



South Texas Project Electric Generating Station P.O. Box 289 Wadsworth, Texas 77483

June 11, 2020
NOC-AE-20003740
10 CFR 50.54(w)(3)
STI: 35027919

ATTN: Document Control Desk
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

South Texas Project
Units 1 and 2
Docket Nos. STN 50-498, STN 50-499
Nuclear Insurance Protection

Pursuant to the requirements of 10 CFR 50.54(w)(3), STP Nuclear Operating Company submits the attached Nuclear Electric Insurance Limited (NEIL) property insurance policies.

There are no commitments in this letter.

Please contact me at (361) 972-4335 or N. Boehmisch at (361) 972-8172 if there are any questions regarding this letter.


Savannah Cornelius
Manager, Finance

NB

Enclosures:

1. BX20-007 – Blanket Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy
2. P20-075 – Primary Property and Decontamination Liability Insurance Policy

cc:
Regional Administrator, Region IV
U.S. Nuclear Regulatory Commission
1600 E. Lamar Boulevard
Arlington, TX 76011-4511

Enclosure 1

**BX20-007 – Blanket Excess Property, Decontamination Liability and
Decommissioning Liability Insurance Policy**

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE

**BLANKET EXCESS PROPERTY, DECONTAMINATION LIABILITY AND
DECOMMISSIONING LIABILITY INSURANCE POLICY**

Declarations attached to and made a part of Policy No. BX20-007 ("the Policy")

Member Insured: Pacific Gas and Electric Company
Mailing Address: P.O. Box 770000
San Francisco, California 94177
Primary Policy: P20-027 100.00%

Member Insured: STP Nuclear Operating Company
Mailing Address: P.O. Box 289
Wadsworth, Texas 77483
Primary Policy: P20-075 100.00%

Item 2. Insurer: Nuclear Electric Insurance Limited
Mailing Address: 1201 N. Market Street
Suite 1100
Wilmington, Delaware 19801

Item 3. A. Policy Period
From 12:01 a.m. on April 1, 2020, to 12:01 a.m.
(Time) (Date) (Time)
on April 1, 2021, Standard Time in Hamilton, Bermuda
(Date)

B. Policy Year
From 12:01 a.m. on April 1, 2020, to 12:01 a.m.
(Time) (Date) (Time)
on April 1, 2021, Standard Time in Hamilton, Bermuda
(Date)

Item 4. Premium Payments required from each Member Insured:

	Premium Amount
Diablo Canyon	\$588,712
South Texas Project	\$560,678
Total Premium Payable	\$1,149,390

Item 5. A. Multiple: 10
B. Maximum Retrospective Premium Adjustment for each Member Insured:

Diablo Canyon	\$5,887,120
South Texas Project	\$5,606,780
Total Retrospective Premium Adjustment	\$11,493,900

- Item 6. A. Except as provided in Item 6.B, the Insurer's maximum Limit of Liability caused by any one Accident will not exceed \$0.
- B. The Insurer's maximum Blanket Limit caused by any one Accident that involves coverage under paragraph I.A.1., Section I.B. or Section II will not exceed \$1,250,000,000; provided, however, that not more than \$0 of such Limit of Liability may be used for losses that are covered under Policy provisions other than paragraph I.A.1., Section I.B or Section II.

Item 7. Description and location of property covered (if self-insured):

Identical to Item 7 of the Declarations of each of the Primary Policies identified under Item 1 of the Declarations of this Policy.

Item 8. The Insurer shall be furnished with copies of all Underlying Insurance Policies and all endorsements thereto within thirty (30) days of the receipt thereof by the Member Insured(s).

Item 9. Insureds:

Identical to Item 9 of the Declarations of each of the Primary Policies identified under Item 1 of the Declarations of this Policy.

Item 10. Loss Payee Clause

Identical to Item 10 of the Declarations of each of the Primary Policies identified under Item 1 of the Declarations of this Policy, with the following changes:
In Item 10.B and 10.C, the reference to Section I.G is replaced with Section II.

Item 11. Service of Process to Insured (see paragraph V.I.5):

Identical to Item 11 of the Declarations of each of the Primary Policies identified under Item 1 of the Declarations of this Policy.

**NUCLEAR ELECTRIC INSURANCE LIMITED
POLICYHOLDER DISCLOSURE**

NUCLEAR POLICY RENEWALS

**NOTICE OF TERRORISM INSURANCE COVERAGE
EFFECTIVE JANUARY 8, 2015**

Coverage for acts of terrorism is already included in your current policy. However, under NEIL's Payment for Acts of Terrorism endorsement, your recovery for losses stemming from an act of terrorism could be limited by the terms of the endorsement. However, in accordance with the Terrorism Risk Insurance Program Reauthorization Act of 2015, which took effect January 8, 2015, (TRIPRA), NEIL's Payment for Acts of Terrorism endorsement would not cap the damages for any "certified" acts of terrorism under TRIPRA.

You are hereby notified that under TRIPRA, the term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in concurrence with other specified federal officials - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses caused by certified acts of terrorism may be partially reimbursed by the United States Government under a formula established in TRIPRA. Your policy may contain other exclusions which might affect your coverage. Under the formula, for the 2015 calendar year, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. This amount will be decreased on a phased in basis, at a rate of 1% per year, from 2016 to 2020, with the end result being that the United States Government will reduce reimbursement to 80% of covered terrorism losses for the year 2020. TRIPRA contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, any insurer that has met its deductible will not be liable to pay for any losses in excess of the \$100 billion sustained by its insureds. Thus, if the \$100 billion cap is reached, your coverage may be reduced.

NEIL is neither increasing, nor attributing any portion of, the annual premium for terrorism coverage, but a surcharge might be added to the premium if, after a certified act of terrorism, the federal Department of Treasury requires a recoupment of certain amounts paid by the federal government in accordance with the terms of TRIPRA.

NUCLEAR ELECTRIC INSURANCE LIMITED
BLANKET EXCESS PROPERTY, DECONTAMINATION LIABILITY AND
DECOMMISSIONING LIABILITY INSURANCE POLICY

TABLE OF CONTENTS

I. INSURING AGREEMENT1

II. DECOMMISSIONING LIABILITY COVERAGE4

III. EXCLUSIONS5

 A. General Exclusions5

 B. War Risk5

IV. PREMIUM6

V. CONDITIONS.....6

 A. Abandonment6

 B. Aggregate Limit of Liability and Reinstatement of Policy Amount by Loss6

 C. Application Form6

 D. Appraisal6

 E. Assignment7

 F. Choice of Law8

 G. Concealment, Fraud8

 H. Currency8

 I. Dispute Resolution8

 J. Errors and Omissions.....12

 K. Evaluations and Compliance with Loss Control Standards12

 L. Headings13

 M. Loss Payments14

 N. Notifications.....14

 O. Other Insurance.....14

 P. Policy Decisions and Notice14

 Q. Policy Modifications15

 R. Priority of Payments15

 S. Reports16

 T. Requirements in Case of Accidental Property Damage.....16

 U. State Premium Tax.....18

 V. Subrogation18

 W. Suit.....19

 X. Term and Cancellation.....19

 Y. Valuations20

Z.	Waiver Provisions	20
AA.	When Loss Payable	20
VI.	RETROSPECTIVE PREMIUM ADJUSTMENT	20
VII.	MEMBERSHIP.....	23
VIII.	DEFINITIONS	24
A.	"Accident"	24
B.	"Accidental Property Damage"	24
C.	"Act"	24
D.	"Actual Cash Value"	24
E.	"Additional Premium"	24
F.	"Amount of Decommissioning Liability Coverage"	24
G.	"Attachment Point"	24
H.	"Corporate Affiliate"	24
I.	"Debris Removal and Decontamination Coverage"	24
J.	"Decommissioning Target Amount"	24
K.	"Decommissioning Target Document"	24
L.	"Decommissioning Trust Fund"	25
M.	"Delinquent Member"	25
N.	"Deposit Premium"	25
O.	"Earth Movement"	25
P.	"Flood"	25
Q.	"Functional Age"	25
R.	"Functional Total Loss Coverage"	25
S.	"Functional Value"	25
T.	"Generation Replacement Value"	26
U.	"INPO"	26
V.	"Insured Property"	26
W.	"Insured(s)"	26
X.	"Loss"	26
Y.	"Loss Control Standards"	26
Z.	"Member Insurance Program"	26
AA.	"Member Insured(s)"	26
BB.	"Member Insureds of the Insurer"	26
CC.	"Multiple"	26
DD.	"Nuclear Event"	26
EE.	"Nuclear Liability Coverage"	26

FF.	"NRC"	26
GG.	"Operator"	26
HH.	"Other Insurance Policy"	27
II.	"Person"	27
JJ.	"Primary Property Policy"	27
KK.	"Property Damage"	27
LL.	"Property Damage Coverage"	27
MM.	"Replacement Cost"	27
NN.	"Resolution Plan"	27
OO.	"Retrospective Premium Adjustment"	27
PP.	"Settlement Date"	28
QQ.	"SHALL Requirement"	28
RR.	"Shortfall"	28
SS.	"Specified Nuclear Liability Amount"	28
TT.	"Underlying Insurance Policy"	28
UU.	"Unit"	28
VV.	"Windstorm"	28

Policy No. BX20-007

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE

**BLANKET EXCESS PROPERTY, DECONTAMINATION LIABILITY AND
DECOMMISSIONING LIABILITY INSURANCE POLICY**

**This is a blanket excess policy. There is no reinstatement of the Blanket Limit after a Loss.
The blanket limit amount set forth in Item 6 of the Declarations is shared among the
Member Insureds identified in Item 1 of the Declarations.**

This Policy is made by and between (among) the Member Insured(s) (specified in Item 1 of the Declarations) and Nuclear Electric Insurance Limited, a Bermuda mutual company with limited liability, (the "Insurer").

The Insurer is only licensed in Bermuda and Delaware and the Insureds (those Insureds specified in Item 9 of the Declarations together with the Member Insured) will not be protected by the guaranty funds of any U.S. jurisdiction.

The Member Insured will be required to execute the Policy in Delaware. The Policy will become effective only upon the acceptance by the Member Insured of the delivery of the Policy at the Insurer's office in Delaware.

I. INSURING AGREEMENT

In consideration of the premium paid, and subject to the terms and conditions of this Policy and any endorsements added hereto, the Insurer agrees to pay the Member Insureds, an amount up to the Blanket Limit Amount stated in Item 6 of the Declarations, for certain expenses and costs caused by Accidental Property Damage.

In Witness Whereof, the Insurer and the Member Insured have caused this Policy to be executed and attested on their behalf in Wilmington, Delaware.

Wilmington, Delaware

Insurer:
Nuclear Electric Insurance Limited

Date: As of April 1, 2020

By: Bruce Sassi
Bruce A. Sassi, President

Attest: N/A

Member Insured:
Pacific Gas and Electric Company

Wilmington, Delaware

Date: As of April 1, 2020

By: Michael R. Lastowski

Attorney-in-Fact

Witness: Lanie Cassel

Wilmington, Delaware

Member Insured:
STP Nuclear Operating Company

Date: As of April 1, 2020

By: Michael R. Lastowski

Witness: Lanie Cassel

Attorney-in-Fact

EXCESS PROPERTY AND DECONTAMINATION LIABILITY COVERAGE**A.** The Insurer agrees to indemnify the Insureds and their legal representatives:

1. for all expenses necessarily incurred by the Insureds in discharging their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act, provided such expenses would otherwise be covered under paragraphs 2 or 3 below, but for this paragraph 1;
2. for all expenses necessarily incurred by the Insureds to remove debris of and to decontaminate the Insured Property following Accidental Property Damage; and
3. for all other losses covered under any Underlying Insurance Policies;

which, except with respect to Functional Total Loss Coverage, and as provided in Section I.F. hereof, would be covered by such Underlying Insurance Policy if the limit of the Underlying Insurance Policy thereunder were not exhausted, but only to the extent that the amount of Accidental Property Damage exceeds the Attachment Point.

B.

1. In the event of Accidental Property Damage which (i) exceeds the Attachment Point and includes as part of the loss at least \$100,000,000 of Nuclear Liability Coverage under paragraph I.A.1.; (ii) is covered under Section I.A. or would be covered under that Section but for the availability of insurance under the Underlying Insurance Policies; and (iii) causes a permanent cessation of nuclear operations at a Unit, the Insurer agrees to indemnify the Insureds and their legal representatives for the Functional Value of the Unit.
2. If the Member Insured elects to receive the Functional Value of the Unit, the Member will not be entitled to receive any additional recovery under the Property Damage Coverage under Section I.A.3. of the Policy.
3. In the event that the Unit returns to commercial nuclear operation, the Insureds shall repay to the Insurer the entire amount paid pursuant to paragraph 1 above, together with interest thereon, calculated quarterly at the ninety (90) day United States Treasury Bill interest rate in effect on the first business day of each calendar quarter.

C. The Insureds' recovery under Section I shall not be decreased because the Actual Cash Value (or, if applicable, the Replacement Cost) of the Insured Property is less than the Insurer's limit of liability.**D.**

1. Subject to the terms and conditions herein, the Insurer shall be liable, whether or not an Underlying Insurance Policy provides coverage, for Accidental Property Damage caused by:
 - (a) Windstorm;
 - (b) Flood, including Flood caused by Windstorm; and
 - (c) Earth Movement.

2. Accidental Property Damage by Windstorm, Flood, or Earth Movement shall constitute a single Accident:
 - (a) if more than one Windstorm should occur within any period of ninety-six (96) hours commencing during the term of this Policy, and such Windstorms have a common origin or are caused by a single atmospheric disturbance;
 - (b) if more than one Flood should occur within any period of ninety-six (96) hours commencing during the term of this Policy and such Floods have a common origin or are caused by a single incident; or
 - (c) if more than one Earth Movement shall occur within any period of ninety-six (96) hours commencing during the term of this Policy and such Earth Movements have a common origin or are caused by a single incident.

E. In the event that Accidental Property Damage under this Policy and under one or more Other Insurance Policies with insurance coverage effective during the Policy Year is caused by any single Accident which is either listed in paragraph I.D.1. hereof, or which involves radioactive contamination, or by any Accident which is caused by an Accident listed in paragraph I.D.1. hereof or from an Accident involving radioactive contamination, the Insureds agree that:

1. The Insurer's liability for all such Accidental Property Damage shall not exceed the greater of (a) the Blanket Limit of Liability stated in Item 6 of the Declarations, or (b) the highest Limit of Liability stated in the Declarations of the Other Insurance Policies providing coverage with respect to the same Accident.
2. The Insurer's liability under this Policy shall be the amount determined under paragraph 1 above times a fraction, the numerator of which is the Insurer's liability for the Accidental Property Damage under this Policy but for this Section I.E., and the denominator of which is the sum of the Insurer's liability for the Accidental Property Damage under this Policy and all Other Insurance Policies, but for this Section I.E.

F. Notwithstanding any other provision of this Policy, the Insurer's liability under this Policy shall be the amount payable to the Insureds, but for this provision, less any amount owed to the Insurer by the Insureds, including any Retrospective Premium Adjustment due under this Policy, due under any Other Insurance Policy as such Member Insured may have with the Insurer, or referred to in Section VI, and only to the extent the amount of Accidental Property Damage exceeds the Attachment Point.

II. DECOMMISSIONING LIABILITY COVERAGE

A. In the event of Accidental Property Damage which (i) exceeds the Attachment Point and includes Nuclear Liability Coverage under Section I.A.1.; (ii) is covered under Section I.A. of this Policy or would be covered under that Section but for the availability of other insurance under the Underlying Insurance Policies; and (iii) causes a permanent cessation of nuclear operations at the Unit, the Insurer agrees to indemnify the Insureds and their legal representatives for estimated expenses necessarily to be incurred in decommissioning the Unit as described in the Decommissioning Target Document, up to the Amount of Decommissioning Liability Coverage for the Unit determined under paragraph B below.

B. The Amount of Decommissioning Liability Coverage under this Policy for a Unit shall be equal to the Shortfall for such Unit calculated by using the Decommissioning Target Amount as of the Settlement Date set forth in the Decommissioning Target Document and the amount of the

Decommissioning Trust Fund as of the Settlement Date.

- C.** Any amounts payable by the Insurer pursuant to Sections II.A. and II.B. shall be deposited into the Decommissioning Trust Fund pursuant to Item 10.C. of the Declarations. The calculation of the Amount of Decommissioning Liability Coverage shall be made with respect to any claim under Section II.A. once the Member Insured has certified that the Insureds have discharged their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act. No payment shall be made with respect to any claim under Section II.A. until the Member Insured has certified that the Insureds have discharged their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act, or has made the attestations referred to in paragraph V.Q.1.
- D.** In the event that the Unit returns to commercial nuclear operation, the Insureds shall return to the Insurer the entire amount paid pursuant to this Section II, together with interest thereon, calculated quarterly at the ninety (90) day United States Treasury Bill interest rate in effect on the first business day of each calendar quarter.
- E.** The Insureds' recovery under the Decommissioning Liability Coverage shall not be decreased because the Actual Cash Value (or if applicable, the Replacement Cost) of the Insured Property is less than the Insurer's limit of liability.

III. EXCLUSIONS

A. General Exclusions

Notwithstanding any other provision in this Policy, the Insurer shall not be liable for any sums which the Insured may be obligated to pay as damages:

- 1. because of bodily injury or personal injury;
- 2. because of damage to property not described in the Declarations, or covered by any Underlying Insurance Policies; or
- 3. for which the Insured is either covered, would be entitled to coverage, or can make a claim against any third party insured under a nuclear energy liability policy issued by any third party liability insurer.

B. War Risk

- 1. Subject to paragraph 2 below, the coverage provided under this Policy does not apply to Property Damage caused by:
 - (a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or by military, naval or air forces; or by an agent of any such government, power, authority or forces;
 - (b) any weapon of war employing nuclear fission or fusion whether in time of peace or war; or

- (c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.

2. This War Risk Exclusion shall only apply to acts which are part of overt military activity.

IV. PREMIUM

- A.** The Member Insured agrees to pay to the Insurer the Premium under the terms and conditions hereinafter set forth. The Premium shall be paid to the Insurer by wire transfer or other method, and under the terms, acceptable to the Insurer.
- B.** As a condition precedent to the Insurer's obligations under this Policy, the Member Insured agrees to notify the Insurer that the Insured Property has been classified Category Number Five by INPO, within seven (7) days of being advised by INPO of such classification being put in place, and to pay such additional Premium due hereunder to the Insurer as a result thereof by wire transfer or other method, and under the terms, acceptable to the Insurer within twenty (20) business days after demand.
- C.** The Member Insured further agrees to pay the Insurer the Retrospective Premium Adjustment under the terms and conditions specified under Section VI.

V. CONDITIONS

A. Abandonment

There shall be no abandonment to the Insurer of any property.

B. Aggregate Limit of Liability and Reinstatement of Policy Amount by Loss

The amount of Blanket Limit set forth in Item 6 of the Declarations is the maximum amount the Insurer will pay during the Policy Period for any and all Losses that are covered under this Policy. Every Loss covered under this Policy reduces, as of the date of such Loss, the amount of Blanket Limit available under this Policy by the amount of such Loss, and this Policy shall apply thereafter only for the reduced amount.

C. Application Form

The application for membership, insurance and undertaking with respect to membership and purchase of insurance made by the Member Insured with respect to becoming a Member of the Insurer, as the same may be amended from time to time (hereinafter referred to as the "Application"), is made as much a part hereof as if the Application were fully set forth herein.

D. Appraisal

In case the Member Insured and the Insurer shall fail to agree as to the amount of Property Damage, then, on the written demand of either, they shall follow the following procedure:

- 1. Each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) calendar days of such demand. Such time may be extended upon agreement of the parties in writing.

2. In the event that the Member Insured or Insurer fails to appoint an appraiser within the designated twenty (20) calendar days (or agreed-upon longer period), the party who has appointed its appraiser may request that the American Arbitration Association ("AAA") appoint the appraiser for the other party. Once an appointment has been made by the AAA, the appraiser appointed by the AAA shall serve, even if the other party then appoints an appraiser.
3. The two (2) appraisers so selected shall then appraise the Property Damage, stating separately Replacement Cost and/or the Actual Cash Value of each item. The appraisers shall attempt to reach an agreement on the appraised value within thirty (30) calendar days of the appointment of the second appraiser. Such time may be extended by agreement of the parties in writing.
4. If the appraisers are unable to reach agreement on the appraised value within thirty (30) calendar days (or agreed-upon longer period), they shall designate a competent and disinterested umpire. If the appraisers cannot agree on an umpire within the following fifteen (15) calendar days, either or both parties may request the AAA to appoint the umpire.
5. The amount of Property Damage shall be determined based on a written valuation filed with the Insurer and signed by any two of the umpire and appraisers. The written valuation so filed with the Insurer shall state the amount of Accidental Property Damage, and state separately and in detail the following elements as to each item of Property Damage comprising the valuation:
 - (a) the Replacement Cost;
 - (b) the Actual Cash Value;
 - (c) the quantity; and
 - (d) any other specification or attribute necessary to either identify the item or explain its valuation.
6. Each appraiser shall be paid by the party selecting him/her. The expenses of the umpire and the AAA shall be shared equally by the Member Insured and the Insurer.
7. The appraisal procedure set forth herein shall only apply to resolve a disagreement between the Member Insured and the Insurer regarding the amount of Property Damage. The appraisal procedure shall not be used to resolve any dispute relating to coverage, including but not limited to the availability of coverage, the cause of Property Damage, or scope of Property Damage.
8. The parties' participation in the appraisal process shall not be construed as an admission by either as to the availability of coverage, or applicability of any exclusion, condition or other policy terms affecting coverage for Property Damage. Furthermore, the parties' conduct in connection with the appraisal process shall not be construed as a waiver of any rights or defenses available to them under this Policy.

E. Assignment

Assignment or transfer of this Policy, or any rights hereunder, shall not be valid except with the prior written consent of the Insurer, not to be unreasonably withheld.

F. Choice of Law

1. In view of the diverse locations of the parties hereto and the desirability of unified regulation, the Insureds and Insurer agree that the terms of this Policy shall determine their respective rights and duties and that this Policy shall be construed and enforced in accordance with and governed by the internal law of the State of New York, United States of America.
2. The parties intend that the Insurer conduct its activities so as not to be subject to the insurance regulation of any jurisdiction other than Bermuda and Delaware. Accordingly, the parties expressly recognize and agree that paragraph 1 above does not evidence an intent by the parties to:
 - (a) give jurisdiction over the Insurer to the insurance regulatory authority of any jurisdiction other than Bermuda and Delaware;
 - (b) make applicable to this Policy any of the insurance laws or regulations (including those which specify the terms of the bye-laws and contracts of mutual insurance companies) of any jurisdiction, including New York, other than to the extent such laws of Bermuda and Delaware are applicable; or
 - (c) otherwise have the laws of Bermuda or Delaware apply to the construction or enforcement of this Policy.

G. Concealment, Fraud

The Insurer shall have no obligation to make any payment under this Policy if, whether before or after a Loss, any Member Insured, and/or any of its Corporate Affiliates, has willfully concealed or misrepresented in writing any material fact or circumstance concerning this insurance or the subject thereof, or the interest of any Insured therein, or in case of any fraud or false swearing by any Insured relating thereto; but the application of this provision shall not affect the Member Insured's obligation to pay the Retrospective Premium Adjustment callable by the Insurer under this Policy, or provide other assurances to the Insurer pursuant to Section VI.L.

H. Currency

All payments required to be made under this Policy by the Member Insured or the Insurer shall be made in United States dollars.

I. Dispute Resolution

1. The Insurer and the Insured mutually acknowledge that the form, terms and conditions of the Policy have been formulated by representatives of the companies participating in the mutual enterprise in order to provide insurance coverage which is vital to all participants. It is desired that the Insurer serve as a financially stable and reliable entity, responsive to the coverage needs of its participants, and providing coverage fairly and equitably as to each Insured, but taking equally into account fairness and equity as to all Insureds as a group. While every effort has been made to define with clarity and precision the scope of coverage and other policy provisions, the Insurer and the Insured mutually acknowledge that situations may arise where the terms of the Policy, or the interpretation of the terms, are disputed. For the foregoing reasons, the Insurer and the Insured agree that the following principles shall govern the interpretation of the Policy:

- (a) even-handedness and fairness to both the Insurer and the Insured;
 - (b) the intentions of the Insurer and Insured, as expressed in the Policy; however, in the event a Policy provision is found to be ambiguous by the Arbitrator(s), the Arbitrator(s) shall apply the rules of contract construction (as modified by the principles as set forth in this paragraph) prescribed by the internal law of the State of New York, provided that extrinsic evidence of intent shall be limited to the following, and no other, evidence: (i) the interpretive commentary as published by the Insurer, and, (ii) final and approved meeting Minutes of, and final written reports (together with any materials incorporated therein) created and approved by the NEIL Board of Directors, a Member Advisory Committee, Subcommittee, Task Force, or similar Member group;
 - (c) the practice of the Insurer and the Insured in interpreting and applying the Policy;
 - (d) the cooperative rather than adversarial relationship between the Insurer and the Insured; and
 - (e) the contract construction rule of *contra proferentem* (construing a contract against the drafter) is not applicable to this insurance policy.
2. The Insurer and Insured will endeavor to resolve any dispute between them by means of a voluntary process to be agreed upon between them, including, without limitation, early neutral evaluation, mediation, mini-trial, neutral fact finding, or senior peer review. Neither the Insurer nor the Insured may be compelled to participate in any such voluntary process except that, at the request of an Insured, the Insurer agrees to submit the dispute to senior peer review. The Insurer agrees to pay the fees and expenses of any neutral party associated with the use of any process hereunder. Senior peer review is a process in which both sides present their arguments and view of the evidence to a panel of five (5) employees of other NEIL Members, unless the Insured and Insurer agree that a panel of three (3) would be more appropriate. The panel will provide a written non-binding opinion on the merits of the dispute. Though not an exclusive list, panel members may include individuals from NEIL's Member Representatives, Board of Directors, Member Advisory Committees, or Members' Legal Counsel. None of the panelists may be employed by a Member that is an affiliate of the Insured involved in the dispute. The panelists shall be selected by agreement of the Insured and Insurer, but if no agreement is reached within thirty (30) days of the date the senior peer review is requested, the Insurer and Insured shall each submit a list of five names and a NEIL outside Director (as chosen by the Chairman of the Board) shall select the panelists. The panel, with input from the parties, shall establish a schedule for the proceeding, including, if appropriate, the submittal of written materials and oral arguments.
 3. The Statement of Dispute Resolution Principles adopted by the Insurer's Board of Directors and Members, as it may be amended from time to time, shall not create any rights or obligations on the parties but shall be used as guidelines for conducting dispute resolution processes hereunder.
 4. Except for disputes as to the amount of Property Damage (which shall be appraised as provided in Section V.D.), any dispute, controversy or claim between the Insurer and the Insured as to any matter arising out of or relating to this Policy, or the breach, termination or invalidity thereof, which is not settled between themselves, pursuant to paragraph 2 above or otherwise, shall be settled by arbitration in accordance with the

United Nations Commission on International Trade Law's ("UNCITRAL") Arbitration Rules. Arbitration of a dispute is final and binding.

- (a) The number of arbitrators shall be one, unless the Insured or the Insurer requests a three-person panel, in which case the number of arbitrators shall be three.
- (b) In the event the arbitration is to be decided by a single arbitrator, and the parties cannot agree on the appointment of that arbitrator within sixty (60) days of the notice of arbitration being served, the sole arbitrator shall be selected by the appointing authority specified in paragraph (d) below.
- (c) In the event the arbitration is to be decided by three arbitrators, the Insured shall appoint one arbitrator and the Insurer another; the two so appointed arbitrators shall select the third, who will act as the Chairman for the panel. The party which files the notice of arbitration shall include in such notice the identity of its party-appointed arbitrator. Within forty-five (45) days of service of the notice of arbitration, the second party shall notify the party that filed the notice of arbitration of the identity of its party-appointed arbitrator. At the time of the notification of the appointment, each side shall provide the other with a detailed curriculum vitae for the selected arbitrator, which shall include information regarding any potential conflict of interest of the selected arbitrator, including any financial or personal interest in the result of the arbitration or any past or present relationship with the parties or their representatives. All arbitrators shall be obligated to update his/her potential conflict of interest information throughout the arbitration. If (i) the party filing the notice of arbitration fails to include the identity of its party-appointed arbitrator, or (ii) the second party does not notify the first party of its party-appointed arbitrator within forty-five (45) days of service of the notice of arbitration, or (iii) the two party-appointed arbitrators fail to agree on a third arbitrator within a period of sixty (60) days from the date of appointment of the second arbitrator, then, on request of either party, the missing party-appointed arbitrator or the third arbitrator (as the case may be) shall be selected by the appointing authority specified in paragraph (d) below. There shall be no *ex parte* communications between a party and any of the arbitrators, except that a party-appointed arbitrator shall be permitted to communicate with the party that appointed him/her concerning (i) the identity of the Chairman and (ii) issues associated with arbitrator invoices.
- (d) The appointing authority shall be the American Arbitration Association ("AAA") in New York, New York. The AAA shall select arbitrators from the panel of international arbitrators for the International Centre for Dispute Resolution, the international division of the AAA (the "ICDR Roster"). The arbitrators selected from the ICDR Roster shall be U.S. nationals. If for any reason the AAA fails to appoint an arbitrator within thirty (30) days of the date of receipt of the request for such appointment, either party may proceed pursuant to Article 75 of the Civil Practice Law and Rules of the State of New York and make application to the Supreme Court of the State of New York, County of New York for the appointment of the arbitrator.
- (e) To the extent there is any inconsistency between the UNCITRAL Arbitration Rules and the provisions of this Policy, the latter shall govern.

- (f) The place of the arbitration shall be New York, New York, unless the parties agree upon another location.
- (g) Within forty-five (45) days after the appointment of the arbitrator, or in the case of a three-person panel the appointment of the Chairman, the arbitrator(s) shall conduct an initial conference to which the parties will be invited to attend. At the initial conference, the parties and arbitrator(s) shall discuss, without limitation, (i) the procedures to be followed, (ii) scheduling of submissions and hearings, and (iii) a timetable for discovery. At a minimum, the discovery order shall require the parties to provide each other non-privileged documents that are requested by the other side and that reasonably relate to the claims and defenses asserted in the arbitration. Following the initial conference, the arbitrator(s) shall issue a procedural order to the parties setting forth the procedures and schedule.
- (h) Within sixty (60) days of the close of the hearings (or the later of post-hearing oral argument or post-hearing written submissions should the arbitrator(s) authorize them), the arbitrator(s) shall issue an award, which shall be in writing and shall present a detailed statement of the factual and legal bases for the award. In the case of three arbitrators, the award of the arbitrator(s) shall require a majority of two votes. The arbitrator(s) shall first determine the liability of the parties as to the dispute, claim or controversy, and then, only if necessary, determine the type and amount of relief to be granted. In no case may the arbitrator(s) order the rescission or reformation of this Policy. Further, unless the arbitrator(s) determine that it is inappropriate under the circumstances of the case, the award shall provide that post-award interest shall begin to accrue at the rate of the Prime Rate, as published in the Wall Street Journal as of the date of the award, plus two (2) percent per annum from the date sixty (60) days after the award is delivered to the parties until the date the award is paid.
- (i) The arbitrator(s) shall award reasonable attorney's fees and costs to the prevailing party, not to exceed the amount of fees and costs incurred by the non-prevailing party. For this purpose, the fees incurred shall be calculated at reasonable hourly billing rates and shall include all reasonable out-of-pocket expenses, including, without limitation, the reasonable costs of expert witnesses and consultants. If the Insured has retained counsel on a contingency fee basis, and the Insurer is the prevailing party, the arbitrators shall award the Insurer all of its reasonable attorney's fees and costs (without consideration of the fees and costs incurred by the Insured).
- (j) In the event the award is challenged in court and the challenge is denied, the party that challenged the award shall pay the reasonable attorneys' fees and costs incurred by the non-challenging party in defending against the challenge to the award.
- (k) The parties acknowledge that any dispute resolution proceeding is intended to be confidential and therefore agree to properly maintain and not disclose or reveal any information obtained from the other party pursuant to the terms of a Confidentiality Agreement to be executed between the parties at the beginning of the proceeding (the terms of which shall be determined by the arbitrators in the event that the parties are unable to agree). In the case of arbitration, the written decision of the arbitrator(s) shall be available to other Insureds of NEIL

and NEIL Overseas dac, except that any information within the written decision that the Insured can show is proprietary in nature will be redacted.

5. To the extent that any dispute, claim or controversy between the Insured and the Insurer hereunder is not subject to arbitration for any reason, or to the extent that applicable law otherwise permits the parties to seek provisional relief from the courts prior to the time that the arbitral panel is appointed, the United States District Court for the Southern District of New York (or the Supreme Court of the State of New York, New York County, if federal jurisdiction cannot be attained) shall have exclusive jurisdiction thereof. For such purpose, the Insured agrees to accept, without objection to form or manner, service of process by registered mail or form of overnight mail to the person identified in Item 11 of the Declarations. For such purpose, the Insurer agrees to accept, without objection to form or manner, service of process by registered mail, or overnight mail, directed to the Insurer's General Counsel, at Nuclear Electric Insurance Limited, 1201 North Market Street, Suite 1100, Wilmington, Delaware 19801. The foregoing consents to service of process are not intended, nor shall they be construed, to extend to any dispute, claim, controversy, cause of action, or other matter other than as stated in this paragraph.

J. Errors and Omissions

No inadvertent error, omission or failure in furnishing reports hereunder shall prejudice the Insureds' right of recovery, but shall be corrected when discovered.

K. Evaluations and Compliance with Loss Control Standards

1. The Insurer shall be permitted, but not obligated, to perform or to have performed on its behalf, evaluations of the Insured Property at any reasonable time. All evaluations and evaluation reports made by or on behalf of the Insurer are made solely for insurance purposes. Evaluation reports are based upon the conditions, practices and property observed and information made available at the time of the evaluation, and shall not be deemed to identify all hazards or to indicate that other hazards do not exist. The Insurer and those performing evaluations on its behalf shall not be responsible for the correction or control of any conditions, practices or property. Notwithstanding any other agreement, express or implied, to the contrary, neither the right to make an evaluation nor the making of an evaluation, nor any advice or report resulting therefrom, shall constitute or be construed as an undertaking on behalf of or for the benefit of the Member Insured or others to determine or warrant that the facilities, operations or property are safe or healthful, or are in compliance with any law, rule, regulation, procedure or standard. It shall be the obligation of the Member Insured to ensure that the Insurer is afforded the right to conduct an evaluation under this paragraph.
2. Upon discovery of a dangerous condition (the "Dangerous Condition") with respect to any property, or part thereof, insured under this Policy or a Primary Property Policy issued by the Insurer for the Site insured under this Policy (the "Affected Property"), whether discovered as a result of an evaluation or otherwise, a representative of the Insurer may:
 - (a) request that the Affected Property be taken out of service without delay, and/or
 - (b) request that actions be taken to remedy the Dangerous Condition.
3. If a request made under paragraph 2 above is not complied with, the Insurer may immediately suspend coverage as to the Affected Property and/or limit coverage for any

Accidental Property Damage that could have been avoided or reduced had the Dangerous Condition been remedied, provided, however, that there will be coverage for Property Damage if the Insured can demonstrate that the Property Damage was unrelated to the failure to take the requested action (and there is otherwise coverage under this Policy). Notice of the suspension and/or limitation of coverage (which may be made together with either request referred to in paragraph 2 above) shall be written and, notwithstanding any other provisions under this Policy, may be sent to the Member Insured in accordance with Section V.P. of this Policy.

4. It shall be an obligation under this Policy that the Member Insured comply with the SHALL Requirements contained in the Insurer's Loss Control Standards.
5. If the Insurer learns of an Insured's failure to comply with, or to take agreed upon actions in accordance with the agreed upon Resolution Plan to correct a failure to comply with, a SHALL Requirement contained in the Insurer's Loss Control Standards, and, as a result and in accordance with the terms of a Primary Property Policy issued by the Insurer for the Site insured under this Policy the Insurer suspends coverage under that Primary Property Policy, such suspension of coverage shall apply with equal force and effect to this Policy. The Insurer shall notify the Insured of a suspension of coverage under this Policy in the same notice sent by the Insurer concerning suspension under the Primary Property Policy. Upon reinstatement of coverage under the Primary Property Policy, coverage shall be reinstated under this Policy in accordance with the provisions of paragraph 9 of this Section.
6. If the Insured requests that coverage be removed under a Primary Property Policy issued by the Insurer for the Site insured under this Policy, such removal of coverage shall have equal effect under this Policy, with the precise scope of such removal to be described in an endorsement to this Policy or as set forth in writing and delivered to the Insured.
7. Any suspension of coverage under paragraphs 3 and/or 5 above shall be in accordance with the scope of coverage suspension set forth in writing and delivered to the Insured.
8. The Insurer may immediately suspend and/or limit coverage under this Policy, in whole or in part, with respect to the Insured Property if (i) the NRC suspends or revokes for any reason the operating license issued with respect to any Unit on such Insured Property, or (ii) the NRC issues a shutdown order with respect to such Unit, or (iii) the NRC issues a confirmatory order keeping such Unit shut down. In the event that the Insurer chooses to suspend and/or limit coverage under this provision, it shall notify the Member Insured in writing of that decision.
9. The coverage suspended and/or limited in accordance with paragraphs 3 and/or 5 above may be reinstated by the Insurer, but only by an endorsement issued to form a part of this Policy. The suspension and/or limitation of coverage under this Policy will not affect the obligation of the Member Insured to pay the Retrospective Premium Adjustment callable by the Insurer under this Policy, or provide other assurances to the Insurer pursuant to Section VI.L.

L. Headings

The headings in this Policy are inserted for convenience only and shall not be deemed to constitute a part hereof.

M. Loss Payments

It is agreed that payment under this Policy shall be made in the following order:

1. Losses under Nuclear Liability Coverage under paragraph I.A.1.;
2. Losses under Decommissioning Liability Coverage pursuant to Section II; and
3. Losses under the Debris Removal and Decontamination Coverage under paragraph I.A.2., the Property Damage Coverage under paragraph I.A.3., and the Functional Total Loss Coverage under Section I.B.

N. Notifications

The Member Insured shall promptly notify the Insurer in the event that any of the Units specified in Item 7 of the Declarations or in the Declarations of the Underlying Insurance Policy is to permanently cease operations prior to the scheduled expiration of such Unit's operating license.

O. Other Insurance

With respect to a Loss for Accidental Property Damage covered by an Underlying Insurer (a "Joint Loss"), (i) upon receiving payment under this Policy with respect to a Joint Loss, the Insured hereby assigns to the Insurer the proceeds received or receivable under the Underlying Insurance Policies providing insurance coverage to the Insured with respect to the Joint Loss, but only to the extent that the availability of such proceeds would have reduced the Insurer's ultimate liability for the Joint Loss; and (ii) in determining whether the Insurer has paid its share of the Joint Loss, the amounts actually paid by the Insurer shall be reduced by any amounts received by the Insurer from the Insured or the Underlying Insurer providing insurance coverage to the Insured with respect to the Joint Loss in accordance with (i).

P. Policy Decisions and Notice

Except as provided in Section V.T., all decisions or actions made or taken with respect to this Policy may only be taken or made by the first named Member Insured and all such decisions or actions shall be binding on all Insureds. Such decisions or actions shall include, without limitation, decisions to give or not give notices of Accidental Property Damage, to file or not file proofs of loss and to bring or not bring an action under the dispute resolution provision. No decision or action with respect to this Policy may be made or taken by anyone other than the Insurer and the first named Member Insured. The first named Member Insured shall be that Member Insured whose name is listed first in Item 1 of the Declarations. The Insurer and the Insureds agree that all communications between them as to any matter arising under or relating to this Policy shall be made as follows:

1. If to the Insurer: The communication must be sent by the first named Member Insured and must be sent by facsimile, mail, electronic mail, or courier through the Member Insured's Delaware Representative to the Insurer at the address listed in Item 2 of the Declarations, but may be sent directly to the Insurer if permitted under the Insurer's Operating Procedures.
2. If to the Insureds: The communication must be sent by the Insurer to the first named Member Insured and must be sent by facsimile, mail, electronic mail, or courier to the address of such Member Insured's Delaware Representative, or to the address listed in Item 1 of the Declarations if permitted under the Insurer's Operating Procedures. It shall

be the obligation of the first named Member Insured to communicate the contents of any notification from the Insurer to the other Insureds.

The Insured's compliance with the provisions of this Section V.P. is a condition precedent to the Insurer's obligations under this Policy.

Q. Policy Modifications

This Policy embodies all agreements between the Member Insured and the Insurer or any of their agents relating to this insurance. There shall be no change in the terms, provisions and stipulations of this Policy except in writing hereon or by endorsement added hereto by the Insurer and the Member Insured. No amendment to the Underlying Insurance Policy shall increase the Insurer's liability under this Policy without the prior written consent of the Insurer. The granting of such consent shall be wholly within the discretion of the Insurer.

R. Priority of Payments

1. Payment under this Policy may be made with respect to Losses under the Decommissioning Liability Coverage under Section II., Debris Removal and Decontamination Coverage under paragraph I.A.2., the Property Damage Coverage under paragraph I.A.3., and/or Functional Total Loss Coverage under paragraph I.A.2. prior to completion of indemnification under the Nuclear Liability Coverage under paragraph I.A.1. only on the condition that the Member Insured attests that:
 - (a) no proceeds of this Policy in excess of an amount specified by the Insureds, except as provided in a proof of loss filed with the Insurer, are needed to discharge the legal obligation or liability of the Insureds to protect the public health and safety caused by a Nuclear Event, as required by the Act; and
 - (b) the payment or use of policy proceeds for Losses under the Decommissioning Liability Coverage under Section II, Debris Removal and Decontamination Coverage under paragraph I.A.2., the Property Damage Coverage under paragraph I.A.3., and/or the Functional Total Loss Coverage under Section I.B. does not violate any regulation or order of the NRC.
2. Except as provided in paragraph 3 below, the amount of insurance available for payment to the Insureds with respect to Losses covered under other Sections of this Policy prior to the indemnification under paragraph I.A.1. shall be calculated by subtracting the Specified Nuclear Liability Amount from the amount of insurance specified in Item 6.B. of the Declarations, as it may be reduced pursuant to the terms of this Policy.
3. At the request of the Member Insured, the amount calculated in accordance with paragraph 2 above may be increased to include an amount equal to all or part of the Specified Nuclear Liability Amount, but only to the extent of amounts for which the Member Insured attests:
 - (a) that the Insureds are entitled under other valid and collectible insurance covering the same expenses covered by paragraph I.A.1.;
 - (b) that the Insureds will claim under such other insurance and use such claimed proceeds to discharge their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act; and

- (c) that the payment or use of all or part of the Specified Nuclear Liability Amount for Losses covered under other Sections of this Policy does not violate any regulation or order of the NRC.
- 4. No payments shall be made pursuant to Section I until (a) all amounts payable under all Underlying Insurance Policies have actually been expended for the types of losses and expenses covered thereunder or designated for the type of expenses covered under paragraph I.A.1. or Section II, and (b) at least the amount of the Attachment Point has actually been expended for the types of losses and expenses covered under paragraphs I.A.2. or I.A.3. or designated for the type of expenses covered under paragraph I.A.1.
- 5. If the Insured satisfies the requirements for and elects to receive the Functional Value of the Insured Unit pursuant to Section I.B., the maximum amount the Insured may collect from the Insurer over each of the next five (5) consecutive 12-month periods is US\$350,000,000. Each 12-month period will begin on the date, or anniversary date, of the Accident that caused the Functional Value election. After the fifth anniversary of the Date of the Accident, the Insured shall be permitted to collect any amount that remains available under the Limit of Liability stated in Item 6 of the Declarations, subject to the terms of this Policy including priority of payments and when the Insurer would be obligated to make claims payments. Despite the provisions of this paragraph, an Insured may collect more than the maximum amount stated above over any of the 12-month periods, but only if all of the payments made to the Insured during the particular period are for damages incurred pursuant to paragraphs I.A.1. and 2 of this Policy, or paragraph I.A.1 of a Primary Property Policy issued by the Insurer for the Unit.

S. Reports

The Member Insured hereby consents, and shall obtain the consent of the Operator, to the Insurer having access to INPO's final Evaluation Reports, and shall provide any assistance necessary to ensure that the Insurer has access thereto.

T. Requirements in Case of Accidental Property Damage

- 1. It shall be the obligation of the Insureds to give or cause to be given prompt written notice to the Insurer of any Accidental Property Damage that is reasonably expected to reach the Attachment Point for this Policy, and to protect the Insured Property from further damage. The Insureds shall separate or cause to be separated, with reasonable promptness, the damaged and undamaged Insured Property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged Insured Property, showing in detail quantities, costs, Actual Cash Value or, if recovery under the Underlying Insurance Policies is on a Replacement Cost basis, the Replacement Cost, the estimated amount of Property Damage claimed, and the Functional Value of the Unit. The Insurer may deny coverage for such Accidental Property Damage if the Insured fails to comply with its obligation to provide prompt written notice thereof, but only if the Insurer demonstrates being prejudiced in its ability to adjust, assess or otherwise investigate the claim as a result of such failure.
- 2. In the event of Accidental Property Damage, the Insureds and each of their agents, employees or assigns, shall do all things reasonably necessary or desirable, or to the extent reasonably requested or required by the Insurer with respect to its investigation of such Accidental Property Damage, to defend, safeguard, recover, and preserve the damaged Insured Property. The Member Insured shall provide the Insurer access, as often as may be reasonably necessary, to any Insured Property.

3. Within twelve (12) months after the amount of Accidental Property Damage exceeds the Attachment Point, as determined by the Insurer and set forth in a written notice to the Member Insured, unless such time is extended in writing by the Insurer, the Insureds shall complete and file with the Insurer a proof of loss, in the form approved by the Insurer, signed and sworn to by the Member Insured, stating the knowledge and belief of the Insureds as to the time and origin of the Accidental Property Damage, the interest of the Insureds and all others in the Insured Property, all other contracts of insurance, whether valid or not, covering any of said Insured Property or the risks insured hereunder, and the following:
 - (a) with respect to Losses under the Nuclear Liability Coverage under paragraph I.A.1., the amount of expenses incurred in discharging the Insured's legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act, and an attestation by the Member Insured as to the Insured's obligation or liability to incur such expenses;
 - (b) with respect to Losses under the Debris Removal and Decontamination Coverage under paragraph I.A.2. and/or the Property Damage Coverage under Section I.A.3., the Actual Cash Value or, if recovery under the Underlying Insurance Policies is on a Replacement Cost basis, the Replacement Cost of each item thereof and the amount of Property Damage thereto, all encumbrances thereon, and changes in the title, use, occupation, location, possession or exposures of said Insured Property since the issuance of this Policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of the Accident causing the Loss and whether or not it then stood on leased ground. The Insureds shall also furnish the Insurer a copy of all descriptions and schedules in all other policies and, if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged, and an attestation by the Member Insured that (i) no proceeds of this Policy or no proceeds of this Policy in excess of the Specified Nuclear Liability Amount, except as provided in a proof of loss filed with the Insurer, are needed to discharge the legal obligation or liability of the Insureds to protect the public health and safety caused by a Nuclear Event, as required by the Act; and (ii) the payment or use of policy proceeds for Losses under the Debris Removal and Decontamination Coverage under paragraph I.A.2. and/or the Property Damage Coverage under paragraph I.A.3. does not violate any regulation or order of the NRC;
 - (c) with respect to Losses under the Functional Total Loss Coverage, the Functional Value of the Unit at the time of the Accident, and an attestation by the Member Insured as required under paragraph V.R.1. which includes an attestation that the Unit incurring the Accidental Property Damage has permanently ceased operation; and
 - (d) with respect to Losses under the Decommissioning Liability Coverage under Section II, the current balance of the Decommissioning Trust Fund, the Decommissioning Target Amount, a copy of the Decommissioning Target Document, if requested by the Insurer, and an estimate of the expenses to be incurred in decommissioning the Unit, and an attestation by the Member Insured as required under paragraph V.R.1. which includes an attestation that the Unit incurring the Accidental Property Damage has permanently ceased operation.
4. Within a reasonable time period after a request is made by the Insurer, the Member Insured shall identify and designate that person (or persons) within its control who has

the best information or knowledge regarding any topic specified by the Insurer. At such reasonable time and place as designated by the Insurer or its representative, the Member Insured shall produce and have each of its designated persons submit to an examination under oath as often as may be reasonably required outside of the presence of any other Insured. Each designated person examined shall review and sign the transcript of their sworn testimony within thirty (30) days of receipt. Failure on the part of any Insured or Operator to comply with the requirements of this paragraph shall be deemed a breach of this obligation on the part of the Member Insured.

5. Within a reasonable time period after a request is made by the Insurer, the Member Insured shall produce for examination by the Insurer or its representative the original of any record or document within the possession, custody, or control of the Member Insured, requested by the Insurer to determine its liability or the amount thereof. The Member Insured shall provide all reasonable assistance to the Insurer or its representative in locating, requesting, or examining any record or document which is in the possession of a third-party. The Insurer shall have the right to make copies of any record or document examined, except for records or documents that are restricted from being copied by applicable law or regulation. The Insured shall take all reasonable steps to seek relief from any applicable law or regulation preventing the Insurer from obtaining copies of any relevant records or documents. In the event that an original record or document is not available for examination, the Member Insured may produce a legible copy of the original record or document and certify under oath that it is a true and accurate copy of the original which is no longer available. Failure on the part of any Insured or Operator to comply with the requirements of this paragraph shall be deemed a breach of this obligation on the part of the Member Insured.

U. State Premium Tax

The Insureds represent that they have paid or will pay any applicable state premium tax.

V. Subrogation

1. Except as provided in paragraph 2 below, or as required by applicable law or regulation, the Insurer may require from the Insureds an assignment of all right of recovery against any party for Accidental Property Damage to the extent that payment therefor is made by the Insurer, and the Insureds shall execute and deliver all necessary instruments and do all things necessary or desirable on behalf of the Insurer to secure such rights. The Insureds shall take no action after the Accident which may prejudice the Insurer's rights under this paragraph; however, prior to an Accident, the Insureds may waive in writing any or all right of recovery against any party for Accidental Property Damage.
2. The Insurer hereby waives any right of subrogation acquired by reason of any payment under this Policy arising out of any Accidental Property Damage covered hereunder against the Insureds and any party furnishing services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation or use of the Insured Property.
3. It is a condition of this Policy that the Insureds shall repay the Insurer any recoveries made by the Insureds on account of any Accidental Property Damage to the extent that the Insurer would have been entitled to such recoveries had this waiver not been included in this Policy; provided, however, that the proceeds of any such recovery shall be applied first to any uncompensated Property Damage incurred by the Insureds, including reimbursement of any deductible amount under this Policy, and then, to the

extent any proceeds of such recovery remain, to reimburse the Insurer for any payments made by it to the Insureds.

W. Suit

No suit, action, or proceeding arising out of, based upon, or relating to this Policy shall be sustainable in any court of law or equity with the sole exception being the confirmation of an arbitration award. No action or proceeding on this Policy for the recovery of any claim shall be sustainable unless all the requirements of this Policy shall have been complied with, and unless commenced within eighteen (18) months after the amount of the Accidental Property Damage exceeds the Attachment Point, as determined by the Insurer and set forth in a written notice to the Member Insured; provided, however, an extension of time granted by the Insurer for rendering a proof of loss in the form approved by the Insurer with respect to any Accidental Property Damage shall extend the eighteen-month period for bringing suit with respect to such claim by the period of the extension.

X. Term and Cancellation

1. This Policy shall commence on the date specified in Item 3.A. of the Declarations and shall terminate on the date specified in Item 3.A. of the Declarations. This Policy may be cancelled at any time at the request of the Member Insured, in which case the Insurer shall upon demand and surrender of this Policy, refund the excess of paid premium above the pro rata premium for the expired time.
2. This Policy may be canceled at any time by the Insurer, upon approval of its Board of Directors, upon sixty (60) days' written notice of cancellation mailed or delivered to the Member Insured, with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium, if not tendered, will be refunded on demand.
3. This Policy shall be automatically canceled if (i) the INPO membership of either the Member Insured or the Operator is suspended or canceled by INPO for any reason and (ii) the Member Insured fails to notify the Insurer within five business days after receipt of notice of such suspension or cancellation of membership in INPO, unless the Insurer is otherwise notified during such five business days.
4. In the event that the Member Insured fails to pay to the Insurer any Retrospective Premium Adjustment due under this Policy, due under any Other Insurance Policy as such Member Insured may have with the Insurer, or referred to in Section VI, this Policy shall terminate provided that the Insurer notifies the Member Insured in writing of this delinquency and the Member Insured fails to make the required payment within fifteen (15) days after receiving such notice by registered mail.
5. Cancellation or termination of the Underlying Insurance Policy by the Underlying Insurer automatically cancels or terminates this Policy.
6. Neither the cancellation of the Policy on the part of the Member Insured or the Insurer, nor its automatic termination, shall affect the obligation of the Member Insured to pay the Retrospective Premium Adjustment callable by the Insurer under this Policy, or provide other assurances to the Insurer pursuant to Section VI.L.

Y. Valuations

For purposes of this Policy, except where the Underlying Insurance Policies are written on an Actual Cash Value basis, the value of the Insured Property that sustained Accidental Property Damage shall be the lesser of the actual repair costs or the Replacement Cost of such Insured Property, but only if such Insured Property that sustained Accidental Property Damage is repaired or replaced within a reasonable time with identical or like kind property on the same premises and intended for the same occupancy and use, and used in connection with a nuclear facility. In all other cases, the value of the Insured Property that sustained Accidental Property Damage shall be the Actual Cash Value of such Insured Property as is damaged or destroyed, notwithstanding that the Policy may refer to the Replacement Cost of such Insured Property.

Z. Waiver Provisions

No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of the Insurer relating to appraisal or to any examination provided for herein.

AA. When Loss Payable

The amount of Loss for which the Insurer may be liable shall be payable as soon as practicable and in any event within sixty (60) days after the proof of loss is received by the Insurer and ascertainment of the Loss is made either by agreement between the Member Insured and the Insurer expressed in writing or by the filing with the Insurer of an award as herein provided. Where only a partial proof of loss has been provided to the Insurer and the Insurer's liability for the Property Damage is uncontested, the Insurer may, in its sole discretion, make partial payment to the Insured. Nevertheless, the Insurer shall have no obligation to make such partial payment.

VI. RETROSPECTIVE PREMIUM ADJUSTMENT

Subject to the terms and conditions of this Policy, the Member Insured agrees to pay to the Insurer the Retrospective Premium Adjustment as hereinafter set forth.

- A.** The Insurer may call a Retrospective Premium Adjustment, to be paid by the Member Insured to the Insurer, from time to time, but only to the extent the call for the Retrospective Premium Adjustment is deemed necessary by the Board of Directors of the Insurer (the "Board of Directors"), in its sole discretion, to cover Loss(es) incurred by the Insurer under this Policy and all Other Insurance Policies with insurance coverage effective on the Date of the Accident giving rise to the Losses that the Retrospective Premium Adjustment is designed to cover, which shall be determined by the Board of Directors, in its sole discretion.
- B.** When, for any purpose hereunder, it becomes necessary to calculate the obligation of the Member Insured for the Retrospective Premium Adjustment,
 - 1. The Board of Directors, in its sole discretion, shall determine a Multiple to be used in the calculation of a Retrospective Premium Adjustment to be called under this Policy and all Other Insurance Policies with insurance coverage effective during the Policy Year, which Multiple shall be no more than the greater of (a) the Multiple set forth in Item 5.A. of the Declarations of this Policy or (b) the Multiple used for any Other Insurance Policy with insurance coverage effective during the Policy Year.

2. The amount of the Retrospective Premium Adjustment shall be equal to the product of (m) the Multiple established pursuant to paragraph 1 above times the sum of (x) the Premium multiplied by a fraction, the numerator of which is 365 and the denominator of which is the number of calendar days in the Policy Period specified in Item 3.A of the Declarations (but not more than 365) and (y) the Additional Premium (i.e., $m * (x + y)$).
 3. The aggregate of all Retrospective Premium Adjustments called by the Insurer under this Policy shall not exceed the Retrospective Premium Adjustment set forth in Item 5.B. of the Declarations.
 4. The obligation of the Member Insured to pay the Retrospective Premium Adjustment shall be and remain in full force and effect if this Policy is canceled, suspended or not renewed for any reason, and shall not be subject to any reduction due to setoff, pending claims, or any other amounts due from the Insurer.
- C.** The Retrospective Premium Adjustment, when called by the Insurer, shall be paid in whole or in one or more parts to the Insurer by wire transfer or other method acceptable to the Insurer by the date specified in the written notice of the call, which shall be not less than twenty (20) business days from the date of the notice. If the written notice of the call does not specify the date by which payment shall be made, the Insurer shall provide further written notice that does specify a payment date, which shall be not less than twenty (20) business days after such further written notice.
- D.** Notwithstanding the provisions of paragraph B.2. above, in the event of a Delinquent Member, the Insurer may, without first pursuing any rights it may have against such Delinquent Member(s), make such number of further calls upon the Member Insureds of the Insurer under this Policy and all Other Insurance Policies with insurance coverage effective during the Policy Year for the amount not paid by such Delinquent Member(s). The additional amount due from Member Insureds on account of a Delinquent Member shall be calculated pro rata based upon the Premium set forth in Item 4 of the Declarations of such Other Insurance Policies in effect on the Date of Accident giving rise to the initial Retrospective Premium Adjustment call. The fact that the aggregate Retrospective Premium Adjustment called for by the Insurer has been received from such other Member Insureds of the Insurer shall not bar the Insurer from pursuing the Insurer's rights against any Delinquent Member. To the extent that the Insurer recovers any amount due from a Delinquent Member, such amount will be redistributed to the Member Insureds on a pro rata basis based upon each Member Insured's contribution towards the Delinquent Member's share.
- E.** The Policy Year to which any Retrospective Premium Adjustment is attributed shall be determined by the Board of Directors at the time it makes the call for such Retrospective Premium Adjustment based on the Date of the Accident giving rise to the Losses that the Retrospective Premium Adjustment is designed to cover.
- F.** The Board of Directors, in its sole discretion, may decrease the Multiple set forth in Item 5.A. of the Declarations of this Policy, and any Other Insurance Policy with insurance coverage effective during the Policy Year, and the Retrospective Premium Adjustment callable under this Policy and any Other Insurance Policy shall be reduced by a corresponding amount. However, the Insurer shall not decrease the Multiple or the corresponding adjustment to any such Retrospective Premium Adjustment where (i) the Retrospective Premium Adjustment has already been assigned by the Insurer pursuant to Section VI.K, or (ii) the Multiple in any Other Insurance Policy with insurance coverage effective during the Policy Year, after adjustment, would be different than the Multiple, after adjustment, in this Policy, unless the applicable Multiple and corresponding adjustment to the Retrospective Premium Adjustment under this Policy have also been reduced.

- G.** Subject to Section VI.L., the obligation of the Member Insured hereunder shall be limited to the Premium, Additional Premium, the Retrospective Premium Adjustment or any unpaid portion thereof due to the Insurer under the terms of this Policy. No Member Insured shall be subject to any contingent liability or be required to pay any dues or assessments in addition to such Premium, Additional Premium, Retrospective Premium Adjustment, or any unpaid portion thereof, and any assurance under Section VI.L. due under this Policy and those due under any Other Insurance Policies as such Member Insured may have with the Insurer.
- H.** The obligation of the Member Insured to pay the Retrospective Premium Adjustment for the Policy Year shall cease six (6) years after the end of the Policy Year, unless prior call is made therefor.
- I.** The obligation of the Member Insured to pay any Retrospective Premium Adjustment due under any Other Insurance Policy between the Insurer and the Member Insured which terminated on or before the inception date of this Policy is an obligation of the Member Insured under this Policy. The terms and the amount of such obligation shall be determined by reference to the Other Insurance Policy under which such obligation arose, notwithstanding that such Other Insurance Policy may no longer be in effect.
- J.** The liability of each Member Insured, if there be more than one under this Policy, for the Retrospective Premium Adjustment, and any assurance that may be required pursuant to Section VI.L., shall be several and not joint and in proportion to their respective interests specified in the Declarations.
- K.** In the event the Insurer has available credit facilities from lenders, the Board of Directors may, in its sole discretion, utilize such facilities to finance Losses incurred by the Insurer under this Policy and all Other Insurance Policies. The Insurer may assign to the lenders the Insurer's interest in the Retrospective Premium Adjustment, in whole or in part, including, in the event the Insurer defaults on its obligations to such lenders, the right to call such interest assigned. Such assignment may be made and shall only be effective with respect to the financing of those Losses for which the Retrospective Premium Adjustment could be called. In the event any assignment is made, the Insurer shall give prompt notice thereof to the Member Insured(s). Each Member Insured shall, upon the request of the Insurer, provide a written acknowledgement of its liability for the Retrospective Premium Adjustment to each of the lenders involved.
- L.** The Board of Directors may, in its sole discretion, require the Member Insured to provide assurance to the Insurer of the Member Insured's ability to satisfy its obligation to pay a Retrospective Premium Adjustment when called, whether or not a request for assurance is made upon any other Member Insured(s).
 - 1. Within twenty (20) business days of receiving notice from the Insurer that such assurance is required, the Member Insured shall provide assurance in a manner acceptable by the Insurer including, but not limited to, providing a letter of credit or financial guarantee, reimbursing the cost to purchase retrospective premium insurance, and/or paying a Deposit Premium pursuant to paragraph 3 below. The terms and conditions acceptable to the Insurer for a letter of credit, financial guarantee, and the retrospective premium insurance options will be provided to the Member Insured by the Insurer at the time the Insurer requires the Member Insured to provide assurance.
 - 2. If (a) the Member Insured fails to elect one of the options available pursuant to paragraph 1 above within the time frame required, or (b) at any other time when, in the sole discretion of the Board of Directors, the Board of Directors determines it is in the best interests of the Insurer, then the Insurer may require the Member Insured to pay a

Deposit Premium, whether or not a demand for a Deposit Premium is made upon any other Member Insured(s). If the Insurer demands a Deposit Premium, the Member Insured shall pay the Deposit Premium within twenty (20) business days of the demand.

3. If the Member Insured elects to pay a Deposit Premium, or if a Deposit Premium is demanded pursuant to paragraph 2 above, the Insurer may require the Deposit Premium to be paid in whole or in one or more parts.
 - (a) The amount of the Deposit Premium shall be equal to the Retrospective Premium Adjustment set forth in Item 5.B. of the Declarations, unless otherwise indicated. However, the aggregate of the Deposit Premium and any Retrospective Premium Adjustments called for under this Policy shall not exceed the Retrospective Premium Adjustment set forth in Item 5.B. of the Declarations.
 - (b) The amount of the Deposit Premium may be adjusted at the anniversary of this Policy.
 - (c) Any Deposit Premium paid to the Insurer will be returned to the Member Insured when, in the sole discretion of the Board of Directors, the retention of the Deposit Premium is no longer required.
 - (d) The amount of any Deposit Premium paid shall be a credit against the obligation of the Member Insured to pay a Retrospective Premium Adjustment, and the Insurer shall have the right to draw from the Deposit Premium paid the Retrospective Premium Adjustment amount called up to the full amount of the Deposit Premium on the date the call for payment of the Retrospective Premium Adjustment is made.
 - (e) Amounts paid as Deposit Premiums will be held in an interest bearing account and, until a call is made for a Retrospective Premium Adjustment, interest earned on the Deposit Premium will be paid to the Member Insured on an annual basis, within ninety (90) business days after the end of the applicable calendar year.
 - (f) The obligation of the Member Insured to pay the Deposit Premium shall be and remain in full force and effect if this Policy is canceled, suspended or not renewed for any reason and shall not be subject to any reduction due to setoff, pending claims, or any other amounts due from the Insurer.

VII. MEMBERSHIP

Each Member Insured becomes a member of the Insurer as part of obtaining insurance from the Insurer, and as such, is entitled to the privileges and benefits, and by entering into this Policy agrees to be subject to and bound by, the obligations and duties, of membership. These are more fully set forth in the Memorandum of Association and in the Bye-Laws and any amendments thereto, each of which is hereby incorporated into and made a part of this Policy. In no event shall any amendment to the Memorandum of Association or the Bye-Laws increase the amount of Premium or Retrospective Premium Adjustment payable or callable hereunder.

VIII. DEFINITIONS

For purposes of this Policy, unless otherwise stated to the contrary, the following capitalized terms shall have the meanings set forth below. Other capitalized terms are included in the Declarations and in other Sections. Unless otherwise stated or required for the meaning of any provision, the singular shall include the plural and the plural, the singular.

- A. "Accident"** means a sudden and fortuitous event, an event of the moment, which happens by chance, is unexpected and unforeseeable. Accident does not include any condition which develops, progresses or changes over time, or which is inevitable. The "Date of the Accident" shall be the date on which the Insured discovers the Accident. No Accident is covered hereunder which occurred while the Insured was not insured by the Insurer under this Policy or a predecessor policy issued by the Insurer.
- B. "Accidental Property Damage"** means Property Damage which is caused by an Accident.
- C. "Act"** means the Atomic Energy Act of 1954, 42 U.S.C. §2011, et seq., as amended, and the regulations promulgated pursuant thereto.
- D. "Actual Cash Value"** means the amount determined by reducing the Replacement Cost of the Insured Property by physical depreciation. "Physical depreciation" means the reduction in value of property resulting from age and use.
- E. "Additional Premium"** means the sum of all Premium Adjustment(s), if any, assessed in accordance with Section V.J. of the Policy.
- F. "Amount of Decommissioning Liability Coverage"** means the amount payable for decommissioning liability expenses pursuant to Section II.A., as calculated under the formula set forth in Section II.B.
- G. "Attachment Point"** means the greater of (i) the amount covered by all the Underlying Insurance Policies or (ii) \$1,500,000,000.
- H. "Corporate Affiliate"** means, with respect to a Member Insured or Operator, any entity that (a) owns or controls, directly or indirectly, the Member Insured or Operator, (b) is owned or controlled, directly or indirectly, by the Member Insured or Operator, or (c) is under common ownership or control with the Member Insured or Operator; where "own" means ownership of fifty percent or more of the equity interests or rights to distributions of the entity, and "control" means the power to direct the management or policies of the entity, whether through the ownership of voting securities, by contract, or otherwise.
- I. "Debris Removal and Decontamination Coverage"** means the coverage provided pursuant to paragraph I.A.2.
- J. "Decommissioning Target Amount"** means the amount approved by the Insurer as necessary to meet the costs of decommissioning the Unit, as adjusted to the Settlement Date.
- K. "Decommissioning Target Document"** means the document submitted by the Insured in estimating the costs of decommissioning the Unit after the Accident leading to decommissioning. The document shall include information required under 10 C.F.R. §50.75 and the cost estimates shall be based on then currently available industry data. The document shall be subject to the approval of the Insurer.

- L. "Decommissioning Trust Fund"** means the external sinking fund described by the NRC pursuant to 10 C.F.R. §50.75 to pay the costs of decommissioning the Unit at the end of its licensed life.
- M. "Delinquent Member"** means any member insured, including the Member Insured, who fails to pay a Retrospective Premium Adjustment demanded by the Insurer under this Policy or any Other Insurance Policy within twenty (20) business days after such demand.
- N. "Deposit Premium"** means the amount that the Member Insured may be required to pay to the Insurer under this Policy, as detailed in to Section VI.L. of this Policy, as security for future Retrospective Premium Adjustments.
- O. "Earth Movement"** means all land movement, whether natural or man-made, including earthquakes, shocks, tremors, volcanic action, earth rising or shifting, landslide, subsidence, rockfall as a result of seismic activity, or sinkhole.
- P. "Flood"** means a general and temporary condition of partial or complete inundation of normally dry land areas caused by:
1. the overflow, or expansion beyond normal boundaries of any body of water or watercourse, whether such body of water or watercourse is natural or artificial;
 2. the release or breaking of the boundaries of natural or artificial bodies of water or watercourses, including the release or overflow of any water impounded by a dam, dike or reservoir or any other barrier or diversionary device;
 3. tsunami, waves, tide or tidal waters, storm surge, or the spray from any of the foregoing, whether driven by the wind or not;
 4. the unusual or rapid accumulation or runoff of surface waters from any source; and
 5. mudslides (i.e., mudflows) which are caused by flooding as defined in paragraphs (1) through (4) of this definition and are akin to a river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water and deposited along the path of the current.
- Q. "Functional Age"** means an amount of time meant to represent the remaining operating life of the Unit, stated as a percentage of the maximum license life of the Unit, as determined by dividing the number of years remaining on the Unit's operating life as of the Date of the Accident by the maximum number of years of operation permitted for the Unit. For the purpose of this calculation only, the presumed maximum number of years of operation permitted shall be sixty (60) years, unless the Member Insured has had a license extension request denied by the NRC, in which case the maximum number of years of operation shall be the amount permitted under the operating license, or has notified the NRC of an earlier permanent shutdown date for the Unit, in which case the maximum number of years of operation shall be the amount permitted based on that permanent shutdown date.
- R. "Functional Total Loss Coverage"** means the coverage provided pursuant to Section I.B.
- S. "Functional Value"** means the amount determined by multiplying the Generation Replacement Value for the Unit by the Functional Age.

- T. "Generation Replacement Value"** means value generated by the following formula: $\text{COST} \times 1,000 \times \text{MWe}$, where COST means the three (3) year trailing average of the total overnight cost figure, on a kilowatt basis, as reported by the Energy Information Administration of the Department of Energy in its forecast for advanced nuclear construction in effect as of the Date of Accident multiplied by .85 (85%), and MWe means the Megawatt Electric rating of the Unit as most recently reported by the Insured as indicated in the operating license.
- U. "INPO"** means the Institute of Nuclear Power Operations.
- V. "Insured Property"** means the property specified as such in Item 7 of the Declarations and situated at a location specified therein, or if not so identified, then the property as described in the Underlying Insurance Policies.
- W. "Insured(s)"** means, collectively, the Person(s) listed in Item 9 of the Declarations and the Member Insured(s), which Persons may hereinafter be referred to individually as an "Insured."
- X. "Loss"** means, collectively, the expenses covered under paragraphs I.A.1. and I.A.2., Section II, and the losses covered under paragraph I.A.3. and Section I.B. of the Policy. With respect to Sections IV and VI, Loss shall include, where applicable and without limitation, all costs of the Insurer attributable to paying, financing, litigating and settling such expenses and losses.
- Y. "Loss Control Standards"** means the set of administrative and technical requirements adopted by the Insurer that are intended to minimize the risk of loss at Insured Sites.
- Z. "Member Insurance Program"** means any program approved as such in accordance with the Bye-Laws of the Insurer.
- AA. "Member Insured(s)"** means, collectively, the undersigned Person(s), each of whom is subject to the rights and obligations hereof. The Member Insureds may hereinafter be referred to individually as a "Member Insured."
- BB. "Member Insureds of the Insurer"** means the Member Insureds under this Policy or the Other Insurance Policies.
- CC. "Multiple"** means the multiple selected by the Board of Directors of the Insurer (but not greater than the multiple specified in Item 5.A. of the Declarations) pursuant to Section VI.
- DD. "Nuclear Event"** means an "accident", as specifically defined in 10 C.F.R. 50.54(w)(2)(i) and applied to 10 C.F.R. 50.54(w), that triggers a legal obligation or liability to protect public health and safety.
- EE. "Nuclear Liability Coverage"** means the coverage provided pursuant to paragraph I.A.1.
- FF. "NRC"** means the Nuclear Regulatory Commission or any governmental body succeeding to the functions and authority thereof.
- GG. "Operator"** means those Persons, entities, or a governmental entity or any department, agency, or political subdivision thereof, if any, other than the Member Insured, responsible for operating a Unit covered by this Policy.

- HH. "Other Insurance Policy"** means any Decontamination Liability, Decommissioning Liability and Excess Property Insurance Policy or Blanket Excess Decontamination Liability, Decommissioning Liability and Excess Property Insurance Policy, other than this Policy, issued by the Insurer, or any Decontamination, Decommissioning and Excess Property Insurance Policy or Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy issued by NEIL Overseas dac.
- II. "Person"** means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.
- JJ. "Primary Property Policy"** means a Primary Property and Decontamination Liability Insurance Policy issued by Nuclear Electric Insurance Limited or a Primary Property and Decontamination Insurance Policy issued by NEIL Overseas dac, depending on which has been issued to the Insured.
- KK. "Property Damage"** means direct physical damage to or destruction of Insured Property.
- LL. "Property Damage Coverage"** means the coverage provided pursuant to paragraph I.A.3.
- MM. "Replacement Cost"** means the cost incurred for the replacement of Insured Property that sustained Accidental Property Damage. If the Insured:
1. replaces the damaged Insured property with identical property, the Replacement Cost shall be the cost of the identical property;
 2. replaces the damaged Insured Property with a like-kind property and the identical property is available, the Replacement Cost shall be the lesser of the cost of the like-kind property and the identical property; or
 3. replaces the damaged Insured Property with a like-kind property and the identical property is not available, the Replacement Cost shall be the cost the like-kind replacement, or lowest cost like-kind replacement if more than one like-kind replacement is available.
- For purposes of determining Actual Cash Value pursuant to Section VIII.D. hereof, Replacement Cost shall be the lesser of (i) the cost of available like-kind property or identical property or, (ii) if neither like-kind property or identical property is available, the original book value of the damaged Insured Property, less any applicable "Allowance for Funds Used During Construction," adjusted for inflation using the applicable Handy Whitman Index.
- NN. "Resolution Plan"** means a written document, mutually agreed upon by the Insured and Insurer, that explains the actions to be taken by the Insured to resolve the Insured's non-compliance with a SHALL Requirement under the Loss Control Standards. The procedures for the development, and closure, of a Resolution Plan are contained in the Company's Loss Control Standards.
- OO. "Retrospective Premium Adjustment"** means the amount of retrospective premium adjustment called or demanded of the Member Insured under this Policy as calculated pursuant to Section VI of this Policy.

- PP. "Settlement Date"** means the date on which the Member Insured certifies that the Insureds have discharged their legal obligation or liability to protect the public health and safety and to remove debris of and decontaminate the Insured Property caused by a Nuclear Event.
- QQ. "SHALL Requirement"** means a criteria within the Loss Control Standards that sets forth a minimum requirement to be met and maintained for the Insured Property to be insurable, and is identified as such within the Loss Control Standards.
- RR. "Shortfall"** means the Decommissioning Target Amount minus the balance in the Decommissioning Trust Fund as of the Settlement Date.
- SS. "Specified Nuclear Liability Amount"** means the amount described under paragraph V.R.2.
- TT. "Underlying Insurance Policy"** means the primary insurance policy and each excess policy other than this Policy covering the first party liability and/or property risks of the Insured with respect to the Insured Property, but shall not mean any third party nuclear energy liability policy pursuant to which the Insured is either covered, would be entitled to coverage, or can make a claim against any third party insured under a nuclear energy liability policy issued by any third party liability insurer.
- UU. "Unit"** means a nuclear operating unit.
- VV. "Windstorm"** means an atmospheric disturbance or condition marked by high winds, with or without precipitation, including such events as a cyclone, hurricane, typhoon, rainstorm, hailstorm, tornado, or any combination of the foregoing events, but does not include any damage caused by Flood caused by a Windstorm.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Payments for Acts of Terrorism
Endorsement**

Member:	Pacific Gas and Electric Company and STP Nuclear Operating Company		
Site:	Diablo Canyon, South Texas Project	Endorsement No.	1
Policy Number:	BX20-007	Effective Date:	April 1, 2020
Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton, Bermuda.			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that this Policy is amended as follows:

- I. The following Section is hereby added to the Policy:

PAYMENTS FOR ACTS OF TERRORISM

In the event that Accidental Property Damage is caused by one or more Acts of Terrorism within an Aggregate Period under this Policy and under one or more Nuclear Insurance Policies and Builders' Risk Policies:

1. Resources Available

The maximum recovery for all such Losses under this Policy and all applicable Nuclear Insurance Policies and Builders' Risk Policies shall be an aggregate of:

- (a) (US)\$1.8276 billion unless at least one of the Insureds, whose claim for Accidental Property Damage falls under the Payment for Acts of Terrorism Endorsement applicable to its Policy, has received payments pursuant to Section I.A.1 of a Primary Property and Decontamination Liability Insurance Policy or Primary Property and Decontamination Insurance Policy; Section I.A.1 of an Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Decontamination, Decommissioning and Excess Property Insurance Policy; or Section I.A.1 of a Blanket Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, applicable to Insured Property, in which case the Insurer's liability shall not exceed (US)\$3.24 billion

plus;

- (b) such additional amounts as the Insurer recovers for the Insureds' Losses from reinsurance, indemnity, and any other source, applicable to such Losses.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



2. Allocation of Resources

- (a) The aggregate amount determined under paragraph 1 above shall first be used to pay for all such Losses payable under all applicable Primary Property and Decontamination Liability Insurance Policies; Primary Property and Decontamination Insurance Policies; Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Decontamination, Decommissioning and Excess Property Insurance Policies; Blanket Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policies; Excess Non-Nuclear Property Insurance Policies; and Builders' Risk Policies (collectively "Property Losses").
- (b) If such Property Losses for all Insureds exceed the amount available under paragraph 1 above, the Insured's maximum recovery shall be the amount available under paragraph 1 above times a fraction, the numerator of which is the Insured's recovery for the Losses caused by Accidental Property Damages caused by the Act(s) of Terrorism, but for this Section, and the denominator of which is the sum of all Insureds' recovery for Losses caused by Accidental Property Damage caused by the Act(s) of Terrorism under all applicable Nuclear Insurance Policies and Builders' Risk Policies, including this Policy, but for this Section.
- (c) Notwithstanding paragraph 1 and subparagraph 2(b) above, if the payments made pursuant to subparagraph 2(b) exhaust the amount determined under paragraph 1, without paying for all the Insured's Property Losses, the Insured shall recover such additional amounts that the Insurer recovers from reinsurance, indemnity, or other source, for the Insured's Losses.

3. Declarations Page

This Endorsement may materially alter the coverage afforded under this Policy, but under no conditions does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

4. Definitions

For the purposes of this Section only:

- (a) "Act of Terrorism" means any act by a person, group, or organization that appears to be intended to: (i) intimidate or coerce a civilian population, or (ii) disrupt any segment of the economy in the country where the insured plant is located; or (iii) influence the policy of a government by intimidation or coercion; or (iv) affect the conduct of a government by mass destruction; provided, however, that an Act of Terrorism for purposes of this Policy shall not include any act excluded by the War Risk Exclusion.
- (b) "Nuclear Insurance Policy" means any

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



- (i) Primary Property and Decontamination Liability Insurance Policy,
- (ii) Primary Property and Decontamination Insurance Policy,
- (iii) Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy,
- (iv) Decontamination, Decommissioning and Excess Property Insurance Policy,
- (v) Blanket Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policy,
- (vi) Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, and
- (vii) NEIL I Accidental Outage Insurance Policy
- (viii) Excess Non-Nuclear Property Insurance Policy

other than this Policy, issued by Nuclear Electric Insurance Limited or NEIL Overseas dac, or NEIL Specialty Insurance Company.

- (c) "Builders' Risk Policies" means any Builders' Risk Insurance Policies issued by Nuclear Electric Insurance Limited, or NEIL Overseas dac.
- (d) "Aggregate Period" means an uninterrupted period of twelve (12) months. The first Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by an Act of Terrorism. Each subsequent Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by an Act of Terrorism at a time when no Aggregate Period is in effect. An Act of Terrorism that causes Accidental Property Damage to occur at a time when an Aggregate Period is in effect does not commence a new Aggregate Period.

5. Authorized Changes to this Section

The Insurer's Board of Directors has the authority to modify, alter or replace the definition of the term "Act of Terrorism" and any other provision of this Endorsement in order to facilitate the availability of resources that may be provided by a governmental agency or body in the country where the Losses occur.

NUCLEAR ELECTRIC INSURANCE LIMITED

WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Insurer:

Nuclear Electric Insurance Limited

By: 
Bruce A. Sassi, President


Member Insured:

Pacific Gas and Electric Company

Date: As of April 1, 2020

By: Michael R. Lastowski

Attorney-in-Fact

Witness: 

Member Insured:


STP Nuclear Operating Company

Wilmington, Delaware

Date: As of April 1, 2020

By: Michael R. Lastowski

Attorney-in-Fact

Witness: 

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Payments for Cyber Events
Endorsement**

Member:	Pacific Gas and Electric Company and STP Nuclear Operating Company		
Site:	Diablo Canyon, South Texas Project	Endorsement No.	2
Policy Number:	BX20-007	Effective Date:	April 1, 2020
Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton, Bermuda.			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that this Policy is amended as follows:

- I. The following Section is hereby added to the Policy:

PAYMENTS FOR CYBER EVENTS

In the event that Accidental Property Damage is caused by one or more Cyber Events within an Aggregate Period under this Policy, or Accidental Property Damage is caused by one or more Cyber Events within an Aggregate Period under this Policy and under one or more Nuclear Insurance Policies and Builders' Risk Policies, the Insureds agree that:

1. **Resources Available**

The maximum recovery for all such Losses under this Policy and all applicable Nuclear Insurance Policies and Builders' Risk Policies shall be an aggregate of:

- (a) (US)\$1.8276 billion unless at least one of the Insureds, whose claim for Accidental Property Damage falls under the Payments for Cyber Events Endorsement applicable to its Policy, has received payments pursuant to, Section I.A.1 of a Primary Property and Decontamination Liability Insurance Policy or Primary Property and Decontamination Insurance Policy; Section I.A.1 of an Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Decontamination, Decommissioning and Excess Property Insurance Policy; or Section I.A.1 of a Blanket Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, applicable to Insured Property, in which case the Insurer's liability shall not exceed (US)\$3.24 billion

plus;

- (b) such additional amounts as the Insurer recovers for the Insured's Losses from reinsurance, indemnity, and any other source, applicable to such Losses.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



2. Allocation of Resources

- (a) The aggregate amount determined under paragraph 1 above shall first be used to pay for all such Losses payable under all applicable Primary Property and Decontamination Liability Insurance Policies; Primary Property and Decontamination Insurance Policies; Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Decontamination, Decommissioning and Excess Property Insurance Policies; Blanket Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policies; Excess Non-Nuclear Property Insurance Policies and Builders' Risk Policies (collectively "Property Losses").
- (b) If such Property Losses for all Insureds exceed the amount available under paragraph 1 above, the Insureds' maximum recovery shall be the amount available under paragraph 1 above times a fraction, the numerator of which is the Insureds' recovery for the Property Losses caused by a Cyber Event, but for this Section, and the denominator of which is the sum of all Insureds' recovery for Property Losses caused by a Cyber Event under all applicable Nuclear Insurance Policies and Builders' Risk Policies identified in subparagraph 2(a), including this Policy, but for this Section. If additional resources remain available to the Insurer after the Insureds' recovery for all Property Losses under all applicable Nuclear Insurance Policies, Insureds may recover for NEIL I Accidental Outage losses caused by a Cyber Event under applicable NEIL I Accidental Outage policies. If such losses for all Insureds exceed the amount of the resources available, the recovery for affected Insureds will be allocated pro rata by applying the same formula used in this subparagraph to determine the allocation for Property Losses.

3. Declarations Page

This Endorsement may materially alter the coverage afforded under this Policy, but under no condition does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

4. Definitions

For the purposes of this Section only:

- (a) "Computer System" means any electronic, wireless, communication, network, internet, or similar device or system (including all hardware, software, firmware and the data stored thereon, and electronically operated equipment) operated and controlled by the Insured, or operated by an independent contractor authorized to provide information technology services for the benefit of the Insured, that is used to process, store, or communicate data or information in an analog, digital, electronic, or wireless format, including, without limitation, associated input and output devices, process control systems, data storage

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



devices, networking equipment, wired or wireless peripherals, and electronic backup facilities.

- (b) "Cyber Event" means any act by any person, group, or organization that affects a Computer System through the transmission of electronic data that modifies, alters, damages, destroys, corrupts, overloads, deletes, records, hijacks, transmits information within a Computer System, or otherwise electronically interferes with their normal operations, including electronic data that is self-replicating or self-propagating and corrupts other computer programs and systems or electronically-operated equipment, consumes Computer System resources, or circumvents or impairs the normal operations of a Computer System; provided, however, that a Cyber Event for purposes of this Policy shall not include any act excluded by the War Risk Exclusion or covered under any Payment for Acts of Terrorism Endorsement.
- (c) "Nuclear Insurance Policy" means any
 - (i) Primary Property and Decontamination Liability Insurance Policy,
 - (ii) Primary Property and Decontamination Insurance Policy,
 - (iii) Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policy,
 - (iv) Decontamination, Decommissioning and Excess Property Insurance Policy,
 - (v) Blanket Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy,
 - (vi) Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, and
 - (vii) NEIL I Accidental Outage Insurance Policy
 - (viii) Excess Non-Nuclear Property Insurance Policy

other than this Policy, issued by Nuclear Electric Insurance Limited or NEIL Overseas dac, or NEIL Specialty Insurance Company.
- (d) "Builders' Risk Policies" means any Builders' Risk Insurance Policies issued by Nuclear Electric Insurance Limited, or NEIL Overseas dac.
- (e) "Aggregate Period" means an uninterrupted period of twelve (12) months. The first Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by a Cyber Event. Each subsequent Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by a Cyber Event at a time when no Aggregate Period is in effect. A Cyber Event that causes Accidental Property Damage to occur at a time when an Aggregate Period is in effect does not commence a new Aggregate Period.

5. Authorized Changes to this Section

The Insurer's Board of Directors will have the authority to modify, alter or replace the definition of the term "Cyber Event", and any other provision of this Endorsement, in order to facilitate the availability of resources that may be provided by a governmental agency or body in the country where the Losses occur.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Insurer:
Nuclear Electric Insurance Limited

By: 
Bruce A. Sassi, President

Member Insured:
Pacific Gas and Electric Company

Date: As of April 1, 2020

By: Michael R. Lastowski

Attorney-in-Fact

Witness: 

Wilmington, Delaware

Member Insured:
STP Nuclear Operating Company

Date: As of April 1, 2020

By: Michael R. Lastowski

Attorney-in-Fact

Witness: 

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Retro Insurance
Endorsement**

Member: Pacific Gas and Electric Company and STP Nuclear Operating Company
 Site: Diablo Canyon, South Texas Project Endorsement No. 3
 Policy Number: BX20-007 Effective Date: April 1, 2020
 Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton,
 Bermuda.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that this Endorsement is made by and between the Insured specified in the table below and Nuclear Electric Insurance Limited, the Insurer.

Insured	Premium Amount	Percentage of Policy Retrospective Premium Adjustment
STP Nuclear Operating Company	\$24,082	20.9520%
Pacific Gas and Electric Company	\$60,206	52.3810%

In consideration of an additional Premium Amount specified in the table above, it is hereby understood and agreed that this Policy shall be modified by adding the following provision:

Item I.G Retrospective Premium Adjustment Coverage

This Policy shall also pay the amount of the Member Insured's Retrospective Premium Adjustment called under this Policy pursuant to Section VI, provided, however, that the Retrospective Premium Adjustment is called during the Policy Year or within 24 months after the end of the Policy Year. This coverage shall not apply to any Retrospective Premium Adjustment called with respect to a Policy Year ending prior to the issuance of this Policy, notwithstanding that Section VI.I makes the payment of such Retrospective Premium Adjustment an obligation under this Policy.

The maximum amount of coverage provided by this Endorsement is the product of (a) the sum of all Percentages of Policy Retrospective Premium Adjustments in the table above, multiplied by (b) the maximum Retrospective Premium Adjustment specified in Item 5.B of the Declarations.

This coverage provided by this Endorsement does not eliminate, reduce or otherwise alter the terms set forth in Section VI.H of this Policy, Including the Insurer's right to call a Retrospective Premium Adjustment for up to six (6) years after the end of the expiration of the Policy Year.

This Endorsement may materially alter the coverage afforded under this Policy.

All other terms and conditions of this Policy remain unchanged.

NUCLEAR ELECTRIC INSURANCE LIMITED

WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware


Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Insurer:

Nuclear Electric Insurance Limited

By: 
Bruce A. Sassi, President

Member Insured:

Pacific Gas and Electric Company

Date: As of April 1, 2020

Witness: 

Wilmington, Delaware

By: Michael R. Lastowski

Attorney-in-Fact

Member Insured:

STP Nuclear Operating Company

Date: As of April 1, 2020

Witness: 

By: Michael R. Lastowski

Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Terms & Conditions
Endorsement**

Member: Pacific Gas and Electric Company and STP Nuclear Operating Company
 Site: Diablo Canyon, South Texas Project Endorsement No. 4
 Policy Number: BX20-007 Effective Date: April 1, 2020
 Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton,
 Bermuda.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that the Premium Amount and Percentage of Policy Retrospective Premium Adjustment in endorsement No. 3 is amended to read as follows:

STP Nuclear Operating Company	\$24,082	21.4632%
Pacific Gas and Electric Company	\$58,871	51.8701%

This Endorsement may materially alter the coverage afforded under this Policy, but under no condition does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: _____

Attest: N/A

Wilmington, Delaware

Date: _____

Witness: Janie Cassel

Insurer:
Nuclear Electric Insurance Limited

By: 
Bruce A. Sassi, President

Member Insured:
Pacific Gas and Electric Company

By: Michael R. Lastowski
Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE

Wilmington, Delaware



Member Insured:
STP Nuclear Operating Company

Date: _____

By: _____

Michael R. Lastowski

Attorney-in-Fact

Witness: *Lanie Cassel* _____

Whole Layer Blanket - Rating Calculation Sheet

Pacific Gas and Electric Company and STP Nuclear Operating Company

Diablo Canyon, South Texas Project

Member Insured:

Policy Number:

Recovery Limit:

Attachment Point:

Effective Date:

Expiration Date:

Site:

BX20-007

\$1,250,000,000

\$1,500,000,000

April 1, 2020

April 1, 2021

2020 Renewal

Number of Sites:

2

Sites	Annual Premium	Retrospective Premium	Previous Annual Premium	Additional Annual Premium	Pro-Rata Factor	Blanket Premium Due			
Diablo Canyon	\$588,712	\$5,887,120	\$0	\$588,712		\$588,712			
South Texas Project	\$560,678	\$5,606,780	\$0	\$560,678		\$560,678			
Totals	\$1,149,390	\$11,493,900	\$0	\$1,149,390	1.0000	\$1,149,390			
Sites	Primary Policy	Premium for 1st \$1 MM	Previous > 1.5 BB	100% Premium	Blanket %	Premium x Blanket Premium	Share of Blanket Premium		
Diablo Canyon	P20-027	585.1440	\$731,430	\$731,430	100.00%	\$731,430	51.22%		
South Texas Project	P20-075	557.2800	\$696,600	\$696,600	60.00%	\$417,960	48.78%		
Total						\$1,149,390			
Sites	No of Units	Gross Nuclear Loading per Million	Multi-Unit Charge	Multi-Unit Charge in \$	Net Nuclear Loading	Base Plant Operations Credit:	Effective Plant Operations Credit:	NEIL Primary Credit:	Total Credits in \$:
Diablo Canyon	2	774	20.00%	\$155	\$929	18.00%	27.00%	10.00%	\$ (344)
South Texas Project	2	774	20.00%	\$155	\$929	20.00%	30.00%	10.00%	\$ (372)

Enclosure 2

**P20-075 – Primary Property and Decontamination Liability Insurance
Policy**

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE

PRIMARY PROPERTY AND DECONTAMINATION LIABILITY INSURANCE POLICY

*Declarations attached to and made a part of Policy No. P20-075 ("the Policy")
(South Texas Project)*

- | | | |
|---------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Item 1. | Member Insured(s):
Mailing Address:

Respective Interest: | STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

100.00% |
| Item 2. | Insurer:
Mailing Address: | Nuclear Electric Insurance Limited
1201 N. Market Street
Suite 1100
Wilmington, Delaware 19801 |
| Item 3. | A. Policy Period
From 12:01 a.m.
(Time)
on April 1, 2021,
(Date) | on April 1, 2020,
(Date)
to 12:01 a.m.
(Time)
Standard Time in Hamilton, Bermuda |
| | B. Policy Year
From 12:01 a.m.
(Time)
on April 1, 2021,
(Date) | on April 1, 2020,
(Date)
to 12:01 a.m.
(Time)
Standard Time in Hamilton, Bermuda |
| Item 4. | Premium: | \$3,582,100 |
| Item 5. | A. Multiple: 10
B. Retrospective Premium Adjustment: | \$35,821,000 |

- Item 6.
- A. Except as provided in Item 6.B and 6.C, the Insurer's maximum Limit of Liability caused by any one Accident will not exceed \$960,000,000, provided, however, that the Insurer shall not be liable for more than 90% of the first \$400,000,000 of Loss under this Policy.
 - B. The Insurer's maximum Limit of Liability caused by any one Accident that involves coverage under paragraph I.A.1., Section I.F. or Section I.G. will not exceed \$1,460,000,000; provided, however, that
 - (1) the Insurer shall not be liable for more than 90% of the first \$400,000,000 of Loss under this Policy, and
 - (2) not more than \$960,000,000 of such Limit of Liability may be used for losses that are covered under Policy provisions other than paragraph I.A.2, subsection I.F or Section I.G.
 - C. The Insurer's maximum Limit of Liability caused by any one Accident that involves coverage under paragraph I.E.2. will not exceed \$10,000,000
 - D. The Insurer's Limit of Liability caused by any one Accident that involves coverage under paragraph I.E.3. is the greater of \$5,000,000 or an amount equal to ten percent (10%) of the Loss (excluding the Expediting Expense), but not to exceed a maximum of \$20,000,000.
 - E. The Insurer's Limit of Liability caused by any one Accident that involves coverage under paragraph I.E.4. will not exceed \$2,500,000.
 - F. The Insurer's Limit of Liability caused by any one Accident that involves coverage under paragraph I.E.6. will not exceed \$2,000,000.

- Item 7. Description and location of property covered:
 All Real and Personal Property including the land and all buildings and structures of the South Texas Project (including Units 1 and 2) situated on a site consisting of approximately 12,300 acres and located in southwest Matagorda County, approximately 12 miles south-southwest of Bay City and 10 miles north of Matagorda Bay.

- Item 8. Deductibles:
- | | |
|-------------------|-------------|
| Deductible Amount | \$2,500,000 |
|-------------------|-------------|
- Deductible for any Loss under Section V.P. (Natural Hazards):
- | | |
|-----------------|--------------|
| Windstorm: | \$10,000,000 |
| Flood: | \$10,000,000 |
| Earth Movement: | \$10,000,000 |
- Paragraph I.E.2. Transit Coverage Deductible Amount: \$100,000

Item 9. Insureds:
NRG South Texas LP; City of San Antonio, Texas, acting through the City Public Service Board of San Antonio; City of Austin, Texas; Ebasco Constructors, Inc., and parent or affiliated companies or entities of Ebasco Constructors, Inc., and all of its subcontractors and vendors and their suppliers; Bechtel Energy Corporation, any parent or affiliated companies or entities of Bechtel Energy Corporation, and all of its subcontractors and vendors and their supplier; Brown & Root, Inc.; and Halliburton Company; Westinghouse Electric Corporation; all as their respective interests may appear.

Additional Insured: CenterPoint Energy Houston Electric, LLC

Item 10. Loss Payee Clause

A. Expenses covered under paragraph I.A.1. (Nuclear Liability Coverage) shall be adjusted with the Member Insured and payable to:
STP Nuclear Operating Company as Agent on behalf of the following Insureds:

- i) NRG South Texas LP in respect of its 44% ownership interest.
- ii) City of San Antonio, acting through the City Public Service Board of San Antonio in respect of its 40% ownership interest.
- iii) City of Austin in respect of its 16.0% ownership

B. All other covered Losses, except for expenses covered under Section I.G., shall be adjusted with the Member Insured and payable to:
STP Nuclear Operating Company as Agent on behalf of the following Insureds:

- i) NRG South Texas LP in respect of its 44% ownership interest.
- ii) City of San Antonio, acting through the City Public Service Board of San Antonio in respect of its 40% ownership interest.
- iii) City of Austin in respect of its 16.0% ownership

C. Expenses covered under Section I.G. (Decommissioning Liability Coverage) shall be adjusted with the Member Insured and payable to:
To Be Determined

The Member Insured may, by written notice to the Insurer, designate other payees under Items 10 A, B or C.

Item 11. Service of Process to Insured (see paragraph V.H.5.)
General Counsel

STP Nuclear Operating Company

c/o Duane Morris LLP

222 Delaware Avenue, Suite 1600

Wilmington, DE 19801-1659

**NUCLEAR ELECTRIC INSURANCE LIMITED
POLICYHOLDER DISCLOSURE**

NUCLEAR POLICY RENEWALS

**NOTICE OF TERRORISM INSURANCE COVERAGE
EFFECTIVE JANUARY 8, 2015**

Coverage for acts of terrorism is already included in your current policy. However, under NEIL's Payment for Acts of Terrorism endorsement, your recovery for losses stemming from an act of terrorism could be limited by the terms of the endorsement. However, in accordance with the Terrorism Risk Insurance Program Reauthorization Act of 2015, which took effect January 8, 2015, (TRIPRA), NEIL's Payment for Acts of Terrorism endorsement would not cap the damages for any "certified" acts of terrorism under TRIPRA.

You are hereby notified that under TRIPRA, the term "act of terrorism" means any act that is certified by the Secretary of the Treasury - in concurrence with other specified federal officials - to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Under your coverage, any losses caused by certified acts of terrorism may be partially reimbursed by the United States Government under a formula established in TRIPRA. Your policy may contain other exclusions which might affect your coverage. Under the formula, for the 2015 calendar year, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage. This amount will be decreased on a phased in basis, at a rate of 1% per year, from 2016 to 2020, with the end result being that the United States Government will reduce reimbursement to 80% of covered terrorism losses for the year 2020. TRIPRA contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers' liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, any insurer that has met its deductible will not be liable to pay for any losses in excess of the \$100 billion sustained by its insureds. Thus, if the \$100 billion cap is reached, your coverage may be reduced.

NEIL is neither increasing, nor attributing any portion of, the annual premium for terrorism coverage, but a surcharge might be added to the premium if, after a certified act of terrorism, the federal Department of Treasury requires a recoupment of certain amounts paid by the federal government in accordance with the terms of TRIPRA.

NUCLEAR ELECTRIC INSURANCE LIMITED
PRIMARY PROPERTY AND DECONTAMINATION LIABILITY INSURANCE POLICY

TABLE OF CONTENTS

I.	INSURING AGREEMENT	1
A.	Coverage.....	2
B.	Territorial Limits.....	2
C.	Property Insured	2
D.	Property of Others	3
E.	Extensions of Coverage	3
1.	Debris Removal and Decontamination.....	3
2.	Transit Coverage.....	3
3.	Expediting Expense	4
4.	Regulatory Code	4
5.	Removal from Premises	5
6.	Claims Adjustment Expense	5
F.	Functional Total Loss Coverage	6
G.	Decommissioning Liability Coverage	6
II.	PRIORITY FOR DECONTAMINATION LIABILITY EXPENSES	7
III.	EXCLUSIONS	8
A.	General Exclusions	8
B.	War Risk Exclusion	10
IV.	PREMIUM	11
V.	CONDITIONS	12
A.	Abandonment	12
B.	Appraisal	12
C.	Assignment.....	13
D.	Choice of Law	13
E.	Concealment, Fraud	13
F.	Currency.....	13
G.	Deductibles.....	14
H.	Dispute Resolution	14
I.	Errors and Omissions.....	17
J.	Evaluations and Compliance with Loss Control Standards	18
K.	Headings	20
L.	Insurer's Options.....	20
M.	Limits	20

N.	Loss Payments	20
O.	Mortgagee Interests and Obligations	20
P.	Natural Hazards	21
1.	Windstorm Loss	21
2.	Flood Loss	21
3.	Earth Movement.....	21
Q.	Other Insurance.....	21
R.	Policy Decisions and Notice	22
S.	Policy Modifications	22
T.	Reports	22
U.	Requirements in Case of Accidental Property Damage.....	22
V.	State Premium Tax.....	24
W.	Subrogation	24
X.	Suit	25
Y.	Term and Cancellation.....	25
Z.	Valuation	25
AA.	Waiver Provisions	26
BB.	When Loss Payable	26
VI.	RETROSPECTIVE PREMIUM ADJUSTMENT	26
VII.	MEMBERSHIP.....	30
VIII.	DEFINITIONS	30
A.	"Accident".....	30
B.	"Accidental Property Damage".....	30
C.	"Act"	30
D.	"Actual Cash Value".....	30
E.	"Additional Premium".....	30
F.	"Amount of Decommissioning Liability Coverage".....	30
G.	"Corporate Affiliate".....	30
H.	"Decommissioning Target Amount".....	30
I.	"Decommissioning Target Document"	31
J.	"Decommissioning Trust Fund".....	31
K.	"Deductible Adjustments"	31
L.	"Delinquent Member"	31
M.	"Deposit Premium"	31
N.	"Earth Movement"	31
O.	"Flood"	31

P.	"Functional Age"	32
Q.	"Functional Total Loss Coverage"	32
R.	"Functional Value"	32
S.	"Generation Replacement Value"	32
T.	"INPO"	32
U.	"Insured Property"	32
V.	"Insured(s)"	32
W.	"Loss"	32
X.	"Loss Control Standards"	32
Y.	"Member Insurance Program"	32
Z.	"Member Insured(s)"	32
AA.	"Member Insureds of the Insurer"	32
BB.	"Multiple"	32
CC.	"NRC"	32
DD.	"Nuclear Event"	33
EE.	"Operator"	33
FF.	"Other Insurance Policy"	33
GG.	"Person"	33
HH.	"Premium Adjustment"	33
II.	"Primary Property Policy"	33
JJ.	"Property Damage"	33
KK.	"Rating Procedures and Schedules"	33
LL.	"Replacement Cost"	33
MM.	"Retrospective Premium Adjustment"	34
NN.	"Settlement Date"	34
OO.	"SHALL Requirement"	34
PP.	"Shortfall"	34
QQ.	"Unit"	34
RR.	"Windstorm"	34

Policy No. P20-075

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE

**PRIMARY PROPERTY AND DECONTAMINATION LIABILITY
INSURANCE POLICY**

This Policy is made by and between (among) the Member Insured(s) (specified in Item 1 of the Declarations) and Nuclear Electric Insurance Limited, a Bermuda mutual company with limited liability, (the "Insurer").

The Insurer is only licensed in Bermuda and Delaware and the Insureds (those Insureds specified in Item 9 of the Declarations together with the Member Insured) will not be protected by the guaranty funds of any U.S. jurisdiction.

The Member Insured will be required to execute the Policy in Delaware. The Policy will become effective only upon the acceptance by the Member Insured of the delivery of the Policy at the Insurer's office in Delaware.

I. INSURING AGREEMENT

In consideration of the premium paid, and subject to the terms and conditions of this Policy, the Insurer agrees to pay the Member Insured, subject to the Deductible, for certain expenses and costs caused by Accidental Property Damage.

In Witness Whereof, the Insurer and the Member Insured have caused this Policy to be executed and attested on their behalf in Wilmington, Delaware.

Wilmington, Delaware

Insurer:
Nuclear Electric Insurance Limited

Date: As of April 1, 2020

By: Bruce Sassi
Bruce A. Sassi, President

Attest: N/A

Member Insured:
STP Nuclear Operating Company

Wilmington, Delaware

Date: As of April 1, 2020

By: Michael R. Lastowski
Attorney-in-Fact

Witness: Lanie Cassel

A. Coverage

This Policy insures against Property Damage caused by an Accident.

1. This Policy also insures against expenses necessarily incurred by the Insureds in discharging their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act, provided such expenses would otherwise be covered under the insuring agreement directly above and/or I.E. hereof, but for this paragraph (coverage provided under this paragraph I.A.1. is referred to as the "Nuclear Liability Coverage").
2.
 - (a) Subject to the terms and conditions herein, the Insurer shall be liable for Accidental Property Damage caused by:
 - (i) Windstorm;
 - (ii) Flood, including Flood caused by Windstorm; and
 - (iii) Earth Movement.
 - (b) In the event that Accidental Property Damage under this Policy and under one or more Other Insurance Policies with insurance coverage effective during the Policy Year is caused by any single Flood, Earth Movement, or Windstorm, or which involves radioactive contamination, or by any Accident which is caused by a Flood, Earth Movement, or Windstorm, or from an Accident involving radioactive contamination, the Insureds agree that:
 - (i) The Insurer's liability for all Losses caused by Accidental Property Damage shall not exceed the greater of (A) the Amount of Insurance stated in Item 6 of the Declarations, or (B) the highest of the Amount of Insurance stated in the declarations of the Other Insurance Policies providing coverage with respect to the same Accident; and
 - (ii) The Insurer's liability under this Policy shall be the amount determined under paragraph (i) above times a fraction, the numerator of which is the Insurer's liability for the Losses caused by Accidental Property Damage under this Policy, but for this paragraph 2(b), and the denominator of which is the sum of the Insurer's liability for Losses caused by Accidental Property Damage under this Policy and all Other Insurance Policies, but for this paragraph 2(b).

B. Territorial Limits

This Policy covers Insured Property worldwide except for loss or damage in any country that is listed as an embargoed or restricted destination within Part 110 of Chapter 10 of the U.S. Code of Federal Regulations (10 C.F.R. §110) or is not listed as a generally authorized destination under Part 810 of Chapter 10 of the U.S. Code of Federal Regulations (10 C.F.R. §810).

C. Property Insured

This Policy covers the property specified as such in Item 7 of the Declarations and situated at a location specified therein, and as provided in Section I.D. and in paragraph I.E.2.

D. Property of Others

This Policy covers the personal property of employees and others at a location specified in Item 7 of the Declarations.

E. Extensions of Coverage**1. Debris Removal and Decontamination**

This Policy covers the expenses necessarily incurred by the Insureds in removing debris of and in decontaminating the Insured Property covered by this Policy, including those incurred to decontaminate land, following Accidental Property Damage.

2. Transit Coverage

This Policy covers Accidental Property Damage to Insured Property that is in transit, subject to the limit shown in item 6.C and Deductible shown in item 8 of the Declarations and the following terms and conditions:

- (a) Transit Coverage shall commence:
 - (i) when the Insured Property leaves a location specified in Item 7 of the Declarations; or
 - (ii) when the Insured Property is secured to the first method of conveyance to begin shipment from a storage, repair, or manufacturing facility not specified in Item 7 of the Declarations.
- (b) Transit Coverage shall terminate:
 - (i) when the Insured Property enters a location not specified in Item 7 of the Declarations, which is either its intended destination or a location being used for storage of the Insured Property while in transit to its intended destination; or
 - (ii) when the Insured Property enters a location specified in Item 7 of the Declarations.
- (c) Subject to all other terms and conditions of this Policy, any Accidental Property Damage to Insured Property located at a location identified in Item 7 of the Declarations shall be covered under Section I.A. of this Policy.
- (d) For purposes of this Transit Coverage, and subject to paragraphs (a) and (b) above, Insured Property also includes property that has been purchased by the Member Insured for use at a Unit and is in transit to the Unit.
- (e) Coverage under this paragraph I.E.2. shall include shipments on inland or coastal waters, and shall in all respects be subject to this paragraph (e). This Transit Coverage applies only to shipments of Insured Property worldwide except for loss or damage while the Insured Property is within the borders of any country excepted from the Territorial Limits defined in Section I.B.
- (f) No coverage is provided for any shipment beyond 100 nautical miles of the

shores of the country of origin or destination for airborne or waterborne shipments, except when the point of exit and entry for the shipment is to be along the continuous coastline, including its inland waterways, of the same country in which case this coverage will remain in effect throughout the shipment.

- (g) It is a condition of insurance that the Insured Property be packed and shipped in accordance with all applicable laws and regulations having the force of law. Additionally, the Member Insured is required to use all reasonable means to save and preserve the Insured Property at and after an Accident or when the Insured Property is in danger of physical damage.
- (h) This coverage is excess of any valid and collectible coverage from the seller or shipper of the Insured Property.

Each and every Loss covered under this paragraph I.E.2. shall be adjusted separately, and from the amount of such Loss, or, if there is contributing insurance, from the Insurer's pro-rata share of such Loss, there shall be deducted the Transit Coverage Deductible Amount shown in Item 8 of the Declarations.

3. Expediting Expense

This Policy covers the reasonable extra costs to make temporary repairs, to effect temporary replacement, and/or to expedite the permanent repair or replacement of Accidental Property Damage including overtime and the extra cost of express or other rapid means of transportation. This coverage is subject to the sublimit stated in Item 6.D of the Declarations. At the sole discretion of the Insurer, the maximum sublimit amount stated in Item 6.D of the Declarations may be increased if the Insurer determines that expenses incurred by the Insured that qualify as Expediting Expenses under this Policy result in a reduction of the Insurer's potential Accidental Outage payments under an applicable NEIL I Accidental Outage Policy issued by the Insurer. The maximum amount to which the sublimit may be increased shall not exceed the amount, as determined by the Insurer, by which the Insurer's potential payments under the referenced NEIL I Accidental Outage Policy was reduced. Any determination by the Insurer to increase the sublimit stated herein must be in writing, executed by an authorized representative of the Insurer.

4. Regulatory Code

For purposes of this coverage extension, the term "Code" shall mean any ordinance, law or regulation promulgated by any federal, state, or local government or agency that (i) is in force at the time of the Accident, and (ii) regulates the demolition, construction, engineering, licensing, qualification, certification, replacement or repair of the Insured Property.

Subject to the sublimit stated in Item 6.E of the Declarations, this Policy shall cover the increased costs or expenses incurred by a Member Insured as a direct consequence of the enforcement of any Code to meet its minimum requirements necessitating:

- (a) the demolition of Insured Property;
- (b) the demolition of undamaged Insured Property; or
- (c) the repair, replacement or reconstruction of Insured Property;

when Insured Property sustains Accidental Property Damage that is covered under this Policy.

This Policy shall not cover any costs or expenses incurred by a Member Insured in complying with recommended actions or standards that exceed either the minimum requirements or the actual requirements of any Code.

This Policy shall not cover any costs or expenses incurred by a Member Insured in complying with any Code (1) that the Member Insured was required to comply with before the Accidental Property Damage, even if the Insured Property was undamaged, and (2) with which the Member Insured was not in compliance.

5. Removal from Premises

If Insured Property is necessarily removed from any location specified in the Declarations for preservation from imminent physical damage, this Policy also covers such Insured Property for a period of forty-five (45) business days from the commencement of such removal, during removal, at any place to which such Insured Property has been removed, and during return; provided, however, this provision does not apply to Property Damage by radioactive contamination except as otherwise provided in paragraph I.E.2. The Member Insured shall notify the Insurer of any such removal within ten (10) business days after its commencement. Insured Property being moved pursuant to this provision is not subject to the Transit Coverage sublimit.

6. Claims Adjustment Expense

The Insurer agrees to reimburse the Member Insured for reasonable and necessary fees, costs or expenses, as determined in the Insurer's sole discretion, incurred and paid for by the Member Insured in assembling and presenting data, documents, and information supporting the extent of Loss as part of the Member Insured's submission of a claim, as required by the Policy and the Insurer, that is covered under this Policy.

The Member Insured shall not incur any third-party fees, costs or expenses covered under this paragraph 6, without the prior written consent of the Insurer. Such consent shall not be unreasonably withheld.

This coverage shall not include any fees, costs or expenses incurred by the Member Insured relating to attorneys, private or public adjusters, including any of their subsidiaries, related or associated entities either partially or wholly owned by them or retained by them for the purpose of assisting them, nor the fees, costs or expenses of loss consultants that have any role, either disclosed or undisclosed, in advocating for coverage under the Policy or negotiating a claim on behalf of the Member Insured. The coverage provided under this part does not apply to fees, costs or expenses incurred by the Member Insured in connection with the Appraisal or Dispute Resolution Conditions of this Policy. This coverage shall not include any compensation paid by the Member Insured to its employees or other general & administrative costs.

The Insurer's maximum limit of liability for claims adjustment expense coverage provided under this paragraph 6 is subject to the sublimit stated in Item 6.F of the Declarations, and such amounts will be in addition to, and not part of, the coverage limits under this Policy. The Member Insured must satisfy the applicable Deductible stated in Item 8 of the Declarations before any amount shall be paid under this paragraph 6, and amounts payable under this paragraph 6 shall not apply to erode such Deductible. Any payment made under this paragraph 6 shall not exceed the amount paid by the Insurer under this Policy or the sublimit stated in Item 6.F of the Declarations, whichever is less.

F. Functional Total Loss Coverage

1. In the event of Accidental Property Damage which (i) exceeds \$500,000,000 and includes as part of the loss at least \$100,000,000 of Nuclear Liability Coverage under paragraph I.A.1.; (ii) is covered under Section I.A. and/or Section I.E. of the Policy; and (iii) causes a permanent cessation of nuclear operations at a Unit, the Insurer agrees to indemnify the Insureds and their legal representatives for the Functional Value of the Unit.
2. If the Member Insured elects to receive the Functional Value of the Unit the Member will not be entitled to receive any additional recovery under Section I.A. of the Policy.
3. In the event that the Unit returns to commercial nuclear operation, the Insureds shall repay to the Insurer the entire amount paid pursuant to paragraph 1 above, together with interest thereon, calculated quarterly at the ninety (90) day United States Treasury Bill interest rate in effect on the first business day of each calendar quarter.
4. If the Insured satisfies the requirements for and elects to receive the Functional Value of the Unit pursuant to this Section I.F., the maximum amount the Insured may collect from the Insurer over each of the next five (5) consecutive twelve (12) month periods is \$350,000,000. Each twelve (12) month period will begin on the date, or anniversary date, of the Accident that caused the Functional Value election. After the fifth anniversary of the Accident date, the Insured shall be permitted to collect any amount that remains available under the Limit of Liability stated in Item 6 of the Declarations, subject to the terms of this Policy including priority of payments and when the Insurer would be obligated to make claims payments. The first sentence of this paragraph notwithstanding, an Insured may collect more than the maximum amount stated therein over any of the twelve (12) month periods, but only if all of the payments made to the Insured during the particular period are for damages incurred pursuant to paragraph I.A.1. of this Policy, or paragraphs I.A.1. and I.A.2. of an applicable Decontamination Liability, Decommissioning Liability and Excess Property Insurance Policy issued by the Insurer for the site insured under this Policy.

G. Decommissioning Liability Coverage

1. In the event of Accidental Property Damage which (i) exceeds \$500,000,000 and includes coverage under Section I.A.1.; (ii) is covered under Section I.A., Section I.F. and/or I.G. of this Policy; and (iii) causes a permanent cessation of nuclear operations at the Unit, the Insurer agrees to indemnify the Insureds and their legal representatives for estimated expenses necessarily to be incurred in decommissioning the Unit as described in the Decommissioning Target Document, up to the Amount of Decommissioning Liability Coverage for the Unit determined under paragraph 2 below.
2. The Amount of Decommissioning Liability Coverage under this Policy for a Unit shall be equal to the Shortfall for such Unit calculated by using the Decommissioning Target Amount as of the Settlement Date set forth in the Decommissioning Target Document and the amount of the Decommissioning Trust Fund as of the Settlement Date.
3. Any amounts payable by the Insurer pursuant to paragraphs 1 and 2 above shall be deposited into the Decommissioning Trust Fund pursuant to Item 10.C. of the Declarations. The calculation of the Amount of Decommissioning Liability Coverage shall be made with respect to any claim under paragraph 1 above once the Member Insured has certified that the Insureds have discharged their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act. No

payment shall be made with respect to any claim under paragraph 1 above until the Member Insured has certified that the Insureds have discharged their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act, or has made the attestations referred to in paragraph II.B.1.

4. In the event that the Unit returns to commercial nuclear operation, the Insureds shall return to the Insurer the entire amount paid pursuant to this Section I.G., together with interest thereon, calculated quarterly at the ninety (90) day United States Treasury Bill interest rate in effect on the first business day of each calendar quarter.

II. PRIORITY FOR DECONTAMINATION LIABILITY EXPENSES

A. Whenever the estimated expenses covered under paragraph I.A.1. exceed \$100,000,000, except as provided in Section II.B. below, it is agreed that payment under this Policy shall be first made with respect to Losses incurred under paragraph I.A.1., and then, to the extent proceeds of this Policy are not so utilized, with respect to Losses incurred under other Sections of this Policy.

B. Payment under this Policy may be made with respect to Losses covered under other Sections of this Policy prior to the completion of payments under paragraph I.A.1. only on the following conditions:

1. The Member Insured must attest that:
 - (a) no proceeds of this Policy in excess of an amount specified by the Insureds ("Specified Nuclear Liability Amount"), except as provided in a proof of loss filed with the Insurer, are needed to discharge the legal obligation or liability of the Insureds to protect the public health and safety caused by a Nuclear Event, as required by the Act; and
 - (b) the payment or use of policy proceeds for Losses covered under other Sections of this Policy do not violate any regulation or order of the NRC.
2. Except as provided in paragraph 3 below, the amount of insurance available for payment to the Insureds with respect to Losses covered under other Sections of this Policy prior to the indemnification under paragraph I.A.1. shall be calculated by subtracting the Specified Nuclear Liability Amount from the amount of insurance specified in Item 6.B. of the Declarations, as it may be reduced pursuant to the terms of this Policy.
3. At the request of the Member Insured, the amount calculated in accordance with paragraph 2 above may be increased to include an amount equal to all or part of the Specified Nuclear Liability Amount, but only to the extent of amounts for which the Member Insured attests:
 - (a) that the Insureds are entitled under other valid and collectible insurance covering the same expenses covered by paragraph I.A.1.;
 - (b) that the Insureds will claim under such other insurance and use such claimed proceeds to discharge their legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act; and
 - (c) that the payment or use of all or part of the Specified Nuclear Liability Amount for Losses covered under other Sections of this Policy does not violate any regulation or order of the NRC.

III. EXCLUSIONS

A. General Exclusions

1. The coverage provided under this Policy does not apply to Property Damage caused by:
 - (a) gradual accumulation of radioactive contamination;
 - (b) radioactive contamination, at any location specified in the Declarations, caused by matter released from any source outside the premises of that location specified in Item 7 of the Declarations and for which the Insured is either covered, would be entitled to coverage, or can make a claim against any third party insured under a nuclear energy liability policy issued by any third party liability insurer. This exclusion shall not apply to radioactive contamination caused by matter released from any source while such source is in transit to or from any location specified in the Declarations;
 - (c) failure of the Insureds to use all reasonable means to save and preserve the Insured Property at and after an Accident or when the Insured Property is in danger of Property Damage;
 - (d) unexplained or mysterious disappearance of Insured Property, or shortage disclosed upon taking inventory;
 - (e) any fraudulent, dishonest, or criminal act done by the Member Insured or Operator, or at the instigation of the Member Insured or Operator, or with the knowledge of the Member Insured or Operator. For purposes of this exclusion only, the terms Member Insured and Operator shall include corporate officers, members of the board of directors, or trustees of the Member Insured, Operator, and Corporate Affiliates;
 - (f) any statute, law, regulation, act, decree, order, or directive of a federal, state, county, or municipal governmental entity or any department, agency or political subdivision thereof, including, without limitation, an order to replace undamaged Insured Property pursuant to a directive of the NRC, except acts of destruction at the time of and for the purpose of preventing the spread of Accidental Property Damage;
 - (g) seizure, destruction or confiscation by order or directive of any federal, state, county, or municipal governmental entity or any department, agency or political subdivision thereof, or risks of contraband or illegal transportation or trade;
 - (h) or attributable to manufacturing or processing operations which causes damage to stock or materials while such stock or materials are being actually worked upon;
 - (i) any form of deterioration, inherent vice, or wear and tear, including but not limited to:
 - (i) depletion, depreciation, and deterioration, including that of fuel element cladding;
 - (ii) embrittlement of any kind, including but not limited to hydrogen

embrittlement and neutron embrittlement;

- (iii) fatigue of any kind, including but not limited to thermal fatigue and high-cycle fatigue;
- (iv) pitting, cracking, bulging, blistering, fretting, denting, deformation, or distortion of the Insured Property which accompanies or is directly associated with the kinds of Property Damage specified in paragraphs (ii) and (iii) above and (j) below; and
- (v) shrinking, bulging, expansion, cracking, shifting, rising, settling, sinking, and lateral or other movement of pavements, foundations, walls, floors, ceiling, or roofs;
- (j) rust, corrosion, or erosion of any kind, including, but not limited to stress corrosion cracking, unless caused by an independent and separate Accident not otherwise excluded, but then only for the Property Damage caused by such Accident;
- (k) the gradual, incremental, or cumulative effect of water below the surface of the ground on Insured Property, including that which exerts pressure on, flows, seeps, or leaks through sidewalks, driveways, foundations, walls, or basements or other floors.

With respect to the Exclusions (i) through (k), inclusive, the Insurer shall be liable if an independent and separate Accident not otherwise excluded ensues, but then only for the Property Damage caused by the ensuing Accident.

2. This Policy also does not cover:

- (a) accounts, bills, currency, deeds, evidences of debt, money or securities;
- (b)
 - (i) records, manuscripts and drawings, for any amount in excess of their value blank plus the cost incurred for actually transcribing or copying them, except as provided in paragraph III.A.2(b)(ii) below;
 - (ii) media, data storage devices, and program devices for electronic and electro-mechanical data processing or for electronically controlled equipment, for any amount in excess of the cost of reproducing such media, data storage devices, and program devices from duplicates or from originals of the previous generation of the media, and no liability is assumed hereunder for the cost of gathering or assembling information or data for such reproduction;
- (c) vehicles licensed for highway use, aircraft or watercraft, except when such vehicles, aircraft or watercraft are being used for the servicing of, or in connection with, the operation of the Insured Property;
- (d) any Accidental Property Damage, to the extent of the amount collectible from a contractor, manufacturer or supplier of machinery, equipment or other property under a guaranty or warranty, whether or not such contractor, manufacturer, or supplier is included as an Insured under this Policy;

- (e) loss of or damage to, or the necessary cost of making good, replacing, repairing or rectifying Insured Property due to faulty or defective workmanship, material, construction, specification or design, whether or not due to negligence, inadvertence, misjudgment or any other cause, and regardless of any warranty which may affect such faulty or defective Insured Property. Nor shall this Policy cover the cost necessary to enable the replacement, repair, rectification of, or to make good Property Damage caused by faulty or defective workmanship, material, construction, specification or design, whether or not due to negligence, inadvertence, misjudgment or any other cause, and regardless of any warranty which may affect such faulty or defective Insured Property.

This exclusion shall not apply to direct physical damage to or destruction of Insured Property that suffers Property Damage ensuing from faulty or defective workmanship, material, construction, specification or design in other Insured Property, whether or not due to negligence, inadvertence, misjudgment or any other cause, and regardless of any warranty which may affect such faulty or defective Insured Property. Nor shall this exclusion apply to the cost necessary to enable the replacement, repair, rectification of, or to make good Property Damage caused by faulty or defective workmanship, material, construction, specification or design in other Insured Property, whether or not due to negligence, inadvertence, misjudgment or any other cause, and regardless of any warranty which may affect such faulty or defective Insured Property.

Insured Property shall not be regarded as having suffered Property Damage solely by virtue of the existence of any faulty or defective workmanship, material, construction, specification or design in the Insured Property.

- (f) more than one opening and closing of a turbine in connection with one Accident; provided, however, that additional openings and closings of a turbine in connection with a single Accident can be covered as Expediting Expenses subject to the provisions of paragraph I.E.3.;
- (g) any sums which the Insured may be obligated to pay as damages
 - (i) because of bodily injury or personal injury, or
 - (ii) because of damage to property not described in the Declarations, or
 - (iii) for which the Insured is covered or would be entitled to coverage under any nuclear energy liability policy issued by any third party liability insurer;
- (h) Land, except for intake and discharge canals that are within the description of the property specified in Item 7 of the Declaration, and as otherwise provided in paragraph I.E.1.; and
- (i) delay, loss of use, or loss of market.

B. War Risk Exclusion

1. Subject to paragraph 2 below, the coverage provided under this Policy does not apply to Property Damage caused by:

- (a) hostile or warlike action in time of peace or war, including action in hindering, combating or defending against an actual, impending or expected attack by any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval or air forces; or by military, naval or air forces; or by an agent of any such government, power, authority or forces;
- (b) any weapon of war employing nuclear fission or fusion whether in time of peace or war; or
- (c) insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence.

2. This War Risk Exclusion shall only apply to acts which are part of overt military activity.

IV. PREMIUM

- A.** The Member Insured agrees to pay to the Insurer the Premium under the terms and conditions hereinafter set forth. The Premium shall be paid to the Insurer by wire transfer or other method, and under the terms, acceptable to the Insurer.
- B.** The Member Insured agrees to pay to the Insurer as an Additional Premium all Premium Adjustment(s) assessed under Section V.J. of the Policy. For each Premium Adjustment, the Additional Premium in the year in which the Premium Adjustment is assessed shall be increased by a pro rata amount.
- C.** All Additional Premiums computed on the basis of pro rata Premium Adjustments shall be paid to the Insurer by wire transfer or other method acceptable to the Insurer within forty (40) calendar days after the Notification Date. However, to the extent that there is a request for a variance (as permitted under paragraph V.J.7.), the Additional Premium referred to in this paragraph C need not be paid until ten (10) calendar days after a decision denying the request for a variance, such payment to be made by wire transfer or other method acceptable to the Insurer.
- D.** For each year that a Premium Adjustment is in place on the date of the renewal of the Policy, the full amount of each such Premium Adjustment shall be considered Additional Premium and shall be payable with the Premium.
- E.** Upon the termination of a particular Premium Adjustment in accordance with the terms of Section V.J., the Member Insured shall be entitled to a refund of a pro rata amount of the Additional Premium. The refund shall be paid by wire transfer or other method acceptable to the Member Insured within forty (40) calendar days after the date the Insurer notifies the Insured of the amount of the refund.
- F.** As a condition precedent to the Insurer's obligations under this Policy, the Member Insured agrees to notify the Insurer that the Insured Property has been classified Category Number Five by INPO, within seven (7) days of being advised by INPO of such classification being put in place, and to pay such additional Premium due hereunder to the Insurer as a result thereof by wire transfer or other method, and under the terms, acceptable to the Insurer within twenty (20) business days after demand.
- G.** The Member Insured further agrees to pay the Insurer the Retrospective Premium Adjustment under the terms and conditions specified under Section VI.

V. CONDITIONS**A. Abandonment**

There shall be no abandonment to the Insurer of any property.

B. Appraisal

In case the Member Insured and the Insurer shall fail to agree as to the amount of Property Damage, then, on the written demand of either, they shall follow the following procedure:

1. Each shall select a competent and disinterested appraiser and notify the other of the appraiser selected within twenty (20) calendar days of such demand. Such time may be extended upon agreement of the parties in writing
2. In the event that the Member Insured or Insurer fails to appoint an appraiser within the designated twenty (20) calendar days (or agreed-upon longer period), the party who has appointed its appraiser may request that the American Arbitration Association ("AAA") appoint the appraiser for the other party. Once an appointment has been made by the AAA, the appraiser appointed by the AAA shall serve, even if the other party then appoints an appraiser
3. The two (2) appraisers so selected shall then appraise the Property Damage, stating separately Replacement Cost and/or the Actual Cash Value of each item. The appraisers shall attempt to reach an agreement on the appraised value within thirty (30) calendar days of the appointment of the second appraiser. Such time may be extended by agreement of the parties in writing
4. If the appraisers are unable to reach agreement on the appraised value within thirty (30) calendar days (or agreed-upon longer period), they shall designate a competent and disinterested umpire. If the appraisers cannot agree on an umpire within the following fifteen (15) calendar days, either or both parties may request the AAA to appoint the umpire
5. The amount of Property Damage shall be determined based on a written valuation filed with the Insurer and signed by any two of the umpire and appraisers. The written valuation so filed with the Insurer shall state the amount of Accidental Property Damage, and state separately and in detail the following elements as to each item of Property Damage comprising the valuation:
 - (a) the Replacement Cost;
 - (b) the Actual Cash Value;
 - (c) the quantity; and
 - (d) any other specification or attribute necessary to either identify the item or explain its valuation.
6. Each appraiser shall be paid by the party selecting him/her. The expenses of the umpire and the AAA shall be shared equally by the Member Insured and the Insurer
7. The appraisal procedure set forth herein shall only apply to resolve a disagreement

between the Member Insured and the Insurer regarding the amount of Property Damage. The appraisal procedure shall not be used to resolve any dispute relating to coverage, including but not limited to the availability of coverage, the cause of Property Damage, or scope of Property Damage.

8. The parties' participation in the appraisal process shall not be construed as an admission by either as to the availability of coverage, or applicability of any exclusion, condition or other policy terms affecting coverage for Property Damage. Furthermore, the parties' conduct in connection with the appraisal process shall not be construed as a waiver of any rights or defenses available to them under this Policy.

C. Assignment

Assignment or transfer of this Policy, or any rights hereunder, shall not be valid except with the prior written consent of the Insurer, not to be unreasonably withheld.

D. Choice of Law

1. In view of the diverse locations of the parties hereto and the desirability of unified regulation, the Insureds and Insurer agree that the terms of this Policy shall determine their respective rights and duties and that this Policy shall be construed and enforced in accordance with and governed by the internal law of the State of New York, United States of America.
2. The parties intend that the Insurer conduct its activities so as not to be subject to the insurance regulation of any jurisdiction other than Bermuda and Delaware. Accordingly, the parties expressly recognize and agree that paragraph 1 above does not evidence an intent by the parties to:
 - (a) give jurisdiction over the Insurer to the insurance regulatory authority of any jurisdiction other than Bermuda and Delaware;
 - (b) make applicable to this Policy any of the insurance laws or regulations (including those which specify the terms of the bye-laws and contracts of mutual insurance companies) of any jurisdiction, including New York, other than to the extent such laws of Bermuda and Delaware are applicable; or
 - (c) otherwise have the laws of Bermuda or Delaware apply to the construction or enforcement of this Policy.

E. Concealment, Fraud

The Insurer shall have no obligation to make any payment under this Policy if, whether before or after a Loss, any Member Insured, and/or any of its Corporate Affiliates, has willfully concealed or misrepresented in writing any material fact or circumstance concerning this insurance or the subject thereof, or the interest of any Insured therein, or in case of any fraud or false swearing by any Insured relating thereto; but the application of this provision shall not affect the Member Insured's obligation to pay the Retrospective Premium Adjustment callable by the Insurer under this Policy, or provide other assurances to the Insurer pursuant to Section VI.L.

F. Currency

All payments required to be made under this Policy by the Member Insured or the Insurer shall

be made in United States dollars.

G. Deductibles

1. There shall be deducted from the amount of each and every Loss the Deductible stated in Item 8 of the Declarations. In the event that more than one Deductible applies to any one Loss, then only the largest Deductible for that Loss shall be applied.
2. To the extent that the Deductible Adjustment applies in accordance with the provisions of Section V.J., and to the extent that the amount of the Deductible Adjustment is greater than the amount of the Deductible, then the Deductible Adjustment shall be substituted for the Deductible for purposes of paragraph V.G.1. If there is more than one Deductible Adjustment in place under Section V.J., only the highest Deductible Adjustment will be considered for purposes of this Section V.G.

H. Dispute Resolution

1. The Insurer and the Insured mutually acknowledge that the form, terms and conditions of the Policy have been formulated by representatives of the companies participating in the mutual enterprise in order to provide insurance coverage which is vital to all participants. It is desired that the Insurer serve as a financially stable and reliable entity, responsive to the coverage needs of its participants, and providing coverage fairly and equitably as to each Insured, but taking equally into account fairness and equity as to all Insureds as a group. While every effort has been made to define with clarity and precision the scope of coverage and other policy provisions, the Insurer and the Insured mutually acknowledge that situations may arise where the terms of the Policy, or the interpretation of the terms, are disputed. For the foregoing reasons, the Insurer and the Insured agree that the following principles shall govern the interpretation of the Policy:
 - (a) even-handedness and fairness to both the Insurer and the Insured;
 - (b) the intentions of the Insurer and Insured, as expressed in the Policy; however, in the event a Policy provision is found to be ambiguous by the Arbitrator(s), the Arbitrator(s) shall apply the rules of contract construction (as modified by the principles as set forth in this paragraph) prescribed by the internal law of the State of New York, provided that extrinsic evidence of intent shall be limited to the following, and no other, evidence: (i) the interpretive commentary as published by the Insurer, and, (ii) final and approved meeting Minutes of, and final written reports (together with any materials incorporated therein) created and approved by the NEIL Board of Directors, a Member Advisory Committee, Subcommittee, Task Force, or similar Member group;
 - (c) the practice of the Insurer and the Insured in interpreting and applying the Policy;
 - (d) the cooperative rather than adversarial relationship between the Insurer and the Insured; and
 - (e) the contract construction rule of *contra proferentem* (construing a contract against the drafter) is not applicable to this insurance policy.
2. The Insurer and Insured will endeavor to resolve any dispute between them by means of a voluntary process to be agreed upon between them, including, without limitation, early

neutral evaluation, mediation, mini-trial, neutral fact finding, or senior peer review. Neither the Insurer nor the Insured may be compelled to participate in any such voluntary process except that, at the request of an Insured, the Insurer agrees to submit the dispute to senior peer review. The Insurer agrees to pay the fees and expenses of any neutral party associated with the use of any process hereunder. Senior peer review is a process in which both sides present their arguments and view of the evidence to a panel of five (5) employees of other NEIL Members, unless the Insured and Insurer agree that a panel of three (3) would be more appropriate. The panel will provide a written non-binding opinion on the merits of the dispute. Though not an exclusive list, panel members may include individuals from NEIL's Member Representatives, Board of Directors, Member Advisory Committees, or Members' Legal Counsel. None of the panelists may be employed by a Member that is an affiliate of the Insured involved in the dispute. The panelists shall be selected by agreement of the Insured and Insurer, but if no agreement is reached within thirty (30) days of the date the senior peer review is requested, the Insurer and Insured shall each submit a list of five names and a NEIL outside Director (as chosen by the Chairman of the Board) shall select the panelists. The panel, with input from the parties, shall establish a schedule for the proceeding, including, if appropriate, the submittal of written materials and oral arguments.

3. The Statement of Dispute Resolution Principles adopted by the Insurer's Board of Directors and Members, as it may be amended from time to time, shall not create any rights or obligations on the parties but shall be used as guidelines for conducting dispute resolution processes hereunder.
4. Except for disputes as to the amount of Property Damage (which shall be appraised as provided in Section V.B.), any dispute, controversy or claim between the Insurer and the Insured as to any matter arising out of or relating to this Policy, or the breach, termination or invalidity thereof, which is not settled between themselves, pursuant to paragraph 2 above or otherwise, shall be settled by arbitration in accordance with the United Nations Commission on International Trade Law's ("UNCITRAL") Arbitration Rules. Arbitration of a dispute is final and binding.
 - (a) The number of arbitrators shall be one, unless the Insured or the Insurer requests a three-person panel, in which case the number of arbitrators shall be three.
 - (b) In the event the arbitration is to be decided by a single arbitrator, and the parties cannot agree on the appointment of that arbitrator within sixty (60) days of the notice of arbitration being served, the sole arbitrator shall be selected by the appointing authority specified in paragraph (d) below.
 - (c) In the event the arbitration is to be decided by three arbitrators, the Insured shall appoint one arbitrator and the Insurer another; the two so appointed arbitrators shall select the third, who will act as the Chairman for the panel. The party which files the notice of arbitration shall include in such notice the identity of its party-appointed arbitrator. Within forty-five (45) days of service of the notice of arbitration, the second party shall notify the party that filed the notice of arbitration of the identity of its party-appointed arbitrator. At the time of the notification of the appointment, each side shall provide the other with a detailed curriculum vitae for the selected arbitrator, which shall include information regarding any potential conflict of interest of the selected arbitrator, including any financial or personal interest in the result of the arbitration or any past or present relationship with the parties or their representatives. All arbitrators shall

be obligated to update his/her potential conflict of interest information throughout the arbitration. If (i) the party filing the notice of arbitration fails to include the identity of its party-appointed arbitrator, or (ii) the second party does not notify the first party of its party-appointed arbitrator within forty-five (45) days of service of the notice of arbitration, or (iii) the two party-appointed arbitrators fail to agree on a third arbitrator within a period of sixty (60) days from the date of appointment of the second arbitrator, then, on request of either party, the missing party-appointed arbitrator or the third arbitrator (as the case may be) shall be selected by the appointing authority specified in paragraph (d) below. There shall be no *ex parte* communications between a party and any of the arbitrators, except that a party-appointed arbitrator shall be permitted to communicate with the party that appointed him/her concerning (i) the identity of the Chairman and (ii) issues associated with arbitrator invoices.

- (d) The appointing authority shall be the American Arbitration Association ("AAA") in New York, New York. The AAA shall select arbitrators from the panel of international arbitrators for the International Centre for Dispute Resolution, the international division of the AAA (the "ICDR Roster"). The arbitrators selected from the ICDR Roster shall be U.S. nationals. If for any reason the AAA fails to appoint an arbitrator within thirty (30) days of the date of receipt of the request for such appointment, either party may proceed pursuant to Article 75 of the Civil Practice Law and Rules of the State of New York and make application to the Supreme Court of the State of New York, County of New York for the appointment of the arbitrator.
- (e) To the extent there is any inconsistency between the UNCITRAL Arbitration Rules and the provisions of this Policy, the latter shall govern
- (f) The place of the arbitration shall be New York, New York, unless the parties agree upon another location
- (g) Within forty-five (45) days after the appointment of the arbitrator, or in the case of a three-person panel the appointment of the Chairman, the arbitrator(s) shall conduct an initial conference to which the parties will be invited to attend. At the initial conference, the parties and arbitrator(s) shall discuss, without limitation, (i) the procedures to be followed, (ii) scheduling of submissions and hearings, and (iii) a timetable for discovery. At a minimum, the discovery order shall require the parties to provide each other non-privileged documents that are requested by the other side and that reasonably relate to the claims and defenses asserted in the arbitration. Following the initial conference, the arbitrator(s) shall issue a procedural order to the parties setting forth the procedures and schedule.
- (h) Within sixty (60) days of the close of the hearings (or the later of post-hearing oral argument or post-hearing written submissions should the arbitrator(s) authorize them), the arbitrator(s) shall issue their award, which shall be in writing and shall present a detailed statement of the factual and legal bases for the award. In the case of three arbitrators, the award of the arbitrator(s) shall require a majority of two votes. The arbitrator(s) shall first determine the liability of the parties as to the dispute, claim or controversy, and then, only if necessary, determine the type and amount of relief to be granted. In no case may the arbitrator(s) order the rescission or reformation of this Policy. Further, unless the arbitrator(s) determine that it is inappropriate under the

circumstances of the case, the award shall provide that post-award interest shall begin to accrue at the rate of the Prime Rate, as published in the Wall Street Journal as of the date of the award, plus two (2) percent per annum from the date sixty (60) days after the award is delivered to the parties until the date the award is paid.

- (i) The arbitrator(s) shall award reasonable attorney's fees and costs to the prevailing party, not to exceed the amount of fees and costs incurred by the non-prevailing party. For this purpose, the fees incurred shall be calculated at reasonable hourly billing rates and shall include all reasonable out-of-pocket expenses, including, without limitation, the reasonable costs of expert witnesses and consultants. If the Insured has retained counsel on a contingency fee basis, and the Insurer is the prevailing party, the arbitrators shall award the Insurer all of its reasonable attorney's fees and costs (without consideration of the fees and costs incurred by the Insured).
 - (j) In the event the award is challenged in court and the challenge is denied, the party that challenged the award shall pay the reasonable attorneys' fees and costs incurred by the non-challenging party in defending against the challenge to the award.
 - (k) The parties acknowledge that any dispute resolution proceeding is intended to be confidential and therefore agree to properly maintain and not disclose or reveal any information obtained from the other party pursuant to the terms of a Confidentiality Agreement to be executed between the parties at the beginning of the proceeding (the terms of which shall be determined by the arbitrators in the event that the parties are unable to agree). In the case of arbitration, the written decision of the arbitrator(s) shall be available to other Insureds of NEIL and NEIL Overseas dac, except that any information within the written decision that the Insured can show is proprietary in nature will be redacted.
5. To the extent that any dispute, claim or controversy between the Insured and the Insurer hereunder is not subject to arbitration for any reason, or to the extent that applicable law otherwise permits the parties to seek provisional relief from the courts prior to the time that the arbitral panel is appointed, the United States District Court for the Southern District of New York (or the Supreme Court of the State of New York, New York County, if federal jurisdiction cannot be attained) shall have exclusive jurisdiction thereof. For such purpose, the Insured agrees to accept, without objection to form or manner, service of process by registered mail or form of overnight mail to the person identified in Item 11 of the Declarations. For such purpose, the Insurer agrees to accept, without objection to form or manner, service of process by registered mail, or overnight mail, directed to the Insurer's General Counsel, at Nuclear Electric Insurance Limited, 1201 North Market Street, Suite 1100, Wilmington, Delaware 19801. The foregoing consents to service of process are not intended, nor shall they be construed, to extend to any dispute, claim, controversy, cause of action, or other matter other than as stated in this paragraph.

I. Errors and Omissions

No inadvertent error, omission or failure in furnishing reports hereunder shall prejudice the Insureds' right of recovery, but shall be corrected when discovered.

J. Evaluations and Compliance with Loss Control Standards

1. The Insurer shall be permitted, but not obligated, to perform or to have performed on its behalf, evaluations of the Insured Property at any reasonable time. All evaluations and evaluation reports made by or on behalf of the Insurer are made solely for insurance purposes. Evaluation reports are based upon the conditions, practices and property observed and information made available at the time of the evaluation, and shall not be deemed to identify all hazards or to indicate that other hazards do not exist. The Insurer and those performing evaluations on its behalf shall not be responsible for the correction or control of any conditions, practices or property. Notwithstanding any other agreement, express or implied, to the contrary, neither the right to make an evaluation nor the making of an evaluation, nor any advice or report resulting therefrom, shall constitute or be construed as an undertaking on behalf of or for the benefit of the Member Insured or others to determine or warrant that the facilities, operations or property are safe or healthful, or are in compliance with any law, rule, regulation, procedure or standard. It shall be the obligation of the Member Insured to ensure that the Insurer is afforded the right to conduct an evaluation under this paragraph.
2. Upon discovery of a dangerous condition (the "Dangerous Condition") with respect to any property, or part thereof, insured under this Policy (the "Affected Property"), whether discovered as a result of an evaluation or otherwise, a representative of the Insurer may:
 - (a) request that the Affected Property be taken out of service without delay; and/or,
 - (b) request that actions be taken to remedy the Dangerous Condition.
3. If a request made under paragraph 2 above is not complied with, the Insurer may immediately suspend coverage as to the Affected Property and/or limit coverage for any Accidental Property Damage that could have been avoided or reduced had the Dangerous Condition been remedied, provided, however, that there will be coverage for Property Damage if the Insured can demonstrate that the Property Damage was unrelated to the failure to take the requested action (and there is otherwise coverage under this Policy). Notice of the suspension and/or limitation of coverage (which may be made together with either request referred to in paragraph 2 above) shall be written and, notwithstanding any other provisions under this Policy, may be sent to the Member Insured in accordance with Section V.R. of this Policy.
4. It shall be an obligation under this Policy that the Member Insured comply with the SHALL Requirements contained in the Insurer's Loss Control Standards.
5. When the Insurer learns of an Insured's failure to comply with, or to take agreed upon actions to correct a failure to comply with, a SHALL Requirement contained in the Insurer's Loss Control Standards, the Insurer may notify the Insured of the non-compliance, and upon or after such notification shall have the right to:
 - (a) prescribe the applicable Premium Adjustments and/or Deductible Adjustments; and/or,
 - (b) suspend coverage under this policy as to the property that is the subject of the applicable SHALL Requirement and/or as to Property Damage that could have been avoided or reduced if not for the Insured's failure to comply with the applicable SHALL Requirement, provided, however, that there will be coverage for Property Damage if the Insured can demonstrate that the Property Damage

was not related to the noncompliance (and there is otherwise coverage under this Policy).

The actions referred to in this paragraph may be collectively referred to as "Policy Adjustments."

6. Notification to the Insured about a non-compliance with the SHALL Requirements contained in the Insurer's Loss Control Standards shall be in writing (the "Notification Letter") and, may be sent to the Member Insured by hand delivery, e-mail, fax or courier. The date of the Notification Letter shall be referred to as the "Notification Date." The Notification Letter shall set forth the specific Premium Adjustments and Deductible Adjustments to be made, which shall be assessed in accordance with the schedules contained in the Insurer's Rating Procedures and Schedules then in effect. Deductible Adjustments shall apply in accordance with the details set forth in the Notification Letter.
7. Unless indicated otherwise in the Notification Letter, all Premium and Deductible Adjustments will take effect on the 31st calendar day after the Notification Date unless the Insured requests a variance (in accordance with the procedures contained in the Loss Control Standards) or requests that the applicable coverage be removed because the Insured has elected not to comply with the relevant Loss Control Standard requirement. The precise scope of any coverage removal will be described in an endorsement to the Policy.
8. Unless indicated otherwise in the Notification Letter, all Premium and Deductible Adjustments will remain in effect until the Insurer endorses the Policy to remove such Policy Adjustments.
9. Notwithstanding the provisions in paragraph 6 above, any suspension of coverage under paragraphs 3 and/or 5 above shall be in accordance with the scope of coverage suspension set forth in writing and delivered to the Insured.
10. If the Insured requests a variance, no Premium Adjustments or Deductible Adjustments will be implemented while the variance request is being considered by the Insurer. If the Insurer does not grant the variance, the Premium Adjustments and/or Deductible Adjustments shall be applied retroactively to the day the Premium Adjustments and/or Deductible Adjustments would have gone into effect under paragraph 7 above, even if the Insured requests a review or otherwise appeals the Insurer's decision. The provisions of this paragraph 10 will apply even in the event that an Accident actually occurs during the time that the variance request is being considered.
11. The Insurer may immediately suspend and/or limit coverage under this Policy, in whole or in part, with respect to the Insured Property if (i) the NRC suspends or revokes for any reason the operating license issued with respect to any Unit on such Insured Property, or (ii) the NRC issues a shutdown order with respect to such Unit, or (iii) the NRC issues a confirmatory order keeping such Unit shut down. In the event that the Insurer chooses to suspend and/or limit coverage under this provision, it shall notify the Member Insured in writing of that decision.
12. The coverage suspended and/or limited in accordance with any paragraph of this Section V.J. may be reinstated by the Insurer, but only by an endorsement issued to form a part of this Policy. The suspension and/or limitation of coverage under this Policy will not affect the obligation of the Member Insured to pay the Retrospective Premium Adjustment callable by the Insurer under this Policy, or provide other assurances to the

Insurer pursuant to Section VI.L.

K. Headings

The headings in this Policy are inserted for convenience only and shall not be deemed to constitute a part hereof.

L. Insurer's Options

It shall be the option of the Insurer to take all, or any part, of the destroyed or damaged Insured Property at the agreed or appraised value, and also to decontaminate or otherwise repair, or to rebuild or replace such Insured Property destroyed or damaged with other of like kind and quality within a reasonable time, on giving notice of its intention to do so within thirty (30) days after the receipt of the proof of loss as herein provided.

M. Limits

1. The Insurer shall not be liable for more than the amount shown as limit of liability in the Declarations for any one Accident.
2. The insurance provided by this Policy shall not be reduced by the sum paid for any one Accident.
3. Notwithstanding anything contained herein to the contrary, the Insurer's liability hereunder shall be the amount payable to the Member Insured but for this provision, less any amount owed to the Insurer by the Insureds, including amounts owed to the Insurer by the Insureds under this Policy or any other agreement or policy.
4. The Member Insured's recovery under Section I.A., paragraph I.A.1., and Sections I.F. and I.G. of this Policy shall not be decreased because the Replacement Cost or Actual Cash Value, whichever is applicable, of the Insured Property is less than the Insurer's limit of liability.

N. Loss Payments

It is agreed that payment under this Policy shall be made in the following order:

1. Losses under Nuclear Liability Coverage under paragraph I.A.1.;
2. Losses under Decommissioning Liability Coverage under Section I.G.; and then
3. Losses under the Debris Removal and Decontamination Coverage under paragraph I.E.1., the Property Damage Coverage under Section I.A., and the Functional Total Loss Coverage under Section I.F.

O. Mortgage Interests and Obligations

1. If a Loss hereunder is assigned or made payable, in whole or in part, to a designated mortgagee not named herein as an Insured, such interest in this Policy may be canceled upon sixty (60) days' written notice of cancellation mailed or delivered to such mortgagee.
2. If the Insureds fail to meet the requirements stated herein in the case of Accidental

Property Damage, such mortgagee, upon notice, shall render a written estimate of Loss within sixty (60) days and shall render proof of loss in the form approved by the Insurer within twelve (12) months thereafter and shall be subject to the provisions hereof relating to appraisal, arbitration and time of payment and of bringing suit. If the Insurer shall claim that no liability exists as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by endorsement.

P. Natural Hazards

1. Windstorm Loss

Each Loss by Windstorm shall constitute a single Accident; provided, if more than one Windstorm should occur within any period of ninety-six (96) hours commencing during the term of this Policy, and such Windstorms have a common origin or are caused by a single atmospheric disturbance, then such Windstorms shall be deemed to be a single Windstorm.

The Natural Hazard Deductible, as specified in Item 8 of the Declarations, applies when Property Damage is caused by a Windstorm with sustained winds at the Insured Property of seventy-four (74) miles per hour or greater, as measured and recorded by the Insured at the Insured Property; in the absence of any recorded wind speed measurement by the Insured at the Insured Property, the Natural Hazard Deductible, as specified in Item 8 of the Declarations, applies when Property Damage is caused by a Windstorm with sustained winds of seventy-four (74) miles per hour or greater, as measured or reported by the National Weather Service, that occurs within twenty-five (25) nautical miles of the Insured Property.

2. Flood Loss

Each Flood shall be deemed a separate Accident; provided that if more than one Flood should occur within any period of ninety-six (96) hours commencing during the term of this Policy and such Floods have a common origin or are caused by a single incident, then such Floods shall be deemed to be a single Flood.

3. Earth Movement

Each Earth Movement shall be deemed a separate Accident; provided that if more than one Earth Movement shall occur within any period of ninety-six (96) hours commencing during the term of this Policy and such Earth Movements have a common origin or are caused by a single incident, then such Earth Movements shall be deemed to be a single Earth Movement.

Q. Other Insurance

The Insurer shall not be liable if at the time of the Accident there is any other insurance which would attach if this insurance had not been effected, except that this insurance shall apply only as excess and in no event as contributory insurance, and then only after all other insurance has been exhausted.

R. Policy Decisions and Notice

Except as provided in Section V.U., all decisions or actions made or taken with respect to this Policy may only be taken or made by the first named Member Insured and all such decisions or actions shall be binding on all Insureds. Such decisions or actions shall include, without limitation, decisions to give or not give notices of Accidental Property Damage, to file or not file proofs of loss and to bring or not bring an action under the dispute resolution provision. No decision or action with respect to this Policy may be made or taken by anyone other than the Insurer and the first named Member Insured. The first named Member Insured shall be that Member Insured whose name is listed first in Item 1 of the Declarations. The Insurer and the Insureds agree that all communications between them as to any matter arising under or relating to this Policy shall be made as follows:

1. If to the Insurer: The communication must be sent by the first named Member Insured and must be sent by facsimile, mail, electronic mail, or courier through the Member Insured's Delaware Representative to the Insurer at the address listed in Item 2 of the Declarations, but may be sent directly to the Insurer if permitted under the Insurer's Operating Procedures.
2. If to the Insureds: The communication must be sent by the Insurer to the first named Member Insured and must be sent by facsimile, mail, electronic mail, or courier to the address of such Member Insured's Delaware Representative, or to the address listed in Item 1 of the Declarations if permitted under the Insurer's Operating Procedures. It shall be the obligation of the first named Member Insured to communicate the contents of any notification from the Insurer to the other Insureds.

The Insured's compliance with the provisions of this Section V.R. is a condition precedent to the Insurer's obligations under this Policy.

S. Policy Modifications

This Policy embodies all agreements between the Member Insured and the Insurer or any of their agents relating to this insurance. There shall be no change in the terms, provisions and stipulations of this Policy except in writing hereon or by endorsement added hereto by the Insurer and the Member Insured.

T. Reports

The Member Insured hereby consents, and shall obtain the consent of the Operator, to the Insurer having access to INPO's final Evaluation Reports, and shall provide any assistance necessary to ensure that the Insurer has access thereto.

U. Requirements in Case of Accidental Property Damage

1. It shall be an obligation of the Insureds to give or cause to be given to the Insurer prompt written notice of any Accidental Property Damage that the Insured reasonably expects to exceed the applicable Deductible stated in Item 8 of the Declarations, and to protect the Insured Property from further damage. The Insureds shall separate or cause to be separated, with reasonable promptness, the damaged and undamaged Insured Property, put it in the best possible order, furnish a complete inventory of the destroyed, damaged and undamaged Insured Property, showing in detail quantities, costs, the Replacement Cost and estimated amount of Property Damage claimed. The Insurer may

deny coverage for such Accidental Property Damage if the Insured fails to comply with its obligations to provide prompt written notice thereof, but only if the Insurer demonstrates being prejudiced in its ability to adjust, assess or otherwise investigate the claim as a result of such failure.

2. In the event of Accidental Property Damage, the Insureds and each of their agents, employees or assigns, shall do all things reasonably necessary or desirable, or to the extent reasonably requested or required by the Insurer with respect to its investigation of such Accidental Property Damage, to defend, safeguard, recover, and preserve the damaged Insured Property. The Member Insured shall provide the Insurer access, as often as may be reasonably necessary, to any Insured Property.
3. Within twelve (12) months after the Date of Accident, unless such time is extended in writing by the Insurer, not to be unreasonably withheld, the Insureds shall complete and file with the Insurer a proof of loss, in the form approved by the Insurer, signed and sworn to by the Member Insured, stating the knowledge and belief of the Insureds as to the time and origin of the Accidental Property Damage, the interest of the Insureds and all others in the Insured Property, all other contracts of insurance, whether valid or not, covering any of said Insured Property or the risks insured hereunder, and the following:
 - (a) with respect to Losses under paragraph I.A.1., the amount of expenses incurred in discharging the Insured's legal obligation or liability to protect the public health and safety caused by a Nuclear Event, as required by the Act, and an attestation by the Member Insured as to the Insureds' obligation or liability to incur such expenses;
 - (b) with respect to Losses under Section I.A. and/or Section I.E., the Actual Cash Value or, if recovery is on a Replacement Cost basis, the Replacement Cost of each item thereof and the amount of Property Damage thereto, encumbrances thereon, and changes in the title, use, occupation, location, possession or exposures of said Insured Property since the issuance of this Policy, by whom and for what purpose any building herein described and the several parts thereof were occupied at the time of the Accident causing the Loss and whether or not it then stood on leased ground. The Insureds shall also furnish the Insurer a copy of all descriptions and schedules in all other policies and, if required, verified plans and specifications of any building, fixtures or machinery destroyed or damaged, and an attestation by the Member Insured as required under paragraph II.B.1.;
 - (c) with respect to Losses under Section I.F., the Functional Value of the Unit at the time of the Accident, and an attestation by the Member Insured as required under paragraph II.B.1. which includes an attestation that the Unit incurring the Accidental Property Damage has permanently ceased operation.
 - (d) with respect to Losses under Section I.G., the current balance of the Decommissioning Trust Fund, the Decommissioning Target Amount, a copy of the Decommissioning Target Document, if requested by the Insurer, and an estimate of the expenses to be incurred in decommissioning the Unit, and an attestation by the Member Insured as required under paragraph II.B.1. which includes an attestation that the Unit incurring the Accidental Property Damage has permanently ceased operation.
4. Within a reasonable time period after a request is made by the Insurer, the Member

Insured shall identify and designate that person (or persons) within its control who have the best information or knowledge regarding any topic specified by the Insurer. At such reasonable time and place as designated by the Insurer or its representative, the Member Insured shall produce and have each of its designated persons submit to an examination under oath as often as may be reasonably required outside of the presence of any other Insured. Each designated person examined shall review and sign the transcript of their sworn testimony within thirty (30) days of receipt. Failure on the part of any Insured or Operator to comply with the requirements of this paragraph shall be deemed a breach of this obligation on the part of the Member Insured.

5. Within a reasonable time period after a request is made by the Insurer, the Member Insured shall produce for examination by the Insurer or its representative the original of any record or document within the possession, custody, or control of the Member Insured, requested by the Insurer to determine its liability or the amount thereof. The Member Insured shall provide all reasonable assistance to the Insurer or its representative in locating, requesting, or examining any record or document which is in the possession of a third-party. The Insurer shall have the right to make copies of any record or document examined, except for records or documents that are restricted from being copied by applicable law or regulation. The Insured shall take all reasonable steps to seek relief from any applicable law or regulation preventing the Insurer from obtaining copies of any relevant records or documents. In the event that an original record or document is not available for examination, the Member Insured may produce a legible copy of the original record or document and certify under oath that it is a true and accurate copy of the original which is no longer available. Failure on the part of any Insured or Operator to comply with the requirements of this paragraph shall be deemed a breach of this obligation on the part of the Member Insured.

V. State Premium Tax

The Insureds represent that they have paid or will pay any applicable state premium tax.

W. Subrogation

1. Except as provided in paragraph 2 below, or as required by applicable law or regulation, the Insurer may require from the Insureds an assignment of all right of recovery against any party for Accidental Property Damage to the extent that payment therefor is made by the Insurer, and the Insureds shall execute and deliver all necessary instruments and do all things necessary or desirable on behalf of the Insurer to secure such rights. The Insureds shall take no action after the Accident which may prejudice the Insurer's rights under this paragraph; however, prior to an Accident, the Insureds may waive in writing any or all right of recovery against any party for Accidental Property Damage.
2. The Insurer hereby waives any right of subrogation acquired by reason of any payment under this Policy arising out of any Accidental Property Damage covered hereunder against the Insureds and any party furnishing services, materials, parts, or equipment in connection with the planning, construction, maintenance, operation or use of the Insured Property.
3. It is a condition of this Policy that the Insureds shall repay the Insurer any recoveries made by the Insureds on account of any Accidental Property Damage to the extent that the Insurer would have been entitled to such recoveries had this waiver not been included in this Policy; provided, however, that the proceeds of any such recovery shall be applied first to any uncompensated Property Damage incurred by the Insureds,

including reimbursement of any deductible amount under this Policy, and then, to the extent any proceeds of such recovery remain, to reimburse the Insurer for any payments made by it to the Insureds.

X. Suit

No suit, action or proceeding arising out of, based upon, or relating to this Policy shall be sustainable in any court of law or equity with the sole exception being the confirmation of an arbitration award. No action or proceeding on this Policy for the recovery of any claim shall be sustainable unless all the requirements of this Policy shall have been complied with, and unless commenced within eighteen (18) months of the Date of the Accident; provided, however, an extension of time granted by the Insurer for rendering a proof of loss in the form approved by the Insurer with respect to any Accidental Property Damage shall extend the eighteen (18) month period for bringing suit with respect to such claim by the period of the extension.

Y. Term and Cancellation

1. This Policy shall commence on the date specified in Item 3.A. of the Declarations and shall terminate on the date specified in Item 3.A. of the Declarations. This Policy may be canceled at any time at the request of the Member Insured, in which case the Insurer shall upon demand and surrender of this Policy, refund the excess of paid premium above the pro rata premium for the expired time.
2. This Policy may be canceled at any time by the Insurer, upon approval of its Board of Directors, upon sixty (60) days' written notice of cancellation mailed or delivered to the Member Insured, with or without tender of the excess of paid premium above the pro rata premium for the expired time, which excess, if not tendered, shall be refunded on demand. Notice of cancellation shall state that said excess premium, if not tendered, will be refunded on demand.
3. This Policy shall be automatically canceled if (i) the INPO membership of either the Member Insured or the Operator is suspended or canceled by INPO for any reason and (ii) the Member Insured fails to notify the Insurer within five business days after receipt of notice of such suspension or cancellation of membership in INPO, unless the Insurer is otherwise notified during such five business days.
4. In the event that the Member Insured fails to pay to the Insurer any Retrospective Premium Adjustment due under this Policy, due under any Other Insurance Policy as such Member Insured may have with the Insurer, or referred to in Section VI, this Policy shall terminate provided that the Insurer notifies the Member Insured in writing of this delinquency and the Member Insured fails to make the required payment within fifteen (15) days after receiving such notice by registered mail.
5. Neither the cancellation of the Policy on the part of the Member Insured or the Insurer, nor its automatic termination, shall affect the obligation of the Member Insured to pay the Retrospective Premium Adjustment callable by the Insurer under this Policy, or provide other assurances to the Insurer pursuant to Section VI.L.

Z. Valuation

1. The value of the Insured Property that sustained Accidental Property Damage shall be the lesser of the actual repair costs or the Replacement Cost of such Insured Property, but only if such Insured Property that sustained Accidental Property Damage is repaired

or replaced within a reasonable time with identical or like kind property on the same premises and intended for the same occupancy and use. In all other cases, the value of the Insured Property that sustained Accidental Property Damage shall be the Actual Cash Value of such Insured Property, notwithstanding that the Policy may refer to the Replacement Cost of such Insured Property.

2. The value of Insured Property in transit that sustained Accidental Property Damage shall be the lesser of the actual repair costs or the Replacement Cost of such Insured Property but only if such Insured Property that sustained Accidental Property Damage is repaired or replaced within a reasonable time after such loss with identical or like kind property. In all other cases, the value of the Insured Property that sustained Accidental Property Damage shall be the Actual Cash Value of such Insured Property, notwithstanding that the Policy may refer to the Replacement Cost of such Insured Property. Principles of general average and salvage charges shall also be applied to computing the value of Insured Property in transit.
3. In the event of Property Damage to Insured Property constituting nuclear fuel, the Insurer's obligation to indemnify the Insureds and their legal representatives under Section I shall be limited as follows:
 - (a) Beginning with the date initial criticality is achieved at a Unit, the value of the nuclear fuel in such Unit shall be deemed to be equal to the value of a full fuel core of the fuel then in such Unit reduced to reflect the proportion of the usable burn up consumed; and
 - (b) Spent nuclear fuel shall have no value and the Insurer shall have no obligation to indemnify the Insureds or their legal representatives for any Property Damage thereto.

AA. Waiver Provisions

No provision, stipulation or forfeiture shall be held to be waived by any requirement or proceeding on the part of the Insurer relating to appraisal or to any examination provided for herein.

BB. When Loss Payable

The amount of Loss for which the Insurer may be liable shall be payable as soon as practicable and in any event within sixty (60) days after the proof of loss is received by the Insurer and ascertainment of the Loss is made either by agreement between the Member Insured and the Insurer expressed in writing or by the filing with the Insurer of an award as herein provided. Where only a partial proof of loss has been provided to the Insurer and the Insurer's liability for the Property Damage is uncontested, the Insurer may, in its sole discretion, make partial payment to the Insured. Nevertheless, the Insurer shall have no obligation to make such partial payment.

VI. RETROSPECTIVE PREMIUM ADJUSTMENT

Subject to the terms and conditions of this Policy, the Member Insured agrees to pay to the Insurer the Retrospective Premium Adjustment as hereinafter set forth.

- A.** The Insurer may call a Retrospective Premium Adjustment, to be paid by the Member Insured to

the Insurer, from time to time, but only to the extent the call for the Retrospective Premium Adjustment is deemed necessary by the Board of Directors of the Insurer (the "Board of Directors"), in its sole discretion, to cover Loss(es) incurred by the Insurer under this Policy and all Other Insurance Policies with insurance coverage effective on the Date of the Accident giving rise to the Losses that the Retrospective Premium Adjustment is designed to cover, which shall be determined by the Board of Directors, in its sole discretion.

- B.** When, for any purpose hereunder, it becomes necessary to calculate the obligation of the Member Insured for the Retrospective Premium Adjustment,
1. The Board of Directors, in its sole discretion, shall determine a Multiple to be used in the calculation of a Retrospective Premium Adjustment to be called under this Policy and all Other Insurance Policies with insurance coverage effective during the Policy Year, which Multiple shall be no more than the greater of (a) the Multiple set forth in Item 5.A. of the Declarations of this Policy or (b) the Multiple used for any Other Insurance Policy with insurance coverage effective during the Policy Year.
 2. The amount of the Retrospective Premium Adjustment shall be equal to the product of (m) the Multiple established pursuant to paragraph 1 above times the sum of (x) the Premium multiplied by a fraction, the numerator of which is 365 and the denominator of which is the number of calendar days in the Policy Period specified in Item 3.A of the Declarations (but not more than 365) and (y) the Additional Premium (i.e., $m * (x + y)$).
 3. The aggregate of all Retrospective Premium Adjustments called by the Insurer under this Policy shall not exceed the Retrospective Premium Adjustment set forth in Item 5.B. of the Declarations.
 4. The obligation of the Member Insured to pay the Retrospective Premium Adjustment shall be and remain in full force and effect if this Policy is canceled, suspended or not renewed for any reason, and shall not be subject to any reduction due to setoff, pending claims, or any other amounts due from the Insurer.
- C.** The Retrospective Premium Adjustment, when called by the Insurer, shall be paid in whole or in one or more parts to the Insurer by wire transfer or other method acceptable to the Insurer by the date specified in the written notice of the call, which shall be not less than twenty (20) business days from the date of the notice. If the written notice of the call does not specify the date by which payment shall be made, the Insurer shall provide further written notice that does specify a payment date, which shall be not less than twenty (20) business days after such further written notice.
- D.** Notwithstanding the provisions of paragraph B.2. above, in the event of a Delinquent Member, the Insurer may, without first pursuing any rights it may have against such Delinquent Member(s), make such number of further calls upon the Member Insureds of the Insurer under this Policy and all Other Insurance Policies with insurance coverage effective during the Policy Year for the amount not paid by such Delinquent Member(s). The additional amount due from Member Insureds on account of a Delinquent Member shall be calculated pro rata based upon the Premium set forth in Item 4 of the Declarations of such Other Insurance Policies in effect on the Date of Accident giving rise to the initial Retrospective Premium Adjustment call. The fact that the aggregate Retrospective Premium Adjustment called for by the Insurer has been received from such other Member Insureds of the Insurer shall not bar the Insurer from pursuing the Insurer's rights against any Delinquent Member. To the extent that the Insurer recovers any amount due from a Delinquent Member, such amount will be redistributed to the Member Insureds on a pro rata basis based upon each Member Insured's contribution towards the

Delinquent Member's share.

- E.** The Policy Year to which any Retrospective Premium Adjustment is attributed shall be determined by the Board of Directors at the time it makes the call for such Retrospective Premium Adjustment based on the Date of the Accident giving rise to the Losses that the Retrospective Premium Adjustment is designed to cover.
- F.** The Board of Directors, in its sole discretion, may decrease the Multiple set forth in Item 5.A. of the Declarations of this Policy, and any Other Insurance Policy with insurance coverage effective during the Policy Year, and the Retrospective Premium Adjustment callable under this Policy and any Other Insurance Policy shall be reduced by a corresponding amount. However, the Insurer shall not decrease the Multiple or the corresponding adjustment to any such Retrospective Premium Adjustment where (i) the Retrospective Premium Adjustment has already been assigned by the Insurer pursuant to Section VI.K., or (ii) the Multiple in any Other Insurance Policy with insurance coverage effective during the Policy Year, after adjustment, would be different than the Multiple, after adjustment, in this Policy, unless the applicable Multiple and corresponding adjustment to the Retrospective Premium Adjustment under this Policy have also been reduced.
- G.** Subject to Section VI.L., the obligation of the Member Insured hereunder shall be limited to the Premium, Additional Premium, the Retrospective Premium Adjustment or any unpaid portion thereof due to the Insurer under the terms of this Policy. No Member Insured shall be subject to any contingent liability or be required to pay any dues or assessments in addition to such Premium, Additional Premium, Retrospective Premium Adjustment, or any unpaid portion thereof, and any assurance under Section VI.L. due under this Policy and those due under any Other Insurance Policies as such Member Insured may have with the Insurer.
- H.** The obligation of the Member Insured to pay the Retrospective Premium Adjustment for the Policy Year shall cease six (6) years after the end of the Policy Year, unless prior call is made therefor.
- I.** The obligation of the Member Insured to pay any Retrospective Premium Adjustment due under any Other Insurance Policy between the Insurer and the Member Insured which terminated on or before the inception date of this Policy is an obligation of the Member Insured under this Policy. The terms and the amount of such obligation shall be determined by reference to the Other Insurance Policy under which such obligation arose, notwithstanding that such Other Insurance Policy may no longer be in effect.
- J.** The liability of each Member Insured, if there be more than one under this Policy, for the Retrospective Premium Adjustment, and any assurance that may be required pursuant to Section VI.L., shall be several and not joint and in proportion to their respective interests specified in the Declarations.
- K.** In the event the Insurer has available credit facilities from lenders, the Board of Directors may, in its sole discretion, utilize such facilities to finance Losses incurred by the Insurer under this Policy and all Other Insurance Policies. The Insurer may assign to the lenders the Insurer's interest in the Retrospective Premium Adjustment, in whole or in part, including, in the event the Insurer defaults on its obligations to such lenders, the right to call such interest assigned. Such assignment may be made and shall only be effective with respect to the financing of those Losses for which the Retrospective Premium Adjustment could be called. In the event any assignment is made, the Insurer shall give prompt notice thereof to the Member Insured(s). Each Member Insured shall, upon the request of the Insurer, provide a written acknowledgement of its liability for the Retrospective Premium Adjustment to each of the lenders involved.

- L.** The Board of Directors may, in its sole discretion, require the Member Insured to provide assurance to the Insurer of the Member Insured's ability to satisfy its obligation to pay a Retrospective Premium Adjustment when called, whether or not a request for assurance is made upon any other Member Insured(s).
1. Within twenty (20) business days of receiving notice from the Insurer that such assurance is required, the Member Insured shall provide assurance in a manner acceptable by the Insurer including, but not limited to, providing a letter of credit or financial guarantee, reimbursing the cost to purchase retrospective premium insurance, and/or paying a Deposit Premium pursuant to paragraph 3 below. The terms and conditions acceptable to the Insurer for a letter of credit, financial guarantee, and the retrospective premium insurance options will be provided to the Member Insured by the Insurer at the time the Insurer requires the Member Insured to provide assurance.
 2. If (a) the Member Insured fails to elect one of the options available pursuant to paragraph 1 above within the time frame required, or (b) at any other time when, in the sole discretion of the Board of Directors, the Board of Directors determines it is in the best interests of the Insurer, then the Insurer may require the Member Insured to pay a Deposit Premium, whether or not a demand for a Deposit Premium is made upon any other Member Insured(s). If the Insurer demands a Deposit Premium, the Member Insured shall pay the Deposit Premium within twenty (20) business days of the demand.
 3. If the Member Insured elects to pay a Deposit Premium, or if a Deposit Premium is demanded pursuant to paragraph 2 above, the Insurer may require the Deposit Premium to be paid in whole or in one or more parts.
 - (a) The amount of the Deposit Premium shall be equal to the Retrospective Premium Adjustment set forth in Item 5.B. of the Declarations, unless otherwise indicated. However, the aggregate of the Deposit Premium and any Retrospective Premium Adjustments called for under this Policy shall not exceed the Retrospective Premium Adjustment set forth in Item 5.B. of the Declarations.
 - (b) The amount of the Deposit Premium may be adjusted at the anniversary of this Policy.
 - (c) Any Deposit Premium paid to the Insurer will be returned to the Member Insured when, in the sole discretion of the Board of Directors, the retention of the Deposit Premium is no longer required.
 - (d) The amount of any Deposit Premium paid shall be a credit against the obligation of the Member Insured to pay a Retrospective Premium Adjustment, and the Insurer shall have the right to draw from the Deposit Premium paid the Retrospective Premium Adjustment amount called up to the full amount of the Deposit Premium on the date the call for payment of the Retrospective Premium Adjustment is made.
 - (e) Amounts paid as Deposit Premiums will be held in an interest bearing account and, until a call is made for a Retrospective Premium Adjustment, interest earned on the Deposit Premium will be paid to the Member Insured on an annual basis, within ninety (90) business days after the end of the applicable calendar year.
 - (f) The obligation of the Member Insured to pay the Deposit Premium shall be and remain in full force and effect if this Policy is canceled, suspended or not

renewed for any reason and shall not be subject to any reduction due to setoff, pending claims, or any other amounts due from the Insurer.

VII. MEMBERSHIP

Each Member Insured becomes a member of the Insurer as part of obtaining insurance from the Insurer, and as such, is entitled to the privileges and benefits, and by entering into this Policy agrees to be subject to and bound by the obligations and duties, of membership. These are more fully set forth in the Memorandum of Association and in the Bye-Laws and any amendments thereto, each of which is hereby incorporated into and made a part of this Policy. In no event shall any amendment to the Memorandum of Association or the Bye-Laws increase the amount of Premium or Retrospective Premium Adjustment payable or callable hereunder.

VIII. DEFINITIONS

For purposes of this Policy, unless otherwise stated to the contrary, the following capitalized terms shall have the meanings set forth below. Other capitalized terms are included in the Declarations and in other Sections. Unless otherwise stated or required for the meaning of any provision, the singular shall include the plural and the plural, the singular.

- A. "Accident"** means a sudden and fortuitous event, an event of the moment, which happens by chance, is unexpected and unforeseeable. Accident does not include any condition which develops, progresses or changes over time, or which is inevitable. The "Date of the Accident" shall be the date on which the Insured discovers the Accident. No Accident is covered hereunder which occurred while the Insured was not insured by the Insurer under this Policy or a predecessor policy issued by the Insurer.
- B. "Accidental Property Damage"** means Property Damage which is caused by an Accident.
- C. "Act"** means the Atomic Energy Act of 1954, 42 U.S.C. §2011, et seq., as amended, and the regulations promulgated pursuant thereto.
- D. "Actual Cash Value"** means the amount determined by reducing the Replacement Cost of the Insured Property by physical depreciation. "Physical depreciation" means the reduction in value of property resulting from age and use.
- E. "Additional Premium"** means the sum of all Premium Adjustment(s), if any, assessed in accordance with Section V.J. of the Policy.
- F. "Amount of Decommissioning Liability Coverage"** means the amount payable for decommissioning liability expenses pursuant to paragraph I.G.1., as calculated under the formula set forth in paragraph I.G.2.
- G. "Corporate Affiliate"** means, with respect to a Member Insured or Operator, any entity that (a) owns or controls, directly or indirectly, the Member Insured or Operator, (b) is owned or controlled, directly or indirectly, by the Member Insured or Operator, or (c) is under common ownership or control with the Member Insured or Operator; where "own" means ownership of fifty percent or more of the equity interests or rights to distributions of the entity, and "control" means the power to direct the management or policies of the entity, whether through the ownership of voting securities, by contract, or otherwise.
- H. "Decommissioning Target Amount"** means the amount approved by the Insurer as necessary to meet the costs of decommissioning the Unit, as adjusted to the Settlement Date.

- I. "Decommissioning Target Document"** means the document submitted by the Insured in estimating the costs of decommissioning the Unit after the Accident leading to decommissioning. The document shall include information required under 10 C.F.R. §50.75 and the cost estimates shall be based on then currently available industry data. The document shall be subject to the approval of the Insurer.
- J. "Decommissioning Trust Fund"** means the external sinking fund described by the NRC pursuant to 10 C.F.R. §50.75 to pay the costs of decommissioning the Unit at the end of its licensed life.
- K. "Deductible Adjustments"** refer to adjustments that may be made under Section V.J of the Policy, as a result of a non-compliance with a SHALL Requirement contained in the Loss Control Standards, the amount of which shall be determined in accordance with the Insurer's Procedures and Schedules for the Rating of Nuclear Generating Stations and set forth in a Notification Letter to the Insured.
- L. "Delinquent Member"** means any member insured, including the Member Insured, who fails to pay a Retrospective Premium Adjustment demanded by the Insurer under this Policy or any Other Insurance Policy within twenty (20) business days after such demand.
- M. "Deposit Premium"** means the amount that the Member Insured may be required to pay to the Insurer under this Policy, as detailed in Section VI.L. of this Policy, as security for future Retrospective Premium Adjustments.
- N. "Earth Movement"** means all land movement, whether natural or man-made, including earthquakes, shocks, tremors, volcanic action, earth rising or shifting, landslide, subsidence, rockfall as a result of seismic activity, or sinkhole.
- O. "Flood"** means a general and temporary condition of partial or complete inundation of normally dry land areas caused by:
1. the overflow, or expansion beyond normal boundaries of any body of water or watercourse, whether such body of water or watercourse is natural or artificial;
 2. the release or breaking of the boundaries of natural or artificial bodies of water or watercourses, including the release or overflow of any water impounded by a dam, dike or reservoir or any other barrier or diversionary device;
 3. tsunami, waves, tide or tidal waters, storm surge, or the spray from any of the foregoing, whether driven by the wind or not;
 4. the unusual or rapid accumulation or runoff of surface waters from any source; or
 5. mudslides (i.e., mudflows) which are caused by flooding as defined in paragraphs (1) through (4) of this definition and are akin to a river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water and deposited along the path of the current.

- P. "Functional Age"** means an amount of time meant to represent the remaining operating life of the Unit, stated as a percentage of the maximum license life of the Unit, as determined by dividing the number of years remaining on the Unit's operating life as of the Date of the Accident by the maximum number of years of operation permitted for the Unit. For the purpose of this calculation only, the presumed maximum number of years of operation permitted shall be sixty (60) years, unless the Member Insured has had a license extension request denied by the NRC, in which case the maximum number of years of operation shall be the amount permitted under the operating license, or has notified the NRC of an earlier permanent shutdown date for the Unit, in which case the maximum number of years of operation shall be the amount permitted based on that permanent shutdown date.
- Q. "Functional Total Loss Coverage"** means the coverage provided pursuant to Section I.F.
- R. "Functional Value"** means the amount determined by multiplying the Generation Replacement Value for the Unit by the Functional Age.
- S. "Generation Replacement Value"** means value generated by the following formula: $COST \times 1,000 \times MWe$, where COST means the 3-year trailing average of the total overnight cost figure, on a kilowatt basis, as reported by the Energy Information Administration of the Department of Energy in its forecast for advanced nuclear construction in effect as of the Date of Accident multiplied by .85 (85%), and MWe means the Megawatt Electric rating of the Unit as most recently reported by the Insured as indicated in the operating license.
- T. "INPO"** means the Institute of Nuclear Power Operations.
- U. "Insured Property"** means the property specified as such in Item 7 of the Declarations and situated at a location specified therein.
- V. "Insured(s)"** means, collectively, the Person(s) listed in Item 9 of the Declarations and the Member Insured(s), which Persons may hereinafter be referred to individually as an "Insured."
- W. "Loss"** means the costs or expenses covered under Sections I.A., I.D., I.E., I.F., and I.G.
- X. "Loss Control Standards"** means the set of administrative and technical requirements adopted by the Insurer that are intended to minimize the risk of loss at Insured Sites.
- Y. "Member Insurance Program"** means any program approved as such in accordance with the Bye-Laws of the Insurer.
- Z. "Member Insured(s)"** means, collectively, the undersigned Person(s), each of whom is subject to the rights and obligations hereof. The Member Insureds may hereinafter be referred to individually as a "Member Insured."
- AA. "Member Insureds of the Insurer"** means the Member Insureds under this Policy and the Other Insurance Policies.
- BB. "Multiple"** means the multiple selected by the Board of Directors of the Insurer (but not greater than the multiple specified in Item 5.A. of the Declarations) pursuant to Section VI.
- CC. "NRC"** means the Nuclear Regulatory Commission or any governmental body succeeding to the functions and authority thereof.

- DD. "Nuclear Event"** means an "accident", as specifically defined in 10 C.F.R. 50.54(w)(2)(i) and applied to 10 C.F.R. 50.54(w), that triggers a legal obligation or liability to protect public health and safety.
- EE. "Operator"** means those persons, entities, or a governmental entity or any department, agency, or political subdivision thereof, if any, other than the Member Insured, responsible for operating a Unit covered by this Policy.
- FF. "Other Insurance Policy"** means any Primary Property Policy or Operating Facility Policy issued by the Insurer or by NEIL Overseas dac.
- GG. "Person"** means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.
- HH. "Premium Adjustment"** refers to adjustments that may be made under Section V.J. of the Policy, as a result of a non-compliance with a SHALL Requirement contained in the Loss Control Standards, the amount of which shall be determined in accordance with the Insurer's Procedures and Schedules for the Rating of Nuclear Generating Stations and set forth in a Notification Letter to the Member Insured.
- II. "Primary Property Policy"** means a Primary Property and Decontamination Liability Insurance Policy issued by Nuclear Electric Insurance Limited or a Primary Property and Decontamination Insurance Policy issued by NEIL Overseas dac, depending on which has been issued to the Insured.
- JJ. "Property Damage"** means direct physical damage to or destruction of Insured Property.
- KK. "Rating Procedures and Schedules"** means the Procedures and Schedules for the Rating of Nuclear Generating Stations manual utilized by the Insurer to establish premiums during the underwriting process, as may be revised with the approval of the Board.
- LL. "Replacement Cost"** means the cost incurred for the replacement of Insured Property that sustained Accidental Property Damage. If the Insured:
1. replaces the damaged Insured property with identical property, the Replacement Cost shall be the cost of the identical property;
 2. replaces the damaged Insured Property with a like-kind property and the identical property is available, the Replacement Cost shall be the lesser of the cost of the like-kind property and the identical property; or
 3. replaces the damaged Insured Property with a like-kind property and the identical property is not available, the Replacement Cost shall be the cost the like-kind replacement, or lowest cost like-kind replacement if more than one like-kind replacement is available.

For purposes of determining Actual Cash Value pursuant to Section VIII.D. hereof, Replacement Cost shall be the lesser of (i) the cost of available like-kind property or identical property or, (ii) if neither like-kind property or identical property is available, the original book value of the damaged Insured Property, less any applicable "Allowance for Funds Used During Construction," adjusted for inflation using the applicable Handy Whitman Index.

- MM. "Retrospective Premium Adjustment"** means the amount of retrospective premium adjustment called or demanded of the Member Insured under this Policy as calculated pursuant to Section VI of this Policy.
- NN. "Settlement Date"** means the date on which the Member Insured certifies that the Insureds have discharged their legal obligation or liability to protect the public health and safety and to remove debris of and decontaminate the Insured Property caused by a Nuclear Event.
- OO. "SHALL Requirement"** means a criteria within the Loss Control Standards that sets forth a minimum requirement to be met and maintained for the Insured Property to be insurable, and is identified as such within the Loss Control Standards.
- PP. "Shortfall"** means the Decommissioning Target Amount minus the balance in the Decommissioning Trust Fund as of the Settlement Date.
- QQ. "Unit"** means a nuclear operating unit.
- RR. "Windstorm"** means an atmospheric disturbance or condition marked by high winds, with or without precipitation, including such events as a cyclone, hurricane, typhoon, rainstorm, hailstorm, tornado, or any combination of the foregoing events, but does not include any damage caused by Flood caused by a Windstorm.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Payments for Acts of Terrorism
Endorsement**

Member:	STP Nuclear Operating Company		
Site:	South Texas Project	Endorsement No.	1
Policy Number:	P20-075	Effective Date:	April 1, 2020
Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton, Bermuda.			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that this Policy is amended as follows:

- I. The following Section is hereby added to the Policy:

PAYMENTS FOR ACTS OF TERRORISM

In the event that Accidental Property Damage is caused by one or more Acts of Terrorism within an Aggregate Period under this Policy and under one or more Nuclear Insurance Policies and Builders' Risk Policies:

1. Resources Available

The maximum recovery for all such Losses under this Policy and all applicable Nuclear Insurance Policies and Builders' Risk Policies shall be an aggregate of:

- (a) (US)\$1.8276 billion unless at least one of the Insureds, whose claim for Accidental Property Damage falls under the Payment for Acts of Terrorism Endorsement applicable to its Policy, has received payments pursuant to Section I.A.1 of a Primary Property and Decontamination Liability Insurance Policy or Primary Property and Decontamination Insurance Policy; Section I.A.1 of an Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Decontamination, Decommissioning and Excess Property Insurance Policy; or Section I.A.1 of a Blanket Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, applicable to Insured Property, in which case the Insurer's liability shall not exceed (US)\$3.24 billion

plus;

- (b) such additional amounts as the Insurer recovers for the Insureds' Losses from reinsurance, indemnity, and any other source, applicable to such Losses.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



2. Allocation of Resources

- (a) The aggregate amount determined under paragraph 1 above shall first be used to pay for all such Losses payable under all applicable Primary Property and Decontamination Liability Insurance Policies; Primary Property and Decontamination Insurance Policies; Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Decontamination, Decommissioning and Excess Property Insurance Policies; Blanket Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policies; Excess Non-Nuclear Property Insurance Policies; and Builders' Risk Policies (collectively "Property Losses").
- (b) If such Property Losses for all Insureds exceed the amount available under paragraph 1 above, the Insured's maximum recovery shall be the amount available under paragraph 1 above times a fraction, the numerator of which is the Insured's recovery for the Losses caused by Accidental Property Damages caused by the Act(s) of Terrorism, but for this Section, and the denominator of which is the sum of all Insureds' recovery for Losses caused by Accidental Property Damage caused by the Act(s) of Terrorism under all applicable Nuclear Insurance Policies and Builders' Risk Policies, including this Policy, but for this Section.
- (c) Notwithstanding paragraph 1 and subparagraph 2(b) above, if the payments made pursuant to subparagraph 2(b) exhaust the amount determined under paragraph 1, without paying for all the Insured's Property Losses, the Insured shall recover such additional amounts that the Insurer recovers from reinsurance, indemnity, or other source, for the Insured's Losses.

3. Declarations Page

This Endorsement may materially alter the coverage afforded under this Policy, but under no conditions does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

4. Definitions

For the purposes of this Section only:

- (a) "Act of Terrorism" means any act by a person, group, or organization that appears to be intended to: (i) intimidate or coerce a civilian population, or (ii) disrupt any segment of the economy in the country where the insured plant is located; or (iii) influence the policy of a government by intimidation or coercion; or (iv) affect the conduct of a government by mass destruction; provided, however, that an Act of Terrorism for purposes of this Policy shall not include any act excluded by the War Risk Exclusion.
- (b) "Nuclear Insurance Policy" means any

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



- (i) Primary Property and Decontamination Liability Insurance Policy,
- (ii) Primary Property and Decontamination Insurance Policy,
- (iii) Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy,
- (iv) Decontamination, Decommissioning and Excess Property Insurance Policy,
- (v) Blanket Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policy,
- (vi) Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, and
- (vii) NEIL I Accidental Outage Insurance Policy
- (viii) Excess Non-Nuclear Property Insurance Policy

other than this Policy, issued by Nuclear Electric Insurance Limited or NEIL Overseas dac, or NEIL Specialty Insurance Company.

- (c) "Builders' Risk Policies" means any Builders' Risk Insurance Policies issued by Nuclear Electric Insurance Limited, or NEIL Overseas dac.
- (d) "Aggregate Period" means an uninterrupted period of twelve (12) months. The first Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by an Act of Terrorism. Each subsequent Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by an Act of Terrorism at a time when no Aggregate Period is in effect. An Act of Terrorism that causes Accidental Property Damage to occur at a time when an Aggregate Period is in effect does not commence a new Aggregate Period.

5. Authorized Changes to this Section

The Insurer's Board of Directors has the authority to modify, alter or replace the definition of the term "Act of Terrorism" and any other provision of this Endorsement in order to facilitate the availability of resources that may be provided by a governmental agency or body in the country where the Losses occur.

NUCLEAR ELECTRIC INSURANCE LIMITED

WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Date: As of April 1, 2020

Witness: Lanie Cassel

Insurer:

Nuclear Electric Insurance Limited

By: 

Bruce A. Sassi, President

Member Insured:

STP Nuclear Operating Company

By: Michael R. Lastowski

Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Payments for Cyber Events
Endorsement**

Member:	STP Nuclear Operating Company		
Site:	South Texas Project	Endorsement No.	2
Policy Number:	P20-075	Effective Date:	April 1, 2020
Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton, Bermuda.			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that this Policy is amended as follows:

- I. The following Section is hereby added to the Policy:

PAYMENTS FOR CYBER EVENTS

In the event that Accidental Property Damage is caused by one or more Cyber Events within an Aggregate Period under this Policy, or Accidental Property Damage is caused by one or more Cyber Events within an Aggregate Period under this Policy and under one or more Nuclear Insurance Policies and Builders' Risk Policies, the Insureds agree that:

1. Resources Available

The maximum recovery for all such Losses under this Policy and all applicable Nuclear Insurance Policies and Builders' Risk Policies shall be an aggregate of:

- (a) (US)\$1.8276 billion unless at least one of the Insureds, whose claim for Accidental Property Damage falls under the Payments for Cyber Events Endorsement applicable to its Policy, has received payments pursuant to, Section I.A.1 of a Primary Property and Decontamination Liability Insurance Policy or Primary Property and Decontamination Insurance Policy; Section I.A.1 of an Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Decontamination, Decommissioning and Excess Property Insurance Policy; or Section I.A.1 of a Blanket Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy or Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, applicable to Insured Property, in which case the Insurer's liability shall not exceed (US)\$3.24 billion

plus;

- (b) such additional amounts as the Insurer recovers for the Insured's Losses from reinsurance, indemnity, and any other source, applicable to such Losses.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



2. Allocation of Resources

- (a) The aggregate amount determined under paragraph 1 above shall first be used to pay for all such Losses payable under all applicable Primary Property and Decontamination Liability Insurance Policies; Primary Property and Decontamination Insurance Policies; Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Decontamination, Decommissioning and Excess Property Insurance Policies; Blanket Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policies; Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policies; Excess Non-Nuclear Property Insurance Policies and Builders' Risk Policies (collectively "Property Losses").
- (b) If such Property Losses for all Insureds exceed the amount available under paragraph 1 above, the Insureds' maximum recovery shall be the amount available under paragraph 1 above times a fraction, the numerator of which is the Insureds' recovery for the Property Losses caused by a Cyber Event, but for this Section, and the denominator of which is the sum of all Insureds' recovery for Property Losses caused by a Cyber Event under all applicable Nuclear Insurance Policies and Builders' Risk Policies identified in subparagraph 2(a), including this Policy, but for this Section. If additional resources remain available to the Insurer after the Insureds' recovery for all Property Losses under all applicable Nuclear Insurance Policies, Insureds may recover for NEIL I Accidental Outage losses caused by a Cyber Event under applicable NEIL I Accidental Outage policies. If such losses for all Insureds exceed the amount of the resources available, the recovery for affected Insureds will be allocated pro rata by applying the same formula used in this subparagraph to determine the allocation for Property Losses.

3. Declarations Page

This Endorsement may materially alter the coverage afforded under this Policy, but under no condition does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

4. Definitions

For the purposes of this Section only:

- (a) "Computer System" means any electronic, wireless, communication, network, internet, or similar device or system (including all hardware, software, firmware and the data stored thereon, and electronically operated equipment) operated and controlled by the Insured, or operated by an independent contractor authorized to provide information technology services for the benefit of the Insured, that is used to process, store, or communicate data or information in an analog, digital, electronic, or wireless format, including, without limitation, associated input and output devices, process control systems, data storage

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



devices, networking equipment, wired or wireless peripherals, and electronic backup facilities.

- (b) "Cyber Event" means any act by any person, group, or organization that affects a Computer System through the transmission of electronic data that modifies, alters, damages, destroys, corrupts, overloads, deletes, records, hijacks, transmits information within a Computer System, or otherwise electronically interferes with their normal operations, including electronic data that is self-replicating or self-propagating and corrupts other computer programs and systems or electronically-operated equipment, consumes Computer System resources, or circumvents or impairs the normal operations of a Computer System; provided, however, that a Cyber Event for purposes of this Policy shall not include any act excluded by the War Risk Exclusion or covered under any Payment for Acts of Terrorism Endorsement.
- (c) "Nuclear Insurance Policy" means any
 - (i) Primary Property and Decontamination Liability Insurance Policy,
 - (ii) Primary Property and Decontamination Insurance Policy,
 - (iii) Excess Property, Decontamination Liability, and Decommissioning Liability Insurance Policy,
 - (iv) Decontamination, Decommissioning and Excess Property Insurance Policy,
 - (v) Blanket Excess Property, Decontamination Liability and Decommissioning Liability Insurance Policy,
 - (vi) Blanket Excess Decontamination, Decommissioning and Excess Property Insurance Policy, and
 - (vii) NEIL I Accidental Outage Insurance Policy
 - (viii) Excess Non-Nuclear Property Insurance Policy

other than this Policy, issued by Nuclear Electric Insurance Limited or NEIL Overseas dac, or NEIL Specialty Insurance Company.
- (d) "Builders' Risk Policies" means any Builders' Risk Insurance Policies issued by Nuclear Electric Insurance Limited, or NEIL Overseas dac.
- (e) "Aggregate Period" means an uninterrupted period of twelve (12) months. The first Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by a Cyber Event. Each subsequent Aggregate Period will begin on the date of the first occurrence of Accidental Property Damage caused by a Cyber Event at a time when no Aggregate Period is in effect. A Cyber Event that causes Accidental Property Damage to occur at a time when an Aggregate Period is in effect does not commence a new Aggregate Period.

5. Authorized Changes to this Section

The Insurer's Board of Directors will have the authority to modify, alter or replace the definition of the term "Cyber Event", and any other provision of this Endorsement, in order to facilitate the availability of resources that may be provided by a governmental agency or body in the country where the Losses occur.

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Date: As of April 1, 2020

Witness: Lanie Cassel

Insurer:
Nuclear Electric Insurance Limited

By: 
Bruce A. Sassi, President

Member Insured:
STP Nuclear Operating Company

By: Michael R. Lastowski
Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Fire Damage Exclusion
Endorsement**

Member:	STP Nuclear Operating Company		
Site:	South Texas Project	Endorsement No.	3
Policy Number:	P20-075	Effective Date:	April 1, 2020
Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton, Bermuda.			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

1. This Endorsement shall be applicable to the following property:
 - a) NDE Lab
 - b) Construction Fabrication Shop
 - c) Met Tower
 - d) Micro Wave Tower
 - e) Oil Storage Building 19
 - f) Solvent Building 19
 - g) Hazardous Waste Building 21
 - h) Maintenance Paint Building 30
 - i) Communications Facility - Building #10
 - j) Contractor Support Facility - Building #26
2. It is hereby agreed and understood and agreed that this Policy does not insure against Accidental Property Damage to the property described in Paragraph 1, or the contents thereof, caused by fire, or fire following lightning or explosion, or by any separate and independent Accident which ensues therefrom.

This Endorsement may materially alter the coverage afforded under this Policy, but under no condition does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

NUCLEAR ELECTRIC INSURANCE LIMITED

WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Date: As of April 1, 2020

Witness: Lanie Cassel

Insurer:

Nuclear Electric Insurance Limited

By: 

Bruce A. Sassi, President

Member Insured:

STP Nuclear Operating Company

By: Michael R. Lastowski

Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Terms & Conditions
Endorsement**

Member: STP Nuclear Operating Company
 Site: South Texas Project Endorsement No. 4
 Policy Number: P20-075 Effective Date: April 1, 2020
 Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton,
 Bermuda.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

In consideration of the premium in the amount of \$110,452, which is included within the total amount of premium listed in Item 4 of the Declarations of this Policy, it is hereby understood and agreed that coverage is provided for the Independent Spent Fuel Storage Installation (ISFSI) within the description and location of the property identified in Item 7 of the Declarations of this Policy.

All other terms and conditions of this Policy remain unchanged.

In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Date: As of April 1, 2020

Witness: Lanie Cassel

Insurer:
Nuclear Electric Insurance Limited

By: 
 Bruce A. Sassi, President

Member Insured:
STP Nuclear Operating Company

By: Michael R. Lastowski
 Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Terms & Conditions
Endorsement**

Member:	STP Nuclear Operating Company		
Site:	South Texas Project	Endorsement No.	5
Policy Number:	P20-075	Effective Date:	April 1, 2020
Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton, Bermuda.			

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby agreed and understood that in the event of cancellation of or material change in the Policy pursuant to subsection V.J. or V.Y. of the Policy, the Insurer shall send a copy of the written notice referred to therein to:

Bechtel Energy Corporation
Attention: C.E. Feltman
P.O. Box 2166
Houston, Texas, 77252-2166

Ebasco Constructors, Inc.
Attention: L.D. George
P.O. Box 349
Wadsworth, Texas 77483

Except with respect to the provisions of Paragraphs V.J.3, V.J.11, and V.Y.4, the cancellation or change shall not be effective with respect to the above recipient until thirty (30) days after receipt of the written notice

This Endorsement may materially alter the coverage afforded under this Policy, but under no condition does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

NUCLEAR ELECTRIC INSURANCE LIMITED

WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: **N/A**

Wilmington, Delaware

Date: As of April 1, 2020

Witness: Lanie Cassel

Insurer:

Nuclear Electric Insurance Limited

By:

Bruce A. Sassi, President

A handwritten signature in black ink, appearing to read "B. Sassi", enclosed within a rectangular box.

Member Insured:

STP Nuclear Operating Company

By:

Michael R. Lastowski

Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Class "B" Warehouse and Storage Structures Sublimit
Endorsement**

Member: STP Nuclear Operating Company
 Site: South Texas Project Endorsement No. 6
 Policy Number: P20-075 Effective Date: April 1, 2020
 Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton,
 Bermuda.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

1. This Endorsement shall be applicable to the following property:
 - a) Warehouse Annex (Staging Warehouse)
 - b) Warehouse B
 - c) Warehouse C
 - d) Warehouse D
 - e) Warehouse E
 - f) Warehouse 31
2. It is hereby understood and agreed that each of the properties described in Paragraph 1, including the contents thereof, shall have a coverage sublimit of \$75,000,000 of coverage available under this Policy for Accidental Property Damage caused by fire, or fire following lightning or explosion, or by any separate and independent Accident which ensues therefrom.

This Endorsement may materially alter the coverage afforded under this Policy, but under no condition does it increase the amount of insurance provided under this Policy.

All other terms and conditions of this Policy remain unchanged.

In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Date: As of April 1, 2020

Witness: Lanie Cassel

Insurer:
Nuclear Electric Insurance Limited

By: Bruce A. Sassi, President 

Member Insured:
STP Nuclear Operating Company

By: Michael R. Lastowski
Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED
WILMINGTON, DELAWARE



**Retro Insurance
Endorsement**

Member:	STP Nuclear Operating Company	
Site:	South Texas Project	Endorsement No. 7
Policy Number:	P20-075	Effective Date: April 1, 2020
Effective Time of this Endorsement is 12:01 a.m. Standard Time in Hamilton, Bermuda.		

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is hereby understood and agreed that this Endorsement is made by and between the Insured specified in the table below and Nuclear Electric Insurance Limited, the Insurer.

Insured	Premium Amount	Percentage of Policy Retrospective Premium Adjustment
STP Nuclear Operating Company	\$157,612	44.0000%

In consideration of an additional Premium Amount specified in the table above, it is hereby understood and agreed that this Policy shall be modified by adding the following provision:

Item I.E.7 Retrospective Premium Adjustment Coverage

This Policy shall also pay the amount of the Member Insured's Retrospective Premium Adjustment called under this Policy pursuant to Section VI, provided, however, that the Retrospective Premium Adjustment is called during the Policy Year or within 24 months after the end of the Policy Year. This coverage shall not apply to any Retrospective Premium Adjustment called with respect to a Policy Year ending prior to the issuance of this Policy, notwithstanding that Section VI.I makes the payment of such Retrospective Premium Adjustment an obligation under this Policy.

The maximum amount of coverage provided by this Endorsement is the product of (a) the sum of all Percentages of Policy Retrospective Premium Adjustments in the table above, multiplied by (b) the maximum Retrospective Premium Adjustment specified in Item 5.B of the Declarations.

This coverage provided by this Endorsement does not eliminate, reduce or otherwise alter the terms set forth in Section VI.H of this Policy, Including the Insurer's right to call a Retrospective Premium Adjustment for up to six (6) years after the end of the expiration of the Policy Year.

This Endorsement may materially alter the coverage afforded under this Policy.

All other terms and conditions of this Policy remain unchanged.

NUCLEAR ELECTRIC INSURANCE LIMITED

WILMINGTON, DELAWARE



In Witness Whereof, the parties hereto have caused this Endorsement to be executed and attested on their behalf.

Wilmington, Delaware

Date: As of April 1, 2020

Attest: N/A

Wilmington, Delaware

Date: As of April 1, 2020

Witness: Lanie Cassel

Insurer:

Nuclear Electric Insurance Limited

By: 

Bruce A. Sassi, President

Member Insured:

STP Nuclear Operating Company

By: Michael R. Lastowski

Attorney-in-Fact

NUCLEAR ELECTRIC INSURANCE LIMITED - Primary Rating Calculation Sheet

Member Insured:	STP Nuclear Operating Company		
Site:	South Texas Project		
Policy Number:	P20-075		
Amount of Insurance:	\$1,500,000,000	2020 Renewal	
Base Plant Operations Credit:	20.0000%		
Effective Date:	April 1, 2020	Deductible:	\$2,500,000
Expiration Date:	April 1, 2021	T/G Deductible:	\$2,500,000
		No. of Units	2

Gross Annual Premium:	\$4,188,000	Premium by Unit:	
Quota Share Discount:	\$(238,400)	Largest Unit:	\$1,791,050
Non-Nuclear Sublimit Discount:	\$(367,500)	Second Unit:	\$1,791,050
Annual Premium:	\$3,582,100	Total:	\$3,582,100
Retrospective Premium:	\$35,821,000		
Previous Annual Premium:		Quota Share Layer:	\$400,000,000
Additional Annual Premium:	\$3,582,100	Quota Share Percent:	10%
Pro-rata Factor:	1.0000	Quota Share Retention:	\$40,000,000
		Non-Nuclear Sublimit:	\$1,000,000,000
Primary Premium Due:	\$3,582,100		

Property Rating

	Unit	Unit Status	MWe	MWt	Nuclear Loading	MWt Weighting
Largest Unit	Unit 1	OP	1354	3,853	0.0460	3,853
Second Unit	Unit 2	OP	1354	3,853	0.0460	3,853
Weighted Nuclear Rate:					0.0460	
Effective Plant Ops Credit:			30.000%		(0.0138)	
Nuclear Rate after Plant Ops Credit:					0.0322	
Fire Rate:					0.0089	
Windstorm Rate:					0.0301	
Flood Rate:					0.0018	
Earthquake Rate:					0.0040	
All Risk Rate:					0.0200	
Gross Property Rate:					0.0970	
Deductible Credit:			0.00%		0.0000	
Property Base Rate:					0.0970	
Values Adjustment Factor:			1.9189	x	1.9189	
Property Rate:					0.1861	

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Boiler & Machinery Rating

Date of LC Report: 31-Dec-19 T/G Deductible Credit: 0.00%
 Max B&M Penalty Points: 8,495
 Max B&M Credit Points: 5,840

	Unit	Initial B&M Rate	B&M Penalty Points	B&M Credit Points	Gross B&M Rate	Deductible Credit Factor	Rate after Deductible	TGRA Adjustment	Net B&M Rate
Largest Unit	Unit 1	0.0592	30	4,190	0.0487	0.00%	0.0487	(1.00)%	0.0483
Second Unit	Unit 2	0.0592	30	4,190	0.0487	0.00%	0.0487	(10.00)%	0.0448
Total B&M Rate:									0.0931

Combined Rating

Property Rate + B&M Rate: 0.2792
 Program Modifier: 0.00% 0.0000
 Rate after Modifier: 0.2792
 Site Loss Experience: 0.00% 0.0000
 Final Primary Rate: 0.2792

Property Covered: 0
 Contam Premium: 0

VALUES ADJUSTMENT FACTOR

I.	Date of Comm. Ops	MWt	Table Value	MWt x Table Value
Largest Unit	1988	3,853	867,145	3,341,109,685
Second Unit	1989	3,853	578,099	2,227,415,447
II. a) Fuel (21,000 times MWt of operating units)				161,826,000
b) Material, Supplies, Spares, etc.				138,189,000
c) Switchyard and High Voltage Substation				17,816,000
d) Cooling Towers/Lake				197,657,000
e) Other				0
f) Combustion turbines		<u>MWe</u>	<u>Rate</u>	
III. Reduction for Aging		3%/Year		(maximum of 20%)
Largest Unit		20%		(668,221,937)
Second Unit		20%		(445,483,089)
IV. Reduction for ACV cover		3%/Year		(maximum of 40%)
Largest Unit		40%		0
Second Unit		40%		0
Total Values Adjustment:				\$4,970,308,106
Values Adjustment Percentage:				30.2
VALUES ADJUSTMENT FACTOR:				1.9189

WINDSTORM

	HWR	WR	SWR
Gross E. C. Rate	0.0830	0.0920	0.2130
Windstorm (50% of Gross EC Rate)	0.0415	0.0460	0.1065

Member Insured: STP Nuclear Operating Company
Site: South Texas Project

SITE LOSS EXPERIENCE FACTOR

<u>Claim Number</u>	<u>Date of Loss</u>	<u>Date of Proof of Loss</u>	<u>Amount</u>	<u>Factor</u>
		Severity:	\$0	0.00%
		Frequency:	0	0.00%
		Experience Factor:		0.00%

Shall Recommendation Penalties

<u>Shall Rec Number</u>	<u>Base Score</u>	<u>Action Level</u>	<u>Number of Units Impacted</u>	<u>Deductible Amount</u>	<u>Penalty Amount</u>
Total SHALL Rec. Penalty Amount:					\$0

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Fire and Wind Rating

Delineated Area Name		REACTOR
Area Value:		40
Base Rate:		0.0400
Construction:		HWR
Penalties and Credits		
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value		(0.0070)
Superior Construction of Schedule Rated Buildings (Non Bearing Walls) Value		(0.0100)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value		(0.0030)
RCP's	94-08-RX	0.0010
Area Subtotals		
Occupancy Loading:		0.0100
Delineated Area Fire Rate:		0.0310
Area Fire Rate x Area Value:		1.2400
Area Wind Rate:		0.0415
Area Wind Rate x Area Value:		1.6600

Delineated Area Name		TURBINE
Area Value:		25
Base Rate:		0.0400
Construction:		WR
Penalties and Credits		
Open Turbine Deck Credit		(0.0050)
BOP Diesels	94-12-T	0.0016
Area Subtotals		
Occupancy Loading:		0.0300
Delineated Area Fire Rate:		0.0666
Area Fire Rate x Area Value:		1.6650
Area Wind Rate:		0.0460
Area Wind Rate x Area Value:		1.1500

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Delineated Area Name		EAB / CONTROL BUILDING
Area Value:		15
Base Rate:		0.0400
Construction:		HWR
Penalties and Credits		
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value		(0.0070)
Superior Construction of Schedule Rated Buildings (Non Bearing Walls) Value		(0.0100)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value		(0.0030)
Switchgear	94-10-EAB	0.0027
Area Subtotals		
Occupancy Loading:		0.0100
Delineated Area Fire Rate:		0.0327
Area Fire Rate x Area Value:		0.4905
Area Wind Rate:		0.0415
Area Wind Rate x Area Value:		0.6225

Delineated Area Name		MECH. AUXILIARY BUILDING
Area Value:		15
Base Rate:		0.0400
Construction:		HWR
Penalties and Credits		
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value		(0.0070)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value		(0.0030)
Suppression in Unit 1 MAB	12-01-MAB	0.0070
Suppression in Unit 2 MAB	12-02-MAB	0.0070
Area Subtotals		
Occupancy Loading:		0.0100
Delineated Area Fire Rate:		0.0540
Area Fire Rate x Area Value:		0.8100
Area Wind Rate:		0.0415
Area Wind Rate x Area Value:		0.6225

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Delineated Area Name	CENTRAL WAREHOUSE 32 (High Value Warehouse)
Area Value:	10
Base Rate:	0.0400
Construction:	HWR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0070)
Superior Construction of Schedule Rated Buildings (Non Bearing Walls) Value	(0.0100)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value	(0.0030)
Area Subtotals	
Occupancy Loading:	0.0200
Delineated Area Fire Rate:	0.0400
Area Fire Rate x Area Value:	0.4000
Area Wind Rate:	0.0415
Area Wind Rate x Area Value:	0.4150

Delineated Area Name	DIESEL GENERATOR
Area Value:	10
Base Rate:	0.0400
Construction:	HWR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0070)
Superior Construction of Schedule Rated Buildings (Non Bearing Walls) Value	(0.0100)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value	(0.0030)
Area Subtotals	
Occupancy Loading:	0.0150
Delineated Area Fire Rate:	0.0350
Area Fire Rate x Area Value:	0.3500
Area Wind Rate:	0.0415
Area Wind Rate x Area Value:	0.4150

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Delineated Area Name	FUEL HANDLING BUILDING
Area Value:	10
Base Rate:	0.0400
Construction:	HWR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0070)
Superior Construction of Schedule Rated Buildings (Non Bearing Walls) Value	(0.0100)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value	(0.0030)
Area Subtotals	
Occupancy Loading:	0.0100
Delineated Area Fire Rate:	0.0300
Area Fire Rate x Area Value:	0.3000
Area Wind Rate:	0.0415
Area Wind Rate x Area Value:	0.4150

Delineated Area Name	INTAKE STRUCTURE
Area Value:	10
Base Rate:	0.0400
Construction:	HWR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0028)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value	(0.0010)
Area Subtotals	
Occupancy Loading:	0.0100
Delineated Area Fire Rate:	0.0462
Area Fire Rate x Area Value:	0.4620
Area Wind Rate:	0.0415
Area Wind Rate x Area Value:	0.4150

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Delineated Area Name	MAIN OFFICE FACILITY
Area Value:	5
Base Rate:	0.0400
Construction:	HWR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0040)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value	(0.0030)
Area Subtotals	
Occupancy Loading:	0.0200
Delineated Area Fire Rate:	0.0530
Area Fire Rate x Area Value:	0.2650
Area Wind Rate:	0.0415
Area Wind Rate x Area Value:	0.2075

Delineated Area Name	MAINTENANCE FACILITY OFFICE
Area Value:	5
Base Rate:	0.0400
Construction:	WR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0028)
Area Subtotals	
Occupancy Loading:	0.0200
Delineated Area Fire Rate:	0.0572
Area Fire Rate x Area Value:	0.2860
Area Wind Rate:	0.0460
Area Wind Rate x Area Value:	0.2300

Delineated Area Name	MISCELLANEOUS AREAS
Area Value:	5
Base Rate:	0.0400
Construction:	SWR
Penalties and Credits	
Auto fire extinguishing systems.	14-01-EAB 0.0080
Area Subtotals	
Occupancy Loading:	0.0100
Delineated Area Fire Rate:	0.0580
Area Fire Rate x Area Value:	0.2900
Area Wind Rate:	0.1065
Area Wind Rate x Area Value:	0.5325

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Delineated Area Name	NUCLEAR SUPPORT CENTER
Area Value:	5
Base Rate:	0.0400
Construction:	WR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0040)
Superior Construction of Schedule Rated Buildings (Non Bearing Walls) Value	(0.0050)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value	(0.0010)
Area Subtotals	
Occupancy Loading:	0.0200
Delineated Area Fire Rate:	0.0500
Area Fire Rate x Area Value:	0.2500
Area Wind Rate:	0.0460
Area Wind Rate x Area Value:	0.2300

Delineated Area Name	SWITCHYARD
Area Value:	5
Base Rate:	0.0500
Construction:	WR
Penalties and Credits	
Area Subtotals	
Occupancy Loading:	0.0000
Delineated Area Fire Rate:	0.0500
Area Fire Rate x Area Value:	0.2500
Area Wind Rate:	0.0460
Area Wind Rate x Area Value:	0.2300

Delineated Area Name	TRAINING FACILITY
Area Value:	5
Base Rate:	0.0400
Construction:	WR
Penalties and Credits	
Superior Construction of Schedule Rated Buildings (Bearing Walls) Value	(0.0040)
Superior Construction of Schedule Rated Buildings (Principal Supporting Members) Value	(0.0010)
Area Subtotals	
Occupancy Loading:	0.0200
Delineated Area Fire Rate:	0.0550
Area Fire Rate x Area Value:	0.2750
Area Wind Rate:	0.0460
Area Wind Rate x Area Value:	0.2300

Member Insured: STP Nuclear Operating Company
 Site: South Texas Project

Delineated Area Name		TRANSFORMERS
Area Value:		5
Base Rate:		0.0500
Construction:		
Penalties and Credits		
Oil filled transformers over 5,000 gallons (18900 liter) capacity		
20 - 30 ft, 1 hour	15-03-XF	0.0040
Area Subtotals		
Occupancy Loading:		0.0000
Delineated Area Fire Rate:		0.0540
Area Fire Rate x Area Value:		0.2700
Area Wind Rate:		N/A
Area Wind Rate x Area Value:		N/A

Delineated Area Name		PLCS
Penalties and Credits		
Water Supply	94-07-FP	0.0010
Total to add to fire rate		<u>0.0010</u>

Fire Rate Totals	
Sum of Fire Rates x Area Values:	7.6035
Sum of Delineated Area Values:	170
Gross Average Fire Rate:	0.0447
PLPS Penalties/Credits:	0.0010
Net Average Fire Rate:	<u>0.0457</u>
Fire Rate Multiplier:	<u>19.40%</u>
AVERAGE FIRE RATE:	<u>0.0089</u>

Wind Rate Totals	
Sum of Wind Rates x Area Values:	7.3750
Sum of Delineated Area Values:	<u>165</u>
Gross Average Wind Rate:	0.0447
Wind Rate Multiplier:	<u>67.40%</u>
AVERAGE WIND RATE:	<u>0.0301</u>