

UNITED STATES OF AMERICA
BEFORE THE
NUCLEAR REGULATORY COMMISSION

In the Matter of:

THE DETROIT EDISON COMPANY, et al
(Enrico Fermi Atomic Power Plant
Unit No. 2)

Docket No. 50-341

APPLICATION TO AMEND CONSTRUCTION PERMIT

Pursuant to Section 50.90 of the Rules and Regulations of the Nuclear Regulatory Commission ("Commission"), The Detroit Edison Company ("Detroit Edison"), Wolverine Power Supply Cooperative, Inc., ("WPSC"), as holders of Construction Permit No. CPPR-87 and applicants for an operating license for the Enrico Fermi Atomic Power Plant Unit No. 2 ("Fermi 2"), herewith request amendment of Construction Permit No. CPPR-87 to delete from paragraph 2F thereof the reference to the respective percentage ownership shares of Detroit Edison and WPSC.

In support thereof, the applicants attach hereto as Appendix 1 a draft of new ownership arrangement concerning Fermi 2. As will be noted, the percentage ownership shares of WPSC will be determined at later dates, based upon the respective investments of Detroit Edison and WPSC. Beyond this variable percentage ownership change, as described in Appendix 1, the material previously submitted, reviewed and approved by the Commission with respect to the ownership of Fermi 2 remains unchanged.

WHEREFORE, Applicants request that Construction Permit CPPR-87 be amended to remove from paragraph 2F the reference to the respective percentage ownership shares in Fermi 2 of Detroit Edison and WPSC.

FIFTH AMENDMENT TO ENRICO FERMI 2
TO PARTICIPATION AGREEMENT

BETWEEN

THE DETROIT EDISON COMPANY

AND

WOLVERINE POWER SUPPLY COOPERATIVE, INC.

December 9, 1983

FIFTH AMENDMENT TO PARTICIPATION AGREEMENT

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FIFTH AMENDMENT TO PARTICIPATION AGREEMENT

This Fifth Amendment to Participation Agreement ("Amendment"), entered into as of the _____ day of _____, 1983, between THE DETROIT EDISON COMPANY, a Michigan corporation ("Edison"), and WOLVERINE POWER SUPPLY COOPERATIVE, INC., a Michigan cooperative corporation ("Wolverine"). Edison and Wolverine are also hereinafter sometimes referred to individually as "Party" and collectively as "Parties", where appropriate.

WHEREAS, on December 31, 1982, Northern Michigan Electric Cooperative, Inc., a Michigan non-profit cooperative corporation ("NORTHERN") and Wolverine Electric Cooperative, Incorporated, a Michigan non-profit cooperative corporation ("WOLVERINE ELECTRIC") were merged pursuant to a certain Agreement and Plan of Merger and Agreement and Plan of Reorganization providing for the merger of NORTHERN into WOLVERINE ELECTRIC and the subsequent change of the name of WOLVERINE ELECTRIC to WOLVERINE POWER SUPPLY COOPERATIVE, INC.;

WHEREAS, on February 8, 1977, Edison and NORTHERN and WOLVERINE ELECTRIC entered into an agreement entitled "ENRICO FERMI NUCLEAR POWER PLANT UNIT NO. 2 ("Fermi 2") PARTICIPATION AGREEMENT BETWEEN THE DETROIT EDISON COMPANY AND NORTHERN MICHIGAN ELECTRIC COOPERATIVE INCORPORATED AND WOLVERINE ELECTRIC COOPERATIVE, INCORPORATED", as amended by Amendments 1-4, ("Participation Agreement") for the purpose of establishing, among others, the respective ownership

interests of the Parties in Fermi 2 and the respective obligations and rights of the Parties with respect to the design, procurement, construction, operation and maintenance of Fermi 2;

WHEREAS, the Participation Agreement provides that Edison and Wolverine will share all costs of Fermi 2 in proportion to their respective ownership interests;

WHEREAS, Wolverine desires to limit its initial plant investment in Fermi 2;

WHEREAS, such limitation may cause a decrease in Wolverine's ownership interest in Fermi 2, which correspondingly may proportionately change the respective obligations of the Parties for all costs and expenses associated with Fermi 2 and the respective rights of the Parties for the capacity and energy of Fermi 2, as such obligations and rights are defined in the Participation Agreement;

WHEREAS, the Parties desire to change the price and the period for Edison's purchase of Wolverine's Planned Excess Capacity and Energy Entitlement, defined in the Participation Agreement; and

WHEREAS, in order to accommodate the above, Edison and Wolverine desire to amend the Participation Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, Edison and Wolverine agree as follows:

SECTION I

Definitions

The following definitions are applicable to this Amendment and to the Participation Agreement.

- A. Adjusted Cost of Construction - the Cost of Construction, as defined in Articles 1.9 and 3.3 of the Participation Agreement, excluding payments for Front End Direct Costs and payments for Materials and Supplies, as defined, respectively, in Sections I-C and I-G hereof.
- B. Final Adjustment Date - the first day of the month immediately succeeding the last month during which Edison capitalizes AFUDC on Capital Improvements for which Edison has 100% of the payment obligation pursuant to Section 7.6(c) of Article VII of the Participation Agreement as amended by this Amendment.
- C. Front End Direct Costs - all direct costs incurred in obtaining Nuclear Fuel for Fermi 2, including the costs associated with (i) procuring UF_6 feed and delivering it to the Department of Energy for enrichment, including the cost of mining and milling uranium ore and converting uranium oxide (U_3O_8) to uranium hexafluoride (UF_6), plus related inspection, storage and transportation costs; (ii) enriching UF_6 at the Department of Energy facilities, plus related inspection, storage and transportation costs; (iii) converting enriched UF_6 to oxide powder (UO_2),

and fabricating fuel bundles, including audits and design reviews; (iv) the offsite storage of fabricated fuel bundles and the capitalized expenses, such as property tax, insurance, labor and other miscellaneous expenses.

- D. Front End Indirect Costs - all indirect costs and expenses incurred in obtaining financing for or in financing the Front End Direct Costs, including, in the case of Edison, (i) AFUDC incurred prior to Edison's nuclear fuel financing arrangement with Renaissance Energy Company, and (ii) interest, management fees, commitment fees and finance costs relating to Edison's nuclear fuel financing arrangement with the Renaissance Energy Corporation, and, in the case of Wolverine, IDC.
- E. In-Core-Interest Cost - interest paid or incurred on the unamortized balance of Front End Direct Costs and the Front End Indirect Costs.
- F. Materials and Supplies Investment Termination Date - the earlier of the date the sum of the payments made by Wolverine for Materials and Supplies equals \$3 million or the Synchronization Date.
- G. Materials and Supplies - spare parts and other related products, the cost of which, in the case of Edison, is included in Detroit Edison Account 154 and, in the case of Wolverine, would have been included in Detroit Edison Account 154 had such payments been made by Edison.

- H. Nuclear Fuel Investment Termination Date - the earlier of the date the sum of the payments made by Wolverine for Front End Direct Costs equals \$24,337,483 or the Synchronization Date.
- I. Participation Interest - the respective interest of the Parties in the benefits and burdens of Fermi 2 as determined at the Synchronization Date, the Reinvestment Date and the Final Adjustment Date.
- J. Plant Investment Termination Date - the earlier of the date the sum of the payments made by Wolverine in respect of the Adjusted Cost of Construction equals \$426.9 million or the Synchronization Date.
- K. Reinvestment Date - January 1st of the calendar year immediately succeeding the first full calendar year after the Commercial Operation Date.
- L. Renaissance Energy Company - a Delaware corporation financing, at the present time, Edison's 80% ownership interest in Nuclear Fuel.
- M. Synchronization Date - the date the circuit breakers connecting the Fermi 2 generator to the Fermi 2 substation bus are closed for the first time while the generator is operating at synchronous speed.

SECTION II

Payments for Cost of Construction

The following shall be inserted at the end of the first sentence in Section 3.5 of Article III of the Participation Agreement.

"...until the Plant Investment Termination Date. Between the Plant Investment Termination Date and the Reinvestment Date, Edison will make all payments in respect of the Adjusted Cost of Construction. Between the Reinvestment Date and the Final Adjustment Date, all amounts paid or incurred by Edison in respect of the Adjusted Cost of Construction shall be shared by Edison and Wolverine in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5. Thereafter, all amounts paid or incurred by Edison in respect of the Adjusted Cost of Construction shall be shared by Edison and Wolverine in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5."

SECTION III

Payments for Materials and Supplies

New Section 3.9 in Article III of the Participation Agreement.

"3.9 Payments for Materials and Supplies

Edison and Wolverine will make payments for Materials and Supplies in proportion to their respective ownership interests until the Materials and Supplies Investment Termination Date. Between the Materials and Supplies Investment Termination Date and the Reinvestment Date, Edison will make all payments for Materials and Supplies. Between the Reinvestment Date and the Final Adjustment Date, payments for Materials and Supplies shall be shared by Edison and Wolverine in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5. Thereafter, all payments for Materials and Supplies shall be shared by Edison and Wolverine in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5."

SECTION IV

Capacity and Energy Entitlements

A. The first sentence of Section 6.3 of Article VI of the Participation Agreement shall be deleted and the following shall be substituted therefor:

"6.3 Capacity and Energy Entitlements

Unless modified by Section 5.3.2, Edison and Wolverine shall share the Net Energy Output of Fermi 2 according to the following:

- (a) from the Commercial Operation Date to the Reinvestment Date, Edison's and Wolverine's share will be equal to their respective Participation Interests, such Participation Interests to be determined as of the Synchronization Date pursuant to Section XI-A of Amendment 5;
- (b) from the Reinvestment Date to the Final Adjustment Date, Edison's and Wolverine's share will be equal to their respective Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5; and

(c) after the Final Adjustment Date, Edison's and Wolverine's share will be equal to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5.

The point of delivery to Wolverine shall be the low voltage side of the generator transformer."

B. The second sentence of Section 6.3.3 of Article VI of the Participation Agreement shall be deleted and the following shall be substituted therefor:

"Edison's and Wolverine's share of such test energy will be equal to their respective Participation Interests, such Participation Interests to be determined as of the Synchronization Date pursuant to Section XI-A of Amendment 5."

SECTION V

Wolverine's Planned Excess Capacity and Energy Entitlement

Section 6.4 of Article VI of the Participation Agreement shall be deleted in its entirety and the following shall be substituted therefor:

"6.4 Wolverine's Excess Capacity and Energy Entitlement.

6.4.1 Purchase and Sale of Wolverine's Planned Excess Capacity and Energy Entitlement.

Edison agrees to purchase from Wolverine and Wolverine agrees to sell to Edison, Wolverine's Planned Excess Capacity and Energy Entitlement. Wolverine's Planned Excess Capacity and Energy Entitlement shall be determined, by multiplying Wolverine's share of the Net Energy Output, determined pursuant to Section 6.3 by "Cem", as initially set forth in amended Appendix G hereto and as may be modified by the next sentence of this Section 6.4.1. Beginning in the eleventh full calendar year subsequent to the Commercial Operation Date, and, provided there has been one year's written notice to Edison, Wolverine shall have the right to unilaterally decrease, but not increase, "Cem" by an amount to be specified in the written notice for the years subsequent to the effective date specified in the written notice.

6.4.2 Payment by Edison for Wolverine's Planned Excess Capacity and Energy Entitlement.

Edison agrees to make monthly payments to Wolverine, beginning with the calendar month in which the Commercial Operation Date of Fermi 2 occurs, for

Wolverine's Planned Excess Capacity and Energy Entitlement in an amount, as illustrated in Appendix E, equal to

$$1/12 [(Fm + .010) \times Dm \times Cem + (B \times Cem) + T] + Bf,$$

where

Fm = Wolverine's fixed charges, expressed as a decimal, shall include the weighted true interest cost of Wolverine's debt associated with Fermi 2. The fixed charges for each calendar year in which monthly payments are to be made shall be adjusted after each calendar year in which debt associated with Fermi 2 is incurred and shall be based on the year-end data for the immediately preceding calendar year.

T = Wolverine's taxes which shall be equal to the Federal Income Tax provided for under the Internal Revenue Code of 1954, as amended, or the Michigan Single Business Tax provided for under Michigan Public Act 1975, No. 228, paid by Wolverine but only that portion of such tax as is imposed upon or measured in terms of revenue or, in the case of the Michigan Single Business Tax, revenue and compensation, generated by or otherwise directly attributable to Wolverine's Participation Interest in Fermi and only to the extent that such tax does not exceed the minimum required to be paid under applicable federal income tax or Michigan Single Business Tax law, which

required minimum shall reflect the maximum application of deductions, credits and off sets, such as The Accelerated Cost Recovery System ("ACRS") deduction, Investment Tax Credits ("ITC"), and the Capital Acquisition deduction, provided that normalization of ACRS and ITC shall be permitted to the extent necessary under federal income tax law. The taxes for each calendar year in which monthly payments are to be made shall be estimated, based upon information currently available, and will be adjusted as soon as actual information is known.

Dm = Wolverine's average net investment in its ownership interest in Fermi 2 for the calendar year in which such monthly payments are to be made, plus Wolverine's average working capital in respect of Material and Supplies Payments for such calendar year. As used herein, "average net investment" means (a) Wolverine's share of the Adjusted Cost of Construction of Fermi 2 (including IDC to the Commercial Operation Date of Fermi 2) and (b) payments made by Wolverine for Capital Improvements to Fermi 2 after the Reinvestment Date of Fermi 2 (including IDC on Capital Improvements at the applicable actual rate), minus (a) related accumulated reserve for depreciation of Wolverine's share of:

- (i) the Adjusted Cost of Construction of Fermi 2 (including IDC to the Commercial Operation Date of Fermi 2) and

(ii) Capital Improvements to Fermi 2 (including IDC for Capital Improvements calculated at the applicable actual rate),

and (b) an amount, if any, for retirements of units of property, in accordance with the Uniform System of Accounts.

Cem = Percentage portion, expressed as a decimal, of Wolverine's Electric Capacity and Energy Entitlement in Fermi 2 which Edison is obligated to purchase, as initially set forth in amended Appendix G and as may be modified in Section 6.4.1 hereof.

B = Expenses incurred by Wolverine, for each calendar year in which such monthly payments are to be made, as a result of Wolverine's investment in Fermi 2. Such expenses incurred by Wolverine as a result of its investment in Fermi 2 shall include (a) depreciation and decommissioning expenses, determined in the same manner at the same time as that made applicable to Wolverine by the Michigan Public Service Commission or any successor agency or department (in the event this method of determining depreciation and decommissioning expenses results in such expenses being determined in a manner different than the manner in which Edison determines its depreciation and decommissioning expenses, the parties agree to renegotiate this provision

to reach an equitable result), (b) Operating Costs, (c) property taxes, (d) insurance, and (e) 3% of Wolverine's actual Administrative and General expenses.

Bf = Fuel expense incurred by Wolverine for the electric energy associated with Wolverine's Planned Excess Capacity and Energy Entitlement purchased by Edison in the month for which such payment is being made, determined pursuant to Section 12.6.

Fm, Dm, B and Bf will be estimated for purposes of applying the above formula. In the event that the actual value of Fm, Dm, B or Bf at any time during the calendar year in which such monthly payments are to be made, differs from the estimated value thereof, an adjustment shall be made for any overpayments or underpayments which result from such difference. Estimates shall be adjusted not later than June 30 of the following calendar year to give effect to Wolverine's actual fixed charges, actual expenses incurred and actual net investment.

6.4.3 Wolverine's Unplanned Excess Capacity and Energy Entitlement.

In the event Wolverine determines that it does not require the full amount of its Capacity and Energy Entitlement for its members and consumers, Edison shall have the first right to purchase such excess Capacity and Energy Entitlement on the terms as provided above in Sections 6.4.1 and 6.4.2 of this Agreement. In the alternative, such excess Capacity and Energy Entitlement may be

exchanged for intermediate or peaking capacity, on terms to be developed, if such exchange is mutually advantageous to all the Parties. In determining the Unplanned Excess Capacity and Energy Entitlement, Wolverine may allocate generating units on its system, excluding Fermi 2, to others.

SECTION VI

ARTICLE VII of the Participation Agreement shall be deleted in its entirety and the following shall be substituted therefor:

"ARTICLE VII

Operating Costs

7.1 Operating Costs.

For purposes of this Agreement, Operating Costs shall mean the total of (a) the operation and maintenance expenses of Fermi 2 and (b) the allocable portion of administrative and general expenses applicable to the system-wide electric operations of Edison. All Operating Costs of Fermi 2 shall be properly recordable in accordance with the instructions and in appropriate accounts as set forth in the Uniform System of Accounts. The operation and maintenance expenses of Fermi 2 shall include all costs of Nuclear Power Generation, associated with Fermi 2 as recorded by Edison in the appropriate accounts as set forth in the Uniform System of Accounts (excluding Nuclear Fuel expenses), applicable employee

pensions and benefits, and payroll, sales and use taxes. For purposes of this Agreement, (a) insurance costs, (b) taxes other than payroll, sales and use taxes and (c) nuclear fuel costs shall not be treated as a part of operation and maintenance expenses. It is understood and agreed that (a) insurance costs shall be shared by the Parties as provided in Article XI, (b) taxes other than payroll, sales and use taxes shall be shared by the Parties as provided in Article X, and (c) fuel costs shall be shared by the Parties as provided in Article XII.

The portion of administrative and general expenses of Edison's total electric system allocable to Fermi 2 shall be determined by applying a percentage factor to the total administrative and general expenses applicable to the system-wide electric operations of Edison which are included in Accounts 920-932, exclusive of insurance and liability payments in Account 924 and 925 and pension and benefit costs in Account 926. The percentage factor to be used shall be equal to the ratio (expressed as a percentage) that the labor expense portion of operation and maintenance expenses for Fermi 2 bears to the corresponding labor expense portion of operation, and maintenance expenses for Edison's total electric system, as included in Accounts 500-916 of the Uniform System of Accounts.

7.2 Sharing of Operating Costs.

All Operating Costs of Fermi 2 shall be shared by Edison and Wolverine as follows:

- (a) prior to the Synchronization Date, in proportion to their respective ownership interests;
- (b) between the Synchronization Date and the Reinvestment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Synchronization Date pursuant to Section XI-A of Amendment 5;
- (c) between the Reinvestment Date and the Final Adjustment Date, in proportion to the respective Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5; and
- (d) after the Final Adjustment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5."

7.3 Payment.

Payment by Wolverine of its share of Operating Costs of Fermi 2, Capital Improvements, insurance costs, taxes other than income

taxes and those taxes included in Operating Costs and Retirement Costs, shall be made as follows:

- 7.3.1 On or before the 15th day of each month, Edison shall furnish Wolverine an invoice showing the current estimate of all amounts to be paid or incurred, and Wolverine's share thereof, by Edison in the following month in regard to Operating Costs, Capital Improvements, insurance costs, Retirement Costs, and taxes other than income taxes and those taxes included in Operating Costs.
- 7.3.2 The invoices shall be paid by Wolverine so that Edison will receive the funds by the tenth day of the following month or the first working day thereafter if the payment date falls on other than a working day.
- 7.3.3 Adjustments for the difference between estimated amounts to be paid or incurred and the actual amounts paid or incurred shall be made on the invoice submitted for the third month following the month in which such costs were incurred.
- 7.3.4 All payments shall be made in immediately available funds payable to The Detroit Edison Company and shall be sent to The Detroit Edison Company, Attention:

Treasurer, 2000 Second Avenue, Detroit, Michigan 48226, or by wire transfer to a bank designated by Edison.

- 7.3.5 Any payment not made on or before the due dates set forth in Section 7.3.2 shall constitute an act of default under Article XV hereof.

Payment by Wolverine of its share of fuel costs shall be made as set forth in Article 12.

7.4 Estimates.

By December 1, of each calendar year, Edison shall prepare and submit to Wolverine estimates of monthly Operating Costs for the next calendar year. All such estimates shall be subject to revision periodically to reflect more current information on Operating Costs.

7.5 Retirement - Property.

Edison shall have sole authority in decisions regarding Units of Property retired from service. Cost of removal and salvage credits, if any, will be shared by the Parties in the same manner in which the Net Energy Output of Fermi 2, is shared by the Parties pursuant to Section 6.3 of Article VI of the Participation Agreement as amended by Amendment 5.

7.6 Payments in Respect of Capital Improvements.

Edison and Wolverine will make payments, pursuant to Section

7.3 of this Article VII, in respect of Capital Improvements as follows:

- (a) prior to the Plant Investment Termination Date, in proportion to their respective ownership interests;
- (b) between the Plant Investment Termination Date and the Reinvestment Date, Edison will make all payments in respect of Capital Improvements;
- (c) between the Reinvestment Date and the Final Adjustment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5; provided, however, for Capital Improvements the construction of which (i) was "started" prior to the Reinvestment Date and (ii) is or will be "completed" subsequent to the Reinvestment Date, Edison will continue to make all payments in respect thereof; and
- (d) after the Final Adjustment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5.

As used in the above paragraph,

(i) construction of a Capital Improvement "starts" as of the first day of the first month during which Edison capitalizes AFUDC for such Capital Improvement, and

(ii) construction of a Capital Improvement is "completed" as of the first day of the month immediately succeeding the last month during which Edison capitalizes AFUDC for such Capital Improvement.

As used in this paragraph, Edison's capitalization of AFUDC on Capital Improvements will be in accordance with its standard accounting practices as set forth in the Uniform System of Accounts promulgated by the applicable regulatory authority."

SECTION VII

Taxes

A. The following shall be inserted at the end of the first sentence in Section 10.4 of Article X of the Participation Agreement.

"...and to make whatever elections necessary to effect the intent to provide each of the parties

with whatever benefits, deductions, credits or other tax attributes as may be generated by their respective investment to which this Agreement applies. In this connection, it is provided that each of the parties shall be entitled to such of the Federal income tax benefits, deductions, credits or other attributes generated by or attributable to their respective investment of each such party."

B. New Section 10.5 to the Participation Agreement.

"All such taxes, payments in lieu of taxes, assessments, impositions, charges and related costs arising from the ownership of Fermi 2 shall be shared, but only to the extent the tax liability of the parties is fairly apportioned, by the Parties as follows:

- (a) prior to the Synchronization Date, in proportion to their respective ownership interests;
- (b) between the Synchronization Date and the Reinvestment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Synchronization Date pursuant to Section XI-A of Amendment 5;
- (c) between the Reinvestment Date and the Final Adjustment Date, in proportion to the respec-

tive Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5; and

(d) after the Final Adjustment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5."

C. New Section 10.6 to the Participation Agreement.

"When requested by Wolverine, Edison agrees to revise the terms of this Agreement to the extent and in a manner necessary for Wolverine to avail itself of any exemption from taxes or special tax treatment; provided such revisions do not substantially adversely affect Edison."

SECTION VIII

Insurance Costs

New Section 11.2 to the Participation Agreement.

"The costs of such insurance shall be shared by the Parties as follows:

- (a) prior to the Synchronization Date, in proportion to their respective ownership interests;
- (b) between the Synchronization Date and the Reinvestment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Synchronization Date pursuant to Section XI-A of Amendment 5;
- (c) between the Reinvestment Date and the Final Adjustment Date, in proportion to the respective Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5; and
- (d) after the Final Adjustment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5."

SECTION IX

Nuclear Fuel Payments

A. Section 12.3 of Article XII of the Participation Agreement shall be deleted and the following shall be substituted therefor:

"12.3 Payments for Nuclear Fuel

12.3.1 Edison and Wolverine will make payments for the Front End Direct Costs pursuant to the procedures set forth in Section 3.6 of Article III, as follows:

- (1) prior to the Nuclear Fuel Investment Termination Date, in proportion to their respective ownership interest;
- (2) between the Nuclear Fuel Investment Termination Date and the Reinvestment Date, subject to the provisions of Section 12.3.2 of this Participation Agreement as amended by Amendment 5, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Synchronization Date pursuant to Section XI-A of Amendment 5;
- (3) between the Reinvestment Date and the Final Adjustment Date, in proportion to the respective Participation Interests, such Participation Interests to be determined as of the Reinvestment Date pursuant to Section XI-A of Amendment 5; and

- (4) after the Final Adjustment Date, in proportion to their respective Participation Interests, such Participation Interests to be determined as of the Final Adjustment Date pursuant to Section XI-A of Amendment 5.

12.3.2. Between the Nuclear Fuel Investment Termination Date and the Reinvestment Date, the following will occur:

- (1) As of Nuclear Fuel Investment Termination Date, Wolverine will be deemed to have made a surplus payment for Front End Direct Costs. This surplus (and any interest accumulated thereon) will be used to offset Wolverine's payment obligations for Front End Direct Costs. Such surplus will be equal to Wolverine's Nuclear Fuel Investment determined at the Nuclear Fuel Investment Termination Date, as defined in Section XII D1(c) of Amendment 5, multiplied by $(20\% - \text{PISD}) \div 20\%$ where PISD is equal to Wolverine's Participation Interest determined as of the Synchronization Date pursuant to Section XI-A of Amendment 5, and will bear simple interest on the

surplus balance at a rate equal to the prime rate charged by the National Bank of Detroit for its large commercial customers.

(2) When the surplus and accumulated interest described in Section 12.3.2(1) above are used up, Wolverine will be deemed to have a \$565,000 non-interest bearing credit which will be used to offset Wolverine's payment obligations for Front End Direct Costs.

(3) When the credit described in Section 12.3.2(2) above is used up, Wolverine may request Edison to make 100% of the payments for Front End Direct Costs. In such event, a percentage portion equal to PISD of each payment will be considered to have been made by Edison on behalf of Wolverine and will be considered as a loan by Edison to Wolverine, as of the date of such payment by Edison, bearing simple interest at a rate equal to the prime rate charged by the National Bank of Detroit for its large commercial customers. Such

loan and any interest accumulated thereon will be due and payable prior to the Final Adjustment Date.

B. New Section 12.6 in Article XII of the Participation Agreement:

"12.6 Monthly Fuel Expense

Payments by Edison to Wolverine in respect of the monthly fuel expenses associated with Wolverine's Planned Excess Capacity and Energy Entitlement will be determined in the same manner that Edison determines its nuclear fuel expense under its Nuclear Fuel Accounting System, where such accounting system will be utilized by Edison in conjunction with its Power Supply Cost Recovery plan pursuant to 1982 Michigan Public Acts, No. 384 or any subsequent fuel cost recovery system that may be applicable. The current version of Edison's Nuclear Fuel Accounting System, as applied to Wolverine, is as follows:

$$Bf = F + I + D$$

where

F = the monthly amortization of the sum of Wolverine's Front End Direct Costs and Wolverine's Front End Indirect Costs.

I = the levelized monthly amortization of Wolverine's In-Core-Interest Cost.

D = disposal costs, determined pursuant to the Nuclear Waste Policy Disposal Act of 1982 and in accordance with Edison practice.

The amortization of "F" and "I" above will be determined monthly and will be based on the actual heat generation for such month for each fuel bundle compared to the estimated remaining heat generation at the end of such month for such fuel bundle."

SECTION X

Ownership Interest

A. The Parties will own Fermi 2, including the Capital Improvements, Nuclear Fuel and the Materials and Supplies (collectively "Property") as set forth in this Section.

1. Until the Synchronization Date, Edison will own an undivided 80% interest and Wolverine will own an undivided 20% interest in the Property as tenants in common.
2. On and after the Synchronization Date, the parties will own undivided ownership interests as tenants in common that portion of the Property acquired before the Synchronization Date in an amount equal to their respective

Participation Interests determined on the Synchronization Date pursuant to Section XI.

3. After the Synchronization Date, some portions or units of the Property may not be complete. In accordance with the terms of this Agreement, Edison will pay 100% of the Adjusted Cost of Construction to complete those portions or units of the Property which portion of units shall be dedicated to Fermi. Edison will have 100% ownership of that portion or unit of the Property for which it pays 100%. Also, in accordance with the terms of this Agreement, Edison will pay 100% of the cost of Capital Improvements started during the period between the Synchronization Date and the Reinvestment Date. Edison will own 100% of such Capital Improvements. Wolverine shall have no interest whatsoever in the Property that Edison owns 100%.
4. After the Reinvestment Date and the Final Adjustment Date, the parties will own undivided interests as tenants in common in the Nuclear Fuel and Materials and Supplies in an amount equal to their respective Participation Interests determined on such dates pursuant to Section XI.
5. After the Reinvestment Date, Edison and Wolverine will both contribute to the cost of Capital Improvements started after that date and will own undivided interests as tenants in common in such Capital Improvements in an

amount equal to their respective Participation Interests determined at the Reinvestment Date pursuant to Section XI.

6. After the Final Adjustment Date, Wolverine and Edison will both contribute to the cost of Capital Improvements started after that date and will own undivided ownership interests as tenants in common in such Capital Improvements in an amount equal to their respective Participation Interests determined at the Final Adjustment Date pursuant to Section XI.

B. Contemporaneously with the execution of this Amendment, the Parties will execute a Quit Claim Deed and Bill of Sale in the form of Exhibits A and B, as evidence of their respective ownership interests in the Property. The parties will also execute such other instruments, if any, as may be necessary and appropriate to confirm the ownership interests of the parties in the Property.

C. At the time of the conveyance, Wolverine and Edison, as the case may be, will furnish to each other appropriate executed releases from any and all mortgages and liens on the Property.

SECTION XI

Participation Interests

A. Participation Interests

1. General

At the Synchronization Date, the Reinvestment Date and again at the Final Adjustment Date, the Participation Interests of Edison and

Wolverine will be determined according to the provision of this Section XI. Edison's Participation Interest, at any time, expressed as a percentage, rounded to the nearest 00.000%, will be determined utilizing a fraction, the denominator of which will be the total investment of Edison and Wolverine in Plant at such time and the numerator of which will be the separate investment of Edison in Plant at such time. Wolverine's Participation Interest, at any time, expressed as a percentage, will be equal to 100% minus Edison's Participation Interest at such time.

2. Edison's Participation Interest

The Participation Interest of Edison, at any time, will be equal to:

$$\frac{EPI}{TPI} \times 100\%$$

where:

EPI = Edison's Plant Investment, at such time

TPI = Total Plant Investment of Edison and Wolverine, at such time

3. Wolverine's Participation Interest

The Participation Interest of Wolverine, at any time, will be equal to:

$$\left(1 - \frac{EPI}{TPI}\right) \times 100\%$$

where EPI and TPI have the same meaning as in the above paragraph.

B. Definitions Relating to Plant

Unless otherwise specifically indicated, all costs, investments, or payment summations are to be determined as of the Synchronization Date, the Reinvestment Date or the Final Adjustment Date, as the case may be.

1. Total Plant Investment of Edison and Wolverine (TPI) - the sum of Edison's Plant Investment and Wolverine's Plant Investment.
2. Edison's Plant Investment (EPI) - the sum of (i) the payments made by Edison in respect of the Adjusted Cost of Construction and Capital Improvements as of the Plant Investment Termination Date; (ii) the payments made by Edison in respect of the Adjusted Cost of Construction and Capital Improvements for the period of time between the Plant Investment Termination Date and the Synchronization Date or the Reinvestment Date, as the case may be, such payments to include the AFUDC or other interest expense (related to the payments for such period) accumulated thereon through the Synchronization Date or the Reinvestment Date, as the case may be; and (iii) the payments made by Edison in respect of the Adjusted Cost of Construction and Capital Improvements for the period of time between the Reinvestment Date and the Final Adjustment Date; provided, however, for the items of the Adjusted Cost of Construction and Capital Improvements for which Edison has

the obligation to make 100% of the payment therefore (as required by Section 7.6 of Article VII of the Participation Agreement as amended by Section VI hereof) AFUDC or other interest expense (which relates to Edison's payments for such items) will be accumulated, as the case may be, through the Reinvestment Date or completion, as determined pursuant to Section 7.6(ii) of Article VII of the Participation Agreement as amended by Section VI hereof.

Example: What is Edison's Plant Investment as of the Reinvestment Date?

$$EPI = (i) + (ii) + (iii), \text{ from Section XI-B(2) above}$$

where

(i) = payments made by Edison in respect of the Adjusted Cost of Construction and Capital Improvements as of the Plant Investment Termination Date

(ii) = payments made by Edison in respect of the Adjusted Cost of Construction and Capital Improvements for the period of time between the Plant Investment Termination Date and the Reinvestment Date, and AFUDC on such payment accumulated to the earlier of completion or the Reinvestment Date; and

(iii) = 0.

3. Wolverine's Plant Investment (WPI) - the sum of (i) \$426.9 million and (ii) the payments made by Wolverine in respect of the Adjusted Cost of Construction and Capital Improvements for the period of time between the Reinvestment Date and the Final Adjustment Date.

Example: What is Wolverine's Plant Investment as of the Reinvestment Date?

WPI = (i) + (ii) from Section XI-B(3) above

where

(i) = \$426.9 and

(ii) = 0.

SECTION XII

Compensating Payments

A. General

At the Reinvestment Date and again at the Final Adjustment Date, there will be a payment from one party to the other to compensate the payee for its disproportionate investment, if any, in Nuclear Fuel and in Materials and Supplies. The compensating payments will be accomplished by the party with the disproportionately smaller investment in Nuclear Fuel and in Materials and Supplies, at such time, compensating the party with the disproportionately larger investment in Nuclear Fuel and in Materials and Supplies, at such time, so that, after the payment is made, the investment of both parties in Nuclear Fuel and in Materials and Supplies, at such time, when compared to the total investment of both parties in Nuclear Fuel and in Materials and Supplies, at such time, will be proportionate to their respective Participation Interests, at such time. All payments will be made within fifteen (15) days of receipt of payor of an invoice.

B. Nuclear Fuel

Compensating payments for Nuclear Fuel, at any time, will be determined by comparing (i) Edison's Nuclear Fuel Investment, at

such time, to (ii) the product obtained by multiplying Edison's Participation Interest, at such time, by the Total Nuclear Fuel Investment, at such time. If Edison's Nuclear Fuel Investment (item (i) above) is greater than such product (item (ii) above), Wolverine will pay Edison the amount of such difference. If such product (item (ii) above) is greater than Edison's Nuclear Fuel Investment (item (i) above), Edison will pay Wolverine the amount of such difference. If, under the provisions of the above paragraph, Edison is required to make a compensating payment to Wolverine, such payment shall be used to reduce the outstanding balance, if any, of the Nuclear Fuel Loan and accumulated interest described in Section 12.3.2(3) of Article XII as amended by this Amendment 5. The remainder, if any, of such compensating payment after reduction of such balance to zero shall be paid to Wolverine as required by Section XII-A of this Amendment 5.

C. Material and Supplies

Compensating payments for Materials and Supplies, at any time, will be determined by comparing (i) the percentage of the Total Materials and Supplies Investment represented by Edison's Materials and Supplies Investment and (ii) Edison's Participation Interest at such time. If (i) above is greater than (ii), then Wolverine will make a compensating payment to Edison. If (ii) above is larger than (i), then Edison will make a compensating payment to Wolverine. In both such instances the amount of the compensating payment will be

equal to the product of (a) the difference between (i) and (ii) and (b) the Total Materials and Supplies Investment.

D. Definition

Unless otherwise specifically indicated, all costs, investment or payment summations are to be determined as of the Synchronization Date, the Reinvestment Date or the Final Adjustment Date, as the case may be.

1. Definitions Relating to Nuclear Fuel

- (a) Total Nuclear Fuel Investment - the sum of Edison's Nuclear Fuel Investment and Wolverine's Nuclear Fuel Investment.
- (b) Edison's Nuclear Fuel Investment - the sum of (i) Edison's In-Core Investment, (ii) Edison's Not-In-Core Investment, and (iii) any prior compensating payments made by Edison in respect of Nuclear Fuel, pursuant to Section XII-B hereof, less any prior compensating payments received from Wolverine in respect of Nuclear Fuel, pursuant to Section XII-B hereof.
- (c) Wolverine's Nuclear Fuel Investment - the sum of (i) Wolverine's In-Core Investment, (ii) Wolverine's Not-In-Core Investment, and (iii) any prior compensating payments made by Wolverine in respect of

Nuclear Fuel, pursuant to Section XII-B hereof, less any prior compensating payments received from Edison in respect of Nuclear Fuel, pursuant to Section XII-B hereof.

- (d) Edison's In-Core Investment - the sum of Edison's unamortized Front End Direct Costs for the nuclear fuel in-core and the unamortized Front End Indirect Costs for the nuclear fuel in-core.
- (e) Edison's Not-In-Core Investment - the sum of (i) Edison's Front End Direct Costs for all nuclear fuel not-in-core and (ii) Edison's Front End Indirect costs, whether paid or accrued, related to the nuclear fuel not-in-core, accumulated to the Synchronization Date, the Reinvestment Date or the Final Adjustment Date, as the case may be.
- (f) Wolverine's In-Core Investment - the sum of Wolverine's unamortized Front End Direct Costs for the nuclear fuel in-core and the unamortized Front End Indirect Costs for the nuclear fuel in-core.
- (g) Wolverine's Not-In-Core Investment - the sum of (i) Wolverine's Front End Direct Costs for all nuclear fuel not-in-core and (ii) Wolverine's Front End Indirect Costs, whether paid or accrued, related to the nuclear fuel not-in-core, accumulated to the

Synchronization Date, the Reinvestment Date or the Final Adjustment Date, as the case may be.

3. Definitions Relating to Materials and Supplies

- (a) Total Materials and Supplies Investment - the balance in Detroit Edison Account 154.
- (b) Edison's Materials and Supplies Investment - the portion of the balance in Detroit Edison Account 154 attributable to payments made by Edison.
- (c) Wolverine's Materials and Supplies Investment - the portion of the balance in Detroit Edison Account 154 attributable to payments made by Wolverine.

SECTION XIII

Planned Excess Capacity

Appendix G shall be deleted in its entirety and the following shall be substituted therefor:

"APPENDIX G

PLANNED EXCESS CAPACITY

YEAR	Cem
1st partial year	100.00%
1st full year	100.00%
2nd full year	93.33%
3rd full year	86.67%
4th full year	80.00%
5th full year	73.33%
6th full year	66.67%
7th full year	60.00%
8th full year	53.33%
9th full year	46.67%
10th full year	40.00%
11th full year	33.33%
12th full year	26.67%
13th full year	20.0 %
14th full year	13.33%
15th full year	6.67%
16th full year	0.00%

Cem = percentage portion of Wolverine's Capacity and Energy Entitlement which Edison is obligated to purchase.

*The first partial year is the year in which the Commercial Operation Date occurs."

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the above date.

THE DETROIT EDISON COMPANY

BY: _____

TITLE: _____

WOLVERINE POWER SUPPLY
COOPERATIVE, INC.

BY: _____

TITLE: _____

EXHIBIT A

TO AMENDMENT NO. 5 TO
PARTICIPATION AGREEMENT

QUIT CLAIM DEED

THIS INDENTURE, made as of this ____ day of _____, 198__, between THE DETROIT EDISON COMPANY, a corporation organized and existing under the laws of the State of Michigan of 2000 Second Avenue, Detroit, Michigan 48226, (hereinafter referred to as "Edison") and WOLVERINE POWER SUPPLY COOPERATIVE INC., a Michigan Cooperative Corporation of 1050 East Division Street, Boyne City, Michigan 49712, (hereinafter referred to as "Wolverine").

W I T N E S S E T H:

FOR AND IN CONSIDERATION of the premises and the execution by Edison and Wolverine of the Fifth Amendment to the Enrico Fermi Nuclear Power Plant Unit No. 2. Participation Agreement dated _____, 198__ ("Fifth Amendment"), Edison and Wolverine do hereby quit claim unto Edison and Wolverine their interests in and to that certain real property including buildings attached thereto located in the Township of Monroe, Monroe County, Michigan ("Property") more particularly described in Appendix A attached hereto and made a part hereof so that the interest of Edison and Wolverine shall be as follows:

THIS QUIT CLAIM DEED IS EXEMPT PURSUANT TO MCLA 207.505, SECTION 5(1)

1. Until the Synchronization Date (as defined in the Fifth Amendment), Edison will own 80% and Wolverine will own 20% of the Property.
2. On and after the Synchronization Date, the Parties will own undivided interests as tenants in common in the Property acquired before the Synchronization Date equal to their respective Participation Interests (as defined in the Fifth Amendment) determined on the Synchronization Date.
3. After the Synchronization Date, the Parties will own Property acquired after such date as follows:
 - (a) Edison will own 100% of the portions of Property for which it paid 100% of the cost and Wolverine shall have no interest whatsoever in such Property; and
 - (b) Edison and Wolverine will own undivided interests as tenants in common in the remainder of the Property equal to their respective Participation Interests at the time the Property is acquired.

Edison reserves, however, unto itself an easement in the entire Property to enter upon, locate, construct, install, place, operate, maintain, inspect, repair, replace, relocate, disassemble and remove certain air and/or water pollution control machinery and equipment

including structures and related facilities and improvements presently existing or under construction or to be constructed, together with the right of ingress and egress in, to, through and over the Property for the purpose of doing anything necessary, useful or convenient to the enjoyment of the easement, which easement and rights pursuant to said easement shall be assignable.

Provided, however, that the estates created by the foregoing conveyance shall terminate at the expiration of the initial 40-year operating license for Fermi 2 or, in the event of renewal of said operating license, sixty (60) years from the date hereof, at which time, all right, title and interest in the Property created by this conveyance shall automatically revert to Edison, its successors and assigns.

As part of the consideration of this conveyance, the parties for themselves and for their successors and assigns, hereby accept title to that portion of Property and any improvements now or hereafter constructed thereon in which they have undivided interests as tenants in common and agree that: (a) the Parties have the right to partition the Property hereby conveyed whether by partition in kind or by sale and division of the proceeds thereof; (b) the Parties will not resort to any action at law or in equity to partition the Property; (c) the Parties waive the benefit of all such laws as may now or hereafter authorize such partition; (d) the covenants herein made and restrictions set forth in this conveyance shall be

binding upon the Parties, their successors and assigns, shall be an attribute of the title herein conveyed and shall be and remain covenants running with the real estate hereby conveyed; (e) that the common ownership created hereby and the reservations, conditions, restrictions, waivers and covenants herein set forth are for the mutual benefit of the Parties and their successors and assigns, and that such benefit is best realized by insuring to each tenant in common the value of ownership, use and operation of Fermi 2 during such period; and (f) said reservations, conditions, restrictions, waivers and covenants are reasonably related to a proper purpose to be accomplished, and that said period is therefore reasonable when so considered.

IN WITNESS WHEREOF, the Parties have caused this instrument to be executed by their duly authorized officers on the day and year first above written.

In the Presence of:

THE DETROIT EDISON COMPANY

By: _____

Its: _____

WOLVERINE POWER SUPPLY
COOPERATIVE, INC.

By: _____

Its: _____

STATE OF MICHIGAN)
) SS.
COUNTY OF WAYNE)

On this _____ day of _____, 1983, before me the subscriber, a Notary Public in and for said County, personally appeared _____ to me known, who, being by me duly sworn, did say he is the _____ of THE DETROIT EDISON COMPANY, a corporation organized and existing under the laws of the State of Michigan, and that the seal affixed to said instrument is the corporate seal of said corporation, by authority of its Board of Directors, and _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public, Wayne County,
Michigan

My Commission expires: _____

STATE OF MICHIGAN)
) SS.
COUNTY OF)

On this _____ day of _____, 1983, before me the subscriber, a Notary Public in and for said County, personally appeared _____ to me known, who, being by me duly sworn, did say he is the _____ of WOLVERINE POWER SUPPLY COOPERATIVE INC., a corporation organized and existing under the laws of the State of Michigan, and that the seal affixed to said

instrument is the corporate seal of said corporation, by authority of its Board of Directors, and _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public, _____
County, Michigan

My Commission expires: _____

**DRAFTED AND PREPARED BY:
AND WHEN RECORDED RETURN TO:**

Stephen M. Carpman, Esq.
The Detroit Edison Company
2000 Second Avenue - 688 WCB
Detroit, Michigan 48226

EXHIBIT B
TO AMENDMENT NO. 5 TO
PARTICIPATION AGREEMENT

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that THE DETROIT EDISON COMPANY, a corporation organized and existing under the laws of the State of Michigan, 2000 Second Avenue, Detroit, Michigan 48226, ("Edison") and WOLVERINE POWER SUPPLY COOPERATIVE, INC., a Michigan cooperative corporation of 1050 East Division Street, Boyne City, Michigan 49712 ("Wolverine"), for and in consideration of the execution by Edison and Wolverine of the Fifth Amendment to the Enrico Fermi Nuclear Power Plant Unit No. 2 Participation Agreement dated _____, 198__ ("Fifth Amendment"), the adequacy of which is hereby acknowledged, have bargained and sold, and by these presents do grant and convey unto Edison and Wolverine the following interests in the Plant, including the nuclear power reactor, the turbine generator, the building housing same, the generator transformer and associated auxiliaries and equipment known as Enrico Fermi Nuclear Power Plant Unit No. 2 (as is more fully described on the attached Appendix B) (collectively "Property") and Nuclear Fuel and Materials and Supplies (as defined in the Fifth Amendment) so that the interest of Edison and Wolverine shall be as follows:

1. Until the Synchronization Date (as defined in the Fifth Amendment), Edison will own 80% undivided ownership interest and Wolverine will own 20% undivided ownership interest in the Property, Nuclear Fuel and Materials and Supplies as tenants in common.

2. On and after Synchronization Date, the Parties will own undivided interests as tenants in common in the Property acquired before the Synchronization Date equal to their respective Participation Interests (as defined in the Fifth Amendment) determined on the Synchronization Date.
3. After the Synchronization Date, the Parties will own Property acquired after such date as follows:
 - (a) Edison will own 100% of the portions of Property for which it paid 100% of the cost and Wolverine shall have no interest whatsoever in such Property; and
 - (b) Edison and Wolverine will own undivided interests as tenants in common in the remainder of the Property equal to their respective Participation Interests at the time the Property is acquired.
4. After the Synchronization Date, the Reinvestment Date and the Final Adjustment Date, respectively, (as those terms are defined in the Fifth Amendment), the parties will own undivided interests, as tenants in common, in the Nuclear Fuel, Materials and Supplies in an amount equal to their respective Participation Interests determined at that time.

to have and to hold the same for themselves, their successors and assigns, until said Participation Agreement is terminated when Fermi 2 is retired from service according to Section 19.1 of the Participation Agreement.

Edison and Wolverine do hereby covenant to and with each other and their successors and assigns, to warrant and defend the grant and conveyance hereby made to the extent and upon the terms and conditions set forth in the Participation Agreement.

IN WITNESS WHEREOF, Edison and Wolverine have caused this instrument to be signed in its named by their duly authorized officers this _____ day of _____, 1983.

In the Presence of:

THE DETROIT EDISON COMPANY

By: _____

Its: _____

WOLVERINE POWER SUPPLY
COOPERATIVE, INC.

By: _____

Its: _____

STATE OF MICHIGAN)
) SS.
COUNTY OF WAYNE)

On this _____ day of _____, 1983, before me the subscriber, a Notary Public in and for said County, personally appeared _____ to me known, who, being by me duly sworn, did say he is the _____ of THE DETROIT EDISON COMPANY, a corporation organized and existing under

the laws of the State of Michigan, and that the seal affixed to said instrument is the corporate seal of said corporation, by authority of its Board of Directors, and _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public, Wayne County,
Michigan

My Commission expires: _____

STATE OF MICHIGAN)
) SS.
COUNTY OF)

On this _____ day of _____, 1983, before me the subscriber, a Notary Public in and for said County, personally appeared _____ to me known, who, being by me duly sworn, did say he is the _____ of WOLVERINE POWER SUPPLY COOPERATIVE INC., a corporation organized and existing under the laws of the State of Michigan, and that the seal affixed to said instrument is the corporate seal of said corporation, by authority of its Board of Directors, and _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public, _____
County, Michigan

My Commission expires: _____

**SUMMARY OF FIFTH AMENDMENT
TO PARTICIPATION AGREEMENT¹**

Introduction

In February, 1977, Detroit Edison entered into an agreement (the "Participation Agreement") with Northern Michigan Electric Cooperative and Wolverine Electric Cooperative, Wolverine's predecessors, to sell to them a 20% undivided interest in Fermi 2, a nuclear power plant then under construction, and to establish the respective rights and obligations of the parties in Fermi 2. Northern was subsequently merged into Wolverine. In summary, Detroit Edison and Wolverine were to share the costs of and the power generated by Fermi 2, 80% Detroit Edison and 20% Wolverine. The Participation Agreement also provided that Detroit Edison will purchase or buy back a portion of Wolverine's power for 10 years. The buy-back started at 90.5% of Wolverine's share and decreased each year to 9.0% in the tenth year. The cost for the power purchased under the buy-back was based on nuclear fuel and operating costs, plus the average of Detroit Edison's and Wolverine's fixed charge rates on Wolverine's investment in Fermi 2.

In April 1983, Wolverine approached Detroit Edison to renegotiate the Participation Agreement with the principal objectives of:

-
1. This summary of the Fifth Amendment was written to give a brief overview of the document and cannot be used to supplement, modify, explain or otherwise affect the terms of the Fifth Amendment.

- (1) Limiting Wolverine's capital investment in Fermi 2 because of higher than originally estimated construction costs; and
- (2) Modifying the buy-back provisions to increase the amount of power purchased or bought back by Detroit Edison from Wolverine because Wolverine's power requirements were less than originally estimated.

After extensive negotiations, agreement on an amendment to the Participation Agreement was reached that accomplished Wolverine's objectives and was acceptable to Detroit Edison.

In summary, the amendment:

- (1) Limits Wolverine's initial capital investment to \$426.9 million;
- (2) Limits Wolverine's investment for nuclear fuel and materials and supplies for a period of time;
- (3) Adjusts the parties' respective interests in Fermi 2 and their rights and obligations based on their respective investments in Fermi 2;
- (4) Increases the term of the buy-back to 15 years and increases the amount to 100% of Wolverine's share for the first 2 years of commercial operation, decreasing to 6.67% in the fifteenth year and changes the fixed charge rate component of the cost of the energy purchased under the buy-back to Wolverine's fixed charge rate plus 1%.

These changes are discussed in greater detail in the following sections of this summary.

Capital Investment Limitation

The Amendment limits Wolverine's initial capital investment to \$426.9 million. After that limit is reached (based on Wolverine's current 20% participation), called the Plant Investment Termination Date, Wolverine will not be required to contribute to the capital cost of Fermi 2 until January 1 after the first complete calendar year that Fermi 2 is in operation ("Reinvestment Date"). During this time, Detroit Edison will pay all of the capital costs. After the Reinvestment Date, Wolverine will contribute their proportionate shares of the capital cost for capital projects started after that date. Any capital projects started when Wolverine was not required to contribute will be completed by Detroit Edison at its cost.

Limitation on Investment for Nuclear Fuel and Materials and Supplies

The Amendment limits Wolverine's initial payments for nuclear fuel and materials and supplies.

Nuclear Fuel

Wolverine has the option of limiting its initial investment in nuclear fuel to \$24.3 million. If Wolverine decides to limit its nuclear fuel investment, after the limit is reached, it will not be required to make any further payments for nuclear fuel until after the Reinvestment Date. However, Detroit Edison's payment for

Wolverine's portion of the nuclear fuel expense will be a loan to Wolverine which must be repaid with interest to Detroit Edison by Wolverine. After the Reinvestment Date, Wolverine will pay its proportionate share of the cost of nuclear fuel.

Materials and Supplies

Wolverine's initial investment in materials and supplies is limited to \$3.0 million. After that limit is reached, Wolverine will not be required to make any payments for materials and supplies until after the Reinvestment Date. Thereafter, Wolverine will pay its proportionate share of the cost of materials and supplies.

Respective Interests in Fermi 2

The amendment provides for two interests in Fermi 2: (1) the parties' respective rights to the energy produced and obligations for costs; and (2) the parties' respective ownership interests in the physical assets of Fermi 2.

Rights and Obligations

Because, for a period of time, Wolverine will not be paying any of the costs associated with Fermi 2, Detroit Edison will pay more than its current 80% share of the costs. However, the extent of Detroit Edison's payments during the period that Wolverine is not contributing cannot be accurately determined at this time. Thus, the Amendment sets forth a formula to be used at three different points in time to determine, prospectively, the parties' respective

rights and obligations: the Synchronization Date (the first time Fermi 2 supplies energy to Detroit Edison's system); the Reinvestment Date; and the Final Adjustment Date (the date when capital projects started prior to the Reinvestment Date are completed). The interests are determined by a formula which calculates the percentage of each party's capital investment in Fermi 2. That percentage, called Participation Interest, determines the percentage of each party's energy entitlement as well as responsibility for operating costs and nuclear fuel expenses and, after the Reinvestment Date, capital costs. For example, if at the Synchronization Date, Detroit Edison had paid \$1,944.8 million and Wolverine had paid \$426.9 million (\$2,371.7 million total not including AFUDC or IDC after February 1977 through the Plant Investment Termination Date), Detroit Edison would be entitled to 82% of the energy and Wolverine 18%. Similar calculations will also be made at the Reinvestment and Final Adjustment Dates for the period after those dates. There are also provisions for payments to equalize the parties' investment in nuclear fuel and materials and supplies with their respective Participation Interests.

Ownership Interests

Detroit Edison and Wolverine currently own Fermi 2 as tenants in common, 80% and 20% respectively. The ownership of the physical assets in Fermi 2 at the Synchronization Date will be based on the parties' respective Participation Interests at that time. Using the example above, Wolverine would have an 18% undivided ownership interest and Detroit Edison would have an 82% undivided ownership

interest at that time. Thereafter, because, for a period of time, Detroit Edison will be making payments for capital costs and Wolverine will not do likewise, the physical assets acquired after Synchronization Date will be owned by the parties in the same way that they are paid for. Further adjustments to the undivided ownership interests are not made since Detroit Edison, in order to obtain the investment tax credit for its investment in Fermi 2, must acquire new property. After the Synchronization Date, Fermi 2 is, for tax purposes, used property. Thus, Detroit Edison will own the property it pays for. This will result in some portions of Fermi 2 being owned 100% by Detroit Edison and other portions being owned by Detroit Edison and Wolverine as tenants in common in an amount equal to their respective Participation Interests at the time the property was acquired.

Buy-Back

The buy-back schedule, amount and price have been changed. The current buy-back amount starts at 90.5% for the first 2 years and decreases each year of the 10 year period to 9.0% in the tenth year. The new amount starts at 100% of Wolverine's share of the net energy output of Fermi 2 for the first partial and first full calendar year of commercial operation and decreases to 7% percent in the fifteenth year. Wolverine has the option to decrease the amount of energy purchased by Detroit Edison from the eleventh through fifteenth year of the buy-back period.

The cost of energy purchased has also been changed. It was based on the operating expenses and fuel costs plus an average of Detroit Edison's and Wolverine's fixed charge rate on Wolverine's investment in Fermi 2. The amendment changes the fixed charge rate to Wolverine's fixed charge rate plus 1%.