

PALISADES PLANT
SETTLEMENT AGREEMENT
between
CONSUMERS POWER COMPANY
and
MICHIGAN STEELHEAD AND
SALMON FISHERMEN'S ASSN., et al.

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AGREEMENT

AGREEMENT, made this 12th day of March, 1971, by and between CONSUMERS POWER COMPANY, 212 West Michigan Avenue, Jackson, Michigan, hereinafter called "Consumers Power," and MICHIGAN STEELHEAD AND SALMON FISHERMEN'S ASSOCIATION, 5619 Clato, Kalamazoo, Michigan, THERMAL ECOLOGY MUST BE PRESERVED (T.E.M.P.), 2312 Glenwood Drive, Kalamazoo, Michigan, CONCERNED PETITIONING CITIZENS, 2312 Glenwood Drive, Kalamazoo, Michigan, MICHIGAN LAKE AND STREAM ASSOCIATIONS, INC., 392 Fairbrook Court, Northville, Michigan, and SIERRA CLUB, 1050 Mills Tower, San Francisco, California (for itself and for each and all of its chapters), hereinafter called, jointly and severally, "Intervenors."

WHEREAS, pursuant to an application dated June 2, 1966 and assigned to AEC Docket No. 50-255, a permit to construct a pressurized-water-reactor nuclear power plant known as the Palisades Plant in Covert Township, Van Buren County, Michigan, was duly issued to Consumers Power by the U. S. Atomic Energy Commission (in this Agreement called the "AEC") on March 14, 1967 after a public hearing as required by law, without opposition by way of intervention, and pursuant to findings by the Atomic Safety and Licensing Board entered in favor of Consumers Power on all issues presented by the Notice of Hearing for construction permit; and

WHEREAS, by amendment to its application dated November 1, 1968, Consumers Power requested issuance of a license to operate the Palisades Plant at steady-state power levels up to and including 2200 thermal megawatts (in this Agreement called the "full-power license"); and

WHEREAS, on January 27, 1970, after review and proceedings required by law, the AEC's Advisory Committee on Reactor Safeguards issued its Report on the Palisades Plant which concluded that the Palisades Plant can be operated at power levels up to 2200 thermal megawatts without undue risk to the health and safety of the public, if due regard is given to the suggestions and comments contained in said ACRS Report, subject to the satisfactory completion of construction and preoperational testing; and

WHEREAS, on March 6, 1970, the AEC's Division of Reactor Licensing issued its Safety Evaluation with respect to the Palisades Plant which concluded, among other things, that there is reasonable assurance that the Palisades Plant can be operated as proposed without endangering the health and safety of the public; and

WHEREAS, on March 10, 1970, there was published in the Federal Register a notice that the AEC's Division of Reactor Licensing proposed to issue a provisional operating license to Consumers Power to operate the Palisades Plant as requested, which notice granted an opportunity for public hearing on the issuance of such license; and

WHEREAS, certain persons later to become Intervenors had meetings and discussions with representatives of Consumers Power to discuss such persons' concerns relating to environmental effects of the Palisades Plant, but such discussions did not alleviate the concerns of such persons, later to become Intervenors; and

WHEREAS, Intervenors requested a public hearing pursuant to said March 10, 1970 notice, upon the grounds, among others, that Intervenors were dissatisfied with the AEC's implementation of the National Environmental Policy Act and were dissatisfied with the design of the Palisades Plant

insofar as radioactive and thermal effluents were concerned, and, accordingly, a public hearing (in this Agreement called "the proceeding") commenced before an AEC Atomic Safety and Licensing Board (in this Agreement called "ASLB") on June 23, 1970, which proceeding has not been concluded; and

WHEREAS, during the course of the proceeding Consumers Power filed a motion for issuance of a license authorizing fuel loading and low-power testing at power levels not to exceed one (1) thermal megawatt (in this Agreement called the "testing license") pending issuance of the full-power license; and

WHEREAS, the Intervenor has, since the proceeding began, vigorously contested the issuance of the requested operating licenses to Consumers Power because of Intervenor's contention, among other things, that the AEC, by such a hearing, is engaged in a continuing violation of the National Environmental Policy Act, the Federal Water Pollution Control Act, as amended, and the Atomic Energy Act of 1954, as amended; and

WHEREAS, during the course of said proceeding, Intervenor has questioned whether the Palisades Plant has been constructed in accordance with law and in accordance with Consumers Power's application, plans and specifications and if not so constructed, whether it may be operated safely; and

WHEREAS, the parties have made considerable expenditures of time and money in contesting the issuance of said operating licenses to date, and costly and time-consuming appeals from any decision of the ASLB in the proceeding are probable; and

WHEREAS, Intervenor is willing to forego in this proceeding final resolution of legal issues pursuant to the National Environmental

Policy Act, the Federal Water Pollution Control Act, as amended, and the Atomic Energy Act of 1954, as amended, provided that certain steps are taken by Consumers Power, as provided in this Agreement, in order to resolve the contentions of Intervenor as regards radioactive and thermal effects and nuclear safety of the Palisades Plant; and

WHEREAS, the parties hereto desire to minimize further expenditures, to permit production of electrical energy from the Palisades Plant in accordance with the provisions of this Agreement, and to that end to resolve all controversies, differences and disputes between the parties hereto with respect to the design, construction, licensing and operation of the Palisades Plant, including but not limited to those which have heretofore arisen or might or could have arisen, or which may or could hereafter arise during the course of the proceeding or otherwise in AEC Docket No. 50-255 and in appeals therefrom and in actions in connection therewith before the ASLB, the AEC Atomic Safety and Licensing Appeal Board, the AEC and all other governmental agencies and all federal, state and local courts, except controversies, differences and disputes arising because of alleged breach of, or failure of performance pursuant to, this Agreement;

NOW, THEREFORE, in consideration of their mutual promises and undertakings herein, the parties hereto agree as follows:

SECTION 1 - CONDENSER COOLING SYSTEM MODIFICATION

§1.1 Consumers Power shall modify the condenser cooling system now installed in the Palisades Plant to a condenser cooling system substantially conforming to the conceptual design set forth in Appendix I hereto and in accordance with the principles set forth in this Section 1.

SECTION 1, §1.1 (Contd)

The condenser cooling system as so modified (and in this Agreement called the "modified condenser cooling system") shall be so designed, constructed, operated and maintained as to form a closed cycle in which the condenser cooling water is continually recycled except for cooling system makeup water from and blowdown to Lake Michigan. The modified condenser cooling system shall include one or more wet-type cooling towers which may be of either the natural or the mechanical draft type, at Consumers Power's sole option, provided, that Consumers Power's obligation shall be to install either the natural or the mechanical draft type unless it is relieved from installing both types after exhausting all rights of hearing, appeal and requests for writs of certiorari to the highest state or federal court having jurisdiction, as provided in Section 10 of this Agreement. Design and construction of the cooling tower or towers shall conform to the latest applicable Cooling Tower Institute (CTI) codes and standards applicable at the time of detailed design, except to the extent the same may be contrary to any applicable law or rule, regulation or order of any governmental body having jurisdiction.

§1.2 Upon execution of this Agreement, Consumers Power will proceed immediately with all due diligence to arrange for the design, engineering, procurement of equipment and materials, and construction required to install the modified condenser cooling system as provided for herein and to make application to obtain all licenses, permits, consents or other authorizations of public bodies or officials which are required in connection with the design, construction, operation and maintenance of the

SECTION 1, §1.2 (Contd)

modified condenser cooling system. In making and pursuing such applications, Consumers Power shall pursue administrative remedies or court actions, or both, in the manner provided in Section 10 of this Agreement, and the rights and obligations of the parties in connection with such remedies or actions shall be governed and determined by Section 10 of this Agreement. The modified condenser cooling system shall be installed within forty-two (42) calendar months following the date of execution of this Agreement if Consumers Power installs a natural draft cooling tower or towers as part of the modified condenser cooling system, or within thirty-two (32) calendar months following the date of execution of this Agreement if Consumers Power installs a mechanical draft cooling tower or towers as part of the modified condenser cooling system. If, after Consumers Power has begun to arrange for the design, engineering, procurement of equipment and materials, and construction for a modified condenser cooling system utilizing either the mechanical draft or the natural draft type of cooling tower or towers, Consumers Power is relieved from installing or continuing to install the type of cooling tower or towers it first selects, and it is necessary to change to the alternative type of cooling tower or towers, the time for installation of a modified condenser cooling system utilizing the alternative type of cooling tower or towers shall commence from the date on which Consumers Power is relieved from installing or continuing to install the type of cooling tower or towers first selected. The modified condenser cooling system shall be placed in operation not later than the resumption of operation of the Palisades Plant after its first scheduled refueling

SECTION 1, §1.2 (Contd)

following installation of said system, provided, that to the extent it can do so consistently with electrical system load requirements, Palisades Plant operating requirements and applicable license and other legal limitations, Consumers Power shall use its best efforts to schedule the first refueling following installation of the modified condenser cooling system so as to minimize the time between the completion of such installation and the initial operation of the modified condenser cooling system. The foregoing provisions of this §1.2 are subject to the condition that in the event the installation or the initial operation of such modified condenser cooling system is delayed (i) by reason of flood, strike, insurrection, riot, embargo, act of nature or the public enemy; or unavoidable delay in transportation or inability or unavoidable delay in procuring labor or materials; (ii) by reason of legal action by any third party; local, state or federal laws; or the rules, regulations, orders, actions or failure to act of any public body or official purporting to exercise authority or control with respect to installation or operation of the modified condenser cooling system; or (iii) by reason of any cause beyond the reasonable control of Consumers Power, the time for performance shall be extended (subject to the provisions of Section 10 of this Agreement as respects [ii] above) for a time equal to the period of such delay. Moreover, until initial successful operation of the modified condenser cooling system, Consumers Power shall notify Intervenors quarterly of all occurrences or conditions then known to any officer of Consumers Power, or to an employee of Consumers Power who reports directly and regularly to any such officer, which Consumers

SECTION 1, §1.2 (Contd)

Power may claim forms a basis for an extension of time for the installation and operation of the modified condenser cooling system, and shall notify Intervenor on a current basis of any occurrence or condition known to any officer of Consumers Power, or to an employee of Consumers Power who reports directly and regularly to any such officer, which Consumers Power then claims will form a basis for such an extension of time.

§1.3 Pending installation and operation of the modified condenser cooling system provided for in this Section 1, Consumers Power, insofar as Intervenor are concerned, may operate the Palisades Plant at any power levels authorized by any AEC operating license issued to Consumers Power, utilizing the existing once-through cooling system and releasing heated condenser cooling water to Lake Michigan.

§1.4 As used in this Agreement the term "Palisades Plant" means and refers to a single-unit nuclear electric generating plant and shall not be deemed to include any additional electric generating units that may hereafter be installed at the Palisades Plant site.

SECTION 2 - LIQUID RADWASTE SYSTEM MODIFICATION

§2.1 Consumers Power shall modify the liquid radwaste system now installed in the Palisades Plant to a liquid radwaste system substantially conforming to the conceptual design set forth in Appendix II hereto and in accordance with the principles set forth in this Section 2. The liquid radwaste system as so modified (and in this Agreement called the "modified liquid radwaste system") shall be so designed, constructed, operated and maintained that at all times under normal operating conditions,

SECTION 2, §2.1 (Contd)

radioactive materials in liquid discharges from the Palisades Plant to Lake Michigan are reduced to essentially zero; provided, however, that radioactive materials in laundry waste system discharges which cannot be treated in the dirty waste system of the modified liquid radwaste system without the possibility of impairing the function of dirty waste system equipment may be released to Lake Michigan at levels which shall in no event exceed 25 picocuries per liter (2.5×10^{-8} microcuries/cc) on an annual average basis; and provided further, that "essentially zero," as used herein, shall not be construed to preclude liquid discharges to Lake Michigan containing radioactive materials at levels, as sampled at the recycle monitor tank before dilution, equivalent to or below then-current Lake Michigan background radioactivity levels, as monitored offshore from the Palisades Plant prior to such liquid discharges. As used in this Agreement "normal operating conditions" shall refer to operation of the Palisades Plant during or in connection with which there exist no abnormal events or circumstances such as (but not limited to) steam generator tube leakages, fire, or pipe breakage; and "abnormal operating conditions" shall refer to operation of the Palisades Plant during or in connection with which there exist any such abnormal events or circumstances. All radioactive materials removed from liquid wastes by the modified liquid radwaste system will be accumulated and prepared for shipment in accordance with applicable rules, regulations and orders of governmental authorities having jurisdiction and turned over to a carrier or carriers licensed by governmental authorities having jurisdiction for shipment to an authorized disposal area or areas.

SECTION 2, §2.1 (Contd)

Consumers Power intends to be alert to, and to utilize to the extent it is practical to do so, means of minimizing the amount of laundry waste that cannot be treated in the dirty waste system.

§2.2 The parties recognize that under abnormal operating conditions it may be impossible or impractical to achieve essentially zero release of radioactive materials in liquid discharges from the Palisades Plant through operation of the modified liquid radwaste system. Consumers Power shall so operate the modified liquid radwaste system as to ensure that radioactive materials in liquid discharges to Lake Michigan resulting from abnormal operating conditions do not exceed, on a quarterly average basis and on an individual isotopic analysis basis, ten percent (10%) of applicable 10 CFR Part 20 limits in effect as of December 1, 1970, and are reduced to essentially zero no later than sixty (60) consecutive days after the commencement of such releases resulting from abnormal operating conditions. Notwithstanding the foregoing, however, delay beyond said sixty (60) day period in the reduction of radioactive materials in such liquid discharges to essentially zero shall be excused (subject to the provisions of Section 10 of this Agreement as respects [ii] below) to the extent it is (i) due to inability to identify, locate or repair the abnormal operating condition; or due to flood; strike; insurrection; riot; embargo; act of nature or the public enemy; or by reason of unavoidable delay in transportation or inability or unavoidable delay in procuring labor or materials; (ii) due to legal action by a third party; local, state or federal laws; or the rules, regulations, orders, actions or failure to act of any public

SECTION 2, §2.2 (Contd)

body or official purporting to exercise authority or control with respect to such liquid discharges; or (iii) due to any cause beyond the reasonable control of Consumers Power; provided, however, that radioactive materials in liquid discharges to Lake Michigan from the modified liquid radwaste system during any such excused delay beyond said sixty (60) day period shall not exceed, on a quarterly average basis and on an individual isotopic analysis basis, one percent (1%) of applicable 10 CFR Part 20 limits in effect as of December 1, 1970; and provided further, however, that Consumers Power shall undertake promptly to correct abnormal operating conditions which result in releases of radioactive materials in liquid discharges to Lake Michigan from the modified liquid radwaste system at levels greater than essentially zero.

§2.3 Upon execution of this Agreement, Consumers Power will proceed immediately with all due diligence to arrange for the design, engineering, procurement of equipment and materials, and construction required to install the modified liquid radwaste system as provided for herein and to make application to obtain all licenses, permits, consents or other authorizations of public bodies or officials which are required in connection with the design, construction, operation and maintenance of the modified liquid radwaste system. In making and pursuing such applications Consumers Power shall pursue administrative remedies or court actions, or both, in the manner provided in Section 10 of this Agreement, and the rights and obligations of the parties in connection with such remedies or actions shall be governed and determined by Section 10 of this Agreement.

SECTION 2, §2.3 (Contd)

The design of said system shall be reviewed and approved by Combustion Engineering, Inc. in the manner described in subsection B.l.c. and d. of Article I of the February 8, 1966 Nuclear Equipment Contract, as amended to December 1, 1970, between Consumers Power and Combustion Engineering, Inc. The modified liquid radwaste system shall be installed and placed in operation no later than the resumption of operation of the Palisades Plant after its first scheduled refueling (which is expected to occur approximately seventeen [17] calendar months following the date of commencement of escalation to full power following issuance of the full-power license) or twenty-four (24) calendar months following the date of execution of this Agreement, whichever occurs first. The foregoing provisions of this §2.3 are subject to the condition that in the event the installation or the initial operation of such modified liquid radwaste system is delayed (i) by reason of flood; strike; insurrection; riot; embargo; act of nature or the public enemy; or unavoidable delay in transportation or inability or unavoidable delay in procuring labor or materials; (ii) by reason of legal action by a third party; local, state or federal laws; or the rules, regulations, orders, actions or failure to act of any public body or official purporting to exercise authority or control with respect to installation or operation of the modified liquid radwaste system; or (iii) by reason of any cause beyond the reasonable control of Consumers Power, the time for performance shall be extended (subject to the provisions of Section 10 of this Agreement as respects [ii] above) for a time equal to the period of such delay. Moreover, until initial successful operation of the modified liquid radwaste

SECTION 2, §2.3 (Contd)

system, Consumers Power shall notify Intervenor quarterly of all occurrences or conditions then known to any officer of Consumers Power, or to an employee reporting directly and regularly to any such officer, which Consumers Power may claim form a basis for an extension of time for the installation and operation of the modified liquid radwaste system, and shall notify Intervenor on a current basis of any occurrence or condition known to any officer of Consumers Power, or to an employee reporting directly and regularly to any such officer, which Consumers Power then claims will form a basis for such an extension of time.

§2.4 Pending installation and operation of the modified liquid radwaste system pursuant to the schedule provided in §2.3 hereof, Consumers Power, insofar as Intervenor are concerned, may operate the Palisades Plant at any power levels authorized by any AEC license issued to Consumers Power, utilizing the existing liquid radwaste system; provided that radioactive materials in liquid discharges to Lake Michigan shall be at levels which are at all times as low as practicable and which do not exceed, on a quarterly average basis and on an individual isotopic analysis basis, and based on the assumptions used in Section 11 of Consumers Power's Final Safety Analysis Report to the AEC for the Palisades Plant as amended to December 1, 1970, (i) under normal or abnormal operating conditions as defined in §2.1 hereof and assuming no failed fuel, two percent (2%) of applicable 10 CFR Part 20 limits in effect as of December 1, 1970; and (ii) under normal or abnormal operating conditions as defined in §2.1 hereof and assuming some failed fuel, ten percent (10%) of applicable 10 CFR Part 20 limits in effect as of December 1, 1970.

SECTION 3 - GASEOUS RADWASTE SYSTEM

§3.1 No engineered feasible system is presently available to reduce the gaseous radioactivity release from a pressurized-water-reactor nuclear power plant to essentially zero. Work is presently in progress by reactor vendors, national laboratories, and utility companies, including Consumers Power, on the development of systems or components of systems to reduce gaseous waste releases to essentially zero. Consumers Power will reasonably support the developmental progress of this type of system and will retrofit such a system to the Palisades Plant when it is available, provided that regulatory approvals for such retrofitting can be secured and provided that, in Consumers Power's reasonable judgment, (i) it is technically feasible to retrofit such a system to the Palisades Plant at a reasonable cost, and (ii) the use of such a system in the Palisades Plant would result in a whole-body radiation dose at the Palisades Plant site boundary (assuming a one percent [1%] failed fuel condition) significantly less than the whole-body radiation dose expected at the Palisades Plant site boundary (assuming a one percent [1%] failed fuel condition) utilizing the existing gaseous radwaste system. The latter whole-body radiation dose is described in Appendix III hereto.

SECTION 4 - HOT FUNCTIONAL TEST

§4.1 On or about February 5, 1971 Consumers Power commenced a hot functional test at the Palisades Plant covering the primary system and all nuclear auxiliary systems affected by the heatup of the primary system. The satisfactory performance and completion of such test shall

SECTION 4, §4.1 (Contd)

be recorded in Palisades Plant records. At Consumers Power's request, the AEC furnished inspectors to review the test procedures, witness significant parts of the test and verify the test results as recorded in Palisades Plant records. Consumers Power agrees to permit a representative of Intervenor to inspect, at any reasonable time, the Palisades Plant records in which the testing contemplated by this §4.1 is recorded. Consumers Power will request the ASLB or the AEC to have copies of AEC inspection reports covering said test made available to Intervenor.

SECTION 5 - CONTROL ROD TESTS

§5.1 Consumers Power agrees to test in the Palisades Plant reactor, within thirty (30) days after initial fuel loading, all full-length control rods which are to be initially installed in the Palisades Plant reactor. The test shall be made in accordance with the Consumers Power procedure entitled "Control Rod Performance Test," dated January 8, 1971, a copy of which has been furnished to Intervenor, and shall subject said control rods to normal operating temperature, pressure, flow, and rod movements, including drops from the full-out and half-out positions. The reactor shall be held subcritical by boron concentration throughout the test. The data obtained from the test will be evaluated by Combustion Engineering, Inc. to assure that rod drop time requirements are met as provided in the "Control Rod Performance Test" procedure. If control rod drive motor current and drop time measurements made during the test demonstrate that any control rod exhibits any abnormality that would impair

SECTION 5, §5.1 (Contd)

the ability of the rod to drop in an acceptable drop time, then Consumers Power shall either repair said rod or replace said rod with a control rod not exhibiting any such abnormality, prior to initial criticality.

§5.2 At the conclusion of zero power physics testing and prior to escalation to power, Consumers Power shall repeat the test contemplated by §5.1 hereof to verify drop times on all installed full-length control rods, and Combustion Engineering, Inc. shall evaluate the data obtained from such repeat test to assure that rod drop time requirements are met as provided in the "Control Rod Performance Test" procedure. If control rod drive motor current and drop time measurements made during the repeat test demonstrate that any control rod exhibits any abnormality which would impair the ability of the rod to drop in an acceptable drop time, then Consumers Power shall either repair said rod or replace said rod with a control rod not exhibiting any such abnormality, prior to escalation to power.

§5.3 Consumers Power shall require Combustion Engineering, Inc. to submit to Consumers Power a written report of its evaluations of the tests contemplated by this Section 5, and a copy of such report shall be filed as a part of the Palisades Plant records. Consumers Power agrees to permit a representative of Intervenor to inspect, at any reasonable time, the Palisades Plant records covering the procedures, measurements and evaluations of the tests contemplated by this Section 5.

SECTION 6 - MPSC APPROVAL; WITHDRAWAL OF INTERVENTION

§6.1 Upon execution of this Agreement, Intervenor shall cooperate with and take all appropriate action to assist and support Consumers Power in expeditiously obtaining the testing license, including but not limited to joining immediately with Consumers Power in presenting and filing in the proceeding the Stipulation (a copy of which is attached hereto as Appendix IV), which shall be executed by the parties' attorneys of record in the proceeding at the time of execution of this Agreement. Upon execution of this Agreement the parties' attorneys of record in the proceeding shall also execute, for later presentation and filing in the proceeding as provided in §6.6 hereof, the Stipulation (a copy of which is attached hereto as Appendix V) supporting issuance to Consumers Power of the full-power license containing the technical specifications in the form set forth in Exhibit A to said Appendix V (said form of technical specifications being called in this Agreement the "special technical specifications") as part of the Technical Specifications for the Palisades Plant. By execution of this Agreement, the parties authorize their respective attorneys of record in this proceeding to execute and file said Stipulations in the proceeding in accordance with this Agreement.

§6.2 Upon execution of this Agreement, Consumers Power shall, with all due diligence, make application to the Michigan Public Service Commission (in this Agreement called the "MPSC") for an order or other authorization (in this Agreement called the "MPSC order") approving Consumers

SECTION 6, §6.2 (Contd)

Power's execution and performance of this Agreement and authorizing Consumers Power for rate-making purposes to include in its rate base its total investment in the design, engineering, equipment and construction of the modified condenser cooling system and the modified liquid radwaste system, less depreciation, and to include in its cost of service the expenses to be incurred in operating and maintaining the modified condenser cooling system and the modified liquid radwaste system.

§6.3 Except as provided in (ii) of §6.4 hereof, this Agreement (and all the rights and obligations of the parties hereunder) shall terminate and the Stipulation supporting the issuance to Consumers Power of the full-power license containing the special technical specifications shall be of no further force or effect (i) if the MPSC order is denied; or (ii) if the proceeding is reconvened to consider the issuance of the full-power license or any operating license other than the testing license prior to the granting or denial of the MPSC order; or (iii) if, after the MPSC order has been granted, the proceeding is reconvened to consider the issuance of the full-power license or any operating license other than the testing license prior to the expiration of all time permitted by law for rehearing, appeal or review of the MPSC order, or prior to the completion of any and all rehearing, appeal or review of the MPSC order if rehearing, appeal or review thereof is sought by any person.

§6.4 No party hereto shall request that the proceeding be reconvened to consider the issuance of the full-power license or any operating license other than the testing license (i) prior to the granting or the denial of the MPSC order, except that if the MPSC has neither granted nor denied the MPSC order within sixty (60) calendar days following the

SECTION 6, §6.4 (Contd)

date of filing of the application for the MPSC order, then Consumers Power shall have the right to request the reconvening of the proceeding to consider the issuance of the full-power license or any operating license other than the testing license; or (ii) while there is pending any request for rehearing, appeal or review of any granting of the MPSC order, or during the time in which any such rehearing, appeal or review of such granted MPSC order may be sought under applicable law; provided, however, that, while there is pending any such request for rehearing, appeal or review of such granted MPSC order, or during the time in which any such rehearing, appeal or review of such granted MPSC order may be sought under applicable law, Consumers Power shall have the right to request that the proceeding be reconvened to consider the issuance of the full-power license or any operating license containing the special technical specifications, other than the testing license, and if Consumers Power does so request the proceeding to be reconvened, as provided in this (ii), then Intervenors agree that they will join in such request, and the parties agree that this Agreement shall not thereby terminate as provided in §6.3 hereof.

§6.5 Consumers Power shall promptly notify Intervenors of any request by any person for any rehearing, appeal or review of the granting of the MPSC order. Intervenors shall have the right, insofar as Consumers Power is concerned, to participate in any such rehearing, appeal or review and Consumers Power shall pursue administrative remedies or court actions, or both, in connection with any such rehearing, appeal or review in the manner provided for in Section 10 of this Agreement, in order to assert

SECTION 6, §6.5 (Contd)

the validity of the granting of the MPSC order. If, after exhausting all such administrative remedies or court actions or both, it is finally determined that the MPSC order, or any portion thereof, should not have been granted:

I. and the MPSC order or portion thereof is required for the performance by Consumers Power of any provision or provisions of this Agreement, then Consumers Power will be forever relieved of any obligation to perform any provision or provisions of this Agreement (and any and all other provisions of this Agreement which require that said provision or provisions be performed) as to which such invalidated MPSC order or portion thereof is required;

II. and the MPSC order or portion thereof is not required for the performance by Consumers Power of any provision or provisions of this Agreement, then notwithstanding such final determination, Consumers Power will not thereby be relieved from performing any provision or provisions of this Agreement.

§6.6 In the event Consumers Power is granted the MPSC order prior to the time the proceeding is reconvened to consider issuance of the full-power license or any operating license other than the testing license, or if, pursuant to (ii) of §6.4 hereof, Consumers Power requests the reconvening of the proceeding while there is pending any request for rehearing, appeal or review of such granted MPSC order, or during the time

SECTION 6, §6.6 (Contd)

in which any such rehearing, appeal or review of such granted MPSC order may be sought under applicable law, Consumers Power shall promptly deliver to Intervenor a notice to that effect. Intervenor shall thereupon cooperate with and take all appropriate action not inconsistent with this Agreement to assist and support Consumers Power in expeditiously obtaining the full-power license containing the special technical specifications, including but not limited to joining with Consumers Power in presenting and filing the Stipulation executed at the same time as this Agreement (a copy of which is attached hereto as Appendix V). From the time of the execution of this Agreement Intervenor shall not, unless requested by Consumers Power in order to support the issuance of the testing license and/or the full-power license containing the special technical specifications, or unless directed or requested by the ASLB, or unless permitted by this Agreement or the Stipulations (copies of which are attached hereto as Appendixes IV and V), take any further action in the proceeding or file any documents therein (other than the aforesaid Stipulations) or initiate or participate in any actions (including but not limited to administrative remedies or court actions) de hors the proceeding with respect to or in connection with the testing license, or the full-power license containing the special technical specifications, or the issuance of said licenses.

§6.7 When (i) the full-power license has been issued to Consumers Power containing the special technical specifications and (ii) the initial or final decision in the proceeding has become the final action of the AEC without amendment of the said full-power license so as to remove or change the special technical specifications, then Intervenor shall be deemed, without further action on their part, to have withdrawn from the proceeding

SECTION 6, §6.7 (Contd)

with prejudice and without right thereafter (except as otherwise provided in §§6.9, 6.10 and 11.2 and Section 10 of this Agreement) to take any further action in the proceeding or otherwise in AEC Docket No. 50-255; or to take any action in any AEC proceeding to extend, renew or convert the full-power license from a provisional to a final operating license or to amend the full-power license to authorize operation of the Palisades Plant at any power level higher than that authorized in the full-power license; or to appeal or to stay the effectiveness of any or all decisions, findings, orders or rulings theretofore or thereafter made or entered in the proceeding or otherwise in AEC Docket No. 50-255 or in any AEC proceeding to so extend, renew, convert or amend the full-power license; or to initiate or participate in any actions (including but not limited to administrative remedies or court actions) de hors the proceeding with respect to or in connection with the testing license or the full-power license or the issuance of said licenses. Moreover, upon such issuance of the full-power license containing the special technical specifications and the initial or final decision in the proceeding having become the final action of the AEC, as aforesaid in (i) and (ii) of this §6.7, Intervenor shall also thereby be deemed to have waived and forever relinquished any and all rights to take any legal action with respect to any alleged noncompliance of the Palisades Plant, the proceeding or any decision in the proceeding, or the testing license or the full-power license, with the National Environmental Policy Act, the Federal Water Pollution Control Act as amended, the Atomic Energy Act of 1954 as amended, the Federal Rivers and Harbors Act of March 3, 1899 as amended, the Federal Clean Air Act as amended, or with any other federal, state or local statutes or

SECTION 6, §6.7 (Contd)

ordinances and any rules, orders and regulations of the AEC or any other public official or agency under any of said Acts, statutes or ordinances.

§6.8 Consumers Power shall have the right to terminate this Agreement by notice to Intervenor if (i) the full-power license containing the special technical specifications has not been issued by the AEC Director of Regulation within one hundred fifty (150) calendar days after the date of execution of this Agreement (provided, that said 150-day period shall be extended by one day for each day that the completion of low-power testing under the testing license is delayed beyond thirty-five (35) calendar days from and after the date of issuance of the testing license), or (ii) there has been entered a court order or decree or an order of a public body or official having jurisdiction which, in the reasonable opinion of legal counsel for Consumers Power, renders improbable the issuance of such a full-power license within said 150-day period, as said 150-day period may be extended under (i) of this §6.8, or, if such court order or decree or order of a public body or official prevents the completion of the low-power testing, as said 150-day period may have been extended under (i) of this §6.8 prior to the entry of such court order or decree or order of a public body or official. Upon delivery of such notice this Agreement (and all the rights and obligations of the parties hereunder) shall terminate and the Stipulation (a copy of which is attached hereto as Appendix V) supporting the issuance to Consumers Power of such a full-power license, if theretofore filed in the proceeding, shall be withdrawn and shall be of no further force or effect.

SECTION 6 (Contd)

§6.9 Nothing contained in this Section 6 shall preclude intervenors from initiating any action or proceeding in AEC Docket No. 50-255 on account of Consumers Power's alleged breach of or failure of performance pursuant to this Agreement.

§6.10 Consumers Power shall give Intervenor advance notice of any change in the technical specifications of the full-power license respecting the construction, installation and operation of the modified radwaste and/or condenser cooling systems proposed by Consumers Power after the issuance of said license. If Intervenor are of the opinion that any such proposed change is a breach of or failure of performance pursuant to this Agreement, they shall notify Consumers Power of such opinion within fifteen (15) business days following delivery of said notice by Consumers Power. If within ten (10) business days after delivery of such notice to Consumers Power, Intervenor request the AEC to hold a public hearing in connection with such proposed change, and if such request is reasonable, then Consumers Power will also request the AEC to hold a public hearing in connection with such proposed change. Nothing herein shall preclude Intervenor from initiating any action or proceeding, in addition to such an AEC hearing, to contest any such proposed change on the ground that it is a breach of or failure of performance pursuant to this Agreement.

SECTION 7 - RESERVATIONS

§7.1 Nothing in this Agreement shall prevent Consumers Power from taking any steps or measures in connection with the design, construction, modification or operation of the modified condenser cooling

SECTION 7, §7.1 (Contd)

system and the modified liquid radwaste system which contemplate modifications, procedures or modes of operation equal to or better, considering the protection of the environment, than the modifications, procedures or modes of operation contemplated in this Agreement; provided, however, that the foregoing provisions shall not authorize Consumers Power to take any steps or measures to install and operate a modified condenser cooling system having an open-cycle system utilizing Lake Michigan water for once-through cooling or to install and operate a modified liquid radwaste system which would release radioactivity to the environment at levels above those contemplated in Section 2 and Appendix II of this Agreement under the conditions therein stated.

§7.2 The parties agree that Consumers Power's agreement to the modifications, procedures and modes of operation contemplated herein for the Palisades Plant and any action taken by Consumers Power pursuant to this Agreement before or after the execution of this Agreement shall not be deemed, construed, interpreted or claimed to be an admission that the same or any similar modifications, procedures or modes of operation are necessary or required at any other Consumers Power electric generating plant. The obligations of Consumers Power under this Agreement are limited to the Palisades Plant.

SECTION 8 - OTHER PROCEEDINGS

• §8.1 Intervenors shall not initiate, or take part in directly or indirectly, or aid, advise or furnish information to any other person,

SECTION 8, §8.1 (Contd)

corporation or association in connection with, any suit, proceeding before any governmental agency, or other action, whether or not now pending (including but not limited to the pending proceeding in AEC Docket Nos. 50-329 and 50-330 concerning issuance of construction permits for Consumers Power's Midland Plant Units 1 and 2) to raise or contest issues with respect to (i) the design, construction, licensing or operation of the Palisades Plant, including but not limited to the licensing or operation of the Palisades Plant at power levels above 2200 thermal megawatts (except as otherwise permitted by §§6.9, 6.10 and 11.2 and Section 10 of this Agreement); (ii) expenditures by Consumers Power to install and operate the modified liquid radwaste system or the modified condenser cooling system at the Palisades Plant; (iii) expenditures by Consumers Power to obtain the testing and full-power licenses for the Palisades Plant or expenditures in connection therewith or resulting therefrom.

SECTION 9 - INFORMATION AND REPORTS

§9.1 Not more frequently than quarterly, Consumers Power will answer reasonable requests for information respecting its performance under Sections 1, 2 and 3 of this Agreement when made in writing by one (1) of the representatives designated in or in accordance with Section 16 hereof on behalf of all of the Intervenor. Furthermore, Consumers Power shall, without request therefor, furnish to a representative of Intervenor, on behalf of all of the Intervenor, one (1) copy of all written reports. Consumers Power is required to file with the AEC under the Plant Reporting Requirements of the Technical Specifications for the Palisades Plant.

SECTION 9 (Contd)

§9.2 Upon execution of this Agreement, Consumers Power shall amend its proposed Technical Specifications for the Palisades Plant to add the following new item e. to subsection 6.6.1 of Section 6.6, "PLANT REPORTING REQUIREMENTS":

- "e. When a control rod or a part-length rod is misaligned as defined in 3.10.4.a of these Technical Specifications or when a control rod is inoperable as defined in 3.10.4.b of these Technical Specifications."

SECTION 10 - LEGAL VALIDITY

§10.1 If Consumers Power believes that the performance of any provision or provisions of this Agreement (including any corresponding special technical specifications included in the full-power license, whether or not specified in the notice) is contrary to or prevented by any local, state or federal law, or the rule, regulation, order, action or failure to act of any public body or official purporting to exercise authority with respect thereto, or the order or decree of any court, then Consumers Power shall promptly notify Intervenors thereof by telegram, telephone or other means and notify Intervenors thereof in writing within ten (10) business days thereafter, stating the basis for such belief. In the event Intervenors notify Consumers Power of their agreement with such belief within thirty (30) calendar days after delivery of the aforesaid written notice by Consumers Power (and from the time of the aforesaid telephonic, telegraphic, or other means of notice by Consumers Power and until the end of such thirty (30) day period whether or not such notification is given to Consumers Power

SECTION 10, §10.1 (Contd)

Intervenors) Consumers Power shall be relieved of any obligation to perform the provision or provisions in question and any and all other provisions of this Agreement which require that said provision or provisions be performed. However, notwithstanding its release from obligations as provided in this §10.1, Consumers Power shall have the right, at its sole discretion, to perform or seek to perform said provision or provisions. In the event Intervenors do not so notify Consumers Power within said thirty (30) day period, then Consumers Power shall in good faith and with due diligence pursue administrative remedies or court actions (including appeals or requests for writs of certiorari to the highest state or federal court having jurisdiction), or both, to assert the validity of the performance of said provision or provisions and/or the invalidity or unlawfulness of the law, rule, regulation, order, decree, action or failure to act that is the subject of the aforesaid written notice by Consumers Power.

§10.2 In the event of an unfavorable ruling or the inability to have the validity of the performance of such provision or provisions which are the subject of suit and/or proceeding as contemplated in §10.1 hereof) upheld after exhausting all rights of hearing, appeal and requests for writs of certiorari to the highest state or federal court having jurisdiction, then Consumers Power will forever be relieved of any obligation to perform the provision or provisions in question and any and all other provisions of this Agreement which require that said provision or provisions be performed.

SECTION 10 (Contd)

§10.3 In the event Intervenor or one or more of them seek to participate in any court action or administrative proceeding contemplated by §10.1 hereof, Consumers Power agrees not to oppose their participation and to stipulate or take other appropriate action to induce the court or agency to permit Intervenor or one or more of them to participate in the proceeding. Whether or not Intervenor are permitted to participate, the parties shall cooperate by exchanging all pertinent information, documents, pleadings, or other papers filed or of record in such court or agency proceeding.

§10.4 In the event Intervenor are not permitted to participate as a party in any such court or administrative proceeding, Consumers Power agrees to consider adopting and submitting evidence and arguments of Intervenor in support of Consumers Power's position before the court or agency except and unless the same are, in Consumers Power's judgment, defamatory, irrelevant, repetitious, inaccurate or otherwise improper.

§10.5 The parties agree that while Consumers Power is pursuing the administrative remedies or court actions, or both, contemplated in §10.1 hereof, Consumers Power may operate the Palisades Plant in any manner permitted by law; provided, however, Consumers Power agrees that while it is pursuing said administrative remedies or court actions, or both, it shall continue to perform all of the provisions of this Agreement except any provision or provisions (and any and all other provisions which require that said provision or provisions be performed) as to which (1) it is prevented by a court order or decree or is prevented by an order, notice or other action of any public body or official having authority to enforce

SECTION 10, §10.5 (Contd)

such order, notice or other action without resort to a court for enforcement; or (ii) it is prevented by the lack of any permit, license, consent or other authorization of any public body or official which is required for continued performance; or (iii) to do so would, in the reasonable opinion of legal counsel for Consumers Power, result in the violation of any criminal law or criminal ordinance or the imposition of any criminal or civil fine, criminal or civil penalty, or criminal or civil forfeiture; or (iv) there has been entered a court order or decree or an order, notice or other action of a public body or official which, while not preventing performance of this agreement by Consumers Power, would require shutdown of the Palisades Plant or a reduction in the electrical output of the Palisades Plant if Consumers Power continued to perform.

§10.6 The special technical specifications to be included in the full-power license shall provide that Consumers Power shall be relieved of any obligation to comply with said technical specifications to the extent and during the time that Consumers Power is relieved from performing any corresponding provision or provisions of this Agreement pursuant to this Section 10.

SECTION 11 - DISPUTES

§11.1 If any dispute arises between Consumers Power and Inter-tors concerning the interpretation or performance of this Agreement, they will first attempt to resolve the same by good faith discussions directed toward settlement by further agreement.

SECTION 11 (Contd)

§11.2 Any party hereto shall have the right, if not inconsistent with the terms of this Agreement, to enforce any obligation of any other party hereto under this Agreement in any action, including administrative actions and actions in AEC Docket No. 50-255; provided, however, the parties hereto agree that a breach of this Agreement by any party cannot be adequately compensated or measured by money damages and that the parties to this Agreement with respect to enforcement thereof do not have an adequate remedy at law, except that a party hereto may enforce any obligation of any other party hereto and seek money damages for breach of an obligation, if the breach resulted from or was based upon conduct which is either arbitrary, capricious or in bad faith.

§11.3 The parties agree that the obligations herein are not intended to create third party beneficiary rights and are not enforceable at the instance of any person who is not a party hereto except as, and to the extent that, the provisions hereof may be enforceable under applicable laws by any public body or official having authority to do so.

SECTION 12 - RATIFICATION AND APPROVAL

§12.1 Concurrently with the execution of this Agreement Consumers Power and each corporate Intervenor shall deliver to each of the other parties verified evidence of the authority of the person executing the same to do so for and on behalf of the corporation represented by such person. Within thirty (30) days after the execution of this Agreement, each Intervenor which is a voluntary association or other unincorporated organization shall deliver to each of the other parties a verified certificate by the

SECTION 12, §12.1 (Contd)

President or other authorized representative thereof affirming that the members of the association or organization have authorized or ratified and approved this Agreement and the execution thereof on behalf of the association or other unincorporated organization or that such members are not required to specifically authorize or ratify and approve this Agreement and the execution thereof, and that such members will be jointly and severally bound by this Agreement without their specific authorization or ratification and approval thereof.

SECTION 13 - BINDING EFFECT

§13.1 The promises and undertakings herein shall be binding upon the parties signatory to this Agreement and upon their heirs, representatives, successors and assigns; provided, however, that any transfer or assignment by an Intervenor of this Agreement to another party (whether or not the latter is a signatory hereof) or to a successor, without the prior written consent of Consumers Power, shall be null and void; and provided further, however, that Consumers Power shall consent to the transfer of this Agreement to a successor corporation of a corporate Intervenor upon the merger or consolidation of such corporate Intervenor with, or the transfer of substantially all of its assets to, another corporation having in general the same purposes and objectives as the said corporate Intervenor and if said successor corporation is, by applicable law or otherwise, bound and obligated under this Agreement to the same extent and in the same manner as said corporate Intervenor was so bound and obligated prior to such merger, consolidation or transfer of assets.

§13.2 (Contd)

§13.2 Consumers Power agrees that any unincorporated Intervenor may transfer and assign this Agreement to a nonprofit corporation hereafter organized under the laws of the State of Michigan by all of the then members (in this §13.2 called "incorporating members") of said Intervenor and having in general the same purposes and objectives as said unincorporated Intervenor, provided (i) that said corporation agrees in writing with Consumers Power to assume and be bound by all of the obligations of Intervenor under this Agreement; (ii) that all living incorporating members of said Intervenor, and all living persons who were members in good standing of said Intervenor on the date of its intervention in the proceeding or at any time during the proceeding (in this §13.2 called "intervening members"), consent in writing to said transfer and assignment; (iii) that all living incorporating members and all living intervening members of said Intervenor execute and deliver to Consumers Power a written release, in a form satisfactory to Consumers Power, forever releasing and discharging Consumers Power from any and all obligations under this Agreement to each said incorporating or intervening member; (iv) that said Intervenor delivers to Consumers Power a complete list of its incorporating and intervening members and the last-known address of each said member, verified by the representative of said Intervenor who executes this Agreement; and (v) that compliance by said Intervenor and the incorporating and intervening members thereof with the conditions of this §13.2 shall be a condition precedent to the effectiveness and validity of said transfer or assignment.

SECTION 14 - PUBLICITY

§14.1 Intervenor and Consumers Power agree that each party may disclose to others such of the terms of this Agreement, as well as the reasons underlying such party's having entered into the same, as such party may determine or as may be required to effectuate the terms hereof or as may be required by law or order of any governmental authority.

§14.2 The parties will issue a joint news release announcing execution of this Agreement, as follows:

"Spokesmen for Consumers Power Company and the groups which have intervened in AEC licensing proceedings to contest the issuance of an operating license for the Company's Palisades Nuclear Power Plant on Lake Michigan in Covert Township, Van Buren County, Michigan, today announced that the parties have entered into a settlement agreement.

"The Company announced that it will proceed with a program to install and operate, under AEC license limitations, cooling towers and an essentially zero radioactive liquid release system at the Palisades Plant. The modifications will be a major undertaking and may take several years to complete. It is contemplated that the Plant will operate as presently constructed while the work is being done.

"Under the settlement agreement, installation of the modifications is conditioned upon receipt of an order of the Michigan Public Service Commission approving the Company's execution and performance of the settlement agreement.

"The settlement agreement also provides that the Intervenor will agree to the immediate issuance of a license to permit the Company to load fuel and begin low-power testing at the plant. When the Public Service Commission approval and a full-power AEC license are obtained, the Intervenor will also withdraw from the AEC proceeding and waive all rights of appeal on the issues they have been contesting.

"The proposed cooling towers will be of the mechanical or natural draft type. Except for the cleansing of lake

SECTION 14, §14.2 (Contd)

water residues from the towers, they will form a closed circuit in which heated condenser cooling water will be cooled and recirculated for use in the Plant.

"The modifications to the liquid radioactive waste system will essentially eliminate radioactive liquid discharges under normal conditions. The existing system would release some radioactivity, although at levels substantially below current AEC limits.

"A spokesman for the intervening groups urged approval and installation of the modifications as soon as possible, describing the Company's program as a major advance toward protection of the environment through utilization of the latest and best technology.

"The intervenors' spokesman also said: 'We hope and trust that all state and federal agencies whose approval is required for these modifications will move quickly to permit the parties to carry out their agreement, which we believe will assure the environmental protection we have been seeking and is thus in the public interest.'

"Spokesmen for both parties expect that the AEC hearing can be concluded in the near future and that issuance of a full-power operating license will soon follow."

The foregoing news release is not in any way intended, and shall not be deemed, to add to or subtract from or modify any of the rights and obligations of the parties set forth in this Agreement, and shall not in any way be used to interpret the provisions of this Agreement.

SECTION 15 - SERVICE OF PROCESS

§15.1 For the purpose of bringing suit in connection with this Agreement in any court in the State of Michigan, any party may (in addition to any other procedures authorized by applicable law or rules) obtain

SECTION 15, §15.1 (Contd)

service of process upon any other party by leaving a copy of the Summons and Complaint with said other party's representative or representatives named in or pursuant to Section 16 of this Agreement, and by sending by registered mail a Summons and a copy of the Complaint to said other party at its address stated in the first paragraph at page 1 of this Agreement (or, if such stated address is changed and said other party has notified all parties hereto of such change in writing, at said changed address of said other party). Service of process made in accordance with the foregoing provisions shall constitute valid service of process upon any party so served. This §15.1 shall not govern the method of service of process for any suit brought elsewhere than in the State of Michigan.

SECTION 16 - NOTICES

§16.1 Except as otherwise specifically provided in §10.1 hereof, any notice or other communication required by this Agreement shall be in writing and delivered either by messenger to the office of a representative of a party during regular business hours or by registered or certified mail, return receipt requested, postage prepaid to a representative of a party, as follows:

(a) If to Consumers Power:

P. A. Perry, Secretary
Consumers Power Company
212 West Michigan Avenue
Jackson, Michigan 49201

(b) If to Intervenor:

For all Intervenor except Sierra Club:

Eric V. Brown, Sr., Esq.
Brown, Colman & DeMent
125 W. Walnut Street
Kalamazoo, Michigan 49007

and

SECTION 16, §16.1 (Contd)

Myron M. Cherry, Esq.
McDermott, Will & Emery
111 West Monroe Street
Chicago, Illinois 60603

For Sierra Club:

Lewis D. Drain, Esq.
Mika, Meyers, Beckett & Jones
311 Waters Building
Grand Rapids, Michigan 49502

Copies of all such notices and information shall be delivered to:

David Dinsmore Comey
Businessmen For The Public Interest, Inc.
109 North Dearborn Street, Suite 1001
Chicago, Illinois 60602

Any party may change its representative or representatives at any time, provided, however, that (i) the Sierra Club, and (ii) all Intervenor except Sierra Club, shall each have one representative who shall have and maintain a business address in the Lower Peninsula of the State of Michigan, and all Intervenor except Sierra Club may in addition have one representative who shall have and maintain a business address in Cook County in the State of Illinois; and provided further, that said party shall notify the others in writing of any change in the identity and/or address of its said representative or representatives. Notices and other communications required to be made in writing pursuant to this Agreement shall be deemed to be delivered on the day of actual delivery if by messenger or on the third calendar day after the day of mailing, as the case may be.

SECTION 17 - TERMINATION

§17.1 If not previously terminated, this Agreement and all rights and obligations of the parties hereunder shall automatically terminate thirty-six (36) calendar months after initial successful operation of the modified condenser cooling system or the modified liquid radwaste system, whichever is later, unless Consumers Power is relieved of its obligation to install or operate one or both of said systems pursuant to Section 10 of this Agreement, in which event all rights and obligations of the parties under this Agreement shall automatically terminate (i) thirty-six (36) calendar months after initial successful operation of either the modified condenser cooling system or the modified liquid radwaste system, if Consumers Power is so relieved of its obligation to install or operate the other system pursuant to said Section 10; or (ii) twenty-four (24) calendar months after the date that Consumers Power is relieved of its obligation to install or operate the modified condenser cooling system or the modified liquid radwaste system, whichever date is later, if Consumers Power is relieved of its obligations to install or operate both systems pursuant to said Section 10. The foregoing provisions are subject to the specific condition that any breach of, or failure of performance pursuant to, this Agreement by any intervenor or Consumers Power, and the responsibility or liability arising therefrom, which occurs prior to the termination of this Agreement as aforesaid, shall survive such termination. Consumers Power shall notify intervenors of the date of initial successful operation of the modified condenser cooling system or the modified liquid radwaste system, or of

§17.1 (Contd)

that Consumers Power is relieved of its obligations to install said systems, whichever is applicable under this §17.1. Consumers shall make available to a representative of Intervenors such records as are necessary to support such notification.

§18 - ENTIRE AGREEMENT

§18.1 This Agreement supersedes all prior representations, negotiations and understandings of the parties hereto, whether oral or written, and constitutes the entire Agreement of the parties with respect to the subject matter hereof. This Agreement shall not be changed, supplemented or superseded, except in writing, duly executed on behalf of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year hereinabove first mentioned.

CONSUMERS POWER COMPANY

CONCERNED PETITIONING CITIZENS

By /s/ R. C. Youngdahl
Senior Vice President

By /s/ James W. Ashley

MICHIGAN STEELHEAD AND SALMON
FISHERMEN'S ASSOCIATION

MICHIGAN LAKE AND STREAM
ASSOCIATIONS, INC.

By /s/ Ronnie P. McCandlis

By /s/ Henry E. Westerville
President

NATURAL ECOLOGY MUST BE
PRESERVED

SIERRA CLUB

By /s/ Joseph T. Sobota

By /s/ Lewis D. Drain

dated in March, 1971 between
Power Company and Michigan
and Salmon Fishermen's
Association, et al.

APPENDIX I

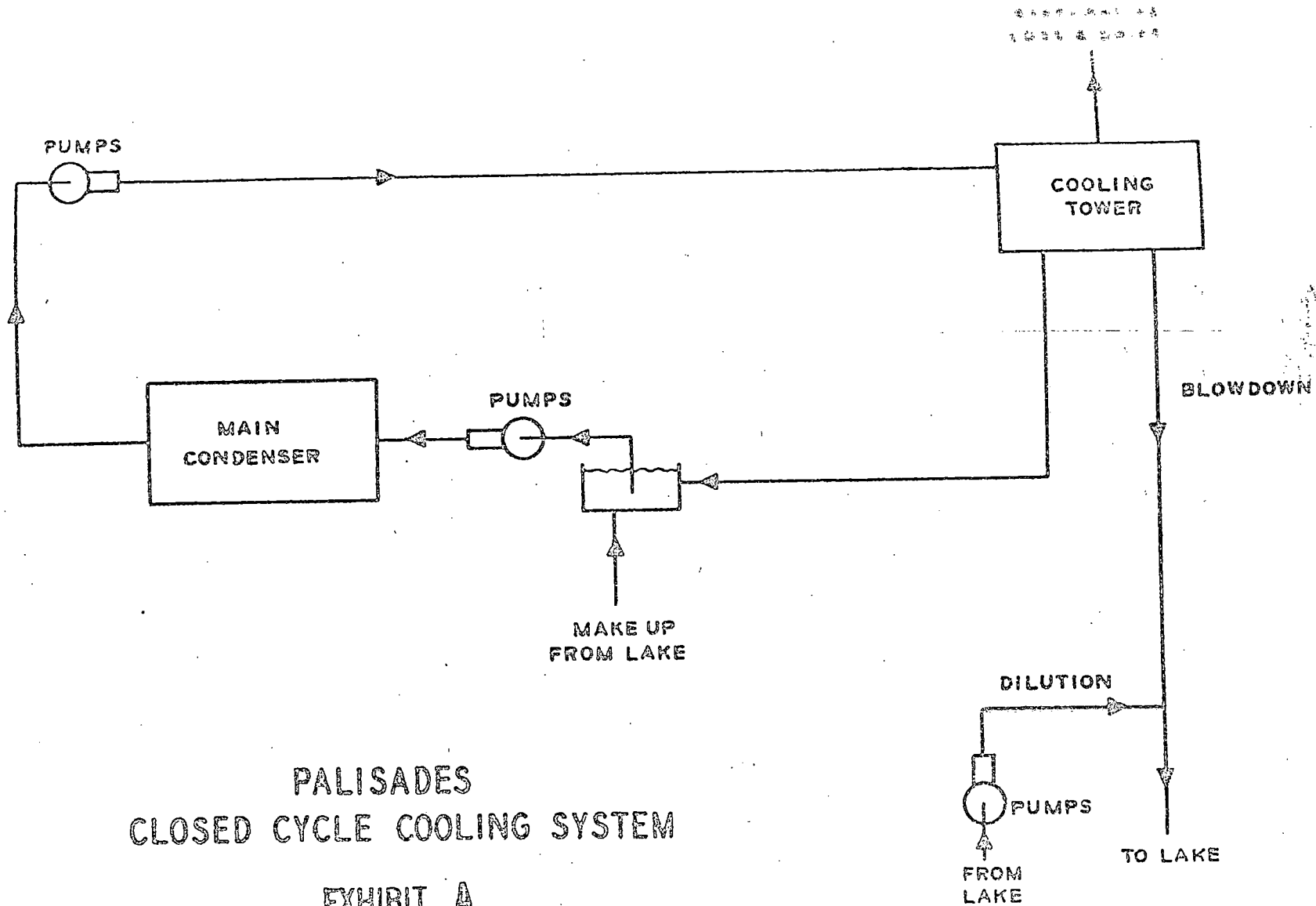
MODIFIED CONDENSER COOLING SYSTEM

The modified condenser cooling system will be designed in accordance with the principles set forth in Section 1 of this Agreement and will substantially conform to the conceptual design described in this Appendix I. A diagram of the proposed modified condenser cooling system is shown in Attachment A hereto. To accommodate this closed circuit system, modifications will have to be made to the plant. The existing cooling water intake structure will be modified so that the present lake inlet will go only to the service water pump bay. The existing service water pumps (not shown) will take suction from the cooling tower basin and from the lake, with the lake providing cooling tower makeup water. The existing circulating water pumps will be isolated from the lake inlet and instead will receive water from the cooling tower basin and discharge to the condenser. New circulating water pumps will be installed to carry the condenser discharge flow to the cooling tower inlet. The circulating water will pass through the tower into the basin below and then on to the modified intake structure where it will again be pumped through the condenser using the existing circulating water pumps, or will flow through the condenser by gravity.

Some water must be discharged from the cooling tower basin to the lake in order to control the concentration of salts or other impurities which are contained in the lake makeup water. This discharge is termed the tower "blowdown." Dilution pumps will be installed to add lake water to the blowdown prior to discharge into the lake. The dilution water flow will be such that the temperature of the mixed dilution water and blowdown will not exceed the ambient temperature of the

...ing water at the shoreline by more than 5°F. The design heat rejection to the Lake as a result of this discharge will be as low as practicable consistent with available equipment, Palisades Plant and Consumers Power electrical system operating requirements, design optimization and other power cooling system design objectives, and will in no event exceed 10,000,000 BTU/hr.

Design and construction of the cooling tower or towers shall conform to the latest applicable Cooling Tower Institute (CTI) codes and standards applicable at the time of detailed design, except to the extent that they may be contrary to any applicable law or rule, regulation or order of any governmental body having jurisdiction.



dated in March, 1971 between
Power Company and Michigan
and Salmon Fishermen's
et al.

APPENDIX II

MODIFIED LIQUID RADWASTE SYSTEM

The modified liquid radwaste system will be designed in accordance with the principles set forth in Section 2 of this Agreement and will substantially conform to the conceptual design described in this Appendix. The system will be designed to collect, store, process, monitor and dispose of all liquid radioactive wastes from the Palisades Plant. The integrated system will be basically comprised of the following three subsystems: clean waste, dirty waste and laundry. The subsystems are shown on Exhibits A, B and C hereto, respectively.

The clean waste system processes high-activity, high-purity (low activity) liquid wastes collected from four basic sources: the letdown from the primary coolant system, the primary system drain tank, the radioactive chemical laboratory drain tank and the equipment drain tank.

The letdown from the primary coolant system is the largest source of radioactivity and liquid to the clean radwaste system. The main causes of this liquid are thermal expansion of the primary coolant system and dilution of the primary coolant for boron concentration control.

The primary system drain tank serves as a collection point in the containment building for seven sources of liquid: chemical and volume control system heat exchanger drains, reactor shield cooling drains, safety injection tank drains, primary coolant pump seal leakage, primary system drains, quench tank drains, and reactor flange leakage drains.

The radioactive chemical-laboratory drain tank serves as a collection point for the sample sink drains and the clean radioactive chemical-laboratory drains.

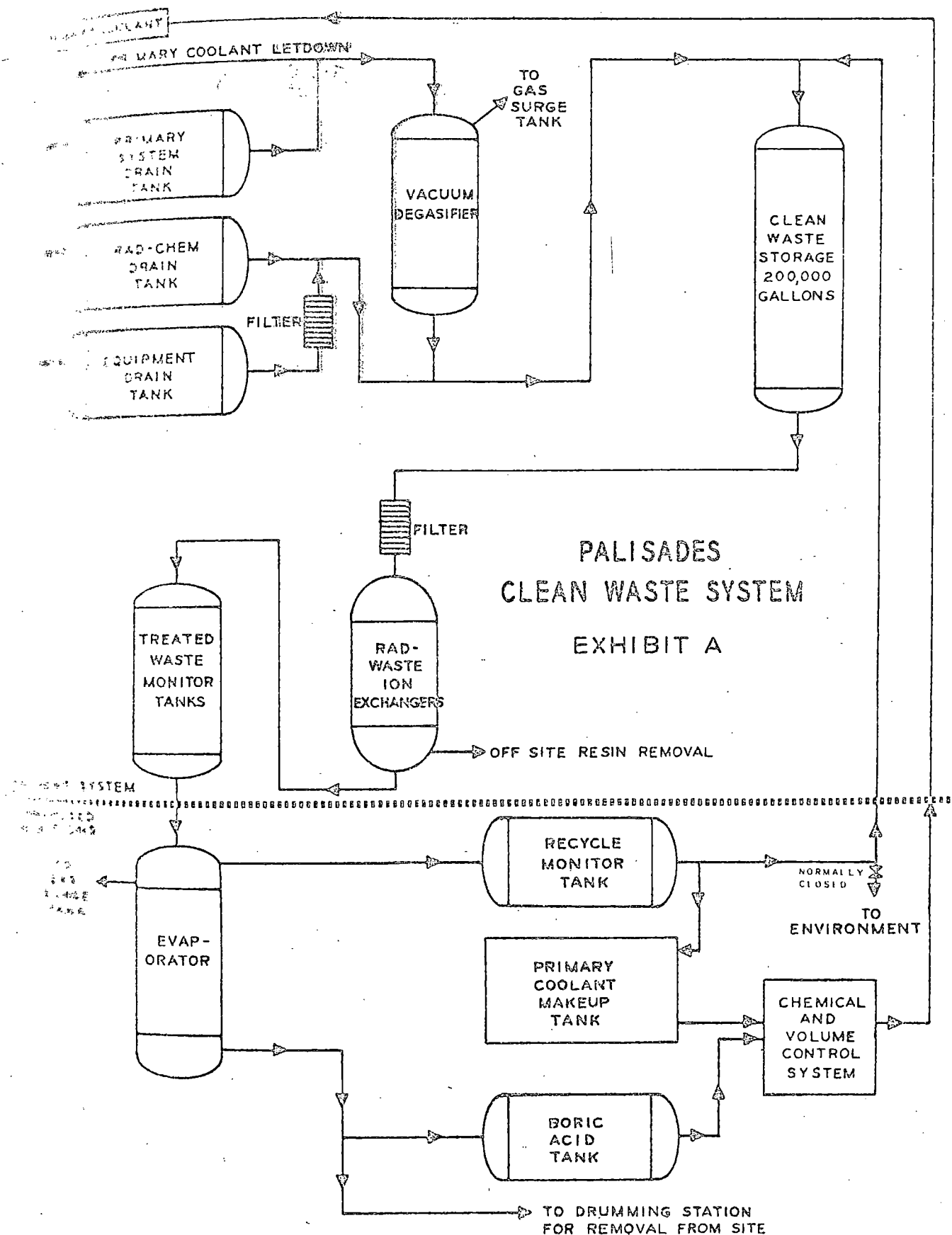
The equipment drain tank serves as a collection point for the shipping cask drains, radioactive steam generator blowdown, pool heat exchanger drains, spent fuel pool drain, spent resin tank drains, charging pumps relief line and drains, chemical and control system ion exchangers and filter drains, volume control drains, and waste gas surge tank drain.

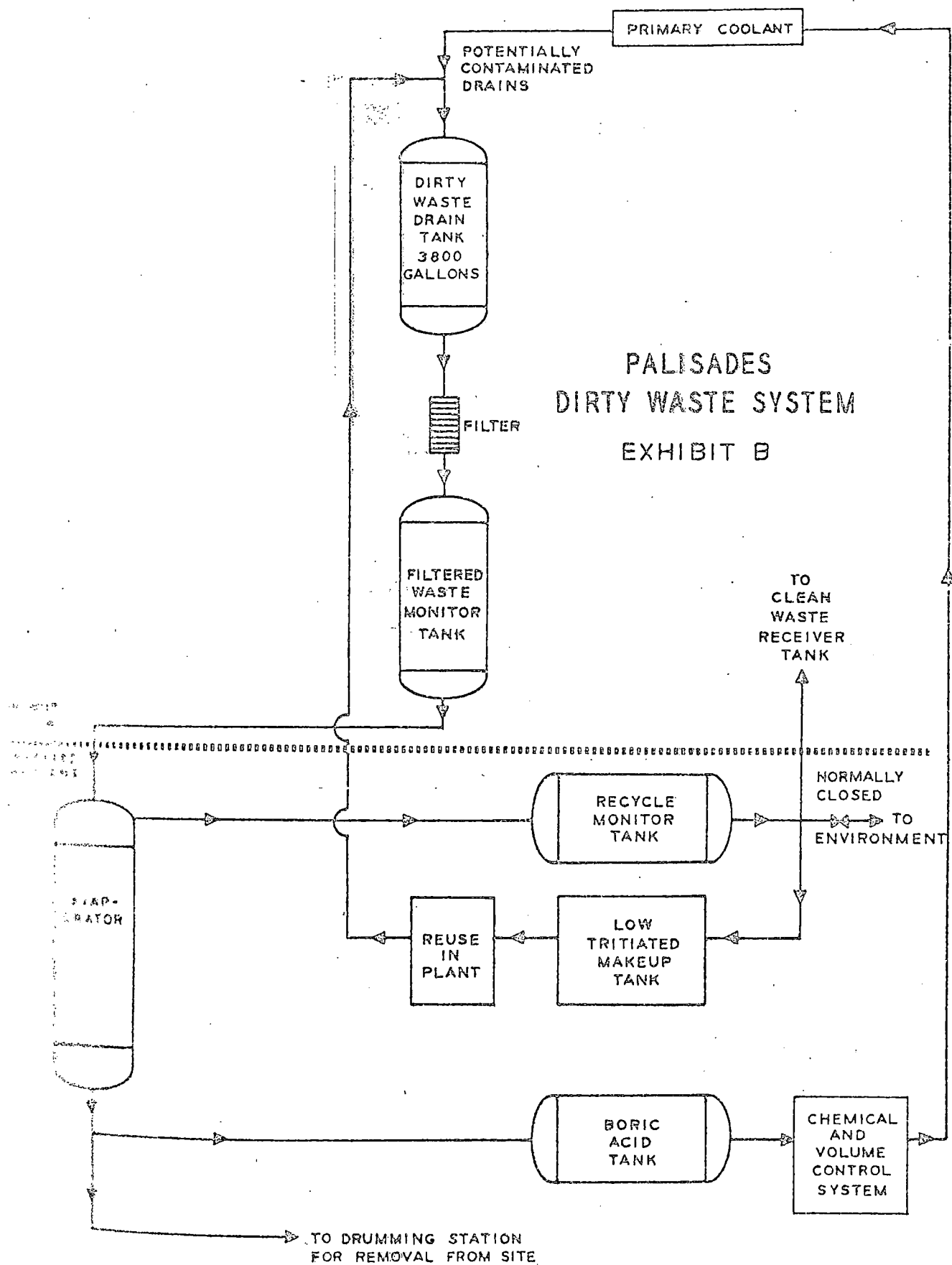
The liquids from the primary system drain tank and the letdown pass through the vacuum degasifier where they are joined by the liquids from the radioactive chemical laboratory drain tank and the equipment drains. These liquids are then collected and held up for natural decay in the clean waste receiver tanks. After sufficient decay the liquids are pumped out of the clean waste receiver tanks, through the clean waste tanks, the radwaste ion exchangers and the treated waste monitoring tanks to the evaporator. The evaporator will serve to further clean the demineralized liquids and to separate out the boric acid. The distillate from the evaporator will be stored in the primary coolant system makeup tank from which it will eventually be reused in the plant. The concentrate from the evaporator will be essentially pure boric acid and will be stored in the boric acid tank until further use or sent to the solid waste drumming area for packaging and eventual off-site disposal.

The dirty waste system collects low activity, high solids liquid from the engineered safeguards rooms, the volume control tank relief, control area sink, emergency shower, containment sump drains, vent stack drains, pump leak-off, decontamination pit drains, spent fuel cask blowdown drains, contaminated lab drains, boric acid area drains, component

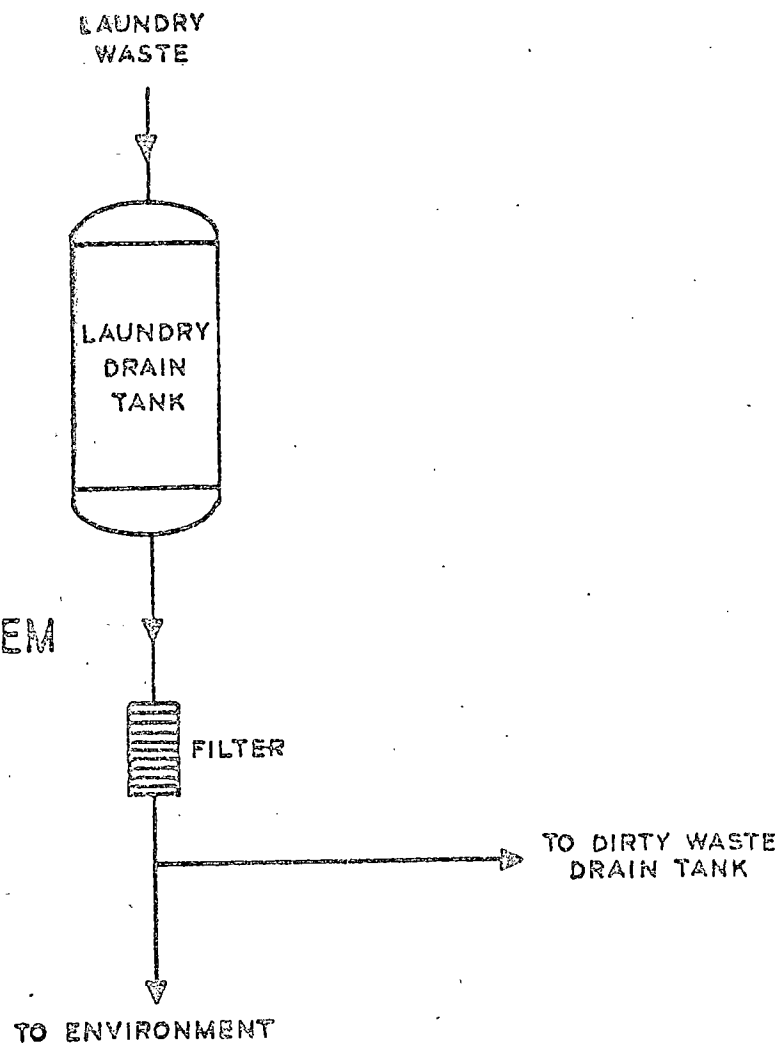
top drains, floor drains, treated waste monitor tank drains and equipment cooling water surge tank. These liquids are collected in the dirty waste drain tank from which they are passed through the dirty waste filter to the filtered waste monitor tank. The filtered liquids are then processed through an evaporator to further clean up the liquid and to separate out any boric acid or other solids. Like the waste distillate, the distillate from the dirty waste evaporator is recycled for reuse in the plant. The concentrate will be reused as boric acid (if pure enough) or sent to the solid waste drumming station for packaging and eventual off-site disposal.

The laundry wastes consist of the used wash water from the laundry facility. This liquid may have picked up some solids from the laundry and is therefore filtered to remove contaminants. The liquid is then processed through the dirty waste system unless it contains materials which cannot be so processed without the possibility of impairing the function of dirty waste system equipment.





PALISADES
LAUNDRY WASTE SYSTEM
EXHIBIT C



dated in March, 1971 between
Power Company and Michigan
and Salmon Fishermen's
et al.

APPENDIX III

GASEOUS RADWASTE SYSTEM

SITE BOUNDARY DOSE
(1% Failed Fuel)

Assuming one percent (1%) failed fuel, 4,539 ft³ of gas dis-
solved, after a thirty (30) day holdup time, and a X/Q of 1.33×10^{-5}
it is calculated that the whole-body radiation dose at the
Plant site boundary from radioactive material released from
the gaseous radwaste system presently installed in the Palisades Plant
as described in the Palisades Plant Final Safety Analysis Report
as AEC, as amended to December 1, 1970, would be:

Kr-85 - 0.06 mrem/yr

Xe-133 - 1.62 mrem/yr

Total - 1.68 mrem/yr

$\dot{D}_b = 0.25 \bar{E}_\gamma X$. This formula is found on p. 339 of Meteorology &
Nuclear Energy (AEC 1968). The value for \bar{E}_γ is taken from pages 34 and 72
of Table of Isotopes (AEC, Sixth Edition).

The applicable 10 CFR Part 20 site boundary limit in effect
as of December 1, 1970 is 500 mrem/yr.

Agreement dated in March, 1971 between
Consumers Power Company and Michigan
Steelhead and Salmon Fishermen's
Association, et al.

APPENDIX IV

UNITED STATES OF AMERICA

ATOMIC ENERGY COMMISSION

In the Matter of

CONSUMERS POWER COMPANY

(Palisades Plant)

Docket No. 50-255

STIPULATION BY AND BETWEEN ALL INTERVENORS
AND APPLICANT IN SUPPORT OF FUEL LOADING
AND LOW-POWER TESTING LICENSE

Applicant and Intervenors, by their respective undersigned attorneys, and subject to the terms and provisions of an Agreement between Applicant and Intervenors dated the 12th day of March, 1971 (hereinafter called the "settlement agreement"), hereby stipulate and agree as follows:

1. That in accordance with the Notice of Hearing of May 18, 1970 in this proceeding, Applicant filed herein on July 21, 1970 a written motion for a license authorizing fuel loading and low-power testing of the Palisades Plant at power levels not to exceed one thermal megawatt (hereinafter called "the testing license"); that whereas Intervenors have heretofore contested the granting of the testing license, Applicant and Intervenors entered into the settlement agreement and accordingly Intervenors no longer contest, but now support, prompt issuance to Applicant of the testing license; that, therefore, as regards fuel loading and low-power testing of the Palisades Plant at power levels not to exceed one thermal megawatt, there no longer is any "contested

activity to be authorized" within the meaning of the Notice of Hearing of May 18, 1970.

2. That, subject to paragraph 7 of this Stipulation, the Atomic Safety and Licensing Board (hereinafter called "the ASLB") may, but solely for purposes of the testing license, accept Applicant's evidence in this proceeding as uncontroverted within the meaning of §VI(b) of Appendix A of the AEC's Rules of Practice and find that there is good cause for the issuance to Applicant of the testing license; and Applicant and Intervenor consent to the entry of the proposed findings of fact, conclusions of law and form of order contained in Exhibit A hereto, or to findings of fact, conclusions of law and an order by the ASLB not inconsistent with said Exhibit A.

3. That the testing license should be issued pursuant to Applicant's request; and that the initial decision or order authorizing or directing the issuance of the testing license, and the testing license as well, should become effective at the earliest time permitted by law and the rules and regulations of the AEC.

4. That in support of the prompt issuance to Applicant of a testing license in accordance with this Stipulation, Intervenor:

- (i) will not engage in any further voir dire examination, cross-examination, or direct examination herein;
- (ii) will not make any further argument, objections, offers of proof, motions or requests herein;
- (iii) will not submit or file or seek leave to submit or file any pleading, evidence, exhibit or other document herein; and

- (iv) will not take any other action herein or initiate or participate in any actions (including but not limited to administrative remedies or court actions) dehors this proceeding with respect to or in connection with the testing license, or the issuance of said license,

unless requested by Applicant in order to support the issuance to Applicant of the testing license, or unless directed or requested by the ASLB, or unless permitted by the settlement agreement or this Stipulation.

5. That Intervenor will not file any exceptions to any initial decision or order of the ASLB authorizing or directing the issuance of the testing license issued in accordance with this Stipulation.

6. That, subject to paragraph 7 of this Stipulation, Intervenor consent to the filing in this proceeding and service upon the parties and persons required to be served under the rules of practice of the AEC, of written testimony, exhibits, pleadings and other documents by Applicant and the AEC Regulatory Staff with respect to Applicant's application for a license to operate the Palisades Plant at power levels in excess of one thermal megawatt prior to the reconvening of this proceeding to consider the issuance to Applicant of such an operating license.

7. That this Stipulation is entered into and submitted on condition that (unless Applicant and Intervenor shall otherwise stipulate), in any hearing or reconvening of this proceeding to consider the issuance to Applicant of a license to operate the Palisades Plant at any power

in excess of one thermal megawatt, Intervenor reserve the right to raise all issues, substantive and procedural, with respect to Applicant's request for a license to operate the Palisades Plant at such power levels, including but not limited to any right to file motions to strike any filings made pursuant to paragraph 6 of this Stipulation and any right of cross-examination, direct examination, argument, presentation of evidence or motions and demands for documents; and in any hearing or reconvening of this proceeding to consider the issuance of a license to operate the Palisades Plant at any power level in excess of one thermal megawatt, Intervenor shall not be bound and shall be free to challenge any findings of fact or conclusions of law proposed in Exhibit A hereto or made by the ASLB in connection with or the issuance of the testing license, and that solely for purposes of this hearing or reconvening of this proceeding, Applicant shall not be bound to Intervenor's treating, and Intervenor may treat, such proposed findings of fact and conclusions of law as if never proposed, made or entered.

8. That Applicant and Intervenor will serve any notice, request or motion that this proceeding be reconvened to consider the issuance to Applicant of a license to operate the Palisades Plant at any thermal power level in excess of one megawatt at least five (5) days before the requested reconvening, unless they join in a notice, request or motion to reconvene this proceeding for such purpose upon the expiration of a shorter period of time.

9. That concurrently with the filing of this Stipulation, the parties will file in this proceeding a true copy of the settlement agreement.

10. That Intervenor shall not under any circumstances oppose the issuance to Applicant of the testing license or challenge the validity of or seek to revoke or suspend the testing license after it has been issued by the Director of Regulation.

Judd L. Bacon, Esq.
Attorney for Applicant Consumers Power Company

Myron M. Cherry, Esq.
Attorney for all Intervenor except Sierra Club

Lewis D. Drain, Esq.
Attorney for Intervenor Sierra Club

Dated: March 12, 1971

UNITED STATES OF AMERICA

ATOMIC ENERGY COMMISSION

In the Matter of)

CONSUMERS POWER COMPANY)

(Palisades Plant))

Docket No. 50-255

PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND FORM OF ORDER
SUBMITTED JOINTLY BY APPLICANT AND INTERVENORS RESPECTING
AUTHORIZATION OF A FUEL LOADING AND LOW-POWER TESTING LICENSE

1. The findings and order of the Atomic Safety and Licensing Board hereinafter set forth are concerned with and limited to Applicant's request for the issuance of a provisional operating license authorizing fuel loading and low-power testing of the Palisades Plant at power levels not to exceed one megawatt.

2. On May 18, 1970 the Commission entered a Notice of Hearing on the application of Consumers Power Company for a provisional operating license authorizing operation of the Palisades Plant at steady-state power levels up to and including 2200 megawatts thermal. The Notice of Hearing contained the following provisions authorizing the Board to consider and act upon any request by Applicant for a provisional operating license for fuel loading and low-power testing:

"While the matter of the full power license is pending before the atomic safety and licensing board, the board may, upon motion in writing and upon good cause shown, consider and act upon such request as the applicant may make for a provisional operating license authorizing fuel loading and low power testing. Any such action by the atomic safety and licensing board shall be taken with due regard to the rights of all parties to the proceeding, including the right of any party to be heard to the

extent that his contentions are relevant to the activity to be authorized. Prior to taking any such action, the atomic safety and licensing board shall, with respect to any contested activity to be authorized, make appropriate findings in the form of an initial decision on the issues specified in this notice of hearing."

3. In accordance with the foregoing provisions of the Notice of Hearing, Applicant filed in this proceeding on July 21, 1970 a written motion requesting the Board to authorize the issuance to Applicant of a provisional operating license authorizing fuel loading and low-power testing at power levels not to exceed one megawatt thermal (hereinafter referred to as the "interim provisional operating license"). Pending the disposition of Applicant's motion, evidence was received in the proceeding relating to matters relevant to the issuance of the interim provisional operating license.

4. Pursuant to a settlement agreement and stipulation between Applicant and all Intervenor in this proceeding dated March 12, 1971, which agreement and stipulation have been filed with the Board, Intervenor no longer contest, but now support, prompt issuance to Applicant of the requested interim provisional operating license. Therefore, the fuel loading and low-power testing to be authorized by such license is no longer a "contested activity" within the meaning of the above-quoted provisions of the Notice of Hearing.

5. Applicant has submitted evidence with respect to each of the numbered findings hereinafter made by the Board in respect to the issuance of the interim provisional operating license. Applicant's evidence includes, with respect to findings numbered (1), (3) and (7),

those portions of the FSAR relevant to the activities to be conducted under the license [Applicant's Exhibits 51 through 58, received in evidence at Tr. 1639], together with supplementary testimony describing the testing program [Tr. 889-895; 992-994; 1853; Applicant's Exhibits 59 through 62, received in evidence at Tr. 1855], the control of radio-activity which might be generated during testing operations [Tr. 896-898; 994-1000], the upper limits of radiological effects associated with the most severe accidents which might occur during the testing period [Tr. 906-921; 1004-1022; 1031-1032], and the power history [Tr. 4642] and the fission product inventory [Tr. 4644-4645] during the testing period. With respect to finding numbered (2), the evidence includes the entire FSAR [Applicant's Exhibits 4 through 11, received in evidence at Tr. 1088], which describes both the design of the Palisades facility and the quality assurance and testing program designed to assure conformance of the license application, as well as supporting testimony by Applicant's project engineer [Tr. 2110; 2126-2127; 2558; 2600; 2634]. With respect to finding numbered (4), the evidence includes those portions of the Applicant's license application, including the FSAR, bearing on the technical and financial qualifications of the Applicant [Applicant's Exhibit 3, received in evidence at Tr. 1219; Applicant's Exhibit 50, received in evidence at Tr. 1842; Applicant's Exhibits 51, 55 and 57; Applicant's Exhibit 63, received in evidence at Tr. 1796; and Applicant's Exhibit 64, received in evidence at Tr. 1800]. Additional evidence as to Applicant's financial qualifications

was supplied by Applicant's chief financial and accounting officers (Tr. 1386-1402; 1791-1802; 1812-1844]. With respect to finding numbered (5), the evidence includes the testimony of Applicant's Insurance Supervisor [Tr. 1271-1279] and Vice President for Finance [Tr. 1845-1848] and related documentary evidence [Applicant's Exhibits 3, 45, 46, 47, 48 and 66, received in evidence at Tr. 1219, 1268, 1270, 1275, 1277 and 1848, respectively] showing that Applicant has met the financial protection requirements required by the Atomic Energy Act and AEC regulations. With respect to finding numbered (6), Applicant's witnesses testified that the Plant was ready for fuel loading and low-power testing prior to the end of August, 1970 [Tr. 922-923; 1893-1894; 1910; 1927; 2539; 2555; 2870-2871].

6. Intervenors and Applicant have stipulated that the Board may, but solely for purposes of the interim provisional operating license, accept Applicant's evidence as uncontroverted within the meaning of §VI(b) of Appendix A of the Commission's Rules of Practice and find that there is good cause for the issuance to Applicant of the interim provisional operating license, and the Board so finds. The Board further finds that Intervenors' and Applicant's stipulation is subject to the condition that (unless Applicant and Intervenors shall otherwise stipulate), in any hearing or reconvening of this proceeding to consider the issuance to Applicant of a license to operate the Palisades Plant at any power levels in excess of one thermal megawatt, Intervenors reserve the right to contest all issues, substantive and procedural, with respect to Applicant's request for a license to operate the Palisades Plant at such thermal power levels,

including but not limited to any right to file motions to strike evidence hereafter filed in support of such request and any right of cross-examination, direct examination, argument, introduction of evidence or motions and demands for documents; and in any such hearing or reconvening of this proceeding to consider the issuance to Applicant of a license to operate the Palisades Plant at any power levels in excess of one thermal megawatt, Intervenor shall not be bound by and shall be free to challenge any findings of fact or conclusions of law made herein in connection with or for the issuance of the testing license, and that solely for purposes of any such hearing or reconvening of this proceeding, Applicant shall not object to Intervenor's treating, and Intervenor may treat, such findings of fact and conclusions of law as if never proposed, made or entered.

7. Based on the foregoing and the record of this proceeding, this Board concludes, with respect to the issuance of the interim provisional operating license, that there is good cause for the issuance of said license to Applicant, and that:

(1) Applicant has submitted to the Commission all technical information required by Provisional Construction Permit No. CPPR-25, the Act, and the rules and regulations of the Commission to complete the application for the interim provisional operating license;

(2) Construction of the facility has proceeded, and there is reasonable assurance that it will be completed, in conformity with Provisional Construction Permit No. CPPR-25, the application, as amended, the provisions of the Act and the rules and regulations of the Commission;

(3) There is reasonable assurance that (i) the activities authorized by the interim provisional operating license can be conducted without endangering the health and safety of the public, and (ii) that such activities will be conducted in compliance with the rules and regulations of the Commission;

(4) Applicant is technically and financially qualified to engage in the activities authorized by the interim provisional operating license in accordance with the rules and regulations of the Commission;

(5) Applicant has satisfied the applicable provisions of 10 CFR Part 140, 'Financial Protection Requirements and Indemnity Agreements,' of the Commission's regulations;

(6) There is reasonable assurance that the facility will be ready for initial loading with nuclear fuel within 90 days from the issuance of the interim provisional operating license; and

(7) Issuance of the interim provisional operating license under the terms and conditions proposed will not be inimical to the common defense and security or to the health and safety of the public.

The Board further finds and concludes that there shall be reserved to Intervenor the rights, as hereinabove stated in paragraph 6, that Applicant and Intervenor have stipulated should be reserved to Intervenor.

8. WHEREFORE, pursuant to the Act and the Commission's Regulations, IT IS ORDERED, that the Director of Regulation is authorized to issue to Consumers Power Company a provisional operating license authorizing fuel loading and low-power testing at a power level not to exceed one megawatt thermal, upon the following conditions:

(1) Such license shall be substantially in the form of the proposed provisional operating license filed herein by the AEC staff and distributed to the parties and consistent with this decision.

(2) Such license shall be issued upon verification by the Commission's Division of Compliance and a determination by the Director of Reactor Licensing that the Palisades Plant has been completed in conformity with Provisional Construction Permit No. CRPR-25, the application, the provisions of the Atomic Energy Act of 1954, as amended, and the Rules and Regulations of the Commission, and is ready for fuel loading, and upon receipt by the Director of Reactor Licensing of proof that Applicant has provided financial protection in the amount required by the Commission's Regulations.

IT IS FURTHER ORDERED, in accordance with Section 2.764 of the Commission's Regulations, as amended effective January 19, 1971, that this Order shall become effective immediately upon its issuance subject to (i) the review thereof and further decision by the Atomic Safety and Licensing Appeal Board upon exceptions filed by any party and (ii) such order as the Atomic Safety and Licensing Appeal Board may enter upon such exceptions or upon its own motion within 45 days after the issuance of this Order.

Agreement dated in March, 1971 between
Consumers Power Company and Michigan
Steelhead and Salmon Fishermen's
Association, et al.

APPENDIX V

UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

In the Matter of)
)
CONSUMERS POWER COMPANY)
)
(Palisades Plant))

Docket No. 50-255

STIPULATION BY AND BETWEEN ALL INTERVENORS AND
APPLICANT IN SUPPORT OF FULL-POWER LICENSE

Applicant and Intervenor, by their respective undersigned
attorneys, and subject to the terms and provisions of an Agreement be-
tween Applicant and Intervenor dated the 12th day of March, 1971
(hereinafter called the "settlement agreement"), hereby stipulate and
agree as follows:

1. That this Stipulation shall be subject to withdrawal by
the Applicant or the Intervenor in the event the Regulatory Staff of
the AEC fails, prior to the reconvening of this proceeding to consider the
issuance to Applicant of the full-power license or any operating license
other than the testing license, to file in this proceeding a form of
full-power license, proposed to be issued to Applicant, containing the
special technical specifications as part of the Technical Specifications
for the Palisades Plant. As used in this Stipulation: the "full-power
license" means a license to operate the Palisades Plant at steady-state
power levels up to and including 2200 thermal megawatts; the "testing
license" means a license authorizing fuel loading and low-power testing

of the Palisades Plant ~~and~~ power levels not to exceed one thermal megawatt; and the "special technical specifications" means the technical specifications in the form set forth in Exhibit A hereto.

2. That Intervenor have heretofore contested the issuance to Applicant of the full-power license; that in order to resolve their differences Applicant and Intervenor have entered into the settlement agreement, a true copy of which has heretofore been filed in this proceeding; and that in accordance with the settlement agreement and this Stipulation, Intervenor no longer oppose and now support the prompt issuance to Applicant of the full-power license containing the special technical specifications.

3. That Applicant requests that the special technical specifications be included in the full-power license as part of the Technical Specifications for the Palisades Plant.

4. That in support of the prompt issuance to Applicant of the full-power license containing the special technical specifications, Intervenor:

- (i) will not engage in any further voir dire examination, cross-examination, or direct examination herein;
- (ii) will not make any further argument, objections, offers of proof, motions or requests herein;

- (iii) will not submit or file or seek leave to submit or file any pleading, evidence, exhibit or other document herein; and
- (iv) will not take any other action herein or initiate or participate in any actions (including but not limited to administrative remedies or court actions) de hors this proceeding with respect to or in connection with the testing license, or the full-power license containing the special technical specifications, or the issuance of said licenses,

unless requested by Applicant in order to support the issuance to Applicant of the full-power license containing the special technical specifications, or unless directed or requested by the Atomic Safety and Licensing Board (hereinafter called the "ASLB"), or unless permitted by the settlement agreement or this Stipulation.

5. That in support of the prompt issuance to Applicant of the full-power license containing the special technical specifications,

Intervenors:

- (i) withdraw all requests, demands and motions heretofore made by them in this proceeding;
- (ii) agree that the ASLB may accept the evidence of the Applicant and of the AEC Regulatory

Staff and the conclusions of the Advisory Committee on Reactor Safeguards in this proceeding as uncontroverted within the meaning of §VI(b) of Appendix A of the AEC's Rules of Practice; and

- (iii) consent to the entry of findings of fact and conclusions of law not inconsistent with the settlement agreement and this Stipulation, including but not limited to findings of fact and conclusions of law in favor of Applicant on all issues specified in the Notice of Hearing of May 18, 1970 in this proceeding on Applicant's application for a provisional operating license for the Palisades Plant as amended to include the modifications contemplated by the special technical specifications.

6. That Applicant shall file in this proceeding proposed findings of fact and conclusions of law and form of an initial decision not inconsistent with the terms and provisions of the settlement agreement and this Stipulation; and that the same shall contain, inter alia, findings of fact and conclusions of law to the effect that:

- (1) Applicant has resolved to the satisfaction of the ASLB all evidentiary issues regarding nuclear safety, radiological protection, quality control, safe operation of the Palisades Plant, and all other factors material

to Applicant's application for the full-power license as amended to include the modifications contemplated by the special technical specifications;

- (ii) Intervenor shall be deemed to have withdrawn from this proceeding when the full-power license containing the special technical specifications has been issued to Applicant and the initial or final decision in this proceeding has become the final action of the AEC without amendment of such license so as to remove or change the special technical specifications; and
- (iii) that the Intervenor will not lose or waive any rights reserved in the Stipulation heretofore filed herein by Applicant and Intervenor in support of the issuance of the testing license unless and until Intervenor are deemed to have withdrawn from this proceeding as provided in §6.7 of the settlement agreement and paragraph 8 of this Stipulation.

7. That the ASLB should authorize and order the issuance to Applicant of the full-power license containing the special technical specifications in accordance with the findings of fact and conclusions of law contemplated by paragraph 6 of this Stipulation; and that the

ASLB's initial decision directing the issuance of said full-power license, and said full power license as well, should become effective at the earliest time permitted by law and the rules and regulations of the AEC.

8. That when (i) the full-power license has been issued to Applicant containing the special technical specifications and (ii) the initial or final decision in this proceeding has become the final action of the AEC without amendment of the full-power license so as to remove or change the special technical specifications, then Intervenor shall be deemed, without further action on their part, to have withdrawn from this proceeding with prejudice and without right thereafter (except as otherwise provided in the aforesaid settlement agreement) to take any further action in this proceeding or otherwise in this Docket No. 50-255; or to take any action in any AEC proceeding to extend, renew or convert the full-power license from a provisional to a final operating license or to amend the full-power license to authorize operation of the Palisades Plant at any power level higher than that authorized in the full-power license; or to appeal or to stay the effectiveness of any or all decisions, findings, orders or rulings theretofore or thereafter made or entered in this proceeding or otherwise in this Docket No. 50-255 or in any AEC proceeding to so extend, renew, convert or amend the full-power license; or to initiate or participate in any actions (including but not limited to administrative remedies or court actions) de hors this proceeding with respect to or in connection with the testing license or the full-power license or the issuance of said licenses. That, upon such issuance of

the full-power license containing the special technical specifications and the initial or final decision having become the final action of the AEC, as aforesaid in (i) and (ii) of this paragraph 8, Intervenor shall also thereby be deemed to have waived and forever relinquished any and all rights to take any legal action with respect to any alleged noncompliance of the Palisades Plant, this proceeding or any decision in this proceeding, or the testing license or the full-power license, with the National Environmental Policy Act, the Federal Water Pollution Control Act as amended, the Atomic Energy Act of 1954 as amended, the Federal Rivers and Harbors Act of March 3, 1899 as amended, the Federal Clean Air Act as amended, or with any other federal, state or local statutes or ordinances and any rules, orders and regulations of the AEC or any other public official or agency under any of said Acts, statutes or ordinances.

9. That if the aforesaid settlement agreement between Applicant and Intervenor shall be terminated prior to the issuance of the full-power license containing the special technical specifications, this Stipulation shall be withdrawn from this proceeding and shall thereafter be of no further force or effect.

10. That when the Intervenor are deemed to have withdrawn from this proceeding, as provided in §6.7 in the settlement agreement and paragraph 8 of this Stipulation, then Intervenor no longer shall claim, assert or have the rights reserved by them pursuant to the

Stipulation heretofore filed herein by Applicant and Intervenor in support of the issuance of the testing license and this Stipulation.

Judd L. Bacon, Esq.
Attorney for Applicant Consumers Power Company

Myron M. Cherry, Esq.
Attorney for all Intervenor except Sierra Club

Lewis D. Drain, Esq.
Attorney for Intervenor Sierra Club

Dated: March 12, 1971

SPECIAL TECHNICAL SPECIFICATIONS PURSUANT TO AGREEMENT

The licensee (in these special technical specifications sometimes called "Consumers Power") has entered into a settlement agreement dated in March, 1971, with the parties who intervened in AEC Docket No. 50-255 prior to December 1, 1970 to contest the issuance of an operating license (in these special technical specifications sometimes called "Intervenors"), pursuant to which agreement the licensee is to modify the condenser cooling system and the liquid radwaste system now installed in the Palisades Plant. The AEC is not a signatory to that agreement or to the stipulations entered into and filed in said Docket pursuant to that agreement, and is not bound in any way by the provisions of such documents.

Pursuant to said settlement agreement, the licensee has requested the inclusion of the following special technical specifications respecting the modified condenser cooling system, the modified liquid radwaste system, operation pending installation of modified systems, and the licensee's reporting requirements. Consequently, the following special technical specifications shall, like other Palisades Plant technical specifications, be subject to enforcement by the AEC; provided, however, that the inclusion of the following special technical specifications and their enforcement by the AEC shall be without prejudice to any position which the AEC may take, in any forum or proceeding or otherwise, as to its jurisdiction with respect to the nonradiological effects of production and utilization facilities or of source, byproduct and special nuclear materials.

The following special technical specifications are additional requirements to any other requirements of the Palisades Plant Technical

Specifications. No such other requirements of the Technical Specifications shall be effective to permit the licensee to fail to comply with any requirement of the following special technical specifications. However, the licensee shall not be required to comply with the following special technical specifications during the time and to the extent that the licensee is relieved of obligation to comply therewith in accordance with their terms.

As used in these special technical specifications the term "Palisades Plant" means and refers to a single-unit nuclear electric generating plant and shall not be deemed to include any additional electric generating units that may hereafter be installed at the Palisades Plant site.

SECTION S-1 - CONDENSER COOLING SYSTEM MODIFICATION

§S-1.1 Consumers Power shall modify the condenser cooling system now installed in the Palisades Plant in the manner provided in these special technical specifications. The condenser cooling system as so modified (and in these special technical specifications called the "modified condenser cooling system") shall be so designed, constructed, operated and maintained as to form a closed cycle in which the condenser cooling water is continually recycled except for cooling system makeup water from and blowdown to Lake Michigan. The modified condenser cooling system shall include one or more wet-type cooling towers which may be of either the natural or the mechanical draft type, at Consumers Power's sole option, provided, that Consumers Power's obligation shall be to install either the natural or the mechanical draft type unless it is relieved from installing both types after exhausting all rights of hearing, appeal and requests for writs of certiorari to the highest state or

federal court having jurisdiction, as provided in Section S-4 of these special technical specifications. Design and construction of the cooling tower or towers shall conform to the latest applicable Cooling Tower Institute (CTI) codes and standards applicable at the time of detailed design, except to the extent the same may be contrary to any applicable law or rule, regulation or order of any governmental body having jurisdiction. The blowdown shall be diluted with Lake water prior to discharge into the Lake so that the temperature of the mixed dilution water and blowdown will not exceed the ambient temperature of the receiving water at the shoreline by more than 5°F. The design heat rejection to Lake Michigan as a result of this discharge shall be as low as practicable consistent with available equipment, operating requirements of the Palisades Plant and Consumers Power's electrical system, design optimization, and other condenser cooling system design objectives, and will in no event exceed 500,000,000 BTU/hr.

§S-1.2 The modified condenser cooling system shall be installed within forty-two (42) calendar months following the date of the aforesaid settlement agreement if Consumers Power installs a natural draft cooling tower or towers as part of the modified condenser cooling system, or within thirty-two (32) calendar months following the date of the aforesaid settlement agreement if Consumers Power installs a mechanical draft cooling tower or towers as part of the modified condenser cooling system. If, after Consumers Power has begun to arrange for the design, engineering, procurement of equipment and materials, and construction for a modified condenser cooling system utilizing either the mechanical draft or the

natural draft type of cooling tower or towers, Consumers Power is relieved from installing or continuing to install the type of cooling tower or towers it first selects, and it is necessary to change to the alternative type of cooling tower or towers, the time for installation of a modified condenser cooling system utilizing the alternative type of cooling tower or towers shall commence from the date on which Consumers Power is relieved from installing or continuing to install the type of cooling tower or towers first selected. The modified condenser cooling system shall be placed in operation not later than the resumption of operation of the Palisades Plant after its first scheduled refueling following installation of said system, provided, that to the extent it can do so consistently with electrical system load requirements, Palisades Plant operating requirements and applicable license and other legal limitations, Consumers Power shall use its best efforts to schedule the first refueling following installation of the modified condenser cooling system so as to minimize the time between the completion of such installation and the initial operation of the modified condenser cooling system. The foregoing provisions of this §S-1.2 are subject to the condition that in the event the installation or the initial operation of such modified condenser cooling system is delayed (i) by reason of flood, strike, insurrection, riot, embargo, act of nature or the public enemy; or unavoidable delay in transportation or inability or unavoidable delay in procuring labor or materials; (ii) by reason of legal action by any party other than Consumers Power or Intervenor; local, state or federal laws; or the rules, regulations, orders, actions or failure to act of any public body or official purporting to exercise authority or control with

respect to installation or operation of the modified condenser cooling system; or (iii) by reason of any cause beyond the reasonable control of Consumers Power, the time for performance shall be extended (subject to the provisions of Section S-4 of these special technical specifications as respects [ii] above) for a time equal to the period of such delay.

§S-1.3 Pending installation and operation of the modified condenser cooling system provided for in this Section S-1, Consumers Power may operate the Palisades Plant at any power levels authorized by any AEC operating license issued to Consumers Power, utilizing the existing once-through cooling system and releasing heated condenser cooling water to Lake Michigan.

SECTION S-2 - LIQUID RADWASTE SYSTEM MODIFICATION

§S-2.1 Consumers Power shall modify the liquid radwaste system now installed in the Palisades Plant in the manner provided in these special technical specifications. The liquid radwaste system as so modified (and in these special technical specifications called the "modified liquid radwaste system") shall be so designed, constructed, operated and maintained that at all times under normal operating conditions, radioactive materials in liquid discharges from the Palisades Plant to Lake Michigan are reduced to essentially zero; provided, however, that radioactive materials in laundry waste system discharges which cannot be treated in the dirty waste system of the modified liquid radwaste system without the possibility of impairing the function of dirty waste system equipment may be released to Lake Michigan at levels which shall in no event exceed 25 picocuries per liter (2.5×10^{-8} microcuries/cc) on an

annual average basis; and provided further, that "essentially zero," as used herein, shall not be construed to preclude liquid discharges to Lake Michigan containing radioactive materials at levels, as sampled at the re-cycle monitor tank before dilution, equivalent to or below then-current Lake Michigan background radioactivity levels, as monitored offshore from the Palisades Plant prior to such liquid discharges. As used in these special technical specifications "normal operating conditions" shall refer to operation of the Palisades Plant during or in connection with which there exist no abnormal events or circumstances such as (but not limited to) steam generator tube leakages, fire, or pipe breakage; and "abnormal operating conditions" shall refer to operation of the Palisades Plant during or in connection with which there exist any such abnormal events or circumstances. All radioactive materials removed from liquid wastes by the modified liquid radwaste system will be accumulated and prepared for shipment in accordance with applicable rules, regulations and orders of governmental authorities having jurisdiction and turned over to a carrier or carriers licensed by governmental authorities having jurisdiction for shipment to an authorized disposal area or areas. Consumers Power intends to be alert to, and to utilize to the extent it is practical to do so, means of minimizing the amount of laundry waste that cannot be treated in the dirty waste system.

§S-2.2 It is recognized that under abnormal operating conditions it may be impossible or impractical to achieve essentially zero release of radioactive materials in liquid discharges from the Palisades Plant through operation of the modified liquid radwaste system. Consumers

Power shall so operate the modified liquid radwaste system as to ensure that radioactive materials in liquid discharges to Lake Michigan resulting from abnormal operating conditions do not exceed, on a quarterly average basis and on an individual isotopic analysis basis, ten percent (10%) of applicable 10 CFR Part 20 limits in effect as of December 1, 1970, and are reduced to essentially zero no later than sixty (60) consecutive days after the commencement of such releases resulting from abnormal operating conditions. Notwithstanding the foregoing, however, delay beyond said sixty (60) day period in the reduction of radioactive materials in such liquid discharges to essentially zero shall be excused (subject to the provisions of Section S-4 of these special technical specifications as respects [ii] below) to the extent it is (i) due to inability to identify, locate or repair the abnormal operating condition; or due to flood; strike; insurrection; riot; embargo; act of nature or the public enemy; or by reason of unavoidable delay in transportation or inability or unavoidable delay in procuring labor or materials; (ii) due to legal action by a party other than Consumers Power or Intervenors; local, state or federal laws; or the rules, regulations, orders, actions or failure to act of any public body or official purporting to exercise authority or control with respect to such liquid discharges; or (iii) due to any cause beyond the reasonable control of Consumers Power; provided, however, that radioactive materials in liquid discharges to Lake Michigan from the modified liquid radwaste system during any such excused delay beyond said sixty (60) day period shall not exceed, on a quarterly average basis and on an individual isotopic analysis basis, one percent (1%) of applicable 10 CFR Part 20 limits

in effect as of December 1, 1970; and provided further, however, that Consumers Power shall ~~promptly~~ promptly to correct abnormal operating conditions which result in releases of radioactive materials in liquid discharges to Lake Michigan from the modified liquid radwaste system at levels greater than essentially zero.

§S-2.3 The modified liquid radwaste system shall be installed and placed in operation no later than the resumption of operation of the Palisades Plant after its first scheduled refueling (which is expected to occur approximately seventeen [17] calendar months following the date of commencement of escalation to full power following issuance of the provisional operating license authorizing Consumers Power to operate the Palisades Plant at steady-state power levels up to and including 2200 thermal megawatts) or twenty-four (24) calendar months following the date of the aforesaid settlement agreement, whichever occurs first. The foregoing provisions of this §S-2.3 are subject to the condition that in the event the installation or the initial operation of such modified liquid radwaste system is delayed (i) by reason of flood; strike; insurrection; riot; embargo; act of nature or the public enemy; or unavoidable delay in transportation or inability or unavoidable delay in procuring labor or materials; (ii) by reason of legal action by a party other than Consumers Power or Intervenor; local, state or federal laws; or the rules, regulations, orders, actions or failure to act of any public body or official purporting to exercise authority or control with respect to installation or operation of the modified liquid radwaste system; or (iii) by reason of any cause beyond the reasonable control of Consumers Power, the

time for performance shall be extended (subject to the provisions of Section S-4 of these special technical specifications as respects [ii] above) for a time equal to the period of such delay.

§S-2.4 Pending installation and operation of the modified liquid radwaste system pursuant to the schedule provided in §S-2.3 hereof, Consumers Power may operate the Palisades Plant at any power levels authorized by any AEC license issued to Consumers Power, utilizing the existing liquid radwaste system; provided that radioactive materials in liquid discharges to Lake Michigan shall be at levels which are at all times as low as practicable and which do not exceed, on a quarterly average basis and on an individual isotopic analysis basis, and based on the assumptions used in Section 11 of Consumers Power's Final Safety Analysis Report to the AEC for the Palisades Plant as amended to December 1, 1970, (i) under normal or abnormal operating conditions as defined in §S-2.1 hereof and assuming no failed fuel, two percent (2%) of applicable 10 CFR Part 20 limits in effect as of December 1, 1970; and (ii) under normal or abnormal operating conditions as defined in §S-2.1 hereof and assuming some failed fuel, ten percent (10%) of applicable 10 CFR Part 20 limits in effect as of December 1, 1970.

§S-2.5 In line 8 of subsection 3.9.13 of Section 3.9, "EFFLUENT RELEASE" of the Technical Specifications, add the following after "10 CFR 20":

"for gaseous releases, and within the limits for liquid releases specified in the special technical specifications included herein at the request of the licensee pursuant to a settlement agreement dated in March, 1971."

SECTION S-3 - RESERVATIONS

§S-3.1 Nothing in these special technical specifications shall prevent Consumers Power from taking any steps or measures in connection with the design, construction, modification or operation of the modified condenser cooling system and the modified liquid radwaste system which contemplate modifications, procedures or modes of operation equal to or better, considering the protection of the environment, than the modifications, procedures or modes of operation contemplated in these special technical specifications; provided, however, that the foregoing provisions shall not authorize Consumers Power to take any steps or measures to install and operate a modified condenser cooling system having an open cycle system utilizing Lake Michigan water for once-through cooling or to install and operate a modified liquid radwaste system which would release radioactivity to the environment at levels above those contemplated in Section S-2 of these special technical specifications under the conditions therein stated.

§S-3.2 The modifications, procedures and modes of operation contemplated in these special technical specifications for the Palisades Plant and any action taken by Consumers Power pursuant to said special technical specifications or the aforesaid settlement agreement of March, 1971 before or after the execution of said agreement shall not be deemed, construed, interpreted or claimed to be an admission that the same or any similar modifications, procedures or modes of operation are necessary or required at any other Consumers Power electric generating plant. The obligations of Consumers Power under these special technical specifications and said agreement are limited to the Palisades Plant.

SECTION S-4 - LEGAL VALIDITY

§S-4.1 If Consumers Power believes that compliance with any provision or provisions of these special technical specifications is contrary to or prevented by any local, state or federal law, or the rule, regulation, order, action or failure to act of any public body or official purporting to exercise authority with respect thereto, or the order or decree of any court, then Consumers Power shall promptly notify Intervenor^s thereof by telegram, telephone or other means and notify Intervenor^s thereof in writing within ten (10) business days thereafter, stating the basis for such belief. In the event Intervenor^s notify Consumers Power of their agreement with such belief within thirty (30) calendar days after delivery of the aforesaid written notice by Consumers Power (and from the time of the aforesaid telephonic, telegraphic or other means of notice by Consumers Power and until the end of such thirty (30) day period whether or not such notification is given to Consumers Power by Intervenor^s) Consumers Power shall be relieved of any obligation to comply with the provision or provisions in question and any and all other provisions of these special technical specifications which require compliance with said provision or provisions. However, notwithstanding its release from obligation as provided in this §S-4.1, Consumers Power shall have the right, in its sole discretion, to comply with or seek to comply with said provision or provisions. In the event Intervenor^s do not so notify Consumers Power within said thirty (30) day period, then Consumers Power shall in good faith and with due diligence pursue administrative remedies or court actions (including appeals or requests for writs of certiorari to the highest state or federal court having

jurisdiction), or both, to assert the validity of compliance with said provision or provisions and/or the invalidity or unlawfulness of the law, rule, regulation, order, decree, action or failure to act that is the subject of the aforesaid written notice by Consumers Power.

§S-4.2 In the event of an unfavorable ruling or the inability to have the validity of the compliance with such provision or provisions (which are the subject of suit and/or proceeding as contemplated in §S-4.1 hereof) upheld after exhausting all rights of hearing, appeal and requests for writs of certiorari to the highest state or federal court having jurisdiction, then Consumers Power will forever be relieved of any obligation to comply with the provision or provisions in question and any and all other provisions of these special technical specifications which require compliance with said provision or provisions.

§S-4.3 While Consumers Power is pursuing the administrative remedies or court actions, or both, contemplated in §S-4.1 hereof, Consumers Power may operate the Palisades Plant in any manner permitted by law; provided, however, that while Consumers Power is pursuing said administrative remedies or court actions, or both, it shall continue to comply with all of the provisions of these special technical specifications except any provision or provisions (and any and all other provisions which require compliance with said provision or provisions) as to which (i) it is prevented from complying by a court order or decree or is prevented from complying by an order, notice or other action of any public body or official having authority to enforce such order, notice or other action without resort to a court for enforcement; or (ii) it is

prevented from complying by the lack of any permit, license, consent or other authorization of any public body or official which is required for continued compliance; or (iii) continued compliance would, in the reasonable opinion of legal counsel for Consumers Power, result in the violation of any criminal law or criminal ordinance or the imposition of any criminal or civil fine, criminal or civil penalty, or criminal or civil forfeiture; or (iv) there has been entered a court order or decree or an order, notice or other action of a public body or official which, while not preventing compliance with these special technical specifications by Consumers Power, would require shutdown of the Palisades Plant or a reduction in the electrical output of the Palisades Plant if Consumers Power continued to comply therewith.

SECTION S-5 -- REPORTING REQUIREMENTS

§S-5.1 Add the following new item e. to subsection 6.6.1 of Section 6.6, "PLANT REPORTING REQUIREMENTS" of the Technical Specifications:

- "e. When a control rod or a part-length rod is misaligned as defined in 3.10.4.a of these Technical Specifications or when a control rod is inoperable as defined in 3.10.4.b of these Technical Specifications."