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CABLE ADDRESS ROPGRALOR  
TELEX NUMBER 940519

AREA CODE 617 423-6100

November 1, 1979

Andrew C. Goodhope, Esq.  
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Atomic Safety and Licensing  
Board  
3320 Estelle Terrace  
Wheaton, Maryland 20906

Dr. Richard F. Cole  
Atomic Safety and Licensing Board  
U. S. Nuclear Regulatory Comm.  
Washington, D. C. 20555

Dr. A. Dixon Callihan  
Union Carbide Corporation  
P. O. Box Y  
Oak Ridge, Tennessee 37830

Re: Boston Edison Company et al. (Pilgrim  
Nuclear Generating Station, Unit 2)  
Docket No. 50-471

Gentlemen:

Enclosed are copies of: (1) a finalized Base and Standby Revolving Credit and Term Loan Agreement entered into by Boston Edison and a consortium of banks dated as of July 31, 1979; (2) an Amendment No. 1, thereto, dated as of October 12, 1979; (3) and (4) Orders of the Massachusetts Department of Public Utilities (D.P.U. 20145), (D.P.U. 20145-A) respectively relating to the agreement and amendment; and (5) an Affidavit of Boston Edison Company's Assistant Treasurer identifying the foregoing. These enclosures are being furnished to the Board, the parties and the Secretary pursuant to our undertaking as of May 29, 1974 (Tr. 9574).

Very truly yours,

*George H. Lewald*  
George H. Lewald

GHL:el  
Enclosures

cc: Service List

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BASE AND STANDBY  
REVOLVING CREDIT AND TERM LOAN AGREEMENT

Dated as of

July 31, 1979

Among

BOSTON EDISON COMPANY,  
Company

and

THE FIRST NATIONAL BANK OF BOSTON,  
as Agent

and

BANK OF MONTREAL,

BANKERS TRUST COMPANY,

BARCLAYS BANK INTERNATIONAL, LTD.,

CONTINENTAL ILLINOIS NATIONAL BANK  
& TRUST COMPANY OF CHICAGO,

THE FIRST NATIONAL BANK OF BOSTON,

MANUFACTURERS HANOVER TRUST COMPANY,

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

WELLS FARGO BANK, N.A.,

CHEMICAL BANK,

IRVING TRUST COMPANY,

PRUFUNDING, INC.,

UNITED CALIFORNIA BANK

and

CANADIAN IMPERIAL BANK OF COMMERCE,  
Lenders

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EXHIBITS AND SCHEDULES

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Exhibit B -	Form of Base Term Note
Exhibit C -	Form of Standby Revolving Note
Exhibit D -	Form of Standby Term Note
Exhibit E -	Form of Borrowing Certificate
Exhibit F -	Form of Compliance Certificate
Schedule 1 -	Litigation

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BASE AND STANDBY  
REVOLVING CREDIT AND TERM LOAN AGREEMENT

AGREEMENT dated as of July 31, 1979, by and among BOSTON EDISON COMPANY, a Massachusetts corporation (the Company), BANK OF MONTREAL, BANKERS TRUST COMPANY, BARCLAYS BANK INTERNATIONAL, LTD., CONTINENTAL ILLINOIS NATIONAL BANK & TRUST COMPANY OF CHICAGO, THE FIRST NATIONAL BANK OF BOSTON, MANUFACTURERS HANOVER TRUST COMPANY, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, WELLS FARGO BANK, N.A., CHEMICAL BANK, IRVING TRUST COMPANY, PRUFUNDING, INC., UNITED CALIFORNIA BANK and CANADIAN IMPERIAL BANK OF COMMERCE (the Lenders).

§1. DEFINITIONS. The following terms shall have the meanings respectively assigned to them below in this §1 or in the provisions of this Agreement and the Exhibits hereto referred to below;

§1.1. Agent - The First National Bank of Boston acting as agent for the Lenders.

§1.2. Alternate Base Rate - 1/2 of one percent above the latest three-week moving average interest rate payable on 90 to 119 day dealer-placed commercial paper as published weekly by the Federal Reserve Bank of New York or, if such publication or a substitute containing the above-described rate information is suspended or terminated, such three-week moving average interest rate as determined by the Agent based on quotations received by it from any three New York commercial paper dealers of recognized standing.

§1.3. Base Closing(s) - see §4.1.

§1.4. Base Commitment - see §5.1.

§1.5. Base Commitment Fee - see §5.3.

§1.6. Base Conversion Date - the earlier of (i) the Completion Date or (ii) July 31, 1987.

§1.7. Base Rate - the rate of interest designated by the Agent from time to time as its Base Rate and usually charged by it on new 90-day unsecured loans to substantial and responsible borrowers.

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§1.8. Base Revolving Credit Loan(s) - Loan(s) made or to be made to the Company as contemplated by §2.1 hereof.

§1.9. Base Revolving Note(s) - see §2.3.

§1.10. Base Term Loan(s) - Loan(s) made or to be made to the Company as contemplated by §3.1 hereof.

§1.11. Base Term Note(s) - see §3.

§1.12. Bond Rating - from time to time, the then current rating assigned by Moody's to the most recently issued series of the Company's First Mortgage Bonds under the Indenture.

§1.13. Borrowing Certificate - see §12.9.

§1.14. Business Day - any day which is not a Saturday, Sunday or legal holiday in the City of Boston.

§1.15. Company - see preamble.

§1.16. Completion Date - the date as of which the Company is authorized by the NRC to commence commercial operation of Pilgrim II, as set forth in an Operating License issued to the Company prior to or on such date.

§1.17. Compliance Certificate - see §16.4(f).

§1.18. Construction Permit - a permit issued by the NRC, pursuant to 10 C.F.R. 50.23, authorizing the Company to proceed immediately with construction of Pilgrim II.

§1.19. DPU - the Massachusetts Department of Public Utilities and such successor agency or agencies as shall have responsibility for regulating the Company as an electric utility in the Commonwealth of Massachusetts.

§1.20. Default(s) - any of the events or conditions specified in §18 as to which notice or lapse of time or notice and lapse of time is required before such event or condition becomes an Event of Default, prior to such notice and/or lapse of time.

§1.21. Distribution - means and includes (i) the declaration or payment of any dividend on or in respect of shares of any class of capital stock of the Company, except dividends payable solely in shares of the Company's common stock; and (ii) the purchase or other retirement by the Company, directly or indirectly, of any shares of the Company's capital stock of any class, or any other distribution paid on or in respect of shares of any class of capital stock of the Company.

§1.22. ERISA - means the Employees Retirement Income Security Act of 1974, as amended from time to time.

§1.23. Event(s) of Default - see §18.

§1.24. FERC - The Federal Energy Regulatory Commission and any successor entities having similar responsibilities.

§1.25. Final Standby Conversion Date - see §9.2.

§1.26. Final Standby Term Loan(s) - Loan(s) made or to be made to the Company as contemplated in §7.2 hereof.

§1.27. Final Standby Term Note(s) - see §7.2.

§1.28. First Lending - the first to occur of the First Lending-Base or the First Lending-Standby.

§1.29. First Lending-Base - the initial Base Revolving Credit Loan made hereunder.

§1.30. First Lending-Standby - the initial Standby Revolving Credit Loan made hereunder.

§1.31. Funded Indebtedness - means (i) any obligation in respect of money borrowed or credit received payable more than one year from the date of determination thereof, including Base Term Loans, Standby Revolving Credit Loans and/or Standby Term Loans, but excluding Base Revolving Credit Loans, and (ii) amounts equal to the aggregate net rentals required to be capitalized on the Company's balance sheet under Generally Accepted Accounting Principles.

§1.32. Generally Accepted Accounting Principles - means (i) in general, generally accepted accounting principles which are (I) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, as at the time in effect, and (II) such that a certified public accountant would, insofar as the use of accounting principles is pertinent, be in a position to deliver an unqualified opinion as to financial statements in which such principles have been properly applied; and (ii) when used with reference to the Company, such principles shall include (to the extent consistent with such principles) the accounting practices of the Company reflected in its financial statements for the year ended December 31, 1978, except as otherwise required by any applicable rules, regulations or orders of the DPU or other public regulatory authority having jurisdiction over the accounts of the Company provided that the Company may at any time contest or controvert in good faith the validity or applicability to the Company of any such rule, regulation or order.

§1.33. Guaranteed Pension Plan - means any pension plan maintained by the Company or to which it contributes, which is required to pay plan termination insurance premiums to the Pension Benefit Guaranty Corporation.

§1.34. Indebtedness - all indebtedness which in accordance with Generally Accepted Accounting Principles shall be classified as liabilities upon a balance sheet or to which reference should be made by footnotes thereto, and in any event shall include all debt and other similar monetary obligations, whether direct or indirect, and all guaranties, endorsements (other than endorsement of notes, bills and checks presented to banks for collection or deposit in the ordinary course of business) and other contingent obligations in respect of indebtedness of others, including any obligations to supply funds to or in any other manner to invest, directly or indirectly, in the debtor, to purchase indebtedness, or to purchase goods, supplies, or services for the purpose of enabling the debtor to make payment of the indebtedness or to assure the owner of the indebtedness against loss, or otherwise.

§1.35. Indenture - the Indenture of Trust and First Mortgage dated as of December 1, 1940 between the

Company and State Street Trust Company (now State Street Bank and Trust Company), trustee, as supplemented and amended.

§1.36. Independent Accountant - a firm of independent accountants selected by the Board of Directors of the Company, which is "independent" as that term is defined in Rule 2-01 of Regulation S-X promulgated by the United States Securities and Exchange Commission.

§1.37. Interim Excess Balance - see §7.1.

§1.38. Interim Standby Conversion Date(s) - see §9.2.

§1.39. Interim Standby Term Loan(s) - see §7.1.

§1.40. Interim Standby Term Note(s) - see §7.1.

§1.41. Investments - the aggregate of all expenditures made and all liabilities incurred (contingently or otherwise) for the acquisition of stock or indebtedness of, or for loans, advances, capital contributions or transfers of property to, or in respect of any guarantees (or other commitments as described under Indebtedness), or obligations of, any Person, except transfers or deliveries made against receipt of full value in cash or made in the ordinary course of business. In determining the aggregate amount of Investments outstanding at any particular time (i) the amount of any Investment represented by a guarantee shall be taken at not less than the principal amount of the obligations guaranteed and still outstanding; (ii) there shall be included as an Investment all interest accrued with respect to Indebtedness constituting an Investment unless and until such interest is paid; (iii) there shall be deducted in respect of each such Investment any amount received as a return of capital (but only by repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution); (iv) there shall not be deducted in respect of any Investment any amounts received as earnings on such Investment, whether as dividends, interest or otherwise, except that accrued interest included as provided in the foregoing clause (ii) may be deducted when paid; and (v) there shall not be deducted from the aggregate amount of Investments any decrease in the value thereof.



§1.42. Lenders - see preamble.

§1.43. Lenders' Special Counsel - Messrs. Bingham, Dana & Gould of Boston, Massachusetts, or such other counsel as may be approved by the Lenders.

§1.44. Loans - collectively, the Base Revolving Credit Loans, the Base Term Loans, the Standby Revolving Credit Loans and the Standby Term Loans.

§1.45. Moody's - Moody's Investors Service, Inc., or any successor.

§1.46. Note(s) - collectively, the Base Revolving Notes, the Base Term Notes, the Standby Revolving Notes and the Standby Term Notes.

§1.47. NRC - the United States Nuclear Regulatory Commission and such successor agencies as shall have responsibility for licensing or regulating nuclear power generating plants.

§1.48. Obligations - all Indebtedness to the Lenders, individually or collectively, existing on the date of this Agreement or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, of the Company arising or incurred under this Agreement or in respect of Loans made and any Notes or other instruments at any time evidencing any thereof.

§1.49. Officer's Certificate - a certificate, signed by the Chairman of the Board, President, Executive Vice President or any Senior Vice President and by the Treasurer, principal financial officer or any Assistant Treasurer of the Company.

§1.50. Operating License - a final license issued to the Company by the NRC, pursuant to 10 C.F.R. 50.22, authorizing the Company to commence commercial operation of Pilgrim II.

§1.51. Outstanding - when used with reference to the aggregate balance of any or all of the Loans or Notes, means and includes, as at any date of determination, the unpaid principal in respect of such Loans or Notes.

§1.52. Ownership Agreement - the Agreement for Joint Ownership, Construction and Operation of Pilgrim Unit No. 2, dated October 13, 1972, between and among the Company and the other utility companies named therein, as amended to date.

§1.53. Pension Benefit Guaranty Corporation - the Pension Benefit Guaranty Corporation created by §4002 of ERISA and any successor entities having similar responsibilities.

§1.54. Person - any individual, corporation, partnership, trust, unincorporated association, joint stock company or other legal entity or organization and any government or agency or political subdivision thereof.

§1.55. Pilgrim II - Pilgrim Nuclear Generating Station, Unit 2, the nuclear power electricity generating plant proposed to be constructed by the Company in Plymouth, Massachusetts.

§1.56. Rental Obligations - all present or future obligations of the Company under rental agreements or leases of real or personal property.

§1.57. Secured Note Security Agreement - the Reconveyance, Mortgage and Security Agreement dated December 19, 1975 between the Company and the secured creditors of the Company named therein, securing payment of the Company's 11 1/4% Secured Notes due November 15, 1985.

§1.58. Standby Closing(s) - each closing of a Standby Revolving Credit Loan made pursuant to §6.

§1.59. Standby Commitment - see §9.1.

§1.60. Standby Commitment Amount - see §9.4(a).

§1.61. Standby Commitment Fee - see §9.4.

§1.62. Standby Revolving Credit Loan(s) - Loan(s) made or to be made to the Company as contemplated by §6.1 hereof.

§1.63. Standby Revolving Note(s) - see §6.

§1.64. Standby Term Loan(s) - collectively, the Interim Standby Term Loans and the Final Standby Term Loans.



§1.65. Standby Term Note(s) - collectively, the Interim Standby Term Notes and the Final Standby Term Notes.

§1.66. Subsidiary - any corporation, association or other business entity, a majority (by number of votes) of the outstanding Voting Stock of which is at the time owned or controlled by the Company, or by one or more Subsidiaries of the Company or by the Company and one or more Subsidiaries of the Company and which is included in the Company's consolidated balance sheet.

§1.67. Total Capitalization - the sum of (i) Funded Indebtedness of the Company and (ii) the aggregate of all classes of capital stock (but excluding treasury stock and capital stock subscribed and unissued), premiums on capital stock and surplus (including retained earnings, surplus invested in plant and the balance of the current profit and loss account not transferred to surplus, but net of all capital stock expense) of the Company, as the same properly appear on a balance sheet of the Company prepared in accordance with Generally Accepted Accounting Principles, less the sum of:

(a) the total book value of all assets of the Company which should be treated as intangibles under Generally Accepted Accounting Principles including without limitation, such items as good will, trademarks, trade names, service marks, brand names, copyrights, patents and licenses, and rights with respect to the foregoing, except for such assets as are reflected in the Company's balance sheet at December 31, 1978, referred to in §10.4, and

(b) all amounts representing any write-up in the book value of any assets of the Company resulting from a revaluation thereof subsequent to December 31, 1978.

§1.68. Voting Stock - stock or similar interests, of any class or classes (however designated), the holders of which are at the time entitled, as such holders, to vote for the election of a majority of the directors (or persons performing similar functions) of the corporation, association or other business entity involved, whether or not the right so to vote exists by reason of the happening of a contingency.

§2. BASE REVOLVING CREDIT.

§2.1. Commitment to Lend. Subject to the terms and conditions hereinafter set forth, each of the Lenders agrees to lend to the Company on or before the Base Conversion Date, upon notice by the Company pursuant to §4.1, from time to time (but not prior to satisfaction of the condition precedent set forth in §12.2), an amount (a Base Revolving Credit Loan, or if there are more than one, Base Revolving Credit Loans) equal to the amount of its respective commitment percentage as set forth in §5.1 hereof of the aggregate principal amount of the Base Revolving Credit Loan requested by the Company, provided that in no event shall the aggregate principal Outstanding balance of all Base Revolving Credit Loans exceed at any one time \$125,000,000.

§2.2. Advances. Each Base Revolving Credit Loan to the Company hereunder shall be in an aggregate amount of \$5,000,000 or multiples thereof, and each of the Lenders will lend to the Company its respective commitment percentage of such aggregate amount.

§2.3. Base Revolving Notes. The Base Revolving Credit Loans shall be evidenced by separate promissory notes of the Company substantially in the form of Exhibit A with appropriate insertions (each of which is herein called a Base Revolving Note and all of which at any time outstanding are together called the Base Revolving Notes), one Base Revolving Note being payable to the order of each Lender in a principal amount equal to such Lender's respective Base Revolving Credit Loan commitment as set forth in §5.1 or such lesser amount as each of the Lenders may lend to the Company from time to time pursuant to §2 of this Agreement. Each Base Revolving Note shall be dated the date of the First Lending-Base and shall be stated to mature on the earlier of the Completion Date or July 31, 1987. Each Base Revolving Note shall bear interest payable monthly in arrears and at maturity in arrears at a rate per annum which shall be the percentage determined in accordance with the next succeeding sentence of whichever is the higher of the Base Rate or the Alternate Base Rate in effect from time to time on all amounts of the Outstanding principal thereof. The percentage provided for in the last preceding sentence shall be 104% if the Bond Rating in effect is Baa (or its then equivalent) or higher, or 107% if such Bond Rating is Ba (or its then equivalent) or lower or if the Bond Rating has been suspended. Overdue principal shall bear interest

at the rate provided for in the two preceding sentences, plus 1%, payable on demand. Any change in the interest rate resulting from a change in the Bond Rating, the Base Rate or the Alternate Base Rate is to be effective at the beginning of the business day on which each such change in the Bond Rating, the Base Rate or the Alternate Base Rate occurs. The Agent will give the Company and each of the Lenders prompt notice in writing of each change in the Base Rate of the Agent, and the effective date of such change; the Agent will also so notify the Company and each of the Lenders at such time as the Alternate Base Rate equals or exceeds the Base Rate, and, for so long as the Alternate Base Rate is equal to or higher than the Base Rate, of each change in the Alternate Base Rate and the effective date of such change. The Company will give the Agent and each of the other Lenders prompt notice in writing of each change in the Bond Rating and the effective date of such change.

§2.4. Termination of Base Credit. If any one or more of the Events of Default specified in §18(a), (b), (c), (f), (g), (h) or (i) shall occur, any unused portion of the credit hereunder shall forthwith terminate, and each of the Lenders shall be relieved of all obligations to make Base Revolving Credit Loans to the Company; or if any other Event of Default shall have occurred and be continuing, or if at the time for any Base Closing the conditions precedent thereto are not satisfied (except as a consequence of a default on the part of any of the Lenders), the Agent, upon the written or telephonic (confirmed in writing) request of Lenders holding at least 66-2/3% in aggregate unpaid principal amount of the Base Revolving Notes, or, if there is no unpaid principal amount with respect to the Base Revolving Notes, Lenders which have at least 66-2/3% in amount of the Base Commitment, shall, by notice in writing to the Company, terminate the unused portion of the credit hereunder, and upon such notice being given, such unused portion of the credit hereunder shall terminate immediately and each of the Lenders shall be relieved of all further obligations to make Base Revolving Credit Loans to the Company hereunder. If any such notice is given to the Company, the Agent will forthwith furnish a copy thereof to each of the Lenders. No termination of the credit hereunder shall relieve the Company of any of its existing obligations to the Lenders hereunder or elsewhere.

§2.5. Prepayment. The Company shall have the right at any time to prepay the Base Revolving Notes as



a whole, or in part, without premium or penalty, upon not less than three Business Days' written, telegraphic or telephonic notice confirmed in writing to the Agent, provided that (i) each partial prepayment shall be in the aggregate principal amount of \$5,000,000 or a multiple thereof; and (ii) each partial prepayment shall be allocated among all of the Lenders, in proportion, as nearly as practicable, to the respective unpaid principal amount of each Lender's Base Revolving Note, with adjustments to the extent practicable to equalize any prior prepayments not exactly in proportion. Amounts constituting prepayments of Base Revolving Notes may be reborrowed subject to the provisions of §2.1 and the other terms and conditions of this Agreement. The Agent shall promptly upon receipt of any such notice notify the Lenders of the substance thereof.

### §3. BASE TERM LOANS.

§3.1. Conversion of Base Revolving Notes; Base Term Loans. On the Base Conversion Date, the Company shall, at its option, either (i) pay in full the then Outstanding balance of the Base Revolving Credit Loans, or (ii) convert such portion of the then Outstanding balance of each of the Base Revolving Notes as it elects (provided that such portion shall be an equal percentage of the Outstanding balance of each of the Base Revolving Notes) into a term loan in an amount equal to the amount of each Base Revolving Note Outstanding so converted (a Base Term Loan, or collectively, Base Term Loans), and pay in full the amount of the Outstanding balance of the Base Revolving Credit Loans not so converted. Base Term Loans shall be evidenced by separate term promissory notes substantially in the form of Exhibit B, with appropriate insertions, (each of which is herein called a Base Term Note and all of which are together called the Base Term Notes). If the Company has elected to pay in full the Base Revolving Credit Loans, then, on the Base Conversion Date, the Company shall pay to the Lenders the amount of each Base Revolving Note Outstanding, together with all interest accrued to such date on the Base Revolving Notes and any Base Commitment Fee payable to the Lenders pursuant to §5.3 hereunder, and upon such payment, each Lender shall surrender to the Company its Base Revolving Note so paid. If the Company has elected to convert, in whole or in part, the Base Revolving Notes, then, on the Base Conversion Date, the Company shall pay to the Lenders

the amount, if any, of the then Outstanding balance of the Base Revolving Credit Loans not so converted, together with all interest accrued to such date on the Base Revolving Notes and any Base Commitment Fee payable to the Lenders pursuant to §5.3 hereunder, and upon such payment, subject to the conditions set forth in §13 hereof, each Lender shall surrender to the Company its Base Revolving Note so converted and/or paid against receipt of a Base Term Note evidencing the amount of such Base Revolving Note Outstanding so converted. The Company shall give not less than ten Business Days' written, telegraphic or telephonic notice to the Agent, prior to the Base Conversion Date, of its election under this §3.1.

§3.2. Base Term Notes. If the Company has elected to convert the Base Revolving Credit Loans under §3.1, one Base Term Note shall be payable to each Lender in the aggregate principal amount determined in accordance with the provisions of §3.1, and shall be dated the Base Conversion Date. Each Base Term Note shall be payable in four consecutive, substantially equal annual installments, with the first such installment due and payable on the first anniversary of the Base Conversion Date. Each Base Term Note shall bear interest at a rate per annum which shall be the percentage (based on the Bond Rating at the beginning of business on the Base Conversion Date) determined in accordance with the next succeeding sentence of whichever is the higher of the Base Rate or the Alternate Base Rate in effect from time to time. The percentage provided for in the last preceding sentence shall be 113% if the Bond Rating in effect at the beginning of business on the Base Conversion Date is A (or its then equivalent) or higher, 115% if such Bond Rating is Baa (or its then equivalent), or 116% if such Bond Rating is Ba (or its then equivalent) or lower or if the Bond Rating has been suspended. Interest on each Base Term Note shall be payable monthly in arrears on the first day of each month, commencing on the first day of the month following the month in which the Base Conversion Date occurs, and at maturity in arrears. Overdue principal shall bear interest at the rate provided for above, plus 1%, payable on demand. Any change in the interest rate resulting from a change in the Base Rate or the Alternate Base Rate is to be effective at the beginning of the business day on which such change in the Base Rate or the Alternate Base Rate occurs. The Agent will give the Company and each of the Lenders prompt notice in writing of each change in the Base Rate of the Agent, and the effective date of such change; the Agent will

also so notify the Company and each of the Lenders at such time as the Alternate Base Rate equals or exceeds the Base Rate, and, for so long as the Alternate Base Rate is equal to or higher than the Base Rate, of each change in the Alternate Base Rate and the effective date of such change.

§3.3. Prepayment. The Company shall have the right at any time to prepay the Base Term Notes as a whole, and from time to time to prepay the Base Term Notes in part, without premium or penalty, upon not less than three Business Days' written or telegraphic notice to the Agent, provided that (i) each partial prepayment shall be in the aggregate principal amount of \$10,000,000 or a multiple thereof; (ii) on each such prepayment the Company shall pay accrued interest on the principal so prepaid to the date of such prepayment; (iii) each partial prepayment with respect to the Base Term Notes shall be applied to the then next maturing installment or installments of principal of the Base Term Notes in order of their maturity; and (iv) each partial prepayment shall be allocated among all of the Lenders in proportion, as nearly as practicable, to the respective unpaid principal amount of each Lender's Base Term Note, with adjustments to the extent practicable to equalize any prior prepayments not exactly in proportion. Each Lender shall endorse the Base Term Note held by it with an appropriate notation evidencing each partial prepayment of principal made thereon.

#### §4. CLOSINGS OF BASE REVOLVING CREDIT LOANS.

§4.1. Notice. Each closing of a Base Revolving Credit Loan hereunder (Base Closings) shall take place at the head office of the Agent, 100 Federal Street, Boston, Massachusetts 02110, on such date, on or prior to the Base Conversion Date, as the Company shall have specified by not less than three Business Days' prior written, telegraphic or telephonic notice to the Agent, which shall specify the aggregate amount proposed to be borrowed at the Base Closing. The Agent, on the date of receipt of any such notice or on the next Business Day, shall notify each of the Lenders thereof.

§4.2. Funds for Base Closings. Not later than 11 o'clock a.m. (Boston time) on the date of each Base Closing, each of the Lenders will make available at the Agent's head office, in immediately available funds,



the amount to be loaned by it at the Base Closing. Upon receipt from each Lender of the amount of its Base Revolving Credit Loan, and upon receipt of the documents required by §§12 and 13 hereof, to the extent applicable, the Agent will make the aggregate amount of the Base Revolving Credit Loan available to the Company.

§4.3. Failure to Make Funds Available. The failure or refusal of any of the Lenders to make available to the Agent at the aforesaid time at any Base Closing the amount of the Base Revolving Credit Loan to be made by such Lender thereat shall not relieve the other Lenders from their several obligations hereunder to make Base Revolving Credit Loans, within the amounts of the Base Revolving Credit Loan commitment percentage of each Lender, as set forth in §5.1, at such Base Closing or at any subsequent Base Closing.

§4.4. Computations; Funds for Payments. All computations hereunder, whether of interest on the Base Revolving Credit Notes or the Base Term Notes or of the Base Commitment Fee, shall be computed on the basis of a 360-day year and a 30-day month. The Outstanding amount of the Base Revolving Credit Loans and the Base Term Loans as reflected on the Agent's records from time to time shall be considered correct and binding on the Company unless within 20 Business Days after receipt of any notice by the Agent of such Outstanding amount, the Company notifies the Agent to the contrary. All proceeds of Base Revolving Credit Loans and Base Term Loans, payments and prepayments hereunder (whether of principal, interest or Base Commitment Fee, or the Agent's fee provided for in §21.7) shall be made in immediately available funds.

## §5. BASE COMMITMENT.

§5.1. Amount of Base Commitments. The respective amount of each Lender's Base Revolving Credit Loan commitment (the total of such amounts, as reduced from time to time pursuant to §5.2, being hereinafter referred to as the Base Commitment) and its respective commitment percentage shall be as follows:

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<u>Lender</u>	<u>Amount of Base Revolving Credit Loan Commitment</u>	<u>Base Commitment Percentage</u>
Bank of Montreal	\$ 12,500,000	10%
Bankers Trust Company	12,500,000	10
Barclays Bank Interna- tional, Ltd.	12,500,000	10
Continental Illinois National Bank & Trust Company of Chicago	12,500,000	10
The First National Bank of Boston	12,500,000	10
Manufacturers Hanover Trust Company	12,500,000	10
Morgan Guaranty Trust Company of New York	12,500,000	10
Wells Fargo Bank, N.A.	8,750,000	7
Chemical Bank	6,250,000	5
Irving Trust Company	6,250,000	5
PruFunding, Inc.	6,250,000	5
United California Bank	6,250,000	5
Canadian Imperial Bank of Commerce	3,750,000	3
Total:	<u>\$125,000,000</u>	<u>100%</u>

§5.2. Reduction and Termination by Company. The Company, at its option, may, at any time and from time to time, reduce in part pro rata (in multiples of \$10,000,000) or terminate in whole the total commitment of the Lenders provided for in §5.1 on not less than 90 days' (or 30 days', if given prior to issuance of the order of the DPU referred to in §12.2) notice in writing, telegraphic or telephonic notice confirmed in writing to the Agent, provided, however, that the Company may not reduce or terminate the commitment of the Lenders provided for in §5.1 pursuant to this §5.2 unless the Lenders' total standby commitment provided for

in §9 has previously been terminated in full. Promptly after receiving any notice of the Company delivered pursuant to this §5.2, the Agent will notify the Lenders of the substance thereof.

§5.3. Base Commitment Fees. The Company will pay to the Agent for the respective accounts of the Lenders, in accordance with the specified percentage of each, monthly in advance with the first such payment due on the date of execution hereof and subsequent payments due on the corresponding date in succeeding months until such time as the First Lending shall have occurred, and thereafter in arrears on December 31, March 31, June 30 and September 30 of each year, and on the Base Conversion Date, a commitment fee (Base Commitment Fee) at the rate of 1/2 of 1% per annum on the daily average amount during the period from the date hereof, or from the end of the period for which the last such fee was paid, by which the Base Commitment exceeded the Outstanding and unpaid Base Revolving Credit Loans, provided, that, during the period such commitment fee is required to be paid monthly in advance, it shall be payable with respect to the entire Base Commitment. The Base Commitment Fee shall accrue from the date hereof and be payable as provided by this §5.3, notwithstanding failure by the Company to satisfy the condition precedent to the First Lending - Base specified in §12.2 hereof.

§6. STANDBY REVOLVING CREDIT.

§6.1. Commitment to Lend. Subject to the terms and conditions hereinafter set forth, each of the Lenders agrees to lend to the Company on or before the Final Standby Conversion Date (as defined in §9.2 below) upon notice by the Company pursuant to §8, from time to time (but not prior to satisfaction of the conditions precedent set forth in §§14.2 and 14.3, and in any event not prior to July 31, 1981), an amount (a Standby Revolving Credit Loan, or if there are more than one, Standby Revolving Credit Loans) equal to the amount of its respective commitment percentage as set forth in §9.1 hereof of the aggregate principal amount of the Standby Commitment (as defined in §9.1) requested to be loaned by the Company, provided that in no event shall the aggregate principal Outstanding balance of all Standby Revolving Credit Loans exceed at any one time \$375,000,000, or such lesser amount as is provided for in §9.2.

§6.2. Advances. Each Standby Revolving Credit Loan to the Company hereunder shall be in an aggregate

amount of \$10,000,000 or multiples thereof, and each of the Lenders will lend to the Company its respective commitment percentage of such aggregate amount.

§6.3. Standby Revolving Notes. The Standby Revolving Credit Loans shall be evidenced by separate promissory notes of the Company substantially in the form of Exhibit C with appropriate insertions (each of which is herein called a Standby Revolving Note and all of which at any time outstanding are together called the Standby Revolving Notes), one Standby Revolving Note being payable to the order of each Lender in a principal amount equal to such Lender's respective percentage of the total initial Standby Revolving Credit Loan commitments as set forth in §9.1, or such lesser amount as each of the Lenders may lend to the Company from time to time pursuant to §6 of this Agreement. Each Standby Revolving Note shall be dated the date of the First Lending-Standby and shall be stated to mature on the Final Standby Conversion Date. Each Standby Revolving Note shall bear interest payable monthly in arrears and at maturity in arrears at a rate per annum which shall be the percentage determined in accordance with the next succeeding sentence of whichever is the higher of the Base Rate or the Alternate Base Rate in effect from time to time on all amounts of the Outstanding principal thereof. The percentage provided for in the last preceding sentence shall be 110% if the Bond Rating in effect is A (or its then equivalent) or higher, 113% if such Bond Rating is Baa (or its then equivalent), or 115% if such Bond Rating is Ba (or its then equivalent) or lower or if the Bond Rating has been suspended. Overdue principal shall bear interest at the rate provided for in the preceding two sentences, plus 1%, payable on demand. Any change in the interest rate resulting from a change in the Bond Rating, the Base Rate or the Alternate Base Rate is to be effective at the beginning of the business day on which each such change in the Bond Rating, the Base Rate or the Alternate Base Rate occurs. The Agent will give the Company and each of the Lenders prompt notice in writing of each change in the Base Rate of the Agent, and the effective date of such change; the Agent will also so notify the Company and each of the Lenders at such time as the Alternate Base Rate equals or exceeds the Base Rate, and, for so long as the Alternate Base Rate is equal to or higher than the Base Rate, of each change in the Alternate Base Rate and the effective date of such change. The Company will give the Agent and each of the other Lenders prompt notice in writing



of each change in the Bond Rating and the effective date of such change.

§6.4. Termination of Standby Credit. If any one or more of the Events of Default specified in §18(a), (b), (c), (f), (g), (h) or (i) shall occur, any unused portion of the credit hereunder shall forthwith terminate, and each of the Lenders shall be relieved of all obligations to make Standby Revolving Credit Loans to the Company; or if any other Event of Default shall have occurred and be continuing, or if the Construction Permit shall have been terminated, revoked or suspended, or if at the time for any Standby Closing the conditions precedent thereto are not satisfied (except as a consequence of a default on the part of any of the Lenders), the Agent, upon the written or telephonic (confirmed in writing) request of Lenders holding at least 66-2/3% in aggregate unpaid principal amount of the Standby Revolving Notes, or, if there is no unpaid principal amount with respect to the Standby Revolving Notes, Lenders which have at least 66-2/3% in amount of the Standby Commitment, shall, by notice in writing to the Company, terminate the unused portion of the credit hereunder, and upon such notice being given, such unused portion of the credit hereunder shall terminate immediately and each of the Lenders shall be relieved of all further obligations to make Standby Revolving Credit Loans to the Company hereunder. If any such notice is given to the Company, the Agent will forthwith furnish a copy thereof to each of the Lenders. No termination of the credit hereunder shall relieve the Company of any of its existing obligations to the Lenders hereunder or elsewhere.

§6.5. Prepayment. The Company shall have the right at any time to prepay the Standby Revolving Notes as a whole, or in part, without premium or penalty, upon not less than three Business Days' written, telegraphic or telephonic notice confirmed in writing to the Agent, provided that (i) each partial prepayment shall be in the aggregate principal amount of \$5,000,000 or a multiple thereof; and (ii) each partial prepayment shall be allocated among all of the Lenders, in proportion, as nearly as practicable, to the respective unpaid principal amount of each Lender's Standby Revolving Note, with adjustments to the extent practicable to equalize any prior prepayments not exactly in proportion. Amounts constituting optional prepayments of Standby Revolving Notes may be reborrowed subject to the provisions of §6.1 and the other terms and conditions of this Agreement. Additionally, as provided in

§7.1 below, the Company is obligated to and shall prepay the Standby Revolving Notes to the extent provided in §7.1. The Agent shall promptly upon receipt of any notice from the Company pursuant to this §6.5 notify the Lenders of the substance thereof.

§7. STANDBY TERM LOANS.

§7.1. Interim Partial Conversion of Standby Revolving Notes; Interim Standby Term Loans. On each Interim Standby Conversion Date (as defined in §9.2), the Company shall, at its option, either (i) pay in full the amount by which the then Outstanding balance of the Standby Revolving Credit Loans exceeds the Standby Commitment as reduced as of such Interim Standby Conversion Date pursuant to §9.2 (such amount being hereinafter referred to as an Interim Excess Balance) or (ii) convert such portion of the Interim Excess Balance with respect to each Standby Revolving Note as it elects (provided that such portion shall be an equal percentage of the Outstanding balance of each of the Standby Revolving Notes) into a term loan in an amount equal to the amount of the Interim Excess Balance with respect to each Standby Revolving Note so converted, and pay in full the amount of the Interim Excess Balance not so converted or (iii) if there is no Interim Excess Balance, convert such portion of the then Outstanding balance of each of the Standby Revolving Notes as it elects (provided that such portion shall be an equal percentage of the Outstanding balance of each of the Standby Revolving Notes and provided, further, that the total amount so to be converted shall not exceed the amount by which the Standby Commitment is reduced on such Interim Standby Conversion Date pursuant to §9.2) into a term loan in an amount equal to the amount of each Standby Revolving Note Outstanding so converted (any term loan made pursuant to clause [ii] or [iii] hereof being referred to herein as an Interim Standby Term Loan or, collectively, Interim Standby Term Loans). If, as of any Interim Standby Conversion Date, there is an Interim Excess Balance which is less than the amount by which the Standby Commitment is required to be reduced on such Interim Standby Conversion Date pursuant to §9.2, then the Company may borrow an additional amount pursuant to §6.1 which, when added to the Outstanding balance of the Standby Revolving Credit Loans immediately prior to such borrowing, will not exceed the amount of the Standby Commitment immediately prior to the required reduction in such Standby Commitment effective on such Interim Standby Conversion Date pursuant to §9.2, and convert the entire amount of the resulting Interim Excess Balance into Interim Standby



Term Loans pursuant to clause (ii) of the last preceding sentence. Any Interim Standby Term Loans shall be evidenced by separate term promissory notes substantially in the form of Exhibit D, with appropriate insertions, (each of which is herein called an Interim Standby Term Note and all of which are together called the Interim Standby Term Notes). If the Company has elected to pay in full the Interim Excess Balance as of any Interim Standby Conversion Date, then, on such Interim Standby Conversion Date the Company shall pay to the Lenders the amount of such Interim Excess Balance, together with all interest accrued to such date on such Interim Excess Balance and any Standby Commitment Fee payable to the Lenders pursuant to §9.4 hereunder, and upon such payment, each Lender shall endorse the Standby Revolving Note held by it with an appropriate notation evidencing the amount of the Outstanding balance thereof so paid. If the Company has elected to convert, in whole or in part, the Interim Excess Balance as of any Interim Standby Conversion Date, then, on such Interim Standby Conversion Date, the Company shall pay to the Lenders any amount of such Interim Excess Balance not so converted, together with all interest accrued to such date on such Interim Excess Balance, together with any Standby Commitment Fee payable to the Lenders pursuant to §9.4 hereunder, and upon such payment, each Lender shall endorse the Standby Revolving Note held by it with an appropriate notation evidencing the amount of the Outstanding balance thereof so paid and/or converted. If the Company has elected, pursuant to clause (iii) of the first sentence of this §7.1, to convert, in whole or in part, the then Outstanding balance of the Standby Revolving Notes as of any Interim Standby Conversion Date, then on such Interim Standby Conversion Date, the Company shall pay to the Lenders all interest accrued to such date on the amount so converted, together with any Standby Commitment Fee payable to the Lenders pursuant to §9.4 hereunder, and upon such payment, each Lender shall endorse the Standby Revolving Note held by it with an appropriate notation evidencing the amount of the Outstanding balance thereof so converted. The Company shall give not less than ten Business Days' written, telephonic or telegraphic notice to the Agent, prior to each Interim Standby Conversion Date, of its election under this §7.1. The Lenders shall not be obligated to make any Standby Revolving Credit Loan pursuant to the second sentence of this §7.1 unless the Company complies with the provisions of §§6, 8, and 14 with respect to such Standby Revolving Credit Loan.

§7.2. Final Conversion of Standby Revolving Notes; Final Standby Term Loans. On the Final Standby Conversion Date (as defined in §9.2) the Company shall, at its option, either (i) pay in full the then Outstanding balance of the Standby Revolving Credit Loans, or (ii) convert such portion of the then Outstanding balance of each of the Standby Revolving Notes as it elects (provided that such portion shall be an equal percentage of the Outstanding balance of each of the Standby Revolving Notes) into a term loan in an amount equal to the amount of each Standby Revolving Note Outstanding so converted (a Final Standby Term Loan or, collectively, Final Standby Term Loans), and pay in full the amount of the Outstanding balance of the Standby Revolving Credit Loans not so converted. Final Standby Term Loans shall be evidenced by separate term promissory notes substantially in the form of Exhibit D, with appropriate insertions, (each of which is herein called a Final Standby Term Note and all of which are together called the Final Standby Term Notes). If the Company has elected to pay in full the Standby Revolving Credit Loans, then, on the Final Standby Conversion Date, the Company shall pay to the Lenders the amount of each Standby Revolving Note Outstanding, together with all interest accrued to such date on the Standby Revolving Notes and any Standby Commitment Fee payable to the Lenders pursuant to §9.4 hereunder, and upon such payment, subject to the conditions of §15 hereof, each Lender shall surrender to the Company its Standby Revolving Note so paid. If the Company has elected to convert, in whole or in part, the Standby Revolving Notes, then, on the Final Standby Conversion Date, the Company shall pay to the Lenders the amount, if any, of the then Outstanding balance of the Standby Revolving Credit Loans not so converted, together with all interest accrued to such date on the Standby Revolving Notes, and any Standby Commitment Fee payable to the Lenders pursuant to §9.4 hereunder, and upon such payment, subject to the conditions set forth in §15 hereof, each Lender shall surrender to the Company its Standby Revolving Note so converted and/or paid against receipt of a Final Standby Term Note evidencing the amount of such Standby Revolving Note Outstanding so converted. The Company shall give not less than ten Business Days' written, telegraphic or telephonic notice to the Agent, prior to the Final Standby Conversion Date, of its election under this §7.2.

§7.3. Standby Term Notes. If the Company has elected to convert the Standby Revolving Credit Loans under §7.1, one Interim Standby Term Note shall be payable to each Lender in the aggregate principal amount

determined in accordance with the provisions of §7.1 with respect to each such conversion, and shall be dated the Interim Standby Conversion Date to which it relates. If the Company has elected to convert the Standby Revolving Credit Loans under §7.2, one Final Standby Term Note shall be payable to each Lender in the aggregate principal amount determined in accordance with the provisions of §7.2, and shall be dated the Final Standby Conversion Date. (The Interim Standby Term Notes and the Final Standby Term Notes are hereinafter collectively referred to as the Standby Term Notes.) Each Standby Term Note shall be payable in four consecutive, substantially equal annual installments, with the first such installment due and payable on the earlier of (i) the first anniversary of the Completion Date, or (ii) July 29, 1988. Each Standby Term Note shall bear interest at a rate per annum which shall be the percentage (based on the Bond Rating at the beginning of business on the relevant Interim Standby Conversion Date, in the case of Interim Standby Term Notes, or the Final Standby Conversion Date, in the case of Final Standby Term Notes) determined in accordance with the next succeeding sentence of whichever is the higher of the Base Rate or the Alternate Base Rate in effect from time to time. The percentage provided for in the last preceding sentence shall be 113% if the Bond Rating in effect at the beginning of business on the relevant Interim Standby Conversion Date, or the Final Standby Conversion Date, as the case may be, is A (or its then equivalent) or higher, 115% if such Bond Rating is Baa (or its then equivalent), or 116% if such Bond Rating is Ba (or its then equivalent) or lower or if the Bond Rating has been suspended. Interest on each Standby Term Note shall be payable monthly in arrears on the first day of each month, commencing, in the case of Interim Standby Term Notes, on the first day of the month following the month in which the relevant Interim Standby Conversion Date occurs, and in the case of Final Standby Term Notes, on the first day of the month following the month in which the Final Standby Conversion Date occurs, and at maturity in arrears. Overdue principal shall bear interest at the rate or rates provided for above, plus 1%, payable on demand. Any change in the interest rate resulting from a change in the Base Rate or the Alternate Base Rate is to be effective at the beginning of the business day on which each such change in the Base Rate or the Alternate Base Rate occurs. The Agent will give the Company and each of the Lenders prompt notice in writing of each change in the Base Rate of the Agent, and the effective date



of such change; the Agent will also so notify the Company and each of the Lenders at such time as the Alternate Base Rate equals or exceeds the Base Rate, and, for so long as the Alternate Base Rate is equal to or higher than the Base Rate, of each change in the Alternate Base Rate and the effective date of such change.

§7.4. Prepayment. The Company shall have the right at any time to prepay the Standby Term Notes as a whole, and from time to time to prepay the Standby Term Notes in part, without premium or penalty, upon not less than three Business Days' written, telegraphic or telephonic notice to the Agent, provided that (i) each partial prepayment shall be in the aggregate principal amount of \$10,000,000 or a multiple thereof; (ii) on each such prepayment the Company shall pay accrued interest on the principal so prepaid to the date of such prepayment; (iii) each partial prepayment with respect to the Standby Term Notes shall be applied to the installment or installments of principal of such of the Standby Term Notes as the Company shall in its discretion determine; and (iv) each partial prepayment shall be allocated among all of the Lenders in proportion, as nearly as practicable, to the respective unpaid principal amount of each Lender's Standby Term Notes, with adjustments to the extent practicable to equalize any prior prepayments not exactly in proportion. Each Lender shall endorse the Standby Term Note(s) held by it with an appropriate notation evidencing each partial prepayment of principal made thereon.

§8. CLOSINGS OF STANDBY REVOLVING CREDIT LOANS. The provisions of §4, with respect to notice and funds for Base Closings and the other matters specified therein, shall apply fully to the Standby Revolving Credit and Term Loans, as if each reference to Base Revolving Credit or Term Loan(s) in §4 was a reference to Standby Revolving Credit or Term Loan(s), each reference to Base Closing(s) in §4 was a reference to Standby Closing(s), the reference to the Base Conversion Date in §4.1 was a reference to the Final Standby Conversion Date, the reference to §§12 and 13 in §4.2 was a reference to §§14 and 15, the reference to §5.1 in §4.3 was a reference to §9.1, and the references to the Base Commitment Fee in §4.4 were references to the Standby Commitment Fee.

§9. STANDBY COMMITMENT.

§9.1. Amount of Standby Commitments. The respective amount of each Lender's initial Standby Revolving



Credit Loan commitment (the total of such amounts, as reduced from time to time pursuant to §§9.2 and/or 9.3, being referred to herein as the Standby Commitment) and its respective commitment percentage shall be as follows:

<u>Lender</u>	<u>Initial Amount of Standby Revolving Credit Loan Commitment</u>	<u>Standby Re- volving Credit Loan Percentage</u>
Bank of Montreal	\$ 37,500,000	10%
Bankers Trust Company	37,500,000	10
Barclays Bank International, Ltd.	37,500,000	10
Continental Illinois National Bank & Trust Company of Chicago	37,500,000	10
The First National Bank of Boston	37,500,000	10
Manufacturers Hanover Trust Company	37,500,000	10
Morgan Guaranty Trust Company of New York	37,500,000	10
Wells Fargo Bank, N.A.	26,250,000	7
Chemical Bank	18,750,000	5
Irving Trust Company	18,750,000	5
PruFunding, Inc.	18,750,000	5
United California Bank	18,750,000	5
Canadian Imperial Bank of Commerce	11,250,000	3
Total:	<u>\$375,000,000</u>	<u>100%</u>

§9.2. Mandatory Reduction of Standby Commitments.

(a) The \$375,000,000 total initial amount of the Standby Revolving Credit Loan commitments provided for in §9.1 shall be reduced in steps as follows on the following dates (subject to extension as provided in §9.2(b)):

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(i) On July 1, 1982, reduced by \$125,000,000 to \$250,000,000;

(ii) On July 1, 1983, reduced by \$75,000,000 to \$175,000,000;

(iii) On July 1, 1984, reduced by \$135,000,000 to \$40,000,000; and

(iv) On July 1, 1985, reduced by \$40,000,000 to \$0.

Each of the dates referred to in clauses (i), (ii) and (iii) above, as such date may be extended pursuant to §9.2(b), is referred to herein as an Interim Standby Conversion Date. The date referred to in clause (iv) above, as such date may be extended pursuant to §9.2(b), is referred to herein as the Final Standby Conversion Date.

(b) Subject to the conditions of §15 hereof (except §15.2), each of the dates specified in §9.2(a) may be extended for a period of one year by the Company at its option on not less than ten Business Days' notice in writing, telegraphic or telephonic notice confirmed in writing to the Agent prior to such date as the Company wishes to extend. Promptly after receiving any notice of the Company delivered pursuant to this §9.2(b), the Agent will notify the Lenders of the substance thereof.

§9.3. Reduction and Termination by the Company. The Company, at its option, may, at any time and from time to time, reduce in part pro rata (in multiples of \$25,000,000) or terminate in whole the total commitment of the Lenders provided for in §§9.1 and 9.2 on not less than 90 days' (or 30 days', if given prior to issuance of the order of the DPU referred to in §14.2) notice in writing, telegraphic or telephonic notice confirmed in writing to the Agent. Promptly after receiving any notice of the Company delivered pursuant to this §9.3, the Agent will notify the Lenders of the substance thereof.

§9.4. Standby Commitment Fees.

(a) The Company will pay to the Agent for the respective accounts of the Lenders, in accordance with the specified percentage of each, monthly in advance with the first such payment due

on the date of execution hereof and subsequent payments due on the corresponding date in succeeding months until such time as the First Lending shall have occurred, and thereafter in arrears on December 31, March 31, June 30 and September 30 of each year, and on each Interim Standby Conversion Date and the Final Standby Conversion Date, a commitment fee (Standby Commitment Fee) at the rate of  $\frac{1}{4}$  of 1% per annum (except as otherwise provided in §9.4(b)) on the daily average amount during the period from the date hereof, or from the end of the period for which the last such fee was paid, by which the Standby Commitment exceeded the Outstanding and unpaid Standby Revolving Credit Loans (such amount being referred to hereinafter as the Standby Commitment Amount), provided, that, during the period such commitment fee is required to be paid monthly in advance, it shall be payable with respect to the entire Standby Commitment. The Standby Commitment Fee shall accrue from the date hereof and be payable as provided by this §9.4, notwithstanding failure by the Company to satisfy the conditions precedent to the First Lending - Standby specified in §§14.2 and 14.3 hereof, and notwithstanding that the Lenders are not obligated to make any Standby Revolving Credit Loans prior to the second anniversary of the date of this Agreement.

(b) In lieu of the Standby Commitment Fee rate of  $\frac{1}{4}$  of 1% per annum provided for in §9.4 (a), the Standby Commitment Fee shall accrue at the rate of  $\frac{1}{2}$  of 1% per annum, from the date of any extension specified in clause (i) below or any prepayment specified in clause (ii) below, on so much of the Standby Commitment Amount as represents:

(i) any amount by which the Standby Commitment is greater than the amount otherwise provided for in §9.2(a), if the Company has extended an Interim Standby Conversion Date or the Final Standby Conversion Date pursuant to §9.2(b); and/or

(ii) an amount equal to the largest Outstanding amount of Standby Revolving Credit Loans previously borrowed by the Company and subsequently optionally prepaid by it pursuant to its option under §6.5.

§10. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Lenders that:

§10.1 Corporate Existence and Good Standing, Etc.

(a) The Company is a corporation validly organized and existing and in good standing under the laws of the Commonwealth of Massachusetts, and has corporate power and authority to own and operate its properties and conduct its business as presently conducted and presently proposed to be conducted by it;

(b) The Company has its principal executive offices at 800 Boylston Street, Boston, Massachusetts, at which place its principal books and records are kept;

(c) The Company is duly qualified, authorized to do business and in good standing as a foreign corporation in the State of Maine, and neither the character of the properties owned by the Company nor the nature of the business conducted by it makes licensing or qualification to do business as a foreign corporation necessary in any other jurisdiction; and

(d) On the date hereof the Company has no Subsidiaries.

§10.2. Corporate Power; Consents; Absence of Conflict with Other Agreements, Etc. The execution, delivery and performance of this Agreement and the Notes by the Company and the borrowings and transactions contemplated hereby and thereby,

(a) are within the Company's corporate powers, and have been duly authorized by the Company by all necessary corporate action;

(b) do not require any approval or consent of, or filing with, any governmental agency or authority bearing on the validity of such instruments and borrowings which is required by law or the regulations of any agency or authority, except for the approval or approvals of the DPU as referred to in §§12.2, 13.2, 14.2 and 15.2 below, and are not in contravention of law or the terms of the Company's Articles of Organization or by-laws, or any amendment thereof;



(c) will not conflict with or result in any breach or contravention of, or the creation of any lien under, the Indenture, the Secured Note Security Agreement or any other indenture, agreement, lease, instrument or undertaking to which the Company is a party or by which it is bound; and

(d) are and will be valid and legally binding obligations of the Company and are enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights.

§10.3. Title to Properties; Liens. The Company has such title to the real and personal property it purports to own, including the properties and assets reflected in the balance sheet of the Company as at December 31, 1978 referred to in §10.4 (except properties and assets disposed of since such date in the ordinary course of business), as is necessary for the conduct of its business as now conducted, with no imperfections therein which materially impair the use of any property for the purposes for which it is held, free from all mortgages, pledges, liens, security interests, leases, charges or encumbrances other than the liens of the Indenture, the Secured Note Security Agreement and the Lease and Security Agreement dated August 1, 1978 between the Company and PruLease, Inc. None of the assets or property the value of which is reflected in such balance sheet as at December 31, 1978 is held under or subject to any lease (except for leasehold improvements, which have been or are being amortized over a period not exceeding the term of the lease in question) or as conditional vendee under any conditional sale or other title retention agreement; such properties and assets have been maintained in good repair, working order and condition in compliance with all applicable maintenance requirements. The Company enjoys peaceful and undisturbed possession under all leases under which it operates, and all of such leases are valid, subsisting and in full force and effect. None of such leases contains any provision restricting incurrence of liabilities by the lessee, or any unusual or burdensome provision which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the operations of the Company under such lease.

§10.4. Financial Statements. There have been furnished to the Lenders the Company's financial statements for its fiscal year ended December 31, 1978, containing the balance sheet of the Company as at the end of such fiscal year and the related statements of income, retained earnings and sources of construction funds of the Company for such fiscal year, as certified by Coopers & Lybrand, independent certified public accountants. Such financial statements have been prepared in accordance with Generally Accepted Accounting Principles consistently applied. Such balance sheet (together with the pertinent notes thereto) fairly presents, in reasonable detail, the financial condition of the Company as at the close of business on the date thereof, reflects all material liabilities, contingent or other, at such date, and such statements of income, retained earnings and sources of construction funds fairly present the results of the operations of the Company for the period indicated.

§10.5. No Material Changes, Etc. Since December 31, 1978,

(a) there has been no change or changes in the assets, liabilities or financial condition of the Company from that reflected in the balance sheet and related statements of income, retained earnings and sources of construction funds as at such date or for the fiscal year then ended, as the case may be, referred to in §10.4 which have had any material adverse effect either individually or in the aggregate on the business or financial condition of the Company; and

(b) neither the business, operations, reasonably projected financial prospects or affairs of the Company nor any of its properties has been materially adversely affected.

§10.6. Franchises, Etc. The Company has all such franchises, certificates of convenience and necessity, operating rights, licenses, permits, consents, approvals, authorizations and orders of governmental bodies, political subdivisions and regulatory authorities, free from burdensome restrictions, as are necessary for the ownership of the properties now owned and operated by it, the maintenance and operation of the properties now operated by it and the conduct of the business now conducted by it.

§10.7. Regulatory Jurisdiction and Approvals.

(a) The Company is not a "holding company" or a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended. The FERC has jurisdiction over various phases of the business of the Company, but no authorization or approval of the FERC is required in connection with this Agreement or for the consummation of the transactions contemplated hereby.

(b) The Company is subject to the jurisdiction of the DPU, whose regulation includes supervision over the issue of certain securities, including the Notes.

§10.8. Litigation, Judicial and Administrative Proceedings. There is no action, proceeding or investigation pending or, to the Company's knowledge, threatened (or any basis therefor known to the Company) which questions the validity of this Agreement or the Notes, or any action taken or to be taken pursuant hereto or thereto, nor is there any action, proceeding or investigation pending or, to the Company's knowledge, threatened (or any basis therefor known to the Company) which, either in any case or in the aggregate, might have any material adverse effect on the business, operations, affairs or condition of the Company or its properties and assets taken as a whole or result in any material liability on the part of the Company, except as set forth in Schedule 1 hereto. Since the date of this Agreement, none of the actions, proceedings or investigations referred to in Schedule 1, either in any case or in the aggregate, has had any material adverse effect on the business, operations, affairs or condition of the Company or its properties and assets taken as a whole or resulted in any material liability on the part of the Company.

§10.9. No Materially Adverse Contracts, Etc. The Company is not a party to any contract or agreement which in the reasonable judgment of the Company's officers has or is expected to have any materially adverse effect on the business of the Company, except as otherwise reflected in adequate reserves. The Company is not subject to any charter, corporate or other legal restriction, or any judgment, decree, order, rule or



regulation which in the judgment of the Company's officers has or is expected in the future to have a materially adverse effect on the business, assets or financial condition of the Company.

§10.10. Compliance with Other Instruments, Laws, Etc. The Company is not in violation of any provisions of its charter documents or by-laws or any agreement or instrument by which it or any of its properties may be bound or any decree, order, judgment, or, to the knowledge of the Company's officers, any statute, license, franchise, permit, rule or regulation, in a manner which could result in the imposition of substantial penalties or materially and adversely affect the financial condition, properties or business of the Company.

§10.11. Tax Status. The Company has made or filed all tax returns, reports and declarations required by any jurisdiction to which it is subject; and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith; and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The federal income tax liability of the Company has been finally determined and satisfied through the fiscal year ended December 31, 1973. The Company has executed no waiver or waivers that would have the effect of extending the applicable statute of limitations in respect of income tax liabilities of the Company.

§10.12. No Default. No Default or Event of Default exists at the delivery of this Agreement.

§10.13. Absence of Financing Statements, Etc. At the time of the First Lending hereunder, there will be no financing statement, security agreement, chattel mortgage, real estate mortgage or other document filed or recorded with any filing records, registry, or other public office of any jurisdiction, which purports to cover, affect or give notice of any present or possible future lien on, or security interest in, any assets or property of the Company or rights thereunder, except



for the Indenture, the Secured Note Security Agreement and the Lease and Security Agreement dated August 1, 1978 between the Company and PruLease, Inc.

§10.14. Use of Proceeds; Regulation U. The proceeds of the Loans shall be used by the Company for general business expenditures and for capital expenditures with respect to Pilgrim II. No portion of any Loan is to be used for the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations G and U of the Board of Governors of the Federal Reserve System, 12 C.F.R. 207 and 221. The Company is not in the business of extending credit for the purpose of purchasing or carrying any "margin security" or "margin stock" as those terms are used in Regulations G and U.

§10.15. ERISA Compliance. The Company has complied in all material respects with ERISA, including without limitation, the provisions thereof respecting funding requirements for, and the termination of, plans and respecting prohibited transactions thereunder. The aggregate nonfunded prior service cost with respect to all existing and terminated employee benefit plans of the Company approximated \$11,000,000 as at December 31, 1978.

§10.16. Investment Company Act Status. The Company is not an "investment company" or a company "controlled" by an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

§11. EXEMPT CHARACTER OF TRANSACTIONS. This Agreement is made with the Lenders in reliance upon their several representations to the Company, which by their execution of this Agreement they hereby confirm, that each Lender for itself and not for any other Lender has no present intention of selling or otherwise disposing of any interest in the Notes. The Company represents to the Lenders that it has not, either directly or through any agent, offered any interest in the Notes (or similar instruments) for sale to, or solicited any offers to buy any interest therein from, or otherwise approached or negotiated in respect of any interest therein with, any Person or Persons other than the Lenders and not more than four commercial banks. The Company agrees that it will not, directly or indirectly, sell or

offer, or attempt to offer or dispose of, any interest in the Notes or any substantially similar interest of the Company, or solicit any offers to buy any interest therein from, or otherwise approach or negotiate with respect thereto with, any Person whatsoever so as to bring the execution and delivery of either of this Agreement or the Notes within the provisions of Section 5 of the Securities Act of 1933, as now in effect or as later amended.

§12. CONDITIONS OF FIRST LENDING - BASE. The obligations of the Lenders to make the first Base Revolving Credit Loans hereunder are subject to the following conditions precedent:

§12.1. Representations and Warranties. The representations and warranties contained in §§10 and 11 shall have been correct as of the date on which made and shall also be correct at and as of the date of the First Lending - Base with the same effect as if made at and as of such time, except to the extent that the facts upon which such representations and warranties are based may in the ordinary course be changed by the transactions permitted or contemplated hereby.

§12.2. DPU Approval. The Company shall have obtained (and furnished to each Lender) and there shall be in full force and effect, an appropriate order of the DPU authorizing the issue, sale and delivery of the Base Revolving Notes as herein provided and such order shall contain no condition inconsistent with the provisions hereof or unacceptable to the Agent and such order shall be issued under circumstances which in the Agent's reasonable judgment are appropriate for the protection of the Lenders; said order shall not have been rescinded or modified or stayed, or the right of the Company to operate thereunder restrained, by the DPU or by any court of competent jurisdiction; and the Company shall deliver an Officer's Certificate to the Agent to such effect (except as to acceptability of such order by the Agent).

§12.3. Performance; No Default. The Company shall have performed and complied with all terms and conditions herein required to be performed or complied with by it prior to or at the time of the First Lending - Base, and at the time of the First Lending - Base, and giving effect to consummation of the First Lending - Base, there shall exist no Default or Event of Default.

§12.4. Corporate Action. All corporate action required by law of the Company necessary for the valid execution, delivery and performance by the Company of this Agreement and the Notes shall have been duly and effectively taken.

§12.5. Proceedings and Documents. All proceedings in connection with the transactions contemplated by this Agreement and all documents incident thereto shall be reasonably satisfactory in substance and in form to the Agent and to the Lenders' Special Counsel, and the Agent and such counsel shall have received all information and such counterpart originals or certified or other copies of such documents as the Agent or such counsel may reasonably request.

§12.6. Opinion of the Company's Counsel. The Lenders shall have received from Messrs. Ropes & Gray, counsel to the Company, a favorable opinion addressed to the Lenders and dated the date of the First Lending - Base, in scope and form satisfactory to the Lenders and the Lenders' Special Counsel, covering the following subject matter:

(a) This Agreement has been duly authorized, executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights.

(b) The Base Revolving Notes have been duly authorized by the Company and, when executed by the Chairman of the Board, the President, the Executive Vice President, any Senior Vice President or the Treasurer of the Company and delivered in accordance with the terms and conditions of this Agreement, will constitute the valid and legally binding obligations of the Company, enforceable in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting generally the enforcement of creditors' rights.



(c) Based on the representations contained in §11 hereof, the creation of the indebtedness evidenced by this Agreement and the Base Revolving Notes under the circumstances contemplated by this Agreement is an exempt transaction under the Securities Act of 1933, as then amended.

(d) As provided in §§10.1(a), 10.2 and 10.7, hereof; provided that as to §10.2(c), such opinion may be limited to such agreements and instruments as may be known to such counsel.

(e) The issue of the Base Revolving Notes and the sale thereof to the Lenders have been duly approved by the DPU to the extent required by law by an order which remains in full force and effect and no further authorization, consent or approval by any regulatory authority is required for the valid issuance and sale of the Base Revolving Notes.

§12.7. Opinion of the Company's General Counsel. The Lenders shall have received from Victor H. Kazanjian, Esq., or his successor as General Counsel for the Company, a favorable opinion addressed to the Lenders and dated the date of the First Lending - Base, in scope and form satisfactory to the Lenders and the Lenders' Special Counsel, to the effect provided in §§10.1(c), 10.2(c) and the first sentence of 10.8 hereof; provided that (i) as to §§10.1(c) and the first sentence of 10.8, such opinion may be limited to the knowledge of such counsel, (ii) as to §10.2(c), such opinion may be limited to such agreements and instruments as may be known to such counsel, it being understood that such counsel may rely on opinions of counsel from other jurisdictions to the extent he deems advisable.

§12.8. Banking Law Requirements. The Agent shall have received from the Company signed copies addressed to the Lenders of such statements, in substance and form satisfactory to the Lenders, as the Lenders shall require for the purposes of compliance with any applicable regulations of the Board of Governors of the Federal Reserve System.

§12.9. Borrowing Certificate. The Lenders shall have received from the Company an Officer's Certificate substantially in the form of Exhibit E hereto (Borrowing Certificate).



§13. CONDITIONS OF SUBSEQUENT BASE BORROWINGS. The obligations of the Lenders to make any Base Revolving Credit Loans subsequent to the First Lending - Base or to convert their Base Revolving Credit Loans to Base Term Loans, as contemplated by §3.1 hereof, are subject to the following conditions precedent:

§13.1. Representations and Warranties. The representations and warranties contained in §§10 and 11 and such other representations and warranties as are made by the Company in writing in connection with the transactions contemplated by this Agreement subsequent to the date hereof shall have been correct as of the date on which made and shall also be correct at and as of the date of the Base Revolving Credit Loan or the Base Conversion Date, as the case may be, with the same effect as if made at and as of such time, except to the extent that the facts upon which such representations and warranties are based may be changed by the transactions permitted or contemplated hereby.

§13.2. DPU Approval. There shall continue to be in full force and effect an appropriate order of the DPU authorizing the issue, sale and delivery of the Base Revolving Notes (and, in the case of the conversion of Base Revolving Credit Loans to Base Term Loans, the Base Term Notes) as herein provided and such order shall contain no condition inconsistent with the provisions hereof or unacceptable to the Agent and such order shall be issued under circumstances which in the Agent's reasonable judgment are appropriate for the protection of the Lenders; and said order shall not have been rescinded or modified or stayed or the right of the Company to operate thereunder restrained, by the DPU or by any court of competent jurisdiction.

§13.3. Performance; No Default. The Company shall have performed and complied with all terms and conditions herein required to be performed or complied with by it prior to or at the time of the Base Revolving Credit Loan or the Base Conversion Date, as the case may be, and at the time of the Base Revolving Credit Loan or the Base Conversion Date, as the case may be, and giving effect to consummation of the Base Revolving Credit Loan or the Base Term Loans, as the case may be, there shall exist no Default or Event of Default.

In the case of a Base Revolving Credit Loan made subsequent to the First Lending - Base, the Company shall be deemed to have certified that it has met such conditions precedent upon the Company's giving (i) the notice contemplated by §4.1 hereof, which notice shall specifically confirm that it constitutes a certification to such effect, and (ii) a Borrowing Certificate. In the case of the conversion, in whole or in part, of the Base Revolving Credit Loans to Base Term Loans, on the Base Conversion Date the Company shall deliver an Officer's Certificate to the Agent to such effect and a Borrowing Certificate, and, in addition, the Lenders shall have received from Messrs. Ropes & Gray and from the General Counsel to the Company favorable opinions addressed to the Lenders and dated the Base Conversion Date, in scope and form satisfactory to the Lenders and the Lenders' Special Counsel, covering the same subject matter (except that they shall refer to the Base Term Notes rather than the Base Revolving Notes) and to the same effect as the opinions dated the date of the First Lending - Base delivered pursuant to §§12.6 and 12.7 hereof, respectively.

§14. CONDITIONS OF FIRST LENDING - STANDBY. The obligations of the Lenders to make the first Standby Revolving Credit Loans hereunder are subject to the following conditions precedent (as well as to the additional condition that the Lenders are not obligated to make any Standby Revolving Credit Loans prior to July 31, 1981):

§14.1. Representations and Warranties. The representations and warranties contained in §§10 and 11 shall have been correct as of the date on which made and shall also be correct at and as of the date of the First Lending - Standby with the same effect as if made at and as of such time, except to the extent that the facts upon which such representations and warranties are based may in the ordinary course be changed by the transactions permitted or contemplated hereby.

§14.2. DPU Approval. The Company shall have obtained (and furnished to each Lender) and there shall be in full force and effect, an appropriate order of the DPU authorizing the issue, sale and delivery of the Standby Revolving Notes as herein provided and such order shall contain no condition inconsistent with the provisions hereof or unacceptable to the Agent and such order shall be issued under circumstances which in the Agent's reasonable judgment are appropriate for the

protection of the Lenders; said order shall not have been rescinded or modified or stayed, or the right of the Company to operate thereunder restrained, by the DPU or by any court of competent jurisdiction; and the Company shall deliver an Officer's Certificate to the Agent to such effect (except as to acceptability of such order by the Agent).

§14.3. Construction Permit. The NRC shall have issued a Construction Permit to the Company (which shall have furnished a copy thereof to each Lender) and such Construction Permit shall be in full force and effect, and the right of the Company to consummate the transactions therein authorized shall not have been restrained by the NRC or by any court of competent jurisdiction, and the Company shall deliver an Officer's Certificate to the Agent to such effect.

§14.4. Performance; No Default. The Company shall have performed and complied with all terms and conditions herein required to be performed or complied with by it prior to or at the time of the First Lending - Standby, and at the time of the First Lending - Standby, and giving effect to consummation of the First Lending - Standby, there shall exist no Default or Event of Default.

§14.5. Corporate Action. All corporate action required by law of the Company necessary for the valid execution, delivery and performance by the Company of this Agreement and the Notes shall have been duly and effectively taken.

§14.6. Proceedings and Documents. All proceedings in connection with the transactions contemplated by this Agreement and all documents incident thereto shall be reasonably satisfactory in substance and in form to the Agent and such counsel shall have received all information and such documents as the Agent or such counsel may reasonably request.

§14.7. Opinions of the Company's Counsel. The Lenders shall have received from Messrs. Ropes & Gray and from the General Counsel to the Company favorable opinions addressed to the Lenders and dated the date of the First Lending - Standby, in scope and form satisfactory to the Lenders and the Lenders' Special Counsel



covering the same subject matter (except that they shall refer to the Standby Revolving Notes rather than the Base Revolving Notes) and to the same effect as the opinions to be delivered at the First Lending - Base pursuant to §§12.6 and 12.7 hereof, respectively.

§14.8. Banking Law Requirements. The Agent shall have received from the Company signed copies addressed to the Lenders of such statements, in substance and form satisfactory to the Agent, as the Lenders shall require for the purposes of compliance with any applicable regulations of the Board of Governors of the Federal Reserve System.

§14.9. Borrowing Certificate. The Lenders shall have received from the Company a Borrowing Certificate.

§15. CONDITIONS OF SUBSEQUENT STANDBY BORROWINGS OR EXTENSIONS. The obligations of the Lenders to make any Standby Revolving Credit Loans subsequent to the First Lending - Standby or to convert their Standby Revolving Credit Loans to Standby Term Loans, as contemplated by §§7.1 and 7.2 hereof, and the right of the Company to extend any Interim Standby Conversion Date or the Final Standby Conversion Date pursuant to §9.2(b) hereof, are subject to the following conditions precedent (except that §15.2 shall not apply to the Company's right to make any such extension pursuant to §9.2(b)):

§15.1. Representations and Warranties. The representations and warranties contained in §§10 and 11 and such other representations and warranties as are made by the Company in writing in connection with the transactions contemplated by this Agreement subsequent to the date hereof shall have been correct as of the date on which made and shall also be correct at and as of the date of the Standby Revolving Credit Loan, the relevant Interim Standby Conversion Date or the Final Standby Conversion Date, as the case may be, with the same effect as if made at and as of such time, except to the extent that the facts upon which such representations and warranties are based may be changed by the transactions permitted or contemplated hereby.

§15.2. DPU Approval. There shall continue to be in full force and effect an appropriate order of the DPU authorizing the issue, sale and delivery of the Standby Revolving Notes (and, in the case of the conversion of Standby Revolving Credit Loans to Standby



Term Loans, the Standby Term Notes) as herein provided and such order shall contain no condition inconsistent with the provisions hereof or unacceptable to the Agent and such order shall be issued under circumstances which in the Agent's reasonable judgment are appropriate for the protection of the Lenders; and said order shall not have been rescinded or modified or stayed, or the right of the Company to operate thereunder restrained, by the DPU or by any court of competent jurisdiction.

§15.3. Construction Permit. The Construction Permit referred to in §14.3 hereof shall continue to be in full force and effect, and the right of the Company to consummate the transactions therein authorized shall not have been restrained by the NRC or by any court of competent jurisdiction.

§15.4. Performance; No Default. The Company shall have performed and complied with all terms and conditions herein required to be performed or complied with by it prior to or at the time of the Standby Revolving Credit Loan, the extension under §9.2(b), the relevant Interim Standby Conversion Date or the Final Standby Conversion Date, as the case may be, and at the time of the Standby Revolving Credit Loan, the extension under §9.2(b), the relevant Interim Standby Conversion Date or the Final Standby Conversion Date, as the case may be, and giving effect to the extension under §9.2(b), or consummation of the Standby Revolving Credit Loan, the Interim Standby Term Loans or the Final Standby Term Loans, as the case may be, there shall exist no Default or Event of Default.

In the case of a Standby Revolving Credit Loan made subsequent to the First Lending - Standby, or an extension by the Company pursuant to §9.2(b), the Company shall be deemed to have certified that it has met such conditions precedent upon the Company's giving (i) the notice contemplated by §8 or §9.2(b), as the case may be, which notice shall specifically confirm that it constitutes a certification to such effect, and (ii) a Borrowing Certificate. In the case of the conversion, in whole or in part, of the Standby Revolving Credit Loans to Standby Term Loans, on the relevant Interim Standby Conversion Date or the Final Standby Conversion Date, as the case may be, the Company shall deliver an

Officer's Certificate to the Agent to such effect and a Borrowing Certificate, and, in addition, the Lenders shall have received from Messrs. Ropes & Gray and from the General Counsel to the Company favorable opinions addressed to the Lenders and dated the relevant Interim Standby Conversion Date or the Final Standby Conversion Date, as the case may be, in scope and form satisfactory to the Lenders and the Lenders' Special Counsel, covering the same subject matter (except that they shall refer to the Standby Term Notes rather than the Standby Revolving Notes) and to the same effect as the opinions dated the date of the First Lending - Standby delivered pursuant to §14.7 hereof.

§16. AFFIRMATIVE COVENANTS. The Company covenants and agrees that, so long as any of the Notes are outstanding:

§16.1. Punctual Payment. The Company will duly and punctually pay and cause to be paid the principal and interest on the Notes, the Base Commitment Fee, the Standby Commitment Fee and the Agent's fee provided for in §21.7, all in accordance with the terms of this Agreement and the Notes.

§16.2. Maintenance of Office. The Company will maintain an office in Boston, Massachusetts, or at such other place in the Commonwealth of Massachusetts as the Company shall designate upon written notice, addressed as provided in §25 to the Agent, where notices, presentations and demands to or upon the Company in respect of the Notes may be given or made.

§16.3. Records and Accounts. The Company will keep true and accurate records and books of account in which full, true and correct entries will be made, in reasonable detail, in accordance with Generally Accepted Accounting Principles and maintain adequate accounts and reserves for all taxes (including income taxes), all depreciation, depletion, obsolescence and amortization of its properties, all contingencies, and all other reserves.

§16.4. Financial Statements, Certificates and Information. The Company will deliver to each of the Lenders:

(a) As soon as practicable and, in any event, within 90 days after the end of each fiscal year of the Company, a Balance Sheet of the Company as at the end of such fiscal year and a Statement of Income for the fiscal year then ended, a

Statement of Sources and Uses of Funds for the fiscal year then ended and a Statement of Retained Earnings for the fiscal year then ended, each setting forth in comparative form the figures for the previous fiscal year, all in reasonable detail prepared in accordance with Generally Accepted Accounting Principles consistently applied, accompanied by a report and opinion of the Company's Independent Accountants (who shall be satisfactory to the Agent), which report and opinion shall have been prepared in accordance with generally accepted auditing standards. In addition, the Company will obtain from such Independent Accountants and deliver to each of the Lenders within said period of 90 days the certified statement of such Independent Accountants that they have read a copy of this Agreement and that, in the course of their audit of the Company nothing has come to their attention to lead them to believe that any Default or Event of Default hereunder exists or, if such is not the case, specifying such Default or Event of Default and the nature thereof, it being understood that the examination of such accountants cannot be relied upon to give the Lenders knowledge of any such Default or Event of Default except as it relates to accounting or auditing matters.

(b) As soon as practicable and in any event within 45 days after the end of each of the first three quarterly fiscal periods in each fiscal year of the Company, a Balance Sheet of the Company as at the end of such period, and a Statement of Income and Statement of Sources and Uses of Funds of the Company for such period and for the period from the beginning of the current fiscal year to the end of such period, setting forth in each case in comparative form figures for the corresponding period of the previous fiscal year, all in reasonable detail and certified as complete and correct, subject to changes resulting from year-end adjustments, and as prepared in accordance with Generally Accepted Accounting Principles consistently applied, by the principal financial officer of the Company.

(c) Promptly upon receipt thereof, copies of all management letters of substance and other reports of substance which are submitted to the Company by its Independent Accountants in connection with any annual or interim audit of the books of the Company made by such accountants.



(d) As soon as practicable but in any event within ten (10) Business Days after the issuance thereof, copies of such other financial statements and reports as the Company shall send to its stockholders, copies of all regular and periodic reports which the Company may be required to file with the Securities and Exchange Commission, and, on request, copies of all annual reports, and notices of filing of all other reports, which the Company may be required to file with the DPU, the FERC or any similar or corresponding governmental commission, department or agency substituted therefor or any similar or corresponding governmental commission, department, board, bureau or agency, federal or state.

(e) With reasonable promptness such other data as the Agent or any of the Lenders may reasonably request.

(f) Within 30 days of the close of each fiscal quarter of the Company during any fiscal year, and with reasonable promptness at any other time upon request of the Agent, an Officer's Certificate substantially in the form of Exhibit F hereto (Compliance Certificate).

(g) Promptly, at any time it becomes aware of a Default or Event of Default, notice of such Default or Event of Default, specifying in detail the facts thereof.

(h) As soon as available, and in any event by March 31 of each year, beginning with March 31, 1980, a projected budget, certified by the principal financial officer of the Company, setting forth the projected sources and expenditures of cash for the Company for such year on a monthly basis, and for the next nine years thereafter on an annual basis.

All confidential information and documents concerning the Company supplied by the Company to the Lenders shall be held in confidence by the Lenders and the Lenders shall not disclose such information and documents, except the Company hereby authorizes the Lenders to disclose any information obtained pursuant to this Agreement to all appropriate governmental regulatory authorities to the extent requested or subpoenaed, but



only to the extent permitted by applicable laws and regulations, including those applying to classified material. Upon receipt of a request to disclose any information to such governmental authorities, the Lenders will notify, to the extent permitted by applicable law and regulations, the Company of such request.

§16.5. Business and Corporate Existence. The Company will keep in full force and effect its existence as a corporation, its good standing as a duly qualified or licensed foreign corporation authorized to do business in all jurisdictions wherein the nature of its properties or the character of its business makes such qualification or licensing necessary, and such of its other rights and franchises as are necessary or desirable for the proper and advantageous conduct of its business. The Company will use its best efforts to comply with all statutes, laws and governmental rules, regulations and orders applicable to its business, properties and assets, including, without limitation, ERISA and the Occupational Safety and Health Act of 1970 and applicable statutes or governmental rules, regulations and orders relating to environmental standards or controls, provided that nothing herein shall require compliance with any statute or governmental rule, regulation or order if (i) the Company determines in its best judgment that failure so to comply will not result in a material adverse change in the business or financial condition of the Company, or (ii) the administering governmental authority has granted formal or informal extension of time for compliance therewith, or (iii) the validity of such statute, rule, regulation or order, as applied to the Company, is being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted by the Company or others. The Company will comply with (i) the provisions of its charter documents or by-laws, and (ii) all material agreements and instruments by which it or any of its properties may be bound in such a manner that there will not result a material and adverse effect upon the financial condition, properties or business of the Company.

§16.6. Payment of Taxes. The Company will promptly pay and discharge all lawful taxes, assessments and governmental charges or levies imposed upon it or upon its income or profit or upon any property, real, personal or mixed, belonging to it; provided, however, that the Company shall not be required to pay

any such tax, assessment, charge or levy if the same shall not at the time be due and payable or can be paid thereafter without penalty or if the validity thereof shall currently be contested in good faith by appropriate proceedings and if the Company shall have set aside on its books reserves deemed by it adequate with respect to such tax, assessment, charge or levy.

§16.7. Maintenance of Property. The Company will keep its properties in good working order and condition and make all needful and proper repairs, replacements, additions and improvements thereto as are necessary for the conduct of its business.

§16.8. Insurance. The Company will keep or cause all its properties or properties in which it has a security interest to be kept insured against such risks, including public liability, as are usually insured against by Persons engaged in the same or a similar business in a similar location in at least such amounts as such insurance is usually carried by Persons engaged in the same or similar businesses in such state or states or country or countries as the business of the Company may be conducted, and all insurance herein provided for shall be effected under a valid and enforceable policy or policies issued by insurers of recognized responsibility.

§16.9. Inspection of Properties and Books. So long as any of the Notes are outstanding, the Lenders, through the Agent or any of their designated representatives, shall have the right to visit and inspect any of the properties of the Company to examine the books of account of the Company (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of the Company with, and to be advised as to the same by, its officers, all at such reasonable times and intervals as the Lenders may reasonably request. The foregoing rights of the Lenders are subject, however, to applicable laws and regulations, including those applying to classified material.

§16.10. Licenses and Permits. If at any time while any of the Notes are outstanding, any authorization, consent, approval, permit or license from any officer, agency or instrumentality of any government shall become necessary or required in order that the Company may fulfill any of its obligations hereunder, the Company will immediately take or cause to be taken all reasonable steps within the power of the Company to

obtain such authorization, consent, approval, permit or license and furnish the Lenders with evidence thereof.

§16.11. Further Assurances. The Company will cooperate with the Lenders and execute such further instruments and documents as the Lenders shall reasonably request to carry out to their satisfaction the transactions contemplated by this Agreement.

§16.12. Funding of Pension Plans. The Company will fund any Guaranteed Pension Plan as required by the provisions of Section 302 of ERISA and Section 412 of the Internal Revenue Code of 1954, as amended. The Company will deliver to each of the Lenders copies of any request for waiver from the funding standards or extension of the amortization periods required by Section 303 and 304 of ERISA or Section 412 of the Internal Revenue Code of 1954, as amended, promptly following the date on which the request is submitted to the Department of Labor or the Internal Revenue Service, as the case may be.

§16.13. Copies of Pension Plan Reports. If requested, the Company will send to each of the Lenders copies of all Forms 5500 and/or Forms 5500C relating to a Guaranteed Pension Plan together with all attachments thereto, including any actuarial statement required to be made under §103(d) of ERISA, promptly following the date on which any such form is filed with the Department of Labor or the Internal Revenue Service, as the case may be.

§16.14. Notice of Termination or Reportable Event. The Company will furnish to each of the Lenders forthwith a copy of (i) any notice of a Guaranteed Pension Plan termination sent to the Pension Benefit Guaranty Corporation under §4041(a) of ERISA, or (ii) any notice, report, or demand sent or received by a Guaranteed Pension Plan under Sections 4041, 4042, 4043, 4063, 4065, 4066, or 4068 of ERISA. The Company will notify each of the Lenders promptly of any Reportable Event (as defined in ERISA) with respect to any Guaranteed Pension Plan.

§16.15. Payment of Pension Benefits. The Company shall cause any Guaranteed Pension Plan to pay all benefits guaranteed by the Pension Benefit Guaranty Corporation when due, except where the obligation to pay such benefits is being contested in good faith by the Company.



§16.16. Application for DPU Approval. With reasonable promptness, the Company will apply for and use its best efforts to obtain the approval of the DPU referred to in §§12.2, 13.2, 14.2 and 15.2.

§16.17. Continuance as Utility. The Company will continue to conduct its business as an electric utility in substantially the same geographic area as at present, and will not engage in any other business not now conducted by it directly or indirectly, except to the extent permitted by §17.3(c).

§17. CERTAIN NEGATIVE COVENANTS. The Company agrees that, so long as the Notes are outstanding, it will not:

§17.1. Indebtedness. Create, incur, assume, guarantee, agree to purchase, or repurchase or provide funds in respect of, or otherwise become or be or remain liable with respect to, any Indebtedness of any type whatsoever owed to any Person, except:

(a) with respect to the Notes and any other Indebtedness incurred pursuant to the terms of this Agreement;

(b) other Funded Indebtedness, provided, however, that the amount of Funded Indebtedness at any one time outstanding incurred to finance nuclear fuel is not to exceed \$125,000,000;

(c) Indebtedness and other liabilities incurred in the ordinary course of business not incurred through (i) the borrowing of money, or (ii) the obtaining of credit, except for credit on an open account basis customarily extended to the Company in connection with normal purchases of goods and services;

(d) Indebtedness of the Company for taxes, assessments, governmental charges or levies to the extent that payment thereof shall not at the time be required to be made in accordance with the provisions of §16.6;

(e) leases as authorized or permitted by §17.8; and



(f) Indebtedness consisting of short-term unsecured bank borrowings, or represented by commercial paper of the Company, not to exceed in the aggregate \$30,000,000 at any one time outstanding.

§17.2. Liens. Create, incur, assume or permit to exist any mortgage, lien, charge, security interest or other encumbrance on any property or asset of the Company, except:

(a) the lien created by the Indenture;

(b) the lien created by the Secured Note Security Agreement;

(c) liens for taxes or assessments or governmental charges or levies if payment shall not at the time be required to be made in accordance with §16.6;

(d) liens on nuclear fuel or rights to purchase or use nuclear fuel which are created to secure, and only secure, Indebtedness of the Company incurred for the purpose of purchasing, or arising as a result of leasing, nuclear fuel for use in the Company's plants;

(e) liens in respect of pledges or deposits (i) under workmen's compensation laws or similar legislation, and (ii) in connection with surety, appeal and similar bonds incidental to the conduct of litigation; and mechanics', laborers' and materialmen's and similar liens not then delinquent; and liens incidental to the conduct of the business of the Company which were not incurred in connection with the borrowing of money or the obtaining of advances or credit, all of which liens permitted by this paragraph (e) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of the business of the Company, provided that adverse determination of any claims or liabilities, contingent or otherwise, secured thereby would not materially and adversely affect the Company's financial condition;

(f) purchase money security interests securing Indebtedness incurred in connection with the acquisition after the date hereof of any property by the Company provided that such Indebtedness shall not exceed in any case the cost to the Company of the property acquired and each such security interest shall cover only such property acquired; and

(g) liens to secure rentals under any lease that is permitted under §17.8 (except leases authorized pursuant to clause [ii] of §17.8).

§17.3. Investments. Make or permit to exist any Investments, directly or indirectly, other than:

(a) marketable direct obligations of the United States of America which mature within 180 days from date of issue;

(b) the Investments in nuclear electric companies reflected on the Company's balance sheet at December 31, 1978 referred to in §10.4 hereof;

(c) Investments not exceeding in the aggregate \$25,000,000 in a Subsidiary organized for the purpose of acquiring and dealing in fuel or interests in fuel, provided, however, that the Company shall not establish any such Subsidiary if as a result the Company would become a "holding company" or an "affiliate" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended; and

(d) repurchase agreements with respect to direct obligations of the United States of America with domestic banks having total assets in excess of \$5,000,000,000, or Lenders, pursuant to which said banks or Lenders are obligated to repurchase the Government security from the Company no later than 180 days after said security was purchased from such banks or Lenders by the Company.

§17.4. Distributions. Directly or indirectly make Distributions other than dividends, except that the Company may purchase shares of its Preference Stock, Cumulative \$1.175 Series to the extent required

to comply with the provisions of paragraph 3 of the Amendment to the Articles of Organization of the Company effective March 19, 1975 establishing and designating such Series.

§17.5. Merger, Consolidation or Sale of Assets. Become a party to any merger, consolidation or disposition of assets, except:

(a) dispositions of assets in the ordinary course of business; and

(b) any disposition of the assets of the Company not in the ordinary course of business if the greater of the cumulative fair market value or book value of all assets previously so disposed of during the Company's fiscal year in which such disposition is to occur together with those proposed to be disposed of does not exceed in the aggregate \$25,000,000.

§17.6. No Leasebacks. Will not directly or indirectly become liable, as lessee or guarantor or other surety, with respect to any lease of real or personal property, whether now owned or hereafter acquired, (a) which has been or is to be sold or transferred by the Company to any Person, or (b) which the Company intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by the Company to any Person in connection with such lease.

§17.7. Ratio of Funded Indebtedness to Total Capitalization. Permit Funded Indebtedness to exceed 60% of Total Capitalization.

§17.8. Leases. As Lessee, enter into, or permit to remain in effect, any agreements to rent or lease any real or personal property if the aggregate amount of Rental Obligations accrued and to accrue under all such agreements (other than Rental Obligations with respect to [i] leases required to be capitalized on the Company's balance sheet under Generally Accepted Accounting Principles, and [ii] leases of facilities for the transmission of electricity) will exceed the sum of \$10,000,000 in any one fiscal year.

§17.9. Ratio of Net Income to Interest Charges. Permit at any time the sum of the Company's net income during the immediately preceding 12 full calendar months, computed without deduction for taxes measured by net income, plus (i) all interest charges deducted from revenues in calculating such net income and (ii) one-third of all rentals deducted from revenues in calculating such net income, to be less than 200% of the sum of (1) all such interest charges, and (2) one-third of all such rentals.

§17.10. Ratio of Net Income to Interest Charges and Preferred and Preference Dividends. Permit at any time the sum of the Company's net income during the immediately preceding 12 full calendar months, computed without deduction for taxes measured by net income, plus (i) all interest charges deducted from revenues in calculating such net income and (ii) one-third of all rentals deducted from revenues in calculating such net income, to be less than 150% of the sum of (1) all such interest charges, and that portion of dividends on preferred stock paid during such period which was deductible by the Company for federal income tax purposes, (2) one-third of all such rentals and (3) the product obtained by multiplying the total amount of dividends paid by the Company with respect to all of its preferred and preference stock (other than the portion of dividends on preferred stock referred to in clause (1) above) during such period of 12 full calendar months by a fraction, the numerator of which is the sum of the Company's net income during the immediately preceding 12 full calendar months, computed without deduction for taxes measured by net income, and the denominator of which is the sum of the Company's net income during the immediately preceding 12 full calendar months, computed after deduction for taxes measured by net income.

§17.11. Pilgrim II Ownership. Increase or decrease its ownership percentage of Pilgrim II, as specified in the Ownership Agreement, or otherwise increase its percentage share of liabilities with respect to Pilgrim II, except that the Company may increase its ownership percentage to not more than 69.026%, or decrease its ownership percentage to not less than 50.026%.

§17.12. Terminate Pension Plans. Terminate, withdraw from, or permit termination of any Guaranteed



Pension Plan unless the asset value of such Plan is then at least equal to the value of the benefits guaranteed by the Pension Benefit Guaranty Corporation.

§17.13. Pension Plan Distribution. Permit any distribution described in §4043(b)(7) of ERISA to be made from any Guaranteed Pension Plan of the Company.

§17.14. No Subsidiaries. Establish any Subsidiary, except as permitted by §17.3(c).

§18. EVENTS OF DEFAULT; ACCELERATION. If any of the following events (Events of Default) shall occur:

(a) if the Company shall default in the payment of the Notes when the same shall become due and payable, whether at maturity or at any date fixed for payment or prepayment or by declaration or otherwise; or

(b) if the Company shall default in the payment of any interest on the Notes, the Base Commitment Fee, the Standby Commitment Fee or the Agent's fee provided for in §21.7 for more than five days after any such payment is due; or

(c) if the Company shall default in the performance of or compliance with any term contained in any of §16.1, §§17.1 through 17.8 inclusive or §17.11; or

(d) if the Company shall default in the performance of or compliance with any term contained herein other than those referred to above in this §18, and such default shall not have been remedied within 30 days after written notice thereof shall have been given to the Company by the Agent; or

(e) if any representation or warranty made in writing by or on behalf of the Company herein or in connection with any of the transactions contemplated hereby shall prove to have been false or incorrect in any material respect on the date as of which made; or

(f) if the Company shall default (as principal or guarantor or other surety) in the payment of any principal of or premium, if any, or interest on any Indebtedness for borrowed money (other

than the Company's Obligations) or with respect to any of the terms of any evidence of such Indebtedness for borrowed money or of any agreement relating thereto, and such default shall continue for more than the period of grace, if any, specified therein; or

(g) if the Company makes an assignment for the benefit of creditors, or petitions or applies for the appointment of a liquidator, receiver or custodian (or similar official) of the Company or of any substantial part of the assets of the Company or commences any proceeding or case relating to the Company under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law of any jurisdiction, now or hereafter in effect; or

(h) if any such petition or application is filed or any such proceeding or case is commenced against the Company and the Company indicates its approval thereof, consent thereto or acquiescence therein, or an order is entered appointing any such liquidator, receiver or custodian (or similar official), or adjudicating the Company bankrupt or insolvent, or approving a petition in any such proceeding, or a decree or order for relief is entered in respect of the Company in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted; or

(i) if any order is entered in any proceeding by or against the Company decreeing or permitting the dissolution or split-up of the Company or the winding up of its affairs; or

(j) if there shall remain in force, undischarged, unsatisfied and unstayed for more than 30 days, whether or not consecutive, any final judgment against the Company which with other outstanding final judgments, undischarged, against the Company exceed in the aggregate \$1,000,000; or

(k) if an order of the DPU referred to in §§12.2, 13.2, 14.2 and 15.2 hereof with respect to any Notes Outstanding is revoked, terminated or otherwise ceases to be in full force and effect; or

(l) if, with respect to any Guaranteed Pension Plan, there shall occur a Reportable Event (as defined in ERISA), which is not an Event of Default under §18(d), and which, in the reasonable opinion of Lenders holding at least 66-2/3% of the Notes then outstanding, evidences the occurrence of, or will have, a material adverse effect on the business, operations or financial condition of the Company; or

(m) if, in any rate proceeding with respect to the Company before the DPU after the Company's investment in Pilgrim II has been included in its rate base, the Company's investment in Pilgrim II is excluded from the rate base calculated by the DPU, and the Company is not diligently appealing such exclusion;

then and in any such event the Agent, upon the written or telephonic (confirmed in writing) request of Lenders holding at least 66 2/3% in aggregate unpaid principal amount of the Notes then outstanding (unless all Defaults and Events of Default shall theretofore have been remedied) by written notice to the Company, shall declare all amounts owing with respect to the Notes to be due and payable, whereupon the same shall forthwith mature and become immediately due and payable together with interest thereon and all other amounts then owing under this Agreement and the Notes, without presentment, demand, protest or notice, all of which are hereby waived.

#### §19. NOTICE AND WAIVERS OF DEFAULT.

§19.1. Notice of Default. If any Person shall give any notice or take any other action in respect of a claimed default (whether or not constituting an Event of Default) under this Agreement or any other note, evidence of indebtedness, indenture or other obligation with respect to borrowed money as to which the Company is a party, or obligor, whether as principal or surety, the Company shall forthwith give written notice thereof to each of the Lenders, describing the notice or action and the nature of the claimed default.

§19.2. Waivers of Default. Any Default or Event of Default may be waived only with the written consent of Lenders holding at least 66-2/3% in aggregate unpaid principal amount of the Notes outstanding. Any Default



or Event of Default so waived shall be deemed to have been cured and to be not continuing; but no such waiver shall extend to or affect any subsequent like default or impair any rights arising therefrom.

§20. REMEDIES ON DEFAULT, ETC.

§20.1. Rights of Lender. In case any one or more of the Events of Default specified in §18 shall have occurred and be continuing, and whether or not all amounts owing with respect to the Notes have been declared due and payable pursuant to §18, each Lender, if owed any amount with respect to the Notes, may proceed to protect and enforce its rights by suit in equity, action at law and/or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement or the Notes, including the obtaining of the ex parte appointment of a receiver, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Lender; and

§20.2. Set-Off. Regardless of the adequacy of any collateral, during the continuance of an Event of Default, any deposits or other sums credited by or due from any of the Lenders to the Company may be set off against any and all liabilities, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of the Company to the Lenders. Each of the Lenders agrees with each of the other Lenders that (i) if an amount to be set off is to be applied to Indebtedness of the Company to a Lender, other than Indebtedness evidenced by the then Outstanding Notes held by all of the Lenders, such amount shall be applied ratably to such other Indebtedness and to the Indebtedness evidenced by all such Notes, and (ii) if a Lender shall receive from the Company, whether by voluntary payment, exercise of the right of set-off, counterclaim, cross action, enforcement of the claim evidenced by the Notes held by a Lender by proceedings against the Company at law or in equity or by proof or allowance thereof in bankruptcy, reorganization liquidation, receivership or similar proceedings, or otherwise and shall retain and apply to the payment of the Note or Notes held by a Lender any amount in excess of its ratable portion of the payments received by all of the Lenders, such Lender will make such disposition and



arrangements with the other Lenders with respect to such excess, either by way of distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in each Lender receiving in respect of the Notes held by it its proportionate payment as contemplated by this Agreement provided, however, that if all or any part of such excess payment is thereafter recovered from such Lender, such disposition and arrangements shall be rescinded and the amount restored to the extent of such recovery, but without interest.

§21. THE AGENT.

§21.1. Duties in General. The Agent is irrevocably appointed as agent hereunder by, and is irrevocably authorized by, each Lender to exercise all such powers as are hereunder and in related documents delegated to the Agent, together with such powers as are reasonably incident thereto. The Agent may exercise its powers and execute its duties by or through employees or agents and shall be entitled to take, and to rely on, advice of counsel concerning all matters pertaining to its rights and duties under this Agreement and the Notes.

§21.2. Absence of Liabilities. Neither the Agent nor any of its shareholders, directors, officers or employees nor any other person assisting it in its duties nor any agent or employee thereof shall be liable for any waiver, consent or approval given or any action taken or omitted to be taken in good faith by it or them hereunder or under the Notes, or in connection herewith or therewith, or be responsible for the consequence of any oversight or error of judgment whatsoever, except that the Agent or such other person, as the case may be, may be liable for losses due to its own gross negligence or wilful misconduct. The Agent shall not be responsible for the execution or validity or enforceability of this Agreement or the Notes, or for any recitals or statements, representations or warranties herein or made in any certificate or instrument furnished to it by or on behalf of the Company, or be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein. The Agent shall not be bound to ascertain whether any notice, consent, waiver, or request delivered to it by the Company or by any Lender shall have been duly authorized or is true, accurate or complete.

§21.3. Lenders' Independent Credit Analysis. Each Lender acknowledges that it has, independently and without reliance on the Agent, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Company and its own decision to enter into this Agreement and agrees that it will, independently and without reliance upon the Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement.

§21.4. Distributions, Etc. If in the opinion of the Agent the distribution of any amount received by it in such capacity hereunder or with respect to the Notes might involve it in a dispute resulting in its liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction. If a court of competent jurisdiction shall adjudge that any amount received and distributed by the Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the Agent its proportional share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court. A payment by the Company to the Agent for the account of any Lender shall be deemed, as to the Company, to be a payment to such Lender.

§21.5. Payees of Notes. The Agent may deem and treat the payee of any Note as the absolute owner thereof for all purposes hereof until it shall have been furnished in writing with a different name by such payee or by a subsequent holder.

§21.6. Dual Capacity. In its individual capacity, The First National Bank of Boston shall have the same obligations and the same rights, powers and privileges under this Agreement and in respect to its commitments and the Loans made by it hereunder, and as the holder of any of the Notes, as it would have were it not also the Agent.

§21.7. Agent's Fee. As compensation for its services as Agent under this Agreement, the Company will pay to The First National Bank of Boston an annual fee of \$50,000, payable in arrears, with the first such

payment due on the first anniversary of the date of this Agreement and subsequent payments due on the corresponding date in succeeding years, for as long as any of the Notes are outstanding. If the final payment with respect to the Notes occurs on any date other than an anniversary of the date of this Agreement, the Company shall pay to The First National Bank of Boston on such final payment date a pro rata portion of such \$50,000 annual fee, based on the number of months (including any fraction of a month) which have elapsed since the last anniversary date of this Agreement on which such fee was paid.

§22. EXPENSES. Whether or not the transactions contemplated hereby shall be consummated, the Company will pay (a) the cost of (i) printing or otherwise preparing this Agreement, the other instruments mentioned herein, the Notes and the instruments used in connection with the issuance thereof, (ii) any taxes (including any interest and penalties in respect thereof), other than the Lenders' federal and state income taxes, payable on or with respect to the transactions contemplated by this Agreement (the Company hereby agreeing to indemnify the Lenders with respect thereto), and (iii) the Company's performance of and compliance with the terms hereof; (b) the reasonable fees, expenses and disbursements of the Lenders' Special Counsel incurred in connection with the preparation of this Agreement, the other instruments mentioned herein, the Notes and the instruments used in connection with the issuance thereof, with amendments, modifications, approvals, consents or waivers hereto; and (c) all reasonable out-of-pocket expenses (including reasonable attorneys' fees and costs) incurred by the Agent and the Lenders in connection with the enforcement of this Agreement, or in connection with any litigation, proceeding or dispute, whether arising hereunder or otherwise, in any way related to the Lenders' relationship hereunder with the Company. The covenants of this §22 shall survive payment or satisfaction of payment of amounts owing with respect to the Notes.

§23. SURVIVAL OF COVENANTS, ETC. All covenants, agreements, representations and warranties made herein and in any certificates or other papers delivered by or on behalf of the Company pursuant hereto are material and shall be deemed to have been relied upon by the Lenders, notwithstanding any investigation heretofore or hereafter made by any of them, and shall survive the making by the Lenders of the Loans, as herein contemplated, and shall continue in



full force and effect so long as any Loan or other amount due under this Agreement or the Notes remains outstanding and unpaid. All statements contained in any certificate or other paper delivered to any of the Lenders at any time by or on behalf of the Company pursuant hereto or in connection with the transactions contemplated hereby shall constitute representations and warranties by the Company hereunder.

§24. PARTIES IN INTEREST. All the terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and by their respective successors and assigns; provided that the Company shall not assign or transfer its rights hereunder without the prior written consent of each of the Lenders.

§25. NOTICE, ETC. Except as otherwise specified herein, all notices and other communications made or required to be given pursuant to this Agreement shall be in writing and shall be mailed by United States first-class mail, postage prepaid, or sent by telegraph confirmed by letter, addressed as follows:

(a) if to the Company at 800 Boylston Street, Boston, Massachusetts 02099, Attn: Treasurer (with a copy to the attention of General Counsel of the Company at the same address, provided that failure to provide such copy shall not impair the effectiveness of any notice so given to the attention of the Treasurer), or such other address for notice as the Company shall last have furnished in writing to the Person giving the notice;

(b) if to the Agent and The First National Bank of Boston, at 100 Federal Street, Boston, Massachusetts 02110, Attn: Jonathan D. Horne, Vice President, or such other address for notice as the Agent shall last have furnished in writing to the Person giving the notice;

(c) if to Bank of Montreal, at 2 Wall Street, New York, New York 10005, Attn: Dodge O. Dorland, Assistant Vice President, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

1403 195



(d) if to Bankers Trust Company, at 280 Park Avenue, New York, New York 10017, Attn: John J. T. Moran, Vice President, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(e) if to Barclays Bank International, Ltd., at 110 Tremont Street, Boston, Massachusetts 02108, Attn: The Manager, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(f) if to Continental Illinois National Bank & Trust Company of Chicago, at 231 South LaSalle Street, Chicago, Illinois 60693, Attn: Utilities Department, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(g) if to Manufacturers Hanover Trust Company, at 350 Park Avenue, New York, New York 10022, Attn: Robert J. Lord, Vice President, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(h) if to Morgan Guaranty Trust Company of New York, at 23 Wall Street, New York, New York 10015, Attn: Utilities Department, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(i) if to Wells Fargo Bank, N.A., at 770 Wilshire Boulevard, Los Angeles, California 90017, Attn: James D. Shepherd, Vice President, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(j) if to Chemical Bank, at 277 Park Avenue, New York, New York 10017, Attn: Susan M. Kelly, Assistant Vice President, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(k) if to Irving Trust Company, at One Wall Street, New York, New York 10015, Attn: Public

Utilities Department, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(l) if to PruFunding, Inc., at 1255 Boylston Street, Boston, Massachusetts 02115, Attn: Comptroller, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice;

(m) if to United California Bank, at 707 Wilshire Boulevard, Los Angeles, California 90017, Attn: Robert J. Matthews, Corporate Banking Officer, or such other address for notice as such Lender shall last have furnished in writing to the Person giving the notice; or

(n) if to Canadian Imperial Bank of Commerce, at The Agency, First National Bank of Atlanta Tower, Peachtree Street, N.W. - Suite 1400, Atlanta, Georgia-30303, Attn: The Manager, or such other address for notice as such Lender shall last have furnished in writing to the Person getting the notice.

Any notice so addressed and mailed by first-class certified mail, return receipt requested, shall be deemed to have been given when mailed. Any other notice shall be deemed given as of the date received. Notwithstanding the two preceding sentences, any of the notices from the Company to the Agent specified in §§2.5, 3.1, 3.3, 4.1, 6.5, 7.1, 7.2, 7.4, 8 or 9.2(b) shall (i) be deemed given when received by the Agent, and (ii) be given to the Agent by the Company not later than 12 O'clock noon on the last Business Day specified in whichever of such sections is relevant for such notice to be given.

§26. MISCELLANEOUS. This Agreement shall be deemed to be a contract under the laws of the Commonwealth of Massachusetts and shall for all purposes be construed in accordance with and governed by the laws of said Commonwealth. The rights and remedies herein expressed are cumulative and not exclusive of any other rights which any Lender would otherwise have. Any instruments required by any of the provisions hereof to be in the form annexed hereto as an exhibit shall be substantially in such form with such changes therefrom, if any, as may be approved by the Lenders and the Company. The captions in this Agreement are for convenience

of reference only and shall not define or limit the provisions hereof. This Agreement or any amendment may be executed in separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one instrument. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

§27. ENTIRE AGREEMENT, ETC. This Agreement, together with the Notes and any other documents executed in connection herewith or therewith, express the entire understanding of the parties with respect to the transactions contemplated hereby. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally or in writing, except as provided in §28.

§28. CONSENTS, AMENDMENTS, WAIVERS, ETC. Except as otherwise expressly set forth in any particular provision of this Agreement, any consent or approval required or permitted by this Agreement to be given by the Lenders may be given, and any term of this Agreement or of any other instrument related hereto or mentioned herein may be amended, and the performance or observance by the Company of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) with, but only with, the written consent of the Company and the written consent of Lenders holding at least 66-2/3% in aggregate unpaid principal amount of the Outstanding Notes, or, if there is no unpaid principal amount with respect to the Notes, Lenders which have at least 66-2/3% in amount of the Base Commitment and the Standby Commitment. Notwithstanding the foregoing, the rates of interest on and the terms of the Notes, the amounts of the Base Commitment or the Standby Commitment, the respective percentages thereof of each Lender as set forth in §§5.1 and 9.1, respectively, the provisions of this §28 and the amounts of the Base Commitment Fee or the Standby Commitment Fee may not be changed without the written consent of the Company and the written consent of all of the Lenders. No waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon. No course of dealing or delay or omission on the part of any Lender in exercising any right shall operate as a waiver thereof or otherwise be prejudicial thereto. No notice to or demand upon the Company shall entitle the Company to other or further notice or demand in similar or other circumstances.



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Institute of Child

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1999

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\_\_\_\_\_

1000

By \_\_\_\_\_  
UNITED CALIFORNIA BANK

By \_\_\_\_\_  
CANADIAN IMPERIAL BANK OF  
COMMERCE

By \_\_\_\_\_  
MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By X. Hernandez  
Asst. Dir. Reg. Dent

THE FIRST NATIONAL BANK OF  
BOSTON, as Agent

By H. H. H. H. H.

1403 200

§29. AGREEMENT AS TO AGENT OR BROKERS. The Company hereby agrees to indemnify and hold the Lenders harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction. Each Lender severally but not jointly agrees and warrants that it has not dealt with any broker in connection with this transaction and will hold the Company harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction.

Signed, sealed and delivered, as of the date set forth at the beginning of this Agreement, by the Company and each of the Lenders.

BOSTON EDISON COMPANY

[Corporate Seal]

By

Jay M. Groll

Attest:

Alfred E. Titterton

BANK OF MONTREAL

WELLS FARGO BANK, N.A.

By \_\_\_\_\_

By \_\_\_\_\_

BANKERS TRUST COMPANY

CHEMICAL BANK

By \_\_\_\_\_

By \_\_\_\_\_

BARCLAYS BANK INTERNATIONAL,  
LTD.

IRVING TRUST COMPANY

By \_\_\_\_\_

By

A. Henry Chase  
Vice President

1403 201



§29. AGREEMENT AS TO AGENT OR BROKERS. The Company hereby agrees to indemnify and hold the Lenders harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction. Each Lender severally but not jointly agrees and warrants that it has not dealt with any broker in connection with this transaction and will hold the Company harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction.

Signed, sealed and delivered, as of the date set forth at the beginning of this Agreement, by the Company and each of the Lenders.

BOSTON EDISON COMPANY

[Corporate Seal]

By *J. J. [Signature]*

Attest:

*[Signature]*

BANK OF MONTREAL

WELLS FARGO BANK, N.A.

By *[Signature]*

By \_\_\_\_\_

Agent, Credit  
BANKERS TRUST COMPANY

CHEMICAL BANK

By \_\_\_\_\_

By \_\_\_\_\_

BARCLAYS BANK INTERNATIONAL,  
LTD.

IRVING TRUST COMPANY

By \_\_\_\_\_

By \_\_\_\_\_

1403 202

§29. AGREEMENT AS TO AGENT OR BROKERS. The Company hereby agrees to indemnify and hold the Lenders harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction. Each Lender severally but not jointly agrees and warrants that it has not dealt with any broker in connection with this transaction and will hold the Company harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction.

Signed, sealed and delivered, as of the date set forth at the beginning of this Agreement, by the Company and each of the Lenders.

BOSTON EDISON COMPANY

[Corporate Seal]

By *Joseph E. Foy*

Attest:

*Alvin H. L. Litter*

BANK OF MONTREAL

WELLS FARGO BANK, N.A.

By \_\_\_\_\_

By *James D. Shepa*

BANKERS TRUST COMPANY

CHEMICAL BANK

By \_\_\_\_\_

By \_\_\_\_\_

BARCLAYS BANK INTERNATIONAL,  
LTD.

IRVING TRUST COMPANY

By \_\_\_\_\_

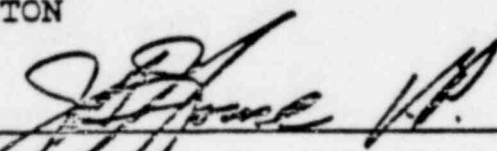
By \_\_\_\_\_

1403 203

CONTINENTAL ILLINOIS NATIONAL PRUFUNDING, INC.  
BANK & TRUST COMPANY OF  
CHICAGO

By \_\_\_\_\_

THE FIRST NATIONAL BANK OF  
BOSTON

By  \_\_\_\_\_

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_

UNITED CALIFORNIA BANK

By \_\_\_\_\_

CANADIAN IMPERIAL BANK OF  
COMMERCE

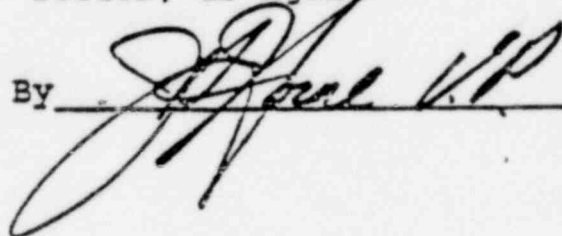
By  \_\_\_\_\_

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By \_\_\_\_\_

By \_\_\_\_\_

THE FIRST NATIONAL BANK OF  
BOSTON, as Agent

By  \_\_\_\_\_

1403 204

§29. AGREEMENT AS TO AGENT OR BROKERS. The Company hereby agrees to indemnify and hold the Lenders harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction. Each Lender severally but not jointly agrees and warrants that it has not dealt with any broker in connection with this transaction and will hold the Company harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction.

Signed, sealed and delivered, as of the date set forth at the beginning of this Agreement, by the Company and each of the Lenders.

BOSTON EDISON COMPANY

[Corporate Seal]

By *James H. McGraw*

Attest:

*Alvin K. Tuttle*

BANK OF MONTREAL

WELLS FARGO BANK, N.A.

By \_\_\_\_\_

By \_\_\_\_\_

BANKERS TRUST COMPANY

CHEMICAL BANK

By \_\_\_\_\_

By *W. H. Smith*

BARCLAYS BANK INTERNATIONAL,  
LTD.

IRVING TRUST COMPANY

By \_\_\_\_\_

By \_\_\_\_\_

1403 205



CONTINENTAL ILLINOIS NATIONAL PRUFUNDING, INC.  
BANK & TRUST COMPANY OF  
CHICAGO

By \_\_\_\_\_

THE FIRST NATIONAL BANK OF  
BOSTON

By Charles D.

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By \_\_\_\_\_

By \_\_\_\_\_

UNITED CALIFORNIA BANK

By \_\_\_\_\_

CANADIAN IMPERIAL BANK OF  
COMMERCE

By /s/ [Signature]

THE FIRST NATIONAL BANK OF  
BOSTON, as Agent


By Attorney U.

1403 206

CONTINENTAL ILLINOIS NATIONAL PRUFUNDING, INC.  
BANK & TRUST COMPANY OF  
CHICAGO

By \_\_\_\_\_

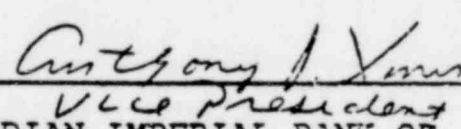
THE FIRST NATIONAL BANK OF  
BOSTON

By  \_\_\_\_\_

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_

UNITED CALIFORNIA BANK

By  \_\_\_\_\_

*Vice President*  
CANADIAN IMPERIAL BANK OF  
COMMERCE

By \_\_\_\_\_

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By \_\_\_\_\_

By \_\_\_\_\_

THE FIRST NATIONAL BANK OF  
BOSTON, as Agent

By  \_\_\_\_\_

1403 207

CONTINENTAL ILLINOIS NATIONAL PRUFUNDING, INC.  
BANK & TRUST COMPANY OF  
CHICAGO

By \_\_\_\_\_

THE FIRST NATIONAL BANK OF  
BOSTON

By \_\_\_\_\_

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_

UNITED CALIFORNIA BANK

By \_\_\_\_\_

CANADIAN IMPERIAL BANK OF  
COMMERCE

By \_\_\_\_\_

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By \_\_\_\_\_

By \_\_\_\_\_

THE FIRST NATIONAL BANK OF  
BOSTON, as Agent

By \_\_\_\_\_

1403 208

§29. AGREEMENT AS TO AGENT OR BROKERS. The Company hereby agrees to indemnify and hold the Lenders harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction. Each Lender severally but not jointly agrees and warrants that it has not dealt with any broker in connection with this transaction and will hold the Company harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction.

Signed, sealed and delivered, as of the date set forth at the beginning of this Agreement, by the Company and each of the Lenders.

BOSTON EDISON COMPANY

[Corporate Seal]

By Joseph T. Groll

Attest:

David F. Tutter

BANK OF MONTREAL

WELLS FARGO BANK, N.A.

By \_\_\_\_\_

By \_\_\_\_\_

BANKERS TRUST COMPANY

CHEMICAL BANK

By David F. Tutter

By \_\_\_\_\_

BARCLAYS BANK INTERNATIONAL,  
LTD.

IRVING TRUST COMPANY

By \_\_\_\_\_

By \_\_\_\_\_



§29. AGREEMENT AS TO AGENT OR BROKERS. The Company hereby agrees to indemnify and hold the Lenders harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction. Each Lender severally but not jointly agrees and warrants that it has not dealt with any broker in connection with this transaction and will hold the Company harmless against and in respect of any claim for brokerage or other commissions relating to this Agreement or the transactions contemplated hereby resulting from its dealings with any broker in connection with this transaction.

Signed, sealed and delivered, as of the date set forth at the beginning of this Agreement, by the Company and each of the Lenders.

BOSTON EDISON COMPANY

[Corporate Seal]

By *James W. Gould*

Attest:

*Alvin F. Litter*

BANK OF MONTREAL

WELLS FARGO BANK, N.A.

By \_\_\_\_\_

By \_\_\_\_\_

BANKERS TRUST COMPANY

CHEMICAL BANK

By \_\_\_\_\_

By \_\_\_\_\_

BARCLAYS BANK INTERNATIONAL,  
LTD.

IRVING TRUST COMPANY

By *James W. Gould*  
*Vice President*

By \_\_\_\_\_

1403 210

BOSTON EDISON COMPANY

Base Revolving Promissory Note

\$

Boston, Massachusetts  
, 1979

FOR VALUE RECEIVED, the undersigned, BOSTON EDISON COMPANY (the "Company"), a corporation organized and existing under the laws of the Commonwealth of Massachusetts, hereby promises to pay on the earlier of (i) the Completion Date or (ii) July 31, 1987, to (the "Payee") or order the principal amount of \$ or so much thereof as shall have been advanced to the Company by the Payee pursuant to §2 of a Base and Standby Revolving Credit and Term Loan Agreement among the Company, the Payee and twelve other Lenders dated as of July 31, 1979 (the "Credit Agreement") and remains outstanding at the office at 100 Federal Street, Boston, Massachusetts 02110 of the Agent for the account of the Payee with interest from the date hereof on any unpaid balance of such principal amount at a rate per annum which shall be the percentage determined in accordance with the next succeeding sentence of whichever is the higher of the Base Rate or the Alternate Base Rate in effect from time to time. The percentage provided for in the last preceding sentence shall be 104% if the Bond Rating in effect is Baa (or its then equivalent) or higher, or 107% if such Bond Rating is Ba (or its then equivalent) or lower or if the Bond Rating has been suspended. Each change in the interest rate resulting from a change in the Bond Rating, the Base Rate or the Alternate Base Rate, as the case may be, shall be effective at the beginning of the business day on which each such change in the Bond Rating, Base Rate or Alternate Base Rate, as the case may be, occurs. Interest shall be payable in arrears on the first day of each month commencing on 1, 1979, and at maturity in arrears at the office of the Agent for the account of the Payee. Overdue principal shall bear interest at the rate or rates provided for above, plus 1% per annum, payable on demand.

This Note has been issued by the Company in accordance with the terms of the Credit Agreement, and all capitalized terms used herein which are not otherwise defined herein have the meanings assigned to them by the Credit Agreement.

The Company and any holder hereof is entitled to the benefits of the Credit Agreement and may enforce the agreements of the Company contained therein, and any holder may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof.

In case an Event of Default shall occur, the unpaid balance of the principal of this Note may become or may be declared due and payable in the manner and with the effect provided in the Credit Agreement.

If any payment required to be made hereon becomes due on a day which banks in the City of Boston, Massachusetts, are required or permitted by law to remain closed, such payment shall be made on the next succeeding day on which such banks are open; and such extension shall be included in computing interest in accordance with such payment.

The Company waives presentment, protest and all other demands in connection with the delivery, acceptance, performance, default or enforcement of this Note.

This Note shall be deemed to take effect as a sealed instrument under the laws in force in the Commonwealth of Massachusetts and for all purposes shall be construed in accordance with such laws.

BOSTON EDISON COMPANY

[Corporate Seal]

By \_\_\_\_\_

Attest:

\_\_\_\_\_  
Clerk

1403 212

\$ Boston, Massachusetts  
198

Interest shall be payable monthly in arrears on the first day of each month, commencing on \_\_\_\_\_, 198\_\_ and at maturity in arrears at the office of the Agent for the account of the Payee. Commencing on [the first anniversary of the date of this Note], and on the [second, third and fourth anniversaries of such date] until this Note shall have been paid in full, the Company will prepay an amount equal to one-quarter of the face principal amount of this Note at the office at 100 Federal Street, Boston, Massachusetts 02110 of the Agent for the account of the Payee. Overdue principal shall bear interest at the rate or rates provided for above, plus 1% per annum, payable on demand.



In case an Event of Default shall occur, the unpaid balance of the principal of this Note may become or may be declared due and payable in the manner and with the effect provided in the Credit Agreement.

If any payment required to be made hereon becomes due on a day which banks in the City of Boston, Massachusetts, are required or permitted by law to remain closed, such payment shall be made on the next succeeding day on which such banks are open; and such extension shall be included in computing interest in accordance with such payment.

The Company waives presentment, protest and all other demands in connection with the delivery, acceptance, performance, default or enforcement of this Note.

This Note shall be deemed to take effect as a sealed instrument under the laws in force in the Commonwealth of Massachusetts and for all purposes shall be construed in accordance with such laws.

BOSTON EDISON COMPANY

[Corporate Seal]

By \_\_\_\_\_

Attest:

\_\_\_\_\_  
Clerk

1403 214

BOSTON EDISON COMPANY

Standby Revolving Promissory Note

\$

Boston, Massachusetts  
19

FOR VALUE RECEIVED, the undersigned, BOSTON EDISON COMPANY (the "Company"), a corporation organized and existing under the laws of the Commonwealth of Massachusetts, hereby promises to pay on the Final Standby Conversion Date to

(the "Payee") or order the principal amount of \$ or so much thereof as shall have been advanced to the Company by the Payee pursuant to \$6 of a Base and Standby Revolving Credit and Term Loan Agreement among the Company, the Payee and twelve other Lenders dated as of July 31, 1979 (the "Credit Agreement") and remains outstanding at the office at 100 Federal Street, Boston, Massachusetts 02110 of the Agent for the account of the Payee with interest from the date hereof on any unpaid balance of such principal amount at a rate per annum which shall be the percentage determined in accordance with the next succeeding sentence of whichever is the higher of the Base Rate or the Alternate Base Rate in effect from time to time. The percentage provided for in the last preceding sentence shall be 110% if the Bond Rating in effect is A (or its then equivalent) or higher, 113% if such Bond Rating is Baa (or its then equivalent), or 115% if such Bond Rating is Ba (or its then equivalent) or lower or if the Bond Rating has been suspended. Each change in the interest rate resulting from a change in the Bond Rating, the Base Rate or the Alternate Base Rate, as the case may be, shall be effective at the beginning of the business day on which each such change in the Bond Rating, Base Rate or Alternate Base Rate, as the case may be, occurs. Interest shall be payable in arrears on the first day of each month commencing on 1, 19 , and at maturity in arrears at the office of the Agent for the account of the Payee. The Company will make mandatory prepayments of the principal of this Note as and to the extent provided in §7 of the Credit Agreement, at the office of the Agent for the account of the Payee. Overdue principal shall bear interest at the rate or rates provided for above, plus 1% per annum, payable on demand.

This Note has been issued by the Company in accordance with the terms of the Credit Agreement, and all capitalized

terms used herein which are not otherwise defined herein have the meanings assigned to them by the Credit Agreement. The Company and any holder hereof is entitled to the benefits of the Credit Agreement and may enforce the agreements of the Company contained therein, and any holder may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof.

In case an Event of Default shall occur, the unpaid balance of the principal of this Note may become or may be declared due and payable in the manner and with the effect provided in the Credit Agreement.

If any payment required to be made hereon becomes due on a day which banks in the City of Boston, Massachusetts, are required or permitted by law to remain closed, such payment shall be made on the next succeeding day on which such banks are open; and such extension shall be included in computing interest in accordance with such payment.

The Company waives presentment, protest and all other demands in connection with the delivery, acceptance, performance, default or enforcement of this Note.

This Note shall be deemed to take effect as a sealed instrument under the laws in force in the Commonwealth of Massachusetts and for all purposes shall be construed in accordance with such laws.

BOSTON EDISON COMPANY

[Corporate Seal]

By \_\_\_\_\_

Attest:

\_\_\_\_\_  
Clerk

1403 216

BOSTON EDISON COMPANY

[Interim][Final] Standby Term Note Due , 19

\$ Boston, Massachusetts  
198

FOR VALUE RECEIVED, the undersigned BOSTON EDISON COMPANY (the "Company"), a corporation organized and existing under the laws of the Commonwealth of Massachusetts, hereby promises to pay to (the "Payee") or order the principal amount of \$ on the first to occur of (i) the fourth anniversary of the Completion Date, or (ii) July 29, 1991, with interest on the unpaid balance of such principal amount from the date hereof until maturity at a rate per annum which shall be % of whichever is the higher of the Base Rate or the Alternate Base Rate in effect from time to time. Each change in the interest rate resulting from a change in the Base Rate or the Alternate Base Rate, as the case may be, shall be effective at the beginning of the business day on which each such change in the Base Rate or the Alternate Base Rate, as the case may be, occurs.

This Note has been issued by the Company in accordance with the terms of a Base and Standby Revolving Credit and Term Loan Agreement among the Company, the Payee and twelve other Lenders dated as of July 31, 1979 (the "Credit Agreement"), and all capitalized terms used herein which are not otherwise defined herein have the meanings assigned to them by the Credit Agreement. The Company and any holder hereof is entitled to the benefits of the Credit Agreement and may enforce the agreements of the Company contained therein, and any holder may exercise the respective remedies provided for thereby or otherwise available in respect thereof, all in accordance with the respective terms thereof.

Interest shall be payable monthly in arrears on the first day of each month, commencing on , 198 and at maturity in arrears at the office of the Agent for the account of the Payee. Commencing on the first to occur of (i) the first anniversary of the Completion Date, or (ii) July 29, 1988, and on the corresponding date of each succeeding year until this Note shall have been paid in full, the Company will prepay an amount equal to one-quarter of the face principal amount of this Note at the office at 100 Federal Street, Boston, Massachusetts 02110 of the Agent for



the account of the Payee. Overdue principal shall bear interest at the rate or rates provided for above, plus 1% per annum payable on demand.

In case an Event of Default shall occur, the unpaid balance of the principal of this Note may become or may be declared due and payable in the manner and with the effect provided in the Credit Agreement.

If any payment required to be made hereon becomes due on a day which banks in the City of Boston, Massachusetts, are required or permitted by law to remain closed, such payment shall be made on the next succeeding day on which such banks are open; and such extension shall be included in computing interest in accordance with such payment.

The Company waives presentment, protest and all other demands in connection with the delivery, acceptance, performance, default or enforcement of this Note.

This Note shall be deemed to take effect as a sealed instrument under the laws in force in the Commonwealth of Massachusetts and for all purposes shall be construed in accordance with such laws.

BOSTON EDISON COMPANY

[Corporate Seal]

By \_\_\_\_\_

Attest:

\_\_\_\_\_  
Clerk

1403 218

BOSTON EDISON COMPANY

Borrowing Certificate

The undersigned \_\_\_\_\_, [President] of Boston Edison Company, a Massachusetts corporation (the "Company"), and \_\_\_\_\_, [Treasurer] of the Company, in accordance with the provisions of §[12.9] [13] [14.9] [15] of the Base and Standby Revolving Credit and Term Loan Agreement dated as of July 31, 1979 (the "Agreement"), between the Company and the lenders named in the preamble of the Agreement (the "Lenders"), hereby certify as follows with respect to the loans by the Lenders to the Company aggregating \$ \_\_\_\_\_ to be made on the date hereof:

1. That the representations and warranties contained in §10 of the Agreement are true and correct on and as of the date hereof as if made on said date, except to the extent that the facts upon which such representations and warranties are based may in the ordinary course have been changed by the transactions permitted or contemplated by the Agreement; and
2. That, giving effect to consummation of such loans, there exists no Default, as that term is defined in §1.20 of the Agreement, or Event of Default, as defined in §18 of the Agreement.

BOSTON EDISON COMPANY

By \_\_\_\_\_  
[President]

By \_\_\_\_\_  
[Treasurer]

Date: \_\_\_\_\_, 19 \_\_\_\_\_  
Boston, Massachusetts

1403 219

BOSTON EDISON COMPANY

Compliance Certificate

The undersigned \_\_\_\_\_, [President] of Boston Edison Company, a Massachusetts corporation (the "Company"), and \_\_\_\_\_, [Treasurer] of the Company, in accordance with the provisions of §16.4(f) of the Base and Standby Revolving Credit and Term Loan Agreement dated as of July 31, 1979 (the "Agreement"), between the Company and the lenders named in the preamble of the Agreement (the "Lenders"), hereby certify as follows:

1. That, as of the date hereof, there exists no Default, as that term is defined in §1.20 of the Agreement, or Event of Default, as defined in §18 of the Agreement; and
2. That Schedule A attached hereto demonstrates, and sets forth in reasonable detail the calculations necessary for such demonstration, that the Company is not in violation of the provisions of §§17.1 (f), 17.7, 17.9 and 17.10 and certain other financial covenants set forth in the Agreement.

BOSTON EDISON COMPANY

By \_\_\_\_\_  
[President]

By \_\_\_\_\_  
[Treasurer]

Date: \_\_\_\_\_, 19\_\_\_\_  
Boston, Massachusetts

1403 220

Schedule A

Demonstration of Compliance with Financial Covenants

A. Calculation of Ratio of Funded Indebtedness to Total Capitalization as of \_\_\_\_\_, 19 (1977)

<u>Funded Indebtedness</u>	<u>Amount</u>
First Mortgage Bonds	\$
Secured Notes	
Borrowings under Standby Line under Revolving Credit Agreement Dated _____, 1979	
Term Loans under Revolving Credit Agreement Dated _____, 1979	
Other Term Loans	
Capitalized Leases	
Total Funded Indebtedness	<u>\$</u>

Total Capitalization

Total Funded Indebtedness	\$
Preferred Stock	
Preference Stock	
Common Stock Equity	
Common Stock	\$
Premium on Common Stock	
Retained Earnings	
Surplus Invested in Plant	
Capital Stock Expense (net)	
Post 12/31/78 (i) intangibles and (ii) write-ups of assets (net)	
Total Common Stock Equity	<u>\$</u>
Total Capitalization	<u>\$</u>

Ratio of Funded Indebtedness to Total Capitalization %

Requirement 60%

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B. Calculation of Ratio of Earnings to Interest Charges  
(\$17.9) for the 12 Months Ended \_\_\_\_\_, 19\_\_\_\_

Earnings

Net Income	\$
Income Taxes	
Interest on Long-term Debt	
Interest on Notes Payable	
Other Interest	
Interest Portion of Rental Charges (1/3)	
Total Earnings	<u>\$</u>

Interest Charges

Interest on Long-term Debt	\$
Interest on Notes Payable	
Other Interest	
Interest Portion of Rental Charges (1/3)	
Total Interest Charges	<u>\$</u>

Ratio of Earnings to Interest Charges	times
Requirement	2.00 times

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C. Calculation of Ratio of Earnings to Interest Charges and Preferred and Preference Dividends (\$17.10) For the Twelve Months Ended \_\_\_\_\_, 19

Earnings

Net Income	\$
Income Taxes	
Interest on Long-term Debt	
Interest on Notes Payable	
Other Interest	
Interest Portion of Rental Charges (1/3)	
Total Earnings	\$

Interest Charges and Preferred and Preference Dividends

Interest:

Interest on Long-term Debt	\$
Interest on Notes Payable	
Other Interest	
Interest Portion of Rental Charges (1/3)	
Total Interest Charges	\$

Preferred and Preference Dividends:

Requirements*	\$
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Total Interest Charges and Preferred and Preference Dividend Requirements	\$
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Ratio of Earnings to Interest Charges and Preferred and Preference Dividend Requirements	times
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Requirement	1.50 times
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\* Composed of (i) the portion of certain preferred dividends which are deductible for income tax purposes (\$ ) and (ii) the balance of preferred dividends and preference dividends multiplied by the ratio that pretax income bears to net income, as follows:

- (1) Net Income plus Income Taxes = %  
Net Income
- (2) Balance of Preferred and Preference Dividends = \$
- (3) (1) times (2) = \$

D. Other Short-term Unsecured Bank Borrowings and Commercial Paper Outstanding as of \_\_\_\_\_, 19\_\_ (\$17.1 (f))

Short-term Unsecured Bank Borrowings

<u>Bank</u>	<u>Loans Outstanding</u>
	\$
Total	\$
<u>Commercial Paper</u>	\$
<u>Total</u>	\$
Limitation	\$30,000,000
E. <u>Compliance with Other Financial Covenants as of _____, 19__</u>	
1. Amount of Funded Indebtedness with respect to nuclear fuel (\$17.1(b))	\$
Limitation	<u>\$125,000,000</u>
2. Investments in fuel subsidiary (\$17.3(c))	\$
Limitation	<u>\$ 25,000,000</u>
3. Amount relating to dispositions of assets not in the ordinary course of business for the current year, including proposed dispositions (\$17.5(b))	\$
Limitation	<u>\$ 25,000,000</u>
4. Amount of lease obligations pursuant to \$17.8	\$
Limitation	<u>\$ 10,000,000</u>

SCHEDULE 1

LITIGATION REFERRED TO IN §10.8

Rate proceedings described in Note G(2) of Notes to Financial Statements contained in the Company's Annual Report (p. 17) for its fiscal year ended December 31, 1978, as supplemented by the second and third paragraphs of Item 5 (p. 14) of the Company's Report on Form 10-K for said year and Note 5 to the Unaudited Financial Statements (p. 6) of the Company's Report on Form 10-Q for its Quarter ended March 31, 1979.

Litigation described in Note G(3) of Notes to Financial Statements contained in the Company's Annual Report (p. 18) for its fiscal year ended December 31, 1978.

Litigation described in the second paragraph of Part II, Item 1 (p. 11) of the Company's Report on Form 10-Q for its Quarter ended March 31, 1979.

Regulatory proceedings described in Item 1(c)(1)(ii) (pp. 4-5) and Item 1(c)(2)(iii) (p. 10), of the Company's Report on Form 10-K for its fiscal year ended December 31, 1978, as supplemented by the first paragraph of Part II, Item 1 (p. 11) of the Company's Report on Form 10-Q for its Quarter ended March 31, 1979.

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AMENDMENT NO. 1

TO

BASE AND STANDBY REVOLVING CREDIT  
AND TERM LOAN AGREEMENT DATED AS OF JULY 31, 1979

AGREEMENT OF AMENDMENT dated as of October 12, 1979, by and among BOSTON EDISON COMPANY, a Massachusetts corporation (the "Company"), BANK OF MONTREAL, BANKERS TRUST COMPANY, BARCLAYS BANK INTERNATIONAL, LTD., CONTINENTAL ILLINOIS NATIONAL BANK & TRUST COMPANY OF CHICAGO, THE FIRST NATIONAL BANK OF BOSTON, MANUFACTURERS HANOVER TRUST COMPANY, MORGAN GUARANTY TRUST COMPANY OF NEW YORK, WELLS FARGO BANK, N.A., CHEMICAL BANK, IRVING TRUST COMPANY, PRUFUNDING, INC., UNITED CALIFORNIA BANK and CANADIAN IMPERIAL BANK OF COMMERCE (collectively, the "Lenders").

WHEREAS, the Company, on the one hand, and the Lenders, on the other hand, are parties to a Base and Standby Revolving Credit and Term Loan Agreement dated as of July 31, 1979 (the "Credit Agreement").

WHEREAS, the Company has requested that the Lenders agree to certain amendments to the Credit Agreement, to comply with certain requests made by the Massachusetts Department of Public Utilities ("DPU") in the proceedings before the DPU pertaining to issuance of an order approving, as necessary, the transactions contemplated by the Credit Agreement.

WHEREAS, the Lenders are willing to agree to such amendments to the Credit Agreement on the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants hereinafter set forth and of the other good and valuable considerations, the parties hereby agree as follows:

1. The following new subsection (c) is added at the end of §9.2 of the Credit Agreement:

(c) If, as permitted by §§17.5(c) and 17.11, the Company decreases its ownership percentage of Pilgrim II to less than 50.026%, then, on the date

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of any such reduction, the total amount of the Standby Revolving Credit Loan commitments otherwise provided for in §§9.1 and 9.2(a) and (b) shall be reduced by \$6,000,000 for each percent by which the resulting ownership percentage of the Company is less than 50.026%. For purposes of this §9.2(c), if the Company's ownership percentage is reduced by less than 1%, or by one or more percent and a fraction of another percent, the fraction of a percent shall be rounded up to the next full percent, so that, e.g., a reduction by .026% to 50% would be deemed a reduction by 1%, and a reduction by 5.026% to 45% would be deemed a reduction by 6%.

2. The following new sentence is added at the end of §10.14 of the Credit Agreement:

Beside the foregoing restrictions on use of proceeds, the Company shall use the proceeds of the Loans only as permitted by the relevant order or orders of the DPU, as referred to in §§12.2, 13.2, 14.2 and 15.2.

3. §17.5 of the Credit Agreement is amended by deleting the "and" following the semicolon at the end of subsection (a), making the period at the end of subsection (b) a semicolon and adding "and" immediately following such semicolon, and by adding the following new subsection (c) at the end of such §17.5:

(c) any disposition of the Company's ownership percentage of Pilgrim II, as specified in the Ownership Agreement, made by the Company prior to the date of the First Lending-Standby pursuant to DPU proceeding No. 19494.

4. §17.11 of the Credit Agreement is amended by making the period at the end of such section a comma, and adding the following additional clause at the end of such section:

and except that the Company may decrease its ownership percentage to less than 50.026% prior to the date of the First Lending-Standby pursuant to DPU proceeding No. 19494.

5. The following new §17.15 is added at the end of §17 of the Credit Agreement:

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§17.15. Pilgrim II Control. Permit any amendment to the provisions of §§9, 11, 12 or 13 of the Ownership Agreement which would remove from the Company the sole responsibility for, or the full authority to act for all owners of Pilgrim II with respect to, design and construction of Pilgrim II, operation and maintenance of Pilgrim II, procurement of nuclear fuel for Pilgrim II and execution of contracts relating to construction and maintenance of Pilgrim II.

6. Except as specifically amended by this Agreement, the Credit Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of this 12th day of October, 1979.

BOSTON EDISON COMPANY

[Corporate Seal]

By *James M. Guller*

Attest:

*David Frank Tuttle*

BANK OF MONTREAL

WELLS FARGO BANK, N.A.

By \_\_\_\_\_

By \_\_\_\_\_

BANKERS TRUST COMPANY

CHEMICAL BANK

By \_\_\_\_\_

By \_\_\_\_\_

BARCLAYS BANK INTERNATIONAL,  
LTD.

IRVING TRUST COMPANY

By \_\_\_\_\_

By \_\_\_\_\_

CONTINENTAL ILLINOIS NATIONAL PRUFUNDING, INC.  
BANK & TRUST COMPANY OF  
CHICAGO

By *[Signature]*

By \_\_\_\_\_

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THE FIRST NATIONAL BANK OF  
BOSTON

By *J. J. [Signature]* V.P.

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_

MORGAN GUARANTY TRUST COMPANY  
OF NEW YORK

By \_\_\_\_\_

UNITED CALIFORNIA BANK

By \_\_\_\_\_

CANADIAN IMPERIAL BANK OF  
COMMERCE

By \_\_\_\_\_

THE FIRST NATIONAL BANK OF  
BOSTON, as Agent

By *J. J. [Signature]* V.P.

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*The Commonwealth of Massachusetts*  
*Department of Public Utilities*  
*Leverett Saltonstall Building, Government Center*  
*100 Cambridge Street, Boston 02202*

October 19, 1979

To Whom it May Concern;

This is to certify that the annexed is a true copy of the Department of Public Utilities Order 20145: Petition of Boston Edison Company for approval and authorization by the Department of Public Utilities of the issuance of promissory notes payable more than one year after date in the aggregate principal amount not exceeding \$500,000,000; the net proceeds from borrowings evidenced, additions and improvements to the Company's utility plant and properties or to the payment of obligations of the Company incurred for such expenditures.

Very truly yours,

Christopher C. Rich  
Secretary of the Department  
of Public Utilities



mc  
Attachment

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The Commonwealth of Massachusetts  
DEPARTMENT OF PUBLIC UTILITIES

September 17, 1979

D.P.U. 20145

Petition of Boston Edison Company for approval and authorization by the Department of Public Utilities of the issuance of promissory notes payable more than one year after date in the aggregate principal amount not exceeding \$500,000,000; the net proceeds from borrowings evidenced by such notes to be used for capital expenditures for extensions, additions and improvements to the Company's utility plant and properties or to the payment of obligations of the Company incurred for such expenditures.

APPEARANCES:

Truman S. Casner, Esq.  
Roscoe Trimmier, Jr., Esq.  
Victor H. Kazanjian, Esq.  
Timothy C. Maguire, Esq.  
For the Petitioner

Michael B. Meyers, Esq.  
For the Attorney General

John L. Talvacchia, Esq.  
For the Department of Public Utilities

William S. Abbott, Esq.  
For PUNIC

On July 27, 1979, Boston Edison Company filed a petition requesting the authorization and approval by the Department of the issuance of promissory notes payable more than one year after date in the aggregate principal amount not exceeding \$500,000,000. The notes would be issued by the Company pursuant to a Base and Standby Revolving Credit and Term Loan Agreement, executed by the Company on July 31, 1979.

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A public hearing was held on the Company's petition on August 14, 1979. The return of the order of notice in completed form was tendered and accepted to substantiate compliance with the statutory requirement of publication and notice of the proceedings. The votes of the Directors authorizing the filing of the necessary applications were filed as an exhibit.

The Department allowed intervention by the Attorney General, Staff Intervenors and Plymouth County Nuclear Information Committee (PCNIC). The Attorney General, Staff Intervenors and PCNIC filed memorandums of law which, in general opposed the Company's loan agreements and form of financing in the present form.

The Company's exhibits introduced in evidence, which support the oral testimony of the Company's witness, included the balance sheet of the Company dated June 30, 1979, schedules covering the Company's capitalization, net additions and capitalizable plant, and the Base and Standby Revolving Credit and Term Loan Agreement.

On June 30, 1979, the capitalization of the Company included \$115,345,000 of Common Stock and a premium thereon of \$129,812,000. The outstanding Cumulative Preferred Stock consisted of 180,000 shares of the 4.25 percent series, having an aggregate par value of \$18,000,000; 250,000 shares of the 4.78 percent series, having an aggregate par value of \$25,000,000; and 400,000 shares of the 8.88 percent series, having an aggregate par value of \$40,000,000. The first and

second series of Preference Stock, including the premiums thereon, totaled \$46,650,000 and \$38,333,000, respectively. The Company also had outstanding First Mortgage Bonds, Series B, D through F and H through Q, aggregating \$556,163,000 principal amount, secured notes aggregating \$21,360,000 and a \$75,000,000 term note payable to Citibank, N.A. The Company also had \$40,111,695 of indebtedness outstanding under a Nuclear Material Lease and Security Agreement with PruLease, Inc. Also, the Company has sold an additional \$45,500,000 principal amount of First Mortgage Bonds, Series C, which will be issued August 15, 1979. The proceeds of that issue will be used to refund the Series O Bonds in part. Additionally, the Company has issued and sold 2,000,000 additional shares of its Common Stock, for which authorization was obtained from the Department in DPU 20025. The Department has also authorized the issuance of not more than 500,000 additional shares of Common Stock pursuant to a Dividend Reinvestment and Common Stock Purchase Plan.

The Company has entered into a Base and Standby Revolving Credit and Term Loan Agreement with a number of lenders, including The First National Bank of Boston, for itself and as Agent for the other lenders, Bank of Montreal, Bankers Trust Company, Barclays Bank International, Ltd., Continental Illinois National Bank & Trust Company of Chicago, Manufacturers Hanover Trust Company, Morgan Guaranty Trust Company of New York, Wells Fargo Bank, N.A., Chemical Bank, Irving Trust Company, PruFunding,



Inc., United California Bank and Canadian Imperial Bank of Commerce.

The Company's Senior Vice President testified that the Loan Agreement has two basic parts, a Base Credit of \$125,000,000 and a Standby Credit of \$375,000,000. The Base Credit would replace most of the Company's existing bank lines of credit, and borrowings under the Base Revolving Credit will be used by the Company for its general corporate purposes, including capital expenditures. The proceeds of all other borrowings under the Loan Agreement will be used for capital expenditures for extensions, additions and improvements to the Company's utility plant and properties or to the payment of obligations incurred for such expenditures.

He also described the terms of borrowings under the Base Revolving Credit, which provide that the Company may issue from time to time, upon the terms and conditions set forth in the Loan Agreement, Base Revolving Notes payable to the Lenders in the aggregate principal amount of \$125,000,000 which mature on the earlier of the date as of which the Company is authorized by the Nuclear Regulatory Commission to commence commercial operation of Pilgrim Unit No. 2 (the "Completion Date") or July 31, 1987. The Base Revolving Notes will bear interest on the unpaid principal balance thereof from time to time outstanding, payable monthly and at maturity in arrears, at a rate per annum equal to 104% of the higher of the Base Rate or the Alternate Base

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Rate set forth in the Loan Agreement. The Base Rate is defined as the rate of interest designated by the Agent from time to time as its base rate and usually charged by it on new 90-day unsecured loans to substantial and responsible borrowers. The Alternate Base Rate is computed as 1/2 of one percent above the latest three-week moving average interest rate payable on 90-to-119 day dealer-placed commercial paper as published weekly by the Federal Reserve Bank of New York or, if such publication or a substitute containing the above-described rate information is suspended or terminated, such three-week moving average interest rate as determined by the Agent based on quotations received by it from any three New York commercial paper dealers of recognized standing. If the bond rating from time to time assigned by Moody's Investors Service, Inc. to the most recently issued series of the Company's First Mortgage Bonds is lowered to Ba or lower or if the Company's Bond Rating has been suspended, then the percentage of the Base Rate or the Alternate Base Rate shall be 107%. The Base Revolving Notes may be prepaid in whole or in part by the Company at any time without premium or penalty, provided that each partial prepayment shall be in the aggregate principal amount of \$5,000,000 or a multiple thereof. Amounts so prepaid can be reborrowed by the Company at any time prior to the earlier of the Completion Date or July 31, 1987.

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The Company's Senior Vice President testified that under the Loan Agreement, amounts outstanding under the Base Revolving Notes on the earlier of the Completion Date or July 3, 1987 can be converted at the Company's option into Base Term Loans evidenced by Base Term Notes issued to the Lenders on whichever date is applicable. The Base Term Notes will be payable in four equal annual installments beginning with the first anniversary of their date of issue and will bear interest on the unpaid principal balance thereof from time to time outstanding, payable monthly and at maturity in arrears, at a rate per annum equal to 113% of the higher of the Base Rate or the Alternate Base Rate if the Company's Bond Rating is A or higher at the time the Base Term Notes are issued, 115% of the higher of the Base Rate or the Alternate Base Rate if the Company's Bond Rating is Ba or lower or if the Company's Bond Rating has been suspended at such time. The Base Term Notes may be prepaid in whole or in part by the Company at any time without premium or penalty, provided that each partial prepayment shall be in the aggregate principal amount of \$10,000,000 or a multiple thereof.

The Company's Senior Vice President stated that the Company has decided to replace its existing bank lines because the cost of borrowing under the Base Revolving Credit is significantly less than its present cost of short-term borrowing. He recited computations prepared by the Company which tended to

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show that including the commitment fees which the Company has agreed to pay on both the Base and Standby Credit, the Company would pay a lower effective interest rate on Base Revolving Notes than on the weighted average of its current bank lines, assuming either 50% or 100% utilization of the Base Revolving Credit by the Company.

The amount of the commitment fees which the Company has agreed to pay pursuant to the Loan Agreement equals  $1\frac{1}{2}$  of 1% per annum on the daily average unused portion of the Base Revolving Credit and  $1\frac{1}{4}$  of 1% per annum on the daily average unused amount of the Standby Credit. The Company's Senior Vice President testified that these fees are generally payable quarterly in arrears, but until the Company makes its first borrowings under the Loan Agreement, it has agreed to pay commitment fees on the total amount of the Base and Standby Credit monthly in advance.

He also testified that the Company plans to treat amounts borrowed under Base Revolving Notes as short-term debt on the Company's balance sheet, because the Company plans to use the Base Revolving Credit under the Loan Agreement in place of most of its existing short-term bank lines of credit and intends to repay the Base Revolving Notes with internally generated funds or the proceeds from the issuance from time to time of First Mortgage Bonds or capital stock. He stated that the Company's accountants have agreed that this would be appropriate.

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without premium or penalty. Amounts so prepaid can be reborrowed by the Company provided that the commitment of the Lenders shall be reduced as described above.

Amounts outstanding under the Standby Revolving Notes on each of the dates on which the Lenders' commitments to lend are reduced can be converted at the option of the Company into Standby Term Loans evidenced by Standby Term Notes issued on said dates to the Lenders, provided that the maximum aggregate principal amount of Standby Term Notes issued on any such date shall be equal to the amount by which the commitment of the Lenders to make Standby Revolving Loans is reduced on that date. The Standby Term Notes shall be payable in four equal annual installments beginning on the earlier of (i) the first anniversary of the Completion Date or (ii) July 29, 1988 and shall bear interest on the unpaid principal balance thereof from time to time outstanding, payable monthly and at maturity in arrears, at the same rate as the Base Term Notes, except that the applicable percentage of the Base Rate for any Standby Term Note shall be determined as of the date of issue of such note. The Standby Term Notes may be prepaid in whole or in part by the Company at any time without premium or penalty, provided that each partial prepayment shall be in the aggregate principal amount of \$10,000,000 or a multiple thereof.

He also stated that the commitment fee of  $1/4$  of 1% with respect to the Standby Revolving Credit would be increased pursuant to the Loan Agreement on any portion of that credit which is extended by the Company for one year and on any portion of

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that credit which is utilized by the Company and prepaid prior to its maturity with funds other than proceeds of Standby Term Notes. The Senior Vice President indicated that if the Company's construction schedule proceeds on schedule and if it issues bonds and capital stock as its financing needs dictate, the higher commitment fee will not be triggered.

He also testified that during the period from 1982 through 1985, the Company anticipates a need for about \$385 million in long-term debt financing for its construction program and anticipates issuing First Mortgage Bonds to meet those needs. He indicated that notwithstanding the Company's plans, unforeseen events and changes in the economic, regulatory and political climate at the time the Company needs financing could have an adverse effect on the Company's ability to meet its needs. In the Senior Vice President's opinion, the Standby facility provides flexibility to the Company to obtain debt financing notwithstanding such uncertainties. He also expressed the belief that the backup provided by the Standby Credit is required as a matter of prudence, even though the Company intends to use external financing to the extent it believes that it is economically advantageous to do so. He indicated that although at present it is impossible to predict the relative interest costs of issuing First Mortgage Bonds or utilizing the Standby Credit at the time financing is needed, based on historical data it may be less expensive at times to borrow under the Standby Credit, and the Company will be able to compare relative interest costs at the time it needs the financing.

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The Loan Agreement as presented in evidence by the Company contains customary conditions with respect to the truth of representations and warranties contained therein at the time of any borrowings and also provides that the Company cannot make borrowings under the Standby Credit unless the Nuclear Regulatory Commission has issued a Construction Permit for Pilgrim Unit No. 2. In addition, under the Loan Agreement, the Company has agreed to pay to The First National Bank of Boston an agent's fee of \$50,000 per annum for so long as any notes are outstanding thereunder.

The Attorney General and Staff took the position that any approval of the agreement would be prejudicial to the outcome of D.P.U. 19494. In order to preclude this possibility we are providing for a minor modification of the loan agreement in order to eliminate the objections raised by this issue.

The Department finds that the issuance of not exceeding \$500,000,000 aggregate principal amount of promissory notes payable more than one year after date by the Company is a reasonable method by which it may, in the case of Base Revolving Notes, obtain funds for its general corporate purposes, including capital expenditures, and, in the case of all other notes issued pursuant to the Loan Agreement, obtain funds for capital expenditures for extensions, additions and improvements to the Company's utility plant and properties or to the payment of obligations of the Company incurred for such expenditures. The Department also finds that the negotiated arrangement of the Loan Agreement pursuant to which the promissory notes are to be issued, rather than an arrangement by competitive bidding, is desirable in this case.

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Accordingly, after notice, public hearing, investigation and consideration, the Department

VOTED: That the issue by Boston Edison Company of promissory notes payable more than one year after date in the aggregate principal amount of \$500,000,000 pursuant to the Base and Standby Revolving Credit and Term Loan Agreement as submitted to this Department is reasonably necessary for the purposes for which such issues of notes have been authorized; and it is

ORDERED: That the Department hereby approves and authorizes the issue and sale by Boston Edison Company, in conformity with all the provisions of law relating thereto, of promissory notes payable more than one year after date in the aggregate principal amount of not more than \$500,000,000, said notes to bear interest and otherwise to be upon the terms and conditions as provided in said Base and Standby Revolving Credit and Term Loan Agreement, provided, however, that the Department's approval and authorization of issuance by the Company of Base Term Notes, Standby Revolving Notes and Standby Term Notes (as such terms are defined in said Base and Standby Revolving Credit and Term Loan Agreement) are subject to such action as the Department may hereafter take in light of its findings and orders in D.P.U. No. 19494 and the Department hereby retains jurisdiction over this proceeding. (D.P.U. No. 20145) so that it may fix a time for a hearing for the presentation of evidence as to whether its order in this proceeding should be amended or supplemented with respect to the approval and authorization of issuance by the Company of

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Base Term Notes, Standby Revolving Notes or Standby Term Notes because of the Department's findings and orders in D.P.U. No. 19494 and if the Department calls such a hearing, it shall thereafter render a decision prior to the issue and sale by the Company of any Base Term Notes, Standby Revolving Notes or Standby Term Notes; and it is

FURTHER ORDERED: That the proceeds from the issue and sale of Base Revolving Notes pursuant to said Base and Standby Revolving Credit and Term Loan Agreement shall be used for the Company's general corporate purposes, including capital expenditures, and the proceeds of all other notes issued pursuant to said Agreement shall be used for extensions, additions and improvements to the Company's utility plant and properties or to the payment of obligations of the Company incurred for such expenditures; and it is

FURTHER ORDERED: That the Department finds that an exemption from all of the competitive bidding requirements of Section 15 of Chapter 164 of the General Laws in connection with the issue of promissory notes payable more than one year after date in the aggregate principal amount of \$500,000,000 is in the public interest and hereby grants to the Company an exemption therefrom, and it is

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FURTHER ORDERED: That the Department's findings in this decision (D.P.U. 20145) do not prejudice in any way any action that the Department of Public Utilities may or may not take in D.P.U. 19494 or preclude a finding that the present or future construction program of Boston Edison Company is or is not reasonable or necessary, and it is

FURTHER ORDERED: Approval of the Base and Standby Revolving Credit and Loan Agreement is conditioned upon the modification of Sections 17.5 and 17.11 of said agreement with reference to minimum ownership by Boston Edison Company of 50.026 percent in Pilgrim II nuclear plant to provide that a change, if any, in the proportionate share ownership in Pilgrim II by Boston Edison Company pursuant to D.P.U. 19494 shall not constitute default under the terms of the Base and Standby Revolving Credit and Loan Agreement; provided however, in the event of such change the maximum amount to be borrowed under the agreement may be reduced by the same proportion as any reduction ordered by the Department of such ownership, and it is

FURTHER ORDERED: That before each borrowing under the Standby and Loan Agreement that the Boston Edison Company be required to demonstrate to the Department that it has incurred sufficient capital expenditures to equal the amounts to be borrowed and secure approval therefor.

A true copy;

Attest:



By Order of the Department,

*Doris R. Pote*  
Doris R. Pote', Chairman

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*Doris R. Pote*  
Chairman

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as to the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said court. (Sec. 5, Chapter 25, G.L. Ter. Ed. as most recently amended by Chapter 485 of the Acts of 1971).

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Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as to the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said court. (Sec. 5, Chapter 25, G.L. Ter. Ed. as most recently amended by Chapter 485 of the Acts of 1971).

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Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as to the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said court. (Sec. 5, Chapter 25, G.L. Ter. Ed. as most recently amended by Chapter 485 of the Acts of 1971).

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Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as to the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said court. (Sec. 5, Chapter 25, G.L. Ter. Ed. as most recently amended by Chapter 485 of the Acts of 1971).

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*The Commonwealth of Massachusetts*  
*Department of Public Utilities*  
*Leverett Saltonstall Building, Government Center*  
*100 Cambridge Street, Boston 02202*

October 19, 1979

To Whom it May Concern;

This is to certify that the annexed is a true copy of the Department of Public Utilities Order 20145-A: Petition of Boston Edison Company for approval and authorization by the Department of Public Utilities of the issuance of promissory notes payable more than one year after date in the aggregate principal amount not exceeding \$500,000,000; the net proceeds from borrowings evidenced, additions and improvements to the Company's utility plant and properties or to the payment of obligations of the Company incurred for such expenditures.

Very truly yours,



A handwritten signature in cursive script, appearing to read "Christopher C. Rich".

Christopher C. Rich  
Secretary of the Department  
of Public Utilities

mc  
Attachment

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The Commonwealth of Massachusetts  
DEPARTMENT OF PUBLIC UTILITIES

October 17, 1979

AMENDED ORDER

D.P.U. 20145-A

Petition of Boston Edison Company for approval and authorization by the Department of Public Utilities of the issuance of promissory notes payable more than one year after date in the aggregate principal amount not exceeding \$500,000,000; the net proceeds from borrowings evidenced by such notes to be used for capital expenditures for extensions, additions and improvements to the Company's utility plant and properties or to the payment of obligations of the Company incurred for such expenditures.

APPEARANCES:

Truman S. Casner, Esq.  
Roscoe Trimmier, Jr., Esq.  
Victor H. Kazanjian, Esq.  
Timothy C. Maguire, Esq.  
For: the Petitioner

Michael B. Meyer, Esq.  
For: The Department of the Attorney  
General

John L. Talvacchia, Esq.  
For: The Department of Public  
Utilities

William S. Abbott, Esq.  
For: PCNIC

POOR ORIGINAL

On September 17, 1979, the Department of Public Utilities ("Department") issued an order in this proceeding approving the issuance by Boston Edison Company ("Company") of promissory notes payable more than one year after date in the principal aggregate amount not exceeding \$500,000,000 subject to certain conditions. On October 5, 1979, the Company filed a motion requesting the Depart-

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ment to issue a supplemental order finding that the conditions referred to in its earlier order had been satisfied, correcting the description of the interest rate applicable to certain of the notes and clarifying another provision in the order.

The Company submitted as an exhibit to its motion an Amendment dated as of October 12, 1979 (the "Amendment") to the Base and Standby Revolving Credit and Term Loan Agreement dated as of July 31, 1979 (the "Agreement"). The Amendment modifies Sections 17.5 and 17.11 of the Agreement so that it will not be a default under the Agreement if, pursuant to any action that the Department may take in DPU 19494, the Company makes a disposition of its ownership percentage in Pilgrim Unit No. 2 prior to the date of the first borrowing under the Standby Credit provisions of the Agreement (which borrowing cannot occur prior to July 31, 1981). The Amendment also modifies Section 9.2 of the Agreement so that the lenders' commitments to make loans under the Standby Credit will be reduced proportionately by \$6 million for each percentage point below 50.026% that the Company's ownership percentage in Pilgrim Unit No. 2 is reduced as a result of any such permitted disposition. Other changes in the Agreement effected by the Amendment include (a) modification of Section 10.14 so that the Company covenants with the lenders to apply the proceeds of borrowings under the Agreement as required by the Department's orders in this proceeding; and (b) addition of a new covenant in Section 17.15 to prohibit the Company from agreeing to any amendment to the Agreement for Joint Ownership, Construction and Operation of Pilgrim Unit No. 2 which would remove from the Company the sole responsibility for, or the full authority to act for the owners of said unit with respect to, the design, construction,

operation and maintenance of said unit, the procurement of nuclear fuel for said unit and the execution of contracts relating to construction and maintenance of said unit.

The Department finds that the Amendment modifies the Agreement as contemplated by D.P.U. 20145 (September 17, 1979).

The Company requested that the description of the interest rate to be borne by the Base Term Notes as contained in the second sentence of the first paragraph on page 6 of D.P.U. 20145 be corrected to read as follows:

"The Base Term Notes will be payable in four equal annual installments beginning with the first anniversary of their date of issue and will bear interest on the unpaid principal balance thereof from time to time outstanding, payable monthly and at maturity in arrears, at a rate per annum equal to 113% of the higher of the Base Rate or the Alternate Base Rate if the Company's Bond Rating is A or higher at the time the Base Term Notes are issued, 115% of the higher of the Base Rate or the Alternate Base Rate if the Company's Bond Rating is Baa or 116% of the higher of the Base Rate or the Alternate Base Rate if the Company's Bond Rating is Ba or lower or if the Company's Bond Rating has been suspended at such time."

The Department finds that such change is appropriate. The Company also requested that the last paragraph of said order be changed to read in its entirety as follows:

"FURTHER ORDERED: That before Boston Edison Company issues and sells any Standby Revolving

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Notes or Standby Term Notes (as such terms are defined in said Base and Standby Revolving and Term Loan Agreement) it present evidence to the Department showing that it has incurred sufficient capital expenditures to equal the principal amount of such notes and upon such presentation of evidence the Department shall approve the issue and sale of such notes."

Accordingly, after review and consideration, it is hereby

ORDERED: That the Amendment dated as of October 12, 1979 to the Base and Standby Revolving Credit and Term Loan Agreement dated as of July 31, 1979, be and hereby is approved; and it is

FURTHER ORDERED: That the description of the interest rate to be borne by the Base Term Notes as contained in the second sentence of the first paragraph on page six of D.P.U. 20145 be corrected to read as described herein; and it is

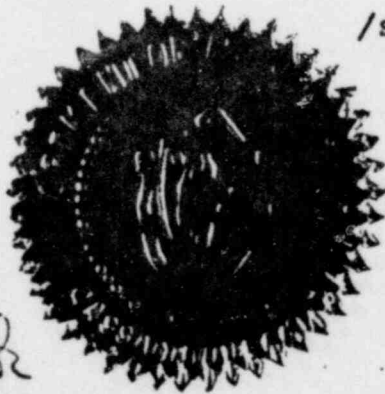
FURTHER ORDERED: That the last paragraph in the Ordered Section of D.P.U. 20145 be corrected to read as described herein.

By Order of the Department,

/s/ DORIS R. POTE'

Doris R. Pote', Chairman

A true copy;  
Attest:



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*Doris R. Pote'*  
Chairman

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in the interest by the filing of a written petition praying that the order of the Commission be modified or set aside in whole or in part

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as to the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 19

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UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION

BEFORE THE ATOMIC SAFETY AND LICENSING BOARD

\_\_\_\_\_  
In the Matter of )

BOSTON EDISON COMPANY et al. )

(Pilgrim Nuclear Generating Station, )  
Unit 2) )  
\_\_\_\_\_

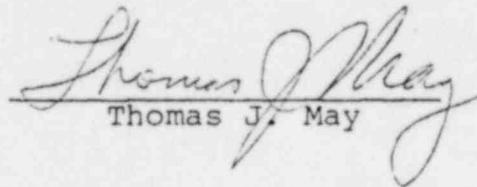
) Docket No. 50-471

AFFIDAVIT OF THOMAS J. MAY

I, Thomas J. May, Assistant Treasurer, Boston Edison Company, being duly sworn, aver and say, that on May 25, 1979 at Plymouth, Massachusetts, I gave testimony in the captioned proceeding inter alia that Boston Edison was in the process of completing negotiations with a group of large commercial banks for a \$500 million line of credit in the form of a revolving credit agreement to provide an alternate and readily available source of funds which Boston Edison Company may elect to use from time to time for construction of Pilgrim Unit 2. The documents attached hereto are: an executed copy of the agreement referenced in my testimony, an executed

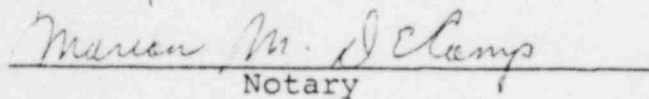
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amendment thereto and copies of certified copies of the  
decisions of the Massachusetts Department of Public Utilities  
relative to the agreement and agreement as amended.

  
Thomas J. May

Commonwealth of Massachusetts  
County of Suffolk

Subscribed and sworn to before me  
this 1st day of November, 1979

  
Notary

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