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 HEILIGMAN,D.C. Rochester Gas & Electric Corp.  
 RECIP.NAME RECIPIENT AFFILIATION

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SUBJECT: Forwards "Decommissioning Rept," for plant,per 10CFR50.33(k) & 50.75(b).

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ROCHESTER GAS AND ELECTRIC CORPORATION • 89 EAST AVENUE, ROCHESTER, N.Y. 14649-0001

DAVID C. HEILIGMAN  
Vice President, Secretary and Treasurer

TELEPHONE  
AREA CODE 716 546-2700

July 17, 1990

Document Control Desk  
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SENT VIA FEDERAL EXPRESS

Gentlemen:

Enclosed is the Decommissioning Report for the R. E. Ginna Nuclear Generating Station in compliance with 10 C.F.R. §§ 50.33(k) and 50.75(b).

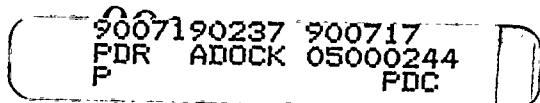
Questions concerning this report may be directed to Sean T. Higman, Senior Financial Analyst, at (716) 724-8041.

Very truly yours,

David C. Heiligman

Enclosure

xc: Allen Johnson, NRC  
Robert Wood, NRC  
Gregory L. Nelson, Reid & Priest



*Handwritten:* A001  
11/1



BEFORE THE  
UNITED STATES NUCLEAR REGULATORY COMMISSION

ROCHESTER GAS AND ELECTRIC CORPORATION )

Docket No. \_\_\_\_\_

DECOMMISSIONING REPORT

ROCHESTER GAS AND ELECTRIC CORPORATION (Company) hereby submits this Decommissioning Report in compliance with 10 C.F.R. §§ 50.33(k) and 50.75(b).

1. The Company owns 100% undivided interest in the R. E. Ginna Nuclear Generating Station (Unit).

2. The Company hereby certifies that financial assurance for decommissioning the Company's interest in the Unit is provided in the amount of \$124,079,904. The calculation of this amount is set forth in Exhibit A and complies with the formula set forth in 10 C.F.R. §50.75(c).

3. The method by which the Company will provide financial assurance for decommissioning the Unit will be by establishment of an external sinking fund in which deposits will be made at least annually.

4. Attached as Exhibit B to this Decommissioning Report is a copy of the executed Master Decommissioning Trust Agreement between the Company and Mellon Bank, N.A. ("Trustee") for the purpose of holding monies for decommissioning of the Plant.



5. Attached as Exhibit C to this Decommissioning Report is a schedule for implementing the method of providing financial assurance for decommissioning the Unit.

ROCHESTER GAS AND ELECTRIC CORPORATION

By:

Robert C. Henderson  
Robert C. Henderson  
Senior Vice President, Controller  
and Chief Financial Officer

Dated: June 27, 1990

Calculation of Minimum Financial Assurance Amount

R. E. Ginna Nuclear Generating Station

New York Regions

Labor (L) = Northeast

Energy (E) = Mid-Atlantic

Waste Burial (B) = South Carolina\*

|     | <u>For PWR Unit</u> |
|-----|---------------------|
| L = | 1.2261              |
| E = | 0.9469              |
| B = | 2.1997              |

PWR Escalation Factor =

$$0.65(1.2261) + 0.13(0.9469) + 0.22(2.1997) = \underline{1.4040}.$$

Base Amount for PWR between 1200 MWt and 3400 MWt =

\$(75 + 0.0088P) million; (P = power level of unit in megawatts thermal = 1520 MWt).

$$$(75 + 0.0088(1520) ) \text{ million} = \underline{\$88,376,000}.$$

Escalated Amount for unit:

$$\$88,376,000 \times 1.4040 = \underline{\$124,079,904}.$$

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\* We assume South Carolina is used for waste burial as it is the closest site to the Unit.



EXHIBIT B

ROCHESTER GAS AND ELECTRIC CORPORATION  
MASTER DECOMMISSIONING TRUST AGREEMENT

FOR

GINNA NUCLEAR PLANT  
NINE MILE POINT NUCLEAR STATION UNIT TWO

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MASTER DECOMMISSIONING TRUST AGREEMENT

AGREEMENT made as of the 9th day of March, 1990, by and between Rochester Gas and Electric Corporation, a New York corporation ("Company"), and Mellon Bank, N.A., a national banking association having trust powers ("Trustee") and having its principal office at One Mellon Bank Center, Pittsburgh, PA 15258.

RECITALS OF THE COMPANY

WHEREAS, the Company is the sole owner of the Ginna Nuclear Plant ("Ginna"); and

WHEREAS, the Company is the owner of a fourteen percent (14%) undivided interest in Nine Mile Point Nuclear Station Unit Two ("Nine Mile Two") (Ginna and Nine Mile Two are collectively referred to as the "Plants"); and

WHEREAS, the Company is subject to regulation by the New York State Public Service Commission ("PSC"), an agency of the State of New York and the Nuclear Regulatory Commission ("NRC"), an agency of the United States government; and

WHEREAS, pursuant to section 468A of the Internal Revenue Code of 1986 ("Code"), certain Federal income tax benefits are available to the Company by creating and making contributions to qualified nuclear decommissioning funds; and

WHEREAS, the Company wishes to establish both qualified nuclear decommissioning funds and nonqualified nuclear decommissioning funds to hold monies for decommissioning the Plants; and





WHEREAS, the Company wishes to establish a Master Trust for the collective investment of the assets of the qualified and nonqualified nuclear decommissioning funds for the Plants, wherein each Fund shall constitute a separate trust under the Master Trust; and

WHEREAS, the assets of each of the qualified and nonqualified nuclear decommissioning funds shall be held under this Master Trust for the benefit of such Funds.

RECITALS OF TRUSTEE

WHEREAS, Mellon Bank, N.A. ("Trustee"), is a national banking association with trust powers; and

WHEREAS, the Trustee is willing to serve as trustee to the Master Trust on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Company hereby agrees to deliver to the Trustee and the Trustee hereby agrees to receive contributions to the Master Trust beginning on the date first written above; and

TO HAVE AND TO HOLD such assets; and

TO INVEST AND REINVEST the assets of the Master Trust as provided herein; and

TO PAY OR DISTRIBUTE from the Master Trust as provided herein;



IN TRUST NEVERTHELESS, for the uses and purposes and upon the terms and conditions, as hereinafter set forth.

I. DEFINITIONS

1.01 Definitions. As used in this Master Decommissioning Trust Agreement, the following terms shall have the following meanings:

(1) "Agreement" shall mean this Master Decommissioning Trust Agreement as the same may be amended, modified, or supplemented from time to time.

(2) "Authorized Representative" shall include the persons designated pursuant to Section 2.07 hereof.

(3) "Certificate" shall mean a document properly completed and executed by an Authorized Representative of the Company pursuant to which the Authorized Representative officially requests the Trustee to take the specified action or certifies to the facts stated therein.

(4) "Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

(5) "Committee" shall mean the Nuclear Decommissioning Committee established by the Company consisting of three or more individuals appointed by the Company. The Company has empowered the Committee to direct the investment management of all assets of the Master Trust and perform all



duties attendant thereto, including the appointment of trustees and investment managers (which may include the Trustee) and the execution of whatever contracts, agreements, or other documents, as it deems necessary to manage and invest the assets. Each member of the Committee shall serve at the Company's discretion and the Company shall notify the Trustee in a written statement signed by an Authorized Representative of the Company of all appointments and replacements of Committee members.

(6) "Company" shall mean Rochester Gas and Electric Corporation.

(7) "Contribution" shall mean any contribution, cash or otherwise, made to the Funds.

(8) "Decommissioning Costs" shall mean the expenses incurred in decommissioning the Plants.

(9) "Excess Contribution" shall have the meaning set forth in Section 3.04 hereof.

(10) "Fund" shall mean any one of the Qualified or Nonqualified Funds.

(11) "Funds" shall mean the Qualified Funds and the Nonqualified Funds, collectively.

(12) "Ginna" shall mean the Company's Ginna Nuclear Plant.

(13) "Ginna Nonqualified Fund" shall mean the fund consisting of contributions by the Company for decommissioning



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Ginna which are not deposited in the Ginna Qualified Fund plus earnings and appreciation thereon.

(14) "Ginna Qualified Fund" shall mean the fund consisting of Contributions pursuant to Section 468A of the Code and any applicable successor provisions and regulations thereunder by the Company for decommissioning Ginna plus earnings and appreciation thereon which contributions are specified in a Schedule of Ruling Amounts with respect to Ginna.

(15) "Investment Account" shall mean an account established by the Trustee pursuant to Section 7.01 hereof.

(16) "Investment Manager(s)" shall mean the fiduciary specified in an Investment Manager Agreement(s), including any employee of the Company or its affiliated companies.

(17) "Investment Manager Agreement(s)" shall mean an agreement(s) between the Company and an Investment Manager(s) selected by the Company which agreement governs the investment management of all or a portion of the Trust.

(18) "Master Trust" shall consist of the Contributions to the Funds by the Company pursuant to this Agreement together with the proceeds and reinvestment thereof.

(19) "Nine Mile Two" shall mean the Company's fourteen percent (14%) undivided ownership interest in Nine Mile Nuclear Station Unit Two.

(20) "Nine Mile Two Nonqualified Fund" shall mean the fund consisting of Contributions by the Company for





decommissioning Nine Mile Two which are not deposited in the Nine Mile Two Qualified Fund plus earnings and appreciation thereon.

(21) "Nine Mile Two Qualified Fund" shall mean the fund consisting of Contributions pursuant to section 468A of the Code and any applicable successor provisions and regulations thereunder, by the Company for decommissioning Nine Mile Two plus earnings and appreciation thereon, which Contributions are specified in a Schedule of Ruling Amounts with respect to Nine Mile Two.

(22) "Nonqualified Funds" shall mean the Ginna Nonqualified Fund and the Nine Mile Two Nonqualified Fund, collectively.

(23) "NRC" shall mean the Nuclear Regulatory Commission, as defined in 42 U.S.C. § 5841.

(24) "Order" shall mean any order relating to decommissioning the Plants issued by the PSC or the NRC.

(25) "Permitted Investments" means investments which are authorized pursuant to section 468A of the Code and any applicable successor provisions and regulations thereunder.

(26) "PSC" shall mean the New York State Public Service Commission, as defined in N.Y. Pub. Ser. Law § 1, et seq.

(27) "Plants" shall mean Ginna and Nine Mile Two, collectively.



(28) "Qualified Funds" shall mean the Ginna Qualified Fund and the Nine Mile Two Qualified Fund, collectively.

(29) "Schedule of Ruling Amounts" shall have the meaning set forth in section 468A(d)(1) of the Code.

(30) "Service" shall mean the Internal Revenue Service.

(31) "Trustee" shall mean Mellon Bank, N.A. or any successor appointed pursuant to Section 6.01 hereof.

## II. MASTER TRUST PURPOSES, NAME AND FUNDS.

2.01 Master Trust Purposes. The exclusive purposes of this Master Trust are to hold funds for the decommissioning of the Plants, to constitute qualified and nonqualified nuclear decommissioning reserve funds for the Plants and to comply with regulatory provisions relating to decommissioning or the tax treatment of decommissioning funds and costs.

2.02 Establishment of Master Trust. By Execution of this Agreement, the Company:

(a) establishes the Master Trust which shall be effective as of March 9, 1990, and which shall consist of such Contributions as may be delivered to the Trustee by the Company for the Funds and earnings and appreciation thereon;

(b) establishes the Funds, each of which shall constitute a trust consisting of such Contributions as may be



delivered to the Trustee by the Company as designated for such Fund and earnings and appreciation thereon; and

(c) appoints Mellon Bank, N.A. as Trustee of the Master Trust.

2.03 Acceptance of Appointment. Upon the terms and conditions herein set forth, Mellon Bank, N.A. accepts the appointment as Trustee of this Master Trust. The Trustee shall receive any Contributions deposited with it by the Company and shall hold, manage, invest and administer the Funds, in accordance with this Agreement.

2.04 Name of Master Trust. The Contributions received by the Trustee from the Company together with the proceeds, reinvestments and appreciation thereof shall constitute the "Rochester Gas and Electric Corporation Master Decommissioning Trust."

2.05 Funds of Master Trust. The Master Trust shall be divided by the Trustee into the Fund(s) as follows:

- (a) Ginna Qualified Fund;
- (b) Ginna Nonqualified Fund;
- (c) Nine Mile Two Qualified Fund;
- (d) Nine Mile Two Nonqualified Fund;

The Trustee shall maintain separate records for each Fund.

2.06 Designation of Funds. Upon (i) the initial Contribution to the Master Trust as specified in Section 3.01;



(ii) any addition to the Master Trust pursuant to Section 3.02; (iii) any adjustment to the Funds pursuant to Section 3.04; or (iv) any withdrawal from the Master Trust for Decommissioning Costs pursuant to Section 4.02, the Company shall deliver a Certificate to the Trustee designating which Fund(s) are to be credited or debited for the amount of such Contribution, withdrawal, addition or adjustment, and the Trustee shall credit or debit the Fund(s) in accordance with such designation; provided, however that if the Company fails to designate the Fund(s) to which payment of administrative expenses is to be debited, such payment shall be debited pro rata (based upon the fair market value of each Fund) among all of the Funds.

2.07 Duties of Authorized Representatives. The Company has empowered the Nuclear Decommissioning Committee and their designees to act for the Company in all respects hereunder. The Committee may act as a body or may designate one or more Authorized Representative(s) or delegate(s) to perform the duties of the Company under this Trust. The Committee shall provide the Trustee with a written statement setting forth the names and specimen signatures of the Authorized Representatives. The Authorized Representatives shall provide the Trustee with a Certificate setting forth the names and specimen signatures of any delegate of an Authorized Representative.

2.08 No Transferability of Master Trust. The interest of the Company in the Master Trust is not transferable, whether voluntarily or involuntarily, by the Company nor subject to the claims of creditors of the Company provided, however, that any creditor of the Company as to which a Certificate for payment of decommissioning costs in the form of Exhibit A has been properly completed and submitted to the Trustee may assert a claim directly against the Master Trust in an amount not to exceed the amount specified in such Certificate.

### III. CONTRIBUTIONS AND INCOME

3.01 Initial Contribution. Upon the establishment of this Master Trust on the date first written above, the Company shall cause to be delivered to the Trustee an initial Contribution.

3.02 Additional Contributions. From time to time after the initial Contribution to the Master Trust and prior to the termination of this Master Trust, the Company may make, and the Trustee shall accept, additional Contributions to the Master Trust for the purposes set forth in this Master Trust, which contributions may be made to the Qualified Funds or to the Nonqualified Funds.

3.03 Allocation of Income. The Trustee may pool the assets of the Funds for investment purposes in accordance with





the written instructions of the Authorized Representative, and, upon so doing, may treat each Fund so pooled as having received or accrued a pro rata portion (based on the principal balances of the Funds so pooled) of the net income of the Master Trust (including appreciation) related to such pooled assets with respect to the period during which they are pooled. The Trustee shall maintain such records as are necessary to reflect the allocation of income and losses among the Funds in accordance with this Section 3.03.

3.04 Subsequent Adjustments. The Trustee and the Company understand and agree that the Contributions made by the Company to a Qualified Fund from time to time may exceed the amount permitted to be paid into such Fund(s) pursuant to section 468A of the Code and any regulations thereunder, based upon changes in estimates, subsequent developments or any other event or occurrence which affects the calculation of decommissioning costs, the regulatory or tax treatment of those costs, or the calculation of contributions ("Excess Contribution"). Upon receipt of a Certificate setting forth the amount of the Excess Contribution to be transferred ("Excess Assets") from a Fund and stating that such Excess Contributions and any earnings and appreciation thereon should be transferred to one or more of the other Funds as specified or paid to any person or entity, including but not limited to



the Company, the Trustee shall transfer or pay such Excess Contributions, as the case may be, to the Fund(s), person, or entity specified in the Certificate.

The Trustee and the Company further understand and agree that a transfer of monies among the Qualified Funds and the Nonqualified Funds may be necessary to effectuate the purposes of this Master Trust.

#### IV. DISTRIBUTIONS

4.01 Payment of Decommissioning Costs. Upon receipt of a Certificate in the form of Exhibit A, the Trustee shall make payment of, or the reimbursement for, Decommissioning Costs to any person (including the Company) for goods provided or labor or other services rendered in connection with the decommissioning of the Plants.

4.02 Payment of Expenses of Administration. Upon receipt of a Certificate, the Trustee shall make payments of administrative costs (including taxes, reasonable out-of-pocket expenses and trustee's fees and investment manager's fees) and other incidental expenses of the Master Trust including legal, accounting and actuarial expenses in connection with the formation, management, operation or termination of the Master Trust. All such administrative expenses and incidental expenses of the Master Trust shall be allocated proportionately



among the Funds (based on the principal balance of each Fund) unless otherwise directed by the Company. The Trustee shall maintain such records as are necessary to reflect the allocation of costs and expenses in accordance with this Section 4.02.

4.03 Fees. The Trustee shall receive as full compensation for all services pursuant to this Agreement those amounts specified in the fee schedule attached to this Agreement. Any fee schedule changes shall be effective on the first day of the month following six months prior written notice of any such change by the Trustee to the Company.

4.04 Liquidation of Investments. At the direction of the Company or any Investment Manager, the Trustee shall sell or liquidate such investments of the Funds as may be specified. The proceeds of any such sale or liquidation shall be credited pro rata to the Fund or Funds to which such investments were credited prior to such sale or liquidation.

## V. TERMINATION

5.01 Termination of Funds and Master Trust in General. Each Fund established hereunder shall terminate upon the earlier of:

- (i) the date specified as the date that such Fund shall terminate in a Certificate delivered to the Trustee;



- (ii) substantial completion of the nuclear decommissioning of the Plant to which it relates (as defined in Treasury Regulations promulgated under Code section 468A), as evidenced by delivery of a Certificate; or
- (iii) twenty-one (21) years after the death of the last survivor of each person who was an officer of the Company or of the Company's affiliated companies on January 1, 1990 and each of their descendants born on or prior to January 1, 1990. This Master Trust shall terminate upon the termination of all of the Funds.

5.02 Termination of Qualified Funds Upon Disqualification. Notwithstanding the provisions of Section 5.01 hereof, the applicable portion of any Qualified Fund shall terminate upon its disqualification from the application of section 468A of the Code, whether pursuant to an administrative action on the part of the Service or the decision of any court of competent jurisdiction, but in no event earlier than the date on which all available appeals have been either prosecuted or abandoned and the period of time for making any further appeals has elapsed.

5.03 Termination of Qualified Funds on Sale of Plants. Notwithstanding the provisions of Section 5.01 hereof,





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and to the extent provided in Treasury Regulations promulgated under Code section 468A, the applicable portion of any Qualified and Nonqualified Fund shall terminate upon the Company's sale or other disposition of all or a portion of its ownership interests in the Plants.

5.04 Distribution of Master Trust and Funds Upon Termination. Upon termination of this Master Trust or any Fund(s), the Trustee shall assist the Investment Manager(s) in liquidating the assets of the Master Trust or Fund(s), and distributing the then-existing assets thereof (including accrued, accumulated and undistributed net income), less final Master Trust or Fund administration expenses (including accrued taxes), to the Company; provided, however, that no such distribution shall be made unless either (a) an Order has been issued which specifically authorizes such distribution or (b) the Trustee has received an opinion of legal counsel to the Company to the effect that no such Order is necessary to authorize such distribution.

## VI. TRUSTEES

6.01 Designation and Qualification of Successor Trustee(s). At any time during the term of this Master Trust, the Company shall have the right to remove the Trustee (at the Company's sole discretion) acting hereunder and appoint another



qualified entity as a Successor Trustee upon thirty (30) days' notice in writing to the Trustee, or upon such shorter notice, as may be acceptable to the Trustee. In the event that the Trustee or any Successor Trustee shall: (a) become insolvent or admit in writing its insolvency; (b) be unable or admit in writing its inability to pay its debts as such debts mature; (c) make a general assignment for the benefit of creditors; (d) have an involuntary petition in bankruptcy filed against it; (e) commence a case under or otherwise seek to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law, statute, or proceeding, or (f) cease to be eligible to serve as Trustee, the Company shall remove the Trustee and appoint a Successor Trustee. In the event of any such removal, the Trustee or Successor Trustee shall have the right to have its accounts settled as provided in Section 6.04 hereof. Any successor to the Company, as provided herein, shall have the same right to remove and to appoint any Trustee or Successor Trustee.

Any Successor Trustee shall qualify by a duly acknowledged acceptance of this Master Trust, delivered to the Company. Upon acceptance of such appointment by the Successor Trustee, the Trustee shall assign, transfer and pay over to such Successor Trustee the monies and properties then constituting the Master Trust. Any Successor Trustee shall



have all the rights, powers, duties and obligations herein granted to the original Trustee. Any removal under this Section 6.01 or resignation under Section 6.03 shall become effective upon acceptance of appointment by the Successor Trustee.

6.02 Exoneration from Bond. No bond or other security shall be exacted or required of any Trustee or Successor Trustee appointed pursuant to this Agreement.

6.03 Resignation. The Trustee or any Successor Trustee hereof may resign by giving written notice, which shall be delivered to the Company by the Trustee no less than ninety (90) days prior to the effective date of the Trustee's resignation. If no successor trustee is appointed within the ninety (90) day period, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a Successor Trustee subject at all times to the terms and conditions of this Agreement.

6.04 Accounts and Reports. The Trustee shall keep accurate and detailed accounts of all investments, receipts and disbursements and other transactions hereunder in accordance with specifications of the Company, and all accounts, books and records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Company. Unless otherwise requested by the Company, within 10



days following the close of each month, the Trustee shall file with the Company a written report setting forth all investments, receipts and disbursements and other transactions effected by them during the month and containing an exact description of all cash and securities contributed, purchased, sold or distributed and the cost or net proceeds of sale, and showing all cash, and securities and other investments held at the end of such month and the cost and fair market value of each item thereof as carried on the books of the Trustee. Such accounts and reports shall be based on the accrual method of reporting income and expenses and shall show the portion of the assets applicable to each Fund and also shall identify all disbursements from each Fund. The accounts and reports shall include such other matters as the Company may reasonably request.

Upon the expiration of six (6) years from the date of the filing of such written reports with the Company, the Trustee shall be forever released and discharged from all liability or accountability to anyone with respect to all acts and transactions shown in such written report, except such acts or transactions as to which the Company shall take exception by notice to the Trustee within such six-year period; provided however, that nothing contained herein shall be deemed to relieve the Trustee of any liability which may be imposed pursuant to Section 6.07 hereof.





All records and accounts maintained by the Trustee with respect to the Master Trust shall be preserved for such period as may be required under any applicable law. Upon the expiration of any such required retention period, the Trustee shall have the right to destroy such records and accounts after first notifying the Company in writing of its intention and transferring to the Company any records and accounts requested by the Company.

6.05 Tax Returns and Other Reports. The Trustee shall prepare and timely file all Federal, state and local income or franchise tax returns or other reports (including estimated tax returns and information returns) as may be required from time to time on behalf of a Fund, and the Company agrees to provide the Trustee in a timely manner with any information within its possession, and to cause the Investment Manager(s) to provide the Trustee with any information in its possession, which is necessary to such filings. The Trustee shall prepare and submit to the Company in a timely manner all information requested by the Company regarding the Funds required to be included in the Company's Federal, state and local income tax returns or other reports (including estimated tax returns and information returns). Subject to the limitations contained in Section 8.04 hereof, the Trustee may employ independent certified public accountants or tax counsel



to prepare or review such returns and reports. The Trustee agrees to sign any tax returns or other reports where required by law to do so or arising out of the Trustee's responsibilities hereunder, and to remit from the Master Trust appropriate payments or deposits of Federal, state and local income or franchise taxes directly to the taxing agencies or authorized depositories in a timely manner. Twenty (20) business days prior to filing any tax return on behalf of a Fund, the Trustee shall submit the completed tax return to the Company for review and shall make such changes requested by the Company upon advice of counsel that the change constitutes a position which would not cause the imposition of a negligence penalty. Notwithstanding Section 6.07 hereof, any interest or penalty charges assessed against the Funds pursuant to Chapters 67 or 68 of the Code, or pursuant to any similar state or local tax provisions, as a result of the Trustee's failure to comply with this Section 6.06 shall be borne by the Trustee and not the Funds. The Trustee agrees to notify the Company in writing within ten days of the commencement of any audit of any Fund's Federal, state, or local tax returns, and to participate with the Company on behalf of the Funds in such audits and related inquiries. The Trustee further agrees to provide the Company with any additional information in its possession regarding the funds which may be requested by the Company to be furnished in



an audit of the Company's Federal, state, or local tax returns.

6.06 Liability. The Trustee shall not be liable for any acts, omissions or defaults of any agent (other than its officers and employees) or depository appointed or selected with reasonable care. The Trustee shall be liable only for such Trustee's own acts or omissions (and those of its officers and employees) occasioned by the willfulness or negligence of such Trustee (or that of its officers and employees).

Notwithstanding the foregoing, the Trustee (and not the Master Trust) shall be liable for any tax imposed pursuant to section 4951 of the Code (or any applicable successor provision) as such section is made applicable to the Master Trust, the Qualified Funds, or the Trustee.

6.07 Indemnity. Notwithstanding section 6.06, the Trustee hereby indemnifies and holds the Company harmless from any costs, expenses, damages or liabilities which arise out of the making of any investments with funds in a Qualified Fund which are not Permitted Investments.

## VII. INVESTMENTS

7.01 Appointment of Investment Manager(s). The Company shall appoint one or more Investment Managers to direct the investment of all or part of the Master Trust. The Company shall provide written notice of such appointment to the



Trustee, shall specify the portion of the Master Trust with respect to which an Investment Manager has been designated, and shall instruct the Trustee to segregate into an Investment Account those assets with respect to which that specific Investment Manager has been designated. Except as otherwise provided in Article IX and section 6.07 hereof, to the extent that the Company authorizes an Investment Manager to direct the investment of an Investment Account or directs investments, the Trustee shall be released and relieved of all investment duties, responsibilities and liabilities customarily or statutorily incident to a trustee with respect to the Investment Account, and as to such Investment Account, the Trustee shall act as custodian. An Investment Manager shall certify in writing to the Trustee that it is qualified to act in the capacity provided under an Investment Manager Agreement, shall accept its appointment as Investment Manager, shall certify the identity of the person or persons authorized to give instructions or directions to the Trustee on its behalf, including specimen signatures, and shall undertake to perform the duties imposed on it under an Investment Manager Agreement. The Trustee may continue to rely upon all such certifications unless otherwise notified in writing by the Company or an Investment Manager, as the case may be.

7.02 Direction by Investment Manager(s). An Investment Manager designated by the Committee to manage an





Investment Account shall have authority to manage and to direct the acquisition and disposition of the assets to the Master Trust, or a portion thereof, as the case may be. An Investment Manager shall have the power and authority, exercisable in its sole discretion at any time, and from time to time, to issue and place orders for the purchase or sale of portfolio securities directly with qualified brokers or dealers. The Trustee, upon proper notification from an Investment Manager (such notification being agreed to by the Trustee and Investment Manager), shall settle the transactions in accordance with the appropriate trading authorizations. Written notification of the issuance of each such authorization shall be given promptly to the Trustee by an Investment Manager, and such Investment Manager shall cause the settlement of such transaction to be confirmed in writing to the Trustee by the broker or dealer. Such notification shall be proper authority for the Trustee to pay for portfolio securities purchased against receipt thereof and to deliver portfolio securities sold against payment therefor, as the case may be. The procedures for providing directions to the Trustee by an Investment Manager shall be in writing and shall be signed by a person who has been certified by such Investment Manager pursuant to Section 7.01 hereof as authorized to give instructions or directions to the Trustee.

Should an Investment Manager at any time elect to place security transactions directly with a broker or dealer, the Trustee shall not recognize such transaction unless and until it has received instructions or confirmation of such fact from an Investment Manager. Should an Investment Manager direct the Trustee to utilize the services of any person with regard to the assets under its management or control, such instructions shall be in writing and shall specifically set forth the actions to be taken by the Trustee as to such services. In the event that an Investment Manager places security transactions directly or directs the utilization of a service, such Investment Manager shall be solely responsible for the acts of such persons. The sole duty of the Trustee as to such transactions shall be incident to its duties as custodian.

The authority of an Investment Manager and the terms and conditions of the appointment and retention of an Investment Manager(s) shall be the responsibility solely of the Company, and the Trustee shall not be deemed to be a party or to have any obligations under any agreement with an Investment Manager.

The Investment Manager shall have discretion to vote proxies, if any, with respect to securities owned hereunder



except that the Investment Manager may vote any proxies in the manner and to the extent directed by the Committee.

VIII. TRUSTEE'S GENERAL POWERS

The Trustee shall have, with respect to the Master Trust, the following powers, all of which powers are fiduciary powers to be exercised in a fiduciary capacity and in the best interests of this Master Trust and the purposes hereof, namely:

8.01 Extension of Obligations and Negotiation of Claims. To renew or extend the time of payment of any obligation, secured or unsecured, payable to or by this Master Trust, for as long a period or periods of time and on such terms as the Trustee shall determine, and to adjust, settle, compromise and arbitrate claims or demands in favor of or against this Master Trust, including claims for taxes, upon such terms as the Trustee may deem advisable.

8.02 Registration of Securities. To hold any stocks, bonds, securities, or other property in the name of a nominee, in a street name, or by other title-holding device, without indication of trust.

8.03 Borrowing. To borrow money in such amounts and upon such terms as the Company may authorize in writing as necessary to carry out the purposes of this Master Trust, and



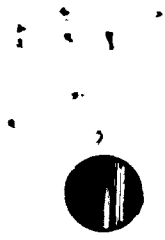
to pledge any securities or other property for the repayment of any such loan as the Company may direct.

8.04 Retention and Removal of Professional and Employee Services. Upon the Company's written approval, to employ, retain and remove attorneys, accountants, custodians, engineers, contractors, clerks and agents as necessary and proper for the administration of this Master Trust.

8.05 Powers of Trustee to Continue Until Final Distribution. To exercise any of such powers after the date on which the principal and income of the Master Trust shall have become distributable and until such time as the entire principal of, and income from, the Master Trust shall have been actually distributed by the Trustee. It is intended that distribution of the Master Trust or a Fund will occur as soon as possible upon termination of the Master Trust or Fund, subject, however, to the limitations contained in Article V hereof.

8.06 Discretion in Exercise of Powers. To do any and all other acts which the Trustee shall deem proper to effectuate the powers specifically conferred upon it by this Agreement, provided, however, that the Trustee may not do any act or participate in any transaction which would:

- (1) Disqualify any Qualified Fund from the application of section 468A (or any applicable successor provision) of the Code;





- (2) Contravene any provision of this Agreement;  
or
- (3) Violate the terms and conditions of any  
instructions provided in a written statement  
of the Company.

IX. COMPANY'S INVESTMENT POWERS

9.01 The Trustee recognizes the authority of an Investment Manager to manage, invest, and reinvest the assets in an Investment Account pursuant to an Investment Manager Agreement and as provided in Article VII of this Agreement, and the Trustee agrees to cooperate with any Investment Manager as deemed necessary to accomplish these tasks. Notwithstanding the foregoing, to the extent that the assets of the Master Trust have not been allocated to an Investment Account under the investment control of an Investment Manager, and to the extent the assets of the Master Trust have been allocated to an Investment Account but have not been invested by an Investment Manager, the Company shall have the powers and authority of an investment manager as specified in Article VII and the Trustee shall invest the assets in the manner specified by the Company and shall be relieved and released from all investment duties and responsibilities to the extent and in the same manner as specified in Article VII.



X. MISCELLANEOUS

10.01 Headings. The section headings set forth in this Agreement and the Table of Contents are inserted for convenience of reference only and shall be disregarded in the construction or interpretation of any of the provisions of this Agreement.

10.02 Particular Words. Any word contained in the text of this Agreement shall be read as the singular or plural and as the masculine, feminine, or neuter as may be applicable or permissible in the particular context. Unless otherwise specifically stated, the word "person" shall be taken to mean and include an individual, partnership, association, trust, company, or corporation.

10.03 Severability of Provisions. If any provision of this Agreement or its application to any person or entity or in any circumstances shall be invalid and unenforceable, the application of such provision to persons and in circumstances other than those as to which it is invalid or unenforceable and the other provisions of this Agreement, shall not be affected by such invalidity or unenforceability.

10.04 Delivery of Notices Under Agreement. Any notice required by this Agreement to be given to the Company or the Trustee shall be deemed to have been properly given when mailed, postage prepaid, by registered or certified mail, to the person to be notified as set forth below:



If to the Company:

Rochester Gas and Electric Corporation  
89 East Avenue  
Rochester, New York 14649  
Attention: Treasurer

If to the Trustee:

Mellon Bank, N.A.  
One Mellon Bank Center  
Pittsburgh PA 15258  
Attention: Trust Department

The Company or the Trustee may change the above address by delivering notice thereof in writing to the other party.

10.05 Alterations and Amendments. The Trustee and the Company understand and agree that modifications or amendments may be required to this Agreement from time to time to effectuate the purpose of this Master Trust and to comply with any Order, any changes in tax laws, regulations or rulings (whether published or private) of the Service and any similar state taxing authority, and any other changes in the laws, rules, regulations and interpretations of the PSC, NRC or other regulatory body (including final regulations and published or private rulings) applicable or relating to the Company or the Plants. Any modification or amendment to this Agreement must be in writing and signed by the Company and the Trustee. The Trustee shall have no duty to inquire or make any investigation as to whether any proposed amendment, or modification is

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consistent with this Section 10.05, but the Trustee shall adopt such amendment, modification, or alteration upon the advice of legal counsel for the Company that such amendment or modification is consistent with the provisions of this Section 10.05.

10.06 Successors and Assigns. Subject to the provisions of Sections 2.08 and 6.01, this Agreement shall be binding upon and inure to the benefit of the Company, the Trustee and their respective successors, assigns, personal representatives, executors and heirs.

10.07 Governing Law. The Master Trust is a New York trust, and all questions pertaining to its validity, construction, and administration shall be determined in accordance with the laws of the State of New York to the extent not preempted by Federal law.

10.08 Accounting Year. The Master Trust shall operate on an accounting year which coincides with the calendar year, January 1 through December 31.

10.09 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the Company and the Trustee have set their hands and seals to this Agreement as of the day and year first above written.

ROCHESTER GAS AND ELECTRIC CORPORATION

By Robert C. Kerschner  
Senior Vice President, Title  
Controller and Chief Financial Officer

Attest: David C. Heiligman  
Vice President, Title  
Secretary and Treasurer

Mellon Bank, N.A.

By Christine A. Bloom  
Vice President Title

Attest: E. K. Gledits  
Trust Officer Title







- (3) all such amounts may be paid from the Master Trust without causing the Qualified Fund(s) to become disqualified from the application of Code section 468A or any applicable successor provision; and
- (4) all conditions precedent to the making of this withdrawal and disbursement set forth in any agreement between such Payees and the Company, if applicable, have been fulfilled.

Accordingly, request is hereby made that the Trustee provides for the withdrawal of \$\_\_\_\_\_ from the [Ginna Nine Mile Two] [Qualified Fund/Nonqualified Fund] [Funds specified in the attached schedule] in order to permit payment of such sum to be made to the Payees. You are further requested to disburse such sum, once withdrawn, directly to such Payees in the following manner: [CHECK/WIRE TRANSFER/\_\_\_\_\_] on or before \_\_\_\_\_, 19 \_\_\_\_.

WITNESS my hand this \_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_.

By \_\_\_\_\_  
Authorized Representative

NUCLEAR DECOMMISSION TRUST FEE SCHEDULE  
FOR  
ROCHESTER GAS AND ELECTRIC CORPORATION

TRUSTEE SERVICE

**ACCOUNT FEE:** \$3,500 per Account

**ASSET FEE:** .05 of 1% per annum on the first \$50 million  
Negotiated thereafter

**SECURITY  
TRANSACTION FEE:** \$20 per Transaction

**ISSUE FEE:** \$30 per Issue (Waived)

**TAX REPORTING:** \$165/Hour of tax preparation

ANCILLARY SERVICES

**SECURITY LENDING:** We set our fee on a per loan basis. The earnings are split 50-50 with our trust customers up to 2%. Any return greater than 2%, Mellon caps out at 1% and the balance goes to the customer. All expenses for monitoring, control and investments are included in Mellon's split.

**ON-LINE:** \$10,000 annually

**CHECK DISBURSEMENT:** \$8.00 for disbursement.



ROCHESTER GAS AND ELECTRIC CORPORATION  
NUCLEAR DECOMMISSIONING - EXTERNAL TRUST  
GINNA STATION NUCLEAR PLANT

EXHIBIT C

(B) (C) (D) (E)

| YEAR  | BALANCE<br>1/1/XX | CONTRIBUTIONS | EARNINGS     | BALANCE<br>12/31/XX |
|-------|-------------------|---------------|--------------|---------------------|
| 1989  | \$0               | \$0           | \$0          | \$0                 |
| 1990  | \$0               | \$9,898,360   | \$125,640    | \$10,024,000        |
| 1991  | \$10,024,000      | \$8,983,683   | \$630,798    | \$19,638,481        |
| 1992  | \$19,638,481      | \$8,983,683   | \$1,084,732  | \$29,706,896        |
| 1993  | \$29,706,896      | \$8,983,683   | \$1,560,099  | \$40,250,678        |
| 1994  | \$40,250,678      | \$8,983,683   | \$2,057,909  | \$51,292,270        |
| 1995  | \$51,292,270      | \$8,983,683   | \$2,579,222  | \$62,855,175        |
| 1996  | \$62,855,175      | \$8,983,683   | \$3,125,149  | \$74,964,007        |
| 1997  | \$74,964,007      | \$8,983,683   | \$3,696,851  | \$87,644,541        |
| 1998  | \$87,644,541      | \$8,983,683   | \$4,295,545  | \$100,923,769       |
| 1999  | \$100,923,769     | \$8,983,683   | \$4,922,505  | \$114,829,957       |
| 2000  | \$114,829,957     | \$8,983,683   | \$5,579,067  | \$129,392,707       |
| 2001  | \$129,392,707     | \$8,983,683   | \$6,266,627  | \$144,643,017       |
| 2002  | \$144,643,017     | \$8,983,683   | \$6,986,649  | \$160,613,349       |
| 2003  | \$160,613,349     | \$8,983,683   | \$7,740,666  | \$177,337,699       |
| 2004  | \$177,337,699     | \$8,983,683   | \$8,530,283  | \$194,851,666       |
| 2005  | \$194,851,666     | \$8,983,683   | \$9,357,181  | \$213,192,530       |
| 2006  | \$213,192,530     | \$8,983,683   | \$10,223,120 | \$232,399,333       |
| 2007  |                   |               |              |                     |
| 2008  |                   |               |              |                     |
| 2009  |                   |               |              |                     |
| 2010  |                   |               |              |                     |
| 2011  |                   |               |              |                     |
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| 2032  |                   |               |              |                     |
| 2033  |                   |               |              |                     |
| 2034  |                   |               |              |                     |
| TOTAL |                   | \$153,637,291 | \$78,762,043 | \$232,399,333       |

ASSUMPTIONS

|                         |                   |
|-------------------------|-------------------|
| Total Cost Estimate     | \$134,649,904 (1) |
| NRC Certificate Amount  | \$124,079,904 (2) |
| Year of Est.            | 1990              |
| Cost Escalation         | 4.00%             |
| Total Cost at Decomm.   | \$252,196,745 (3) |
| NRC Cert. Amt. @ Decomm | \$232,399,333 (4) |
| Fund Return - Pre-tax   | 8.00%             |
| Fund Return - After-tax | 4.64%(5)          |
| FIT + SIT               | 42.00%            |

NOTES

- (1) Per pending Rate Case (incl. non-contaminated removal)
- (2) Per Exhibit A.
- (3) Total Cost at Decommissioning (2006) @ 4% escalation.
- (4) NRC Certificate Amount at Decommissioning (2006) @ 4% escalation.
- (5) Real return net of taxes and trust expenses equals .64%.

