will be billed by the billing agent for the LDV System to the delivering signatory or designated agent for each month during which the transaction is effective.
- B) Use will be recalculated upon request of the Administrative Committee or a signatory whenever changes occur in system conditions which could modify the results. Any modifications in charges resulting from such recalculation will become effective as directed by the Administrative Committee.

IV. Allocation of Payments for Use

Payments for use as determined in II will be allocated in proportion to each signatory's percentage of investment responsibility as determined in Schedule 13 Subpart II(B) of the Agreement or revision thereof.

SMITHBURG SUBSTATION SUPPLY AGREEMENT

THIS AGREEMENT, made and entered into this thirtieth day of September, 1977, by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation (herein called ACE); DELMARVA POWER & LIGHT COMPANY, a Delaware corporation (herein called DPL); JERSEY CENTRAL POWER & LIGHT COMPANY, a New Jersey corporation (herein called JC); PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation (herein called PE); and PUBLIC SERVICE ELECTRIC AND GAS COMPANY, a New Jersey corporation (herein called PS).

WITNESSETH:

WHEREAS, the signatories hereto are all signatories to the Lower Delaware Valley Transmission System Agreement (LDV Agreement) under which they are providing various 500 kV transmission lines and other facilities constituting the LDV Transmission System (LDV); and

WHEREAS, pending completion of the facilities it is to provide under the LDV Agreement, JC wishes to make use of LDV facilities provided by others in order to supply capacity and energy from Deans Substation to its 500 kV substation at Smithburg; and

WHEREAS, in the LDV Agreement an appropriate allocation of payments is provided for under Article 8.3 for uses compatible with the intended function of LDV;

NOW, THEREFORE, the signatories hereto, each in consideration of the agreement of the others, herein set forth, mutually agree as follows:

ARTICLE I

LDV Facilities To Be Used by JC

1.1 As provided for in the LDV Agreement, JC is to construct and own a 500 kV transmission line from Smithburg Substation to Deans Substation.

1.2 For the purpose of determining JC's use of LDV facilities provided by others, supply of capacity and energy to Smithburg Substation shall be considered to flow on the Deans-Branchburg Line (Item 5, Schedule 1, LDV Agreement) and its associated terminals and the allocation of total use of the line and its associated terminals shall be 25% to JC for supply to Smithburg Substation and 75% to the other signatories.

ARTICLE II

Basis and Allocation of Payments by JC

2. Payment shall be made monthly by JC at the rate of one and twenty-five one-hundredths percent (1.25%) of twenty-five percent (25%) of the original cost, plus additions and less retirements, of the Deans-Branchburg Line, the associated terminal facilities at Branchburg Substation (Item 3, Schedule 6, LDV Agreement) and the associated terminal facilities at Deans Substation (part of Item 2, Schedule 6, LDV Agreement), including overheads reasonably applicable thereto and allowance for funds used during construction (AFDC). The cost for the terminal facilities at Deans shall be the investment in specific facilities required for the line terminal, such as the A-frame, disconnecting switches, bus work and line relaying, plus one-half the cost of the two 500 kV circuit breakers, necessary land, bus structures, disconnecting switches, relaying, telemetering and control of facilities of the first switchgear bay.

2.2 The costs referred to in 2.1 shall be those used in determining monthly payments under the LDV Agreement. Estimated costs shall be used until actual costs are available, at which time retroactive adjustment shall be made to the initial effective date of payments by JC.

2.3 The monthly payment by JC shall be allocated among the other signatories hereto in the following proportions:

PS	42.55%
PE	42.55%
ACE	7.45%
DPL	7.45%
	<u>100.00%</u>

2.4 The estimated costs and the resulting estimated monthly allocated payments are as follows:

A. Estimated Costs:

Deans-Branchburg Line	\$21,000,000
Branchburg Terminal Facilities	2,015,000
Deans Terminal Facilities	<u>1,500,000</u>
	\$24,515,000

B. Estimated Monthly Allocated Payments:

PS	\$32,597
PE	32,597
ACE	5,707
DPL	<u>5,707</u>
	\$76,608

2.5 Payment of the total monthly amount shall be made by JC to PS, as the billing agent under the LDV Agreement, by the tenth working day of the next succeeding month for credit or distribution to the signatories in the proportions set forth in 2.4. Payments shall be time-weighted to reflect any changes in investment during a month and shall be pro-rata for partial months. Interest on uncollected amounts shall accrue daily from the date due until the day upon which collection is made at a

rate equal to one hundred thirty percent (130%) of the prime rate per annum as established from time-to-time during such period of delinquency by the Chase Manhattan Bank (National Association) or its successor.

ARTICLE III

Effective Date, Termination, Assignment and Idemnity

3.1 This Agreement shall become effective as of November 2, 1977. Charges shall commence as of the first day on which the Deans-Smithburg 500 kV transmission line and the first Smithburg 500/230 kV transformer are placed in service.

3.2 When JC places in service the Forked River-Smithburg and New Freedom-Forked River Lines to complete the 500 kV loop from New Freedom to Deans via Forked River and Smithburg, this Agreement shall terminate and payments shall cease.

3.3 The rights and obligations created by this Agreement shall inure to and bind the successors and assigns of the respective signatories hereto, provided, however, that they shall not be assignable by any signatory without the written consent of the other signatories, except to a successor acquiring the properties of such signatory.

3.4 If, and to the extent that, any transaction pursuant to this Agreement shall require the authorization of any governmental body, the rights and obligations of the signatories hereto shall be subject to obtaining such authorization and the signatories hereto agree to use their best efforts to obtain such authorization.

3.5 The PS representative on the LDV Administrative Committee is hereby authorized to file with the Federal Power Commission on behalf

of all the signatories hereto, this Agreement and any amendments or supplements thereto.

3.6 The provisions of Section 9.1 and 9.2 of Article IX of the LDV Agreement shall be applicable hereto.

IN WITNESS WHEREOF, the signatories hereto have caused these presents to be signed in their respective names, each by duly authorized officers, as of the day and year first above written.

ATLANTIC CITY ELECTRIC COMPANY

BY F. J. Fiacchetti
Vice President

DELMARVA POWER & LIGHT COMPANY

BY James K. Wiley
Senior Vice President

JERSEY CENTRAL POWER & LIGHT COMPANY

BY E. P. Mendenhall
Vice President

PHILADELPHIA ELECTRIC COMPANY

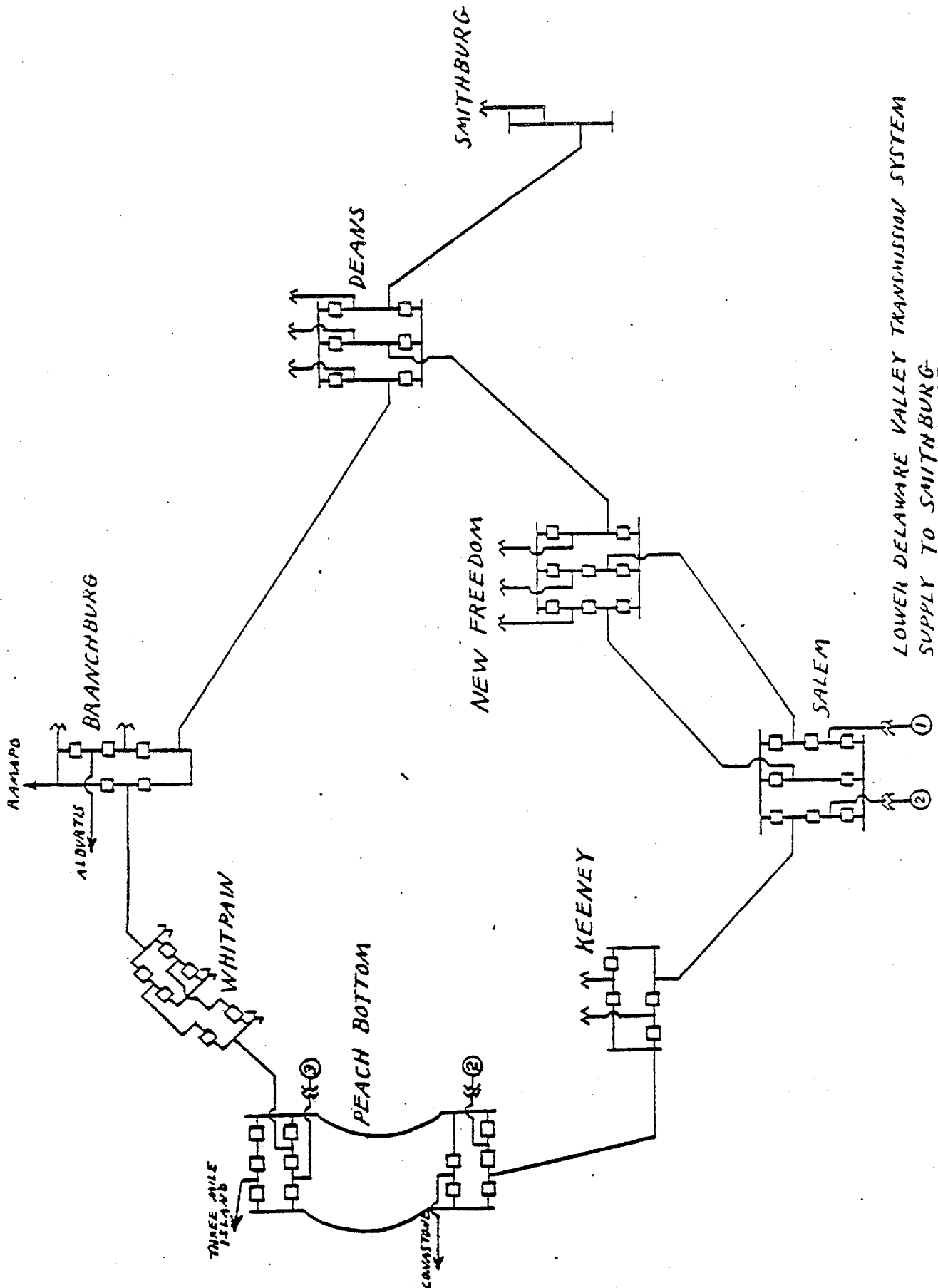
BY Wynne C. Arthy
Vice President

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

BY Charles H. Hoffman
Senior Vice President

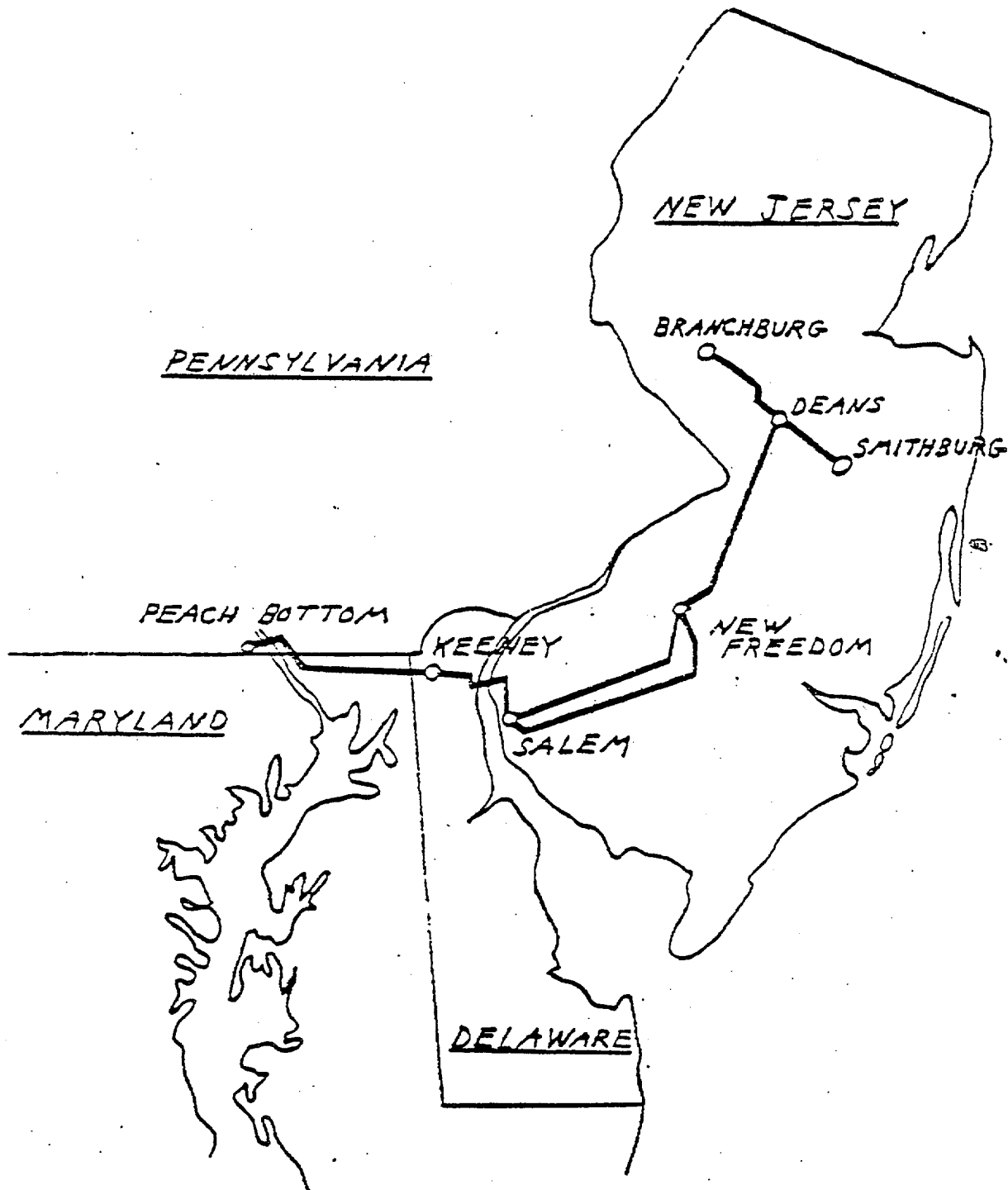
EXHIBIT A

EXHIBIT A TO
SUPPLEMENT NO. 13 TO
RATE SCHEDULE FERC NO. 45
Effective November 2, 1977



9/27/77

EXHIBIT B



LOWER DELAWARE VALLEY TRANSMISSION SYSTEM
LOCATION OF FACILITIES

9/27/77

SUPPLY TO SMITHBURG

SUPPLEMENTAL AGREEMENT TO THE
LOWER DELAWARE VALLEY TRANSMISSION SYSTEM AGREEMENT

BETWEEN

ATLANTIC CITY ELECTRIC COMPANY
DELMARVA POWER & LIGHT COMPANY
JERSEY CENTRAL POWER & LIGHT COMPANY
PHILADELPHIA ELECTRIC COMPANY
PUBLIC SERVICE ELECTRIC AND GAS COMPANY

This Supplemental Agreement to the Lower Delaware Valley (LDV) Transmission System Agreement dated September 30, 1977, as supplemented (AGREEMENT), provides for the joint ownership of the reconstructed Delaware River crossing of the Hope Creek-Keeney line which was damaged by a tanker, the interconnection of transmission facilities associated with the Hope Creek Nuclear Generating Station, the cancellation of the Forked River Generating Station and the potential need to provide alternative routing for certain transmission facilities to be provided by Jersey Central Power & Light Company.

THIS SUPPLEMENTAL AGREEMENT, made and entered into this 6th day of April, 1990, by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey corporation (ACE); DELMARVA POWER & LIGHT COMPANY, a Delaware and Virginia corporation (DPL); JERSEY CENTRAL POWER & LIGHT COMPANY, a New Jersey corporation (JC); PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania corporation (PE); and PUBLIC SERVICE ELECTRIC AND GAS COMPANY, a New Jersey corporation (PS).

WITNESSETH;

WHEREAS, the signatories hereto are signatories to an agreement dated September 30, 1977, as supplemented, known as the Lower Delaware Valley Transmission System Agreement (AGREEMENT); and

WHEREAS, ACE, DPL, PE and PS are identified in said AGREEMENT as Station Owners, being owners in common of undivided interests in Peach Bottom Atomic Power Station units No. 2 and No. 3 (Peach Bottom) at Peach Bottom located in York County, Pennsylvania and Salem Nuclear Generating Station units No. 1, No. 2, and No. 3 (Salem) located in Salem County, New Jersey; and

WHEREAS, said AGREEMENT describes the facilities comprising the Lower Delaware Valley Transmission System (LDV); and

WHEREAS, ACE and PS are owners in common of undivided interests in Hope Creek Nuclear Generating Station unit No. 1 (Hope Creek) located in Salem County, New Jersey, and associated transmission facilities which are interconnected with the LDV Transmission System and said owners are also identified as Station Owners under the AGREEMENT; and

WHEREAS, ACE, DPL, PE and PS are owners in common of undivided interests in the transmission line facilities installed to replace the portions of the Hope Creek-Keeney 500 kV line damaged and retired by the collision of a tanker with a tower of that line's crossing of the Delaware River, and said owners have agreed to share the operating and maintenance expenses of the jointly owned facilities; and

WHEREAS, JC cancelled its previously planned Forked River Generating Station due to financial and regulatory uncertainties; and

WHEREAS, the Federal Government and the State of New Jersey have promulgated additional environmental requirements and restrictions which impact a portion of the planned New Freedom - Forked River - Smithburg transmission facilities ("Seashore Loop" segment of the LDV system) to be provided by JC as described in Schedule 4 of the Agreement; and

WHEREAS, alternatives to the originally planned Seashore Loop are being developed in response to the changed conditions and requirements; and

WHEREAS, the AGREEMENT anticipated the need for revisions to conform to changing conditions to carry out the intentions of the AGREEMENT; and

WHEREAS, it is desired to amend the AGREEMENT to provide for the joint ownership of the reconstructed river crossing of the Hope Creek-Keeney line, the interconnection of the Hope Creek transmission facilities, the cancellation of the Forked River Generating Station and alternative routing for the 500-kV Seashore Loop.

NOW, THEREFORE, the signatories hereto hereby agree as follows:

Section I The AGREEMENT shall be and is hereby amended:

- A. By inserting the following sentence after the first sentence of Section 3.1: "The jointly-owned facilities in Delaware shall be constructed by DPL".
- B. By inserting the words "and DPL" or "and DPL's", as appropriate, after "PS" in Sections 3.3, 9.3, and 9.5.

C. By adding the following in Section 4.1:

"Schedule 13	Determination of Use and Use Entitlement of the LDV System by the Signatories and Accounting for Overuse
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Schedule 14	Determination of Use of the LDV System Involving Only Non-Signatories and Accounting for Such Use
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Schedule 15	Allocation and Billing for Operating and Maintenance Expenses for the Jointly-Owned River Crossing of the Hope Creek-Keeney Line"
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D. By changing the title of the Commission referred to in Section 4.3 from "Federal Power" to "Federal Energy Regulatory".

E. By changing the number of the sixth section under Article V from 5.6 to 5.5 and inserting the word "monthly" after the word "net", wherever it appears in that section.

- F. By changing the number of the fifth section under Article V from "5.5" to "5.6", deleting the first two sentences and inserting in lieu thereof the following:

"PS, as billing agent for LDV, shall make collections and disbursements by wire transfer of immediate available funds pursuant to the bills and statements of Section 5.5 on the fifteenth working day of the next succeeding month, but the billing agent shall have no responsibility to make payment of credits except to the extent of the funds received by it pursuant to this Section 5.6."

- G. By deleting Section 6.2 and inserting in thereof the following:

"6.2 The LDV losses attributable to JC's use of LDV shall be allocated to JC as determined by the Administrative Committee. The remainder of the LDV losses shall be allocated to the owners of Peach Bottom and Salem and the owners of Hope Creek using allocation factors determined in accordance with Schedule 12 and such allocated shares of the remaining losses shall be allocated to the station owners in proportion to their ownership share of the stations.

- H. By adding the following sentence to Section 7.2:
"DPL shall operate and maintain the jointly-owned facilities in Delaware."
- I. By inserting the words "and DPL" after "PS" wherever it appears, and insert the words "and Delaware respectively" after "New Jersey", in Section 7.3.
- J. By replacing the words "Forked River" with the words "Hope Creek" in Section 8.3.
- K. By deleting the words "in New Jersey" in Section 9.3 and 9.5 and the words "provided in New Jersey" in Section 9.4.
- L. By changing the initial period of the AGREEMENT's effectiveness from "forty (40)" to "fifty (50)" years in Section 11.1.

Section II Except as hereinabove provided, the terms and conditions of the AGREEMENT shall remain in full force and effect.

Section III This SUPPLEMENTAL AGREEMENT shall become effective as of March 1, 1987.

IN WITNESS WHEREOF, the signatories hereto have caused these presents to be signed in their respective names, each by their duly authorized officers, as of the day and year first above written.

ATLANTIC CITY ELECTRIC COMPANY

By

Bertram LeMunyon
Bertram LeMunyon
Vice President - Power Delivery

DELMARVA POWER & LIGHT COMPANY

By

Ralph E. Klesius
Ralph E. Klesius
Vice President, Engineering and
System Operations

JERSEY CENTRAL POWER & LIGHT COMPANY

By

Carl R. Fruehling
Carl R. Fruehling
Vice President - T&D Engineering &
Operations

PHILADELPHIA ELECTRIC COMPANY

By

R. F. Holman
R. F. Holman
Senior Vice President, Operations

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By

Frank Cassidy
Frank Cassidy
Vice President - Transmission Systems

SCHEDULE 1

Revision No. 1

Effective March 1, 1987

Facilities Owned in Common

Reference: Sections 2.1 and 5.2

PS shall construct for the owners of Peach Bottom and Salem who shall make available the following LDV facilities:

1. Keeney - Hope Creek Line (NJ Section)

A single circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from the New Jersey/Delaware State Boundary a distance of approximately 13 miles where it connects with a similar line described in Item 7 below.

Investment as of 9/30/89

\$9,300,462

2. Salem - New Freedom Line

A single circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Salem Switching Station to New Freedom Substation, a distance of approximately 50 miles.

Investment as of 9/30/89

\$20,341,974

3. Salem Switching Station

Terminal facilities associated with the Salem generators, with the transmission lines described in Items 2 above and 6 below and Item 1 of Schedule 6; such facilities consisting principally of eight 500-kV circuit breakers and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Investment as of 9/30/89

\$14,862,699

4. Salem - Deans Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from a point near New Freedom Substation to Deans Substation, a distance of approximately 68 miles. This line connects at a point near New Freedom Substation with a similar line described in Item 10 below.

Investment as of 9/30/89

\$64,377,754

5. Deans - Branchburg Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Deans Substation to Branchburg Substation, a distance of approximately 20 miles.

Investment as of 9/30/89

\$19,559,147

6. Hope Creek - Salem Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Salem Switching Station a distance of approximately 0.3 miles where it connects with a similar line described in Item 9 below.

Investment as of 9/30/89

\$214,626

PS shall construct for the owners of Hope Creek who shall make available the following facilities:

7. Keeney - Hope Creek Line (NJ Section)

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Hope Creek Switching Station a distance of approximately 0.2 miles where it connects with a similar line of PS described in Item 1 above.

Investment as of 9/30/89

\$651,616

8. Hope Creek - New Freedom Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Hope Creek Switching Station a distance of approximately 0.2 miles where it connects with a similar line of PS described in Item 2 of Schedule 6.

Investment as of 9/30/89

\$651,616

9. Hope Creek - Salem Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Hope Creek Switching Station a distance of approximately 0.2 miles where it connects with a similar line described in Item 6 above.

Investment as of 9/30/89

\$651,616

10. Salem - Deans Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way extending from near Salem Switching Station to near New Freedom Substation, connecting similar line segments described in Item 4 above and Item 1 in Schedule 6, a distance of approximately 43 miles.

Investment as of 9/30/89

\$36,517,253

11. Hope Creek Switching Station

Terminal facilities associated with the Hope Creek generator, with the transmission lines described in Items 7, 8 and 9 above; such facilities consisting principally of five 500-kV circuit breakers and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Investment as of 9/30/89

\$50,481,851

DPL shall reconstruct for the owners of Peach Bottom and Salem who shall make available the following LDV facilities:

12. Keeney - Hope Creek Line (Delaware Section)Delaware River Crossing

All facilities required to replace those destroyed by a tanker and retired on March 1, 1987 to provide an aerial crossing of the river including steel structures, piling foundations with fender protection system and a single-circuit 500-kV, 3 phase, twin-bundled conductor, 2505 kcmil AACSR each, transmission line, a distance of approximately 3 miles.

Investment as of 9/30/89

\$13,762,806

PS shall construct and ACE and PS shall make available the following LDV facilities.

13. New Freedom Substation

Terminal facilities associated with the transmission lines described in Item 2 above and with the Hope Creek-New Freedom Line; such facilities consisting principally of three 500/230-13.8-kV, 650 MVA transformers, each equipped with voltage regulating equipment and metering facilities to measure power flow at the 230-kV terminals; six 500-kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches and grounding devices, excluding relaying, metering and control facilities (see Schedule 6, Item 5).

Investment as of 9/30/89

\$16,277,742

SCHEDULE 3

Revision No. 1

Effective March 1, 1987

Facilities Provided by DPL

Reference: Sections 2.1 and 5.2

Delmarva Power & Light Co. (DPL) shall construct and make available the following LDV facilities:

1. Peach Bottom - Keeney Line (Delaware Section)

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from the Delaware/Maryland Boundary to Keeney Substation, a distance of approximately 4 miles.

Investment as of 9/30/89

\$1,609,047

2. Keeney Substation

Terminal facilities associated with the transmission lines described in Items 1 above and 3 below, consisting principally of two 500/230-13.8-kV, 650 MVA transformers, each equipped with voltage regulating equipment and metering facilities to measure power flow at the 230-kV terminals; four 500-kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Investment as of 9/30/89

\$8,223,956

3. Keeney - Hope Creek Line (Delaware Section)

a. Other than the Delaware River Crossing

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from Keeney Substation to the west bank of the Delaware River and from the east bank of the Delaware River to the Delaware/New Jersey state boundary, a combined distance of approximately 9 miles.

Investment as of 9/30/89

\$7,088,686

b. Delaware River Crossing (Original Construction)

Facilities not destroyed by a tanker and retired on March 1, 1987 and which, together with the reconstructed facilities (ref. Schedule 1, Item 12) provide an aerial crossing of the river, including steel structures, piling foundations with fender protection systems and a single-circuit 500-kV, 3 phase, twin-bundled conductor, 2505 kcmil AACSR each, approximately 3 miles.

Investment as of 9/30/89.

\$13,781,619

SCHEDULE 4

Revision No. 1

Effective March 1, 1987

Facilities Provided by JC

Reference: Sections 2.1 and 5.2

Jersey Central Power & Light Company (JC) shall construct and make available the following LDV facilities or such alternative facilities as are mutually agreeable among the signatories with respect to Items 1, 2 and 4:

1. New Freedom - Forked River Line

A single circuit 500-kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR equivalent each, steel and aluminum tower transmission line and right-of-way, extending from New Freedom Substation to the Forked River Switching Station, a distance of approximately 51 miles.

Estimated Investment \$32,087,000

2. Forked River - Smithburg Line

A single circuit 500-kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR equivalent each, steel and aluminum tower transmission line and right-of-way, extending from Forked River Switching Station to the Smithburg Substation, a distance of approximately 32 miles.

Estimated Investment \$22,449,000

3. Smithburg - Deans Line

A single circuit 500-kV, 3 phase, twin bundled conductor, 2493 kcmil ACAR equivalent each, steel and aluminum tower transmission line and right-of-way, extending from Smithburg Substation to Deans Substation, a distance of approximately 18 miles.

Estimated Investment \$14,842,000

4. Forked River Switching Station

Terminal facilities associated with the transmission lines described in Items 1 and 2 above consisting principally of three 500-kV circuit breakers and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated Investment \$6,400,000

5. Smithburg Substation

Terminal facilities associated with the transmission lines described in Items 2 and 3 above consisting principally of one 500/230-34.5 kV, 870 MVA transformer equipped with voltage regulating equipment and metering facilities to measure power flow at the 230-kV terminals; four 500-kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Estimated Investment \$14,800,000

SCHEDULE 6

Revision No. 1

Effective March 1, 1987

Facilities Provided by PS

Reference: Sections 2.1 and 5.2

Public Service Electric and Gas Company (PS) shall construct and make available the following LDV facilities:

1. Salem - Deans Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way extending from Salem Switching Station to a similar line described in Schedule 1, Item 10, a distance of approximately 0.3 miles.

Investment as of 9/30/89

\$214,626

2. Hope Creek - New Freedom Line

A single-circuit 500-kV, 3 phase, twin-bundled conductor, 2493 kcmil ACAR each, steel and aluminum tower transmission line and right-of-way, extending from New Freedom Substation, a distance of approximately 43 miles, to a point near Hope Creek where it connects with a similar line described in Item 8 of Schedule 1.

Investment as of 9/30/89

\$20,150,812

3. Deans Substation

Terminal facilities associated with the Salem-Deans and Deans-Branchburg Lines consisting principally of three 500/230-13.8-kV, 650 MVA transformers, each equipped with voltage regulating equipment and metering facilities to measure power flow at the 230-kV terminals; six 500-kV circuit breakers; station service transformers; and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Investment as of 9/30/89

\$19,215,205

The facilities at Deans Substation shall also accommodate a terminal for the Smithburg-Deans Line. An investment shall be allocated to JC and removed from the above investment, equal in amount to one-half the investment in the two 500-kV circuit breakers, necessary land,

bus structures, disconnecting switches, relaying, telemetering and control facilities of the third switchgear bay.

Investment allocated to JC as of 9/30/89 \$1,065,000

In addition, the investment in new facilities that are required for establishment of the line terminal, such as the A-frame, disconnecting switches, bus work and line relaying, shall be allocated to JC.

New investment allocated to
JC as of 9/30/89 \$1,716,417

4. Branchburg Substation

Terminal facilities associated with the Deans-Branchburg Line consisting principally of one 500-kV circuit breaker and all necessary land, bus structures, disconnecting switches, grounding devices, relaying, telemetering and control facilities.

Investment as of 9/30/89 \$2,858,377

5. New Freedom Substation

Control house and associated land; relaying, metering and control equipment in the control house associated with the Salem-New Freedom Line and the transmission line described in Item 2 above.

Investment as of 9/30/89 \$1,100,000

SCHEDULE 7

Revision No. 1

Effective: March 1, 198

The Allocation of Undivided Interests in Facilities Owned in Common

Reference: Section 2.2 and Schedule 1

The respective undivided interests of the Station Owners, as tenants in common of the following LDV facilities owned in common, with the exception of New Freedom Substation, shall be as follows:

<u>FACILITY</u>	<u>Schedule 1</u> <u>Item No.</u>	<u>PS</u> %	<u>PE</u> %	<u>ACE</u> %	<u>DPL</u> %
Keeney-Hope Creek Line NJ Section	1	42.55	42.55	13.90	1.00
Salem-New Freedom Line	2	42.55	42.55	13.90	1.00
Salem Switching Station	3	42.55	42.55	7.45	7.45
Salem-Deans Line	4	42.55	42.55	13.90	1.00
Deans-Branchburg Line	5	42.55	42.55	13.90	1.00
Hope Creek-Salem Line	6	42.55	42.55	13.90	1.00
Keeney-Hope Creek Line NJ Section	7	95.0	-	5.0	-
Hope Creek-New Freedom Line	8	95.0	-	5.0	-
Hope Creek-Salem Line	9	95.0	-	5.0	-
Salem-Deans Line	10	95.0	-	5.0	-
Hope Creek Switching Station	11	95.0	-	5.0	-
Keeney-Hope Creek Line Reconstructed River Crossing	12	42.55	42.55	7.45	7.45

SCHEDULE 10

Revision No. 1

Effective March 1, 1987

Investment Responsibility

Reference: Section 5.1

The total LDV investment responsibility shall be equal to the total LDV investment by the Station Owners.

The LDV investment responsibility of each Peach Bottom and Salem owner shall be its percent share of the combined jointly-owned generating capacity of Peach Bottom and Salem as follows:

ACE	7.45%
DPL	7.45%
PE	42.55%
PS	42.55%

The investment responsibility of each Hope Creek owner shall be based on its percent share of the jointly-owned generating capacity of Hope Creek as follows:

ACE	5.00%
PS	95.00%

Since the investments of the Hope Creek owners and the taxes related to such investments are shared in the same proportion as their investment responsibilities, no computation of net monthly charges and credits, as provided for in Schedule 11, is required with respect to the investment of the Hope Creek owners.

SCHEDULE 12

Revision No. 1

Effective March 1, 1987

Determination of LDV Losses

Reference: Article VI

1. The total losses on the LDV and other 500-kV systems within the PJM Interconnection connected thereto (herein called the Total Connected System) shall be the difference between the metered energy input to and the metered energy output from the Total Connected System.
2. The LDV losses shall be the product of the total losses and allocation factors for the LDV developed by computer analyses. Such analyses shall determine: (1) the computed losses for each individual line of the Total Connected System under supply conditions appropriately representing the total PJM Interconnection; (2) flows in each line under such other conditions as may be required to determine that portion of flow in each line attributable only to delivery of the generated output of the Peach Bottom units No. 2 and No. 3 and the Salem units No. 1, No. 2 and No. 3 to their owners; and (3) flows in each line under such other conditions as may be required to determine that portion of flow in each line attributable only to delivery of the generated output of Hope Creek unit No. 1 to its owners. The computed loss in each line shall be allocated to the respective unit owners in proportion to the flow in that line determined in (2) and (3) above. The allocation factors shall be the ratios of the sum of such allocated losses in the individual lines to the total computed losses.
3. The allocation factors shall be redetermined whenever the generation or transmission connected to the Total Connected Systems, or any other quantity entering into the determination, changes significantly.
4. Whenever the LDV is used as provided for in Section 8.3, that portion of the LDV losses attributable to the respective use of LDV, as determined by the Administrative Committee, shall be assigned to the entity responsible for such use and subtracted from the LDV losses to be allocated as provided in Section 6.2.

SCHEDULE 13

Revision No. 1

Effective March 1, 1987

Determination of Use and Use Entitlement of the LDV System
by the Signatories and Accounting for Overuse

Section 8.3 makes provisions for the use of the LDV System for purposes compatible with but other than those described in Section 8.3, with the prior approval of the signatories.

The following procedures shall be applied to determine each signatory's use of the LDV System, its use entitlement, charges for any use beyond its use entitlement ("overuse"), and the allocation of the payments of those charges among the signatories. For the purpose of these determinations, the LDV System shall include all facilities constructed and made available by the signatories as shown in Schedules 1, 2, 3, 4, 5 and 6 of the LDV Agreement.

I. Determination of Use

This procedure is designed to determine for each signatory its use of the LDV System to service its load and to transmit any transactions it has arranged, using only the transmission facilities to which it has use entitlement. This procedure is as follows:

- A) Determine by computer analysis for each signatory the flow on each facility of the LDV System under the following conditions:
 - 1) Represent the total combined transmission systems of the signatories and disconnect all transmission facilities which the signatory has no entitlement to use.
 - 2) Signatory load set equal to its actual diversified peak in the immediately preceding Planning Period, determined in a manner consistent with the procedures set forth in Schedule 2.211 of the PJM Agreement, and all other signatory loads set equal to zero.
 - 3) Peach Bottom, Salem and Hope Creek generation set equal to the signatory's share of the net capability of the stations in accordance with Schedule 10 of the Agreement or revision thereof, the remainder of its owned and contracted-for generation economically dispatched, and all other signatories' generation set equal to zero.

- 4) Represent any transaction between the signatory and others as a block of generation or load at the appropriate tie points.
- B) Determine each signatory's MW-miles use of each facility of the LDV System by multiplying the flow determined in I(A) by line length in miles for lines and by 10 miles for each transformer.

II. Determination of Use Entitlement

- A) Determine the total effective operating capability of the LDV System as the sum of the MW-miles effective operating capability of each facility calculated by multiplying its summer normal capability sequentially by:
 - 1) 0.8 to provide a margin for operating contingencies;
 - 2) Line length in miles and 10 miles for each transformer.
- B) Determine each signatory's use entitlement in MW-Miles as the sum of the following determinations as applicable to the signatory:
 - 1) The product of (a) the MW-Miles of effective operating capability determined in II(A) attributable to the transmission facilities owned by the Peach Bottom and Salem Owners, and (b) the percentage of investment responsibility as shown for each Peach Bottom and Salem owner in Schedule 10 of the Agreement adjusted to reflect a percentage responsibility for JC based on its allocation of investment in accordance with Article II of the Smithburg Substation Supply Agreement between the same signatories.
 - 2) The product of (a) the MW-Miles of effective operating capability determined in II(A) attributable to the transmission facilities owned by the Hope Creek owners, and (b) the percentage of investment responsibility as shown for each Hope Creek owner in Schedule 10 of the Agreement.
 - 3) For JC, the MW-Miles of effective operating capability determined in II(A) attributable to the East Windsor transformer.

III. Determination of Use in Excess of Entitlement (Overuse)

Each signatory's overuse shall be the excess, if any, of the sum of its use of the LDV System as determined in I(B) over its use entitlement as determined in II(B).

IV. Determination of Charges for Overuse

The monthly charge to each signatory for its overuse of the LDV System shall be calculated as:

- A) The LDV System Investment;
- B) Divided by the effective operating capability for the LDV System in MW-Miles determined in II(A);
- C) Multiplied by the rate used to compute the net monthly charges and credits, adjusted for taxes, under Schedule 11 of the Agreement or revision thereof;
- D) Multiplied by the MW-Miles of overuse as determined in III.

V. Billing for Overuse

- A) Since the use of the LDV System by a signatory as determined in I is a function of its actual diversified peak, such use will be calculated at least annually in June based on actual company peaks during the preceding planning period and the transmission facilities represented by the investment in the LDV System effective for monthly billing as of January 1 in the preceding planning period. Charges determined by such calculation will be billed by the billing agent for the LDV System for each month of the succeeding planning period.
- B) Use and entitlement will be recalculated upon request of the Administrative Committee or a signatory whenever changes occur in system conditions which could modify the results. Any modifications in charges resulting from such recalculation will become effective as directed by the Administrative Committee.

VI. Allocation of Payments for Overuse

Payments for overuse of the LDV System as determined in IV above will be allocated in proportion to each signatory's use entitlement as determined in II(B). However, in the event that the overuse associated with any such allocated payment to a signatory (or signatories) in combination with that signatory's use exceeds that signatory's entitlement, then the payments associated with such excess shall be allocated instead among the other signatories in proportion to their respective use entitlement as determined in II(B).

SCHEDULE 14

Revision No. 1

Effective March 1, 1987

Determination of Use of the LDV System
Involving Only Non-Signatories and Accounting for Such Use

Section 8.3 makes provision for the use of the LDV System for purposes compatible with but other than those described in Section 8.3 with the prior approval of the signatories.

The following procedures shall be applied to determine use of the LDV System involving only non-signatories to the AGREEMENT, charges for such use, and the allocation of the payments of those charges among the signatories. For the purpose of these determinations, the LDV System shall include all facilities constructed and made available by the signatories as shown in Schedules 1, 2, 3, 4, 5 and 6 of the AGREEMENT. Redeterminations according to these procedures shall be made whenever changes occur in system conditions which could modify the results.

Any use of the LDV System involving only non-signatories shall be under agreement between that signatory which is delivering the transaction or a designated agent acting for the signatories, and the non-signatory which is receiving the transaction.

I. Determination of Use

- A) Determine by computer analysis for each transaction between non-signatories the flow on each facility of the LDV System under the following conditions:
 - 1) The total transmission system to be represented shall consist of all 500-kV transmission facilities of the signatories to the EHV Agreement and any other transmission facilities of those signatories which the non-signatories are entitled to use.
 - 2) Represent the transaction between the non-signatories as blocks of generation at the points where the transaction enters the represented transmission system and as blocks of loads at the points where the transaction leaves the represented transmission system.
 - 3) Set all other generation and loads to zero.

- B) Determine each transaction's MW-miles use of each facility of the LDV System by multiplying the flow determined in I(A) by line length in miles for lines and by 10 miles for each transformer.

II. Determination of Charges for Use

The monthly charge to the delivering signatory or designated agent for use of the LDV System involving only non-signatories shall be calculated as:

- A) The LDV investment;
- B) Divided by the effective operating capability for the LDV System in MW-miles as determined in Schedule 13 subpart II(A) of the Agreement or revision thereof;
- C) Multiplied by the rate used to compute the net monthly charges and credits, adjusted for taxes, under Schedule 11 of the Agreement or revision thereof;
- D) Multiplied by the sum of MW-miles of use of the LDV System as determined in I(B).

III. Billing for Use

- A) Charges determined in II will be billed by the billing agent for the LDV System to the delivering signatory or designated agent for each month during which the transaction is effective.
- B) Use will be recalculated upon request of the Administrative Committee or a signatory whenever changes occur in system conditions which could modify the results. Any modifications in charges resulting from such recalculation will become effective as directed by the Administrative Committee.

IV. Allocation of Payments for Use

Payments for use as determined in II will be allocated in proportion to each signatory's use entitlement as determined in Schedule 13 Subpart II(B) of the Agreement or revision thereof.

SCHEDULE 15

Effective March 1, 1987

Allocation and Billing of O&M Expenses for the
Jointly-Owned River Crossing of the Hope Creek-Keeney Line

Reference: Section 7.3

Operation and maintenance expenses for the jointly-owned Delaware River crossing portion of the Keeney-Hope Creek Line shall be shared by the Station Owners as follows:

Each Owner's proportionate share shall be determined as the ratio of (a) its share of the investment in Item 12 of Schedule 1 (the reconstructed portion of the river crossing) plus for DPL its investment in Item 3b. of Schedule 3 (the undamaged portion of the river crossing), to (b) the sum of such investments of all Owners.

DPL shall render bills to the other Station Owners for their respective shares of said expenses at least annually by the fifth working day of October and, at DPL's discretion, DPL may render bills for said expenses by the fifth working day of the next succeeding month after the end of any calendar quarter. All bills rendered by DPL under this schedule shall be paid within fifteen (15) days after receipt thereof.



PSEG

Public Service
Electric and Gas
Company

SUPPLEMENT NO. 17 TO
RATE SCHEDULE FERC NO. 45
EFFECTIVE MARCH 1, 1987
Page 1 of 5

80 Park Plaza, Newark, NJ 07101 / 201 430-6462 MAILING ADDRESS / P O. Box 570, Newark, NJ 07101

James R. Lacey Senior Associate Solicitor — SE

July 9, 1990

Ms. Lois D. Cashell, Secretary
Federal Energy Regulatory Commission
825 North Capital Street, N. E.
Washington, D. C. 20426

Dear Ms. Cashell:

RE: PUBLIC SERVICE ELECTRIC AND GAS COMPANY
DOCKET NO. ER90-393-000

Public Service Electric and Gas Company (PS) hereby supplies the following additional information regarding the determination of overheads for direct labor, engineering and supervision, and administrative and general categories for the Hope Creek-Keeney River Crossing.

Operation and maintenance expenses for the Hope Creek-Keeney River Crossing are, typically, similar to those for an overland transmission line except that a work boat is required. Examples of these costs are boat rental, labor and material for periodic inspections of the line, routine replacement of lamps and other maintenance work as necessary. The expenses incurred then have the applicable Delmarva Power direct labor, engineering and supervision, and administrative and general overheads applied.

The overheads related to the billing of maintenance expenses on the River Crossing are Delmarva Power's direct labor and miscellaneous billing overhead rates. The attached schedules show the various components of these rates. The rates are determined by using the previous year's actual expenditures and developing the next year's rates. For example, 1989 expenditure reports would be used during 1990 to develop the rates to be applied in 1991. These methods were in place during the most recent FERC audit of DPL with no exceptions noted. The data used to determine the overhead rates is more detailed than required for the FERC Form 1.

Direct labor charges have the labor overhead applied to them. All other non-labor charges are added to the labor and labor overheads and this total has the miscellaneous billing overhead added.

Ms. Lois D. Cashell

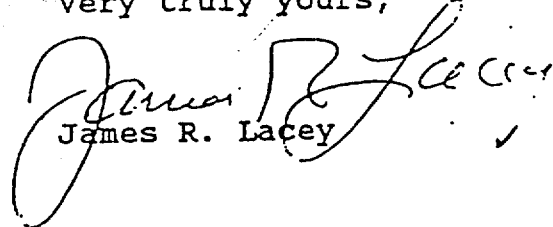
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7/9/90

Example: If a billing period had \$10,000 in labor and \$1,000 in non-labor charges and the overheads on the attached 1990 schedules were used, the result would be:

Labor	\$10,000
Labor overhead @ 38.34%	<u>3,834</u>
	13,834
Non-labor charges	<u>1,000</u>
	14,834
Misc. billing overhead at 16.42%	<u>2,436</u>
Total to be allocated for billing to Co-owners	\$17,270

Very truly yours,


James R. Lacey

C Donald J. Gelinas
Chief of Electric Filing Branch
RB 508

DELMARVA POWER & LIGHT COMPANY
ITEMIZATION OF COMPONENTS OF E&S AND AIG RATES
1990/1991

DESCRIPTION OF LOADING	ELECTRIC					GAS		STEAM	MISCELLANEOUS	
	STEAM PRODUCTION	TRANSMISSION	DISTRIBUTION REGULAR	DISTRIBUTION IMPROVEMENTS	DISTRIBUTION NEW BUSINESS	ALL OTHER	DISTRIBUTION	ALL OTHER	(REFINERY)	BILLING
E&S	1.60%	39.44%	9.36%	23.02%	24.08%	0.00%	2.71%	0.00%	0.00%	8.38%
A&B	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	3.06%	5.29%
FICA TAX (1)	0.32%	2.93%	0.85%	1.79%	1.86%	0.21%	0.40%	0.21%	0.21%	0.94%
FEDERAL UNEMPLOYMENT (1)	0.00%	0.06%	0.01%	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%	0.02%
STATE UNEMPLOYMENT (1)	0.01%	0.09%	0.03%	0.06%	0.06%	0.01%	0.02%	0.01%	0.01%	0.03%
WORKMEN'S COMPENSATION (1)	0.03%	0.34%	0.10%	0.21%	0.22%	0.02%	0.04%	0.02%	0.02%	0.11%
PENSIONS (1)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LIFE INSURANCE (1)	0.06%	0.54%	0.16%	0.33%	0.35%	0.04%	0.07%	0.04%	0.04%	0.18%
HOSPITALIZATION (1)	0.38%	3.52%	1.03%	2.16%	2.25%	0.25%	0.48%	0.25%	0.25%	1.14%
DENTAL (1)	0.03%	0.30%	0.09%	0.19%	0.19%	0.02%	0.04%	0.02%	0.02%	0.10%
SAVINGS & THRIFT (1)	0.08%	0.69%	0.20%	0.42%	0.44%	0.05%	0.09%	0.05%	0.05%	0.23%
TOTAL	5.57%	50.97%	14.89%	31.27%	32.54%	3.66%	6.91%	3.66%	3.66%	16.42%

(1) RELATED TO E&S AND AIG

DELMARVA POWER & LIGHT COMPANY
SCHEDULE OF LOADING RATES
1990/1991

TYPE OF SERVICE	DESCRIPTION OF JOB	FUNCTION	STATE	LOADING RATE ON PAYROLL		E&S AND A&G LOADING RATE ON TOTAL MONTHLY CHARGES 1990 & 1991
				1990	1991	
ELECTRIC	CONSTRUCTION / RETIREMENT	STEAM PRODUCTION	DE, MD, VA	38.34%	38.19%	5.57%
		OTHER PRODUCTION	DE, MD, VA	38.34%	38.19%	3.66%
		INTANGIBLE	DE, MD, VA	38.34%	38.19%	3.66%
		GENERAL	DE, MD, VA	38.34%	38.19%	3.66%
		TRANSMISSION	DE, MD, VA	38.34%	38.19%	50.97%
		DISTRIBUTION REGULAR	DE, MD, VA	38.34%	38.19%	14.89%
		DISTRIBUTION IMPROVEMENTS	DE, MD, VA	38.34%	38.19%	31.27%
		DISTRIBUTION NEW BUSINESS	DE, MD, VA	38.34%	38.19%	32.54%
		NUCLEAR & STEAM PRODUCTION	PA, NJ	0.00%	0.00%	0.00%
		JOINT VENTURES STEAM PROD.	DE	43.91%	43.76%	0.00%
	CONSTRUCTION / RETIREMENT	GAS PRODUCTION	DE	38.34%	38.19%	3.66%
		INTANGIBLE	DE	38.34%	38.19%	3.66%
		GENERAL	DE	38.34%	38.19%	3.66%
		TRANSMISSION	DE	38.34%	38.19%	3.66%
		DISTRIBUTION	DE	38.34%	38.19%	6.91%
COMMON	CONSTRUCTION / RETIREMENT	ALL	DE	38.34%	38.19%	3.66%
STEAM (REFINERY)	CONSTRUCTION / RETIREMENT	ALL	DE	38.34%	38.19%	3.66%
N/A	MISCELLANEOUS BILLING	N/A	N/A	38.34%	38.19%	16.42%

PAYROLL LOADING RATES ITEMIZED

<u>Description</u>	<u>1990</u> <u>PAYROLL</u> <u>LOADING</u> <u>RATE</u>	<u>1991</u> <u>PAYROLL</u> <u>LOADING</u> <u>RATE</u>
Workmen's Compensation	.93%	.93%
Pensions	-0-	-0-
Savings & Thrift	1.88%	1.88%
Life Insurance	1.45%	1.45%
Hospitalization	9.57%	9.56%
Dental	.82%	.82%
 TOTAL BENEFITS	 <u>14.65%</u>	 <u>14.64%</u>
 FICA	 7.95%	 7.94%
Federal Unemployment	.16%	.16%
State Unemployment	.24%	.24%
 TOTAL PAYROLL TAXES	 <u>8.35%</u>	 <u>8.34%</u>
 Lost Time Rate	 <u>15.34%</u>	 <u>15.21%</u>
 TOTAL PAYROLL LOADING	 <u>38.34%</u>	 <u>38.19%</u>

EAST WINDSOR SUBSTATION SUPPLY AGREEMENT

THIS AGREEMENT, made and entered into this 20th day of April, 1990, by and between ATLANTIC CITY ELECTRIC COMPANY, a New Jersey Corporation (ACE); DELMARVA POWER & LIGHT COMPANY, a Delaware and Virginia Corporation (DPL); JERSEY CENTRAL POWER & LIGHT COMPANY, a New Jersey Corporation (JC); PHILADELPHIA ELECTRIC COMPANY, a Pennsylvania Corporation (PE); and PUBLIC SERVICE ELECTRIC AND GAS COMPANY; a New Jersey Corporation (PS).

WITNESSETH:

WHEREAS, the signatories hereto are all signatories to an agreement dated September 30, 1977, as supplemented, known as the Lower Delaware Valley Transmission System Agreement (LDV Agreement) under which they are providing various 500-kV transmission lines and other facilities constituting the LDV Transmission System (LDV); and

WHEREAS, pending completion of the facilities it is to provide under the LDV Agreement, JC wishes to make use of LDV facilities provided by the other signatories in order to supply capacity and energy to its 500/230-kV substation at East Windsor and the other signatories have approved such use in accordance with Article VIII of the LDV Agreement; and

WHEREAS, in the LDV Agreement an appropriate allocation of payments is provided for under Article VIII for uses compatible with the intended function of LDV;

NOW, THEREFORE, the signatories hereto, each in consideration of the agreement of the others, herein set forth, mutually agree as follows:

ARTICLE I

Facilities to be Provided by JC

1.1 JC is to construct and own a 500/230-kV Substation at East Windsor connected to the Salem-Deans 500-kV line. The East Windsor Substation will primarily consist of the following equipment: one 500-kV A-frame; two 500-kV circuit breakers; two pantograph 500-kV line disconnect switches; one 500/230-kV 870MVA autotransformer equipped with voltage regulating equipment and metering facilities to measure power flow at the 230-kV terminals with one air-insulated 500-kV transformer disconnect; station service transformers; and all necessary land, 500-kV and 230-kV buses, line positions, support structures, grounding devices, relaying, interconnection billing/metering facilities, relaying and controls.

1.2 For use determination pursuant to Schedule 13 of the LDV Agreement, the effective operating capability of the East Windsor transformer shall be added to JC's use entitlement.

ARTICLE II

Basis and Allocation of Payments by JC

2.1 JC will make an annual payment of \$3,200,000 in equal monthly installments. The first payment shall be prorated for a partial month.

2.2 The monthly payment by JC shall be allocated among the other signatories hereto in proportion to their investment responsibility in the Salem-Deans line.

2.3 By the fifteenth working day of the next succeeding month JC shall pay the total monthly amount to PS, as the billing agent under the LDV Agreement, and PS shall credit or distribute the same to the signatories in the proportions set forth in Section 2.2 above. All payments shall be by wire transfer of immediate available funds. Interest on uncollected amounts shall accrue daily from the date due until the day upon which collection is made at a rate equal to one hundred thirty percent (130%) of the prime rate per annum as established from time-to-time during such period of delinquency by the Chase Manhattan Bank (National Association) or its successor.

ARTICLE III

Effective Date, Termination, Assignment and Indemnity

3.1 This Agreement shall become effective as of June 1, 1990. Charges shall commence as of the first day on which the East Windsor 500/230-kV Substation is placed in service.

3.2 This Agreement will terminate and payments under this Agreement will cease upon the earlier of (1) the completion by JC of all the facilities it is to provide under Schedule 4 of the LDV Agreement or (2) the termination of the LDV Agreement.

3.3 If any capital improvements, betterments, replacements, reinforcements or additions are made to the Salem-Deans line which are required by any statute or ordinance; judicial degree or order, rule, regulation, or other lawful requirement of any administrative body or which are deemed necessary by the LDV Administrative Committee that results in a 5% or more increase in the present investment value of the facilities that comprise the Salem-Deans line and associated terminal facilities (\$107,109,633), the payment that JC makes to the other signatories of this Agreement will increase to reflect this change.

In the event that JC has not placed in service by December 31, 2000 the facilities it is to provide under Schedule 4 of the LDV Agreement, the annual payment in Section 2.1 and the allocation in Section 2.2 shall be subject to review and appropriate adjustment by the LDV Administrative Committee in accordance with Article VIII of the LDV Agreement.

3.4 The rights and obligations created by this Agreement shall inure to and bind the successors and assigns of the respective signatories hereto, provided, however, that they shall not be assignable by any signatory without the written consent of the other signatories, except to a successor acquiring the properties of such signatory.

3.5 If, and to the extent that, any transaction pursuant to this Agreement shall require the authorization of any governmental body, the rights and obligations of the signatories hereto shall be subject to obtaining such authorization and the signatories hereto agree to use their best efforts to obtain such authorization.

3.6 The PS representative on the LDV Administrative Committee is hereby authorized to file with the Federal Energy Regulatory Commission on behalf of all the signatories hereto, this Agreement and any amendments or supplements thereto.

3.7 The provisions of Section 9.1 and 9.2 of Article IX of the LDV Agreement shall be applicable hereto.

IN WITNESS WHEREOF, the signatories hereto have caused these presents to be signed in their respective names, each by duly authorized officers, as of the day and the year first above written.

ATLANTIC CITY ELECTRIC COMPANY

By *B. Lemunyon*
Bertram Lemunyon
Vice President - Power Delivery

DELMARVA POWER & LIGHT COMPANY

By *Ralph E. Klesius*
Ralph E. Klesius
Vice President, Engineering and
System Operations

JERSEY CENTRAL POWER & LIGHT COMPANY

By *Carl R. Fruehling*
Carl R. Fruehling
Vice President - T&D Engineering &
Operations

PHILADELPHIA ELECTRIC COMPANY

By *R. F. Holman*
R. F. Holman
Senior Vice President, Operations

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By *Frank Cassidy*
Frank Cassidy
Vice President - Transmission Systems

East Windsor Substation Supply AgreementCost Support for Annual Charge

East Windsor Substation will be connected to the Salem-Deans 500 KV line approximately 17 miles south of Deans Substation and 93 miles north of Salem. Load flow studies show that under normal heavy load conditions and with all transmission facilities in service, 80% of the power supplied to the East Windsor Substation is delivered from the Salem end of the line. The maximum load expected on the East Windsor transformer is 650 MW and the line has a normal capacity of 2,650 MW. Therefore, the capacity and investment in the Salem-Deans line to be reserved for the supply of East Windsor Substation will be $(650 \times 0.80)/2,650 = 0.196$ or approximately 20%.

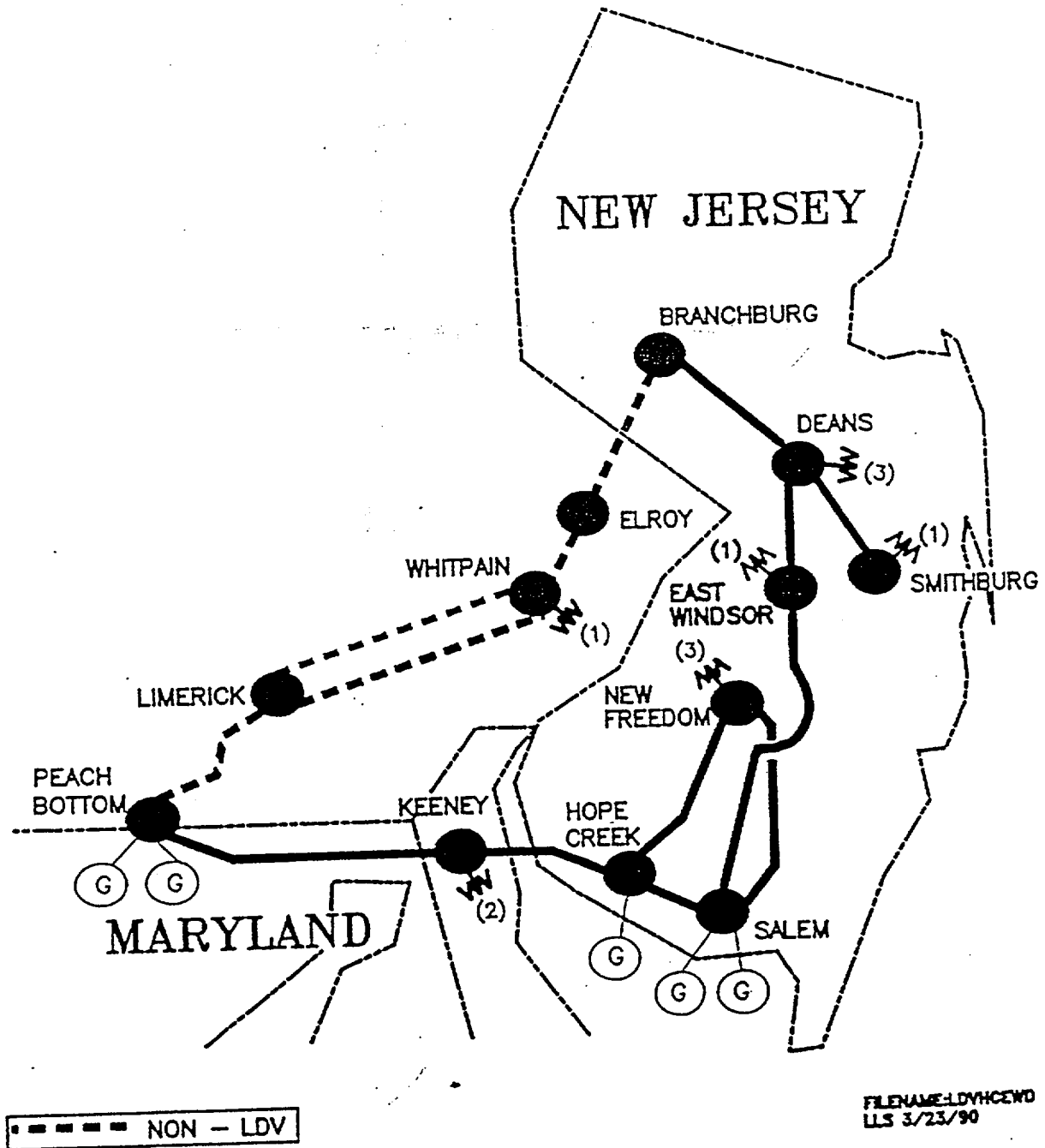
The total investment in the Salem-Deans line is \$107,109,633 and the annual charge for investments under the LDV Agreement is 15%. Therefore, the annual charge to JC for reserving 20% of the Salem-Deans line for the supply of East Windsor Substation will be $\$107,109,633 \times .15 \times .20 = \$3,213,288$, rounded to 3,200,000.

The owners of the Salem-Deans line will share the payment by JC in proportion to their investment responsibility in the line as follows:

Salem-Deans Line	Investment \$	Investment Responsibility (1)							
		PS		PE		ACE		DPL	
		%	\$	%	\$	%	\$	%	\$
Peach Bottom and Salem Owner's Portion (2)	70,592,380	42.55	30,037,058	42.55	30,037,058	7.45	5,259,132	7.45	5,259,132
Hope Creek Owner's Portion (3)	36,517,253	95.00	34,691,390	0	0	5.00	1,825,863	0	0
	107,109,633		64,728,448		30,037,058		7,084,995		5,259,132
Percent of Total			60.43		28.04		6.62		4.91

- (1) LDV Agreement Schedule 10
 (2) LDV Agreement Schedule 1 (Items 3 in part and 4) and Schedule 6 (Items 1 and 3 in part)
 (3) LDV Agreement Schedule 1 (Item 10)

EXHIBIT 2
LDV TRANSMISSION SYSTEM
WITH EAST WINDSOR



**ADDENDUM TO THE
LOWER DELAWARE VALLEY
TRANSMISSION SYSTEM AGREEMENT**

WHEREAS, the signatories to the Lower Delaware Valley Transmission System Agreement dated September 30, 1977, as amended (LDV Agreement) intend to provide open-access services in compliance with FERC Order No. 888 over their transmission facilities, including their facilities which comprise the LDV System, by means of an open-access transmission tariff or tariffs (Tariff); and

WHEREAS, in order to comply with directives contained in a FERC order of November 25, 1997, certain changes must be made to the LDV Agreement;

NOW, therefore, the signatories agree to amend the LDV Agreement as follows, effective as of the date designated by FERC when this Addendum is accepted for filing:

1. Any use of LDV System facilities, including those uses described in Section 8.3 of the LDV Agreement, shall take place pursuant to the rates, terms and conditions of service of the Tariff. The Signatories hereby grant prior approval under Section 8.3 of the LDV Agreement for any transmission service which is provided in accordance with the Tariff, and waive any reallocation of costs under Sections 8.2 or 8.3 arising from any transmission service which they provide in accordance with the Tariff. LDV Schedules 13 and 14, concerning use of the LDV System, are cancelled.
2. Losses on the LDV System shall be allocated pursuant to the Tariff. LDV Schedule 12, concerning LDV System losses, is cancelled and the last sentence of Section 6.1 and all of Section 6.2 of the LDV Agreement are deleted.
3. The unexecuted addendum to the LDV Agreement dated December 31, 1996, is cancelled.

IN WITNESS WHEREOF, the signatories have executed this Addendum as of December 31, 1997.

PUBLIC SERVICE ELECTRIC AND GAS COMPANY

By _____

PECO ENERGY COMPANY

By _____

JERSEY CENTRAL POWER & LIGHT CO.

By _____

DELMARVA POWER & LIGHT COMPANY

By _____

ATLANTIC CITY ELECTRIC COMPANY

By _____

**SECOND ADDENDUM
TO THE LOWER DELAWARE VALLEY
TRANSMISSION SYSTEM AGREEMENT**

Whereas, the signatories to the Lower Delaware Valley Transmission System Agreement dated September 30, 1977, as amended ("LDV Agreement"), anticipate that their system loads and generation ownership may change as a result of the introduction of retail competition in all or portions of the PJM control area;

Whereas, certain Schedules to the LDV Agreement allocate each signatory's cost responsibility for LDV System facilities in accordance with their ownership interests in certain generating stations;

Whereas the signatories seek to avoid disagreements over the cost allocation procedures in the LDV Agreement in the future;

Now, therefore, the signatories hereby agree to this Second Addendum to the LDV Agreement in order to amend certain Schedules to the LDV Agreement which describe the allocation of LDV System costs.

Section 1: The second paragraph of Schedule 10 (Revision No.1) of the LDV Agreement is hereby amended to read as follows:

The LDV investment responsibility of each Peach Bottom and Salem owner shall be divided among the signatories in accordance with their percent share, as of December 31, 1998, of the combined jointly-owned generating capacity of Peach Bottom and Salem. Such shares are as follows:

DPL	7.45%
ACE	7.45%
PE	42.55%
PS	42.55%

Section 2: The third Paragraph of Schedule 10 (Revision No. 1) of the LDV Agreement is hereby amended to read as follows:

The investment responsibility of each Hope Creek owner shall be based on its percent share, as of December 31, 1998, of the combined jointly-owned generating capacity of Hope Creek. Such shares are as follows:

ACE	5.00%
PS	95.00%

A copy of the revised Schedule 10 (Revision No. 2) is attached hereto.

Section 3: Each Party's LDV investment as of the date of this Second Addendum ("Fixed LDV Investment Amount"), and each Party's related real property taxes, have been determined by the Administrative Committee and are set forth in Schedule A to this Second Addendum. For the remaining initial term of the LDV Agreement, the Fixed LDV Investment Amounts and real property taxes set forth in Schedule A shall be used for purposes of calculating net monthly charges and credits pursuant to Schedule 11, except as provided in Section 4 below. At the end of the initial term of the LDV Agreement, the net monthly charges and credits attributable to the Fixed LDV Investment Amounts set forth in Schedule A shall be discontinued unless otherwise agreed by the Parties.

Section 4: The Fixed LDV Investment Amounts set forth in Schedule A shall remain fixed for the remaining term of the LDV Agreement except as provided in this Section 4.

4.1: The Fixed LDV Investment Amounts shall not be changed as a result of the retirement of LDV facilities after the effective date of this Second Addendum unless the original investment associated with the retirement exceeds the Threshold Amount. If the original investment associated with such retirements exceeds the Threshold Amount, the Fixed LDV Investment Amount of the applicable Party or Parties shall be reduced prospectively by the amount of the original investment in retired facilities less the Threshold Amount.

4.2: The Fixed LDV Investment Amounts of the Parties shall not be changed as a result of additional investments in LDV equipment or facilities, except that in the case of additional investments in LDV equipment or facilities for the purpose of repairing, refurbishing or replacing existing facilities or equipment, including replacement

of damaged existing facilities and equipment, (collectively, "Restoration"), the following procedures shall apply.

4.2.1: The Party proposing to undertake Restoration shall notify the other Parties to this Agreement and the PJM Interconnection, L.L.C. or its successor as operator of the PJM control area ("ISO") of its proposal to make an additional capital investment, setting forth the Party's best estimate of the amount to be invested and the purpose for making the investment. The Parties to this Agreement shall be required to vote within 60 days of the notice provided by the Party seeking to make the investment on whether such investment (in excess of the Threshold Amount) should be included in the Fixed LDV Investment Amount for such Party. If the Parties to this Agreement unanimously agree that such investment should be included in the Fixed LDV Investment Amount for such Party, Schedule A shall be amended upon completion of the Restoration to include the amount by which the lesser of the actual capital investment in the Restoration or 110% of the Party's initial estimate exceeds the Threshold Amount.

4.2.2: If the Parties to the LDV Agreement do not unanimously agree that the investment should be included in the Fixed LDV Investment Amount, the Party proposing to undertake the Restoration may request that the ISO, consistent with Section 10.4(xvi) of the Operating Agreement of PJM Interconnection, L.L.C. ("PJM Operating Agreement"), review the proposed Restoration and make a determination of whether the Restoration is necessary for the purpose of maintaining EHV system reliability. If the ISO determines that the Restoration is necessary for the purpose of maintaining EHV system reliability, it shall either: (a) determine that Schedule A should be amended upon completion of the Restoration to include the amount by which the lesser of the actual capital investment in the Restoration or 110% of the Party's initial estimate exceeds the Threshold Amount, or (b) determine that the investment should be allocated other than in accordance with allocation percentages derived from Schedule 10, in which event it shall be handled under Schedule 6 of the PJM Operating Agreement. Any Party to this Agreement which is dissatisfied with a determination by the ISO shall have the right within 30 days after the ISO makes its determination to require that the issue be submitted pursuant to the dispute resolution procedures promulgated under the PJM Operating Agreement. Subject to any outcome from such procedures, if the ISO chooses (b) above, the Parties found to be responsible for the investment shall promptly enter into an agreement to share the costs of the investment in the manner determined by the ISO. In any event, each Party shall be responsible for obtaining the recovery of the costs associated with such additional investment in its own transmission service rates.

4.2.3: Any Party shall be free to challenge a decision of the ISO under 4.2.2 above before the FERC; provided that the Party proposing to make the investment

may choose to go forward with the Restoration project pending FERC review and take the risk of an adverse FERC decision.

4.2.4: Any Party proposing to make an investment hereunder may make such investment prior to undertaking the procedures set forth in this Section 4.2; provided that such Party shall be bound by the decisions of the Parties, the ISO and the FERC under Sections 4.2.1 through 4.2.3 above.

4.2.5: The Threshold Amount for purposes of this Section 4 shall be \$1,000,000.00 for each project.

4.2.6: For purposes of inclusion in the Fixed Investment Amount pursuant to Sections 4.2.1 or 4.2.2, the actual capital investment of a Party in any Restoration shall be reduced prospectively by whatever value, after taxes if any, may be recovered by that Party from insurance or through litigation or settlement in excess of the depreciated book value of any LDV Facilities prematurely retired as part of the Restoration.

4.3: This Section 4 shall not apply to any investments made in order to expand the capability of the LDV System. The costs associated with such investments shall be recovered pursuant to agreements entered into pursuant to the PJM Transmission Tariff and/or the PJM Transmission Expansion Protocol. Nothing herein shall preclude the right of any party to seek recovery of any costs not recovered under this Second Addendum, pursuant to the provisions of the Federal Power Act, the PJM Transmission Tariff or any PJM agreement.

Section 5: Any acquisition or deployment of spare major equipment such as transformers or circuit breakers after the effective date of this Second Addendum shall be subject to prior review and approval by the ISO. Spare major equipment shall be replaced pursuant to Schedule 6 of the PJM Operating Agreement. The costs of any existing spare equipment included in the Fixed LDV Investment Amounts shall be treated as a retirement under Section 4.1 above if such equipment is deployed within the same company or sold in connection with its deployment under this Section 5.

Section 6: This Second Addendum shall be filed by the designated agent under the LDV Agreement promptly after its execution by the signatories, and shall be effective on the date that it is accepted for filing by the Federal Energy Regulatory Commission. This Second Addendum shall remain in effect until the later of (1) the date of termination of the LDV Agreement or (2) the completion of any payments required to be made under this Second Addendum.


Second Addendum to the
Lower Delaware Valley Transmission System Agreement

In Witness Whereof, the signatories have executed this Second Addendum
as of 26 March 1999.

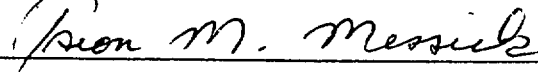
PUBLIC SERVICE ELECTRIC AND GAS COMPANY



PECO ENERGY COMPANY




ATLANTIC CITY ELECTRIC COMPANY



DELMARVA POWER & LIGHT COMPANY



JERSEY CENTRAL POWER & LIGHT COMPANY



SCHEDULE 10

Revision No. 2

Issued: 26 March 1999

Effective: 1 January 1999

Supersedes Revision No. 1

Investment Responsibility

Reference: Section 5.1

The total LDV investment responsibility shall be equal to the total LDV investment by the Station Owners.

The LDV investment responsibility of each Peach Bottom and Salem owner shall be divided among the signatories in accordance with their percent share, as of December 31, 1998, of the combined jointly-owned generating capacity of Peach Bottom and Salem. Such shares are as follows:

ACE	7.45%
DPL	7.45%
PE	42.55%
PS	42.55%

The investment responsibility of each Hope Creek owner shall be based on its percent share, as of December 31, 1998, of the combined jointly-owned generating capacity of Hope Creek. Such shares are as follows:

ACE	5.00%
PS	95.00%

Since the investments of the Hope Creek owners and the taxes related to such investments are shared in the same proportion as their investment responsibilities, no computation of net monthly charges and credits, as provided for in Schedule 11, is required with respect to the investment of the Hope Creek owners.

SCHEDULE A
FIXED INVESTMENT AMOUNT

Page 1 of 1

Issued: 26 March 1999
Effective: 1 January 1999

The Fixed Investment Amount of the Parties in LDV Facilities shall be as follows:

<u>Facility Descriptions</u>	<u>Item</u>	<u>Amount</u>
Atlantic Electric		
Schedule 1		
Keeney-Hope Creek (in NJ)	1,6	\$ 1,301,211
Delaware Crossing	12	\$ 1,003,793
Salem	3	\$ 1,136,681
Salem-New Freedom	2	\$ 2,863,927
Deans-Branchburg	5	\$ 2,775,819
New Freedom-Deans *	4	\$ 8,955,736
New Freedom	13	\$ 4,218,991
Total		\$ 22,256,158
DPL		
Schedule 3		
Peach Bottom-Keeney	1	\$ 1,609,047
Keeney	2	\$ 8,472,131
Keeney-Hope Creek		
Other Than Crossing	3a	\$ 7,377,648
Delaware Crossing	3b	\$ 13,781,619
Schedule 1		
Keeney-Hope Creek	12	\$ 1,020,072
Keeney-Hope Creek (in NJ)	1,6	\$ 93,382
Salem	3	\$ 1,128,710
Salem-New Freedom	2	\$ 203,900
Deans-Branchburg	5	\$ 198,420
New Freedom-Deans *	4	\$ 634,896
Total		\$ 34,519,825

<u>Facility Descriptions</u>	<u>Item</u>	<u>Amount</u>
PECO Energy		
Schedule 5		
Peach Bottom-Keeney	1	\$ 12,067,392
Peach Bottom	2	\$ 11,612,612
Whitpain	3	\$ 4,440,545
Schedule 1		
Keeney-Hope Creek (in NJ)	1,6	\$ 3,950,804
Delaware Crossing	12	\$ 5,933,800
Salem	3	\$ 6,341,635
Salem-New Freedom	2	\$ 8,588,176
Deans-Branchburg	5	\$ 8,234,282
New Freedom- Deans *	4	\$ 27,819,053
Total		\$ 88,988,299
PSE&G		
Schedule 6		
Deans	3	\$ 19,680,666
HC-New Freedom	1,2	\$ 20,150,812
Deans-Branchburg	4	\$ 2,858,377
New Freedom	5	\$ 1,100,000
Schedule 1		
Keeney-HC (in NJ)	1,6	\$ 3,955,065
Delaware Crossing	12	\$ 5,818,001
Salem	3	\$ 6,399,696
Salem-New Freedom	2	\$ 8,685,971
Deans-Branchburg	5	\$ 8,350,626
New Freedom- Deans *	4	\$ 26,968,069
New Freedom	13	\$ 15,316,255
Total		\$ 119,283,538
GRAND TOTAL		\$ 265,047,820

*NF-Deans Section of Salem Deans Line

The annual real property taxes on the LDV Facilities of the Parties are as follows:

<u>Party</u>	<u>Amount</u>
Atlantic Electric	None
Delmarva	150,394
PECO Energy	90,306
PSE&G	<u>236,009</u>
TOTAL	\$ 476,709