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CONTRACT
FOR
NUCLEAR EQUIPMENT AND SERVICES

for the
Oyster Creek Nuclear Power Plant
Unit No.2
between
Jersey Central Power & Light Company
and
The Babcock & Wilcox Company

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Bab. Exh. For ID 206
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Doyle Reporting Inc. CA

INDEX
FOR
CONTRACT DOCUMENT
AND
APPENDICES

CONTRACT FOR NUCLEAR EQUIPMENT

APPENDIX A

APPENDIX B

APPENDIX C

CONTENTS

<u>Article</u>		<u>Page</u>
I	<u>SCOPE OF SUPPLY</u>	1
	A. Equipment	1
	B. Services	1
	(1) Equipment and Systems Supplied by B&W	2
	(2) Licensing Assistance	3
	(3) Public Relations	4
	(4) Training	4
	(5) Operation and Maintenance	4
	(6) Design, Installation and Construc- tion	5
	(7) Preoperational Testing, Low Power Testing and System Performance Testing	6
	(8) Progress Reports	6
	C. Fuel Supply	7
	D. Spare Parts	7
II	<u>CHANGES IN PLANT DESIGN</u>	8
	A. Changes Within B&W's Scope of Supply Other Than Changes Due to AEC Licensing Requirements	8
	(1) Changes by Jersey Central	8
	(2) Changes by B&W	9
	B. Changes Within B&W's Scope of Supply Due to AEC Licensing Requirements	9
	C. Changes in the Plant Equipment or Structures Not Within B&W's Scope of Supply Due to AEC Licensing Requirements	10

<u>Article</u>		<u>Page</u>
	D. Limitation on Financial Responsibility of E&W	10
	E. Control Rod Drives	11
	F. Site Suitability	12
III	<u>SCHEDULES, DELIVERY, TITLE, AND RISK OF LOSS</u>	13
	A. Schedules and Delivery	13
	B. Title and Risk of Loss	15
IV	<u>CONTRACT PRICE AND TERMS OF PAYMENT</u>	17
	A. Contract Price	17
	B. Terms of Payment	17
	C. Price Adjustments	19
	(1) Materials Price Adjustment	19
	(2) Shop Labor Price Adjustment	20
	(3) General Provisions	21
V	<u>PLANT WARRANTIES</u>	24
	A. System Performance	24
	(1) Warranted Output	24
	(2) Demonstration of Warranted Output ...	24
	(3) Conditions of Performance Warranties.	27
	(4) Remedy	28
	B. Design, Workmanship and Materials	29
	(1) Warranty	29
	(2) Conditions	29
	(3) Remedy	31

<u>Article</u>		<u>Page</u>
VI	<u>PREOPERATIONAL TESTING: ACCEPTANCE</u>	34
	A. Inspection of Work	34
	B. Preoperational Testing	35
	C. Acceptance	36
	D. Release by Acceptance	36
VII	<u>INDEMNITY AND INSURANCE</u>	37
	A. Jersey Central	37
	B. B&W	39
VIII	<u>PATENT INDEMNITY</u>	42
IX	<u>GOVERNMENT AUTHORIZATIONS</u>	44
	A. AEC	44
	B. Other Governmental Agencies	46
X	<u>TAXES</u>	47
XI	<u>DELAYS AND DAMAGES</u>	48
XII	<u>CONSEQUENTIAL DAMAGES</u>	49
XIII	<u>ASSIGNMENT AND SUBCONTRACTING</u>	50
	A. Assignment	50
	B. Subcontracting	50
XIV	<u>FOUNDATIONS</u>	52
XV	<u>STEELWORK</u>	53

<u>Article</u>		<u>Page</u>
XVI	<u>ARBITRATION</u>	54
XVII	<u>NOTIFICATION OF CLAIMS</u>	55
XVIII	<u>CANCELLATION BY JERSEY CENTRAL</u>	56
XIX	<u>CONTRACT CHANGES AND EXTRA WORK</u>	57
XX	<u>ADMINISTRATION OF CONTRACT</u>	58
XXI	<u>GOVERNING LAW</u>	59
XXII	<u>PROPRIETARY INFORMATION</u>	60
XXIII	<u>WAIVERS</u>	61
XXIV	<u>INTEGRATION</u>	62

CONTRACT
FOR
NUCLEAR EQUIPMENT AND SERVICES

This Contract, entered into between Jersey Central Power & Light Company, a New Jersey corporation, (hereinafter referred to as "Jersey Central"), and The Babcock & Wilcox Company, a New Jersey corporation, (hereinafter referred to as "B&W"), is effective as of January 31, 1967.

ARTICLE I - SCOPE OF SUPPLY

A. Equipment

- (1) B&W shall supply to Jersey Central a chemical shim pressurized water reactor nuclear steam supply system having a base capacity of 2446 MWt and certain auxiliary equipment and systems (hereinafter collectively referred to as the "NSSS").
- (2) The NSSS to be provided by B&W is described in the Technical Description set forth in Appendices A and C to this Contract (hereinafter referred to as the "Technical Description"). In case of conflict between Appendices A and C, Appendix C shall prevail.

B. Services

B&W shall furnish the following technical services, on a timely basis, consistent with the project schedule developed in accordance with Section A of Article III, in support of design, construction, licensing, and

operation of Jersey Central's Oyster Creek Nuclear Power Plant, Unit No. 2 (hereinafter referred to as the "Plant"). All information and documents furnished by B&W shall be complete and adequate to meet Plant design and test requirements and applicable codes and regulations.

(1) Equipment and Systems Supplied by B&W

(a) B&W shall cooperate with Jersey Central and Burns & Roe Incorporated, its architect-engineering and construction management contractor, in their performance of the design, construction and inspection of the Plant.

(b) B&W shall furnish to Jersey Central, for use in connection with the design, erection and operation of the Plant, as many copies, and in such detail, as Jersey Central may reasonably require of production and fabrication schedules, preliminary and final drawings, plans and specifications, diagrams and other engineering data for all the equipment and systems to be supplied by it hereunder. Within a reasonable time after receipt, Jersey Central shall check, approve or disapprove and return one set of such schedules, drawings and data to B&W. Such action by Jersey Central shall not relieve B&W of any of its obligations under this Contract.

B&W shall give Jersey Central or its agents access to quality control programs relating to B&W's work under this Contract, and shall make every reasonable effort to provide such access to similar programs of its subcontractors and suppliers.

(c) Prior to Acceptance as defined in Article VI, B&W shall furnish to Jersey Central, for its use for or in connection with the Plant, a complete set of permanent, reproducible as-built drawings of all equipment and systems supplied by B&W under this Contract.

(d) B&W shall transmit two copies of the following documents to Jersey Central as they are issued by B&W, or as received by B&W as the case may be:

(1) Descriptive material as available for all items procured from subcontractors,

(11) Certificates of inspections and tests as required by state and local regulatory authorities received by B&W for the equipment and systems to be delivered hereunder.

(2) Licensing Assistance

B&W shall assist Jersey Central in obtaining all government authorizations necessary to permit construction and operation of the Plant as provided in Article IX.

(3) Public Relations

B&W shall provide competent personnel to participate in public presentations of technical information at the request of Jersey Central.

(4) Training

B&W shall assist Jersey Central in preparing, staffing and providing a training program for employees of Jersey Central as described in Appendix B to this Contract. In the event that Jersey Central requests a change in the number of employees to be trained or in the scope of the training program, the parties shall agree in advance on an equitable adjustment to the Contract Price to reflect the change in cost of the training program.

(5) Operation and Maintenance

B&W shall furnish Jersey Central with:

- (a) Twelve copies each of installation instruction books for applicable equipment furnished by B&W, one month prior to shipment of equipment.
- (b) Thirty-two copies each of operating and maintenance instruction books for equipment furnished by B&W, at least one year prior to scheduled fuel loading, provided however, that the requisite number of copies of standard instruction books, furnished by suppliers of standard equipment, will be furnished at the time of delivery of such equipment.

- (c) Thirty-two copies on a timely basis of such other information as Jersey Central may reasonably request for incorporation into the Plant data book and Plant start-up, operating and maintenance manuals.

(6) Design, Installation and Construction

- (a) B&W shall furnish the services of experienced, competent individuals to provide on-site technical advice and consultation, including erection procedures and quality standards, with respect to the installation and erection of the NSSS furnished under this Contract. Such technical advice and consultation shall accurately reflect the best judgment of B&W. Jersey Central shall provide suitable office facilities for such individuals, who shall however, remain employees of B&W, which shall be responsible for their salaries, travel and living expenses.
- (b) No warranty with respect to erection workmanship performed by, or on behalf of, Jersey Central shall be implied from the consultation services furnished by B&W under Subsection B(6) (a) of this Article I. Any defective erection workmanship, whether discovered in the course of erection or subsequent thereto is to be remedied without expense to B&W.

- (c) Except as provided in the Technical Description, Jersey Central shall furnish all erection labor, tools, rigging, cranes, trucks and facilities required to unload, handle, and erect the equipment furnished hereunder.

(7) Preoperational Testing, Low Power Testing
and System Performance Testing

- (a) B&W shall furnish to Jersey Central such technical assistance for equipment and systems preoperational testing, low power testing and NSSS performance testing covering its scope of supply as Jersey Central may reasonably require. The technical assistance required may include routine testing equipment, qualified personnel, detailed written testing procedures, review and approval of testing procedures prepared by others and detailed written analyses and interpretations of test results.
- (b) Representatives of B&W will be authorized only to advise and consult with Jersey Central and will not be authorized to operate the equipment. All preoperational testing, preliminary operations and demonstration of performance guarantees shall be performed by Jersey Central.

(8) Progress Reports

B&W will provide monthly progress reports within 15

days after the end of each month. The reports shall emphasize problem areas such as engineering, procurement, fabrication work which is behind the schedules developed pursuant to Subsection A (1) of Article III and other critical or potentially critical areas requiring special attention.

C. Fuel Supply

All reactor internals other than fuel assemblies are provided under this Contract as part of the NSSS. The supply of fuel assemblies for the Plant is the subject of a separate contract between Jersey Central and B&W.

D. Spare Parts

Spare parts may be the subject of a separate agreement between Jersey Central and B&W and are not included in the scope of this Contract except as listed in the Technical Description. B&W shall provide Jersey Central with unit prices of recommended spare parts for equipment furnished by B&W, including special tools and items requiring periodic replacement, at the time fabrication of the original equipment is started or at such earlier time as Jersey Central may request in order to reasonably plan for procurement and storage of spare parts.

ARTICLE II - CHANGES IN PLANT DESIGN

A. Changes Within B&W's Scope of Supply Other Than Changes Due to AEC Licensing Requirements

(1) Changes by Jersey Central

As B&W's work progresses, it shall furnish to Jersey Central the drawings, diagrams and other data described in Subsection B(1)(b) of Article I. Jersey Central shall review the drawings, diagrams and data as expeditiously as practicable, giving due consideration to their complexity and to B&W's procurement and fabrication schedules. If Jersey Central desires to have B&W make any change in the design, equipment and systems reflected in the drawings, diagrams and other data, it shall furnish to B&W a description of the proposed change. B&W shall make the change if in its opinion the change will not adversely affect the safety of the plant or B&W's warranty obligations. The Contract Price and the performance schedules shall be equitably adjusted to reflect any change in the cost or time of performance due to the design change and such adjustment shall be evidenced by agreement executed as provided in Article XIX.

(2) Changes by B&W

B&W may make changes from the Technical Description without additional cost to Jersey Central, if necessary to meet its guaranteed performance or warranty obligations as contained in this Contract. All other changes by B&W shall be subject to review by Jersey Central which may disapprove any proposed change which would have adverse effects on Plant operability or availability or upon operating and maintenance costs or upon balance of Plant costs or upon the Plant completion schedule.

B. Changes Within B&W's Scope of Supply
Due to AEC Licensing Requirements

- (1) If, prior to Acceptance as defined in Article VI, modifications in the equipment furnished by B&W are required as a result of requirements of the U.S. Atomic Energy Commission (AEC) to secure and maintain an AEC construction permit and an AEC operating license, or either, B&W shall make such modifications and the Contract Price shall be equitably adjusted to reflect changes in the cost occasioned thereby to B&W; provided, however, that B&W will be financially responsible for additions and modifications necessary to meet AEC licensing requirements only to the extent that similar additions or modifications

are also made for the B&W account at Metropolitan Edison Company's Three Mile Island Nuclear Station.

- (2) As used in this Section B, the term "modifications" includes providing additional items which are within B&W's scope of supply or are of the kind within such scope of supply, as well as items which are in neither B&W's nor Jersey Central's scope of supply but whose functions are more similar to the functions of equipment within B&W's scope of supply than the functions of the equipment in Jersey Central's scope of supply.

C. Changes in the Plant Equipment or Structures
Not Within B&W's Scope of Supply Due to AEC
Licensing Requirements

B&W will have no responsibility for the licensability of Plant equipment, systems, and structures outside B&W's scope of supply or for any design criteria supplied by B&W for such equipment, systems and structures, but will supply its best technical judgment and advice with respect to such design criteria. Modifications in such equipment, systems and structures which are necessary to meet AEC licensing requirements will be the financial responsibility of Jersey Central.

D. Limitation on Financial Responsibility of B&W

The total liability of B&W for the cost of changes

under Section B and Section E of this Article II shall not exceed an amount equal to the Contract Price for the NSSS. The time of performance shall be appropriately adjusted to reflect delays occasioned by changes required under Section B of this Article II.

E. Control Rod Drives

B&W shall furnish at no change in Contract Price or delivery schedule, a roller nut control rod drive mechanism of the same type as supplied by B&W for Metropolitan Edison's Three Mile Island Nuclear Unit No. 1 in lieu of the type of drive described in Appendix A. B&W will perform at its expense all analytical and testing work necessary to support the Jersey Central license application incorporating the roller nut control rod drive mechanism. A Technical Description of the roller nut control rod drive mechanism is contained in Appendix C. Any subsequent changes in the Technical Description of the roller nut control rod drive mechanism will be governed by the entirety of this Article II.

F. Site Suitability

Without in any way limiting E&W's technical and financial responsibility under this Article II, nothing in this Contract or elsewhere shall be deemed to be or to result in a guarantee by E&W of the licensability of the Plant or the suitability of the Plant site.

ARTICLE III - SCHEDULES, DELIVERY, TITLE, AND RISK OF LOSS

A. Schedules and Delivery

- (1) B&W shall perform engineering and design work and shall ship equipment to the Plant site in accordance with schedules to be developed by B&W and Jersey Central to meet an orderly sequence of engineering, design, fabrication and erection. Such schedules shall be developed in sufficient detail, and shall be revised as necessary from time to time, to enable Jersey Central to plan and control installation of the equipment provided hereunder as well as construction of the balance of Plant by CPM scheduling techniques. Such schedules shall to the greatest extent possible be consistent with maintaining the project schedule developed by Jersey Central to permit fuel loading by December 1, 1972 (or such other dates as may be mutually agreed) and consistent with the following shipment dates for major items of equipment:

<u>Item</u>	<u>Date of Shipment</u>
Pressurizer	January 1, 1971
Steam Generator #1	February 1, 1971
Reactor Vessel	March 15, 1971
Steam Generator #2	April 15, 1971

- (2) B&W shall deliver the reactor vessel f.o.b. to a barge unloading point at Philadelphia, Pennsylvania. B&W will deliver the steam generators and all other equipment in B&W supply f.o.b. cars Reading, Pennsylvania. B&W will provide a quotation to Jersey Central for:
- (a) the delivery of the reactor vessel f.o.b. barge to a suitable barge unloading facility, provided by Jersey Central, on navigable waterway at the Plant site;
 - (b) the delivery of the steam generators f.o.b. barge to such barge unloading facility, if by water; or f.o.b. cars to railhead nearest Plant site, if by rail;
 - (c) the delivery of all other equipment in B&W supply f.o.b. cars to railhead nearest Plant site, if by rail; or to plant site, if by truck.

All unloading will be performed by Jersey Central at its expense.

- (3) All equipment shall be delivered in a clean condition and prepared for normal protection against weather, rust, and mechanical damage during shipment by painting, crating, or other appropriate and customary protective measures. B&W shall, on a timely basis, provide recommendations for the manner of storage of the equipment after unloading at the Plant site and for weather protective measures necessary during unloading and storage.

B. Title and Risk of Loss

- (1) With respect to equipment manufactured by B&W specifically for delivery under this Contract, security title shall pass to Jersey Central to the extent of any progress payments made to B&W. With respect to those items of equipment manufactured by B&W suppliers specifically for delivery under this Contract, B&W shall endeavor to negotiate terms and conditions of purchase which will transfer security title to B&W to the extent of any progress payments made to such supplier in advance of delivery. Concurrently with B&W's acquisition of security title to such items, the same title shall pass to Jersey Central.
- (2) Full legal and equitable title to the equipment supplied by B&W and risk of loss thereof shall pass to Jersey Central upon arrival of such equipment in an undamaged condition on board carrier at the contractually designated destinations. B&W shall be responsible for any loss or damage occasioned prior to such arrival.
- (3) When the equipment is ready for shipment and if shipment is delayed or postponed beyond the agreed scheduled shipment dates by any cause beyond the control of B&W, Jersey Central, or B&W at Jersey Central's request, shall arrange for storage of

the equipment and shall protect it against damage from the weather or other causes. Jersey Central shall assume, and shall hold B&W harmless against, the risk of loss or damage arising out of such storage. Jersey Central shall be responsible for any charges for such storage and reconditioning, if necessary, of the equipment. B&W shall use its best efforts to minimize such charges.

ARTICLE IV - CONTRACT PRICE AND TERMS OF PAYMENT

A. Contract Price

Jersey Central shall pay to B&W for its performance under this Contract the total sum of Twenty-One Million Dollars . . . \$21,000,000 (herein referred to as the Contract Price). Except as otherwise expressly provided under this Contract, such payment shall constitute full compensation to B&W for all of the work to be performed and for all of the obligations assumed by B&W under this Contract.

B. Terms of Payment

- (1) Progress payments equal to ninety-five (95) per cent of the Contract Price, as adjusted pursuant to Section C of this Article IV, shall be payable in forty-five (45) consecutive monthly payments starting and ending as follows:
 - (a) Consecutive monthly payments of 1.1 per cent of the Contract Price, as adjusted, shall be payable for the first ten (10) month period commencing March 1, 1968.
 - (b) Consecutive monthly payments of 2.4 per cent of the Contract Price, as adjusted, shall be payable for the subsequent thirty-five (35)

month period.

- (c) Payments under Subsections B(1)(a) and (b) above may be deferred and the time periods referred to therein extended pursuant to Subsection B(4) below.
- (2) The remaining five (5) per cent of the Contract Price, as adjusted, shall be payable on satisfactory completion of the preoperational and acceptance tests specified in Article VI. If the preoperational tests have been successfully completed and through no fault of B&W the satisfactory completion of the acceptance test is delayed, then the final five (5) per cent payment shall be due ninety (90) days from the date that the NSSS is ready for the acceptance test and B&W so notifies Jersey Central, unless otherwise mutually agreed by Jersey Central and B&W.
- (3) All payments shall be due and payable on the first day of the month or ten (10) business days subsequent to the date that invoices are submitted by B&W to Jersey Central, whichever is later.
- (4) If B&W's performance of the work hereunder is significantly delayed, there shall be an adjustment of the monthly payment schedule which will equitably reflect the effect of such delay with a view to coordinating progress payments as nearly as practicable

with the progress of E&W's work hereunder.

C. Price Adjustments

The Contract Price is subject to adjustment upward or downward for changes in material and labor costs. Each payment on the Contract Price shall be adjusted when due in accordance with the following provisions:

(1) Materials Price Adjustment

- (a) For purposes of this adjustment only, 45 percent of the Contract Price and of each payment to be made on account thereof, shall be considered to represent the material content.
- (b) The Materials Index shall be the index of wholesale prices for "Iron and Steel" under Metals and Metal Products as published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor in the Monthly Labor Review with the base Materials Index being the average for the month of November 1966, the immediately preceding month, and the immediately succeeding month.
- (c) The current Materials Index shall be the Materials Index for the month in which each payment to be made, in accordance with the terms of payment provisions herein, is due.
- (d) The adjustment for changes in cost of the material

content of each payment shall be determined by multiplying such material content by the ratio of the current Materials Index to the base Materials Index and the difference in this amount and the material content represents the net material price adjustment.

(2) Shop Labor Price Adjustment

- (a) For the purpose of this adjustment only, 45 percent of the Contract Price and of each payment to be made on account thereof, shall be considered to represent the shop labor content.
- (b) The Labor Index shall be the Average Hourly Earnings rate for "Primary Metal Industries" as published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor in the Monthly Labor Review with the base Labor Index being the average for the month of November, 1966, the immediately preceding month, and the immediately succeeding month. The Average Hourly Earnings rate is identified as the one appearing in the table under 'Earnings and Hours' and entitled, in November 1966, 'Gross hours and earnings of production workers by industry'.
- (c) The current Labor Index shall be the Labor Index for the month in which each payment to be made, in accordance with the terms of payment provisions herein, is due.

- (d) The adjustment for changes in the cost of the labor content of each payment shall be determined by multiplying such labor content by the ratio of the current Labor Index to the base Labor Index and the difference in this amount and the labor content represents the net labor price adjustment.

(3) General Provisions

- (a) The price adjustment applicable to the final payment on the Contract Price shall be billed at the same time as the immediately preceding payment using the same current indexes as those applied to the adjustment of such immediately preceding payment.
- (b) In computing the increase or decrease for materials and shop labor as provided above, the increase or decrease shall be calculated to the nearest dollar.
- (c) Payments of all price adjustments for materials and shop labor shall be due and payable upon receipt of invoices or credits as the case may be. For billing purposes, each payment shall include a tentative price adjustment determined in accordance with the above adjustment provisions but based on E&W's estimate of the current Materials Index and the current Labor Index at the time such

payment, coinciding with the Terms of Payment herein, is due. Further adjustments, which may be required, shall be made on subsequent billing at the time the Indexes are published.

- (d) The indexes specified for any given month shall be the one first published for that month. If for any reason the indexes are not compiled or published for any period, the index or indexes for that period shall be assumed to be the same as that last compiled or published prior to such omission. Should such omission continue to the point of practical abandonment of the compilation or publication in the opinion of either B&W or Jersey Central, then upon notification by either party to the other of such opinion B&W and Jersey Central shall negotiate the selection of suitable substitute index or indexes.
- (e) In the event that Contract Price revisions are negotiated for changes in this Contract, such revisions shall be priced as of November 1966, and shall be added to, or subtracted from the Contract Price to obtain a revised Contract Price which shall be considered as having been in effect beginning November 1966 for the purpose of the materials and shop labor price adjustment clauses.

- (f) The total amount of price adjustment pursuant to this Section C will not exceed twenty (20) per cent of the Contract Price, revised to reflect authorized Contract Price revisions. In the event that the scheduled time of performance of the work under this Contract shall be extended for any reason entitling E&W to an extension of time in accordance with Article XI, then the above per cent of Contract Price shall be increased 0.5 per cent for each month of delay.
- (g) To the extent that a change in the schedule of progress payments results from delays in the performance of the contract work which are within the control of E&W or its suppliers, the parties shall at the time of NSSS acceptance compute the amount, if any, by which total adjustments in progress payments pursuant to this Section C exceed the total adjustments which would have been required in the absence of such change in the schedule of progress payments. Jersey Central shall be entitled to deduct such excess adjustment from its final payment under this contract and shall be entitled to a further refund in contract price to the extent that the amount due on such final payment is insufficient to cover such excess adjustment.

ARTICLE V - PLANT WARRANTIES

A. System Performance

(1) Warranted Output

B&W warrants that, when the NSSS is loaded with the initial B&W-furnished core and placed in operation, it will deliver a total of 10,521,000 pounds per hour steam flow at the steam generator steam outlet nozzles at conditions of 925 psia and 569 F. when supplied with feedwater at conditions of 455 F. and 1020 psia at steam generator feedwater distribution headers and when operated at steady state conditions with primary system letdown at or below 55 gallons per minute and make-up at 125 F. with primary system component insulation surface temperature at or below 140 F.

(2) Demonstration of Warranted Output

- (a) The performance test and performance calculations, unless waived by Jersey Central, shall be made in accordance with the edition of the test code for Stationary Steam Generating Units and Steam Turbines of the American Society of Mechanical Engineers, effective on November 25, 1966 where applicable. The measure of the per-

formance shall be the results of such test. Performance calculations shall be based on the steam tables in the latest edition of Thermodynamic Properties of Steam by J. H. Keenan and F. G. Keyes. Other tests not waived by Jersey Central shall be conducted in accordance with applicable standards of the American Standards Association, American Society of Mechanical Engineers, American Institute of Electrical Engineers, and the Heat Exchange Institute.

- (b) The performance tests for the warranted output shall be conducted within 90 days, or such later date as may be mutually agreed upon, after the equipment is ready for testing and B&W has so notified Jersey Central. Jersey Central shall furnish qualified test and operating personnel for such tests and shall bear all expenses of testing except for the salaries and expenses of the technical personnel furnished by B&W to supervise the tests. By mutual agreement with Jersey Central, with respect to the number, extent and allocation of expenses, B&W may arrange

for preliminary tests before the equipment is subjected to final testing.

- (c) B&W's representative shall have access to all applicable test records, and a complete copy of the test data and results shall be furnished to B&W.
- (d) Test conditions, test conduct, and equipment operation not governed by the codes and standards specified in Subsection A (2)(a) of this Article V shall be as mutually agreed by B&W and Jersey Central prior to Plant start-up.
- (e) General performance data for the equipment are set forth in Appendix A to this Contract. It must be recognized that the performance of the equipment cannot be exactly predicted for every possible operating condition. In consequence, the data presented (including the performance curves and the performance indicated thereby) with the exception of the warranties specified in Subsection A of this Article V, are intended to show only the expected operating results.

(3) Conditions of Performance Warranties

- (a) The general arrangement of equipment manufactured and furnished by B&W, and the general design and arrangement of related equipment furnished by others, shall be no less favorable, as determined by both Jersey Central and B&W, than indicated on the arrangement drawings (Figures 2-1 and 2-2) contained in the Technical Description.
- (b) The equipment and materials supplied under this Contract shall be erected, operated, tested, maintained and protected from damaging agents by Jersey Central in accordance with generally approved practices, and shall be operated and maintained in accordance with all reasonable operating and maintenance procedures and conditions of services specified by B&W in the operating and maintenance instruction books supplied pursuant to Subsection B(5) of Article I.
- (c) Jersey Central shall provide, and maintain, those services, equipment and materials, to be supplied by others, which affect the operation of the services, equipment and materials supplied under this Contract, in conformance with generally approved practices, and having characteristics which may be reasonably specified by B&W in sufficient time to permit Jersey Central to incorporate such

characteristics in the Plant.

- (d) All heat transfer surfaces shall be clean inside and out.

(4) Remedy

- (a) B&W shall repair or replace and install equipment and systems supplied by it as necessary to enable the NSSS to demonstrate the warranted output.
- (b) Jersey Central shall decontaminate at its own expense all the equipment and systems to be repaired or replaced as well as the surrounding area if necessary to facilitate such repair or replacement. Jersey Central shall perform the decontamination and shall reduce the radiation levels in such areas and from such parts to permissible levels. Permissible levels are defined as those prescribed as acceptable by the AEC at the time such repairs are made. If any national, state or local regulatory agency having jurisdiction determines that more stringent levels of radiation are necessary or desirable for protection against radiation hazards, the most stringent of such levels then in effect shall

be deemed to be the standard to be achieved by Jersey Central's decontamination efforts.

B. Design, Workmanship and Materials

(1) Warranty

BAW warrants that the equipment, materials and services supplied under this Contract will be of the kind and quality designated or described in this Contract and in the Technical Description and will be free from defects in design, workmanship or materials for a period of twelve (12) months from the date of Acceptance as defined in Article VI, except that for an item having a service life of less than twelve (12) months under normal practice, the applicable warranty term shall be such shorter period. Any repair or replacement under this warranty shall be rewarranted for a twelve (12) month period from the date of the initial repair or replacement.

(2) Conditions

- (a) The equipment and materials shall be operated, tested, maintained and protected from damaging agents by Jersey Central in accordance with generally approved practices, and shall be operated and maintained in accordance with all reasonable

operating and maintenance procedures and conditions of services which may be specified by E&W in the operating and maintenance instruction books supplied pursuant to Subsection 3(5) of Article I.

- (b) Jersey Central shall provide, and maintain, those services, equipment and materials to be supplied by others which affect the operation of the services, equipment and materials supplied under this Contract, in conformance with generally approved practices, and having characteristics which may be reasonably specified by E&W in sufficient time to permit Jersey Central to incorporate such characteristics in the Plant.
- (c) Jersey Central agrees to secure and preserve, for examination by E&W, appropriate records of operation and maintenance adequate to enable the parties to properly ascertain their rights and duties arising out of the warranty of this Article V.
- (d) Jersey Central shall give written notice of each claimed defect to E&W within thirty (30) calendar days from the date the defect is

detected by Jersey Central. No claim under the warranty specified in Subsection B(1) of this Article V shall be made unless notice thereof in conformity with this paragraph is given by Jersey Central during the tenure or within thirty (30) days after the end of the warranty period.

(3) Remedy

- (a) E&W, upon timely notice by Jersey Central, shall repair, or at its option, replace, and install any part of the equipment or materials supplied under this Contract which fail to conform to the warranty in Subsection B(1) of this Article V.
- (b) Jersey Central shall decontaminate at its own expense all the defective parts to be repaired or replaced as well as the surrounding area if necessary to facilitate such repair or replacement. Jersey Central shall perform the decontamination and shall reduce the radiation levels in such areas and from such parts to permissible levels. Permissible levels are defined as those prescribed as acceptable by the AEC at the time such repairs are made. If any national, state or local regulatory

agency having jurisdiction determines that more stringent levels of radiation are necessary or desirable for protection against radiation hazards, the most stringent of such levels then in effect shall be deemed to be the standard to be achieved by Jersey Central's decontamination efforts.

- (c) If B&W does not repair or replace such defective part within a reasonable time after written notice of such defect is received by it, or if any emergency exists rendering it impossible or impracticable for Jersey Central to call upon B&W to repair or replace the defective part, Jersey Central, after notice to B&W, shall make or cause to be made such repair or replacement. In such event, B&W shall reimburse Jersey Central for the reasonable cost of the repair or replacement including the cost of materials, installation, and labor, exclusive, however, of any charges for decontamination. B&W shall not be responsible for the suitability or performance of materials, equipment or parts furnished, or repairs made, or work done by others, or for any loss or expenses arising from such work, material, equipment, parts or repairs unless the work is specifically ordered by B&W.

- (d) The liability of B&W under the warranty specified in Subsection B(1) of this Article V shall be limited to the cost of repair or replacement of defective equipment including installation, as specified herein.

ARTICLE VI - PREOPERATIONAL TESTING: ACCEPTANCE

A. Inspection of Work

At any time during the design, fabrication and testing of the equipment and systems to be supplied hereunder, E&W shall permit employees of Jersey Central and of its agents to follow the progress of the work and the manner in which it is being done, and to inspect materials in the process of manufacture or at point of delivery, in order that Jersey Central may be satisfied that all materials and workmanship are in accordance with the requirements of this Contract. Such employees of Jersey Central or its agents shall have free access to the work and to all parts of E&W's plant where the work is being performed. E&W shall make every reasonable effort to arrange such access to the plants of any of its subcontractors performing work or supplying materials related to this Contract. E&W shall furnish suitable office facilities for such employees at E&W plants and shall notify Jersey Central seven calendar days in advance of scheduled principal tests so that Jersey Central may be present. The employees of Jersey Central or of its agents shall remain employees of Jersey Central or of its agents, as the case may be, for all purposes during the design, fabrication and testing of the equipment and systems to be supplied hereunder, and their salaries, travel, communications and living expenses shall be paid by Jersey Central or its agents,

as the case may be, and B&W shall have no obligation to provide Workmen's Compensation or Occupational disease Act coverage for any such employee. B&W will be liable for personal injury or property damage arising out of such employee's activities at B&W facilities only to the extent that such liability is covered by its existing insurance policies or programs, exclusive of Workmen's Compensation or Occupational disease insurance. Any liability for damage in excess of B&W's applicable existing insurance coverage or programs and liability to such employees under Workmen's Compensation and Occupational Disease Acts shall be the responsibility of Jersey Central.

B. Preoperational Testing

As the equipment and systems supplied by B&W are installed, and as B&W and Jersey Central agree that such testing is appropriate, Jersey Central shall conduct and supervise preoperational tests on such equipment and systems. B&W, on a timely basis, in accordance with the schedules established pursuant to Subsection A(1) of Article III, shall propose to Jersey Central, and B&W and Jersey Central shall agree upon, operating or test procedures for purposes of this Article VI. The objective of such tests shall be to demonstrate that the various equipment and systems perform satisfactorily and meet the design and performance objectives specified for such equipment

and systems in the Technical Description. When the results of a preoperational test for an equipment item or system show that the design and performance objective has been satisfied for such item or system, Jersey Central shall so indicate to B&W in writing.

C. Acceptance

Upon satisfactory completion of all preoperational tests on auxiliary equipment and systems supplied by B&W, and upon successful demonstration of the warranted output of the NSSS (Subsection A(1) of Article V), Jersey Central shall give to B&W written acceptance of the NSSS (herein referred to as "Acceptance"). Acceptance shall discharge B&W from its obligations under Subsection A(1) of Article V.

D. Release by Acceptance

Acceptance under this Article VI shall not release B&W from uncompleted work or from warranty or other liabilities, which, by the terms of this Contract, are not expressly discharged by the Acceptance.

ARTICLE VII - INDEMNITY AND INSURANCE

A. Jersey Central

- (1) From the date that risk of loss of, or damage to, the equipment and systems furnished hereunder passes to Jersey Central, as provided in Section B of Article III, and until the nuclear energy property insurance is acquired in conformance with Subsection A(2) of this Article VII, Jersey Central shall provide and maintain insurance in the names of Jersey Central, B&W, and B&W's suppliers and subcontractors, covering the equipment and systems against reasonably insurable risks of loss of, or damage to, the equipment.
- (2) Jersey Central, prior to the date of receipt of fuel assemblies at the job site, will secure and maintain, at least until Acceptance as defined in Article VI, nuclear energy property insurance in an amount equal to the completed value of the project or equal to the maximum amount which can be secured through the insurance pools (NEPIA and/or MAERP), whichever amount is lesser. Such insurance shall provide that Jersey Central and the insurance carrier, or carriers, waive any and all rights of recovery and/or subrogation which they or any of them might

have or acquire against B&W and its suppliers and subcontractors.

- (3) Jersey Central agrees that on and after arrival of nuclear fuel on site the material, equipment and/or services to be furnished hereunder shall not be used or operated unless and until (a) Jersey Central shall have entered into an agreement of indemnification with the AEC, as provided under Section 170 of the Atomic Energy Act of 1954, as amended, and (b) Jersey Central shall have obtained such policy or policies of insurance, or shall have provided financial protection of such type and in such amounts as the AEC shall require as a condition of its entering into the indemnity agreement referred to in (a) above. Jersey Central agrees that B&W and its suppliers and subcontractors shall be included among the persons indemnified under (a) above, and among the persons protected under (b) above. Jersey Central agrees to maintain such indemnification agreement and insurance or other financial protection in full force and effect in conformance with AEC regulations and generally accepted utility practice so long as the materials, equipment, and services to be furnished hereunder shall be used.
- (4) Jersey Central indemnifies and holds harmless B&W

and its suppliers and subcontractors against all losses, claims, damages or liabilities arising out of or based upon bodily injury (including death at any time resulting therefrom) and loss of or damage to any property located on or off the Plant site whenever or wherever occurring, when due to the negligence of Jersey Central or its employees or agents in the performance of this Contract or in the operation of the Plant, or regardless of negligence when resulting in whole or part directly or indirectly from nuclear reaction, nuclear radiation, or radioactive contamination resulting from incidents at the site, whether controlled or uncontrolled.

B. B&W

- (1) Except to the extent Jersey Central is or would be compensated by insurance secured under Section A of this Article VII or by Jersey Central's other existing insurance coverage, B&W indemnifies and holds harmless Jersey Central against all losses, claims, damages, or liabilities arising out of or based upon bodily injury (including death at any time resulting therefrom) and loss of or damage to property occurring prior to Acceptance as defined in Article VI, and due to the

negligence of B&W and its suppliers or subcontractors, provided such bodily injury (including death at any time resulting therefrom) and loss of or damage to property does not result from or is not caused in whole or part directly or indirectly by nuclear reaction, nuclear radiation, or radioactive contamination resulting from incidents at the site, whether controlled or uncontrolled.

- (2) For its own protection and for the protection of Jersey Central, with respect to Subsection B(1) of this Article VII, B&W at its sole expense will secure and maintain in force (and shall cause its suppliers and subcontractors to secure and maintain in force), during the time employees of B&W or of its suppliers or subcontractors are present at the Plant site for, or in connection with, the performance of site work or operations, policies of insurance of the following types:

- (a) Workmen's Compensation Insurance with limits of liability at least as high as the statutory limits of liability in any state in which B&W may be required to pay compensation;
- (b) Employers Liability Insurance with limits not less than \$500,000 for each occurrence or disease;

(c) Comprehensive Automobile Liability Insurance including owned and non-owned automobiles operated by employees of B&W or its suppliers or subcontractors with bodily injury limits of not less than \$100,000 for each person and not less than \$300,000 for each accident and with property damage limits of not less than \$100,000 per accident.

A certificate of such insurance must be filed with and approved by Jersey Central prior to commencement of said work or operations at the Plant site.

ARTICLE VIII - PATENT INDEMNITY

A. E&W shall defend at its own expense any suit or action brought against Jersey Central based on a claim that any individual piece of equipment or any system furnished by E&W hereunder, constitutes infringement of an apparatus or system claim of any patent of the United States, and E&W shall also pay all costs and damages awarded therein against Jersey Central. In case any such E&W furnished equipment or system, or any part thereof, is held to constitute infringement, and its use is enjoined, E&W promptly shall, at its own expense, procure for Jersey Central the right to continue using the equipment or system, replace it with non-infringing equipment or system, or modify it so it becomes non-infringing. Where Jersey Central has given written instructions to E&W which direct (1) a specified manner of performance of the contract or (2) a specific design or arrangement of the equipment or a part or parts thereof to be furnished hereunder, other than a manner of performance, design or arrangement, proposed by E&W, Jersey Central shall defend at its own expense any suit or action based on a claim that the equipment or a part thereof furnished hereunder constitutes infringement of a United States patent where such infringement results from such written instructions, and Jersey Central shall also pay all costs and damages awarded therein against E&W.

B. Neither Jersey Central nor B&W shall have the right to claim indemnity under this paragraph unless prompt notice of the assertion of any claim for which indemnity is sought is given in writing and unless the party seeking indemnity makes available to the other party all other needed information, assistance, and authority it possesses for the defense of any suit or proceeding in which such claim is asserted.

ARTICLE IX - GOVERNMENT AUTHORIZATIONS

The parties recognize that certain construction permits, licenses and other government authorizations will have to be obtained from the AEC and other federal, state and local agencies. B&W shall obtain all authorizations which are required to carry on work which will be performed in its own facilities and for shipment of equipment to the contractually designated destinations. Jersey Central shall be responsible for obtaining all authorizations for work at the Plant site.

A. AEC

- (1) Jersey Central and B&W shall provide such reasonable assistance as may be requested by the other party in obtaining the necessary AEC authorizations.
- (2) B&W shall perform the nuclear safety analysis for its scope of supply for the Plant as required for Jersey Central to obtain an AEC construction permit and operating license authorizing operation of the Plant at the warranted output level.
- (3) B&W shall prepare, for Jersey Central's review and approval, or assist in the preparation of:
 - (a) those sections of the safety analysis reports to be submitted to the AEC which relate to nuclear safety of B&W-supplied equipment, systems and services;

- (b) other reports, data, descriptions, drawings and calculations, which relate to B&W-supplied equipment, systems and services, as may be reasonably requested by Jersey Central to obtain the necessary permits, licenses and approvals for the construction and operation of the Plant at the warranted output level, and
- (c) any reports which Jersey Central is required to make to the AEC under the Plant construction permit and operating license, to the extent that such reports require information which is developed by B&W and relates to B&W's scope of supply. Such reports shall be furnished by B&W without additional cost to Jersey Central if required prior to Acceptance as defined in Article VI. If required thereafter, the reports shall be furnished at a charge which provides B&W with reasonable compensation for the services rendered.
- (4) B&W shall furnish the services of such technical personnel as B&W and Jersey Central consider necessary to make presentations at meetings and hearings with the AEC.
- (5) With the exception of the responsibilities accepted by B&W under this Contract, all costs incurred in

obtaining AEC authorizations, including the reproduction of the preliminary and final safety analysis reports shall be the responsibility of Jersey Central.

B. Other Governmental Agencies

- (1) Jersey Central and B&W shall provide such reasonable assistance as may be requested of each other in obtaining authorizations from other governmental agencies.
- (2) All costs incurred by either party in obtaining a particular authorization shall be the responsibility of the party responsible for obtaining the authorization.

ARTICLE X - TAXES

The Contract Price is exclusive of any present or future federal, state, municipal or other sales or use tax with respect to the material or equipment or services covered hereby, of any other present or future excise tax upon or measured by the gross receipts from this transaction or any allocated portion thereof or by the gross value of the material or equipment covered hereby, and of any present or future property tax or similar charge with respect to the material or equipment covered hereby. If B&W is required by applicable law or regulation to pay or collect any such tax or taxes on account of this transaction or the material or equipment or services covered hereby, such amount of tax shall be paid by Jersey Central. It is contemplated that under existing New Jersey Sales and Use Tax Law and Regulations thereunder that (1) Jersey Central will furnish B&W and its subcontractors and suppliers a capital improvement certificate number which will exempt from such taxes much of the work and services to be done by subcontractors and suppliers hereunder and (2) Jersey Central will furnish to B&W for its sole use a direct payment permit number which will eliminate B&W's responsibility to the State for any sales or use tax on this transaction or the material, equipment, or services covered hereby.

ARTICLE XI - DELAYS AND DAMAGES

Neither Jersey Central nor B&W shall be liable to the other for any loss or damage resulting from any delay in performance or from any failure to perform its respective contractual obligations, within the time specified herein, due to fires, floods, strikes, labor disputes, labor shortages, inability to secure materials, riots, thefts, accidents, acts or failure to act of government, or any other cause whatsoever, whether similar or dissimilar to those enumerated above, beyond the reasonable control of the party concerned which may delay or prevent performance hereunder. The time of performance shall be extended for a period equal to the time lost by reason of any such delay. Promptly upon the occurrence of any delay the party delayed shall notify the other stating when such delay commenced and upon the removal of such delay in whole or in part shall notify the other party of the extent of resumption of work and the date thereof so that the parties shall at all times know the amount of time claimed to be lost by reason of such delay and the period of time for which time of performance may be extended. Both parties shall make every effort to keep delays in performance at a minimum.

ARTICLE XII - CONSEQUENTIAL DAMAGES

E&W shall not be liable in any event for loss of anticipated profits, loss by reason of Plant shutdown, non-operation or increased expense of operation of other equipment, or any special or consequential loss or damage of any nature arising out of the construction or operation of the Plant.

ARTICLE XIII - ASSIGNMENT AND SUBCONTRACTING

A. Assignment

Any assignment by either B&W or Jersey Central of this Contract or any rights hereunder, without the prior written approval of the other, shall be void and not merely voidable, provided, however, that no such prior approval by B&W shall be required for an assignment by Jersey Central of all or part of this contract to another subsidiary company of the General Public Utilities Corporation.

B. Subcontracting

- (1) B&W shall furnish to Jersey Central bidders lists for equipment proposed to be subcontracted by B&W prior to the issuance of invitations to bid. At Jersey Central's request B&W will add to any bidders list potential subcontractors proposed by Jersey Central and acceptable to B&W.
- (2) Before B&W places any subcontract for the equipment referenced in Subsection B(1) of this Article XIII, Jersey Central shall have the right to designate an alternate vendor or subcontractor, which must be acceptable to B&W with respect to the technical, delivery and contractual aspects of the contract, provided Jersey Central pays B&W the amount, if any, by which the cost of the acquired equipment exceeds the cost of the equipment proposed to be selected by B&W.

- (3) B&W shall assume as full responsibility to Jersey Central for the acts or omissions of its subcontractors as for the acts or omissions of persons directly employed by B&W.

ARTICLE XV - STEELWORK

Unless otherwise stated herein, any supporting steel to be furnished by E&W will be designed to support the equipment to be furnished and will be designed in accordance with the Rules of the American Institute of Steel Construction effective as of November 25, 1966. Except as required under Subsection B(1) of Article IX, if E&W is required to increase the size or weight of its supporting structures to conform to other than these Rules or because of additional loadings imposed by Jersey Central, this Contract shall be equitably adjusted for any additional costs and time or performance occasioned to E&W thereby.

ARTICLE XVII - NOTIFICATION OF CLAIMS

Jersey Central shall notify B&W immediately, by registered mail addressed to B&W at 161 East 42nd Street, New York, N.Y. 10017, of all claims brought against Jersey Central for which B&W may be liable, and B&W shall notify Jersey Central immediately, by registered mail addressed to Jersey Central at P.O. Box 55, Morristown, New Jersey 07960, of all claims brought against B&W for which Jersey Central may be liable.

IN WITNESS WHEREOF, Jersey Central and E&W have caused this Contract to be executed in duplicate by their duly authorized representatives to be effective as of the day and year hereinabove first mentioned.

JERSEY CENTRAL POWER & LIGHT COMPANY

By /s/ R. H. Sims

Title Vice President (SEAL)

Attest:

/s/ L. Slean

THE BABCOCK & WILCOX COMPANY

By /s/ P. H. Reinker

Title Gen'l Mgr. - NPG (SEAL)

Attest:

/s/ D. A. Minner

CONTRACT FOR NUCLEAR EQUIPMENT AND SERVICES

SUPPLEMENT NO. 1

This Supplemental Agreement, effective as of September 29, 1967, supplements the Contract for Nuclear Equipment and Services (Contract entered into between Jersey Central Power & Light Company (Jersey Central) and the Babcock & Wilcox Company (B&W) dated effective January 31, 1967.

WHEREAS, Jersey Central has requested B&W to consider the feasibility of attaining, consistent with the present reactor and core design, an ultimate NSSS power level substantially in excess of the base capacity of 2446 MWt specified in Section A of Article I of the Contract, but without an increase in the warranty of steam output specified in Subsection A(1) of Article V of the Contract; and

WHEREAS, B&W has reached a considered engineering judgment that the present reactor and core design are suitable for an ultimate NSSS power level of 2788 MWt; and

WHEREAS, engineering work for the performance of safety analyses at the ultimate power level of 2788 MWt will be required; and

WHEREAS, additional engineering work and equipment changes in the reactor auxiliary systems or engineered safeguards may be required in order to attain increased power level,

The parties agree as follows:

1. B&W shall perform and prepare for inclusion in safety analysis and other reports to be submitted to the AEC, nuclear safety analyses for its scope of supply for the Plant at an ultimate NSSS power level of 2788 MWt.

- (a) B&W's obligations under this Paragraph 1 shall include all analyses required by the AEC or reasonably requested by Jersey Central in connection with obtaining an AEC construction permit and an AEC operating license authorizing operation of the NSSS at its warranted steam output, and shall terminate upon Acceptance as defined in Article VI of the Contract.
- (b) In consideration of B&W's undertakings in this Paragraph 1, the Contract Price contained in Section A of Article IV of the Contract is hereby increased by \$143,500, which increase is subject to price adjustment pursuant to Section C of Article IV of the Contract.
- (c) Safety analyses required by the AEC or requested by Jersey Central after Acceptance in connection with subsequent increases in NSSS steam output above the warranted steam output shall be furnished at a charge which provides B&W with reasonable compensation for the services rendered.

2. No obligation of B&W under this Supplement No. 1 shall increase the warranty of steam output specified in Subsection A(1) of Article V of the Contract or shall increase any other obligation of B&W under the Contract except as specifically provided in this Supplement No. 1.

3. B&W will submit to Jersey Central as soon as practicable, and consistent with the schedules established pursuant to Subsection A(1) of Article III of the Contract, a description of any additional engineering work and of any changes in the reactor auxiliary systems or engineered safeguards which may be required in order to attain

an ultimate NSSS power level of 2788 MWt, and the price addition for performing any such additional engineering work and equipment changes. Upon agreement between the parties on the scope of the additional engineering work and equipment changes, and the price addition therefor, the Contract will be appropriately modified by further supplemental agreement.

JERSEY CENTRAL POWER & LIGHT COMPANY

By /s/ R. H. Sims

Title Vice President (SEAL)

Attest:

/s/ L. Sloan

THE BABCOCK & WILCOX COMPANY

By /s/ P. H. Reinker

Title Gen'l Mgr. - NPG (SEAL)

Attest:

/s/ D. A. Minner

10/15/70

CONTRACT FOR NUCLEAR EQUIPMENT AND SERVICES

AMENDMENT NO. 1

This Amendment No. 1 amends the Contract for Nuclear Equipment and Services (Contract) entered into between Jersey Central Power & Light Company (Jersey Central) and The Babcock & Wilcox Company (B&W) dated effective January 31, 1967, to reflect a change in the location of the nuclear plant from Jersey Central's Cyster Creek site in New Jersey to the Three Mile Island site in Pennsylvania and a change in the name of the nuclear plant from Cyster Creek Nuclear Power Plant, Unit No. 2, to Three Mile Island Nuclear Station, Unit No. 2.

The Contract is hereby amended as follows:

1. "Cyster Creek Nuclear Power Plant, Unit No. 2", wherever it appears, is changed to "Three Mile Island Nuclear Station, Unit No. 2".
2. "Three Mile Island Nuclear Station", wherever it appears, is changed to "Three Mile Island Nuclear Station, Unit No. 1".
3. For the extra engineering effort required because of the site change, including PSAR revisions, drawing changes, and procurement document changes, the Contract Price specified in Section A of ARTICLE IV - CONTRACT PRICE AND TERMS OF PAYMENT is hereby increased by the sum of Twenty-One Thousand, Seven Hundred Sixty-One Dollars (\$21,761.00). The revised Contract Price shall be subject to adjustment pursuant to Subsection C(3)(e) of said Article IV.
4. ARTICLE X - TAXES is changed to read as follows:
The Contract Price is exclusive of any present or future federal, state, municipal or other sales or use tax with respect to the

material or equipment or services covered hereby, of any other present or future excise tax upon or measured by the gross receipts from this transaction or any allocated portion thereof or by the gross value of the material or equipment covered hereby, and of any present or future property tax or similar charge with respect to the material or equipment covered hereby. If B&W is required by applicable law or regulation to pay or collect any such tax or taxes on account of this transaction or the material or equipment or services covered hereby, such amount of tax shall be paid by Jersey Central.

5. ARTICLE XXI - GOVERNING LAW is changed to read as follows:

This Contract shall be deemed to be a Pennsylvania contract and shall be construed in accordance with, and governed by, the statutes and common law of Pennsylvania.

JERSEY CENTRAL POWER & LIGHT COMPANY

By /s/ R. H. Sims

Title Vice President (SEAL)

Date Oct. 30, 1970

Attest:

/s/ L. Sigan

THE BABCOCK & WILCOX COMPANY

By /s/ P. R. Reinker

Title Gen'l Mgr. - NPG (SEAL)

Date Nov. 25, 1970

Attest:

/s/ D. A. Winner

10/15/70

CONTRACT FOR NUCLEAR EQUIPMENT AND SERVICES

AMENDMENT NO. 2

This Amendment No. 2 amends the Contract for Nuclear Equipment and Services (Contract) entered into between Jersey Central Power & Light Company (Jersey Central) and The Babcock & Wilcox Company (B&W) dated effective January 31, 1967, to add provisions related to quality assurance and quality control.

The parties agree as follows:

1. B&W shall establish and maintain the quality assurance program described in Paragraph 5.1 of Appendix 1B of the Preliminary Safety Analysis Report, as amended as of May 7, 1969. Implementation of the quality control requirements of Paragraph 4 of Appendix 1B of the Preliminary Safety Analysis Report shall be by B&W's "Quality Control Program Specification" (specification #1132/0369, dated March 13, 1969) in the manufacture and procurement of equipment and materials to be supplied under this Contract. The quality levels of Specification #1132/0369 to be assigned to the various components and systems to be supplied hereunder shall be as mutually agreed by Jersey Central and B&W.

2. The development and implementation of the quality assurance program and the quality control program specifications referenced in Paragraph 1 above shall not result in a change in the Contract Price or shipment schedule herein; provided, however, that if B&W incurs additional costs or experiences delays in the procurement of auxiliary equipment from its sub-vendors (this proviso shall not

apply to the reactor coolant piping, reactor vessel internals, pressurizer, steam generators, and reactor vessel and head) attributable directly to the increased requirements in the quality control program specifications, such cost increases shall be for Jersey Central's account and the performance schedules shall be extended, if required by such delays in procurement, in accordance with the provisions of ARTICLE XI - DELAYS & DAMAGES.

JERSEY CENTRAL POWER & LIGHT COMPANY

By /s/ R. E. Sims
Title Vice President (SEAL)
Date Oct. 30. 1970

Attest:

/s/ L. Sloan

THE BABCOCK & WILCOX COMPANY

By /s/ P. H. Reinker
Title Gen'l Mgr. - WPG (SEAL)
Date Nov. 25. 1970

Attest:

/s/ D. A. Mincer

10/15/70

CONTRACT FOR NUCLEAR EQUIPMENT AND SERVICES

AMENDMENT NO. 3

This Amendment No. 3 amends the Contract for Nuclear Equipment and Services (Contract) entered into between Jersey Central Power & Light Company (Jersey Central) and The Babcock & Wilcox Company (B&W) dated effective January 31, 1967, to adjust the progress payment schedule in Subsections B(1) and B(2) of ARTICLE IV - CONTRACT PRICE AND TERMS OF PAYMENT pursuant to Subsection B(4) of said Article IV.

The parties hereby agree that that portion of the Contract Price, as adjusted pursuant to Section C of said Article IV, which remains unpaid as of May 1, 1970, shall be payable as follows:

1. Nine (9) consecutive monthly payments of 4.4 percent of the Contract Price, as adjusted, shall be payable during the period May 1, 1970, through January 1, 1971.

2. Twelve (12) consecutive monthly payments of 2.5 percent of the Contract Price, as adjusted, shall be payable during the period February 1, 1971, through January 1, 1972.

3. Six (6) consecutive monthly payments of 0.8 percent of the Contract Price, as adjusted, shall be payable during the period February 1, 1972, through July 1, 1972.

4. That portion of the Contract Price, as adjusted, remaining unpaid upon completion of the foregoing monthly progress payment schedule shall be payable on satisfactory completion of the preoperational and acceptance tests specified in ARTICLE VI - PREOPERATIONAL TESTING - ACCEPTANCE. If the preoperational tests have

been successfully completed and through no fault of B&W the satisfactory completion of the acceptance test is delayed, then the said final payment shall be due ninety (90) days from the date that the NSSS is ready for the acceptance test and B&W so notifies Jersey Central, unless otherwise mutually agreed by Jersey Central and B&W.

JERSEY CENTRAL POWER & LIGHT COMPANY

By /s/ R. H. Sims

Title Vice President (SEAL)

Date Oct. 30, 1970

Attest:

/s/ L. Sloan

THE BARCOCK & WILCOX COMPANY

By /s/ P. H. Reinker

Title Gen'l Mgr. - NPG (SEAL)

Date Nov. 25, 1970

Attest:

/s/ D. A. Minner

Contract for Nuclear Equipment and Services

Amendment No.4

This Amendment No. 4 amends the Contract for Nuclear Equipment and Services (Contract) entered into between Jersey Central Power & Light Company (Jersey Central) and The Babcock & Wilcox Company (B&W), dated effective January 31, 1967, to provide for the replacement of epoxy control rod drive mechanism stators with varnish stators.

The parties hereby agree to the following:

1. B&W will furnish to GPU Service Corporation fifty-nine (59) Type B varnish impregnated bifilar control rod drive mechanism stators as designed and manufactured by Diamond Power Specialty Co.
2. GPUSC will return fifty-six (56) epoxy stators from TMI-2 to B&W, FOB Diamond Power Specialty Corp., Lancaster, Ohio, by August 1, 1976.
3. B&W will complete shipment, FOB TMI Unit 2 site, the fifty-nine stators described in Item 1 by December 31, 1976. Partial shipments prior to December 31, 1976 are acceptable.
4. GPUSC will pay to B&W the firm fixed sum of \$300,000.00 for the fifty-nine stators, and not subject to Price Adjustment under Article IV-C of the Contract as amended.

5. This amount (\$300,000.00) shall be invoiced on January 10, 1977. Payment shall be due thirty days subsequent to receipt of the invoice from B&W.
6. All stators shall be warranted in accordance with the terms and conditions of Contract Article V-3 as such article applies to new equipment (i.e. 12 months after date of acceptance as defined in Article VI of the Contract).
7. Except as amended by this Amendment No. 4, all terms, conditions, instructions and requirements of the Contract shall remain in full force and effect.

GPU SERVICE CORPORATION
Agent for
JERSEY CENTRAL POWER & LIGHT CO.

By: M. J. Murphy
Title: Vice President
Date: September 14, 1976

Witness: SE Hunter

THE BABCOCK & WILCOX COMPANY
By: Daniel P. Jones
Title: Manager, Contracts-Legal, NPGD
Date: August 11, 1976

Witness: Ben C. Smith