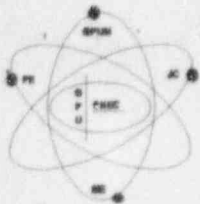


SAXTON NUCLEAR EXPERIMENTAL CORPORATION
GENERAL PUBLIC UTILITIES SYSTEM



Jersey Central Power & Light
General Public Utilities Nuclear Corporation
Metropolitan Edison Company
Pennsylvania Electric Company

MAILING ADDRESS:
One Upper Pond Road
Parsippany, NJ 07054

August 11, 1995
C301-95-2023
6575-952-538


U. S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, D.C. 20555

Gentlemen,

Subject: Saxton Nuclear Experimental Corporation
Operating License No. DPR-4
Docket No. 50-146
Response to the NRC Request for Additional Information
Regarding Technical Specification Change Request No. 56

Enclosed is the agreement entered into between Saxton Nuclear Experimental Corporation (SNEC) and GPU Nuclear Corporation (GPUNC) which describes and governs the relationship between the two companies.

Sincerely,


G. A. Kuehn Jr.
Vice President

WGH

Enclosures: SNEC/GPUNC Agreement dated March 4, 1985

cc: Administrator, Region I
NRC Project Manager NRR
NRC Project Scientist, Region I

9508180213 950811
PDR ADDOCK 05000146
P PDR

AC201

SAXTON NUCLEAR FACILITY

Operating License No. DPR-4
Docket No. 50-146
Technical Specification Change Request No. 56

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF DAUPHIN)

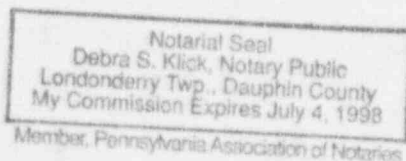
SAXTON NUCLEAR EXPERIMENTAL CORPORATION

BY:

Vice President, SNEC

Sworn and Subscribed to before me
this 11th day of August 1995.

Notary Public



THIS AGREEMENT, made and entered into this 4th day of March, 1985,
between SAXTON NUCLEAR EXPERIMENTAL CORPORATION ("SNEC")

a n d

GPU NUCLEAR CORPORATION ("GPUNC")

W I T N E S S E T H:

WHEREAS, SNEC, a non-profit corporation (the capital stock of which is owned by Jersey Central Power & Light Company, Metropolitan Edison Company and Pennsylvania Electric Company in the following percentages: forty-four (44) percent, thirty-two (32) percent and twenty-four (24) percent, respectively), is the owner of a 3,000 kilowatt (electrical) water-type nuclear reactor ("Station") located on the Raystown Branch of the Juniata River near Saxton, Pennsylvania, constructed and operated for experimental and research purposes; and

WHEREAS, the experimental and research activities of SNEC having terminated and its reactor facility decommissioned, SNEC, pursuant to Amendment No. 9 to Facility Operating License No. DFE-4 issued by the Atomic Energy Commission (now the Nuclear Regulatory Commission ("NRC")), is authorized to possess, but not to operate, its properties until February 11, 2000; and

WHEREAS, because of the existence of certain radioactive material at the Station, under the terms of the aforesaid Amendment No. 9 and the current regulations of the NRC, continued maintenance and surveillance of the Station and various activities leading towards the dismantling thereof is required; and

WHEREAS, GPUNC, an affiliated company, has been organized and established within the GPU System to assume responsibility, on behalf of the owners of nuclear facilities, and by contract with them for the performance of the various activities required of the owner of a nuclear facility; and

WHEREAS, all of the resources of the GPU Companies relating to nuclear matters having been consolidated in GPUNC, it is desirable and to the the advantage of SNEC, that GPUNC be engaged under the terms and conditions hereinafter set forth, to maintain and dismantle the facility and make any necessary repairs, modifications and additions thereto and retirements therefrom on behalf of SNEC;

NOW, THEREFORE, in consideration of these premises, the parties hereto do hereby agree as follows:

0148U

ARTICLE 1

Services to be Provided

1.1 GPUNC, consistent with such written guidelines as may be jointly developed with SNEC, shall provide and be responsible for the maintenance of the Station and make repairs and modifications as necessary in a safe and reliable manner in accordance with all applicable, lawful licenses and permits and requirements of state and federal regulatory agencies and shall dismantle the Station. "Station", as used in this Agreement, is defined as any and all real, personal and mixed property located on or forming a part of the property commonly known as Saxton Nuclear Experimental Corporation located in Liberty Township, Bedford County, Pennsylvania, excluding only those facilities which comprise Pennsylvania Electric Company's Saxton Line Office and switchyard. GPUNC also shall make such further modifications of and additions to and retirements from the Station as shall be consistent with such maintenance and dismantling. Such services and construction may be provided by GPUNC through its own personnel or in part by others under contractual or other arrangements. In furtherance of the foregoing, GPUNC shall, on behalf of SNEC, among other things:

- a. Select, hire, control and discharge personnel, who will be employees solely of GPUNC, and select and retain the services of contractors and consultants. All systems employees and contractors working at the station will adhere to the policies, plans, procedures, and manuals of GPUNC.
- b. Arrange for the purchase on behalf of SNEC of repair, modification, maintenance and dismantling materials and dismantling services and supplies.
- c. Determine and stipulate inventory levels of material and equipment for the Station.
- d. Keep SNEC informed in a reasonable manner concerning Station repair, modification, maintenance, additions, retirements and dismantling activities.
- e. Prepare, or arrange for the preparation of, in accordance with normal and customary procedures, annual budgets and forecasts for the Station's repair, modification, maintenance and dismantling costs, capital expenditures and retirements to be submitted to SNEC for approval. Such approval shall be required before action may be taken thereunder, provided that work required to prevent hazardous conditions may be undertaken prior to such approval with prompt notification thereof given to SNEC. Such budgets and forecasts shall be revised from time to time to reflect material changes in circumstances.

0148U

- 3 -

- f. Perform any services and take any action on behalf of SNEC where appropriate, related to the repair, modification, maintenance, renewals, replacements, additions, dismantling and retirements pertaining to the Station as may be necessary or appropriate to comply with the provisions of the Atomic Energy Act or any other applicable statute, rules, regulations, guidelines or similar criteria, as amended or as they may be amended, and any provisions or conditions of licenses, permits or similar authorizations granted or that may be granted in connection with Station and as such permits, licenses or other authorizations may hereafter be amended.
 - g. Provide communications to, and receive communications from, the Nuclear Regulatory Commission and/or any successor governmental agency, as well as any other governmental agency having jurisdiction with respect to any aspect of the Station's maintenance, repair, modification and dismantling and, in such capacities, represent (or engage others to represent) SNEC.
 - h. Perform, or, if deemed desirable by GPUNC, contract on behalf of SNEC with others (including agencies of Government or their contractors) for repair, modification, maintenance, renewals, replacements and dismantlements required to place and/or keep the Station in a safe condition to protect the property and disburse or receive funds in connection therewith. Such work shall be subject to normal and customary GPUNC review and approval procedures.
 - i. Perform any additional services pertaining to the Station to which SNEC and GPUNC shall have mutually agreed.
 - j. Arrange for the maintenance, in accordance with normal and customary procedures, of such necessary books of record, books of account and memoranda of transactions and for the provision of such reports with respect thereto to SNEC as SNEC shall desire to meet its accounting and statistical requirements and to conform to the applicable lawful rules, regulations and requirements of all regulatory bodies having jurisdiction over SNEC. The costs for the Station shall be accumulated in a separate set of accounts.
 - k. Provide, or arrange for the provision of, such other data or information with respect to the Station as may be reasonably requested by SNEC from time to time.
- 1.2 Matters and questions arising in connection with the repair, modification, maintenance and dismantling of the Station which are not within the scope of the authority delegated to GPUNC under this Agreement and are not specifically provided for in this Agreement shall be jointly determined from time to time by SNEC and GPUNC.
 - 1.3 The costs for services provided by GPUNC pursuant to the terms, conditions and provisions of this Agreement shall be paid to GPUNC in Article 3.

0148U

ARTICLE 2

Working Fund

- 2.1 SNEC shall establish and maintain a fund from which GPUMC shall make payments for all costs pursuant to its services and responsibilities hereunder. SNEC, in consultation with GPUMC, shall determine, initially and from time to time, during the term of this Agreement, the amount or amounts required to maintain a satisfactory balance in the fund, and shall be liable for any such additional amounts required to maintain the agreed-upon balance. SNEC shall reimburse the fund promptly on receipt of notice from GPUMC of its obligations for reimbursement.
- 2.2 On termination of this Agreement, as hereinafter provided, any residual unexpended balance in the working fund shall be credited to SNEC.

ARTICLE 3

Charges, Financial Statements, and Billings

- 3.1 GPUMC shall arrange for reporting to SNEC for each month, promptly following the end of such month, by written statements for following:
 - a. The costs of repair, modification, maintenance and dismantling, the cost of any plant additions and retirements, including applicable costs of removal and salvage, on an accrual basis, classified as required to meet its obligations under Section 1.1 (j) above.
 - b. A summary statement of the activities during that month of the Working Fund, showing beginning balance, receipts, disbursements and closing balance.
- 3.2 The costs incurred or accrued from all sources during each calendar month in repairing, modifying, maintaining, dismantling and making additions to and retirements from the Station shall become liabilities of SNEC when incurred or accrued and shall be borne by SNEC. All such costs shall be determined in accordance with sound accounting practices, and shall include reasonable and appropriate indirect costs including overheads. In particular, all of the services rendered hereunder by GPUMC will be at actual costs thereof. Direct charges will be made for services where a direct allocation of costs is possible. The methods of determining such costs and the allocation thereof are set forth in Appendix A hereto. These methods shall be reviewed annually and more frequently, if appropriate. Such methods may be modified or changed by GPUMC, with the approval of SNEC, without the necessity of an amendment of this Agreement, provided that in each instance, all services rendered hereunder will be at actual costs thereof, fairly and equitably allocated, and all in accordance with the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations and orders thereunder.

0148U

0011X
Rev. 1

- 5 -

- 3.3 SNEC shall report, file returns with respect to, be responsible for and pay all real property, franchise, business or other taxes, except payroll and sales or use taxes, arising out of its ownership of the Station.
- 3.4 SNEC shall have the right, during the term of this Agreement and thereafter as long as the books, records and memoranda referred to in Section 1.1 shall be preserved, to inspect all such items and to make reasonable audits thereof at their own costs as they may deem necessary to protect their interests.
- 3.5 In the event SNEC shall question any statement rendered according to the provisions of Section 3.1 hereof, it shall nevertheless promptly pay the amount indicated in such statement, but such payment shall not be deemed to prevent SNEC from claiming an adjustment of any statement rendered.
- 3.6 If it shall be determined that SNEC has paid more or less than an appropriate amount for any of the costs associated with the Station for the month covered by such statement, an appropriate correction shall be made by GPUNC by proper credit or charge, as the case may be.

ARTICLE 4

Compliance with Provisions of Permits and Requirements of Governmental Agencies

SNEC and GPUNC shall cooperate in taking whatever action may be necessary to comply with the terms and provisions of permits and licenses for the Station and with all applicable lawful requirements of any federal or state agency or regulatory body having jurisdiction in the premises. It is also agreed that any filings made with the NEC be reviewed by the SNEC Manager, in addition to any other reviews and approvals by other appropriate SNEC and GPUNC personnel, prior to submittal.

ARTICLE 5

Damage to Persons or Property; Penalties; Fines

- 5.1 Since GPUNC is undertaking its responsibilities hereunder at cost and in order to assist SNEC in meeting its responsibilities with respect to the Station, the following provisions shall be applicable to damage to the property of either of the parties hereto (including Station property) or third parties, or injuries to or loss of life by any person, including employees of the parties hereto, and to penalties or fines assessed with respect to the Station;

0146U
00118

- 6 -

- a. SNEC and CPUNC will procure and maintain such physical damage, public liability, workers' compensation and other insurance as it may deem appropriate with respect to all losses, damages, liability and claims arising out of its ownership and provision of services hereunder and the premium costs thereof shall be Station costs under Section 3.2, or in the alternative, upon concurrence of the parties hereto, SNEC and CPUNC will jointly procure and maintain such physical damage, public liability, workers' compensation and other insurance as they may deem appropriate with respect to all losses, damages, liability and claims arising out of the ownership of the Station and provisions of services hereunder and the premium costs thereof shall be Station costs under Section 3.2. All insurance shall contain a waiver of subrogation clause against the other party hereunder.
- b. Claims cognizable under workers' compensation acts or temporary disability benefits laws or any other benefits under workers' compensation or analogous statutes and the expenses of defending or disposing of the same, attributable to the ownership of the Station, or the provision of services hereunder, which are not covered in full by insurance procured in accordance with the preceding paragraph shall (to the extent not covered by such insurance) be treated as Station costs under Section 3.2.
- c. All losses, damages, expenses, penalties, liabilities, fines and claims (including those in respect of property damage and personal injury) asserted by third parties and the expenses of defending or disposing of the same, attributable to the ownership of the Station and the provision of services hereunder, which are not covered in full by insurance procured in accordance with the second preceding paragraph shall (to the extent not covered by such insurance) be treated as Station costs under Section 3.2.
- d. The parties hereto expressly waive any right they may have to recover from the other for any losses, damages, penalties, liabilities, fines, claims or expenses (including damage to property of the Station) for any cause, including the negligence of the other, its employees and agents in connection with the ownership of the Station and the provision of services hereunder.

ARTICLE 6

Miscellaneous

- 6.1 Nothing in this Agreement shall be deemed to create or constitute a partnership or joint venture between the parties hereto, the sole purpose of this Agreement being limited to provision for the orderly and efficient repair, modification, maintenance and dismantlement of the Station.
- 6.2 SNEC hereby designates its President as its Representative, who shall receive notices and communications from CPUNC under the provisions of this Agreement and who shall send to the designated Representative of CPUNC all notices and communications under the provisions of this Agreement.

0148U
00113

- 7 -

- 6.3 GPUNC hereby designates its President as its Representative, who shall receive notices and communications from SNEC under the provisions of this Agreement and who shall send to SNEC all notices and communications concerning the provisions of this Agreement.
- 6.4 SNEC shall determine the basis and method it will use for purposes of depreciation and other matters where investment in Station property is relevant.
- 6.5 In performing services under this Agreement on behalf of SNEC, GPUNC shall act as an independent contractor responsible for the result to be attained, consistent with such guidelines as may be jointly developed with SNEC.
- 6.6 Since SNEC may, from time to time, provide goods and services to the Station, GPUNC shall pay for such goods and services at cost determined as herein provided, which payments shall be treated as Station costs under Section 3.2

ARTICLE 7

Effective Date and Termination

- 7.1 Subject to any applicable rules and regulations and associated approvals of any regulatory authority, this Agreement shall become effective as of the date first above written and shall remain in full force and effect unless and until terminated.
- 7.2 This Agreement may be terminated by SNEC upon reasonable notice to GPUNC, provided that adequate provision is made to protect the public health and safety.

ARTICLE 8

Successors and Assigns

This Agreement, and all of the terms and conditions hereof, shall be binding upon and ensure to the benefit of the parties hereto and their respective successors and assigns.

0148U

0011S

P.08

ARTICLE 9

Governing Law

This Agreement has been executed and delivered in the State of New Jersey and is intended to be construed in accordance with, and to be governed by, the laws of that State.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed and delivered in Parsippany, New Jersey, as of the day and year first above written.

Attest:

W. B. Murray
Secretary

SAXTON NUCLEAR EXPERIMENTAL CORPORATION

By P. L. Clark 9-4-85
President

Attest:

W. B. Murray
Secretary

GPU NUCLEAR CORPORATION

By P. L. Clark 3-10-85
President

0148U

00118

Rev. 1

TOTAL P. 09

P. 09