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July 10, 2019

DOCKET NO. 20190140-EI
 FILED 7/10/2019
 DOCUMENT NO. 05433-2019
 FPSC - COMMISSION CLERK

VIA ELECTRONIC FILING

Mr. Adam Teitzman, Commission Clerk
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, FL 32399-0850

In re: Petition by Duke Energy Florida, LLC to Approve Transaction with Accelerated Decommissioning Partners, LLC for Accelerated Decommissioning Services at the CR3 Facility, etc. (the "Petition");
 Docket No. _____.

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC ("DEF"), please find the enclosed for electronic filing in the above-referenced proceeding.

- DEF's Petition by Duke Energy Florida, LLC to Approve Transaction for Accelerated Decommissioning Services at the CR3 Facility, Transfer of Title to Spent Fuel and Associated Assets, and Assumption of Operations of the CR3 Facility Pursuant to the NRC License, and Request for Waiver From Future Application of Rule 25-6.04365, F.A.C. for Nuclear Decommissioning Study;
- Direct Testimony of David L. Doss, Jr.;
- Direct Testimony of Scott E. State with Exhibit No. __ (SS-1) and Exhibit No. __ (SS-2);
- Direct Testimony of Terry Hobbs with Exhibit No. __ (TH-1)¹ and Exhibit No. __ (TH-2); and
- Direct Testimony of Matthew Palasek with Exhibit No. __ (MP-1), Exhibit No. __ (MP-2), and Exhibit No. __ (MP-3).

¹ Please note that the Exhibits, Attachments, and Schedule made part of Exhibit No. __ (TH-1) are not included with this initial filing and will be provided as a supplemental filing.

Mr. Adam Teitzman, Commission Clerk
Florida Public Service Commission

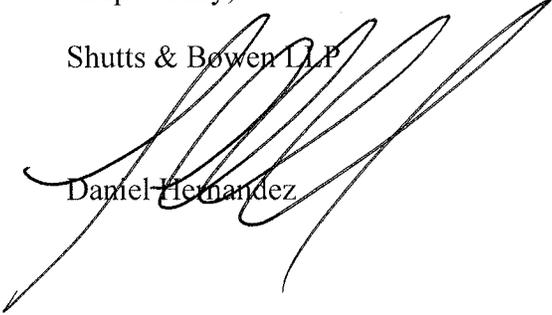
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Thank you for your assistance in this matter. Please feel free to call me at (813) 227-8114 should you have any questions concerning this filing.

Respectfully,

Shutts & Bowen LLP


Daniel Hernandez

Enclosures (as noted)

cc: All counsel for DEF

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC to Approve Transaction for Accelerated Decommissioning Services at the CR3 Facility, Transfer of Title to Spent Fuel and Associated Assets, and Assumption of Operations of the CR3 Facility Pursuant to the NRC License, and Request for Waiver From Future Application of Rule 25-6.04365, F.A.C. for Nuclear Decommissioning Study.

DOCKET NO. _____
Submitted for Filing: _____, 2019

PETITION

Duke Energy Florida, LLC (“DEF”), pursuant to Rules 28-106.201 and 25-6.04365, Florida Administrative Code (“F.A.C.”), respectfully petitions the Florida Public Service Commission (the “FPSC” or the “Commission”) to (1) approve a transaction between DEF and Accelerated Decommissioning Partners, LLC (“ADP”), pursuant to which DEF will contract with ADP through two of its subsidiaries, ADP CR3, LLC (“ADPCR3”) and ADP SF1, LLC (“ADPSF1”), to (a) complete all decommissioning activities of the Crystal River nuclear power plant (the “CR3 Facility”) on an accelerated basis, (b) acquire ownership of the Independent Spent Fuel Storage Installation (the “ISFSI”) assets from DEF, which includes the spent fuel, the dry shielded canisters, and the plant, property, and equipment (“PPE”) that comprises the ISFSI (but not including any firearms or interests in the real property) (collectively, the “ISFSI Assets”), (c) assume DEF’s contract with the U.S. Department of Energy (“DOE”) for disposal of spent nuclear fuel and/or high level radioactive waste, and (d) assume DEF’s obligations as a licensed operator of the CR3 Facility pursuant to the NRC License (NRC Operating License No. DPR-72, the “NRC License”); (2) approve DEF’s updated nuclear decommissioning study; and (3) approve, if necessary, DEF’s request for a waiver from the requirements contained in Rule

25-6.04365, F.A.C., which requires DEF to continue filing updated nuclear decommissioning studies with the Commission every five years. As demonstrated by this Petition and DEF's accompanying testimony and exhibits, this transaction is in the best interest of DEF's customers. DEF's trust fund is currently sufficient to pay for the plant's decommissioning without increasing customer bills. The fixed-price contract will lock in today's prices, which provides greater cost certainty relative to a delayed decommissioning approach. Accelerating the decommissioning allows for faster restoration and redevelopment of the nuclear plant property for DEF's future reuse. It also gives DEF a potential opportunity to return the majority of unused trust fund dollars back to customers more than three decades sooner than the current 60-year decommissioning model. In support of this Petition, DEF states the following:

1. DEF¹ is an investor-owned utility operating under the jurisdiction of the Commission pursuant to the provisions of Chapter 366, F.S. DEF's principal place of business is located at 299 1st Avenue North, St. Petersburg, Florida 33701.

2. For purposes of this Petition and the resulting proceeding, DEF's address shall be that of its undersigned counsel. Any pleading, motion, notice, order, or other document required to be served upon DEF or filed by any party to this proceeding should be served upon DEF's undersigned counsel, as follows:

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3. This Petition is being filed consistent with Rule 28-106.301, F.A.C. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (d), (e), (f), and (g) of subsection (2) of that rule are not applicable to this Petition. In compliance with subparagraph (h), DEF states that it is not known at this time which, if any, of the issues of material fact set forth in the body of this Petition may be disputed by any others who may plan to participate in this proceeding.

4. The central purpose of the proposed transaction in this Petition is to facilitate an acceleration of the radiological decommissioning and site restoration of the CR3 Facility by approximately thirty-six (36) years compared to the status quo, which allows for the decommissioning and site restoration of the CR3 Facility to be completed by 2074. A substantially earlier decommissioning of the CR3 Facility will cause a significant portion of the CR3 Facility to be made available for productive use, thus accelerating potential economic and other public policy benefits to the region and state by decades compared to what is projected under the status quo approach. According to DEF's analysis, there are sufficient funds in the nuclear decommissioning trust (the "NDT") to pay for the accelerated decommissioning, so no additional funds are requested from DEF's customers.

I. Background

Crystal River Nuclear Plant

5. The CR3 Facility is part of the larger Crystal River Energy Complex (“CREC”), which is owned by DEF. The CR3 Facility sits on an approximately 5100-acre site. The CR3 Facility is located near the city of Crystal River, in Citrus County, Florida, approximately 80 miles north of Tampa on the shore of the Gulf of Mexico.

6. The CR3 Facility was placed in an extended shutdown on May 28, 2011. In February of 2013, DEF announced the permanent retirement of the CR3 Facility. Certification of the permanent cessation of power operations and defueling was submitted to the Nuclear Regulatory Commission (“NRC”) on February 20, 2013.²

7. In June of 2017, the construction of the ISFSI was complete. The ISFSI was used to off-load the spent fuel assemblies from the wet storage pool. The transfer of all assemblies at the CR3 Facility to the ISFSI was completed in January of 2018.

Current and Proposed Decommissioning Strategy

8. In 2013, DEF selected the SAFSTOR decommissioning strategy for the CR3 Facility.³ Under the SAFSTOR strategy, decommissioning must be completed within sixty (60) years. At the time this strategy was selected, the estimated cost to complete the immediate decommissioning process was greater than the projected funds in DEF’s Nuclear Decommissioning Trust (“NDT”) and the NDT had insufficient funds to begin immediate

² FPC to NRC letter dated February 20, 2013, “Crystal River Unit 3 – Certificate of Permanent Cessation of Power Operations and that Fuel Has Been Permanently Removed from the Reactor” (ADAMS Accession No. ML3056A005).

³ SAFSTOR is defined as an “alternative in which the nuclear facility is placed and maintained in a condition that allows the nuclear facility to be safely stored and subsequently decontaminated (deferred decontamination) to levels that permit release for unrestricted use.” See NUREG-0586, “Final Generic Environmental Impact Statement on Decommissioning of Nuclear Facilities: Supplement 1, Regarding the Decommissioning of Nuclear Power Reactors,” (GEIS) (Reference 3).

decommissioning. DEF selected the SAFSTOR method to allow the existing NDT to increase over time, rather than attempting to generate additional funds from its customers to cover the cost discrepancy. The historical status of the NDT in connection with the current decommissioning strategy is more fully explained in the testimony and exhibits of Mr. Terry Hobbs and Mr. David Doss, which are incorporated by reference into this Petition.

9. DEF is on track to complete the remaining requirements for SAFSTOR by August 2019, at which time the CR3 Facility would be placed into long term dormancy.

10. Although continuation of the SAFSTOR process is a viable option, DEF believes it would be beneficial to pursue an accelerated decommissioning strategy. Potential benefits to DEF, the customers of DEF, and the general public from an accelerated decontamination and dismantlement of the CR3 Facility per the terms of the proposed transaction include: (1) mitigation of environmental risks from the plant sitting dormant for an extended time; (2) elimination of long-term obligations and liabilities associated with the continued maintenance of the property; (3) reduction of the risks associated with potential regulatory changes including loss of availability of radioactive waste disposal sites; (4) mitigation of financial risks, including cost escalation rates that exceed the NDT rate of return and significant reduction in the value of the NDT due to market conditions; (5) reduced project execution risks based on a fixed price contract; (6) reduced likelihood that DEF will need additional funding from customers; and (7) increased likelihood that unused NDT funds will be returned to DEF customers and the Duke Energy Corporation (“Duke”) shareholders decades earlier than under a SAFSTOR model.

11. Under the SAFSTOR method, the CR3 Facility is expected to remain in safe storage until 2067, at which time preparations for decommissioning would begin.⁴ The SAFSTOR project timeline of the CR3 Facility provides for decontamination and NRC License termination by 2073 and site restoration activities to be completed by 2074.⁵ Pursuant to the proposed transaction, the decommissioning of the plant and related structures would begin in 2020 under the accelerated model and would end in 2027 with site remediation and partial license termination. Complete license termination would be planned for 2038 after spent fuel has been removed from the site. The current and accelerated decommissioning strategies are described more fully in the testimony and exhibits of Mr. Terry Hobbs, which are incorporated by reference into this Petition.

12. The proposed transaction with ADP will allow for substantially earlier decommissioning of the CR3 Facility than projected under the current SAFSTOR timeline. This will enable a significant portion of the CR3 Facility to be available for productive use and may accelerate economic and other public policy benefits to the region and state by decades compared to what is projected under the current SAFSTOR model. As a result, the proposed transaction with ADP will promote the public good of Florida.

13. The successful completion of this transaction would provide significant benefits to customers by mitigating environmental and financial risks of continuing a SAFSTOR path and by providing the opportunity to return unused funds in the NDT to customers and the Duke shareholders sooner than in a SAFSTOR model. Importantly, the proposed transaction transfers most of the risk related to decommissioning of the CR3 Facility to ADPCR3.

⁴ Duke Energy Florida, LLC Updated Nuclear Decommissioning Cost Study re. Crystal River Unit 3; Undocketed, September 10, 2018.

⁵ *Id.*

II. Selection of Decommissioning Vendor

14. Prior to proceeding with an accelerated decommissioning process, DEF tested the market by researching developments and practices within the U.S. nuclear decommissioning industry. In 2017, DEF began conducting discussions with other utilities actively engaged in the decommissioning process as well as decommissioning industry contractors, which were currently involved in the process of decommissioning nuclear power plants.

15. As discussed in more detail in the testimony and exhibits of Mr. Terry Hobbs and Mr. Matthew Palasek, which are incorporated by reference into this Petition, in November 2017, DEF initiated a request for information (“RFI”) with fourteen (14) nuclear decommissioning vendors with experience in the U.S. decommissioning industry, in order to solicit ideas and solutions regarding the accelerated decommissioning process.

16. A total of eight (8) nuclear decommissioning vendors responded to the RFI.

17. During the first quarter of 2018, DEF met with the interested vendors to discuss their capabilities and their proposed decommissioning approaches for the CR3 Facility.

18. DEF also performed benchmarking of several other decommissioning transactions during the first and second quarter of 2018 in order to further inform the DEF staff about alternate decommissioning transaction approaches.

19. DEF evaluated the RFI responses using multiple criteria, including expertise in the nuclear decommissioning industry. Out of the eight (8) vendors evaluated, DEF selected six (6) vendors to participate in the competitive request for proposals (“RFP”) process.

20. In May 2018, DEF launched a detailed competitive bidding process with the release of a RFP. DEF prepared a comprehensive bid evaluation process in support of this

competitive process, which included a technical evaluation, a commercial evaluation, and a legal evaluation.

21. By July 2018, four vendor teams responded to the RFP. DEF employees and consultants formed the technical review team that thoroughly reviewed the vendor proposals that were submitted to DEF as part of the RFP process. The DEF team had expertise in safety, operations, maintenance, health physics, environmental sciences, construction and power plant engineering. DEF evaluated each proposal against the pre-determined criteria consisting of: (1) vendor safety record; (2) accelerated decommissioning experience; (3) technical approach to accelerated decommissioning described in the proposal; (4) radiological, health, physics, and waste handling programs and experience; (5) project schedule; (6) required program management approach; and (7) regulatory management experience.

22. The commercial and legal evaluation involved an assessment of the cost proposals for each bid and a determination of whether the proposed cost was acceptable in relation to the NDT and what, if any, financial margin would be maintained. In addition to the direct cost quoted in the bid, the evaluation included an assessment of cost certainty based on the Proposed Transaction structure taking into account legal considerations such as risks accepted by the bidder versus those retained by DEF, and financial assurances offered by the bidder.

23. In September of 2018, based on the results of the DEF bid evaluations, DEF selected two of the four vendor teams to conduct on-site due diligence of the CR3 Facility.

24. The on-site due diligence process provided the vendor teams full access to walk and inspect the entire CR3 Facility, including relevant parts of the CREC and the ISFSI Assets, as well as review plant design and historical operational information in order to clarify and refresh their original proposals.

25. Based on this due diligence process, the two vendor teams submitted refreshed bid proposals in December 2018.

26. DEF evaluated the refreshed bids by applying the same technical, commercial and legal evaluation criteria referenced above. Based on its evaluation of the two refreshed bids, including responses to proposed terms and conditions, the DEF evaluation team concluded that ADP was a qualified team that could execute the project effectively and would provide the most cost certainty to DEF and its customers. DEF's senior management approved entering into contract negotiations with ADP. Accordingly, DEF began contract negotiations with ADP in January of 2019. The DEF supply chain competitive bid evaluation process and the vendor selection process are discussed in more detail in the testimony and exhibits of Mr. Matthew Palasek.

III. Proposed Transaction Structure

27. The purpose of the proposed transaction is to permit the accelerated radiological decommissioning and site restoration of the CR3 Facility by approximately thirty-six (36) years as compared to the current SAFSTOR model to mitigate risk from long term dormancy and provide financial benefits to DEF's customers.

28. ADP's subsidiaries, ACPCR3 and ADPSF1, are the counterparties to the agreements under the proposed transaction, each in a defined capacity.

29. DEF has entered into a Decommissioning Services Agreement ("DSA") with ADPCR3 and ADPSF1, which provides that ADPCR3 will assume the role of licensee of the CR3 Facility with responsibility for complying with NRC requirements and responsibility for all decommissioning activities, including (i) removing structures, systems, and components from the CR3 Facility, (ii) packing and shipping radioactive and non-radioactive hazardous waste off-site,

and (iii) site restoration for repurposing. DEF would continue to retain title to, and ownership of, the CR3 Facility, including the PPE at the CR3 Facility (other than the ISFSI Assets), but would transfer the operational obligations to ADPCR3. ADPCR3 has agreed that it will decommission the CR3 Facility under the terms of the DSA, and ultimately obtain termination of the NRC License, pursuant to a fixed price services arrangement. The fixed price is equal to a specified amount, and earnings thereon, in a segregated account being created in the NDT. This segregated account will be used to fund the decommissioning of the CR3 Facility, other than the ISFSI, and to achieve partial NRC License termination on an accelerated schedule.

30. The parties have also agreed that ADPSF1, a wholly owned affiliate of ADP, will enter into a Spent Nuclear Fuel Purchase and Sale Agreement with DEF, pursuant to which ADPSF1 will acquire the ISFSI and its associated equipment, and title to the spent nuclear fuel, the high-level waste, and the greater than Class C waste at the CR3 Facility. DEF will also assign to ADPSF1 its Standard Contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste with the DOE.⁶ ADPCR3 will possess, but not own, the spent fuel and waste, while ADPSF1 will own such spent fuel and waste. ADPSF1 will enter into an agreement with ADPCR3, under which ADPSF1 will pay ADPCR3 for all costs of operating, maintaining, and decommissioning the ISFSI, and for ultimately removing all material owned by ADPSF1 from the CR3 Facility. ADPCR3 anticipates shipping such waste to an interim spent fuel storage facility, which may enable spent fuel to be removed from the CR3 Facility sooner than the current DOE estimated removal date of 2037. ADPSF1 will have all rights to seek recovery of the ISFSI-related and any other spent nuclear fuel expenses from the DOE it incurs from and after the date the transaction closes. ADPSF1 expects to recover a substantial portion of these

⁶ The assignment will have no effect on DEF's ability to recover its cost incurred prior to the date the transaction closes.

costs from DOE. ADPSF1 also will have access to funds provided by its parent companies to pay ADPCR3 for such costs pending ADPSF1's recovery of those costs from DOE.

31. In conjunction with the filing of this Petition, DEF has also submitted a license transfer application to the NRC, pursuant to which, if approved, DEF would continue to be the licensed owner of the CR3 Facility and ADPCR3 would become the licensed operator of the CR3 Facility, effectively transferring risk of performance to ADPCR3.⁷ Subject to receipt of all required regulatory approvals, ADPCR3 will assume all responsibility for compliance with NRC regulations, including partial and final NRC License termination upon completion of all decommissioning activities.

32. The closing of the proposed transaction is contingent on several conditions, including approval of this Petition by this Commission and the NRC's parallel approval, as well as a favorable ruling from the Internal Revenue Service ("IRS") regarding the tax consequences of the transaction.

33. Under the proposed transaction, the CR3 Facility is expected to be decommissioned and released for unrestricted use (other than the ISFSI) in 2027. Once the spent fuel is transferred to an interim or permanent storage facility, the ISFSI will be demolished and the NRC License will be terminated, with the estimated time for completion by 2038. The terms and conditions of the Decommissioning Services Agreement and the Spent Nuclear Fuel Purchase and Sale Agreement are described more fully in the testimony and exhibits of Mr. Terry Hobbs. Mr. Hobbs also includes, as a confidential exhibit to his testimony, the Decommissioning Services Agreement.

IV. Overview of Accelerated Decommissioning Partners, LLC

⁷ End-state condition requirements imposed by the Florida Department of Environmental Protection will not be transferred to ADPCR3.

34. ADPCR3 and ADPSF1 are wholly owned subsidiaries of Accelerated Decommissioning Partners, LLC (ADP), which is a joint venture of NorthStar Group Services, Inc. (NorthStar) (75%) and Orano Decommissioning Holdings LLC (Orano) (25%). Orano is owned by Orano USA LLC, which was formerly AREVA Nuclear Materials, LLC. NorthStar and Orano formed ADP to leverage their substantial collective experience relevant to decommissioning commercial nuclear reactors, to acquire control of reactor sites, and to execute prompt decommissioning (ADP, NorthStar and Orano are collectively referred to herein as the “ADP Vendor Team”). The project experience of the ADP Vendor Team is more fully described in the testimony and exhibits of Mr. Scott State, which are incorporated by reference into this Petition.

35. NorthStar has extensive experience conducting environmental remediation activities. It is an industry leader in the decommissioning of large scale industrial and commercial complexes, with experience in decommissioning nuclear facilities in the U.S. NorthStar is currently decommissioning the Vermont Yankee Nuclear Power Station (“Vermont Yankee”).

36. Orano participates in the global nuclear industry, and it has substantial experience and expertise overseeing spent nuclear fuel, the segmentation of reactor pressure vessels and internals, radioactive waste management, nuclear materials transportation, and other decommissioning work in the United States, France, Canada, the United Kingdom, Germany and Japan. Orano has more than twenty years of experience in radiological decommissioning work and possesses the depth and breadth of resources necessary to perform such work.

37. The ADP Vendor Team is actively working on the decommissioning program of Vermont Yankee with NorthStar leading the nuclear decommissioning project. The similar scale

and complexity of the nuclear decommissioning project for Vermont Yankee, the ADP Vendor Team's substantial decommissioning experience, along with the composition of the ADP Vendor Team, gives the ADP Vendor Team advantages to perform the accelerated decommissioning for the CR3 Facility.

38. In addition, there is common ownership between NorthStar, ADP, and Waste Control Specialists, LLC ("WCS"). WCS operates radioactive and hazardous waste disposal facilities in Texas, and it has experience with on-site waste processing, management, packaging and loading. WCS is the only facility in the United States that can directly dispose of class A, B, and C waste from nuclear power plants. ADP reflected these capabilities and efficiencies in its bid which had the lowest direct cost. The ADP Vendor Team is more fully described in the testimony and exhibits of Mr. Scott State.

V. Nuclear Decommissioning Trust and Compensation

39. Due to the completion of the initial phase of decommissioning and the growth of the funds in the NDT (the balance of which exceeds the cost of accelerated decommissioning under the Decommissioning Services Agreement), DEF now has sufficient funds to proceed with accelerated decommissioning instead of the previously selected SAFSTOR method. Changing the decommissioning method mitigates future financial risks to DEF and its customers, including risks such as cost escalation rates that exceed the NDT rate of return and the potential reduction in the value of the NDT due to market conditions.

40. Under the proposed transaction, DEF will retain ownership and control of the NDT. Neither ADP, ADPCR3, nor ADPSF1 will have direct ownership of the NDT. The NDT will be segregated with an amount equal to the fixed contract price being put into a "subaccount." DEF will maintain oversight of the investment of the NDT funds in the

subaccount but will agree with ADP on the desired investment strategy and designated investment manager for the subaccount holding the funds to pay the fixed price under the DSA. Remaining funds will continue to be held in the NDT reserve account, segregated from the ADP fixed cost funds.

41. ADPCR3 will request payment from the segregated portion of the NDT by submitting detailed invoices to DEF. DEF will make disbursements to ADPCR3 as compensation for the performance of decommissioning activities pursuant to payment schedules for defined scopes of work and based on the percentage of work completed. Disbursements from the NDT will only be made after a disbursement certificate and additional documentation has been submitted by ADPCR3 and reviewed by DEF.

42. ADPCR3 will not have rights to use, and DEF would have no obligation to pay, any funds from the NDT beyond the total fixed contract amount from the segregated NDT subaccount plus earnings. Any additional funds in the NDT may be used by DEF as follows: (i) for owner's costs; (ii) to mitigate unforeseen circumstances if necessary; or (iii) to be returned to customers and Duke shareholders if not otherwise needed. However, if the cost of addressing an emergent issue results in insufficient funding in the NDT to complete the decommissioning process, there is the potential to return the CR3 Facility to a SAFSTOR plan. Additional details regarding the status and use of the NDT are more fully detailed in the testimony and exhibits of Mr. David Doss and Mr. Terry Hobbs, which are incorporated by reference into this Petition.

VI. Funds Available for Project; Additional Financial Assurances

43. Rule 25-6.04365, F.A.C., requires that there be sufficient funds in the NDT at the time of decommissioning to meet all required expenses. The cost for the accelerated

decommissioning will be paid from the NDT, with any excess funds returned to, or any deficits collected from, DEF's customers and Duke shareholders.

44. Pursuant to Rule 25-6.04365, F.A.C., DEF has prepared an updated study that reflects the new cost estimate included in the Proposed Transaction, taking into consideration the accelerated decommissioning schedule. The study assumes that the decommissioning project is completed in 2038, with an estimated NDT value as of March 31, 2019 of \$654 million (net of estimated taxes). The cost of the project is expected to total \$617 million, consisting of the fixed price for ADP costs plus approximately \$77 million in owner's costs for DEF, which costs include operating costs to the closing date, pay item validation, taxes, fees, insurance and other contract management costs from the closing date until the accelerated decommissioning process is complete including spent fuel and ISFSI removal. At the closing of the transaction, there will be approximately \$100 million of unallocated funds in the reserve account. Accordingly, based upon the bid evaluation process performed by DEF, the financial analysis of the NDT indicating that there are sufficient funds in the NDT to complete the accelerated decommissioning process of the CR3 Facility in accordance with the terms and conditions of the proposed transaction with ADP, the proposed transaction satisfies the requirements of Rule 25-6.04365, F.A.C. The financial analysis of the NDT is more fully explained in the testimony and exhibits of Mr. David Doss. DEF is also presenting an updated nuclear decommissioning study, pursuant to Rule 25-6.04365(3), F.A.C., which is attached as Exhibit No. __ (TH-2) to Mr. Terry Hobbs' testimony, and which is co-sponsored by Mr. David Doss in his testimony. Additionally, DEF estimates that it will recover approximately \$90 million from the DOE for spent fuel management costs in 2022.

45. In the event the project costs are higher than currently estimated by ADP, the proposed transaction has been structured to provide significant protections and financial assurances that ADPCR3 and ADPSF1 can meet their contractual obligations without requiring additional funds to be distributed from the NDT. These protections and assurances include performance bonds, provisional trust funding, and parent company guaranties, all of which will protect the NDT from liability in excess of the fixed cost.

46. NorthStar and Orano, the parent companies of ADP, ADPCR3 and ADPSF1, will provide payment and performance guarantees of all obligations of ADPCR3 and ADPSF1 in a form and content set forth under the Decommissioning Services Agreement. Each subcontractor to ADPCR3, including any affiliates for NorthStar and Orano, will be required to secure a performance bond for fixed price scopes of work. The performance bond will provide financial assurance in the event that a subcontractor of ADPCR3 materially defaults in the performance of its obligations or fails to complete any contracted work in accordance with the contractual terms.

47. ADPCR3 has agreed to establish a provisional trust, which will be initially funded with \$20 million. ADPCR3 has also agreed that it will retain six percent (6%) of each invoice for decommissioning services performed and paid from the NDT and deposit such amounts into the provisional trust. This retainage will continue until the provisional trust contains \$50 million. This provides additional financial assurance of the performance of ADPCR3, and these amounts will not be fully released to ADPCR3 until the NRC approves the partial license termination for an ISFSI-only site.

48. The American Nuclear Insurers (“ANI”) insurance policy, which provides coverage for any on-site or offsite radiological event, including during transportation of radiological material, will remain in effect with DEF continuing as an insured party under the

policy. ADPCR3 will obtain approximately \$30 million environmental liability insurance coverage to cover unknown or emergent environmental issues and events.

49. DEF will also have a seat on the ADPCR3 board with veto rights on limited key decisions, such as resuming SAFSTOR strategy, voluntary filing for bankruptcy, and any amendment to the transaction documents that would alter DEF's rights.

50. Under the transaction documents, DEF will have the option of assuming control of the CR3 Facility and of all decommissioning activities upon the failure of ADPCR3 to cure an event of default. In the case of such an occurrence, DEF or a third-party selected by DEF will be able to take over the membership interests of ADPCR3 (subject to NRC License transfer approval).

51. Finally, in the event that there are unforeseen circumstances that are so significant they could not be resolved by any of the foregoing remedies and would require additional funding, DEF could use the NDT reserve account to complete the project. Additionally, subject to mutual agreement of DEF and ADPCR3, ADPCR3 would have the option to return to SAFSTOR, which would provide additional time for the NDT funds to grow to provide sufficient funding to complete the project. Alternatively, DEF could also seek additional funding from customers and Duke shareholders. Based on current information, DEF does not foresee the need to collect such additional funding. The financial assurances incorporated into the proposed transaction are described more fully in the testimony and exhibits of Mr. Terry Hobbs.

VII. Request for Waiver From Future Application of Rule 25-6.04365, F.A.C., if Needed

52. Rule 25-6.04365, F.A.C., requires DEF to file a nuclear decommissioning study with the Commission every five (5) years. DEF notes that the rule was intended to require such studies "to ensure there are sufficient funds on hand at the time of decommissioning to meet all

required expenses by establishing appropriate decommissioning accruals.”⁸ Accordingly, once DEF has commenced decommissioning (as it proposes to do in this transaction), such studies are no longer necessary. However, in an abundance of caution, in the event the Commission interprets the rule to require such studies even during active decommissioning, DEF submits the following waiver request.

53. The overall purpose of Rule 25-6.04365 and of the statutes it implements⁹ is to ensure DEF accrues adequate funds in the NDT to cover the projected cost of decommissioning the CR3 Facility. The transaction proposed in this Petition will accomplish the purpose of Rule 25-6.04365 and will eliminate the need for DEF to provide the Commission with updated nuclear decommissioning studies.

54. As explained in detail above, the cost for the accelerated decommissioning of the CR3 Facility is contractually fixed at an amount that is less than the balance of funds currently available for decommissioning in the NDT.

55. As also explained above, the transaction documents have been structured to provide significant protections and financial assurances to ensure that the accelerated decommissioning of the CR3 Facility will be accomplished without the need to distribute funds from the NDT beyond the contractually-fixed amount.

56. If the Commission approves the transaction proposed in this Petition, the continued application of the requirements contained in Rule 25-6.04365 would create a substantial hardship for DEF that is unnecessary in light of the protections incorporated into the transaction agreement.

⁸ Rule 25-6.04365(1), F.A.C. (emphasis added).

⁹ Sections 366.041 and 366.06(1), Florida Statutes.

57. No adverse impacts on DEF customers will result from the waiver sought by DEF. The waiver in conjunction with the terms of the proposed transaction will not only ensure that DEF maintains adequate funds in the NDT to cover the projected cost of decommissioning the CR3 Facility, but will have the net effect of improving the potential return of unneeded funds from the NDT to customers and the Duke shareholders sooner than under the current SAFSTOR model.

VIII. Conclusion

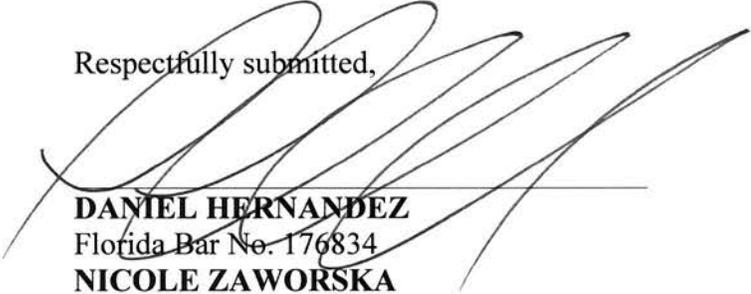
58. In support of this Petition, DEF files the following testimony and exhibits:

- Testimony of Terry Hobbs, General Manager of the CR3 Facility (transaction background and decommissioning plans of DEF; description of the vendor selection process and the status of the NDT; details of the contractual protections for DEF and its customers; and updated nuclear decommissioning study);
- Testimony of Matthew Palasek, Managing Director – Total Cost Ownership Strategic Sourcing (bid evaluation process; RFI process; RFP process; and vendor selection process);
- Testimony of Scott State, Chief Executive Officer of ADP and ADPCR3 (overview of ADP and ADP Vendor Team, as well as ADP Vendor Team experience); and
- Testimony of David Doss, Director of Asset Accounting for Duke Energy Business Services (funds available for project; status of the NDT; and financial protections of NDT).

59. DEF respectfully requests that the FPSC approve: (1) DEF's proposed transaction with ADP, ADPCR3 and ADPSF1 based upon the terms and conditions set forth in this Petition and its accompanying testimony and exhibits; (2) DEF's updated nuclear decommissioning study; and (3) if necessary, DEF's request that it be granted a waiver from the requirements contained in Rule 25-6.04365, F.A.C., which require DEF to file a nuclear decommissioning study with the Commission every five (5) years. To ensure that the transaction can timely close, so that the benefits to DEF's customers can be realized, DEF respectfully requests that the Commission approve its Petition by December 31, 2019.

Submitted on July 10, 2019.

Respectfully submitted,



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**IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC TO APPROVE
TRANSACTION FOR ACCELERATED DECOMMISSIONING SERVICES AT THE
CR3 FACILITY, TRANSFER OF TITLE TO SPENT FUEL AND ASSOCIATED
ASSETS, AND ASSUMPTION OF OPERATIONS OF THE CR3 FACILITY PURSUANT
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APPLICATION OF RULE 25-6.04365, F.A.C. FOR NUCLEAR DECOMMISSIONING
STUDY**

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF DAVID L. DOSS, JR.

1 **Q. Please state your name and business address.**

2 A. My name is David L. Doss, Jr. My business address is 550 South Tryon Street, Charlotte,
3 NC 28202.

4

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Duke Energy Business Services (“DEBS”) as the Director of Asset
7 Accounting within the Controllers’ department. DEBS provides various administrative
8 and other services to Duke Energy Florida (“DEF” or “the Company”) and other
9 affiliated companies of Duke Energy Corporation (“Duke”).

10

11 **Q. Please describe your duties and responsibilities in that position.**

12 A. As the Director of Asset Accounting, I have responsibility for the accounting for the
13 assets of Duke Energy’s regulated utilities, which includes DEF’s regulated utility
14 business in Florida.

15

1 **Q. Please describe your educational background and professional experience.**

2 A. I am a graduate of the University of Texas at Austin, where I earned a Bachelor of
3 Business Administration degree with a concentration in Accounting. I have over 30 years
4 of professional experience with Duke Energy, including over 20 years of management
5 experience in various accounting and finance roles. I was named to my current role as
6 Director of Asset Accounting in June 2019.

7
8 **Q. What is the purpose of your testimony?**

9 A. My testimony is provided to support DEF's request for approval of a transaction between
10 DEF and Accelerated Decommissioning Partners, LLC ("ADP"), pursuant to which ADP
11 will contract with DEF, through its subsidiary ADP CR3, LLC ("ADPCR3"), to complete
12 the decommissioning activities of the Crystal River nuclear power plant (the "CR3
13 Facility") on an accelerated basis, and through another subsidiary, ADP SF1, LLC
14 ("ADPSF1"), to acquire ownership of the Independent Spent Fuel Storage Installation
15 (the "ISFSI") assets from DEF, including the spent fuel, the dry shielded canisters, and
16 the plant, property, and equipment that comprises the ISFSI (the "Proposed
17 Transaction"). My testimony includes an explanation of the status of the nuclear
18 decommissioning trust fund ("NDT"), including the economic benefits of the Proposed
19 Transaction.

20
21 **Q. Are you co-sponsoring any exhibits?**

22 A. Yes, I co-sponsor sections 2, 3, and 4 of Exhibit No. __ (TH-2), attached to Mr. Terry
23 Hobbs' testimony.

1 **Q. Please explain the role of the NDT in connection with the Proposed Transaction.**

2 A. The cost for the Proposed Transaction (including the ADPCR3 costs and DEF's owner's
3 costs) will be paid from the NDT, with any excess funds returned to, or any deficits
4 collected from, DEF's customers and Duke shareholders. DEF will maintain control of
5 and title to the NDT, but will separate the NDT into two accounts. DEF will segregate an
6 amount equal to the fixed cost due to ADPCR3 under the contract from all other funds in
7 the NDT by placing the amount due under the contract in a "subaccount" of the NDT (the
8 "segregated subaccount of the NDT"). Remaining funds will continue to be held in the
9 NDT (the "reserve account of the NDT"), separate from the ADPCR3 fixed cost funds.
10 Reimbursements to ADP will only be disbursed for completed qualifying work.
11 Disbursement amounts for each scope of work will be limited to amounts agreed upon in
12 the contract. Any funds remaining in the segregated subaccount of the NDT (including
13 earnings or losses) after the accelerated decommissioning of the CR3 Facility is
14 confirmed completed by the Nuclear Regulatory Commission ("NRC") will also be
15 disbursed to ADPCR3.

16

17 **Q. Please describe the excess funds in the NDT and DEF's obligations related to such**
18 **excess funds.**

19 A. Excess funds from the NDT (the funds in the reserve account of the NDT) are the amount
20 of funds equal to the overall net regulatory liability due to DEF customers and Duke
21 shareholders at the end of decontamination and decommissioning of the CR3 Facility (the
22 "Excess Funds"). The Excess Funds will be returned to DEF customers and Duke
23 shareholders upon completion of all activity at the CR3 Facility, including the removal of

1 the spent fuel, the decommissioning of the ISFSI Installation, and full termination of the
2 NRC license. Duke shareholders are entitled to a share of the Excess Funds, if any,
3 because Duke shareholders bought out the minority interests of previous CR3 co-owners.
4 Likewise, if the costs to decommission increase and additional money is required (an
5 event that DEF does not currently believe will occur under the Proposed Transaction),
6 then Duke shareholders would also be obligated to contribute towards the additional costs
7 in that same percentage.

8
9 **Q. Please explain how the NDT will be managed during the Proposed Transaction.**

10 A. During the Proposed Transaction, DEF will maintain ownership and oversight of the
11 investment of the funds in the NDT, but will agree with ADP on the desired investment
12 strategy and designated investment manager (only for the ADPCR3 segregated
13 subaccount). ADPCR3 will request payment from the segregated subaccount of the NDT
14 by submitting detailed invoices to DEF. DEF will review the invoices and supporting
15 documentation and ensure that the amount invoiced meets the contractual requirements.
16 DEF will request payment from the segregated subaccount of the NDT for ADPCR3
17 invoices submitted for reimbursement. Additionally, DEF will request payment from the
18 reserve account of the NDT for the owner's costs incurred. This request will be reviewed
19 and approved similar to existing practices, which includes a review of the costs by DEF
20 staff, such as accounting and treasury.

21
22 **Q. Please explain how the Proposed Transaction will satisfy the requirements of Rule**
23 **25-6.04365 of the Florida Administrative Code (F.A.C.).**

1 A. Rule 25-6.04365, F.A.C. requires that there be sufficient funds in the NDT at the time of
2 decommissioning to meet all required expenses at the lowest possible cost to utility
3 customers. Pursuant to Rule 25-6.04365, F.A.C., DEF has prepared an updated study that
4 reflects the new cost estimate included in the Proposed Transaction, taking into
5 consideration the accelerated decommissioning schedule. The updated nuclear
6 decommissioning study is attached to Mr. Terry Hobbs' testimony as Exhibit No. __
7 (TH-2). Pursuant to the study, as of March 31, 2019, the NDT had an estimated value of
8 \$654 million (net of estimated taxes). The study assumes that the decommissioning
9 project is completed in 2038. The cost of the project is expected to total \$617 million,
10 consisting of ADPCR3 costs under the fixed price contract plus approximately \$77
11 million in owner's costs for DEF, such as spent fuel management (primarily security
12 related costs) through the closing date and license termination costs (including DEF
13 invoice validation, taxes, fees, insurance and other contract management costs), until the
14 accelerated decommissioning and dismantlement is complete. At the closing of the
15 transaction, it is estimated that there will be about \$100 million of unallocated funds in
16 the NDT. Therefore, there is adequate funding to complete the accelerated
17 decommissioning process of the CR3 Facility in accordance with the terms and
18 conditions of the Proposed Transaction. Accordingly, the Proposed Transaction satisfies
19 the requirements of Rule 25-6.04365, F.A.C. This analysis is further demonstrated in
20 Section 2 of Exhibit No. __ (TH-2).

21

22 **Q. What was the status of the NDT in 2013 and how did that impact DEF's decision to**
23 **proceed with the selected method for decommissioning the CR3 Facility?**

1 A. In 2013 the NDT balance was \$753 million. The funds in the NDT at the time were not
2 sufficient to pursue an accelerated decommissioning of the CR3 Facility. The projected
3 growth of the NDT funds during an accelerated decommissioning timeframe was also
4 insufficient to meet the anticipated cash flow needs required for accelerated
5 decommissioning. Therefore, DEF selected the sixty (60) year “SAFSTOR” method for
6 decommissioning the CR3 Facility. At the time, the long term SAFSTOR method was
7 preferential to DEF as it allowed for the funds in the NDT to grow over the sixty (60)
8 year period to an amount sufficient to meet the projected costs to decommission the CR3
9 Facility, thereby satisfying the requirements under Rule 25-6.04365, F.A.C. The FPSC
10 granted its approval for DEF to proceed with the SAFSTOR method for
11 decommissioning of the CR3 Facility on January 23, 2015.

12
13 **Q. What is the current status of the NDT and how does it impact DEF’s decision to**
14 **proceed with an accelerated method for decommissioning the CR3 Facility**
15 **(“Accelerated D&D”)?**

16 A. As of March 31, 2019, the balance in the NDT is \$654 million (net of estimated taxes
17 payable) and is sufficient to cover the total expected cash outflow of the Accelerated
18 D&D. The fixed price contract with ADPCR3, which when considered together with
19 estimated owner’s DEF costs, will cost DEF a total of approximately \$617 million (plus
20 or minus any earnings or losses, respectively on the reserve account of the NDT). Due to
21 the growth of the funds in the NDT and the fixed cost of the ADP contract, the total NDT
22 balance exceeds the cost of Accelerated D&D under the contract with ADPCR3, such
23 that DEF now has sufficient funds to proceed with Accelerated D&D instead of

1 continuing with SAFSTOR method. Changing the decommissioning method mitigates
2 future financial risks to DEF and its customers, including risks such as cost escalation
3 rates that exceed the NDT rate of return and the potential reduction in the value of the
4 NDT due to market conditions

5
6 **Q. Are there economic benefits for DEF customers from DEF's approach of going**
7 **through the Accelerated D&D process, rather than continuing with the SAFSTOR**
8 **method?**

9 A. Yes. NDT Excess Funds can potentially be returned to the customers much sooner since
10 the project is expected to be completed approximately thirty-six (36) years sooner (2038
11 versus 2074). Based upon expected costs to ADPCR3 under the fixed price contract, the
12 DEF owner's cost, the expected DOE refunds, and the projected earnings on the NDT,
13 DEF currently does not foresee the need to collect additional NDT funds from customers
14 to support the Accelerated D&D process.

15
16 **Q. Please explain why DEF does not foresee the need to collect additional funds from**
17 **its customers.**

18 A. The NDT balance as of March 31, 2019 is more than the total estimated future costs to be
19 incurred during Accelerated D&D. In addition, projected earnings on the NDT fund and
20 expected amounts refunded to DEF from the DOE for costs incurred for spent fuel
21 management (through transaction closing) will also be deposited into the NDT, which
22 will increase the NDT balance even further. This analysis is further demonstrated in

1 Section 3 and 4 of Exhibit No. __ (TH-2). Therefore, currently there is no expected need
2 to collect additional funds from customers.

3
4 **Q. How will funds be distributed to ADPCR3 from the NDT in connection with the**
5 **Proposed Transaction?**

6 A. ADPCR3 will make monthly reimbursement requests for payment by submitting a
7 disbursement certificate (or invoice) to DEF, which will include a certification from
8 ADPCR3 that all work covered by the disbursement certificate has been completed. DEF
9 will make disbursements to ADPCR3 as compensation for the performance of
10 decommissioning activities pursuant to payment schedules for defined scopes of work
11 and based on the percentage of work completed. Disbursements from the NDT will only
12 be made after a disbursement certificate and additional documentation has been
13 submitted by ADPCR3. All disbursement requests will be reviewed by DEF.
14 Additionally, on a quarterly basis, and more often if necessary, DEF will meet with
15 ADPCR3 to discuss the status of any disputed disbursement certificates.

16
17 **Q. What contractual protections and financial assurances exist in the contract between**
18 **DEF, ADPCR3, and ADPSF1 to protect the funds in the NDT and DEF customers?**

19 A. Neither ADP, ADPCR3, nor ADPSF1 will have any rights to use funds in the NDT
20 beyond the contracted amount. In the event the project costs are higher than currently
21 estimated by the ADP, the transaction documents have been structured to provide
22 significant protections and financial assurances that ADPCR3 and ADPSF1 can meet
23 their contractual obligations without requiring additional funds to be distributed from the

1 NDT. These protections and assurances include performance bonds, provisional trust
2 funding, and parent company guaranties, all of which will protect the NDT from liability
3 in excess of the fixed cost. Additionally, ADPCR3 is required by NRC regulations to
4 submit certification of the status of its decommissioning funding demonstrating that there
5 is available funding to cover the estimated cost to complete decommissioning. The details
6 of the contractual protections for DEF and its customers are discussed in more detail in
7 the testimony and exhibits of Mr. Terry Hobbs.

8
9 **Q. If the contractual protections and financial assurances are insufficient, what are**
10 **DEF's other alternatives to secure the NDT funds?**

11 A. If there are significant unforeseen circumstances which could not be resolved by any of
12 the contractual remedies and which would require additional funding, DEF would have
13 the option to return to SAFSTOR, subject to mutual agreement of DEF and ADPCR3.
14 This would provide additional time for the NDT funds to grow and provide sufficient
15 funding to complete the project. Alternatively, DEF could also seek additional funding
16 from customers and Duke shareholders. However, based on current information, DEF
17 does not believe it will need to seek such additional funding.

18
19 **Q. Please describe the benefits of the Proposed Transaction in relation to the NDT.**

20 A. The Proposed Transaction will segregate a fixed portion of the NDT into a subaccount to
21 cover the fixed fee of the contract with ADPCR3. This segregated amount and all related
22 earnings or losses will compensate ADPCR3 for its services. This benefits the NDT as it
23 provides a fixed amount to execute the remaining decommissioning work at the CR3

1 Facility (with the exception of the DEF owner's costs), which protects the NDT from the
2 risks of cost fluctuations and changes, including inflation, volatile market conditions, and
3 difficulties in project execution.
4

5 **Q Is the Proposed Transaction in the best interest of DEF's customers?**

6 A. Yes. The Proposed Transaction is in the best interest of DEF's customers because it
7 provides a fixed amount to execute the Accelerated D&D Project (with the exception of
8 the DEF owner's costs), accelerates the timing of decommissioning completion, and
9 allows for the potential return of projected Excess Funds much sooner than previously
10 anticipated under the SAFSTOR.
11

12 **Q. Does this conclude your direct testimony?**

13 A. Yes.

**IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC TO APPROVE
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CR3 FACILITY, TRANSFER OF TITLE TO SPENT FUEL AND ASSOCIATED
ASSETS, AND ASSUMPTION OF OPERATIONS OF THE CR3 FACILITY PURSUANT
TO THE NRC LICENSE, AND REQUEST FOR WAIVER FROM FUTURE
APPLICATION OF RULE 25-6.04365, F.A.C. FOR NUCLEAR DECOMMISSIONING
STUDY**

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF SCOTT E. STATE

1 **Q. Please state your name and business address.**

2 A. Scott E. State, P.E., 17101 Preston Road, Suite 115, Dallas, TX 75248.

3

4 **Q. By whom are you employed and what is your position?**

5 A. I am the Chief Executive Officer (“CEO”) of Accelerated Decommissioning Partners,
6 LLC (“ADP”) and its wholly owned subsidiary, ADP CR3, LLC (“ADPCR3”). ADP is a
7 joint venture between NorthStar Group Services, Inc. (“NorthStar”) (75% owner) and
8 Orano Decommissioning Holdings, LLC (25% owner), a wholly owned subsidiary of
9 Orano USA, LLC (“Orano”), created specifically for the purpose of nuclear power plant
10 decommissioning.

11

12 **Q. Please describe your educational background and professional experience.**

13 A. I have a bachelor’s degree and a master’s degree in nuclear engineering from Iowa State
14 University, as well as a master’s degree in engineering management from Washington
15 State University. I am a licensed professional engineer. I formerly held a Reactor
16 Operator’s license from the U.S. Nuclear Regulatory Commission (“NRC”). I have held
17 a U.S. Department of Energy (“DOE”) “Q” and Department of Defense Top Secret

1 clearance. Prior to entering the demolition and abatement field, I worked as a nuclear
2 engineer for multiple companies, including AREVA (now known as Orano), designing
3 nuclear fuel assemblies for boiling water reactors.

4 I have worked in the fields of nuclear engineering, environmental remediation,
5 demolition, and abatement for thirty (30) years. My first direct experience with
6 decommissioning a nuclear reactor facility was in 1992, when I was retained by UCLA to
7 decommission and free release their campus-based nuclear reactor facility. Prior to my
8 appointment as CEO of NorthStar in 2010 and ADP in 2017, I worked as a consultant on
9 several projects, including a \$120 million remediation of a 9,000-acre former military
10 facility, technical program management consulting, and executive-level support focused
11 on cleaning up former nuclear weapons and nuclear power plant sites. I was also
12 Chairman and CEO of MACTEC, Inc., a leader in engineering, environmental and
13 construction services worldwide. MACTEC, Inc. performed environmental consulting
14 work on both the Maine Yankee nuclear power plant and Connecticut Yankee nuclear
15 power plant sites when I was at the company.

16
17 **Q. What is the purpose of your testimony?**

18 A. My testimony is provided to support the request by Duke Energy Florida, LLC (“DEF”)
19 for approval of the transaction between DEF and Accelerated Decommissioning Partners,
20 LLC (“ADP”), pursuant to which DEF will contract with ADP, through its subsidiary
21 ADPCR3, to complete the decommissioning activities of the Crystal River nuclear power
22 plant (the “CR3 Facility”) on an accelerated basis, and through another subsidiary, ADP
23 SF1, LLC (“ADPSF1”), to acquire ownership of the Independent Spent Fuel Storage

1 Installation (the “ISFSI”) assets from DEF, including the spent fuel, the dry shielded
2 canisters, and the plant, property, and equipment that comprises the ISFSI (the “Proposed
3 Transaction”). ADPCR3, ADPSF1 and ADP together represent the “ADP Group.” My
4 testimony includes information regarding ADP and its experience with nuclear
5 decommissioning activities through its parent companies, NorthStar and Orano, as well
6 as an overview of ADP’s role in the Proposed Transaction, and the technical abilities and
7 financial resources of ADP.

8
9 **Q. Do you have any exhibits to your testimony?**

10 A. Yes, I sponsor the following exhibits:

11 Exhibit No. __ (SS-1), NorthStar Projects; and

12 Exhibit No. __ (SS-2), Orano Projects.

13 These exhibits are true and accurate.

14
15 **Q. Please summarize why ADP is able to accomplish decommissioning and site
16 restoration of the CR3 Facility earlier than DEF.**

17 A. The ADP Group and its affiliates are able to accomplish this earlier decommissioning and
18 site restoration because, among other reasons, the ADP Group’s business is entirely
19 focused on large-scale demolition and environmental remediation projects, such as
20 nuclear decommissioning, while DEF’s core business centers on generating and selling
21 electricity, as well nuclear operations. Due to its substantial expertise, the ADP Group
22 has the capability of performing a majority of the decommissioning work itself or
23 through its affiliated partners. Accordingly, under the Proposed Transaction, the ADP

1 Group will complete most decommissioning activities without the use of outside
2 contractors (whereas DEF would otherwise need to employ a decommissioning
3 operations contractor, thereby incurring expenses to select and to monitor such contractor
4 during the entire decommissioning period). The key differentiator for the ADP Group is
5 that it is a “one stop shop” for all site decommissioning activities. The ADP Group has
6 the equipment and experience to self-perform almost all work on a decommissioning
7 project with very little reliance on subcontractors. The ADP Group can also optimize the
8 disposal of nuclear waste by using disposal resources that are available to it today, but
9 that may become used and depleted in the future. Further, the ADP Group can commence
10 decommissioning work immediately. These factors provide a degree of cost certainty as
11 the ADP Group is able to project its costs based upon such substantial experience with a
12 relatively high level of confidence (in contrast to cost projections for work scheduled to
13 be done several decades in the future). In short, although DEF is the right party for
14 operating a nuclear plant, the ADP Group is the right party for decommissioning a plant.

15
16 **Q. Please provide an overview of NorthStar’s structure, work, and experience.**

17 A. NorthStar is the nation’s largest remediation and demolition company. NorthStar’s
18 revenue in 2018 was over \$500 million, making it the largest demolition contractor in the
19 world by revenue, according to *Construction & Demolition Recycling*. The company was
20 founded in 1986 and has a broad range of experience, including projects involving
21 nuclear materials, asbestos, lead paint, mold, infection control, hazardous materials,
22 fireproofing, emergency and disaster services, demolition, and decommissioning.
23 NorthStar has provided demolition and remediation services in connection with hundreds

1 of projects each year. NorthStar has more than twenty-five (25) branch locations
2 nationwide and NorthStar entities are licensed to perform demolition and/or asbestos
3 work in all fifty (50) U.S. states.

4
5 **Q. What experience do NorthStar and its predecessors have with decommissioning**
6 **work?**

7 A. NorthStar is deeply experienced in decommissioning and abatement work on all sorts of
8 energy-related facilities and the contaminants often found at such facilities, including
9 radioactive material, mercury, lead, asbestos (which is often a large part of the demolition
10 process at nuclear plants), and polychlorinated biphenyl (“PCB”). NorthStar has recently
11 acquired ownership of the Vermont Yankee nuclear power station. NorthStar is actively
12 leading the nuclear decommissioning of the plant, alongside Orano, which is actively
13 segmenting the reactor and reactor internals. NorthStar has extensive experience within
14 the power industry, decommissioning tens of thousands of megawatts of power facilities
15 throughout the U.S. while complying with state and federal rules and regulations. For
16 example, NorthStar performed decommissioning, decontamination, and asbestos
17 abatement of the Mohave Generating Station, a coal-fired facility in Laughlin, Nevada,
18 located on 3,000 acres of land adjacent to the Colorado River.

19
20 **Q. What specific experience does NorthStar have in the nuclear sector?**

21 A. NorthStar (and its predecessors) has performed demolition and decommissioning work at
22 numerous sites throughout the U.S. As mentioned above, NorthStar and Orano are
23 actively decommissioning the Vermont Yankee nuclear power station. The similar scale

1 and complexity of the nuclear decommissioning project for Vermont Yankee, in addition
2 to the substantial decommissioning experience of the ADP Group, make ADP uniquely
3 qualified to perform the accelerated decommissioning for the CR3 Facility. At Vermont
4 Yankee, Orano is actively segmenting the reactor vessel and internals and packaging
5 them for shipment to Texas for disposal at Waste Control Specialists. NorthStar is
6 actively performing all pre-demolition work including asbestos and hazardous material
7 abatement, and demolishing structures as such work is complete. Ultimately, once the
8 reactor and internals are segmented and shipped off site for disposal, NorthStar will
9 complete the decommissioning by demolishing the power block (where the reactor had
10 been housed) and ship that material to WCS in Texas for disposal. NorthStar's most
11 recent nuclear projects include decommissioning services for five NRC-regulated
12 research reactors at university site as well as four DOE sites. When working on university
13 and DOE sites, the work NorthStar performs is subject to NRC requirements. NorthStar
14 has a consistent record of projects completed within budget, without any notices of
15 violation ("NOVs") from any governmental authority, and without any U.S. Occupational
16 Safety and Health Administration ("OSHA") recordable incidents. A summary of such
17 various NorthStar projects is attached as Exhibit No. ____ (SS-1) to my testimony.

18
19 **Q. Please describe the ADP Group's financial position.**

20 A. The ADP Group's financial position is backed by committed support from both NorthStar
21 and Orano. These parent companies have formalized their financial backing for ADP
22 Group's work at the CR3 Facility through both parental guaranty's and parental support
23 agreements. These financial support documents will be executed at or before the

1 transaction close. In addition, to the committed parental support, ADP will also fund a
2 \$50 million liquidity trust fund to further secure performance, as discussed in more detail
3 below.

4
5 **Q. What role will the ADP Group, NorthStar, and Orano, as well as their employees,**
6 **have in performing the decommissioning and site restoration work at the CR3**
7 **Facility?**

8 A. The ADP Group, through its affiliates NorthStar and Orano, will perform the majority of
9 the work itself, thus avoiding the expense of selecting and then overseeing contractors or
10 subcontractors, an expense that DEF would have to incur if it were to hire a
11 decommissioning operations contractor rather than entering into the Proposed
12 Transaction. The ADP Group's self-performance approach to the Proposed Transaction is
13 the same approach followed on prior projects (including those set forth in Exhibit No. __
14 (SS-1) attached to my testimony), where (aside from certain specialized tasks) the ADP
15 Group and its affiliate employees dismantled, removed, and packaged all systems,
16 structures, and reactors. Orano will perform the specific task of segmenting the nuclear
17 reactor pressure vessel and vessel internals. In certain instances, the ADP Group will
18 engage third parties with relevant managerial and technical experience and expertise to
19 assist in the decommissioning process. The ADP Group will contract with Waste Control
20 Specialists, LLC ("WCS"), which operates a low-level radioactive waste ("LLRW")
21 disposal site in Andrews, Texas, which is the only commercial facility in the U.S.
22 licensed to dispose of all types of LLRW (i.e., Class A, Class B, and Class C LLRW).
23 WCS is an affiliate of NorthStar. The WCS site can also accept "exempt" labeled waste

1 in separate disposal cells. WCS will optimize waste streams for economical waste
2 disposal, taking advantage of WCS's dedicated cells for Class A, B, and C LLRW and its
3 other currently available yet limited disposal cells for exempt waste, which may likely be
4 unavailable several decades from now. This decommissioning approach allows the ADP
5 Group to complete work within their core competencies for fixed-prices without adding
6 costs that come with working as or under a decommissioning operations contractor. Due
7 to such project management efficiencies, as well as others, the ADP Group is able to
8 decommission the CR3 Facility at a lower fixed cost under the Proposed Transaction with
9 DEF.

10
11 **Q. Please describe Orano's experience in dismantling nuclear reactor vessels and/or**
12 **structures internal to the vessel.**

13 A. Orano has significant experience in nuclear component dismantling and spent fuel
14 management. Orano is an unmatched leader in the industry for segmentation work
15 involving nuclear reactors vessels and internal structures. Orano has successfully
16 segmented and dismantled five (5) nuclear plants since 1999, each of which were
17 completed on schedule and within budget, and without any regulatory, environmental, or
18 safety issues or NOVs. A summary of these Orano projects is attached as Exhibit No. __
19 (SS-2) to my testimony.

20
21 **Q. Will Orano have any other role in the project?**

22 A. Yes. All of the CR3 Facility spent fuel was moved by Orano from its spent fuel pool to
23 its dry fuel storage pads using an Orano dry fuel storage system, which was completed in

1 January 2018. Orano, on behalf of ADPSF1, will support the long-term management of
2 the spent nuclear fuel (“SNF”) in dry storage and will oversee the transfer of the fuel to
3 DOE when the DOE is ready to accept it. Orano manages more spent fuel than any other
4 company in the world and has been providing dry fuel storage and transportation for the
5 nuclear industry for more than fifty (50) years. Orano has loaded more dry fuel
6 assemblies than any other supplier in the U.S. Orano has worldwide experience with
7 transporting SNF and Orano transports approximately 1,000 tons of SNF every year,
8 which is approximately half of the annual SNF unloaded in the U.S. annually.
9

10 **Q Please describe the timing of the decommissioning and site restoration under the**
11 **Proposed Transaction.**

12 A. The ADP Group estimated that it will commence decommissioning activities by 2020 and
13 continue through 2027, allowing for unrestricted use of nearly the entire CR3 Facility
14 (other than the ISFSI) by this time. Once the SNF is transferred to a storage facility or
15 permanent disposal, the ISFSI will be demolished and the NRC operating license will be
16 terminated, with an estimated time for completion by 2038. ADP Group will complete
17 both decommissioning and site restoration by approximately 2038, which is decades
18 earlier than the current SAFSTOR model.
19

20 **Q. What financial protections are built in to ensure that the work is completed as**
21 **estimated by the ADP Group?**

22 A. The ADP Group built in several protections to ensure that it can rely on its estimates. The
23 ADP Group includes a contingency or potential profit margin in the amount it estimates

1 for each task; if a task ends up costing more than the ADP Group's estimate, the ADP
2 Group's profit will be reduced but the contingency amount will be available to fund
3 completion of the task. If the task ends up costing more than the estimated amount
4 including the contingency, the ADP Group will still have to complete the task to comply
5 with its decommissioning and site restoration obligations to the NRC and DEF,
6 respectively. The ADP Group has agreed to be paid under the contract according to a
7 pay-item disbursement schedule that designates a specific amount for each separate task
8 required to complete decommissioning and site restoration. The amount earmarked in the
9 pay-item disbursement schedule would be the only money available for a task, which
10 would be paid from DEF's nuclear decommissioning trust (the "NDT"). If the ADP
11 Group goes over budget for a task, it could not get paid additional moneys from the NDT
12 to complete that task. This payment method aligns the ADP Group's incentives with the
13 goal of successful on-time, on-budget completion. Additionally, as a condition of the
14 Proposed Transaction with DEF, the ADP Group also commits to provide, and will
15 require its partners and parent companies (NorthStar and Orano) to provide, appropriate
16 performance bonds to guarantee the performance of the tasks. In the unlikely event that
17 the bonds are unavailable or inadequate, the ADP Group will be able to draw on a \$50
18 million liquidity trust fund funded by ADP and secured by a guarantee from WCS.

19
20 **Q. Please explain further how the pay-item disbursement schedule works.**

21 A. The ADP Group's contracting work will be based upon a work breakdown structure in
22 which smaller discrete sub-tasks to be performed by the ADP Group during the
23 decommissioning process will each be specified and assigned its own fixed-price charge

1 from the total fixed price of the contract under the Proposed Transaction. As such sub-
2 tasks are conducted or completed and deliverables are provided, and such efforts are
3 appropriately documented, verified, and approved, the ADP Group will be paid the
4 amount for the specific sub-task completed.

5
6 **Q. What certainty does the ADP Group have that its cost estimate for the various tasks**
7 **are reliable and that it will not go over budget?**

8 A. The ADP Group had the benefit of an on-site due diligence review performed at the CR3
9 Facility, on which it based its revised bid during the DEF bidding process. With this
10 information, and because of the fact that the ADP Group does much of the
11 decommissioning work itself and can reliably estimate costs based on its substantial past
12 experience, the ADP Group has high confidence in the cost estimates prepared for each
13 task. The estimated costs are based on prior decommissioning cost estimates, building
14 and equipment inventories, interviews with CR3 Facility site personnel and our
15 decommissioning consultants, field walk-downs of the CR3 Facility, and production rates
16 from the ADP Group and team members. Because the ADP Group plans to commence
17 the work almost immediately, it can estimate those costs with far greater certainty than
18 cost estimates for work to be done in the distant future (when DEF projects performing
19 the work under the current SAFSTOR model), which may change significantly due to
20 new regulatory developments or other unforeseen circumstances. This is a commonly
21 recognized advantage of immediate rather than deferred decommissioning.

22
23

1 Q. Does this conclude your direct testimony?

2 A. Yes.

NorthStar Projects

1. **University of Illinois - Nuclear Reactor Lab (completed August 2012):** NorthStar dismantled, removed, and packaged the reactor, systems, and structures and decontaminated and removed radiologically contaminated surfaces, components, and debris from the Mark II TRIGA reactor and nuclear reactor lab. The project was completed within the approved budget, without any NOVs from any governmental authority, and without any OSHA recordable incidents.
2. **DOE Hanford - Disposition of 308-A / 309 Reactors & 340 Waste Vault (completed April 2013):** NorthStar decommissioned two nuclear reactors and a radioactive waste vault. In addition, NorthStar remediated and packaged approximately 200,000 tons of contaminated soil and other materials for disposal. The project was completed within the approved budget, without any NOVs, and without any OSHA recordable incidents.
3. **DOE Savannah River Site – K Cooling Tower (completed September 2010):** NorthStar performed decommissioning work on a 455-foot-tall and 333-foot-wide heavily-reinforced hyperbolic concrete cooling tower and also performed site restoration work. The project was completed one month ahead of schedule, under budget, without any NOVs, and without any OSHA recordable incidents.
4. **University at Buffalo – Materials Research Center (completed December 2013):** NorthStar performed decommissioning and site restoration work at this nuclear research and test reactor. The project included removal, packaging, and disposal of approximately 21,000 cubic feet of low-level radioactive waste. The project was completed within the revised budget, without any NOVs, and without any OSHA recordable incidents.

5. **DOE Y-12 National Security Complex (Oak Ridge, TN) – Buildings 9769 & 9211 (completed January 2011):** NorthStar decommissioned radiologically contaminated structures within an active DOE/NSA weapons facility, which included segregation, packaging, and transportation of low-level radioactive waste and other hazardous wastes, including 62,100 cubic feet of radiological contaminated debris. The project was completed within the approved budget, without any NOVs, and without any OSHA recordable incidents.
6. **University of Arizona – Nuclear Reactor Lab & TRIGA Reactor (completed November 2011):** NorthStar decommissioned this reactor and its support systems, removing all radioactive materials from the site such that the site could be released for unrestricted use. The project was completed under budget, without any NOVs, and without any OSHA recordable incidents.
7. **University of Washington – Nuclear Reactor (completed November 2006):** NorthStar decommissioned this reactor and related structures. The project was completed within the approved budget, without any NOVs, and without any OSHA recordable incidents.
8. **DOE Pit 9 (Idaho Falls, ID) – Remediation Treatment Facility (completed June 2007):** NorthStar decommissioned this radiological waste processing facility. The project was completed within the approved budget, without any NOVs, and without any OSHA recordable incidents.
9. **VA Medical Center (Omaha, NE) – Research Reactor (completed July 2016):** NorthStar decommissioned this research reactor and structures. The project was completed within the approved budget, without any NOVs, and without any OSHA recordable incidents.

Orano Projects

1. **Würgassen Nuclear Power Station (Germany).** Orano performed segmentation of the reactor vessel and internals for this boiling water reactor (“BWR”). The phase concerning the internals started in 2006 and was completed in 2008; the phase concerning the vessel started in 2008 and was completed in 2010. Both phases were completed within the time period and monetary amount budgeted for them, and without any regulatory, environmental, or safety issues or NOVs.
2. **Stade Nuclear Power Station (Germany).** Orano performed segmentation of the reactor vessel and internals for this pressurized water reactor (“PWR”). The project was started in 2007 and completed in 2009, again on schedule and within budget, and without any regulatory, environmental, or safety issues or NOVs. The reactor at CR3 Facility is also a PWR.
3. **Rancho Seco Nuclear Generating Station (California).** Orano performed segmentation of the reactor vessel and internals for this PWR. The project was started in 2005 and completed in 2006, again on schedule and within budget, and without any regulatory, environmental, or safety issues or NOVs.
4. **Millstone Unit 1 (Connecticut).** Orano performed segmentation of the reactor vessel and internals for this BWR. The project was started in 2002 and completed in 2004, remaining on schedule and within budget, and without any regulatory, environmental, or safety issues or NOVs.
5. **Maine Yankee Nuclear Power Plant (Maine).** Orano performed decommissioning of the reactor vessel internals for this PWR. The project was started in 1999 and completed

in 2001. The project was completed on schedule and within budget, and without any regulatory, environmental, or safety issues or NOVs.

**IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC TO APPROVE
TRANSACTION FOR ACCELERATED DECOMMISSIONING SERVICES AT THE
CR3 FACILITY, TRANSFER OF TITLE TO SPENT FUEL AND ASSOCIATED
ASSETS, AND ASSUMPTION OF OPERATIONS OF THE CR3 FACILITY PURSUANT
TO THE NRC LICENSE, AND REQUEST FOR WAIVER FROM FUTURE
APPLICATION OF RULE 25-6.04365, F.A.C. FOR NUCLEAR DECOMMISSIONING
STUDY**

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF TERRY HOBBS

1 **Q. Please state your name and business address.**

2 A. My name is Terry Hobbs. My business address is Duke Energy Crystal River Unit 3
3 Nuclear Plant (the “CR3 Facility”), 15760 W. Power Line St., Crystal River, FL 34428.

4

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Duke Energy Florida, LLC (“DEF” or the “Company”) as the General
7 Manager – Decommissioning of the CR3 Facility.

8

9 **Q. Please describe your duties and responsibilities in that position.**

10 A. I am responsible for the overall management, implementation and coordination of
11 activities to place the CR3 Facility in a long-term dormant condition commonly referred
12 to as a “SAFSTOR” condition. I am also responsible for ensuring the safe storage of the
13 used nuclear fuel at the CR3 Facility. Additionally, I oversee several managers and I
14 ensure that such managers implement the plant programs, including the ground water
15 monitoring, radiation, control and engineering programs, in an effective and efficient
16 manner.

17

1 **Q. Please describe your educational background and professional experience.**

2 A. I graduated from University of the State of NY with an Associate in Science degree. I
3 previously held a Senior Reactor Operator license, issued by the Nuclear Regulatory
4 Commission (“NRC”), and a Project Management Professional certification, offered by
5 the Project Management Institute. I have been employed by DEF and its predecessor
6 companies for thirty-three (33) years. I have served in many roles during my time at
7 DEF, including positions in nuclear operations, nuclear plant management, and project
8 management organizations. I have been the general manager of the CR3 Facility since
9 2011.

10

11 **Q. What is the purpose of your testimony?**

12 A. My testimony is provided to support DEF’s request for approval of the transaction
13 between DEF and Accelerated Decommissioning Partners, LLC (“ADP”), pursuant to
14 which ADP will contract with DEF, through its subsidiary ADP CR3, LLC (“ADPCR3”),
15 to complete the decommissioning activities of the Crystal River nuclear power plant (the
16 “CR3 Facility”) on an accelerated basis, and through another subsidiary, ADP SF1, LLC
17 (“ADPSF1”), to acquire ownership of the Independent Spent Fuel Storage Installation
18 (the “ISFSI”) assets from DEF, including the spent fuel, the dry shielded canisters, and
19 the plant, property, and equipment (“PPE”) that comprises the ISFSI (the “Proposed
20 Transaction”). My testimony includes background on the CR3 Facility and
21 decommissioning plans, as well as an explanation of the Proposed Transaction, including
22 the terms and conditions of the contract with ADPCR3 and ADPSF1 and details of the
23 contractual protections for DEF and its customers.

1 **Q. Do you have any exhibits?**

2 A. Yes, I sponsor the following exhibits:

3 Exhibit No. __ (TH-1), Decommissioning Services Agreement between DEF, ADPCR3,
4 and ADPSF1; and

5 Exhibit No. __ (TH-2), DEF's updated nuclear decommissioning study.

6 These exhibits are true and accurate.

7

8 **Q. Please describe the CR3 Facility.**

9 A. The CR3 Facility is part of the larger Crystal River Energy Complex ("CREC"), which is
10 owned by DEF and located on the Gulf of Mexico in Citrus County, Florida. The CR3
11 Facility sits on an approximately 5100-acre site and is located approximately 7.5 miles
12 northwest of the city of Crystal River and approximately 80 miles north of Tampa. In
13 addition to the CR3 Facility, other structures on the CREC include two permanently
14 retired coal plants, two operational coal plants, two large cooling towers, coal delivery
15 and storage areas, office areas, warehouses, barge handling areas and a railroad. In 2018,
16 two new gas-fired combined cycle power blocks were placed in service at the CREC. The
17 CR3 Facility is a single unit pressurized light-water reactor, which was supplied by
18 Babcock and Wilcox. During its operation, the CR3 Facility was licensed to operate at a
19 maximum power level of 2,609 megawatt-thermal, using cooling water drawn from the
20 Gulf of Mexico. The CR3 Facility was placed in an extended shutdown on May 28,
21 2011. In February 2013, DEF announced the permanent retirement of the CR3 Facility.
22 On February 20, 2013, DEF provided the NRC with the certification required by
23 10CFR50.82(a)(1)(i) and (ii), certifying that the power operations of the CR3 Facility had

1 permanently ceased and all fuel had been permanently removed from the reactor vessel.
2 All used nuclear fuel at the CR3 Facility is currently stored on site in a dry-storage
3 system, referred to as the ISFSI.
4

5 **Q. What is the current decommissioning strategy for the CR3 Facility?**

6 A. The current decommissioning strategy for the CR3 Facility is the sixty (60) year
7 SAFSTOR process, which is defined by the NRC rules and regulations. DEF selected the
8 SAFSTOR method in 2013. Under SAFSTOR, the plant is first placed in a safe and
9 stable condition. The facility is decontaminated and dismantled at the end of the storage
10 period that permits license termination. Under the SAFSTOR method, the radioactive
11 material, the fuel, and the high-level waste will be removed from the CR3 Facility by
12 2073 and site restoration activities will be completed in 2074. The other two
13 decommissioning strategies allowed by the NRC are “DECON” and “ENTOMB.” Under
14 the rapid decommissioning DECON method, any equipment, structures, and portions of a
15 nuclear facility that contain radioactive contaminants are promptly removed or
16 decontaminated to a level that permits partial termination of the license shortly after the
17 cessation of operations. The license cannot be terminated until the used nuclear fuel and
18 greater than class C (GTCC) waste is removed from the site. ENTOMB has never been
19 used in the United States.
20

21 **Q. Why did DEF decide to use the SAFSTOR method in 2013?**

22 A. In 2013, DEF performed an analysis of the decommissioning cost estimate for rapid
23 decommissioning under the DECON method and concluded that the nuclear

1 decommissioning trust fund (the “NDT”) was not sufficient at that time to fund the
2 DECON project. The cost estimate for rapid decommissioning was approximately \$994
3 million in 2013 dollars. The December 2013 NDT balance was approximately \$750
4 million. An alternate 2013 DEF cost study analysis, comparing growth in estimated cost
5 versus growth in the NDT over the sixty (60) year SAFSTOR period, demonstrated that
6 the NDT would be sufficient for the SAFSTOR method of decommissioning.
7 Accordingly, DEF decided to use the SAFSTOR method to allow the existing NDT to
8 grow over this period rather than seek approval to collect more funds from DEF
9 customers.

10
11 **Q. What prompted DEF to reconsider the decommissioning strategy for the CR3**
12 **Facility in 2017?**

13 A. The CR3 Facility staff has remained very involved in the decommissioning activities in
14 the United States. In 2017, the CR3 Facility staff was monitoring nuclear
15 decommissioning transactions that other utilities were involved in, including Vermont
16 Yankee Nuclear Power Station (“Vermont Yankee”), which was owned and operated by
17 Entergy, and San Onofre Nuclear Generating Station (“SONGS”), which is operated by
18 Southern California Edison, as well as the Dairyland Power Cooperative. These
19 transactions involved pursuing the DECON decommissioning strategy. DEF, with
20 support from other Duke Energy Corporation (“Duke”) business units, decided to
21 determine the feasibility, customer benefit, and market interest in changing the CR3
22 Facility decommissioning strategy from the sixty (60) year SAFSTOR method to an
23 accelerated decontamination and dismantlement method (“Accelerated D&D”).

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Q. How did DEF test the market interest in decommissioning the CR3 Facility using the Accelerated D&D method?

A. DEF, using our supply chain processes, initiated a request for information (“RFI”) to fourteen (14) nuclear decommissioning vendors in November of 2017. Eight (8) vendors responded to the RFI. DEF met with the interested vendors during the first quarter 2018 to discuss their capabilities and their potential decommissioning approaches (including schedule, technology, radiation control processes) for the CR3 Facility. DEF performed benchmarking of the SONGS and Vermont Yankee transactions during the first and second quarter of calendar year 2018 to further inform the DEF staff about alternate decommissioning transaction approaches. DEF launched a detailed competitive bidding process with the release of a request for proposal (“RFP”) in May of 2018. By July 27, 2018, four (4) vendor teams responded to the RFP. DEF had prepared a comprehensive bid evaluation process in support of this competitive bid process. The evaluation process included a technical evaluation, a financial evaluation and a legal evaluation. Based on the results of the bid evaluations, in September of 2018, DEF selected two (2) of the four (4) vendor teams to conduct an on-site due diligence process. The two (2) vendor teams commenced their on-site due diligence period in October of 2018 and submitted their refreshed bid proposals in December of 2018. DEF then reviewed and evaluated the refreshed bid proposals to ensure a complete understanding of all assumptions and estimates in the vendor proposals. Based on the evaluation of the two (2) refreshed bid proposals, DEF decided to enter into contract negotiations with ADP in January of 2019.

1 The DEF supply chain competitive bid evaluation and vendor selection process are
2 discussed in more detail in the testimony and exhibits of Mr. Matthew Palasek.

3
4 **Q. What controls did DEF use during this competitive process?**

5 A. The DEF supply chain competitive bid evaluation process (the supply chain process
6 involving the RFI, RFP, bid evaluation, due diligence, and final offers described in my
7 response above) was used. The bid evaluations were performed by a team of subject
8 matter experts, including internal and external experts, as part of DEF's defined process.
9 The Duke Senior Management Committee was briefed on the bid evaluations in
10 November of 2018. This committee is comprised by the Duke Chief Executive Officer
11 and her direct reports. The Nuclear Oversight Committee, a committee of the Duke Board
12 of Directors was briefed on the status of the bid evaluations in December of 2018. Then,
13 the Duke Transaction Review Committee ("TRC") reviewed the Proposed Transaction in
14 March of 2019 for recommendation to the Duke Board of Directors. TRC has
15 representatives from many Duke business units, including accounting, tax, treasury, risk
16 management, etc. Finally, the Finance and Risk Management committee of the Duke
17 Board of Directors approved the Proposed Transaction, which was later approved by the
18 full Duke Board of Directors.

19
20 **Q. What is the structure of the Proposed Transaction?**

21 A. DEF will continue to own the PPE at the CR3 Facility, with the exception of the ISFSI
22 and the spent fuel. ADPSF1 will own the spent fuel and the equipment that comprises
23 the ISFSI, including the storage modules, foundations, security operations center and

1 associated systems and equipment, fencing, lighting and security cameras, all contained
2 within and including the ISFSI vehicle barrier system (collectively, the “ISFSI Assets”),
3 but not any interests in the real property at the CR3 Facility, CREC, or the real property
4 associated with the ISFSI Assets. This fact will be reflected in the updated NRC facility
5 operating license, which will identify DEF as the licensed owner and ADPCR3 as the
6 licensed operator. ADPCR3 will perform the decommissioning activities pursuant to a
7 Decommissioning Services Agreement (“DSA”) with DEF. ADPCR3 will assume
8 responsibility for all decommissioning activities including spent fuel management. The
9 Proposed Transaction will be completed for a fixed price. The CR3 Facility is expected to
10 be decommissioned and released for unrestricted use, other than the ISFSI, in 2027. Once
11 the spent fuel is transferred to either an interim or permanent storage facility, the ISFSI
12 will be demolished, final site surveys taken and the NRC license will be terminated. DEF
13 currently estimates that this will occur in 2038. DEF will continue to own and control the
14 established NDT. When the project is completed, any excess funds in the NDT will be
15 returned to the customers and Duke shareholders. The DSA between DEF, ADPCR3, and
16 ADPSF1 is attached as Exhibit No. __ (TH-1) to my testimony.

17
18 **Q. Did DEF decide to change the CR3 Facility decommissioning strategy from**
19 **SAFSTOR to the Accelerated D&D process?**

20 A. Yes. The Finance and Risk Management committee of the BOD authorized the Proposed
21 Transaction on May 1, 2019. The full Duke BOD approved the strategy change and
22 authorized the Proposed Transaction on May 2, 2019.

23

1 **Q. Are there economic benefits for DEF customers from DEF’s approach of going**
2 **through the Accelerated D&D process, rather than continuing with the SAFSTOR**
3 **method?**

4 A. Yes. The DSA is for a fixed price. ADP is assuming all project execution risk such as
5 cost overruns or emergent conditions, which provides a high level of cost certainty to
6 DEF customers. Additionally, by pursuing an accelerated model versus the SAFSTOR
7 model, DEF is mitigating or eliminating environmental risks that may emerge if the CR3
8 Facility stayed in a dormant state for decades, as well as financial risk that the returns on
9 the NDT would be higher than the escalation in the cost to decommission the CR3
10 Facility. Excessive escalation of waste disposal cost is particularly concerning given the
11 limited capacity of licensed waste disposal sites and the growing number of plants that
12 are expected to be retired in the next ten (10) years. NDT excess funds can potentially be
13 returned to the customers and Duke shareholders much sooner since the project is
14 planned to be completed approximately 36 years earlier than previously expected (2038
15 versus 2074). Based on DEF’s analysis of the fixed price under the DSA, the owner costs
16 through license termination, and the assumed earnings of the NDT, DEF does not foresee
17 the need to collect additional funds from its customers and Duke shareholders.

18
19 **Q. Please describe the benefits of the Proposed Transaction to DEF.**

20 A. There are several benefits to DEF. At a high level, the transaction enables DEF to
21 accelerate the decommissioning process by as much as fifty (50) years. This reduces
22 potential environmental, financial, and regulatory risks. The transaction is structured to
23 transfer execution risks to ADPCR3, as well as provide financial assurance measures to

1 ensure ADP's legal commitments. The fixed price will leave reserves in the NDT that
2 can be used to address potential significant emergent issues or, if not needed, return funds
3 to customers and Duke shareholders. On a more detailed level, accelerating the
4 decommissioning timeline greatly reduces or eliminates the risks associated with long-
5 term cost escalation. Several nuclear plants are slated for retirement in the coming
6 decade. This influx of major retirement projects could strain available labor and other
7 resources. Labor and resource availability, as well as cost related to disposing of
8 radioactive material, are all of particular concern given the limited number and capacity
9 of licensed disposal facilities. The Proposed Transaction secures access to competitive
10 pricing and availability of necessary disposal facilities. Additional benefits include the
11 fact that the DEF-owned real property will be released for unrestricted reuse much earlier
12 than previously expected under the SAFSTOR strategy.

13
14 **Q. What risks remain with DEF during the decommissioning?**

15 A. The primary risks remaining with DEF are related to the site conditions at the completion
16 of the decommissioning project referred to as the end state conditions that are required to
17 terminate the NRC license. The first end state condition is related to the radiological
18 criteria for unrestricted use of the property as defined in 10 C.F.R. 20.1402. This
19 regulation requires that the residual radioactivity be reduced to an acceptable level during
20 the decommissioning activities. The second risk is associated with the removal of
21 subterranean improvements after the first end state condition described above is met. The
22 plan is to remove the walls of the structures to a nominal three feet below grade, fill the
23 remaining decontaminated basements with fill material including clean concrete
24 generated during the decommissioning activities, add a nominal three feet of fill dirt and

1 add vegetation for erosion control purposes. DEF retains responsibility for any
2 deviations in cost and to the schedule if either of these end state conditions change for
3 any reason, including changes to regulations. In the event this would occur, DEF and
4 ADPCR3 would discuss any deviations to the project and DEF could agree to provide
5 additional funds to fund any resulting expanded scope of work. If the expanded scope of
6 work is significant enough to stress available funding, then a decision could be made to
7 return to a SAFSTOR condition. A return to a SAFSTOR condition would allow the
8 remaining NDT funds to grow until the project could be completed within the 60-year
9 time frame for decommissioning allowed by applicable regulations. DEF could also seek
10 additional funds from the DEF customers and Duke shareholders for the NDT.

11
12 **Q. Please describe the contractual protections to DEF and DEF customers in**
13 **connection with the Proposed Transaction.**

14 A. The DSA specifically defines the cost of the project. ADP is accepting project execution
15 risks. If an extreme issue emerges, there is the potential to place the project back into
16 SAFSTOR but only if DEF agrees that taking such an action would be in the best interest
17 of customers, and subject to the mutual agreement of ADPCR3. DEF will retain control
18 of the NDT and create two separate accounts within the NDT. One “subaccount” will
19 contain an amount equal to the fixed contract price set forth in the DSA and the second
20 account will contain the remaining portion of the NDT as a DEF reserve. Under the DSA,
21 each “Pay Item Schedule” specifies an agreed upon cost for defined scopes of the project.
22 Any reimbursements will be limited to these agreed upon amounts and require ADPCR3
23 to submit an invoice along with supporting documentation that the work being invoiced
24 has been completed. There are several contractual provisions that provide financial

1 assurance to support the contractual commitments of ADPCR3 and ADPSF1. ADP (the
2 parent company of ADPCR3 and ADPSF1) is owned by two partners: NorthStar Group
3 Services, Inc. (“NorthStar”) (75% owner) and Orano Decommissioning Holdings, LLC
4 (25% owner), a wholly owned subsidiary of Orano USA LLC (“Orano”). Both partners
5 will provide parent company guarantees of all obligations of ADPCR3 and ADPSF1.
6 ADPCR3 will establish a provisional trust fund for the benefit of the NDT with an initial
7 cash deposit of \$20 million. Six percent (6%) of each monthly milestone payment from
8 the NDT will be retained in the provisional trust fund until the trust fund value reaches
9 \$50 million. A \$30 million waste disposal credit will decrease as the provisional trust
10 fund grows to \$50 million. The \$50 million is released to the contractor in two parts. A
11 partial release of \$30 million will be made once all physical work is completed and
12 partial license termination has been submitted (milestone one). The remaining \$20
13 million will be released once all requirements of partial license termination are fulfilled,
14 including NRC approval of the partial license termination for the CR3 Facility as an
15 ISFSI-only site. DEF will hold earnings on the funds in the NDT subaccount designated
16 for payment to ADPCR3 until the partial license termination application is approved by
17 the NRC. DEF will maintain its ANI insurance policy, which provides coverage for any
18 onsite or offsite radiological event, including during transportation of radiological
19 material. ADPCR3 will also acquire a \$30 million environmental insurance policy as a
20 contingency for previously unknown or new non-radiological contamination. The
21 Proposed Transaction requires ADPCR3 contractors and subcontractors to acquire
22 performance bonds for applicable scopes of work. In addition to the contractual

1 protections, the funds maintained in the NDT reserve account will continue to remain
2 available to complete the project in the event of extreme unforeseen circumstances.

3
4 **Q. Does the Proposed Transaction require approvals other than the FPSC?**

5 A. Yes. The NRC must approve the Proposed Transaction via the facility operating license
6 transfer process described in 10 C.F.R. Section 50.80. DEF will also pursue a private
7 letter ruling from the Internal Revenue Service to confirm that the Proposed Transaction
8 does not disqualify the NDT from remaining a qualified fund for tax purposes and that
9 the contract payments made from the NDT to ADPCR3 are a permissible use of the
10 qualified NDT.

11
12 **Q. What happens if DEF does not receive these approvals for the Proposed**
13 **Transaction?**

14 A. If DEF does not receive approvals from the NRC or this Commission, or it does not
15 receive a favorable private letter ruling from the Internal Revenue Service, then pursuant
16 to the DSA, the transaction will not close and DEF will resume its SAFSTOR method of
17 decommissioning. DEF is already positioned to enter into SAFSTOR and is confident in
18 its ability to execute that decommissioning strategy in a safe and prudent manner.

19
20 **Q. Please describe DEF's on-going activities during the CR3 Facility decommissioning**
21 **project?**

22 A. DEF will validate the monthly request for reimbursement from the NDT to ADPCR3.
23 DEF will maintain oversight of the investment of the NDT funds but will agree with ADP

1 on the desired investment strategy and designated investment manager for the subaccount
2 holding the funds to pay for the DSA fixed price contract. Throughout the project,
3 ADPCR3 will supply DEF with project reports, including safety performance, schedule
4 performance, federal and state governmental filings or reports and project risk
5 management activities. DEF will participate in quarterly meetings or more frequently if
6 appropriate to discuss project performance and any disputed payment request from
7 ADPCR3. DEF will have a seat on the ADPCR3 board with veto rights on limited key
8 decisions, such as resuming SAFSTOR strategy, voluntary filing for bankruptcy, and any
9 amendment to the transaction documents that would alter DEF's rights.

10
11 **Q. Please explain how the RFP process demonstrated that ADP was qualified to**
12 **perform the decommissioning services in connection with the Proposed Transaction.**

13 A. DEF employees and consultants formed the technical review team that thoroughly
14 reviewed the vendor proposals that were submitted to DEF as part of the RFP
15 process. The team had expertise in safety, operations, maintenance, health physics,
16 environmental sciences, construction and power plant engineering. The team evaluated
17 each proposal based on: (1) vendor safety record, (2) Accelerated D&D experience, (3)
18 technical approach to Accelerated D&D described in the proposal, (4) radiological/health
19 physics/waste handling programs and experience, (5) project schedule, (6) required
20 program management approach, and (7) regulatory management experience. ADP and
21 one other bidder passed all the technical criteria DEF had established. The technical
22 evaluation team concluded that ADP was a qualified team that could execute the project
23 in compliance with NRC requirements.

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Q. Are there any benefits for DEF customers from DEF’s decision to proceed with contract negotiations with ADP, rather than the other vendor teams that responded to the RFP?

A. Yes. ADP was selected over the other technically qualified vendor as providing the most financial benefits to DEF customers based on their fixed cost bid and the strongest acceptance of project related risks. Based upon the competitive bid process and a financial analysis of the NDT in relation to the Proposed Transaction, DEF’s analysis indicates that there are sufficient funds in the NDT to meet all required expenses of the Accelerated D&D at the lowest possible cost to utility customers. Accordingly, DEF does not foresee the need to raise customer rates to fund the Proposed Transaction. DEF anticipates that there will be funds in the NDT at the completion of the project that will be returned to customers and Duke shareholders.

Q. Has DEF completed an updated nuclear decommissioning study of the Proposed Transaction?

A. Yes, pursuant to Rule 25-6.04365, F.A.C., DEF has prepared an updated study that reflects the new cost estimate included in the Proposed Transaction and the new accelerated schedule. The updated nuclear decommissioning study is attached to my testimony as Exhibit No. __ (TH-2) and is co-sponsored by Mr. David Doss. The study confirms that DEF expects to be able to complete the decommissioning without needing additional funds from our customers and Duke shareholders. The study assumes that the decommissioning project is completed in 2038. The ADP fixed price contract value of

1 \$540 million and the owner costs of \$77 million bring the total project costs to \$617
2 million. The owners cost through 2038 include DEF operating costs to the closing date,
3 pay item validation, taxes, fees, insurance and other contract management costs. Most of
4 the owners' costs are incurred from January 1, 2019 through deal closure, which is
5 estimated to occur in June of 2020. Pursuant to the study calculations and estimates, the
6 NDT value at closing should be approximately \$641 million net of estimated taxes, which
7 means the beginning DEF NDT reserve fund is estimated to be approximately \$100
8 million.

9
10 **Q. Why is the current cost study substantially less than the past studies?**

11 A. There are several differences between past cost estimates and the Proposed Transaction.
12 First, spent fuel management costs are not included in the fixed price under the DSA.
13 Since ADPSF1 will own the spent fuel assets, they will fund the operation and
14 maintenance of the ISFSI, management of spent nuclear fuel, the removal of all of the
15 spent nuclear fuel and high-level waste from the site and the decommissioning of the
16 ISFSI with funding that is separate and apart from this transaction. Ultimately, this
17 funding is expected to be provided by the U.S. Department of Energy ("DOE"). ADP
18 will have the responsibility for obtaining these funds and will bear any risk of DOE
19 recovery. Since ADPCR3 will operate and maintain the ISFSI for ADPSF1, ADPCR3
20 will also be responsible to comply with NRC regulations associated with spent fuel
21 management. Second, the fixed price under the DSA does not include the actual costs
22 incurred by DEF to reach the dry dormancy conditions. Past cost studies included the
23 transition costs from an operating plant condition to dry dormancy. The ADP bid does

1 reflect the benefit of these projects including the elimination of significant risks such as
2 the movement of fuel into dry storage.

3
4 **Q. Will the Proposed Transaction be in the best interest of DEF's customers?**

5 A. Yes. This transaction locks in the cost to complete the project, provides sound
6 contractual provisions to support ADPCR3's and ADPSF1's contractual commitments,
7 and enables DEF to complete the project decades sooner than under the SAFSTOR
8 model, which will both mitigate risks (cost, market, regulatory), as well as potentially
9 enable DEF to return unused funds to customers decades sooner than would be possible
10 under the SAFSTOR model. Accordingly, DEF believes the Commission should approve
11 the Proposed Transaction.

12
13 **Q. Does this conclude your direct testimony?**

14 A. Yes.

DECOMMISSIONING SERVICES AGREEMENT

BY AND BETWEEN

DUKE ENERGY FLORIDA, LLC, as COMPANY

AND

ADP CR3, LLC, as CONTRACTOR

AND

ADP SF1, LLC, as BUYER

Dated as of May 29, 2019

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EXHIBITS

- Exhibit A Form of Spent Nuclear Fuel Purchase and Sale Agreement
- Exhibit B-1 Form of Parent Guaranty (NorthStar)
- Exhibit B-2 Form of Parent Guaranty (Orano)
- Exhibit C Form of SNF Services Agreement
- Exhibit D Form of Amended and Restated LLC Agreement
- Exhibit E Form of Pledge Agreement
- Exhibit F Fourth Amendment to Amended and Restated NDF Agreement
- Exhibit G Form of Contractor’s Provisional Trust Agreement
- Exhibit H-1 Form of Parent Support Agreement (NorthStar)
- Exhibit H-2 Form of Parent Support Agreement (Orano)
- Exhibit I [REDACTED]
- Exhibit J Form of Assignment and Assumption Agreement
- Exhibit K Form of Bill of Sale
- Exhibit L Form of Legal Opinion
- Exhibit M Form of ISFSI Decommissioning Trust Agreement

ATTACHMENTS

- Attachment 1 Project Specifications
- Attachment 2 Project Schedule
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- Attachment 13 FDEP Letter
- Attachment 14-A Environmental Permits
- Attachment 14-B Requirements for Sea Turtle Protection
- Attachment 15 Statement of Assets of the NDF
- Attachment 16 Specimen Pollution Legal Liability Insurance Policy
- Attachment 17 Company’s Required Regulatory Approvals; Contractor’s Required Regulatory Approvals

SCHEDULES

- Schedule 2.2.9 Environmental Matters

DECOMMISSIONING SERVICES AGREEMENT

THIS DECOMMISSIONING SERVICE AGREEMENT dated as of May 29, 2019 (the “Contract Date”), is entered into by and among DUKE ENERGY FLORIDA, LLC, a Florida limited liability company (“Company”), ADP CR3, LLC, a Delaware limited liability company (“Contractor”), and ADP SF1, LLC, a Delaware limited liability company (“Buyer”). Company, Contractor and Buyer are referred to individually herein from time to time as a “Party,” and collectively as the “Parties”.

RECITALS

WHEREAS, Company owns a one hundred percent (100%) undivided interest in the Crystal River 3 nuclear power station located in Citrus County, Florida, including the spent nuclear fuel stored in the independent spent fuel storage installation on the Crystal River Energy Complex site.

WHEREAS, the Crystal River 3 nuclear power station has been permanently shut down and is currently in SAFSTOR.

WHEREAS, Company desires to (a) engage Contractor to perform the activities necessary to decommission the CR-3 Facility and the NRC-Licensed Site, including permitting activities, demolishing, decontaminating and dismantling existing structures and facilities, and waste disposal, as further described herein, and to achieve ISFSI-Only Interim End-State Conditions and End-State Conditions (each as defined below), upon the terms and conditions set forth in this Agreement; and (b) sell and assign to Buyer the Spent Nuclear Fuel, storage canisters, HLW, including Greater Than Class C waste from the CR-3 Facility as currently stored on the ISFSI, or otherwise located at the CR-Facility and to be stored on the ISFSI, and the ISFSI and certain related assets, together with certain associated liabilities and obligations, and Buyer desires to assume such liabilities and obligations and purchase such spent nuclear fuel, HLW and the ISFSI and related assets, upon the terms and conditions as set forth in the Spent Nuclear Fuel Purchase and Sale Agreement attached hereto as Exhibit A (the “SNF PSA”). Capitalized terms used and not defined in these recitals are defined below.

WHEREAS, Company is requiring that Contractor provide guarantees in the form attached hereto as Exhibit B from the Parent Guarantors (as defined herein) as a condition to Company’s willingness to enter into and perform its obligations under this Agreement and the Ancillary Agreements (as defined below).

WHEREAS, Contractor and its Affiliates, including the Parent Guarantors, are experienced and qualified in providing technical assistance, design, licensing, engineering, procurement, supply, construction management, construction, decommissioning services, and nuclear waste packaging, storage transportation and disposal services, and possesses the requisite expertise and resources to achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions.

WHEREAS, pursuant to and in accordance with the SNF PSA, Company will transfer title for the Spent Nuclear Fuel, HLW and all rights and obligations under the Spent Fuel Disposal Contract, together with the other Assets as defined therein, to Buyer.

WHEREAS, Contractor desires to perform the Decommissioning for a fixed price, and Company has agreed to pay Contractor the fixed price for the Decommissioning from the qualified trust fund maintained within the NDF, on the terms and conditions as set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Company and Contractor agree as follows:

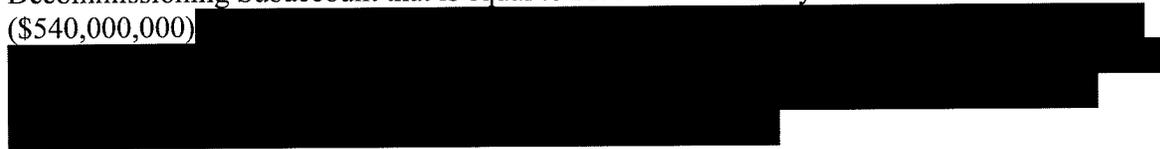
**ARTICLE 1
DEFINITIONS; INTERPRETATION; EFFECTIVENESS**

1.1 Definitions.

1.1.1 As used in this Agreement, the following terms have the meanings specified in this Section 1.1.1.

“Affiliate” means, with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, now or hereafter, owns or controls, is owned or controlled by, or is under common ownership or control with a Party, where “control” (including the terms “controlled by” and “under common control with”) means (i) at least a fifty percent (50%) ownership interest, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of stock or other securities, as trustee or executor, by contract or credit arrangement or otherwise.

“Agreed Amount” means, as of the Closing Date, an amount of cash in the IOI Decommissioning Subaccount that is equal to Five Hundred Forty Million Dollars (\$540,000,000)



“Agreed Outage Period” has the meaning set forth in Section 8.6.4.

“Agreement” means this Decommissioning Services Agreement, and all of the Attachments and Exhibits attached hereto, each of which is incorporated herein in its entirety by the reference, as the same may be amended, supplemented or modified from time to time in accordance with the terms hereof.

“Amended and Restated LLC Agreement” means the amended and restated limited liability company agreement governing Contractor in accordance with the Laws of the State of Delaware, in the form attached hereto as Exhibit D.

“Amended and Restated NDF Agreement” means the Amended and Restated Nuclear Decommissioning Trust Agreement dated May 1, 2008 by and between the Trustee and Company, as amended as of November 13, 2013, January 29, 2014 and December 31, 2015, and following the Closing, as amended by the Fourth Amendment to Amended and Restated NDF Agreement.

“Ancillary Agreements” means the SNF PSA, the Parent Guaranties, the Pledge Agreement, the Parent Support Agreements, the Fourth Amendment to Amended and Restated NDF Agreement, the Contractor’s Provisional Trust Agreement, [REDACTED] the ISFSI Decommissioning Trust Agreement, the Amended and Restated LLC Agreement, the Assignment and Assumption Agreement, the SNF Services Agreement, and the Bill of Sale.

“ANI” means American Nuclear Insurers, or any successors thereto.

“Assignment and Assumption Agreement” means the Assignment and Assumption Agreement between Company and Buyer in the form attached hereto as Exhibit J, whereby at the Closing, Company (as Seller under the SNF PSA) shall assign and Buyer shall assume the Assets and the Assumed Liabilities, as applicable.

“Atomic Energy Act” means the Atomic Energy Act of 1954, as amended (42 U.S.C. Section 2011 et seq.).

“Bankruptcy Code” means Title 11 of the United States Code, as amended from time to time, or any similar federal or state Law for the relief of debtors.

“Bankruptcy Event” means, with respect to any Person, that any one or more of the following has occurred:

- (a) that Person has commenced a voluntary case concerning itself under the Bankruptcy Code;
- (b) an involuntary case is commenced against that Person under the Bankruptcy Code and the petition is not controverted within thirty (30) days, or is not dismissed within ninety (90) days after commencement of the case;
- (c) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or any substantial part of the property of that Person;
- (d) that Person commences any other proceedings under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar Law of any jurisdiction whether now or hereafter in effect relating to that Person;
- (e) there is commenced against such Person any proceeding of the type described in clause (d) above and such proceeding is not controverted within thirty (30) days or is not dismissed for a period of ninety (90) days;
- (f) any order of relief or other order is entered approving any case or proceeding of the types described in clauses (b) or (d) above;
- (g) that Person makes a general assignment for the benefit of creditors;

or

(h) that Person admits in writing its general inability to pay its debts when due or shall, by any act consents to, approves or acquiesces in any of the foregoing.

“Bill of Sale” means the Bill of Sale, in the form attached hereto as Exhibit K, whereby at the Closing, Company (as Seller under the SNF PSA) shall transfer and Buyer shall acquire certain of the Assets, as applicable.

“Business Books and Records” means all books, operating records, licensing records, quality assurance records, purchasing records, and equipment repair, maintenance or service records of Company relating to the design, construction, licensing, operation or Decommissioning of the CR-3 Facility, including operating, safety and maintenance manuals, inspection reports, Environmental assessments, engineering design plans, Company’s costs estimates with respect to Decommissioning under its Decommissioning Plan, blueprints and as built plans, specifications, operating procedures and other similar items of Company, wherever located, including those records related to CR-3-related structures, or operations or activities anywhere on the NRC-Licensed Site, whether existing in hard copy or magnetic or electronic form; provided, however, that Business Books and Records do not include the records of Company primarily relating to the design, construction, licensing, or operation of Excluded Facilities. After the Closing, Business Books and Records shall include all books, operating records, licensing records, quality assurance records and other records relating to the Decommissioning of the CR-3 Facility and the NRC-Licensed Site that Contractor is required to maintain under applicable Laws, including Nuclear Laws.

“Business Day” any day other than Saturdays; Sundays; New Year's Day; Birthday of Dr. Martin Luther King, Jr.; Memorial Day; Independence Day; Labor Day; Veterans' Day; Thanksgiving Day; Friday after Thanksgiving and Christmas Day.

“Buyer” has the meaning set forth in the preamble.

“Byproduct Material” means any radioactive material (except Special Nuclear Material) yielded in, or made radioactive by, exposure to the radiation incident to the process of producing or utilizing Special Nuclear Material.

“Change in End-State Conditions” means a material deviation by the Florida Department of Environmental Protection from the positions regarding the end state conditions reflected in the FDEP Letter.

“Change in Law” means a change in any applicable Law, including a change in (a) release criteria for the NRC-Licensed Site under Environmental Laws or Nuclear Laws; and (b) regulations that implement such Environmental Laws or Nuclear Laws, that adversely impacts Contractor’s costs to obtain termination or partial termination of the NRC License and unrestricted release of all or part of the NRC-Licensed Site, as applicable, but not including a Change in End-State Conditions.

“Closing” has the meaning set forth in Section 4.1.

“Closing Date” has the meaning set forth in Section 4.1.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Company” has the meaning set forth in the preamble.

“Company Indemnified Parties” means Company, its Affiliates and the respective officers, directors, employees and agents of Company and its Affiliates; provided that none of Contractor or any of its Affiliates or their respective officers, directors, employees or agents shall be a Company Indemnified Party.

“Company Permit” means each Environmental Permit to be obtained or maintained by Company as described in Attachment 14-A, and each other Permit that Company agrees to obtain and maintain under this Agreement in accordance with Section 8.2.5.

“Company Proprietary Information” means, (a) the following furnished by or on behalf of Company, its Affiliates or their respective Representatives to Contractor, its Affiliates or their respective Representatives, in each case whether furnished under this Agreement, the SNF PSA, the Pre-Closing Decommissioning Services Contract or any Ancillary Agreement, or before or after the Contract Date or the Closing Date: (i) all drawings, reports, data, software, materials or other information relating to the operation and maintenance or Decommissioning, actual or proposed, of the CR-3 Facility, the NRC-Licensed Site or the Crystal River Site; (ii) any financial, operational or other information concerning Company or any of its Affiliates or their respective assets and properties, including geologic, geophysical, scientific or other technical information, and know-how, inventions and trade secrets; (iii) any Third Party Proprietary Information; or (iv) any other information, whether oral or written or in electronic or digital media, and regardless of the manner in which it is furnished, that is provided by or on behalf of Company, its Affiliates or their respective Representatives to Contractor, its Affiliates or their respective Representatives, including any such information that may be included or reflected in reports, analysis or other documents prepared by or on behalf of Contractor, its Affiliates or their respective Representatives; and (b) any deliverables, submittals or information (other than with respect to the financial condition of Contractor or the Parent Guarantors or with respect to the Spent Nuclear Fuel and other Assets acquired by Buyer pursuant to the SNF PSA) prepared and furnished by Contractor hereunder or in connection with the SNF PSA, and the Business Books and Records to be maintained by Contractor hereunder with respect to the CR-3 Facility, the NRC-Licensed Site and the Decommissioning; provided that Company Proprietary Information does not include any such information which (i) is or becomes generally available to the public other than as a result of a disclosure by Contractor, its Affiliates or their respective Representatives; (ii) was available to Contractor, its Affiliates or their respective Representatives on a non-confidential basis prior to its disclosure by or on behalf of Company or its Affiliates; (iii) becomes available to Contractor, its Affiliates or their respective Representatives on a non-confidential basis from a Person other than Company, its Affiliates or their respective Representatives who is not otherwise bound by a confidentiality agreement with Company or any of its Affiliates, or is otherwise not under any obligation to Company or any of its Affiliates not to transmit the information to Contractor, its Affiliates or their respective Representatives; or (iv) was independently developed by Contractor, its Affiliates or their respective Representatives without reference to or reliance upon Company Proprietary Information.

“Company’s EH&S Requirements” means the environmental, health and safety procedures and requirements set forth in Attachment 8.

“Company’s Non-Exclusive Access Right” has the meaning set forth in Section 8.6.3.

“Company’s Required Regulatory Approvals” means the regulatory approvals required by Company as a condition to the Closing, as identified in Attachment 17.

“Condemned” has the meaning set forth in Section 8.5.1.

“Contract Date” has the meaning set forth in the preamble.

“Contractor” has the meaning set forth in the preamble.

“Contractor Event of Default” has the meaning set forth in Section 15.1.

“Contractor Indemnified Parties” means Contractor, its Affiliates and the respective officers, directors, employees and agents of Contractor and its Affiliates.

“Contractor Lien” has the meaning set forth in Section 6.9.

“Contractor Permit” means each Environmental Permit that is identified on Attachment 14-A as a Permit that will be transferred to or be obtained by Contractor, and each other Permit that Contractor is required to obtain and maintain under this Agreement.

“Contractor Proprietary Information” means information provided by or on behalf of Contractor, its Affiliates or their respective Representatives to Company, its Affiliates or their respective Representatives relating to Contractor’s plans for the possession and maintenance of the Assets and the Decommissioning of the CR-3 Facility and the NRC-Licensed Site, and any financial, operational or other information concerning Contractor or any of its Affiliates or their respective assets and properties, and any deliverables, submittals or information with respect to the Spent Nuclear Fuel, and other Assets acquired by Buyer pursuant to the SNF PSA prepared and furnished by Contractor hereunder or in connection with the SNF PSA, whether oral or written, and regardless of the manner in which it is furnished; provided that Contractor Proprietary Information does not include any such information which (a) is or becomes generally available to the public other than as a result of a disclosure by Company, its Affiliates or their respective Representatives; (b) was available to Company, its Affiliates or their respective Representatives on a non-confidential basis prior to its disclosure by Contractor, its Affiliates or their respective Representatives; (c) becomes available to Company, its Affiliates or their respective Representatives on a non-confidential basis from a Person other than Contractor, its Affiliates or their respective Representatives that is not, to Company’s Knowledge, otherwise bound by a confidentiality agreement with Contractor or any of its Affiliates, or is otherwise not under any obligation to Contractor or any of its Affiliates not to transmit the information to Company, its Affiliates or their respective Representatives; or (d) was independently developed by Company, its Affiliates or their respective Representatives without reference to or reliance upon Contractor Proprietary Information; provided, further, that any deliverables, submittals or information prepared and furnished by Contractor hereunder (other than with respect to the financial condition of Contractor or the Parent Guarantors or with respect to the Spent Nuclear

Fuel and the other Assets acquired by Buyer pursuant to the SNF PSA, which, for the avoidance of doubt, shall be considered only Contractor Proprietary Information), and the Business Books and Records to be maintained by Contractor hereunder with respect to the CR-3 Facility, the NRC-Licensed Site and the Decommissioning, shall be treated as both Contractor Proprietary Information and Company Proprietary Information for the purposes of this Agreement.

“Contractor’s Non-Exclusive Access Right” has the meaning set forth in Section 8.6.2.

“Contractor’s Provisional Trust Agreement” means the trust agreement, substantially in the form set forth in Exhibit G, by and between Contractor and a qualified trustee governing Contractor’s Provisional Trust Fund.

“Contractor’s Provisional Trust Fund” has the meaning set forth in Section 3.14.

“Contractor’s Required Regulatory Approvals” means the regulatory approvals required by Contractor as a condition to the Closing, as identified in Attachment 17.

“CR-3 Facility” means the pressurized reactor power plant and all of the ancillary facilities, equipment, supplies, structures and buildings, including the ISFSI and underground structures, that form the Crystal River nuclear power plant, commonly known as Crystal River Unit 3, located on the Gulf of Mexico in Citrus County, Florida, and including the real property underlying the ISFSI Site and the other portions of the Crystal River Site on which the CR-3 Facility is located, but in any event not including the Excluded Facilities. The CR-3 Facility is depicted by the green areas set forth on page 27 of Attachment 1.

“CREC Committee” means Company’s Crystal River Energy Complex management committee.

“Crystal River Decommissioning Reserve Subaccount” means a segregated subaccount within the NDF created and maintained solely for the purposes of holding the assets, funds and investments that are not otherwise held in the IOI Decommissioning Subaccount.

“Crystal River Site” means the area commonly known as the “Crystal River Energy Complex” that contains the CR-3 Facility, the NRC-Licensed Site, the ISFSI, and the Excluded Facilities, as further described and occupying the area as depicted in Attachment 1.

“Decommission” and “Decommissioning” means (a) the dismantlement and removal of the structures, and any reduction or removal of radioactivity, at the CR-3 Facility and the NRC-Licensed Site to a level that permits the release of all or any specified portion of the NRC-Licensed Site consistent with the radiological criteria for license termination specified by the NRC in 10 C.F.R. § 20.1402 for unrestricted use; (b) all other activities necessary for the retirement, dismantlement, decontamination or storage of the CR-3 Facility and NRC-Licensed Site in compliance with all applicable Nuclear Laws and Environmental Laws, including the applicable requirements of the Atomic Energy Act and the NRC’s rules, regulations, orders and pronouncements thereunder; (c) operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, the packaging of the Greater Than Class C Waste generated during the Decommissioning of the CR-3 Facility, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site; (d) restoration of the NRC-Licensed Site in

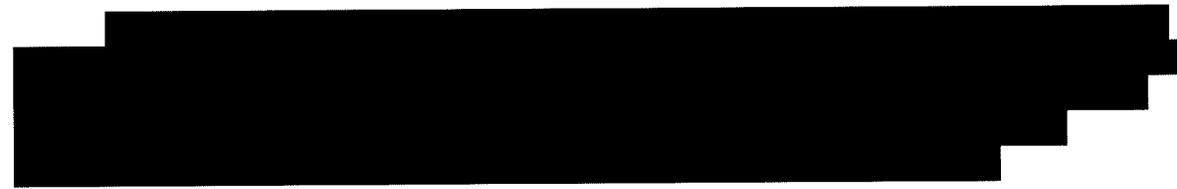
accordance with applicable Laws; and (e) any planning and administration activities incidental thereto.

“Decommissioning Costs” means the costs and expenditures incurred for goods and services (including any planning and administrative activities incidental thereto) provided in connection with the Decommissioning of the CR-3 Facility and the NRC-Licensed Site, but excluding costs incurred for the operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site, and Decommissioning of the ISFSI.

“Decommissioning Plan” means the activities contemplated by the Post Shutdown Decommissioning Activities Report submitted by Company to the NRC on December 2, 2013.

“Department of Energy” or “DOE” means the United States Department of Energy and any successor agency thereto.

“Department of Energy Decommissioning and Decontamination Fees” means all fees related to the Department of Energy’s Special Assessment of utilities for the Uranium Enrichment Decontamination and Decommissioning Funds pursuant to Sections 1801, 1802 and 1803 of the Atomic Energy Act and the Department of Energy’s implementing regulations at 10 C.F.R. Part 766, as those statutes and regulations exist at the time of execution of this Agreement, applicable to separative work units purchased from the Department of Energy in order to decontaminate and decommission the Department of Energy’s gaseous diffusion enrichment facilities.



“Dispute” has the meaning set forth in Section 16.7.1.

“Dispute Engagement Notice” has the meaning set forth in Section 16.7.1(a).

“Diverse Suppliers” has the meaning set forth in Section 6.11.

“End-State Conditions” means all of the following conditions, collectively, and “achieving” or “satisfying” the End-State Conditions, or terms of similar import, means the satisfaction of all of the following conditions:

(a) Contractor has satisfied all of the ISFSI-Only Interim End-State Conditions;

(b) Contractor has fully performed all of its obligations under the License Termination Plan as approved by the NRC, including removal of Spent Nuclear Fuel from the NRC-Licensed Site and the Decommissioning of the ISFSI;

(c) Contractor has completed the Remediation of all Hazardous Substances present in, on or under the CR-3 Facility sufficient to comply with Environmental Laws and all applicable Permits;

(d) without limiting Contractor's obligation to satisfy the criteria to complete the Decommissioning of the ISFSI, all buildings and structures constituting the ISFSI, including foundations, have been removed to a minimum of three feet (3') below grade and backfilled, graded and seeded to prevent erosion, and any underground storage tanks and large diameter pipes that are part of or located on or under the ISFSI and not otherwise required by Law or this Agreement to be removed, have been filled in compliance with all applicable Permits;

(e) Contractor has completed all of the work necessary to comply with the conditions set forth in the FDEP Letter and any Change in End-State Conditions, as applicable; and

(f) the NRC has approved the termination of the NRC License and released the ISFSI Site from NRC jurisdiction for unrestricted use pursuant to 10 C.F.R. § 20.1402.

"Environment" means all soil, real property, air, water (including surface waters, streams, ponds, drainage basins and wetlands), groundwater, water body sediments, drinking water supply, stream sediments or land, including land surface or subsurface strata, including all fish, plant, wildlife, and other biota and any other environmental medium or natural resource.

"Environmental Claim" means any and all written communications, administrative or judicial actions, suits, orders, liens, complaints, notices, including notices of violations of Environmental Laws, requests for information relating to the Release or threatened Release into the Environment of Hazardous Substances, proceedings, or other written communication, pursuant to or relating to any applicable Environmental Law by any Governmental Authority based upon, alleging, asserting, or claiming any actual or potential, and whether civil, criminal or administrative: (i) violation of, or Liability under any Environmental Laws; (ii) violation of any Environmental Permit; or (iii) Liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, monitoring costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from, or related to the presence, Release, or threatened Release into the Environment of any Hazardous Substances.

"Environmental Clean-up Site" means any location which is listed or formally proposed for listing on the National Priorities List, the Comprehensive Environmental Response, Compensation and Liability Information System, or on any similar state list of sites requiring investigation or cleanup.

"Environmental Laws" means all Laws, other than Nuclear Laws, relating to pollution, the protection, restoration or remediation of or prevention of harm to the Environment or natural resources, or the protection of human health and safety from the presence of Hazardous Substances, including Laws relating to Releases of Hazardous Substances (including Releases to the Environment) or otherwise relating to the manufacture, processing, distribution, use,

treatment, storage, Release, transport, disposal or handling of Hazardous Substances, and Laws regarding the treatment, storage, handling, transportation, and disposal of solid waste.

“Environmental Laws” include the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. §§ 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§ 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. §§ 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Oil Pollution Act (33 U.S.C. §§ 2701 et seq.), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. §§ 11001 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.) only as it relates to Hazardous Substances, and the Florida Laws governing hazardous materials and solid waste.

“Environmental Liabilities” means any Liability relating to (a) the disposal, storage, transportation, Release, recycling, or the arrangement for such activities of Hazardous Substances from the CR-3 Facility; (b) the presence of Hazardous Substances in, on or under the CR-3 Facility, regardless of how the Hazardous Substances came to rest at, on or under the CR-3 Facility; and (c) the failure of the CR-3 Facility to be in compliance with any Environmental Laws.

“EPA” means the United States Environmental Protection Agency and any successor agency thereto.

“Environmental Permit” means any federal, state or local permits, licenses, approvals, consents, registrations or authorizations required by any Governmental Authority with respect to the CR-3 Facility or the NRC-Licensed Site under or in connection with any Environmental Law, including any and all orders, consent orders or binding agreements issued or entered into by a Governmental Authority under any applicable Environmental Law, but excluding the NRC License.

“Excluded Facilities” means the facilities on the Crystal River Site (and the real property upon which the same are located) that are not related to the CR-3 Facility, including the switchyard, operating and non-operating fossil fuel-fired (coal, natural gas) power generation facilities cooling towers, coal delivery and storage areas, ash storage area, office buildings, warehouses, barge handling docks, railroad, and the other buildings or facilities that are not to be Decommissioned hereunder as identified in Attachment 1.

“Exclusion Area” has the meaning as defined under NRC rules and regulations, and with respect to the CR-3 Facility, means the area within the Exclusion Area Boundary that completely surrounds the ISFSI, as depicted in Attachment 1.

“Exclusion Area Boundary” means the boundary that completely surrounds the ISFSI and defines the Exclusion Area, as depicted in Attachment 1.

“FDEP Letter” means the letter from the Florida Department of Environmental Protection dated February 15, 2019, a copy of which is attached hereto as Attachment 13.

“Federal Trade Commission Act” means the Federal Trade Commission Act of 1914 (15 U.S.C. Section 41 et seq.), as amended.

“First Amendment to DSA” means an amendment to this Agreement to be entered into by Company and Contractor on or before the Closing Date, whereby the Parties agree to amend this Agreement by attaching the mutually agreed exhibits and attachments to be finalized between the Contract Date and the Closing Date, including [REDACTED], the Environmental Permits, the Non-Environmental Permits and the Project Schedule.

“Force Majeure” means events or circumstances that are outside the non-performing Party’s reasonable control, e.g., acts of God; war; acts of civil disobedience; acts of terrorism; fires; explosions; earthquakes; epidemics; landslides; hurricanes or windstorms; riots; floods; sabotage or other malevolent acts; labor strikes or other similar acts of industrial disturbance (other than acts of employees of the nonperforming Party or its Affiliates); acts, delays in acting, or failure to act of a Governmental Authority (including a taking or condemnation); or any similar events or occurrences; provided, however, an event shall only be considered an event of Force Majeure to the extent: (a) the non-performing Party is unable to prevent, avoid, overcome or cure such event through the exercise of commercially reasonable efforts; (b) such event is not the proximate result of the non-performing Party’s act, omission, fault or negligence, including failure to maintain equipment in good working order, failure to comply with any contract, or failure to comply with all applicable Laws; and (c) such event results in a material impairment of the non-performing Party’s ability to perform; provided, further, that the unavailability of a disposal facility for Low Level Waste, is not an event of Force Majeure.

“Fourth Amendment to Amended and Restated NDF Agreement” means the Fourth Amendment to the Amended and Restated NDF Agreement in the form attached hereto as Exhibit F.

“Good Utility Practices” means any of the practices, methods and activities generally accepted by a significant portion of the nuclear industry in the United States of America as good practices applicable to: (a) nuclear generating facilities that have ceased operating in anticipation of decommissioning, or the decommissioning of a nuclear generating facility, as applicable, of similar design, size and capacity as the CR-3 Facility; or (b) any of the practices, methods or activities which, in the exercise of reasonable judgment by a prudent Person decommissioning a nuclear facility of similar design, size and capacity as the CR-3 Facility, in light of the facts known at the time the decision was made, would reasonably have been expected to accomplish the desired result at a reasonable cost and consistent with good safety practices and applicable Laws including Nuclear Laws and Environmental Laws. Good Utility Practices are not intended to be limited to the optimal practices, methods or acts to the exclusion of all others.

“Governmental Authority” means any federal, state, local provincial, foreign, international or other governmental, regulatory or administrative agency, taxing authority, commission, department, board, or other government subdivision, court or tribunal.

“Greater Than Class C Waste” means radioactive waste that contains radionuclide concentrations exceeding the values in Table 1 or Table 2 of 10 C.F.R. § 61.55, and therefore is currently not generally acceptable for disposal at existing (near surface) low level radioactive waste disposal facilities.

“Hazardous Substances” means: (a) any petroleum (or any fraction thereof), asbestos, asbestos-containing material, and urea formaldehyde foam insulation and transformers or other equipment that contains polychlorinated biphenyl; (b) any chemicals, materials or substances defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “hazardous constituents”, “restricted hazardous materials”, “extremely hazardous substances”, “toxic substances”, “contaminants”, “pollutants”, “toxic pollutants”, “hazardous air pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law; and (c) any other chemical, material, waste or substance that can form the basis of any Liability under any applicable Environmental Law; except that, in each case and notwithstanding any other provision of this Agreement, Hazardous Substances shall not include Nuclear Material.

“Health and Safety Laws” means any Laws pertaining to safety and health in the workplace, including the Occupational Safety and Health Act, 29 U.S.C. 651 et seq., and the Toxic Substances Control Act, 15 U.S.C. 2601, et seq.

“High Level Waste” or “HLW” means: (a) the highly radioactive material resulting from the reprocessing of spent nuclear fuel, including liquid waste produced directly in reprocessing and any solid material derived from such liquid waste that contains fission products in sufficient concentrations; and (b) other highly radioactive material that the NRC, consistent with existing Law, determines by rule requires permanent isolation, including Greater Than Class C Waste.

“High Level Waste Repository” means a facility which is designed, constructed and operated by or on behalf of the Department of Energy for the storage and disposal of Spent Nuclear Fuel in accordance with the requirements set forth in the Nuclear Waste Policy Act of 1982, as amended.

“IOI Subaccount Investment Manager” has the meaning set forth in Section 9.2.3.

“IOI Decommissioning Subaccount” means a formally separate and segregated subaccount within the NDF, the assets of which are not commingled with any of the other assets of the NDF, which is created and maintained solely for the purpose of funding the compensation to be paid to Contractor for Decommissioning the CR-3 Facility (not including costs for operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site) and achieving the ISFSI-Only Interim End-State Conditions.

“IOI Disbursement” means a withdrawal from the IOI Decommissioning Subaccount used to compensate Contractor for Decommissioning the CR-3 Facility (not including costs for operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site), including achieving the ISFSI-Only Interim End-State Conditions, in accordance with this Agreement.

“IOI Disbursement Certificate” has the meaning set forth in Section 9.3.

“ISFSI” means the existing dry spent fuel storage installation on the Crystal River Site where the Spent Nuclear Fuel and HLW from the CR-3 Facility is located and stored, and the ancillary facilities related thereto, but excluding the Spent Nuclear Fuel and High Level Waste

stored thereon, and excluding the storage canisters that will be shipped together with the Spent Nuclear Fuel and the HLW when it is removed from the ISFSI and the NRC-Licensed Site.

“ISFSI-Only Interim End-State Conditions” means all of the following conditions, collectively, and “achieving” or “satisfying” the ISFSI-Only Interim End-State Conditions, or terms of similar import, means the satisfaction of all of the following conditions:

(a) without limiting Contractor’s obligation to satisfy the criteria to complete the Decommissioning of the CR-3 Facility, all buildings and structures constituting the CR-3 Facility, other than the ISFSI, have been removed to a minimum of three feet (3’) below grade and backfilled, graded and seeded to prevent erosion;

(b) underground storage tanks and large diameter pipes that are part of the CR-3 Facility, other than the ISFSI, and not otherwise required by Law or this Agreement to be removed have been filled in compliance with all applicable Permits;

(c) Contractor has otherwise completed the Decommissioning of the CR-3 Facility and fully performed all of its obligations under the PLTA, with the exception of removal of Spent Nuclear Fuel and HLW from the NRC-Licensed Site and the Decommissioning of the ISFSI;

(d) Contractor has completed the Remediation of Hazardous Substances present in, on or under the CR-3 Facility other than with respect to the ISFSI Site, sufficient to comply with Environmental Laws and all applicable Permits;

(e) Contractor has completed all of the work necessary to comply with the conditions set forth in the FDEP Letter except with respect to the ISFSI Site, and any Change in End-State Conditions that have occurred prior to such date, as applicable; and

(f) the NRC has approved an amendment to the NRC License to release the NRC-Licensed Site from NRC jurisdiction for unrestricted use pursuant to 10 C.F.R. § 20.1402, except for the ISFSI Site.

“ISFSI Decommissioning Trust” means a nuclear decommissioning trust fund established by Buyer pursuant to an appropriate trust agreement in compliance with 10 CFR 72.30 in order to hold funds dedicated to the Decommissioning of the ISFSI.

“ISFSI Decommissioning Trust Agreement” means the trust agreement, substantially in the form set forth in Exhibit M, by and between Buyer and a qualified trustee governing the ISFSI Decommissioning Trust.

“ISFSI Site” means the portion of the Crystal River Site where the ISFSI is located, as further described and occupying the area as depicted in Attachment 1, and including the area that lies within the Exclusion Area Boundary, as that area may be modified from time to time under the NRC License.

“Knowledge” means: (a) with respect to Contractor, the actual knowledge of the officers and employees of Contractor listed on Attachment 6; (b) with respect to Buyer, the actual

knowledge of the officers and employees of Buyer listed on Attachment 6; and (c) with respect to Company, the actual knowledge of the officers and employees of Company listed on Attachment 6, but without independent investigation or inquiry by or on behalf of Company or any such officer or employee.

“Law” or “Laws” means all laws, rules, regulations, codes, statutes, ordinances, decrees, treaties, or administrative orders of any Governmental Authority including administrative and judicial interpretations thereof, including Environmental Laws, Health and Safety Laws and Nuclear Laws, and common law.

“Letter of Credit” has the meaning set forth in Section 10.1.

“Liability” or “Liabilities” means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), and in the case of the NRC License, includes the NRC Commitments.

“License Termination” has the meaning defined in applicable NRC regulations.

“License Termination Plan” has the meaning defined in applicable NRC regulations.

“Local Suppliers” means a subcontractor (of any tier) of Contractor who has a headquarters or branch within Florida.

“Loss” or “Losses” means any and all damages, fines, fees, penalties, deficiencies, losses and expenses (including all Remediation costs, reasonable attorneys’ fees, accountants, and other experts, or other expenses of litigation or proceedings or of any claim, default or assessment).

“Low Level Waste” means radioactive material that (a) is neither Spent Nuclear Fuel nor HLW; and (b) any other substance that the NRC, consistent with existing Law and in accordance with clause (a), classifies as low-level radioactive waste.

“Milestone One” means that (a) Contractor has submitted the PLTA to the NRC; and (b) the ISFSI-Only Interim End-State Conditions as stated in subparagraphs (a) through and including (e) of the definition of ISFSI-Only Interim End-State Conditions have been satisfied.

“NDF” means the qualified trust fund meeting the requirements of Code Section 468A and Treas. Reg. § 1.468A-5 and the non-qualified trust fund that is maintained by Company pursuant to and in accordance with the Amended and Restated NDF Agreement for purposes of Decommissioning the CR-3 Facility and the NRC-Licensed Site.

“NEIL” means Nuclear Electric Insurance Limited, or any successor or replacement thereto.

“Notice of End-State Conditions” has the meaning set forth in Section 9.6.

“Notice of ISFSI-Only Interim End-State Conditions” has the meaning set forth in Section 9.6.

“Notice of Milestone One” has the meaning set forth in Section 9.6.

“NRC” means the United States Nuclear Regulatory Commission and any successor agency thereto.

“NRC Commitments” means all written regulatory commitments made by Company to the NRC prior to the Closing Date with respect to the CR-3 Facility or the NRC-Licensed Site.

“NRC License” means the NRC Operating License No DPR-72, Docket No. 50-302 for the CR-3 Facility and the NRC-Licensed Site, and all amendments thereto.

“NRC-Licensed Site” means all of the real property subject to the NRC License, as more particularly described in Attachment 1. Any reference to the NRC-Licensed Site shall include, by definition, the surface and subsurface elements, including the soils and groundwater present at the NRC-Licensed Site and any references to items “at the NRC-Licensed Site” shall include all items “at, in, on, upon, over, across, under, and within” the NRC-Licensed Site.

“NRC MARSSIM” means the Multi-Agency Radiation Survey and Site Investigation Manual, published by NRC (NUREG-1575, Revision 1) (August 2000), as amended and supplemented from time to time.

“Nuclear Insurance Policies” means all nuclear insurance policies carried by or for the benefit of Company with respect to the ownership, operation or maintenance of the CR-3 Facility and the NRC-Licensed Site, including all nuclear liability and nuclear property damage policies in respect thereof, including all policies issued or administered by ANI or NEIL.

“Nuclear Laws” means all Laws, other than Environmental Laws, relating to the regulation of nuclear power plants, Source Material, Byproduct Material and Special Nuclear Material; the regulation of Low Level Waste, HLW and Spent Nuclear Fuel; the transportation and storage of Nuclear Material; the regulation of Safeguards Information (as defined in 10 C.F.R. 2.4); the enrichment of uranium; the disposal and storage of Spent Nuclear Fuel; contracts for and payments into the Nuclear Waste Fund; and the antitrust Laws and the Federal Trade Commission Act, as applicable to specified activities or proposed activities of certain licensees of commercial nuclear reactors. Nuclear Laws include the Atomic Energy Act; the Price-Anderson Act; the Energy Reorganization Act of 1974 (42 U.S.C. Section 5801 et seq.); Convention on the Physical Protection of Nuclear Material Implementation Act of 1982 (Public Law 97 -351; 96 Stat. 1663); the Foreign Assistance Act of 1961 (22 U.S.C. Section 2429 et seq.); the Nuclear Non-Proliferation Act of 1978 (22 U.S.C. Section 3201); the Low-Level Radioactive Waste Policy Act (42 U.S.C. Section 2021b et seq.); the Nuclear Waste Policy Act (42 U.S.C. Section 10101 et seq. as amended); the Low-Level Radioactive Waste Policy Amendments Act of 1985 (42 U.S.C. Section 2021d, 471); the Energy Policy Act of 1992 (4 U.S.C. Section 13201 et seq.); the provisions of 10 C.F.R. Section 73.21, and any state or local Laws, other than Environmental Laws, analogous to the foregoing.

“Nuclear Material” means Source Material, Byproduct Material, Low Level Waste, HLW, and Special Nuclear Material, including Spent Nuclear Fuel.

“Nuclear Waste Fund” means the fund established by Section 302(c) of the Nuclear Waste Policy Act in which the Spent Nuclear Fuel fees to be used for the design, construction and operation of a High Level Waste Repository and other activities related to the storage and disposal of Spent Nuclear Fuel is deposited.

“Outage Work” has the meaning set forth in Section 8.6.4.

“Parent Guarantors” means each of NorthStar Group Services, Inc., a Delaware corporation, and Orano USA LLC, a Delaware limited liability company.

“Parent Guaranty” means a guaranty in the form attached hereto as Exhibit B issued by each Parent Guarantor in favor of Company, pursuant to which such Parent Guarantor, severally (and not jointly) with the other Parent Guarantor and in accordance with the terms and conditions set forth therein, guarantees the payment and performance of the obligations of Contractor under this Agreement and the Ancillary Agreements to which Contractor is a party, and the obligations of Buyer under the SNF PSA and the Ancillary Agreements to which Buyer is a party.

“Parent Support Agreement” means a Support Agreement in the form attached hereto as Exhibit H-1 and Exhibit H-2 by and among each Parent Guarantor, Contractor and Buyer, pursuant to which such Parent Guarantor agrees to provide up to a specified amount of funding to Contractor and Buyer totaling One Hundred Forty Million Dollars (\$140,000,000), in the aggregate, to perform their obligations under this Agreement and complete the Decommissioning of the CR-3 Facility, including the ISFSI.

“Party” or “Parties” has the meaning set forth in the preamble.

[REDACTED]

“Permits” means any federal, state or local permits, licenses, approvals, consents, registrations or authorizations required by any Governmental Authority in connection with the Decommissioning, but not including the NRC License or any Environmental Permits.

“Person” means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, association, or Governmental Authority.

“Pledge Agreement” means the Pledge Agreement to be entered into by Company and Contractor’s sole member, Accelerated Decommissioning Partners, LLC, whereby Accelerated Decommissioning Partners, LLC will pledge its equity interest in Contractor to Company as collateral for Contractor’s obligations hereunder, in the form attached hereto as Exhibit E.

“PLR” has the meaning set forth in Section 3.11.3.

“PLTA” means the partial License Termination application to be submitted to the NRC in order to obtain the release of the NRC-Licensed Site, other than the ISFSI Site, from NRC jurisdiction for unrestricted use pursuant to 10 C.F.R. § 20.1402, and achieve the ISFSI-Only Interim End-State Conditions.

“Pre-Closing Decommissioning Services Contract” means one or more services agreements between Contractor and Company for Contractor’s performance of Decommissioning planning activities and such other activities as stated therein, prior to the Closing Date.

“Pre-Closing Period” means the period beginning on the Contract Date and ending on the calendar day immediately preceding the Closing Date.

“Price-Anderson Act” means Section 170 of the Atomic Energy Act, as amended, and related provisions of Section 11 of the Atomic Energy Act.

“Project Schedule” means a schedule meeting the requirements of Section 6.7 that sets forth Contractor’s schedule for completion of Decommissioning, including the Target Completion Date and the scheduled date for achievement of the End-State Conditions, and as of the Contract Date, means such schedule as set forth in Attachment 2 hereto.

“Project Specifications” means the specifications regarding the Decommissioning as set forth in Attachment 1 hereto.

“Proprietary Information” means the Contractor Proprietary Information or the Company Proprietary Information, or both, as the context requires.

“Provisional IOI Account” means a formally separate and segregated account within the Contractor’s Provisional Trust Fund, the assets of which are not commingled with any of the other assets of the Contractor’s Provisional Trust Fund, that may not be terminated until Contractor has achieved the ISFSI-Only Interim End-State Conditions.

“Provisional Milestone Account” means a formally separate and segregated account within the Contractor’s Provisional Trust Fund, the assets of which are not commingled with any of the other assets of the Contractor’s Provisional Trust Fund, that may be terminated when Contractor has achieved Milestone One.

“Release” means any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance or Nuclear Material into the Environment or within any building, structure, facility or fixture; provided, however, that Release shall not include any release that is permissible under applicable Environmental Laws or any Permit.

“Remediation” means action of any kind required by any applicable Law or order of a Governmental Authority to address a Release, the threat of a Release or the presence of Hazardous Substances, including any or all of the following activities: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any permits, consents, approvals or authorizations of any

Governmental Authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice from a Governmental Authority with jurisdiction under Environmental Laws that no material additional work is required by such Governmental Authority; (e) the use, implementation, application, installation, operation or maintenance of remedial action, remedial technologies applied to the surface or subsurface soils, excavation and treatment or disposal of soils, systems for long term treatment of surface water or ground water, engineering controls or institutional controls; and (f) any other activities required under Environmental Laws to address the presence or Release of Hazardous Substances.

“Representatives” of a Party or its Affiliates means such Party’s and such Affiliates’ respective directors, managers, officers, employees, agents, partners, advisors (including accountants, legal counsel, environmental consultants, and financial advisors) and other authorized representatives, but in no event shall Representatives of Company include Contractor or any of its Affiliates, notwithstanding Contractor’s designation as an agent of Company pursuant to this Agreement.

“SAFSTOR Condition” means the occurrence after the Closing Date of: (a) with respect to Contractor, (i) a Change in Law that occurs after the Closing Date; or (ii) an Environmental Liability which Contractor is responsible for Remediating hereunder that was not disclosed to or known by Contractor prior to the Closing Date, and which results in a material increase in Contractor’s costs to complete the Decommissioning, as a result of which Contractor reasonably believes that the remaining amount of funds in the IOI Decommissioning Subaccount, or the Contractor’s Provisional Trust Fund are insufficient to pay for the remaining costs of Decommissioning after taking such Change in Law or the Remediation of such Environmental Liability into account; and (b) with respect to Company, the occurrence following the Closing Date of a Change in End-State Conditions for which Company is obligated to reimburse costs to Contractor pursuant to Section 11.2, or an Environmental Liability for which Company is obligated to indemnify the Contractor Indemnified Parties pursuant to Section 13.2, the costs of which Company reasonably believes would exceed the amounts in the Crystal River Decommissioning Reserve Subaccount.

“Schedule Extension Condition” means any of the following: (a) delays caused by events of Force Majeure; and (b) delays caused by the issuance of a preliminary injunction or other order or decree by a Governmental Authority having jurisdiction halting all or substantially all of the Decommissioning work to be performed by Contractor hereunder; provided, however, an event that causes delays shall only be a Schedule Extension Condition to the extent (i) Contractor is unable to prevent, avoid or overcome such event or the delay through the exercise of commercially reasonable efforts and proceed with work not affected by the Schedule Extension Condition; and (ii) such event is not the result of Contractor’s or of its Affiliates’ (or any Person performing any work or activities on Contractor’s or such Affiliate’s behalf) act, omission, fault or negligence. For purpose of this definition, it is expressly agreed that delay due to the unavailability of a disposal facility for radiological waste is not a Schedule Extension Condition.

“SNF PSA” has the meaning set forth in the recitals.

“SNF Services Agreement” means an agreement substantially in the form set forth in Exhibit C between Contractor and Buyer, wherein Buyer agrees to pay Contractor’s costs incurred in performance of the services associated with packaging the Greater than Class C Waste generated during Decommissioning of the ISFSI, operating and maintaining the ISFSI, and ultimately removing all material owned by Buyer located at the CR-3 Facility from the Crystal River Site.

“Source Material” means: (a) uranium or thorium or any combination thereof, in any physical or chemical form, or (b) ores which contain by weight one-twentieth of one percent (0.05%) or more of (i) uranium, (ii) thorium, or (iii) any combination thereof. Source Material does not include Special Nuclear Material.

“Special Nuclear Material” means (a) plutonium, uranium-233, uranium enriched in the isotope-233 or in the isotope-235, and any other material that the NRC determines to be “Special Nuclear Material,” and (b) any material artificially enriched by any of the materials or isotopes described in clause (a). Special Nuclear Material includes the Spent Nuclear Fuel; provided, however, that Special Nuclear Material does not include Source Material.

“Spent Fuel Disposal Contract” means the U.S. Department of Energy Contract No. DE-CR01-83NE44382 Contract for Disposal of Spent Nuclear Fuel and/or High-Level Radioactive Waste dated as of June 30, 1983, by and between the DOE and Florida Power Corporation (which, by virtue of intervening corporate reorganizations, is now known as Duke Energy Florida, LLC), for the disposal of Spent Nuclear Fuel and HLW from the CR-3 Facility.

“Spent Nuclear Fuel” means all nuclear fuel located at the ISFSI that has been permanently withdrawn from the nuclear reactor in the CR-3 Facility following irradiation, and has not been chemically separated into its constituent elements by reprocessing.

“Target Completion Date” means the date by which Contractor shall have completed Milestone One, which shall be January 21, 2029, as such date may be extended under Article 11.

“Tax” or “Taxes” means, all taxes, charges, fees, levies, penalties or other assessments imposed by any federal, state, local, provincial or foreign taxing authority, including income, gross receipts, excise, real or personal property, sales, transfer, customs, duties, franchise, payroll, withholding, social security, receipts, license, stamp, occupation, employment, or other taxes, including any interest, penalties or additions attributable thereto, and any payments to any state, local, provincial or foreign taxing authorities in lieu of any such taxes, charges, fees, levies or assessments.

“Tax Return” means any return, report, information return, declaration, claim for refund or other document (including any schedule or related or supporting information) required to be supplied to any Governmental Authority with respect to Taxes including amendments thereto, including any information return filed by a tax exempt organization and any return filed by a nuclear decommissioning trust.

“Termination Date” has the meaning set forth in Section 5.1.6.

“Third Party Proprietary Information” means any drawings, reports, data, software, materials, scientific or other technical information, know-how, inventions and trade secrets pertaining to any proprietary or confidential information provided to Company or its predecessors by, or intellectual property of, any third party that has or is providing goods or services to Company with respect to the CR-3 Facility or the NRC-Licensed Site, including in connection with the ISFSI and the storage of Spent Nuclear Fuel and HLW on the ISFSI.

“Trustee” means the trustee of the NDF appointed by Company pursuant to the Amended and Restated NDF Agreement.

“U.S. Government” means the government of the United States of America.

1.1.1 As used in this Agreement, the following terms have the meanings specified in the SNF PSA:

Assets	Seller Material Adverse Effect
Assumed Liabilities	Transfer Taxes
Buyer Material Adverse Effect	

1.2 Certain Interpretive Matters.

1.2.1 Unless otherwise required by the context in which any term appears:

(a) The singular shall include the plural, the plural shall include the singular, and the masculine shall include the feminine and neuter.

(b) References to “Articles,” “Sections” or “Attachments” shall be to articles, sections or attachments of or to this Agreement, and references to “paragraphs” or “clauses” shall be to separate paragraphs or clauses of the section or subsection in which the reference occurs.

(c) The words “herein,” “hereof” and “hereunder” shall refer to this Agreement as a whole and not to any particular section or subsection, of this Agreement; and the words “include,” “includes” or “including” shall mean “including, but not limited to” or “including, without limitation.” The word “threatened” refers to threats made in writing.

(d) The term “day” shall mean a calendar day, commencing at 12:01 a.m. Eastern time. The term “week” shall mean any seven (7) consecutive day period, and the term “month” shall mean a calendar month; provided, however, that when a period measured in months commences on a date other than the first day of a month, the period shall run from the date on which it starts to the corresponding date in the next month and, as appropriate, to succeeding months thereafter. Whenever a payment is to be made by a particular date and the date in question falls on a day which is not a Business Day, the payment shall be made on the next succeeding Business Day; provided, however, that all calculations shall be made regardless

of whether any given day is a Business Day and whether or not any given period ends on a Business Day.

(e) All references to a particular entity shall include such entity's permitted successors and permitted assigns unless otherwise specifically provided herein.

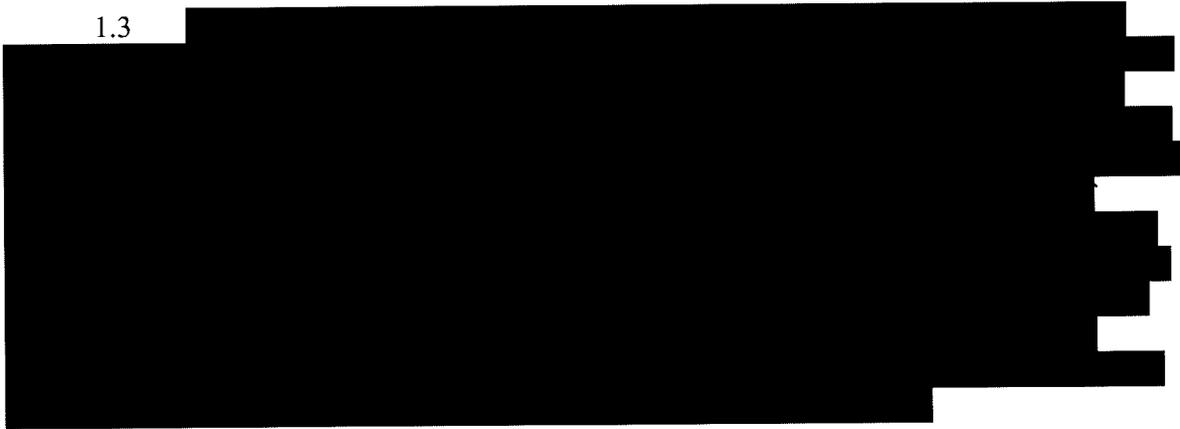
(f) All references herein to any Law or to any contract or other agreement shall be to such Law, contract or other agreement as amended, supplemented or modified from time to time unless otherwise specifically provided herein.

1.2.2 The table of contents and the titles or headings of the Articles and Sections hereof and Attachments hereto have been inserted as a matter of convenience of reference only, and shall not control or affect the meaning or construction of any of the terms or provisions hereof.

1.2.3 This Agreement was negotiated and prepared by the Parties with advice of counsel to the extent deemed necessary by each Party; the Parties have agreed to the wording of this Agreement; and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this Agreement or any part hereof.

1.2.4 The Attachments hereto are incorporated herein and are intended to be a part of this Agreement.

1.3



**ARTICLE 2
REPRESENTATIONS AND WARRANTIES.**

2.1 Contractor and Buyer Representations and Warranties.

2.1.1 Organization; Qualification. Contractor is and at all times during the term of this Agreement shall be a limited liability company validly existing and in good standing under the Laws of the State of Delaware. Contractor has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. Contractor is and at all times during the terms of this Agreement shall be qualified to conduct business in the State of Florida.

2.1.2 Capitalization. Accelerated Decommissioning Partners, LLC is and at all times during the term of this Agreement shall be the sole member and owner of all of the outstanding equity interests in Contractor.

2.1.3 Authority Relative to this Agreement. Contractor and Buyer have full corporate power and authority to execute and deliver this Agreement and to perform their obligations hereunder. The execution and delivery of this Agreement has been duly and validly authorized by all necessary corporate action required on the part of Contractor and Buyer and no other corporate proceedings on the part of Contractor or Buyer are necessary to authorize this Agreement or to perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by Contractor and Buyer, and assuming that this Agreement constitutes the valid and binding agreement of Company, this Agreement constitutes the legal, valid and binding agreement of Contractor and Buyer, enforceable against Contractor and Buyer in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

2.1.4 No Violation. Neither the execution and delivery of this Agreement by Contractor and Buyer, nor the performance by Contractor or by Buyer of their obligations hereunder will (a) conflict with or result in any breach of any provision of the certificate of formation or organization, or limited liability company or operating agreement, of Contractor; (b) require consent, notice or other action, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or the lapse of time or both, would constitute a default under, or give rise to any right of termination, cancellation, modification or acceleration, under any of the terms, conditions or provisions of any material contract or Permit to which Contractor or Buyer is a party or by which any of its assets may be bound, other than the Contractor's Required Regulatory Approvals; or (c) violate in any material respect any Laws applicable to Contractor or Buyer.

2.1.5 Professional Licenses. As of the Closing Date, and at all times after the Closing Date during the term of this Agreement, Contractor will have a valid certified contractor's license in the appropriate category or specialty issued by the Florida Department of Business and Professional Regulation, and such license shall remain in full force and affect at all times during the term of this Agreement. All Persons who perform any portion of the Decommissioning have and shall at all times during the performance of Contractor's obligations hereunder have all business and professional certifications required by applicable Laws to perform such work.

2.2 Company Representations and Warranties. Company represents and warrants to Contractor as follows:

2.2.1 Organization; Qualification. Company is a limited liability company validly existing and in good standing under the Laws of the State of Florida and has all requisite corporate power and authority to own, transfer, lease and operate its properties and to carry on its business as is now being conducted. Company is duly licensed or qualified to do business and is in good standing in Florida and each other jurisdiction, if any, in which the operation of the

business related to the CR-3 Facility as currently conducted makes licensing or qualification necessary.

2.2.2 Authority Relative to this Agreement. Company has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement has been duly and validly authorized by all necessary corporate action required on the part of Company and no other corporate proceedings on the part of Company are necessary to authorize this Agreement or to perform its obligations hereunder. This Agreement has been duly and validly executed and delivered by Company, and assuming that this Agreement constitutes the valid and binding agreement of Contractor, this Agreement constitutes the legal, valid and binding agreement of Company, enforceable against Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

2.2.3 No Violation. Neither the execution and delivery of this Agreement by Company, nor the performance by Company of its obligations hereunder will (a) conflict with or result in any breach of any provision of the certificate of formation or organization, or limited liability company or operating agreement, of Company; (b) require consent, notice or other action, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or the lapse of time or both, would constitute a default under, or give rise to any right of termination, cancellation, modification or acceleration, under any of the terms, conditions or provisions of any material contract or Permit to which Company is a party or by which any of its assets may be bound, other than Company's Required Regulatory Approvals; or (c) violate in any material respect any Laws applicable to Company; provided, however, that Company makes no warranty or representation that the Permits that it currently holds are or will be adequate or the only Permits necessary for Contractor's activities or actions necessary to complete the Decommissioning or achieve the End-State Conditions.

2.2.4 Filings and Reports. Company has filed or caused to be filed with the applicable state or local regulatory bodies, the NRC, and the Department of Energy, and the State of Florida, as the case may be, all material forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by Company with respect to the NRC-Licensed Site or the ownership or operation thereof under each of the applicable state public utility Laws, the Atomic Energy Act, the Energy Reorganization Act, and the Price-Anderson Act and the respective rules and regulations thereunder. All such filings complied in all material respects with all applicable requirements of the appropriate act and the rules and regulations thereunder in effect on the date each such report was filed. The representations and warranties under this Section 2.2.4 do not apply to any statement by Company in any filing regarding the cost estimated by Company to perform the Decommissioning of the CR-3 Facility or the NRC-Licensed Site.

2.2.5 Real Property. Company has not entered into any real property agreements, including any leases, subleases, licenses or other rental agreements or occupancy agreements (written or verbal), mortgages, deeds of trust, easements, or agreements regarding potential ingress and egress, with respect to any part of the NRC-Licensed Site, that would reasonably be expected to materially impair Contractor's intended operation, possession, or use

of the NRC-Licensed Site with respect to the performance of the Decommissioning or its obligations under this Agreement.

2.2.6 Spent Fuel Disposal Contract. Company has paid the one-time fee required to be paid as contemplated under Article VIII.A.3 of the Spent Fuel Disposal Contract.

2.2.7 ANI Insurance Policy. All premiums with respect to the ANI nuclear liability insurance policy covering the CR-3 Facility due prior to the Closing Date shall have been paid by Company, other than retroactive premiums which may be payable with respect thereto.

2.2.8 NRC License. Company has not received any written notification which remains unresolved that it is in violation of any of the NRC License, or any order, rule, regulation, or decision of the NRC with respect to the NRC-Licensed Site.

2.2.9 Environmental Matters. With respect to the CR-3 Facility and the ownership or operation thereof, except as disclosed in Schedule 2.2.9:

(a) To the Knowledge of Company, there are no material Environmental Liabilities with respect to the CR-3 Facility as of the Contract Date.

(b) Company has obtained and holds the Environmental Permits listed on Attachment 14-A. Such Environmental Permits are all of the material Environmental Permits used in or necessary for Company's ownership and possession of the CR-3 Facility as of the Contract Date; provided, that Company makes no representation or warranty that such Environmental Permits include any or are all of the Environmental Permits that would be necessary for Contractor to perform Contractor's obligations under this Agreement. Each such Environmental Permit is in full force and effect. Company is in compliance in all material respects with all of its obligations under each such Environmental Permit. There are no proceedings pending, or to the Knowledge of Company, threatened, that could reasonably be expected to result in the revocation, termination, modification or amendment of any such Environmental Permit. Company has not failed to make in a timely fashion any application or other filing required for the renewal of any such Environmental Permit which failure could reasonably be expected to result in the termination of such Environmental Permit or such Environmental Permit being revoked, suspended or adversely modified.

(c) There are no Environmental Claims pending or, to the Knowledge of Company, threatened against Company, with respect to the CR-3 Facility, and to Company's Knowledge there are no facts or circumstances which are reasonably likely to form the basis for any material Environmental Claim against Company with respect to the CR-3 Facility.

(d) To Company's Knowledge, the CR-3 Facility is not an Environmental Clean-up Site.

(e) To the Knowledge of Company, there are no (i) underground storage tanks, active or abandoned; or (ii) polychlorinated biphenyls-containing equipment located at the CR-3 Facility.

(f) To the Knowledge of Company, there are no material Encumbrances, other than Permitted Encumbrances, arising under or pursuant to an Environmental Law with respect to the CR-3 Facility and, to the Knowledge of Company, there are no facts, circumstances, or conditions that could reasonably be expected to materially restrict, encumber or result in the imposition of special conditions under any Environmental Law with respect to the Decommissioning of the CR-3 Facility, except those facts, circumstances or conditions relating to the status of the CR-3 Facility as a nuclear facility.

(g) There have been no Environmental audits or assessments with respect to the CR-3 Facility by, on behalf of, or which are in the possession of Company, which have not been made available to Contractor prior to the Contract Date.

The representations and warranties set forth in this Section 2.2.9 are Company's sole and exclusive representations and warranties regarding any Environmental matters and Environmental Laws.

2.2.10 Compliance with Permits, Laws. Company has not received any written notification which remains unresolved that it is in violation of (a) any of the material Permits held by Company that are used in, or necessary for its maintenance, ownership, use, or possession of, the CR-3 Facility as presently conducted or as required by Law (other than Environmental Laws or Nuclear Laws); or (b) any Law (other than Environmental Laws or Nuclear Laws) applicable to the CR-3 Facility or activities at the CR-3 Facility. Company is in compliance in all material respects with all such Permits and Laws (other than Environmental Permits, Environmental Laws or Nuclear Laws) applicable to the CR-3 Facility or activities at the CR-3 Facility; provided, that Company makes no representation or warranty that such Permits include any or are all of the Permits that would be necessary for Contractor to perform Contractor's obligations under this Agreement.

2.2.11 NDF.

(a) With respect to all periods ending on or prior to the Closing Date: (i) the NDF is a trust, validly existing under the Laws of the Commonwealth of Pennsylvania with all requisite authority to conduct its affairs as it now does; (ii) the qualified trust fund maintained within the NDF satisfies all requirements necessary for it to be treated as a nuclear decommissioning fund as defined in Treas. Reg. Sections 1.468A-1(b)(4) and 1.468A-5; and (iii) the NDF is in compliance in all material respects with all applicable Laws of the NRC and any other Governmental Authority.

(b) Company has heretofore delivered to Contractor a copy of the Amended and Restated NDF Agreement, as in effect on the Contract Date.

(c) With respect to all periods ending on or prior to the Closing Date: (i) Company or the Trustee of the NDF has filed or caused to be filed with the NRC and any other Governmental Authority all material forms, statements, reports, documents (including all exhibits, amendments and supplements thereto) required to be filed by such entities; and (i) Company is not subject to any Governmental Authority's regulation over its rates that could

reasonably be expected to pose a material risk of requiring disbursements to be made from the NDF.

(d) With respect to all taxable periods ending prior to the Closing Date, Company has filed all required Tax Returns with respect to the NDF, and such Tax Returns were true, correct and complete in all material respects, and all Taxes due have been paid in full. No notice of deficiency or assessment has been received from any taxing authority with respect to any Liability for Taxes of the NDF which have not been fully paid or finally settled.

(e) Attachment 15 to this Agreement sets forth a statement of assets of the NDF as of December 31, 2018 and such statement presents fairly in all material respects as of such date the fair market value of the assets of the NDF. There are no Encumbrances for Taxes affecting the assets of the NDF other than Permitted Encumbrances.

ARTICLE 3 PRE-CLOSING COVENANTS OF THE PARTIES

3.1 Company's Conduct of Business Relating to the Assets and the CR-3 Facility.

3.1.1 During the Pre-Closing Period, Company shall use and maintain, or cause to be used and maintained, the Assets and the CR-3 Facility in the ordinary course of present use consistent with Good Utility Practices such that at the Closing, the CR-3 Facility and the NRC-Licensed Site will conform with the descriptions thereof in of the Project Specifications; it being understood that any actions deemed reasonably necessary in the use and maintenance of the Assets or the CR-3 Facility in accordance with Good Utility Practices shall be deemed to be in the ordinary course unless Company would reasonably expect such actions to impair in any material respect Contractor's performance of its obligations under this Agreement or any of the Ancillary Agreements. Without limiting the generality of the foregoing, and, except as contemplated in this Agreement, without the prior written consent of Contractor (unless the requirement for such consent would be prohibited by Law), which consent will not be unreasonably withheld, delayed or conditioned, Company shall not directly do any of the following with respect to the CR-3 Facility or, where expressly indicated, the NRC-Licensed Site:

(a) sell, transfer, remove, lease, pledge, mortgage, encumber, restrict, dispose of, grant any right or interest with respect to any Assets;

(b) amend or extend in any material respect, or voluntarily terminate prior to the expiration date thereof or allow to expire, the Spent Fuel Disposal Contract or any Company Permit used in, or necessary for the maintenance, ownership, use, or possession of, the CR-3 Facility or the ISFSI or the NRC-Licensed Site; provided, however, that Contractor's consent shall not be required for actions with respect to Company Permits for which applications have been filed and approval is pending as of the Contract Date as described in Attachment 14-A, or for the settlement of any claims pending with respect to the Spent Fuel Disposal Contract;

(c) fail to maintain in effect the Nuclear Insurance Policies with the limits of liability as in effect on the Contract Date or as otherwise allowed by the NRC;

(d) move any Nuclear Material to, or bring any Hazardous Substances onto, the CR-3 Facility or the NRC-Licensed Site, other than in the ordinary course of business and in accordance with Good Utility Practices;

(e) make any modification to the CR-3 Facility, except for Decommissioning activities in the ordinary course of business and consistent with Company's Decommissioning plan as contemplated by the Post Shutdown Decommissioning Activities Report submitted by Company to the NRC on December 2, 2013;

(f) settle any claim or litigation that results in a material obligation that would adversely impact the CR-3 Facility or the performance of Contractor's obligations under this Agreement with respect to the NRC-Licensed Site, or expands in any material respect the NRC Commitments; provided, however, that Company may settle alleged violations of Company Permits without the consent of Contractor if the settlement would not reasonably be expected to adversely affect the performance of Contractor's obligations under this Agreement;

(g) knowingly engage in any practice, take any action, fail to take any action, or enter into any transaction that will result or could reasonably be expected to result in any misrepresentation of Company hereunder or of Seller under the SNF PSA as of the Closing Date;

(h) amend the Amended and Restated NDF Agreement in any way that would alter in any material respect the business and investment practices with respect to the NDF, except as contemplated by the Fourth Amendment to Amended and Restated NDF Agreement;

(i) except as required by any Law or generally accepted accounting principles, change, in any material respect, its Tax practice or policy with respect to the NDF (including making new Tax elections or changing Tax elections and settling Tax controversies not in the ordinary course of business) or make any change in any method of accounting or accounting practice with respect to the Assets to the extent such change or settlement would be binding on Contractor; or

(j) agree to enter into any of the transactions set forth in the foregoing provisions of this Section 3.1.1.

3.1.2 Company shall also:

(a) maintain the CR-3 Facility in the ordinary course of business and in compliance in all material respects with applicable Laws, the NRC License, the Permits and Environmental Permits;

(b) make all required deposits, if any, to the NDF and cause Trustee to pay all Taxes, if any, and expenses and fees relating to the NDF; and

(c) not amend the Amended and Restated NDF Agreement, other than the Fourth Amendment to Amended and Restated NDF Agreement entered into in accordance

with this Agreement and the SNF PSA, without the consent of Contractor, which consent shall not be unreasonably withheld or delayed.

3.2 Contractor's Conduct of Business. During the Pre-Closing Period, Contractor shall not:

3.2.1 Amend Contractor's certificate of formation or operating agreement without the prior written consent of Company, except as set forth in the Amended and Restated LLC Agreement.

3.2.2 Sell or transfer the membership interests in Contractor to any third party, without the prior written consent of Company.

3.2.3 Engage in any business activity or incur any Liability by or on behalf of Contractor, except as reasonably necessary in connection with the transactions contemplated by this Agreement.

3.2.4 Knowingly engage in any practice, take any action, fail to take any action, or enter into any transaction that will result or may reasonably be anticipated to result in any misrepresentation or breach of any warranty or covenant of Contractor or the Parent Guarantors hereunder or under the Ancillary Agreements.

3.2.5 Agree to take any action or enter into any transaction that would violate the foregoing provisions of this Section 3.2.

3.3 Further Assurances. Subject to the terms and conditions of this Agreement, prior to the Closing, each of the Parties will use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate the Closing. Notwithstanding anything in the previous sentence to the contrary, Company shall use commercially reasonable efforts to obtain any Company Permits, if any, and Contractor shall use commercially reasonable efforts to obtain all Contractor Permits, that are necessary as of the Closing Date for Contractor to perform its obligations under this Agreement at the NRC-Licensed Site. Each Party shall cooperate with the other Party in all commercially reasonable efforts to (a) obtain the Company Permits and Contractor Permits; and (b) lift any preliminary or permanent injunction or other order or decree by any federal or state court or Governmental Authority that restrains or prevents the Closing.

3.4 Consents and Approvals.

3.4.1 As promptly as practicable after the Contract Date, Contractor and Company, as applicable, shall make the filings necessary to obtain the Required Regulatory Approvals. In fulfilling their respective obligations under this Section 3.4.1, Contractor and Company shall each use commercially reasonable efforts to effect or cause to be effected any such filings (other than as contemplated in Section 3.4.2) within sixty (60) days after the Contract Date. Prior to any Party's submission of the applications contemplated by this Section 3.4.1, the submitting Party shall provide a draft of such application to the other Party for review and comment and the submitting Party shall in good faith consider any revisions reasonably requested by the reviewing Party. Each Party will bear its own costs of the

preparation and review of any such filings; [REDACTED]

3.4.2 As promptly as practicable after the Contract Date, Contractor and Company shall file an application with the NRC requesting consent under Section 184 of the Atomic Energy Act and 10 C.F.R. § 50.80 for the transfer of the NRC License authorizing possession and maintenance, including Decommissioning, of the NRC-Licensed Site, from Company to Contractor, and approval of any conforming license amendments, and any other related approvals; provided, however, that Company shall retain its rights as the owner of the CR-3 Facility and the NRC-Licensed Site (other than the ISFSI) under the NRC License. In fulfilling their respective obligations set forth in the immediately preceding sentence, each of Contractor and Company shall use its commercially reasonable efforts to effect any such filing within sixty (60) days after the Contract Date. [REDACTED]

[REDACTED] Thereafter, Contractor and Company shall cooperate with one another to facilitate NRC review of the application by promptly providing the NRC staff with such documents or information that the NRC staff may reasonably request or require any of the Parties to provide or generate.

3.4.3 The Parties shall respond promptly to any requests for additional information made by Governmental Authorities, use their respective commercially reasonable efforts to participate in any hearings, settlement proceedings or other proceedings ordered with respect to the applications, and use their respective commercially reasonable efforts to cause regulatory approval to be obtained at the earliest possible date after the date of filing. Company shall have the right to review in advance all characterizations of the information relating to the transactions contemplated by this Agreement which appear in any application or filing made in connection with the transactions contemplated hereby by Contractor, and Contractor shall consider in good faith any revisions reasonably requested by Company.

3.4.4 During the Pre-Closing Period, Contractor and Company shall cooperate with each other, including by establishment of a transition committee with representatives of each of Contractor and Company that shall develop a transition plan to be implemented to transition the CR-3 Facility from Company to Contractor upon the Closing. Without limiting the foregoing, among other things, Contractor and Company shall prepare the procedures as described in Attachment 14-B.

3.5 Notice of Significant Changes; Revised Schedules; First Amendment to DSA.

3.5.1 Each Party will promptly advise the other Party in writing of any change or circumstance arising, or being discovered, after the Contract Date that would constitute a material breach of any representation or warranty of such Party under this Agreement or the SNF PSA. No later than fifteen (15) Business Days prior to the Closing, each Party shall provide the other Party with any and all revisions, modifications and updates to the Schedules to the SNF PSA such that the Schedules to the SNF PSA will be true and correct as of such date, including with respect to any breach of any representation or warranty of a Party under the SNF PSA. Such revisions, modifications and updates will be incorporated into the Schedules prior to the Closing; provided, however, that to the extent that such revisions, modifications and updates have a Seller Material Adverse Effect or a Buyer Material Adverse Effect, as the case may be,

then such revisions, modifications or updates to the Schedules will not be deemed to have cured any inaccuracy or breach of any representation or warranty in this Agreement for purposes of the termination rights contained in this Agreement or of determining whether the conditions to Closing under Section 6.1 or Section 6.2 of the SNF PSA have been satisfied.

3.5.2 Notwithstanding anything to the contrary herein, if either Party becomes aware of a Change in Law or a Change in End-State Condition prior to the Closing, the Party becoming aware of such change shall promptly notify the other Party in writing. Within thirty (30) days thereafter, the Parties, acting reasonably and in good faith, shall meet to review an estimate, prepared by Contractor of the changes in its cost to perform the Decommissioning and its obligations under this Agreement taking into account such Change in Law or Change in End-State Condition. If the Parties are able to agree on an adjustment to the Agreed Amount, the Parties shall enter into an amendment to this Agreement to make such adjustment prior to the Closing, and such change shall not be a Seller Material Adverse Effect or a Buyer Material Adverse Effect and shall be deemed waived by the Parties for purposes of the obligation of the Parties with respect to the Closing.

3.5.3 No later than forty five (45) days prior to the expected Closing Date, the Parties shall prepare and deliver a draft of the First Amendment to DSA, together with any Attachments hereto that will be updated pursuant to the First Amendment to DSA, as the Parties have determined during the Pre-Closing Period. The Parties shall cooperate in good faith to finalize the First Amendment to DSA and the updated Attachments by no later than ten (10) Business Days prior to the expected Closing Date. If the Parties are not able to mutually agree on revisions to Attachment 2 and Attachment 7 and to mutually agree on a final First Amendment to DSA by the Closing Date, either Party may terminate this Agreement pursuant to Section 5.1.5.

3.6 Contractor's Delivery of Financial Statements. During the Pre-Closing Period, Contractor shall deliver to Company:

3.6.1 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Northstar Group Services, Inc., a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the end of such quarter and the related unaudited consolidated statement of income and cash flow statement of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last day of such quarter, in each case prepared in accordance with generally accepted accounting principles, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

3.6.2 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of NorthStar Group Services, Inc., a Delaware corporation, an audited copy of the consolidated balance sheet of such Parent Guarantor as of the last day of such fiscal year and the related audited consolidated statements of income, retained earnings, cash flows, and notes to consolidated financial statements of such Parent Guarantor for such

fiscal year, together with an opinion of certified public accountants of recognized national standing.

3.6.3 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the end of such quarter and the related unaudited consolidated statement of income of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last day of such quarter, in each case prepared in accordance with international financial reporting standards, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

3.6.4 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the last day of such fiscal year and the related unaudited consolidated statements of income of such Parent Guarantor for such fiscal year, prepared in accordance with international financial reporting standards, subject to the absence of footnotes, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

3.7 Access to Information.

3.7.1 During the Pre-Closing Period, Company will, during ordinary business hours, upon reasonable notice and subject to compliance with all applicable NRC rules and regulations and other applicable Laws: (a) allow Contractor and its representatives reasonable access to Company management personnel engaged in the management of the Assets, the CR-3 Facility, the NRC-Licensed Site and the Business Books and Records; (b) permit Contractor to make such reasonable inspections thereof as Contractor may reasonably request; (c) furnish Contractor with such other information with respect to the Assets or the CR-3 Facility or the NRC-Licensed Site that is in Company's possession, as Contractor may from time to time reasonably request; and (d) furnish Contractor a copy of each material report, schedule or other document filed or received by it with respect to the Assets or the CR-3 Facility with the NRC or any other Governmental Authority having jurisdiction over any of the Assets or the CR-3 Facility; provided, however, that (i) any such investigation shall be conducted in such a manner as not to interfere unreasonably with the ownership, use or management of the other activities of Company or its other contractors at the NRC-Licensed Site; (ii) Company shall not be required to provide Contractor any information which would reasonably be expected to result in a waiver of the attorney-client privilege; provided, however, that Company shall use commercially reasonable efforts to allow for such access or disclosure in a manner that does not result in a waiver of the attorney-client privilege (including, if applicable, by entering into a common interest or similar agreement to preserve such privilege); and (iii) Company need not supply Contractor with any information that Company is legally or contractually prohibited from supplying; provided, however, that Company shall use commercially reasonable efforts (not

including payment of any money or granting of any concessions) to obtain any consents necessary in order to provide Contractor with the information from the contractual counterparty to the extent such prohibition exists.

3.7.2 Prior to the Closing Date, Contractor shall not, and shall not allow its Affiliates to, contact any vendors, suppliers, employees, or other contracting parties of Company or Company's Affiliates with respect to any aspect of the Assets or the CR-3 Facility or the NRC-Licensed Site, or the transactions contemplated hereby or under the SNF PSA, without the prior written consent of Company, which consent shall not be unreasonably withheld, delayed or conditioned.

3.8 Protection of Proprietary Information.

3.8.1 From and after the Contract Date: (a) Contractor shall use and disclose, and shall cause its Affiliates and their respective Representatives to use and disclose, Company's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform their obligations under, this Agreement and the Ancillary Agreements; and (b) Company shall use and disclose, and shall cause its Affiliates and its Representatives to use and disclose, Contractor's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform its obligations under, this Agreement and the Ancillary Agreements. Any disclosure to Affiliates or Representatives of a Party shall only be made after such Affiliates and Representatives are advised of the confidentiality obligations hereunder and required by the disclosing Party to comply, and the disclosing Party shall be responsible for any violations of the obligations of this Section 3.8 by any such Affiliates or Representatives. Any disclosure to third parties other than a Party's Affiliates or Representatives by either Company or Contractor shall only be made subject to confidentiality agreements with such third parties that are at least as stringent as the requirements of this Section 3.8.

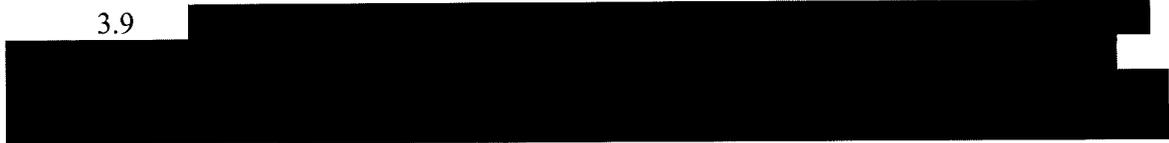
3.8.2 Upon Contractor's, or Company's (as the case may be), prior written approval (which approval shall not be unreasonably withheld, delayed or conditioned), Company or Contractor, respectively, may provide Proprietary Information of the other Party to the NRC or any other Governmental Authority having jurisdiction over the Assets, the CR-3 Facility, the NRC-Licensed Site or any portion thereof, as may be necessary to obtain Company's Required Regulatory Approvals or Contractor's Required Regulatory Approvals, respectively. The disclosing Party shall seek confidential treatment for the Proprietary Information provided to any such Governmental Authority and the disclosing Party shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any Governmental Authority any such Proprietary Information. In the event that disclosure of Proprietary Information is required by order of a court or other Governmental Authority or by subpoena or other similar legal process, the Party subject to such order, subpoena or other legal process shall, to the extent permitted by Law, notify the other Party whose Proprietary Information is to be disclosed and the Parties shall consult and cooperate in seeking a protective order or other relief to preserve the confidentiality of Proprietary Information.

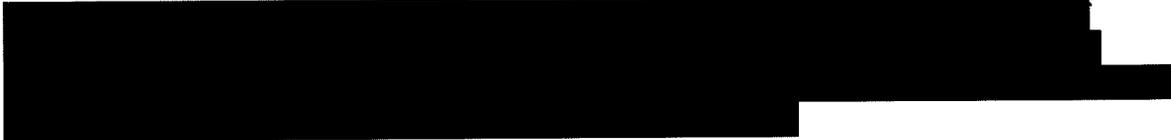
3.8.3 Company or Contractor may, without the prior consent of the other Party, disclose Proprietary Information of the other Party as may be necessary to comply generally with any applicable Laws or with the rules of any applicable stock exchange. The disclosing Party shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any third party any such Proprietary Information.

3.8.4 Notwithstanding anything to the contrary in the foregoing, nothing in this Section 3.8 authorizes or permits Contractor to disclose any Third Party Proprietary Information that Contractor obtains as part of the Company Proprietary Information to any other Person. Contractor acknowledges and agrees that to the extent Company is prohibited or restricted by any non-disclosure or confidentiality obligation to any third party from disclosing any Third Party Proprietary Information to Contractor, Company shall have the right to not disclose such Third Party Proprietary Information to Contractor until Contractor has reached agreement with such third party and such third party has notified Company in writing that Company may disclose such Third Party Proprietary Information to Contractor. Company shall notify Contractor if there is any Third Party Proprietary Information of which Company is aware that Company is prohibited or restricted from disclosing to Contractor, and advise Contractor of such third party so that Contractor may make appropriate arrangements with such third party. Company's failure to disclose any Third Party Proprietary Information pursuant to this Section 3.8.4 shall not serve as the basis for a claim of any breach of a representation, warranty or other obligation of Company hereunder.

3.8.5 If this Agreement is terminated before the Closing, this Section 3.8 shall survive the termination of this Agreement for five (5) years. In addition, if this Agreement is terminated before the Closing, Contractor shall, within thirty (30) days after receipt of a written request from Company, return or destroy Company's Proprietary Information in the possession or control of Contractor, any of its Affiliates or their respective Representatives, and Company shall, within thirty (30) days after receipt of a written request from Contractor, return or destroy Contractor's Proprietary Information in the possession or control of Company, any of its Affiliates or their respective Representatives. Notwithstanding the foregoing, a recipient or another Party's Proprietary Information shall not be required to return or destroy such other Party's Proprietary Information to the extent that it (a) is commingled with other electronic records that are collected and maintained in a separate secure facility as part of information technology backup procedures in accordance with the normal course of business; (b) is included in a Party's disclosures to its or its Affiliate's board of directors or similar governing body or the records of deliberations of such body in connection with the consideration of the authorization and approval of this Agreement and the transactions contemplated hereby; (c) the recipient is required to retain such Proprietary Information under applicable Law; or (d) the recipient is a legal or other professional advisor to a Party with professional responsibilities to maintain client confidences; provided, however, that such retained Proprietary Information shall remain subject to the provisions of this Section 3.8.

3.9





3.10 Public Statements.

3.10.1 During the Pre-Closing Period: (a) Company shall issue all news releases, public statements and similar publicity concerning this Agreement and the Ancillary Agreements and the transactions contemplated hereby and thereby, in form and substance mutually agreed by the Parties; and (b) Contractor shall not, and shall not permit any of its Affiliates or subcontractors to, engage in any form of publicity or publish, release, disclose or disseminate to any member of the public, media, Governmental Authority or any other Person other than Company, whether in writing or orally, this Agreement, the Ancillary Agreements or any information regarding the transactions contemplated hereby or thereby, without Company's express prior written consent, except as may be required by applicable Law or stock exchange rules, such as required filings and other required public statements or testimony before regulatory authorities, and then only to the extent that Company has, to the extent permitted by applicable Law, been provided an opportunity to review and comment on such release or disclosure. Notwithstanding anything to the contrary in the foregoing, Contractor may also disclose information regarding this Agreement, the Ancillary Agreement and the transactions contemplated hereby and thereby in accordance with Sections 3.4 and 3.8.1.

3.10.2 During the Pre-Closing Period, on a case-by-case basis, as determined by Company and with Company's express prior written consent: (a) Contractor may be requested to provide media interviews concerning this Agreement, the Ancillary Agreement and the transactions contemplated hereby and thereby; and (b) Contractor may share Company's news releases, social media posts and other external content in Contractor's internal and external communication channels. Contractor shall cooperate with Company in maintaining good community relations during the Pre-Closing Period.

3.10.3 Contractor shall not, and shall not permit any of its Affiliates or subcontractors to, use Company's or any of its Affiliates' names, logos, trademarks, service marks or trade names in any way without Company's prior written consent.

3.10.4 Upon the Closing, the Parties will issue a joint press release or coordinated separate press releases concerning the consummation of the transactions contemplated hereby, in form and substance to be mutually agreed. The Parties shall reasonably cooperate in matters relating to the content and timing of public announcements and other public disclosures (other than required filings and other required public statements or testimony before regulatory authorities) relating to this Agreement or the transactions contemplated hereby.

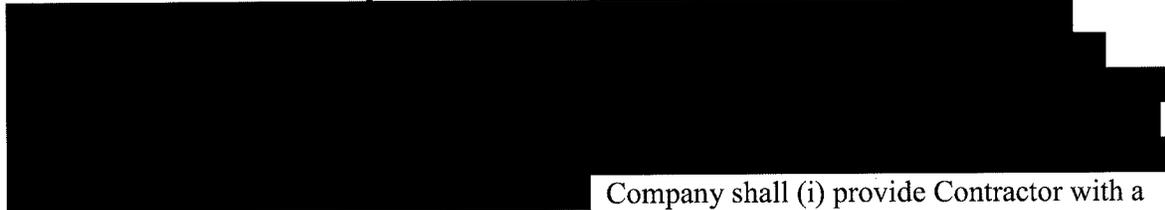
3.11 Taxes.

3.11.1 Any Transfer Taxes incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by Contractor and Company in equal proportions. Contractor and Company will file, to the extent required by applicable Law, all necessary Tax

Returns and other documentation with respect to any such Transfer Taxes, and, if required by applicable Law, will each join in the execution of any such Tax Returns or other documentation. The Parties shall use commercially reasonable efforts to comply with all requirements and secure applicable sales tax exemptions for the transactions contemplated by this Agreement.

3.11.2 The Parties acknowledge, agree, and intend, as a result of the agreements and arrangements set forth in this Agreement and the Ancillary Agreements, as follows for all Tax purposes: (a) Company shall have retained ownership and use of all of its assets and shall not have transferred ownership of the NRC-Licensed Site or any other of its assets to Contractor or any of its Affiliates (whether by application of Section 7701(e) of the Code or otherwise) except for the Assets transferred to Buyer pursuant to the SNF PSA; (b) Company shall be treated as the owner of the NDF, and the NDF shall be the owner of the assets held in the IOI Decommissioning Subaccount, as well as any proceeds held or earned therein unless, until, and to the extent such proceeds are paid to Contractor or any of its Affiliates in payment of services performed, and obligations discharged, by Contractor or any of its Affiliates pursuant to this Agreement and the Amended and Restated NDF Agreement; and (c) the rights and obligations of Company, Contractor and any of its Affiliates set forth in this Agreement and the Ancillary Agreements shall be respected (after the application of Section 7701(e) of the Code and other relevant Tax ownership principles) as representing only an arrangement whereby Contractor and its Affiliates will perform Decommissioning and other services for Company on Company's behalf in exchange for disbursements of cash consideration from the IOI Decommissioning Subaccount within the NDF as a fixed price fee for these services equal to the Agreed Amount, with such Agreed Amount to be paid in portions periodically to Contractor when the services necessary to discharge the Decommissioning liabilities are performed in accordance with the terms of this Agreement. The Parties hereto, as well as their Affiliates, shall prepare all applicable Tax books, records, and filings, and otherwise act, in a manner consistent with this Section 3.11.2, unless otherwise required by Law.

3.11.3 Promptly following the Contract Date, Company shall use commercially reasonable efforts to obtain a private letter ruling (the "PLR") from the IRS regarding

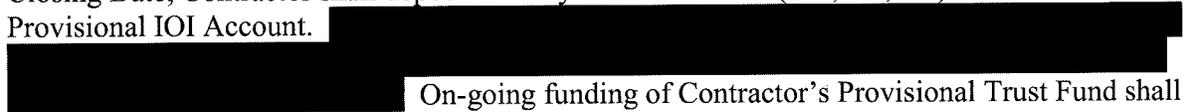


Company shall (i) provide Contractor with a draft of the PLR prior to filing (and allow Contractor a reasonable opportunity to review and comment); (ii) notify Contractor once the PLR is submitted, and promptly provide Contractor with a copy of the PLR request as submitted to the IRS; and (iii) notify Contractor once the final response is received from the IRS, and promptly provide Contractor with a copy of the PLR issued by IRS.

3.12 NRC Commitments. Until the Closing, Company shall maintain and use the Assets in accordance with the NRC Commitments, the NRC License, applicable NRC regulations and policies and with applicable Laws, including Nuclear Laws.

3.13 Decommissioning. Contractor shall commit to the NRC and other applicable Governmental Authorities that Contractor will complete the Decommissioning of the CR-3 Facility and the Crystal River Site, and that it will complete all Decommissioning activities as contemplated under this Agreement in accordance with all Nuclear Laws and Environmental Laws, including applicable requirements of the Atomic Energy Act and the NRC’s rules, regulations, orders and guidance thereunder. Contractor shall, and shall cause the Parent Guarantors to, take commercially reasonable steps necessary to satisfy any requirements imposed by the NRC regarding decommissioning funds, in a manner sufficient to obtain NRC approval of the transfer of the NRC License from Company to Contractor. In the event that the NRC or other Governmental Authority reasonably requires Contractor to provide Decommissioning funding assurance, Contractor, the Parent Guarantors, or such other entity as shall be acceptable to the NRC, shall post a guaranty or other financial assurances or take such other action as is sufficient to satisfy such reasonable additional assurance requirement in such form as reasonably required by such Governmental Authority.

3.14 Contractor’s Provisional Trust. On or before the Closing Date, Contractor shall establish a separate trust fund, the “Contractor’s Provisional Trust Fund”, which shall: (a) be a trust, validly existing under the Laws of the Commonwealth of Pennsylvania with all requisite authority to conduct its affairs; (b) satisfy all requirements necessary for such trust to be treated as a “grantor trust” for federal and state income tax purposes pursuant to Sections 671-678 of the Code of which Contractor is the “grantor”; and (c) be in compliance in all material respects with all applicable Laws of the NRC and any other Governmental Authority. The Contractor’s Provisional Trust Fund shall be governed by a trust agreement in substantially in the form set forth in Exhibit G. Within such trust fund, the Contractor’s Provisional Trust Agreement shall establish a Provisional Milestone Account and a Provisional IOI Account. On or before the Closing Date, Contractor shall deposit Twenty Million Dollars (\$20,000,000) into the Provisional IOI Account.



On-going funding of Contractor’s Provisional Trust Fund shall be made in accordance with Section 6.14, and disbursements from the Provisional Milestone Account shall be made in accordance with Section 9.4.

3.15 ISFSI Decommissioning Trust. On or before the Closing Date, Buyer shall establish the ISFSI Decommissioning Trust. The ISFSI Decommissioning Trust shall be governed by a trust agreement in substantially in the form set forth in Exhibit M. On or before the Closing Date, Contractor shall provide financial assurance in a form and in an amount meeting the requirements of 10 CFR 70.32(e) to the ISFSI Decommissioning Trust. The ISFSI Decommissioning Trust shall be established to hold the financial assurance until Contractor achieves the End-State Conditions.

3.16 Appointment of Company Designee. On or before the Closing Date, Contractor shall have taken such actions as necessary to cause a person to be duly appointed to serve as an independent manager of Contractor, with such rights as set forth in and in accordance with the Amended and Restated LLC Agreement.

3.17 Pre-Closing Decommissioning Services. If Company and Contractor agree on any services related to the Decommissioning that will be performed by Contractor prior to the

Closing, the Parties shall enter into a Pre-Closing Decommissioning Services Contract that establishes the scope of such services, related deliverables and payments to be made to Contractor thereunder.

3.18 Administration of Security Screening. The Parties acknowledge and agree that, as of the Contract Date, the administration of security screening for the CR-3 Facility is performed by Duke Energy Nuclear Security Service, a centralized, nuclear fleet organization.

3.18.1 As promptly as practicable after the Contract Date, Company will modify the existing security processes such that all provisions of the CR-3 Facility security plan, including security screening, shall be solely and exclusively performed by Company employees assigned to the CR-3 Facility or contractors engaged to perform such functions for the CR-3 Facility.

3.18.2 On the Closing Date, Contractor shall adopt the approved CR-3 Facility security plan. On or before the Closing Date, Contractor will engage sufficient qualified personnel or enter into subcontracts as may be required for Contractor to perform all functions of the CR-3 Facility security plan adopted by Contractor, including security screening, physical security, training and qualification, and safeguards contingency plans.

ARTICLE 4 THE CLOSING OF THE SNF PSA

4.1 Closing. The consummation of the transactions as contemplated by the SNF PSA (the "Closing") shall be held within ten (10) Business Days after the date on which the last of the conditions precedent to Closing set forth in Sections 6.1 and 6.2 of the SNF PSA have been either satisfied or waived by the respective Party for whose benefit such conditions precedent exist (except with respect to those conditions which by their terms are to be satisfied at Closing), but in any event not after the termination of this Agreement pursuant to Article 5. The date on which the Closing occurs under the SNF PSA is referred to herein as the "Closing Date."

4.2 Deliveries by Company.

At the Closing, Company will deliver, or cause to be delivered, the following to Contractor:

4.2.1 the SNF PSA, duly executed and delivered by Company as Seller thereunder;

4.2.2 the PLR;

4.2.3 the other Ancillary Agreements to which Company is a party, duly executed and delivered by Company and such other Persons (other than Contractor, or any Parent Guarantor or other Affiliate of Contractor) as indicated therein, as applicable;

4.2.4 the First Amendment to DSA, duly executed and delivered by Company;

4.2.5 copies of any and all governmental and other third party consents, waivers or approvals obtained by Company with respect to the consummation of the transactions contemplated by this Agreement and the SNF PSA, including the Company's Required Regulatory Approvals obtained by Company;

4.2.6 the procedures to be maintained and implemented by Company in accordance with Attachment 14-B;

4.2.7 copies, certified by the Secretary or any Assistant Secretary of Company, of corporate resolutions authorizing the execution and delivery of this Agreement, the Ancillary Agreements and any other agreements and instruments to be executed and delivered by Company in connection herewith, and the consummation of the transactions contemplated hereby;

4.2.8 a certificate of the Secretary or any Assistant Secretary of Company identifying the name and title and bearing the signatures of the officers of Company authorized to execute and deliver this Agreement, the Ancillary Agreements and the other agreements and instruments contemplated hereby and thereby;

4.2.9 a certificate of good standing with respect to Company issued by the Secretary of State of the State of Florida no earlier than ten (10) days prior to the Closing Date; and

4.2.10 such other agreements, consents, documents, instruments and writings as are required to be delivered by Company at or prior to the Closing Date pursuant to this Agreement, the SNF PSA or the Ancillary Agreements or otherwise reasonably required in connection herewith or therewith.

4.3 Deliveries by Contractor and Buyer.

At the Closing, Contractor will deliver, or cause to be delivered, the following to Company:

4.3.1 the SNF PSA, duly executed by Buyer, and the consideration to be paid thereunder;

4.3.2 all of the Ancillary Agreements to which Contractor, Buyer or any Parent Guarantor is a party, duly executed and delivered, as applicable, by Contractor, Buyer, the Parent Guarantors, and such other Persons (other than Company) as indicated therein, as applicable;

4.3.3 the First Amendment to DSA, duly executed and delivered by Contractor and Buyer;

4.3.4 evidence of the required deposits having been made into the Contractor's Provisional Trust Fund;

4.3.5 evidence of financial assurance in a form and in an amount meeting the requirements of 10 CFR 70.32(e) having been provided to the ISFSI Decommissioning Trust;

4.3.6 certificates of insurance and such other evidence as reasonably acceptable to Company demonstrating that Contractor has obtained the insurance policy as described in Section 14.3;

4.3.7 the procedures to be maintained and implemented by Contractor in accordance with Attachment 14-B;

4.3.8 evidence that Contractor has engaged personnel to perform the security screening and other functions required under Contractor's security plan, or has engaged a subcontractor to perform such functions, in compliance with NRC regulations;

4.3.9 copies of any and all governmental and other third party consents, waivers or approvals obtained by Contractor with respect to the Closing, including the Contractor's Required Regulatory Approvals obtained by Contractor;

4.3.10 copies, certified by the Secretary or any Assistant Secretary of Contractor, Buyer and each Parent Guarantor, as applicable, of resolutions authorizing the execution and delivery of this Agreement, the Ancillary Agreements and any other agreements and instruments to be executed and delivered by Contractor, Buyer and each Parent Guarantor in connection herewith, and the consummation of the transactions contemplated hereby and thereby, including the adoption of the Amended and Restated LLC Agreement, and appointment of Company's designee (as identified in Section 3.16) to the governing board of Contractor;

4.3.11 a certificate of the Secretary or any Assistant Secretary of Contractor, Buyer and each Parent Guarantor, as applicable, identifying the name and title and bearing the signatures of the officers of Contractor and such Parent Guarantor authorized to execute and deliver this Agreement, the Ancillary Agreements and the other agreements and instruments contemplated hereby;

4.3.12 certificates of good standing with respect to each of Contractor and Buyer issued by the Secretary of State of the State of Delaware no earlier than ten (10) days prior to the Closing Date;

4.3.13 a copy of the certificate of authority or qualification of Contractor to do business in the State of Florida, issued by the Secretary of State of the State of Florida no earlier than ten (10) days prior to the Closing Date;

4.3.14 a copy of Contractor's license to perform contractor services as issued by the State of Florida and evidence reasonably satisfactory to Company that such license is in full force and effect dated no earlier than ten (10) days prior to the Closing Date;

4.3.15 a certificate of good standing of each Parent Guarantor issued by the Secretary of State of the State of Delaware, no earlier than ten (10) days prior to the Closing Date;

4.3.16 (a) a copy of the actual compliance calculation of NorthStar Group Services, Inc. with respect to the financial covenants under its long-term debt agreements showing that NorthStar Group Services, Inc. satisfies such financial covenants as of such date, as

certified by the chief financial officer of NorthStar Group Services, Inc.; (b) a copy of NorthStar Group Services, Inc.'s most recent audited or reviewed financial statements underlying such calculations of such financial covenants, as certified by the chief financial officer of NorthStar Group Services, Inc.; and (c) a certification by the chief financial officer of NorthStar Group Services, Inc. that such entity is not in a position where it is unable to renew any credit facility to which it is a party by reason of NorthStar Group Services, Inc.'s financial condition;

4.3.17 all such other instruments of assumption as shall, in the reasonable opinion of Company and its counsel, be necessary for Buyer to assume the Assumed Liabilities in accordance with the SNF PSA;

4.3.18 a legal opinion from Pillsbury Winthrop Shaw Pittman LLP, addressed to Company to the effect set forth in Exhibit L and otherwise in form and substance reasonably satisfactory to Company; and

4.3.19 such other agreements, documents, instruments and writings as are required to be delivered by Contractor, Buyer or any Parent Guarantor at or prior to the Closing Date pursuant to this Agreement or the Ancillary Agreements or otherwise reasonably required in connection herewith or therewith.

ARTICLE 5 TERMINATION

5.1 Termination. This Agreement may be terminated at any time prior to the Closing Date as follows:

5.1.1 By mutual written consent of Company and Contractor;

5.1.2 By Company or Contractor if: (a) any federal or state court of competent jurisdiction shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, and such order, judgment or decree shall have become final and non-appealable; or (b) any statute, rule, order or regulation shall have been enacted or issued by any Governmental Authority which, directly or indirectly, prohibits the consummation of the Closing, unless the Party seeking to terminate is responsible for the imposition of the prohibition;

5.1.3 By Company or Contractor if any Contractor's Required Regulatory Approval or Company's Required Regulatory Approval has been denied and is non-appealable, or Contractor or Company, as applicable, elects not to appeal, or in the case of the PLR, Company is unable to obtain a PLR confirming the items described in Section 3.11.3;

5.1.4 By Company or Contractor if Closing does not occur within three (3) months following receipt of the last of the Contractor's Required Regulatory Approvals and the Company's Required Regulatory Approvals, unless the Party seeking to terminate is responsible for any failure to meet any condition to Closing;

5.1.5 By Company or Contractor if the Parties have not agreed on revisions to Attachment 2, Attachment 7 and a final form of the First Amendment to DSA on or before the Closing Date;

5.1.6 By Company or Contractor if Closing does not occur within two (2) years following the Contract Date (the “Termination Date”), unless the Party seeking to terminate is responsible for any failure to meet any condition to Closing; provided that the foregoing shall not apply to diminish or limit Contractor’s or Company’s respective right to terminate this Agreement pursuant to Section 5.1.4;

5.1.7 By Contractor if there has been a material violation or breach by Company of any applicable covenant, representation or warranty contained in this Agreement or the SNF PSA, and such violation or breach (a) is not cured by the earlier of the Closing Date or thirty (30) days after receipt by Company of written notice specifying particularly such violation or breach (provided that in the event Company is attempting to cure the violation or breach in good faith, then Contractor may not terminate pursuant to this provision unless the violation or breach is not cured within thirty (30) days after all other conditions precedent to Closing set forth in Article 6 of the SNF PSA have been either satisfied or waived); and (b) such violation or breach has not been waived by Contractor; provided that the foregoing shall not apply to diminish or limit Contractor’s or Company’s respective right to terminate this Agreement pursuant to Section 5.1.4 or 5.1.6;

5.1.8 By Company if there has been a material violation or breach by Contractor of any covenant, representation or warranty contained in this Agreement and such violation or breach (a) is not cured by the earlier of the Closing Date or thirty (30) days after receipt by Contractor of written notice specifying particularly such violation or breach (provided that in the event Contractor, as the case may be, is attempting to cure the violation or breach in good faith, then Company may not terminate pursuant to this provision unless the violation or breach is not cured within thirty (30) days after all other conditions precedent to Closing set forth in Article 6 of the SNF PSA have been either satisfied or waived); and (b) such violation or breach has not been waived by Company; provided that the foregoing shall not apply to diminish or limit Contractor’s or Company’s respective right to terminate this Agreement pursuant to Section 5.1.4 or 5.1.6.

5.1.9 By Company if, at any time up to or prior to Closing:

(a) the financial condition of NorthStar Group Services, Inc. or NorthStar Group Holdings, LLC causes it to be (i) out of compliance with the covenants of its long-term debt agreements or other similar scenarios that would force a non-discretionary acceleration of debt service payments beyond the level deemed “current” in the most recent audited financial statements of NorthStar Group Services, Inc. or NorthStar Group Holdings, LLC, as applicable, notwithstanding any waiver by the lender(s) for being out of compliance; or (ii) unable to renew any credit facility; and

(b) the senior unsecured debt rating or long-term issuer rating of Orano SA falls below “BB-” by S&P Global Ratings or its successor.

Notwithstanding anything to the contrary herein, (a) if Contractor is in material breach of any agreement, covenant, representation or warranty in this Agreement, then Contractor may not exercise any right it may otherwise have under this Section 5.1 to elect to terminate this Agreement until such material breach has been cured, and (b) if Company is in

material breach of any agreement, covenant, representation or warranty in this Agreement, then Company may not exercise any right it may otherwise have under this Section 5.1 to elect to terminate this Agreement until such material breach has been cured; provided that the foregoing shall not apply to diminish or limit Contractor's or Company's respective right to terminate this Agreement pursuant to Section 5.1.4 or 5.1.6.

5.1.10 Effect of Termination. In the event of a termination of this Agreement by Company or Contractor pursuant to Section 5.1, written notice thereof shall promptly be given by the terminating Party to the other Party, and this Agreement shall immediately become void and neither Party shall thereafter have any further liability hereunder to the other Parties; provided, however, that nothing in this Agreement shall relieve a Party from liability for any willful breach of or willful failure to perform under this Agreement.

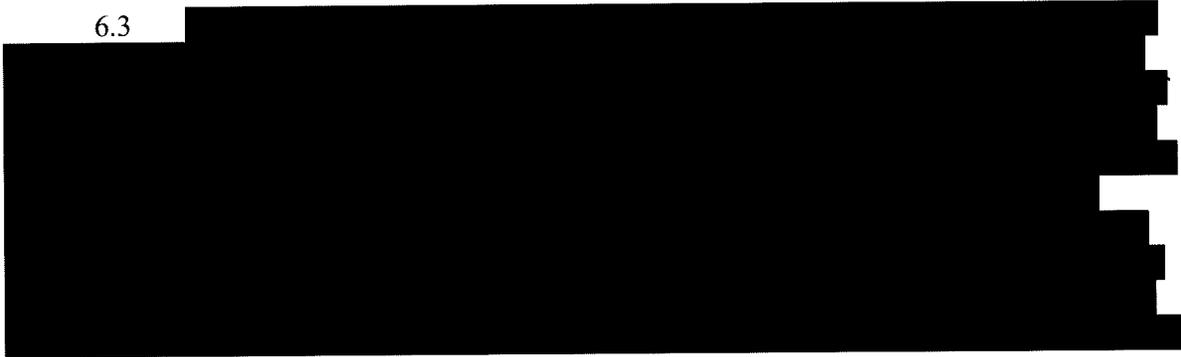
ARTICLE 6
CONTRACTOR'S AND BUYER'S POST-CLOSING RIGHTS, OBLIGATIONS AND RESPONSIBILITIES

6.1 Authority for Operations; Limitations. Contractor shall possess, maintain and Decommission the CR-3 Facility and NRC-Licensed Site, and shall control all activities at the NRC-Licensed Site as permitted and required by, and subject to the provisions and limitations set forth in, this Agreement, including Section 8.6. In carrying out its responsibilities, Contractor shall have the authority, in accordance with this Agreement and in compliance with NRC regulations and the requirements of applicable Laws, to take any and all action necessary or desirable to obtain and maintain in effect the NRC License and Contractor Permits relating to the NRC-Licensed Site that are necessary to effectuate the Decommissioning and amendment and termination of the NRC License as contemplated by this Agreement, and to enter into agreements and make other commitments necessary or desirable to carry out its responsibility to accomplish Decommissioning of the NRC-Licensed Site and achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions. Contractor shall have the sole authority to make all decisions necessary for NRC licensed activities at the NRC-Licensed Site, including Decommissioning and to protect the public health and safety as required by the NRC License.

6.2 Decommissioning. Contractor shall perform the Decommissioning and other work required under this Agreement in accordance with the Project Specifications, the Project Schedule, all applicable Laws, the applicable Permits and Good Utility Practices, and shall complete Milestone One by the Target Completion Date. Without limiting the generality of the foregoing, Buyer and Contractor shall be solely responsible for the operation and maintenance of the ISFSI, including providing NRC-mandated security, at all times from the Closing Date until achievement of the End-State Conditions. With respect to the majority of the Decommissioning work, Contractor will enter into fixed price subcontracts with an Affiliate of NorthStar Group Services, Inc., and an Affiliate of Orano USA LLC, and expects to enter into fixed price subcontracts with specialty trade subcontractors. With respect to each fixed price subcontract, Contractor will obtain payment and performance bonds or similar guaranties in the amount of the fixed price work covered by that fixed price subcontract; provided, however, because a small portion of the work covered by certain fixed price subcontracts with specialty trade subcontractors may not be bonded, Contractor will use commercially reasonable efforts to obtain bonds from subcontractors covering an aggregate of [REDACTED] of the value of the

work covered by fixed price subcontracts. Contractor anticipates that that it will enter into a unit price subcontract with Waste Control Specialists, LLC for waste disposal services; provided, however, in the event that Contractor is able to obtain a fixed price subcontract, Waste Control Specialists, LLC shall post a payment and performance bond that complies with the requirements of this Section 6.2. Each payment and performance bond shall be issued by surety issuer(s) with a credit rating of A-VII or higher.

6.3



6.4 Security. From and after the Closing Date, Contractor shall be responsible for the provision of security and access control for all NRC-mandated security and access control at the NRC-Licensed Site in accordance with applicable Laws; provided, however, Company shall be responsible for all other security and access control at the Crystal River Site. Contractor shall implement access control and security programs with respect to the CR-3 Facility and the ISFSI and Exclusion Area to be adhered to and followed during performance of Contractor’s obligations under this Agreement.

6.5 Safety. Contractor shall prepare safety and environmental policies and procedures (“Contractor’s Safety Plan”) for the performance of the Decommissioning in compliance with all applicable Laws, including health and safety and Environmental Laws, which shall apply to all activities and aspects of the Decommissioning at the CR-3 Facility, but shall not apply to the Excluded Facilities or the other portions of the NRC-Licensed Site. Company’s EH&S Site Requirements shall apply to the Excluded Facilities and the NRC-Licensed Site other than the CR-3 Facility.

6.6 Decommissioning in Compliance with Laws. Contractor shall, at its expense, in compliance with NRC regulations and the requirements of applicable Law, perform all Decommissioning work at the NRC-Licensed Site required to complete Milestone One and achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions. The NRC-Licensed Site (including the Excluded Facilities) shall be radiologically released upon meeting applicable NRC requirements, in a manner consistent with NRC MARSSIM guidance, and any other applicable Laws, subject to any rights of Contractor to employ regulatory processes or litigation to challenge or modify any standards, including work practices, more stringent and preempted by those adopted by the NRC. Contractor shall promptly provide Company with copies of any reports to the NRC on the adequacy of Decommissioning financial assurance provided by Contractor or Buyer, or NRC notices or requests for additional information on the conduct of the Decommissioning or Contractor’s or Buyer’s compliance with NRC requirements or Nuclear Laws.

6.7 Project Schedule. As of the Contract Date, the Parties have agreed on the Project Schedule for the performance of the Decommissioning as set forth in Attachment 2, subject to modification as agreed to by the Parties pursuant to the First Amendment to DSA; provided, however, that the scheduled date of Milestone One shall only be subject to change to the same extent (day for day) of the change in the scheduled Closing Date if the actual Closing Date is other than March 31, 2020, whether earlier or later. Following the Closing Date, Contractor shall prepare and provide Company on at least a quarterly basis an updated Project Schedule prepared using critical path methodology, that fully integrates schedules for performance of any of the Decommissioning activities by any subcontractors, suppliers or vendors, and is sufficiently detailed to show the progress of the Decommissioning. The Project Schedule shall, among other things, show the scheduled date for completion of the [REDACTED] and completion of Milestone One, compared to the Target Completion Date, achievement of the ISFSI-Only Interim End-State Conditions, and the then-projected date for achievement of the End-State Conditions, giving effect to any extension of the schedule for such work by reason of the occurrence of any Schedule Extension Conditions. If the Project Schedule does not project that Contractor will complete Milestone One on or before the Target Completion Date, Contractor shall also provide its written plans to address any projected failure to meet the Target Completion Date.

6.8 Removal of Improvements; Site Restoration. Contractor shall only construct structures or install any equipment on the NRC-Licensed Site as reasonably necessary for Contractor to perform its obligations under this Agreement and in compliance with Company's EH&S Site Requirements. Contractor shall coordinate with the CREC Committee prior to the construction or installation of any such structure or equipment. Within sixty (60) days after the date that the ISFSI-Only Interim End-State Conditions are achieved, Contractor shall remove all of its personnel, all rubbish generated by Contractor prior to such date, and all structures that it has constructed or equipment that it has installed on the NRC-Licensed Site except as necessary for Contractor to carry out NRC licensed activities and complete Decommissioning and achieve the End-State Conditions. Once the End-State Conditions are achieved, Contractor shall, at its expense, remove all of its personnel, all rubbish generated by Contractor during the performance of its obligations hereunder, and all structures that it has constructed or equipment that it has installed and that is located at the NRC-Licensed Site.

6.9 Covenant Against Liens. Contractor shall not cause or permit any right of retention, mortgage, pledge, assessment, security interest, lease, advance claim, levy, claim, lien, charge or encumbrance, including any mechanic's or materialman's lien (each, a "Contractor Lien"), to be asserted against any part of the Crystal River Site or any other property of Company or any of its Affiliates, as a result of any act or omission of Contractor, its agents, contractors and employees. In the event any such Contractor Lien is filed, Contractor will within fifteen (15) days after receiving written notice thereof, cause such Contractor Lien to be discharged or released in accordance with the Laws of the State of Florida. In the event such Contractor Lien is not timely released or discharged, Company, at its sole option and in addition to any of its other rights and remedies, may obtain the release or discharge of same, and Contractor shall promptly upon notice thereof reimburse Company for the cost of obtain the release or discharge of such Contractor Lien. Contractor shall indemnify, defend and hold harmless Company from and against any and all Contractor Liens arising out of or in any way connected with Contractor's use and occupancy of the NRC-Licensed Site or the performance of its obligations hereunder. Without limiting the generality of the foregoing, Contractor shall, to

the fullest extent permitted by Law, cause all contractors, subcontractors, material suppliers, service providers, and other vendors performing work or providing materials or services with respect to the NRC-Licensed Site with a value in excess of [REDACTED] on behalf of Contractor to provide lien waivers to Company reasonably satisfactory to Company, and Contractor shall, unless unconditional lien waivers have been provided, provide evidence of payment of amounts noted as due under such lien waivers. Contractor's obligations under this Section 6.9 shall be subject to Company's compliance with its obligations pursuant to Article 9.

6.10 Maintenance of Records. Contractor shall maintain all CR-3 Facility records required to be maintained and held by the licensee of the NRC-Licensed Site until the completion of the End-State Conditions and the completion of performance of all work required to be performed by Contractor under this Agreement. Such records shall be considered Business Books and Records for purposes of this Agreement.

6.11 Diverse Suppliers. Contractor shall adopt and utilize a subcontracting plan to use commercially reasonable efforts to: (a) use subcontractors who meet the description of at least one of the categories of diverse suppliers set forth at <http://www.duke-energy.com/suppliers/supplier-diversity-definitions.asp> ("Diverse Suppliers"); and (b) use Local Suppliers. Contractor shall: (i) use commercially reasonable efforts to utilize Diverse Suppliers and Local Suppliers; and (ii) provide a quarterly status report to Company in Company's Power Advocate reporting tool and in a format reasonably acceptable to Company containing Contractor's Diverse Supplier and Local Supplier spend. Company's designated auditors shall have the right of access in accordance with Section 9.9 to inspect Contractor's records related to compliance with this Section 6.11.

6.12 Reporting; Walk-downs; Compliance Meetings.

6.12.1 Contractor shall provide Company with all reports and notifications required by and in accordance with Attachment 9.

6.12.2 Subject to compliance with Contractor's Safety Plan, Company shall have the right to review and walk-down the Decommissioning work from time to time; provided that such walk-downs do not interfere with or impede the progress of the Decommissioning work. Contractor shall also, within three (3) Business Days after a request by Company, but no more than once in a month, walk-down the progress of the Decommissioning work with Company or its designee, answering questions and allowing Company or its designee to inspect any aspect of the work, subject to compliance of such Persons with Contractor's Safety Plan; provided that Contractor shall also walk-down the progress of the Decommissioning work with Company or its designee as described above more frequently than monthly if requested by Company in connection with unresolved disputed costs.

6.12.3 At Company's request, Contractor shall meet with Company to discuss any concerns with the performance of the Decommissioning work, including Contractor's performance of its obligations under this Article 6 and pursuant to Article 8, regardless of whether there has been a Contractor Event of Default or not. If the Parties are not able to resolve such concerns in a mutually satisfactory manner following discussion by the Project managers of Contractor and Company, either Party may escalate such concerns for resolution by executives of

each Party who has authority to resolve such concerns and who is at a higher level of management than such Party's representative that participated in the initial meetings and discussions of the Parties with respect to such issues by submitting the same to executive management, who shall then meet within fifteen (15) Business Days to further attempt to resolve such concerns.

6.13 Claims Under the Spent Fuel Disposal Contract. In no event shall this Agreement affect or impact in any way Company's claims under the Spent Fuel Disposal Contract that are Excluded Assets, and Company shall pay for and be entitled exclusively to control, defend and settle any litigation, administrative or regulatory proceeding under the Spent Fuel Disposal Contract against the U.S. Government, including claims for damages for breach of the Nuclear Waste Policy Act and the Spent Fuel Disposal Contract for any period prior to the Closing Date. Buyer shall pay for and be entitled exclusively to control, defend and settle any litigation, administrative or regulatory proceeding under the Spent Fuel Disposal Contract against the U.S. Government, including claims for damages for breach of the Nuclear Waste Policy Act and the Spent Fuel Disposal Contract for the period from and after the Closing Date.

6.14 Contractor's Provisional Trust Fund. From and after the Closing, Company shall direct payment of an amount equal to six percent (6%) of each disbursement requested from the IOI Decommissioning Subaccount pursuant to Section 9.3 into the Provisional Milestone Account in Contractor's Provisional Trust Fund, until the date on which amounts held in the Provisional Milestone Account are equal to Thirty Million Dollars (\$30,000,000). Any earnings on the Twenty Million Dollars (\$20,000,000) in the Provisional IOI Account shall also be deposited into the Provisional Milestone Account.

[REDACTED] when the aggregate amount on deposit in the Contractor's Provisional Trust Fund (including the Provisional IOI Account and the Provisional Milestone Account) equals Fifty Million Dollars (\$50,000,000). Contractor shall maintain and shall continue to fund the Contractor's Provisional Trust Fund in accordance with this Section 6.14 and (a) shall maintain and fund the Provisional Milestone Account until Milestone One is completed; and (b) shall maintain and fund the Provisional IOI Account until the ISFSI-Only Interim End-State Conditions are achieved. Disbursements from the Contractor's Provisional Trust Fund shall be made in accordance with Section 9.5. Contractor shall provide Company with quarterly statements from the trustee of the Contractor's Provisional Trust Fund throughout the term of this Agreement until the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6.

6.15 Amended and Restated LLC Agreement. Contractor shall not amend or modify the Amended and Restated LLC Agreement, and shall not transfer any equity interest in Contractor, without the prior written consent of Company (which may be withheld or denied in Company's sole discretion). Until the date on which the End-State Conditions are achieved, at Company's request to replace Company's designated member of the governing body, Contractor shall take any actions necessary to appoint Company's designated replacement serve as an independent manager of Contractor. During any period in which a Company designee is serving as an independent manager of Contractor, Contractor shall, to the maximum extent permitted by applicable Law, indemnify and save harmless such independent manager, and their respective

Affiliates, officers, employees and agents from all liabilities, expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any proceeding arising out of or as a result of any event or occurrence related to the fact that such Person is or was serving as an independent manager of Contractor, in accordance with the Amended and Restated LLC Agreement.

6.16 Parent Guaranties and Parent Support Agreements. Contractor shall cause the Parent Guarantors to maintain the Parent Guaranties and the Parent Support Agreements in full force and effect in accordance with their respective terms. Contractor shall not allow the Parent Guarantors to amend or modify the Parent Guaranties, and Contractor shall not, and shall not allow the Parent Guarantors to, amend or modify the Parent Support Agreements, without the prior written consent of Company, which Company may grant or withhold in its sole discretion.

6.17 Utilities and Site Maintenance Services. Contractor, at its own expense, shall arrange with the appropriate utility companies and service providers for the provision to the CR-3 Facility of water, sewer, trash collection, electricity, telephone, vegetation control, access control and similar utility and site maintenance services reasonably required for the performance of Contractor's obligations under this Agreement.

6.18 Intent of Agreement. The Parties acknowledge that pursuant to, and subject to, the specific provisions of this Agreement: (a) Contractor is assuming all responsibility for the Decommissioning of the CR-3 Facility, including the ISFSI, and the NRC-Licensed Site; (b) Company remains the NRC owner licensee for the site and retains liability for Decommissioning of the CR-3 Facility and the NRC-Licensed Site, which it has engaged Contractor to discharge through Decommissioning services rendered on Company's behalf as Company's agent pursuant to the terms of this Agreement; and (c) Contractor shall Decommission the CR-3 Facility and the NRC-Licensed Site in compliance with all applicable Laws, the NRC License and the Permits, in exchange for payment of the Agreed Amount in accordance with Article 9.

6.19 Third Party Contracts. Contractor will cause each party to any agreement with Contractor to covenant and agree that such party shall not institute, or join any other Person in instituting, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any other proceeding under the Bankruptcy Code, against Contractor.

6.20 SNF Services Agreement. Contractor and Buyer shall each perform their respective obligations under the SNF Services Agreement and shall maintain the SNF Services Agreement in full force and effect until all of the End-State Conditions have been achieved. Buyer shall not institute, or join any other Person in instituting, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or any other proceeding under the Bankruptcy Code, against Contractor.

6.21 Property Taxes. In accordance with the SNF PSA, Contractor shall be responsible to pay any Taxes assessed with respect to the ISFSI Assets. To the extent that any Taxes are imposed on Company, or Company is assessed any Taxes, with respect to the ISFSI or the ISFSI Assets, Company shall invoice Contractor, and Contractor shall within thirty (30) days after receipt of such invoice pay to Company, the amount of any such Taxes, and Company shall pay

such Taxes to the applicable Governmental Authority. Contractor shall be responsible to pay any fines or penalties assessed against Company for late or overdue payments of such Taxes to the extent that Contractor does not make payments to Company when due pursuant to this Section 6.21.

6.22 Financial Statements. From and after the Closing, until the Parent Guaranties have expired in accordance with their terms, Contractor shall deliver to Company:

6.22.1 As soon as available and in any event: (a) within sixty (60) days after the end of the first six months of each fiscal year of Orano SA, a copy of Orano SA's unaudited consolidated balance sheet and the related unaudited consolidated statement of income as of the end of such six months, prepared in accordance with international financial reporting standards, subject to the absence of footnotes and to year-end audit adjustments; and (b) within one hundred twenty (120) days after the end of each fiscal year of Orano SA, an audited copy of Orano SA's consolidated balance sheet as of the last day of such fiscal year and the related audited consolidated statements of income, cash flows, and notes to such consolidated financial statements of Orano SA for such fiscal year, prepared in accordance with international financial reporting standards, together with an opinion of certified public accountants of recognized national standing; provided that Contractor's delivery requirement in the case of the documents to be delivered under this Section 6.22.1 may be satisfied by Orano SA's making such documents available to the public online at the following URL (or a successor URL): www.orano.group/en/finance/publications-and-regulated-information.

6.22.2 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Northstar Group Services, Inc., a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the end of such quarter and the related unaudited consolidated statement of income and cash flow statement of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last day of such quarter, in each case prepared in accordance with generally accepted accounting principles, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

6.22.3 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of NorthStar Group Services, Inc., a Delaware corporation, an audited copy of the consolidated balance sheet of such Parent Guarantor as of the last day of such fiscal year and the related audited consolidated statements of income, retained earnings, cash flows, and notes to consolidated financial statements of such Parent Guarantor for such fiscal year, together with an opinion of certified public accountants of recognized national standing.

6.22.4 As soon as available and in any event within sixty (60) days after the end of each of the first three quarters of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the end of such quarter and the related unaudited consolidated statement of income of such Parent Guarantor for the portion of the fiscal year of such Parent Guarantor ending on the last

day of such quarter, in each case prepared in accordance with international financial reporting standards, subject to the absence of footnotes and to year-end audit adjustments, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

6.22.5 As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of Orano USA LLC, a Delaware limited liability company, a copy of such Parent Guarantor's unaudited consolidated balance sheet as of the last day of such fiscal year and the related unaudited consolidated statements of income of such Parent Guarantor for such fiscal year, prepared in accordance with international financial reporting standards, subject to the absence of footnotes, together with a certificate of the chief financial officer of such Parent Guarantor to the effect that such financial statements fairly present the consolidated financial condition of such Parent Guarantor as of the date thereof and results of operations for the period then ended.

ARTICLE 7

COMPANY'S POST-CLOSING RIGHTS, OBLIGATIONS AND RESPONSIBILITIES

7.1 Company Access. Consistent with Section 8.6 and in accordance with Section 8.6.3, Company shall have access to the NRC-Licensed Site, subject to the requirements of the NRC License, Contractor's security obligations hereunder, and Contractor's Safety Plan, for purposes of Company's continued ownership and operation of the Excluded Facilities.

7.2 Department of Energy Decommissioning and Decontamination Fees. Company will continue to pay all Department of Energy Decommissioning and Decontamination Fees relating to Spent Nuclear Fuel purchased and consumed at CR-3 prior to the Closing Date, including all annual Special Assessment invoices (if any) to be issued after the Closing Date by the Department of Energy, as contemplated by its regulations at 10 C.F.R. Part 766 implementing Sections 1801, 1802, and 1803 of the Atomic Energy Act.

7.3 Cooperation for Claims Under Standard Contract. Company shall reasonably cooperate with Contractor at Contractor's reasonable cost with regard to any future litigation, settlement efforts or other claims that Contractor may pursue against the U.S. Government for damages for breach of the Nuclear Waste Policy Act and the Spent Fuel Disposal Contract in accordance with Section 6.13.

ARTICLE 8

RIGHTS, OBLIGATIONS AND RESPONSIBILITIES OF BOTH PARTIES

8.1 Compliance with Laws and Permits. Each Party shall conduct its operations on and adjacent to the NRC-Licensed Site in compliance with all Laws, including Environmental Laws, and Permits applicable to that Party, and neither (a) Company nor (b) Contractor shall use, bring, transport, store, keep or cause or allow the discharge or spill (or allow a threatened discharge or spill) of any Hazardous Substances in, on, under or from the NRC-Licensed Site or the areas adjacent thereto (including, without limitation, the switchyard) in violation of Environmental Law. Each Party shall immediately notify the other in writing upon obtaining

Knowledge of any material violation of any applicable Laws relating to the NRC-Licensed Site or upon receiving any written notice, correspondence, written demand or written communication from any Governmental Authority alleging a material violation of any Laws or Permits relating to the NRC-Licensed Site.

8.2 Permits.

8.2.1 Contractor shall obtain and maintain the Environmental Permits as described in Attachment 14-A, and shall obtain and maintain any and all other non-Environmental Permits required to perform the Decommissioning work.

8.2.2 Company shall obtain and maintain all of the Company Permits to be obtained or maintained by Company as described in Attachment 14-A. Notwithstanding anything to the contrary in Attachment 14-A, Company shall have the right from time to time to elect to maintain or to close out any of the Company Permits; provided, however, that to the extent such Company Permit is required for Contractor to perform the Decommissioning work, Company shall first notify Contractor, and if such Permit is transferable, shall reasonably cooperate with Contractor in its efforts to transfer such Permit to Contractor.

8.2.3 Contractor shall cooperate with and shall provide reasonable assistance to Company in obtaining and maintaining the Company Permits. Contractor shall appoint a Person to coordinate with Company and to serve as a single point of contact with Contractor with respect to all such matters. Contractor shall provide data and other information reasonably available to Contractor that is requested by Company and required for any applications for the Company Permits and any amendments to such Permits that may become necessary during the performance of Contractor's obligations under this Agreement, and shall notify Company of any violations of any Company Permits by Contractor or any Person performing any of the Decommissioning on its behalf. Contractor understands that the Company Permits may require further approvals or authorizations for the performance of Contractor's obligations under this Agreement and that Company's ability to obtain and maintain such Permits and further approvals or authorizations may be in part dependent on Contractor's assistance and cooperation.

8.2.4 Company shall cooperate with and shall provide reasonable assistance to Contractor in obtaining the Contractor Permits. Company shall appoint a Person to coordinate with Contractor and to serve as a single point of contact with Company with respect to all such matters. Company shall provide data and other information reasonably available to Company that is requested by Contractor and required for any applications for the Contractor Permits and any amendments to such Permits that may become necessary during the performance of Contractor's obligations under this Agreement. Company understands that the Contractor Permits may require further approvals or authorizations for the performance of Contractor's obligations under this Agreement and that Contractor's ability to obtain and maintain such Permits and further approvals or authorizations may be in part dependent on Company's assistance and cooperation. Company's reasonable assistance shall not include or require Company to identify the Permits necessary for Contractor's activities, or Company's agreement to modify any of the provisions in any of Company's permits for the Excluded Facilities.

8.2.5 In the event that a Permit is subsequently identified as being required for the performance of Contractor's obligations under this Agreement and such Permit is not included in the Environmental Permits set forth in Attachment 14-A, Contractor or Company, as applicable, shall promptly, after it becomes aware of the need for such Permit, notify the other Party that such Permit is required. Unless such Permit may only be obtained by Company, or Company notifies Contractor in writing that Company elects to obtain such Permit (in which case such Permit shall be a Company Permit for the purpose of this Agreement), Contractor shall obtain and maintain the Permit and such Permit shall be a Contractor Permit for the purposes of this Agreement.

8.2.6 The Parties shall comply with the terms and conditions of Attachment 14-B with respect to the protection of sea turtle species at the intake area of the Crystal River Energy Complex.

8.3 Release of any Hazardous Substance. Each Party shall provide the other with telephonic or electronic notice within twenty-four (24) hours of obtaining knowledge of any Release of any Hazardous Substances or Nuclear Material on, in or under the NRC-Licensed Site in violation of Environmental Laws or Nuclear Laws or that requires reporting under Environmental Laws or Nuclear Laws. Contractor shall be responsible for making any required reports to Governmental Authorities of the Release of Hazardous Substances or Nuclear Material arising from or caused by Contractor's Decommissioning or Contractor's acts or omissions at the NRC-Licensed Site. If, after a Party provides the other with telephonic or electronic notice of a Release of any Hazardous Substances or Nuclear Material, there is a material delay in or a disagreement in determining which Party is responsible for making a required report to Governmental Authorities that either Party believes in good faith might result in a violation of Environmental Laws, either Party may make any required reports. The notifying Party shall provide the other Party with copies of any and all reports concerning such a Release, including the reports on investigation and Remediation of the Release and any final reports to or approvals from Governmental Authorities relating to the Release or its Remediation.

8.4 Protection of Wetlands. The Parties shall comply with and observe all applicable Laws related to the use and protection of wetlands. Contractor shall not change the physical characteristics of any wetland areas located on the Crystal River Site or any adjoining land, without in each instance obtaining Company's prior written consent (which may be granted or withheld in Company's sole discretion), and then only in compliance with all applicable Permits and all applicable Laws.

8.5 Condemnation.

8.5.1 If the entire NRC-Licensed Site, or the use or occupancy thereof, shall be permanently taken or condemned by any Governmental Authority or quasi-Governmental Authority for any public or quasi-public use or purpose or sold under threat of such a taking or condemnation (collectively, "Condemned") so as to render Contractor unable to perform its obligations with respect to the entire NRC-Licensed Site, then Contractor's obligations under this Agreement will terminate on the day prior to the date that Contractor is required to cease performance of such obligations, except that Contractor will remain entitled to compensation for all [REDACTED] completed before the date of termination. If less than the entire NRC-Licensed Site

is permanently Condemned, and such partial Condemnation renders Contractor unable to perform its obligations with respect to a portion of the NRC-Licensed Site, then this Agreement shall continue in full force and effect with respect to the portion of the NRC-Licensed Site that Contractor is able to continue Decommissioning, and Contractor shall prepare a revised [REDACTED] for Company's review and approval for the Decommissioning that Contractor is able to continue performing. If all or any portion of the NRC-Licensed Site is permanently Condemned and such Condemnation does not render Contractor unable to perform all of its obligations or delay the performance of such obligations, then this Agreement shall remain in full force and effect. If and to the extent that any such Condemnation prevents or delays performance of Contractor's obligations with respect to the NRC-Licensed Site or any portion of the NRC-Licensed Site, such Condemnation shall be deemed a Force Majeure condition with respect to the portion of the NRC-Licensed Site affected by such Condemnation. For purposes of this section, the NRC-Licensed Site or portions thereof, as applicable, shall be deemed to be permanently Condemned if Condemned for a period in excess of thirty six (36) consecutive calendar months.

8.5.2 If all or any portion of the NRC-Licensed Site is Condemned for a period of thirty six (36) consecutive calendar months or less, all of the terms and conditions of this Agreement shall remain in full force and effect, notwithstanding such Condemnation. If and to the extent that any such Condemnation prevents or delays performance of Contractor's obligations with respect to the NRC-Licensed Site or any portion of the NRC-Licensed Site, such Condemnation shall be deemed a Force Majeure condition with respect to the portion of the NRC-Licensed Site affected by such Condemnation.

8.5.3 All awards, damages and other compensation paid on account of condemnation shall belong to Company, and Contractor assigns to Company all rights to such awards, damages and compensation, except to the extent the condemnation applies to the ISFSI. Contractor shall not make any claim against Company or such authority for such portion of such award, damages or compensation, including, without limitation, any such award, damage or compensation attributable to damage to the NRC-Licensed Site, loss of goodwill, NRC-Licensed Site improvements or severance damages.

8.6 Access to the NRC-Licensed Site; Coordination of Access.

8.6.1 Subject to the remaining provisions of this Section 8.6, Company shall provide Contractor access to the Crystal River Site and the NRC-Licensed Site in accordance with Company's securities policies and procedures in effect for the Crystal River Site, during the time in which Contractor is performing its obligations under this Agreement and holds the NRC License with responsibility for possession and maintenance, including Decommissioning, of the NRC-Licensed Site, to the extent required to comply with the NRC License or to the extent reasonably necessary or appropriate in connection with Contractor's performance of its obligations under this Agreement.

8.6.2 Contractor shall presumptively have the primary right to access, occupy, use, perform activities on and control the area of the NRC-Licensed Site containing the CR-3 Facility, including the ISFSI and other areas within the Exclusion Area Boundary, as shown in Attachment 1. Such right to access includes the right for the benefit of and on behalf of

Company (i) to exclusively process, dispose of or salvage, including transfer of title for, any plant, material or equipment associated with the CR-3 Facility, but excluding all plant, property, materials or equipment associated with the Excluded Facilities; (ii) subject to the terms of this Agreement, for ingress and egress onto the Crystal River Site and the NRC-Licensed Site at any time during the term of this Agreement, 24 hours a day, 7 days a week, 365 days per year, using the roads and routes of access agreed to by the Parties from time to time, and subject to Contractor's compliance with the Company EH&S Site Requirements and security and safety policies and procedures of Company in effect for the Crystal River Site from time to time, as the same have been coordinated with Contractor's requirements for performance of the Decommissioning. Such rights of ingress and egress shall be only for the purposes of Decommissioning of the CR-3 Facility and the NRC-Licensed Site, and satisfaction of all of the End-State Conditions, including all site restoration obligations, and for no other purpose. Contractor shall be exclusively entitled to control all policies, procedures, means and methods with respect to the access, maintenance and performance of services at the CR-3 Facility. Subject to compliance with Company's EH&S Site Requirements, Contractor shall presumptively have the non-exclusive right to access at all reasonable times over and across the other portions of the NRC-Licensed Site to the extent reasonably required by Contractor to access the CR-3 Facility or the ISFSI (that non-exclusive right, the "Contractor's Non-Exclusive Access Right"). Notwithstanding the foregoing, Contractor acknowledges and agrees that Company intends to have other contractors working on the NRC-Licensed Site from time to time, sometimes in close proximity to the CR-3 Facility. Contractor shall participate in Company's regular CREC Committee coordination meetings and shall cooperate and coordinate with such other contractors and Company's representatives in order to avoid interfering with or hindering such other contractors or Company's personnel from the performance or completion of their activities.

8.6.3 Subject to Section 8.6.5, Company shall presumptively have (a) the primary right to access, use, perform activities on and control the portions of the Crystal River Site that does not contain the CR-3 Facility; and (b) the non-exclusive right to access the CR-3 Facility at all reasonable times to the extent reasonably required by Company to access the other portions of the Crystal River Site (that non-exclusive right, the "Company's Non-Exclusive Access Right"). Contractor shall not erect any barriers, fences or other obstructions that unreasonably interfere with Company's Non-Exclusive Access Right. Notwithstanding anything to the contrary in this Section 8.6.3, to the extent necessary to assure compliance with all applicable NRC requirements and Nuclear Laws, Contractor (i) is authorized to direct maintenance and security within the NRC-Licensed Site as required under the NRC License; and (ii) has the authority under any emergency conditions to control and determine all activities performed on and within the NRC-Licensed Site.

8.6.4 No later than six (6) months before the performance of any work by Contractor that requires an outage of an Excluded Facility ("Outage Work"), the Parties shall agree on the time period during which that outage of the Excluded Facility will occur (an "Agreed Outage Period"). Contractor shall perform the Outage Work during the Agreed Outage Period. If Contractor does not complete the Outage Work during the Agreed Outage Period, then Company may direct that the Outage Work be suspended by Contractor at the conclusion of the Agreed Outage Period and carried over for completion during the next Agreed Outage Period, and no Schedule Extension Condition will occur. If the time of the outage of an Excluded

Facility differs from the Agreed Outage Period and the differing time of the outage affects Contractor in its performance of the Outage Work or if Company does not permit Contractor to perform the Outage Work during the Agreed Outage Period, then a Schedule Extension Condition may occur.

8.6.5 Contractor has the authority under any emergency conditions to control and determine all activities performed at the Exclusion Area Boundary and within the Exclusion Area to the extent necessary to assure compliance with all applicable NRC requirements and Nuclear Laws. Company and Contractor shall reasonably cooperate and communicate regarding their respective operations around the ISFSI.

8.6.6 During the term of this Agreement, at all times while on any part of the Crystal River Site other than the CR-3 Facility, Contractor shall comply with Company's EH&S Site Requirements, including participation in Company's Crystal River Site meetings as contemplated therein, the requirements with respect to stopping work and notifying the CREC Committee or its members or personnel upon encountering Hazardous Substances or archeological or cultural discoveries, and requirements for notice and Remediation in the event of a Release of Hazardous Substances by Contractor or any person performing any of the Decommissioning work on behalf of Contractor. Prior to accessing any part of the Crystal River Site other than the CR-3 Facility, Contractor shall contact the CREC Committee, and at the request of Contractor, the CREC Committee shall advise Contractor of any Environmental Liabilities or Hazardous Substances in the area to be accessed by Contractor of which the CREC Committee has actual knowledge. Contractor acknowledges and agrees that Company may update, amend or modify Company's EH&S Site Requirements as they apply to the Crystal River Site from time to time. Company shall give Contractor as much advance notice as possible through the use of use commercially reasonable efforts of any such updates, amendments or modifications, and Contractor shall comply with such revised practices, policies or procedures once they are put into effect. Company shall comply with Contractor's Safety Plan, as provided in writing to Company, while at the CR-3 Facility.

8.6.7 Contract information for the CREC Committee is as follows; provided, however, that Company may change the contact person and contract information from time to time upon written notice to Contractor:

Marty Drango
GM – Citrus County Combined Cycle
Telephone: 352 501-2003 (O)
863 344-0059 (M)
E-mail: martin.drango@duke-energy.com

8.7 Books and Records. From and after the Closing, the Business Books and Records shall be maintained at the CR-3 Facility and off-site storage (with Contractor to provide reasonable access to Company to the Business Books and Records in Contractor's possession), or, if the CR-3 Facility or such off-site is no longer in use and the Business Books and Records are in Contractor's possession at another location, at a facility to which Contractor shall provide reasonable access to Company. At Contractor's request, Contractor may have reasonable access to other Company books and records related to the NRC-Licensed Site or the CR-3 Facility, and

that may reasonably be useful for planning or conducting Decommissioning activities; provided, however, that (a) Company shall not be required to provide Contractor any information which would reasonably be expected to result in a waiver of the attorney-client privilege (but Company shall use commercially reasonable efforts to allow for such access or disclosure in a manner that does not result in a waiver of the attorney-client privilege (including, if applicable, by entering into a common interest or similar agreement to preserve such privilege)); and (b) Company need not supply Contractor with any information that Company is legally or contractually prohibited from supplying.

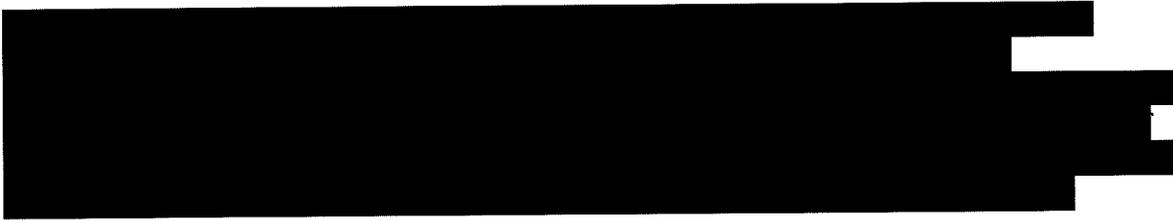
8.8 Post-Closing - Further Assurances. Subject to the terms and conditions of this Agreement, each of the Parties will use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to facilitate the performance of Contractor’s obligations at the NRC-Licensed Site to achieve the ISFSI-Only Interim End-State Conditions and the End-State Conditions. Each Party shall cooperate with the other Party in all commercially reasonable efforts to lift any preliminary or permanent injunction or other order or decree by any federal or state court or Governmental Authority that restrains or prevents the performance of Contractor’s work or activities or the achievement of the ISFSI-Only Interim End-State Conditions and the End-State Conditions.

8.9 Occurrence of SAFSTOR Condition. If following the Closing, a SAFSTOR Condition occurs and either Contractor or Company reasonably believes it is in the best interest of the Decommissioning and Company’s retail ratepayers to return the CR-3 Facility to SAFSTOR under the NRC rules and regulations, such Party may give a written notice to the other Party that it is requesting the CR-3 Facility be returned to SAFSTOR, which notice shall include a reasonably detailed explanation as to why the CR-3 Facility should be returned to SAFSTOR, how long the CR-3 Facility would be expected to remain in SAFSTOR, the impact on the Project Schedule and the relevant [REDACTED], and such other matters that such Party reasonably determines. Within 30 days of the receipt of such notice, executive-level representatives from both Parties will meet to discuss the matter. The Parties shall each notify the other of their approval or disapproval of such request within fifteen (15) days after such meeting, such approval not to be unreasonably withheld, delayed or conditioned. Notwithstanding anything to the contrary herein or in the Amended and Restated LLC Agreement, if the Parties mutually agree to return the CR-3 Facility to SAFSTOR, the independent manager of Contractor appointed by Company shall not veto the submission of a request to the NRC to return the CR-3 Facility to SAFSTOR that is made in accordance with the mutual agreement of the Parties under this Section 8.9.

ARTICLE 9

NDF; CONTRACTOR’S PROVISIONAL TRUST FUND; DISBURSEMENTS

9.1 Compensation: [REDACTED] As compensation for completion of the Decommissioning and performance of its obligations hereunder [REDACTED]



9.2 NDF; IOI Decommissioning Subaccount.

9.2.1 As of the Closing Date, Company has entered into the Fourth Amendment to Amended and Restated NDF Agreement with the Trustee and established the IOI Decommissioning Subaccount. Company shall retain ownership and title to the NDF, and the NDF shall retain ownership of the IOI Decommissioning Subaccount (which subaccount shall as of the Closing Date be funded with cash equal in the aggregate to the Agreed Amount), the Crystal River Decommissioning Reserve Subaccount and the assets, funds and investments contained therein. Company has the exclusive right, in its sole discretion, to appoint the Trustee for the NDF and any is for the Crystal River Decommissioning Reserve Subaccount.

9.2.2 Company shall: (a) cause the investment manager(s) to implement and follow the investment policies and guidelines set forth Attachment 12, applicable to the assets, funds and investments contained in the IOI Decommissioning Subaccount; (b) monitor Trustee's acts in the administration of the NDF; and (c) provide Contractor on or before February 15 of each calendar year during the term of this Agreement with summary reports that include the current balance of, and assets contained in, the IOI Decommissioning Subaccount, and the Crystal River Decommissioning Reserve Subaccount as of December 31 of the previous calendar year, and such other information as Contractor reasonably requests and is necessary for Contractor to comply with the NRC reporting requirements set forth in 10 C.F.R. §§ 50.75, 50.82 & 72.30 (which reports when submitted by Contractor will be consistent in form and detail with the reports issued by Company before the Closing Date with respect to the NDF).

9.2.3 Within thirty (30) days after the Closing Date, Company shall appoint an investment manager for the IOI Decommissioning Subaccount (the "IOI Subaccount Investment Manager"). The IOI Subaccount Investment Manager shall be bound by the investment policies and guidelines applicable to the IOI Decommissioning Subaccount, set forth in Attachment 12, and shall have full authority to direct the acquisition, retention and disposition of assets in the IOI Decommissioning Subaccount in accordance therewith. Except after a Contractor Event of Default or termination of this Agreement, (a) Company shall not remove or replace any IOI Subaccount Investment Manager without the prior written consent of Contractor, such consent to not be unreasonably withheld, delayed or conditioned; (b) Company shall not change the investment policies and guidelines set forth in Attachment 12, without the prior written consent of Contractor, such consent to not be unreasonably withheld, delayed or conditioned; and (c) Company shall not amend the Amended and Restated NDF Agreement with respect to the IOI Decommissioning Subaccount without the prior written consent of Contractor, such consent to not be unreasonably withheld, delayed or conditioned.

9.2.4 Fees and Taxes shall be paid from the NDF as follows: (a) investment management fees for the IOI Subaccount Investment Manager shall be paid from the IOI

Decommissioning Subaccount; (b) investment management fees for any investment manager appointed to manage the Crystal River Decommissioning Reserve Subaccount shall be paid from the Crystal River Decommissioning Reserve Subaccount; (c) transaction fees associated with sales, trades and other investment activities executed by the IOI Subaccount Investment Manager shall be paid from the IOI Decommissioning Subaccount; (d) transaction fees associated with sales, trades and other investment activities executed by the investment manager for the Crystal River Decommissioning Reserve Subaccount shall be paid from the Crystal River Decommissioning Reserve Subaccount; (e) fees paid to the Trustee and fees paid for the preparation of Tax Returns prepared for the NDF (including any of the IOI Decommissioning Subaccount and the Crystal River Decommissioning Reserve Subaccount) shall be paid from the Crystal River Decommissioning Reserve Subaccount or the nonqualified trust fund as maintained with the NDF, in Company's sole discretion; (f) any Taxes due with respect to earnings on the IOI Decommissioning Subaccount shall be paid from the IOI Decommissioning Subaccount; (g) any Taxes due with respect to earnings on the Crystal River Decommissioning Reserve Subaccount shall be paid from the Crystal River Decommissioning Reserve Subaccount; and (h) any Taxes due with respect to the nonqualified trust fund maintained within the NDF will be paid from the nonqualified trust fund.

9.2.5 The Company shall not withdraw funds from the IOI Decommissioning Subaccount for any purpose other than to make payments to Contractor pursuant to Section 9.3, to make the payments as contemplated to be made from the IOI Decommissioning Subaccount in Section 9.2.4, or in accordance with Section 9.8.

9.3 Withdrawals from IOI Decommissioning Subaccount. Contractor shall have the right to request payments from the IOI Decommissioning Subaccount (including interest earned thereon from and after the Closing in accordance with Section 9.3.4) for services rendered under the terms of this Agreement, [REDACTED]. Contractor may submit a request for Company (each, an "IOI Disbursement Certificate") to instruct the Trustee to make a disbursement from the IOI Decommissioning Subaccount to Contractor once each month [REDACTED]. Company shall cause the disbursement of funds from the IOI Decommissioning Subaccount in accordance with Section 9.7.

9.3.1 In order to allow the Trustee to coordinate planning for availability of liquid funds for withdrawals from the IOI Decommissioning Subaccount, Contractor shall provide Company monthly written notices, by the twenty-fifth (25th) day of each month, estimating the amount of liquid funds that Contractor estimates it may request for withdrawals during the following calendar month. Payments to Contractor may be delayed for the reasonable period necessary for the Trustee to liquidate IOI Decommissioning Subaccount investments to disburse funds if Contractor submits withdrawal requests that exceed the estimated monthly withdrawal stated in the written notice.

9.3.2 Until the date that the ISFSI-Only Interim End-State Conditions are achieved, Contractor may request Disbursements under this Section 9.3.1 as follows:

(a) Contractor may request payment for amounts to be paid [REDACTED]

(b) Contractor shall include with the IOI Disbursement Certificate a certificate duly executed by an authorized officer of Contractor attesting as follows:

[REDACTED]

(ii) The requested disbursement is due and owing to Contractor for goods or services provided in connection with the Decommissioning and other work to achieve the ISFSI-Only Interim End-State Conditions;

(iii) All requested disbursement amounts constitute Decommissioning Costs incurred to achieve the ISFSI-Only Interim End-State Conditions; and

(iv) Any necessary authorizations of the NRC or any corresponding Governmental Authority having jurisdiction over the Decommissioning of the NRC-Licensed Site or the possession and maintenance of the ISFSI have been obtained and all requirements of Law have been satisfied.

9.3.3 The Parties agree that at the end of each calendar quarter during the period beginning on the Closing Date and ending on the date on which Contractor achieves the last of the ISFSI-Only Interim End-State Conditions (or on the date on which Contractor achieves the last of the ISFSI-Only Interim End-State Conditions if it occurs on a date other than the last day of a calendar quarter), or more frequently than quarterly if requested by a Party, the Parties shall review the amounts of any IOI Disbursement Certificates that are then in dispute. Notwithstanding anything to the contrary herein, including Section 9.7, if the total amount of unresolved disputed costs exceeds [REDACTED], Company shall be entitled to reduce the payment made under any subsequent IOI Disbursement Certificate by the amount in dispute that exceeds [REDACTED], and the withholding of such amounts shall not entitle Contractor to suspend the Decommissioning work pursuant to Section 9.7. Such payment may be withheld until such time as and to the extent that the total amount of unresolved disputed costs is less than [REDACTED].

9.3.4 Upon achievement of all of the ISFSI-Only Interim End-State Conditions in accordance with Section 9.6 and resolution of any disputed amounts that are still outstanding under any IOI Disbursement Certificates, Contractor shall have the right to any funds remaining in the IOI Decommissioning Subaccount be disbursed and paid to Contractor as a final payment for achievement of the ISFSI-Only Interim End-State Conditions.

9.4 Maintenance of ISFSI Decommissioning Trust. Buyer shall at all times maintain the ISFSI Decommissioning Trust and establish financial assurance meeting the requirements of 10 CFR 72.30, or any successor regulation, until the End-State Conditions are satisfied. Any

amounts remaining in the ISFSI Decommissioning Trust after all of the End-State Conditions are achieved in accordance with Section 9.6, shall be disbursed from the ISFSI Decommissioning Trust as directed by Buyer in its discretion.

9.5 Maintenance and Termination of Contractor’s Provisional Trust Fund. Contractor shall maintain the Contractor’s Provisional Trust Fund throughout the term of this Agreement until all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6. Once the aggregate amount of funds [REDACTED] held in the Contractor’s Provisional Trust Fund exceeds Fifty Million Dollars (\$50,000,000), Contractor shall have the right to receive disbursements from the Provisional Milestone Account ; provided, that the aggregate of the amounts held in the Contractor’s Provisional Trust Fund following any such disbursement shall be no less than Fifty Million Dollars (\$50,000,000); provided, further, that the Provisional Milestone Account may be terminated and all of the funds therein may be disbursed to Contractor (or as Contractor directs) following Contractor’s completion of Milestone One in accordance with Section 9.6. Following the completion of Milestone One and the closing of the Provisional Milestone Account, Contractor shall have the right to receive disbursements from the Provisional IOI Account; provided, that the amount held in the Provisional IOI Account following any such disbursement shall be no less than Twenty Million Dollars (\$20,000,000); provided, further, that the Provisional IOI Account may be terminated and all of the funds therein may be disbursed to Contractor (or as Contractor directs) once all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6. Contractor shall provide Company with quarterly statements from the trustee of the Contractor’s Provisional Trust Fund throughout the term of this Agreement until all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6. Any amounts remaining in the Contractor’s Provisional Trust Fund after all of the ISFSI-Only Interim End-State Conditions are achieved in accordance with Section 9.6, shall be disbursed from the fund as directed by Contractor in its discretion.

9.6 Notice of Milestone One and End-State Conditions; Actions of Parties. Upon completion of Milestone One, and upon achievement of all of the ISFSI-Only Interim End-State Conditions or all of the End-State Conditions, Contractor shall provide notice to Company (a “Notice of Milestone One”, “Notice of ISFSI-Only Interim End-State Conditions” or “Notice of End-State Conditions,” respectively), including copies of any NRC determinations or license amendments related to or comprising the achievement of Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions. Within sixty (60) days after receipt of a Notice of Milestone One, Notice of ISFSI-Only Interim End-State Conditions or Notice of End-State Conditions, Company shall by notice to Contractor either indicate its agreement that Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions, as applicable, have been achieved or that Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions have not been achieved, identifying with particularity the reason(s) why Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions have not been achieved. Contractor shall take reasonable actions to cause Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions to be achieved after receiving that notice. If Company either indicates its agreement that Milestone One, the ISFSI-Only Interim End-State Conditions or the End-State Conditions have been achieved or fails to provide notice within that sixty (60) day period, then Milestone One, the ISFSI-Only

Interim End-State Conditions or the End-State Conditions, as applicable, will be deemed to have been achieved.

9.7 Payment of IOI Disbursement Certificates. After receiving an IOI Disbursement Certificate containing the required certifications under Section 9.3, Company shall instruct the Trustee under the Amended and Restated NDF Agreement to make a disbursement to Contractor from the IOI Decommissioning Subaccount, and Company shall cause the Trustee to make such disbursement within thirty (30) days after Company’s receipt of such IOI Disbursement Certificate. Notwithstanding any disagreement between the Parties over the amounts requested or the progress of the Decommissioning or other performance of Contractor, if the Disbursement Certificate contains the required certifications and supporting documentation under Section 9.3, Company shall instruct the Trustee to make the disbursement from the IOI Decommissioning Subaccount, but Company will not by submitting the disbursement request to the Trustee waive any rights to contest the amounts claimed by Contractor in the IOI Disbursement Certificate, or the performance by Contractor under this Agreement with respect to the Decommissioning work for which Contractor seeks payment, or otherwise, and Company shall retain the right to challenge whether such amounts were properly payable from the IOI Decommissioning Subaccount. Subject to Company’s withholding rights pursuant to Section 9.3.3, if Company does not instruct the Trustee to make the disbursement for an IOI Disbursement Certificate that contains the required certifications and supporting documentation under Section 9.3, Contractor may suspend all work and performance of obligations to be performed by Contractor under this Agreement until payment of the requested amounts and will be entitled to payment for incremental costs incurred as a result of such suspension in accordance with Section 11.2.

9.8 Effect of Termination on Contractor’s Rights to Disbursement from the IOI Decommissioning Subaccount. If this Agreement is terminated by Company due to a Contractor Event of Default before the End-State Conditions are achieved, Contractor shall suspend requests for withdrawals of funds from the IOI Decommissioning Subaccount, and Company shall no longer have any obligation to cause the Trustee to disburse funds from such subaccount; provided, that Contractor may request a disbursement in accordance with Section 9.3 for amounts to be paid [REDACTED]

9.9 Audit Rights.

9.9.1 Company shall have the right to audit the [REDACTED] Contractor’s Decommissioning work, including the supporting documentation, underlying Contractor’s IOI Disbursement Certificates, as required to demonstrate that Contractor has expended such costs in the amounts and for the purposes indicated in such disbursement requests, and in connection with any disputes with respect to any IOI Disbursement Certificates. Such audits shall be conducted during normal business hours of Contractor on Business Days upon reasonable advance written notice to Contractor and may be conducted no more than once in a calendar year, or more frequently if requested by Company in connection with unresolved disputed costs, ending on the date that is eighteen (18) months after the date on which Contractor achieves the last of the End-State Conditions. Contractor shall provide Company’s auditors with reasonable access to its books and records, including in computer readable format, and

Contractor’s personnel shall cooperate with the auditors, in order to effectuate the audit or audits hereunder. The auditors shall have the right to copy the books and records reviewed or examined in the course of the audit.

9.9.2 If Contractor is not able to substantiate any of the [REDACTED] of Contractor’s Decommissioning work underlying an IOI Disbursement Certificate, or such costs do not constitute Decommissioning Costs necessary to achieve the ISFSI-Only Interim End-State Conditions or End-State Conditions, as applicable, Contractor shall reimburse Company for such amounts, or Company may withhold such amounts (and the withholding of such amounts shall not entitle Contractor to suspend the Decommissioning work pursuant to Section 9.7). If any such audit reveals that: (a) Contractor has not been paid [REDACTED] for progress achieved on any [REDACTED], Company shall cause the Trustee to disburse such amounts from the IOI Decommissioning Subaccount; or (b) Company otherwise owes any amounts to Contractor that have not been paid to Contractor in accordance with this Agreement, Company shall cause the disbursement of such amounts from the Crystal River Decommissioning Reserve Subaccount or otherwise from the NDF, and in each case Company shall use commercially reasonable efforts to cause the disbursement of such amounts to Contractor within thirty (30) days after Contractor’s written request for payment.

9.9.3 At Contractor’s written request, Company shall require its third party auditors performing any such audit on behalf of Company to sign a customary, commercially reasonable confidentiality agreement with Contractor prior to commencement of any such audit conducted by such third parties.

**ARTICLE 10
TARGET COMPLETION DATE**

10.1 Guaranteed Completion. If Contractor fails to complete Milestone One on or before the Target Completion Date, Contractor shall within five (5) Business Days after the Target Completion Date, deliver to Company a letter of credit issued in favor of Company by a Qualified Institution in the amount of [REDACTED] payable upon demand by the Company to an account in the NDF as directed by Company for use as directed by the Company (the “Letter of Credit”). Such Letter of Credit shall be in a form reasonably acceptable to Company and issued by a Qualified Institution. Contractor shall ensure that the Letter of Credit remains in full force and effect until Milestone One is completed, and if at any time the Letter of Credit fails to meet the conditions of this Section 10.1, Contractor shall replace the outstanding Letter of Credit with a Letter of Credit that meets the foregoing conditions. Company shall have the right to draw upon the Letter of Credit immediately upon issuance.

10.2 Qualified Institution. For purposes of this Agreement a “Qualified Institution” means a commercial bank or trust company incorporated under the laws of the United States or any state thereof, with an office or branch in New York, New York, with an aggregate capital surplus in excess of Twenty Five Billion Dollars (\$25,000,000,000), and with senior unsecured debt rated at least “A” by S&P Global Ratings or its successor, and “A2” by Moody’s Investors Service, Inc., or such other financial institution that is reasonably acceptable to Company.

**ARTICLE 11
EXTENSIONS OF TIME; ADJUSTMENTS TO COSTS**

11.1 Occurrence of Schedule Extension Condition; Adjustment of Project Schedule.

11.1.1 Upon the occurrence of a Schedule Extension Condition, Contractor shall have the right to a day-for-day extension (pro-rated) to the Project Schedule, including extending the Target Completion Date. Contractor shall give written notice to Company within a reasonable amount of time after Contractor knew or would reasonably have been expected to know of the impact of Schedule Extension Condition that has occurred, stating the events or conditions that constitute the Schedule Extension Condition and the steps Contractor is taking or intends to take to overcome such events or conditions, if any. Failure or delay of Contractor to provide Company any of the notices required by the preceding sentence shall not waive Contractor's rights relating to or arising from the occurrence of a Schedule Extension Condition, unless such failure causes material prejudice to Company or such notice is provided more than ninety (90) days after the occurrence of such Schedule Extension Condition. A Schedule Extension Condition will continue only so long as Contractor is using diligent efforts to overcome such Schedule Extension Condition and only until it has been remediated, resolved or complied with. Contractor shall give prompt written notice to Company upon the termination of any continuing Schedule Extension Condition.

11.1.2 Contractor shall submit its request for adjustment to the Project Schedule, together with the proposed Project Schedule as adjusted, in native file format, and reasonable supporting documentation of the impacts of such Schedule Extension Condition, for Company's review and approval. Company shall provide any comments or questions that is regarding the Schedule Extension Condition or the proposed adjustments to Contractor, and Contractor shall respond to such comments or questions. The Parties will repeat this process until the Parties agree on an adjusted Project Schedule, which, once it is accepted by Company in writing, will thereafter be the Project Schedule for all purposes of this Agreement.

11.1.3 Except as provided in Section 11.2, the agreed adjusted Project Schedule shall be Contractor's sole and exclusive remedy for a Schedule Extension Condition.

11.2 Occurrence of a Change in End-State Conditions; Inability to Access; Failure to Disburse Funds. Upon the occurrence of one or more of the following events or circumstances described in Section 11.2.1, 11.2.2 or 11.2.3, Contractor shall have the right to the relief as further described in this Section 11.2.

11.2.1 In the case of the occurrence of a Change in End-State Conditions, Contractor shall have the right to payment of its actual, direct incremental costs to comply with the changes in the End-State Conditions that result from such Change in End-State Conditions, which costs may include general and administrative and overhead costs, and profit, margin or fees. Such work occasioned by the Change in End-State Conditions may be performed by Contractor on a cost plus, time and material or lump sum basis (or a combination thereof) as mutually agreed upon between Contractor and Company. General and administrative and overhead costs, and profit, margin or fees shall be up to [REDACTED] of direct cost. In addition, Contractor shall have the right to an equitable adjustment to the Project Schedule,

including the Target Completion Date, as necessary based on the additional activities required to perform the Decommissioning as modified by the Change in End-State Conditions.

11.2.2 If Contractor is unable to access the CR-3 Facility for seven (7) or more consecutive calendar days, or sixteen (16) or more days in the aggregate, with each occurrence lasting at least forty eight (48) consecutive hours, during any ninety (90) day period, due to Company's acts or omissions that are not caused by the occurrence of an event of Force Majeure, Contractor shall have the right to payment of its actual, direct incremental costs (not including any amounts in respect of general and administrative and overhead costs, and profit, margin or fees) incurred due to the resulting delay, if any, in the Project Schedule as a result of Contractor's inability to access the CR-3 Facility, including mitigation costs. In addition, Contractor shall have the right to an equitable adjustment to the Project Schedule, including the Target Completion Date, with respect to such delay. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, COMPANY'S MAXIMUM AGGREGATE LIABILITY WITH RESPECT TO THE PAYMENT OF ANY AMOUNTS TO CONTRACTOR UNDER THIS SECTION 11.2.2 SHALL IN NO EVENT EXCEED [REDACTED]. In the event of extraordinary circumstances, Company and Contractor shall confer.

11.2.3 If Company fails to disburse funds to Contractor in accordance with its obligations under Article 9, Contractor shall have the right to payment of its actual, direct incremental costs incurred due to Contractor's suspension of the Decommissioning work in accordance with Section 9.7, including reasonable demobilization and remobilization costs, which costs may include up to [REDACTED] in respect of general and administrative and overhead costs and profit, margin or fees. In addition, Contractor shall have the right to an equitable adjustment to the Project Schedule, including the Target Completion Date, with respect to the delay incurred due to such suspension.

11.2.4 In the case of an occurrence of any of the events or circumstances described in Section 11.2, Contractor shall promptly notify Company in writing of the expected direct, actual incremental costs that Contractor will incur as a result of such event or circumstance, including any demobilization or remobilization costs, along with a reasonably detailed description of the activities that will be performed, and of the anticipated impact to the Project Schedule. Contractor shall provide monthly invoices to Company, together with reasonable supporting documentation of costs when incurred, and shall submit requests for reimbursement of its costs in accordance with Section 11.2.1, 11.2.2 or 11.2.3, as applicable, and Company shall disburse funds to reimburse Contractor for such costs from the Crystal River Decommissioning Reserve Subaccount or otherwise from the NDF within thirty (30) days after Company receives such invoice and supporting documentation.

11.3 Duty to Mitigate. Contractor shall act diligently to mitigate the effects of any Schedule Extension Condition and to minimize the incremental costs or delays to the Project Schedule resulting from the occurrence of an event or circumstance as described in Section 11.2. Among other things: (a) in the case of the occurrence of an event of Force Majeure, Contractor shall, as reasonably practicable under the given circumstances, adopt measures in anticipation of the occurrence of the event of Force Majeure in an effort to mitigate potential damage; and (b) if Contractor is unable to access the CR-3 Facility for seven (7) or more consecutive calendar days due to Company's acts or omissions that are not caused by the occurrence of an event of Force

Majeure, Contractor shall use commercially reasonable efforts to identify and utilize alternative routes to access to the CR-3 Facility.

11.4 No Duplicate Relief. In no event shall Contractor be entitled to adjustments to the Project Schedule pursuant to Section 11.1 in connection with the same events or circumstances for which Contractor receives any relief under Section 11.2.

ARTICLE 12 CONFIDENTIALITY; PUBLIC STATEMENTS

12.1 Access to Information. Subject to all applicable NRC rules and regulations and other applicable Laws, each Party shall have reasonable access to all of the Business Books and Records in the possession of the other Party to the extent that such access may reasonably relate to or be affected by the ownership, possession or use of the CR-3 Facility, including the ISFSI, or performance of the Decommissioning. Such access shall be afforded by the Party in possession of such Business Books and Records upon receipt of reasonable advance notice and during normal business hours. The Party exercising this right of access shall be solely responsible for any costs or expenses incurred by it or them pursuant to this Section 12.1. The Party or Parties in possession of such Business Books and Records shall retain such Business Books and Records; provided, however, that all of the Business Books and Records held by Contractor that are required to be maintained by NRC regulations or Nuclear Law shall be retained by Contractor. If the Party in possession of such Business Books and Records desire to dispose of any such Business Books and Records, such Party shall, prior to such disposition, give the other Party a reasonable opportunity at such other Party's expense, to segregate and remove such Business Books and Records as such other Party may select. Notwithstanding the foregoing, the right of access to medical records and other confidential employee records shall be subject to all applicable Laws.

12.2 Protection of Proprietary Information. From and after the Closing Date:
(a) Contractor shall use and disclose, and shall cause its Affiliates and their respective Representatives to use and disclose, Company's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform their obligations under, this Agreement and the Ancillary Agreements; and (b) Company shall use and disclose, and shall cause its Affiliates and its Representatives to use and disclose, Contractor's Proprietary Information only to the extent necessary to consummate the transactions contemplated by, and perform its obligations under, this Agreement and the Ancillary Agreements. Any disclosure to Affiliates or Representatives of a Party shall only be made after such Affiliates and Representatives are advised of the confidentiality obligations hereunder and required by the disclosing Party to comply, and the disclosing Party shall be responsible for any violations of the obligations of this Section 12.2 by any such Affiliates or Representatives. Any disclosure to third parties other than a Party's Affiliates or Representatives by either Company or Contractor shall only be made subject to confidentiality agreements with such third parties that are at least as stringent as the requirements of this Section 12.2.

12.2.1 Notwithstanding anything to the contrary in Section 12.2, Contractor may reveal or disclose Proprietary Information to such Persons with whom Contractor expects may act as potential suppliers or subcontractors to Contractor in connection with the performance of

the Decommissioning and its other obligations hereunder to the extent necessary or appropriate in connection with the performance of Contractor's obligations under this Agreement, in each case so long as each such Person has entered into a confidentiality agreement with Contractor with at least equivalent terms with respect to maintaining the confidentiality of Proprietary Information.

12.2.2 Upon Contractor's or Company's (as the case may be) prior written approval (which approval shall not be unreasonably withheld, delayed or conditioned), Company or Contractor (as the case may be) may provide Proprietary Information of any other Party to the NRC or any other Governmental Authority having jurisdiction over the NRC-Licensed Site or any portion thereof, as may be necessary in connection with the Decommissioning or as required under the Permits. The disclosing Party shall reasonably seek confidential treatment for the Proprietary Information provided to any such Governmental Authority and shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any Governmental Authority any such Proprietary Information. In the event that disclosure of Proprietary Information is required by order of a court or other Governmental Authority or by subpoena or other similar legal process, the Party subject to such order, subpoena or other legal process shall, to the extent permitted by Law, notify the other Party whose Proprietary Information is to be disclosed and the Parties shall consult and cooperate in seeking a protective order or other relief to preserve the confidentiality of Proprietary Information.

12.2.3 Company or Contractor (as the case may be) may, without the prior consent of the other Party, disclose Proprietary Information of any other Party as may be necessary to comply generally with any applicable Laws or with the rules of any applicable stock exchange. The disclosing Party shall notify the other Party whose Proprietary Information is to be disclosed, as far in advance as reasonably practical, of its intention to release to any third party any such Proprietary Information.

12.2.4 Notwithstanding anything to the contrary in the foregoing, nothing in this Section 12.2 authorizes or permits Contractor to disclose any Third Party Proprietary Information that Contractor obtains as part of the Company Proprietary Information to any other Person. Contractor acknowledges and agrees that to the extent Company is prohibited or restricted by any non-disclosure or confidentiality obligation to any third party from disclosing any Third Party Proprietary Information to Contractor, Company shall have the right to not disclose such Third Party Proprietary Information to Contractor until Contractor has reached agreement with such third party and such third party has notified Company in writing that Company may disclose such Third Party Proprietary Information to Contractor. Company shall notify Contractor if there is any Third Party Proprietary Information of which Company is aware that Company is prohibited or restricted from disclosing to Contractor, and advise Contractor of such third party so that Contractor may make appropriate arrangements with such third party. Company's failure to disclose any Third Party Proprietary Information pursuant to this Section 12.2.4 shall not serve as the basis for a claim of any breach of any obligation of Company hereunder.

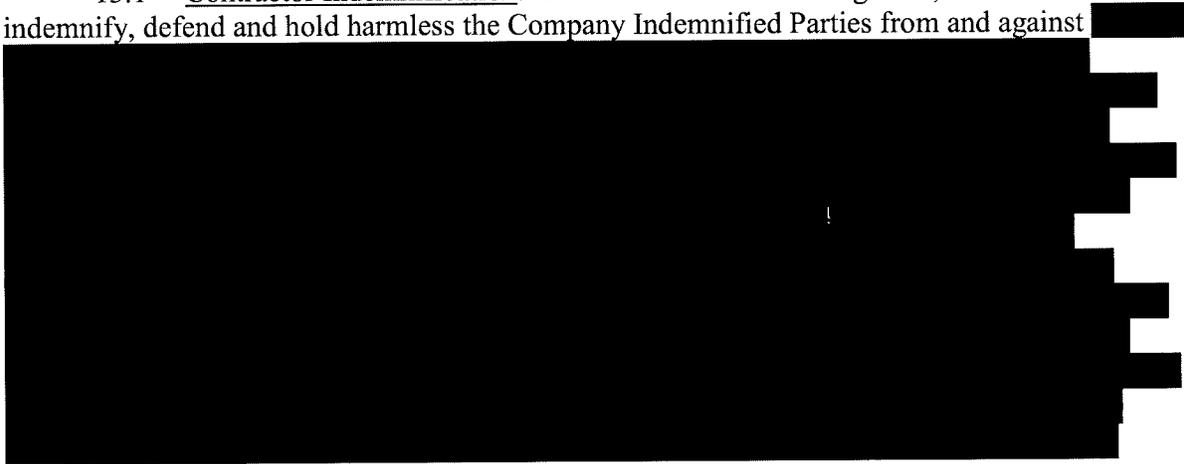
12.2.5 If this Agreement is terminated before the End-State Conditions have been achieved, this Section 12.2 shall survive the termination of this Agreement for five (5) years. In

addition, if this Agreement is terminated before the End-State Conditions have been achieved, Contractor shall, within thirty (30) days after receipt of a written request from Company, return or destroy Company's Proprietary Information in the possession or control of Contractor, any of its Affiliates or their respective Representatives, and Company shall, within thirty (30) days after receipt of a written request from Contractor, return or destroy Contractor's Proprietary Information in the possession or control of Company, any of its Affiliates or their respective Representatives. Notwithstanding the foregoing, a recipient or another Party's Proprietary Information shall not be required to return or destroy such other Party's Proprietary Information to the extent that it (a) is commingled with other electronic records that are collected and maintained in a separate secure facility as part of information technology backup procedures in accordance with the normal course of business; (b) is included in a Party's disclosures to its or its Affiliate's board of directors or similar governing body or the records of deliberations of such body in connection with the consideration of the authorization and approval of this Agreement and the transactions contemplated hereby; or (c) the recipient is a legal or other professional advisor to a Party with professional responsibilities to maintain client confidences; provided, however, that such retained Proprietary Information shall remain subject to the provisions of this Article 12.

12.3 Public Statements. Except as may be required by applicable Law or stock exchange rules, Contractor shall not issue any press release or other public disclosure (other than required filings and other required public statements or testimony before regulatory authorities) with respect to this Agreement or the performance of the Decommissioning, without Company's prior written approval. If Contractor determines it has to make any such public disclosure, it shall, to the extent permitted by applicable Law, first afford Company a reasonable opportunity to review and comment on such press release or public disclosure, and to seek appropriate confidential treatment. Contractor shall not, and shall not permit any of its Affiliates or subcontractors to, use Company's or any of its Affiliates' names, logos, trademarks, service marks or trade names in any way without Company's prior written consent. Contractor shall cooperate with Company in maintaining good community relations.

**ARTICLE 13
INDEMNIFICATION**

13.1 Contractor Indemnification. From and after the Closing Date, Contractor shall indemnify, defend and hold harmless the Company Indemnified Parties from and against



[REDACTED]

13.2 Company Indemnification. From and after the Closing Date, Company shall indemnify, defend and hold harmless the Contractor Indemnified Parties from and against [REDACTED]

[REDACTED]

**ARTICLE 14
INSURANCE**

14.1 Contractor Insurance. With respect to transportation services for Nuclear Material: (a) Contractor and its Affiliates will, in the aggregate, maintain ANI domestic Suppliers and Transporters insurance in amounts no less than [REDACTED], and (b) Contractor shall cause any subcontractor to maintain ANI domestic Suppliers and Transporters insurance in amounts no less than [REDACTED]. In addition, Contractor shall maintain the insurance coverages as required under Attachment 10, and shall obtain all additional insured provisions and waivers of subrogation and provide all written confirmations for the benefit of Company in accordance with Attachment 10.

14.2 Company Insurance. Company shall maintain the Nuclear Insurance Policies with ANI and NEIL, in such form and amount as will satisfy the then-current minimum requirements of the applicable Nuclear Laws or NRC license obligations for the CR-3 Facility. Contractor and Buyer shall be named as additional insureds, and Company shall obtain a waiver of rights of subrogation by NEIL against Contractor and Buyer.

14.2.1 Pursuant to the SNF PSA, Buyer has assumed the liability and responsibility for insurance costs relating to the ISFSI, and therefore: (a) during the period beginning on the Closing Date and ending on the date on which the last of the ISFSI-Only Interim End-State Conditions are achieved, Buyer shall, within thirty (30) days of receipt of an invoice for payment from Company, reimburse Company for the insurance premiums paid by Company for the NEIL property damage insurance policy relating to the CR-3 Facility attributable to the ISFSI (based on the insurance premium for coverage of the ISFSI as shown on the applicable NEIL endorsement); and (b) from and after the date on which the last of the ISFSI-Only Interim End-State Conditions are achieved and until the last of the End-State Conditions are achieved, Buyer shall, within thirty (30) days of receipt of an invoice for payment from Company, reimburse Company for [REDACTED] of any insurance premiums

paid by Company for the ANI nuclear insurance liability policy and NEIL property damage insurance policy relating to the CR-3 Facility.

14.2.2 Company shall have the sole right to any and all return premiums, refunds, distributions and continuity or other credits received from ANI or NEIL during any period before or after the Closing Date.

14.2.3 Without limiting Contractor's obligations under Section 13.1, Contractor shall be solely responsible for the payment of the deductibles under any of the Nuclear Insurance Policies with respect to each claim made for losses suffered during the period beginning on the Closing Date and ending on the date on which the last of the End-State Conditions are achieved, that arise out of, result from or are connected with (a) the acts or omissions of Contractor, or any third party acting on behalf of Contractor, or the performance by Contractor, or any third party acting on behalf of Contractor, of any Decommissioning or other obligations under this Agreement; or (b) any loss or damage to the ISFSI caused by an event of Force Majeure.

14.3 Environmental Liability Insurance Coverage. Without limiting the generality of the foregoing provisions of this Article 14, Contractor shall on or before the Closing Date, obtain environmental liability insurance coverage substantially in the form of Attachment 16 with the maximum limit of liability that Contractor can obtain for a premium of [REDACTED]. Subject to Contractor having provided Company with the certificates of insurance and such other information required for Company to confirm the coverage provided complies with the requirements of this Section 14.3, Contractor may submit a request for payment to Company, together with evidence of Contractor's payment of the premium for such environmental liability insurance coverage, and Company shall, within thirty (30) days after receipt of such request for payment, pay Contractor up to [REDACTED] to reimburse Contractor for the cost of the premium paid for such environmental liability insurance coverage. Company and Contractor acknowledge and agree that the payment contemplated in this Section 14.3 is in addition to and not included within the [REDACTED] or the Agreed Amount. Contractor further acknowledges and agrees that Company shall not have any liability or obligation to reimburse Contractor for any premiums or deductibles or other payments made by Contractor to obtain and maintain the insurance coverages as set forth in Attachment 10, other than as may be included within the [REDACTED] and the Agreed Amount.

**ARTICLE 15
DEFAULT; REMEDIES**

15.1 Contractor Events of Default. Each of the following shall constitute a "Contractor Event of Default":

15.1.1 Contractor fails to pay or cause to be paid when due and payable any amount owed by Contractor to Company in accordance with this Agreement, and such failure continues and is not cured within ten (10) Business Days after written notice from Company regarding such failure.

15.1.2 The occurrence of a Bankruptcy Event with respect to Contractor.

15.1.3 The occurrence of a Bankruptcy Event with respect to a Parent Guarantor, and Contractor’s failure to provide a replacement Parent Guaranty from a replacement guarantor with equivalent or better financial condition to that of such Parent Guarantor as of the Contract Date, within five (5) Business Days thereafter.

15.1.4



15.1.5 Contractor fails to provide or the Parent Guarantors fail to maintain in effect the Parent Guaranties or the Parent Support Agreements, any Parent Guarantor fails to make any payment or render performance when due under the respective Parent Guaranty or Parent Support Agreement, or a Parent Guarantor breaches, defaults or fails to comply with any covenant or obligation of such Parent Guarantor under the respective Parent Guaranty or Parent Support Agreement, and such failure, breach, failure to comply or event of default continues and is not cured within ten (10) Business Days after written notice from Company regarding such failure.

15.1.6 Contractor’s performance of its Decommissioning obligations under this Agreement at the NRC-Licensed Site is suspended by NRC order for a period in excess of one hundred eighty (180) days for Contractor’s deficient activities, including failure to comply with NRC regulations.

15.1.7 Contractor fails to discharge or obtain the release of any Contractor Lien in accordance with this Agreement, and such failure continues and is not cured within ten (10) Business Days after written notice from Company regarding such failure.

15.1.8 Contractor fails to mobilize or retain sufficient qualified personnel and equipment to and at the Crystal River Site as necessary to commence and progress the Decommissioning and perform its obligations hereunder in accordance with the Project Schedule, or stops, suspends, terminates or refuses to perform its obligations hereunder, such that Contractor would not reasonably be capable of maintaining progress on the Decommissioning or the performance of its obligations hereunder in accordance with the Project Schedule, and such failure, or the stoppage, suspension or termination of performance of its obligations hereunder, is not cured within ten (10) Business Days after written notice from Company regarding such failure, stoppage, suspension or termination.

15.1.9 Contractor fails to complete Milestone One on or before the Target Completion Date.

15.1.10 Contractor submits a Disbursement Certificate which Contractor knows contains false information.

15.1.11 Contractor fails to perform any material covenant or obligation hereunder not otherwise addressed in this Section 15.1, and Contractor fails to commence the cure of such failure within thirty (30) Days after receipt of notice from Company identifying such failure, or if, having commenced the cure within such period, Company fails (a) to diligently pursue such cure in a manner and pursuant to a schedule reasonably acceptable to Company; or (b) to cure such failure, within ninety (90) Days after Contractor's receipt of such notice.

15.2 Remedies Upon a Contractor Event of Default.

15.2.1 If a Contractor Event of Default occurs and is continuing, Company shall have the right but not the obligation, at its sole option, to exercise its rights under the Pledge Agreement or terminate this Agreement by written notice to Contractor, or both, or pursue any other remedy provided by law or equity, including specific performance, or any other remedy provided in the Ancillary Agreements.

15.2.2 To the fullest extent permitted by Law, if Company elects to terminate this Agreement due to a Contractor Event of Default or Company elects to exercise its rights under the Pledge Agreement, Company may proceed to remove Contractor from the NRC-Licensed Site in accordance with applicable Laws and Contractor agrees to cooperate with Company to the fullest extent necessary in connection with Company's recovery of, or the transfer to a third party designated by Company of, full possession and use of the NRC-Licensed Site and the Contractor's Provisional Trust Fund, and the transfer of the membership interests in Contractor to Company or its designee, including in connection with obtaining any approval of the NRC or other Governmental Authority required to permit Company to (a) transfer the NRC License authorizing possession and maintenance, including Decommissioning, of the NRC-Licensed Site, to Company (or its designee) from Contractor, and approval of any conforming license amendments, and any other related approvals; and (b) recover full possession and use of NRC-Licensed Site.

15.2.3 To the fullest extent permitted by Law, if Company elects to terminate this Agreement due to a Contractor Event of Default, at Company's request: (a) Contractor shall assign the SNF Services Agreement to Company or a third party designated by Company that will hold the NRC License authorizing possession and maintenance of the NRC-Licensed Site, except that Contractor shall not assign and Company shall not assume any rights or obligations thereunder with respect to the Spent Fuel Disposal Contract; and (b) neither Contractor nor Buyer shall terminate the SNF Services Agreement.

15.3 Obligations Upon Termination. Despite the termination of this Agreement, Contractor and Buyer, as applicable, shall:

15.3.1 so long as it holds the NRC License authorizing possession and maintenance of the NRC-Licensed Site, perform and carry out all NRC licensed activities with respect to security, safety, emergency preparedness, the operation and maintenance of the ISFSI, management of Spent Nuclear Fuel, and the removal of all of the Spent Nuclear Fuel and HLW from the ISFSI and the Crystal River Site, and any other obligations of Contractor as the holder of the NRC License, in accordance with this Agreement;

15.3.2 so long as it holds the NRC License authorizing possession and maintenance of the NRC-Licensed Site, continue to perform its obligations under the SNF Services Agreement; and

15.3.3 maintain the ISFSI Decommissioning Trust and Contractor's Provisional Trust Fund in accordance with Section 9.4 and Section 9.5, respectively.

During the period following termination during which Contractor holds the NRC License authorizing possession and maintenance of the NRC-Licensed Site, Company shall provide Contractor with access to the Crystal River Site and the ISFSI in accordance with this Agreement so that Contractor may perform such functions.

ARTICLE 16 MISCELLANEOUS PROVISIONS

16.1 Amendment and Modification. Subject to applicable Law, this Agreement may be amended, modified or supplemented only by written agreement of Company and Contractor.

16.2 Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the Parties to comply with any obligation, covenant, agreement or condition herein may be waived by the Party entitled to the benefits thereof only by a written instrument signed by the Party granting such waiver, but such waiver of such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent failure to comply therewith.

16.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or by electronic mail, provided that delivery by electronic mail is confirmed in writing (which may be by return electronic mail), or mailed by overnight courier or registered or certified mail (return receipt requested), postage prepaid, to the recipient Party at its address (or at such other address or facsimile number for a Party as shall be specified by like notice; provided, however, that notices of a change of address shall be effective only upon receipt thereof):

16.3.1 If to Company, to:

Duke Energy Florida, LLC
15760 W. Power Line Street
Crystal River, FL 34428
Attn.: Terry Hobbs, CR-3 Decommissioning Manager
E-mail: terry.hobbs@duke-energy.com

with a copy (which shall not constitute notice) to:

Duke Energy Florida, LLC
550 South Tryon Street, DEC 45A
Charlotte, NC 28202
Attn: Tracey LeRoy, Legal Counsel, Nuclear (Crystal River Unit 3)
Email: tracey.leroy@duke-energy.com

and

Morgan, Lewis & Bockius LLP
300 S. Grand Avenue, 22nd Floor
Los Angeles, CA 90071
Attn: Ingrid A. Myers
E-mail: Ingrid.myers@morganlewis.com

16.3.2 if to Contractor, to:

ADP CR3, LLC
c/o Accelerated Decommissioning Partners, LLC
17101 Preston Road, Suite 115
Dallas, TX 75248
Attn: Scott State, CEO
E-mail: sstate@northstar.com

with a copy (which shall not constitute notice) to:

NorthStar Group Services, Inc.
35 Corporate Drive, Suite 1155
Trumbull, CT 06611
Attn: Gregory G. DiCarlo, Vice President & General Counsel
E-mail: gdicarlo@northstar.com

Orano USA, LLC
1155 F St. NW, Suite 800
Washington, DC 20004
Attn: Michael Woods, General Counsel
E-mail: michael.woods@orano.group

Pillsbury Winthrop Shaw Pittman LLP
31 West 52nd Street
New York, NY 10019-6131
Attn: Stephen B. Amdur, Esq.
Email: stephen.amdur@pillsburylaw.com

16.3.3 if to Buyer, to:

ADP SF1, LLC
c/o Accelerated Decommissioning Partners, LLC
17101 Preston Road, Suite 115
Dallas, TX 75248
Attn: Scott State, CEO
E-mail: sstate@northstar.com

with a copy (which shall not constitute notice) to:

NorthStar Group Services, Inc.
35 Corporate Drive, Suite 1155
Trumbull, CT 06611
Attn: Gregory G. DiCarlo, Vice President & General Counsel
E-mail: gdicarlo@northstar.com

Orano USA, LLC
1155 F St. NW, Suite 800
Washington, DC 20004
Attn: Michael Woods, General Counsel
E-mail: michael.woods@orano.group

Pillsbury Winthrop Shaw Pittman LLP
31 West 52nd Street
New York, NY 10019-6131
Attn: Stephen B. Amdur, Esq.
Email: stephen.amdur@pillsburylaw.com

16.4 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but no Party may assign this Agreement or its rights under this Agreement, including by operation of law, without the prior written consent of the other Party, such consent not to be unreasonably withheld, delayed or conditioned. Any assignment in contravention of the foregoing sentence shall be null and void and without legal effect on the rights and obligations of the Parties.

16.5 Third Party Beneficiaries. This Agreement does not, and is not intended to confer upon any other Person except the Parties any rights, interests, obligations or remedies hereunder.

16.6 Governing Law. This Agreement shall be governed by and construed in accordance with the Law of the State of Florida (without giving effect to conflict of law principles) as to all matters, including matters of validity, construction, effect, performance and remedies.

16.7 Dispute Resolution.

16.7.1 In an effort to promote the highest quality working relationship, the Parties agree that the following steps will be responsively and openly pursued in an effort to resolve any dispute under or arising out of this Agreement (each, a “Dispute”) before resorting to litigation (except as may be necessary to preserve any rights or the status quo):

(a) All Disputes will be made in a written notice by authorized representatives of either Party initiating the process set forth herein (the “Dispute Engagement Notice”). Promptly after receipt of the Dispute Engagement Notice, both Parties shall discuss the issues, present reasonably requested documentation and attempt to reach a settlement that is agreeable to both Parties. As part of the Dispute Engagement Notice, the Party initiating the

dispute resolution process will submit a summary of the issues, the requesting Party's position and a summary of the evidence and arguments supporting its position.

(b) If the Dispute cannot be resolved by the Parties as provided in Section 16.7.1(a) within fifteen (15) Business Days after receipt of the Dispute Engagement Notice, or such later date as the Parties may agree in writing to permit all requested facts to be known and presented to the above personnel, the Dispute shall be escalated to an executive of each Party who has authority to settle the Dispute and who is at a higher level of management than such Party's representative set forth in Section 16.7.1(a).

(c) If the Dispute cannot be resolved by the Parties as provided in Section 16.7.1(b) within fifteen (15) Business Days after referral of the Dispute as provided therein (or such other period agreed to by both Parties in writing), then either Party may pursue any rights or remedies available at law or in equity through judicial relief or, if and as agreed to by both Parties in writing, non-judicial relief through an alternative dispute resolution process. The Parties agree that any discussions and negotiations related to any proposed settlement of any Dispute may not be introduced into evidence by either Party in any judicial action or non-judicial alternative dispute resolution forum used to resolve such Dispute.

16.7.2 Each Party irrevocably and unconditionally submits to the exclusive jurisdiction of the federal courts of the United States of America or the courts of the State of Florida, in each case located in the City of St. Petersburg and County of Pinellas, and any appellate courts from any such court, in any action or proceeding arising out of or relating to this Agreement or the subject matter hereof or for recognition or enforcement of any judgment, and each of the Parties irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such courts. Each of the Parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Party irrevocably and unconditionally waives, and agrees not to assert, by way of motion, as a defense, or otherwise, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have (a) that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court and (b) to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any court referred to above. Each of the Parties hereby irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

16.7.3 No litigation arising under this Agreement shall include, by consolidation, joinder, or any other manner, any Person not a party to this Agreement unless (a) such Person is substantially involved in a common question of fact or law, (b) the presence of the Person is required if complete relief to the requesting Party is to be accorded in the litigation, and (c) the Person has consented.

16.7.4 Contractor shall proceed diligently with the performance or provision of the Decommissioning work and its other duties and obligations without diminution of effort

during the pendency of any Dispute (including any Dispute regarding the basis on which Contractor purports to exercise any right to suspend the work).

16.8 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BETWEEN THE PARTIES OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT, THE ANCILLARY AGREEMENTS OR ANY OTHER DOCUMENTS ENTERED INTO IN CONNECTION HEREWITH.

16.9 Entire Agreement. This Agreement, the SNF PSA and the Ancillary Agreements, including the Attachments, exhibits, schedules, documents, certificates and instruments referred to herein or therein, embody the entire agreement and understanding of the Parties in respect of the transactions contemplated by this Agreement and shall supersede all previous oral and written and all contemporaneous oral negotiations, commitments and understandings including all letters, memoranda or other documents or communications, whether oral, written or electronic, submitted or made by (a) either Company, its Affiliates or any of their respective Representatives; or (b) Contractor, its Affiliates, including the Parent Guarantors, or any of their respective Representatives, in connection with the negotiation and execution of this Agreement.

16.10 No Joint Venture. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture or other entity or similar legal relationship among the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to the Parties. Except as expressly provided herein, no Party is or shall act as or be the agent or representative of any other Party.

16.11 Change in Law. If and to the extent that any Laws or regulations that govern any aspect of this Agreement shall change, so as to make any aspect of this transaction unlawful, then the Parties agree to make such modifications to this Agreement as may be reasonably necessary for this Agreement to accommodate any such legal or regulatory changes, without materially changing the overall benefits or consideration expected hereunder by any Party.

16.12 Severability. Any term or provision of this Agreement that is held invalid or unenforceable in any situation shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation; provided, however, that the remaining terms and provisions of this Agreement may be enforced only to the extent that such enforcement in the absence of any invalid terms and provisions would not result in (a) deprivation of a Party of a material aspect of its original bargain upon execution of this Agreement, (b) unjust enrichment of a Party, or (c) any other manifestly unfair or inequitable result.

16.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16.14 EXCLUSIVITY OF WARRANTIES. THERE ARE NO WARRANTIES OF CONTRACTOR TO COMPANY HEREUNDER WITH RESPECT TO THE PERFORMANCE

OF ITS OBLIGATIONS UNDER THIS AGREEMENT, EXPRESS OR IMPLIED, OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT. CONTRACTOR DOES NOT MAKE ANY OTHER EXPRESS WARRANTIES, OR ANY IMPLIED WARRANTIES, OF ANY KIND, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ALL IMPLIED WARRANTIES (INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED.

16.15 LIMITATION ON CONSEQUENTIAL DAMAGES. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT TO THE CONTRARY, NONE OF THE PARTIES SHALL BE LIABLE TO ANY OTHER PARTY (OR TO ANY OTHER PERSON CLAIMING THROUGH THEM OR UNDER THIS AGREEMENT) PURSUANT TO THIS AGREEMENT OR UNDER ANY CAUSE OF ACTION RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL LOSSES OR DAMAGES, OR ANY LOSS, DAMAGE OR OTHER LIABILITY OTHERWISE EQUIVALENT TO OR IN THE NATURE OF SUCH LOSSES OR DAMAGES, OR ANY LOSS OF PROFITS, LOSS OF REVENUE, LOSS OF USE DOWNTIME COSTS, LOSS OF OPPORTUNITY OR GOODWILL, LOSS OF PRODUCTIVITY, LOSS OF OR REDUCTION IN BONDING CAPACITY, LOSSES DUE TO THEORIES SUCH AS CUMULATIVE IMPACT, COST OF PURCHASED OR REPLACEMENT POWER, COST OF CAPITAL OR CLAIMS OF CUSTOMERS, WHETHER SUCH LIABILITY ARISES IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE), MISREPRESENTATION (INCLUDING NEGLIGENT MISREPRESENTATION), STRICT LIABILITY OR OTHERWISE.

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their respective duly authorized officers as of the date first written above.

COMPANY:

DUKE ENERGY FLORIDA, LLC

By: Melody Birmingham-Byrd

Name: Melody Birmingham-Byrd

Title: SVP & Chief Procurement Officer

CONTRACTOR:

ADP CR3, LLC

By: _____

Name: Scott State

Title: Chief Executive Officer

BUYER:

ADP SF1, LLC

By: _____

Name: Scott State

Title: Chief Executive Officer

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COMPANY:

DUKE ENERGY FLORIDA, LLC

By: _____

Name: _____

Title: _____

CONTRACTOR:

ADP CR3, LLC

By: Scott State

Name: Scott State

Title: Chief Executive Officer

BUYER:

ADP SF1, LLC

By: Scott State

Name: Scott State

Title: Chief Executive Officer

DUKE ENERGY FLORIDA
2019 ACCELERATED NUCLEAR DECOMMISSIONING COST STUDY

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Section 1 – SUMMARY

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Introduction

This site-specific decommissioning cost analysis (study) was prepared by Duke Energy Florida (DEF) to comply with the purpose and requirements of Rule 25-6.04365, Florida Administrative Code. This study demonstrates there are sufficient funds on hand at this time to meet all required expenses of the recently announced contractual agreement between DEF and Accelerated Decommissioning Partners (ADP) to decommission Crystal River Unit 3 (CR3) through license termination. This study also highlights the contractor and owner cost to reach license termination. The conclusion of this study is that, at this time, the current Nuclear Decommissioning Trust Fund (NDT) is sufficient to fund all required expenses and that there will be excess funds in the NDT to address emergent issues or be available at license termination. Because of the new development of the signed fixed price contract between DEF and ADP and the provisions it contains, some specific elements contained in subsections (3) and (4) of the Rule 25-6.04365 do not apply to this study and as such are not presented.

Accelerated Decommissioning Cost Summary

DEF has entered into a Decommissioning Services Agreement (DSA) with ADP which provides that ADP will assume the role of operator licensee, responsible for all activities conducted under the License upon NRC approval of the transfers to ADP. ADP has agreed that it will decommission the CR3 Facility under the terms of the DSA, and ultimately obtain termination of the License, pursuant to the fixed price services arrangement. The fixed price of \$540 million, and earnings thereon, are placed in a segregated account being created in the NDT. This NDT account will be used to decommission the CR3 Facility, other than the Independent Spent Fuel Storage Installation (ISFSI), and to achieve partial license termination on an accelerated schedule as compared to SAFSTOR.

Separately, ADP has agreed to purchase the spent nuclear fuel and the ISFSI for a nominal amount. ADP will be responsible for all spent fuel management and associated costs after approval of the license transfer by the NRC, and the decommissioning of the ISFSI.

This study estimates the cost of decommissioning based upon the firm fixed price contract with ADP of \$540 million, and ongoing DEF management costs of \$77 million through decommissioning, for a total cost of \$617 million. As discussed later, this decommissioning cost study does not include projected spent fuel management costs due to the sale of the spent fuel and ISFSI to ADP.

Section 1 – SUMMARY

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The decommissioning activities performed by ADP under the fixed price contract are segregated in three (3) phases and periods:

Phase	Years	Cost \$ (000s)	% of Total
Planning / Site Preparation	2020 - 2021	100,695	18.6%
Decommissioning / Partial License Termination	2021 - 2027	403,241	74.7%
Site Restoration	2026 - 2027	36,064	6.7%
Spent Fuel Management / Final License Termination / ISFSI Decommissioning	2027 – 2038	0	0
	Total	<u>540,000</u>	<u>100%</u>

The estimated DEF costs include spent fuel management through the closing date, and license termination costs until the accelerated decommissioning process is complete.

	Cost \$ (000s)
DEF Operating Costs up to closing (2020)	44,000
DEF Operating Costs closing through 2022	4,000
DEF Operating Costs 2023-2038	29,000
Total DEF Cost	<u><u>77,000</u></u>

DEF post-closing operating costs include oversight and pay item validation, non-labor recurring costs, taxes, fees, and insurance costs.

This current cost study reflects significant changes from the last updated cost estimate completed in 2018 and filed for informational purposes on September 10, 2018 (“2018 estimate”) and the 2014 study approved by the Florida Public Service Commission (FPSC) on December 22, 2014 (Order No. PSC-14-0702-PAA-EI) as a result of DEF’s decision to accelerate decommissioning activities by moving from the SAFSTOR method to the DECON method.

The Nuclear Regulatory Commission (NRC) has defined three acceptable decommissioning methods: Prompt Removal/Dismantling (DECON); Safe Storage / Deferred Decontamination (SAFSTOR); and Entombment (ENTOMB). This study incorporates costs included in the definition of decommissioning by the NRC, as well as activities associated with the dismantling and demolition of buildings and facilities demonstrated to be free from contamination. The

Section 1 – SUMMARY

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ENTOMB alternative is not considered practical for commercial reactors that generate significant amounts of long-lived radioactive material due to the 60-year restriction.

CR3 is on track to reach SAFSTOR dormancy by August 2019 with:

- All fuel in dry storage (ISFSI)
- Spent fuel pool cleaned and empty
- Plant systems decommissioned
- Large components and low-level waste shipped off site
- License conditions modified to align with SAFSTOR conditions

In parallel with work to reach dormancy, DEF explored the feasibility of accelerating decommissioning (DECON method). Based on the comparison between the DECON and SAFSTOR alternatives, DEF selected the DECON method. This is a change from the method last approved by the FPSC in Order No. PSC-14-0702-PAA-EI and with the 2018 estimate.

DECON was selected based on an analysis of various factors, including: the cost of each decommissioning alternative with recent changes in the decommissioning market; the work completed to place the plant in SAFSTOR condition; the duration and amount of fund earnings growth; the availability of low-level waste disposal facilities; the elimination of the risk associated with buildings lying dormant; and the cost certainty provided by the transaction structure.

The analysis shows that the total cost to decommission under DECON is \$617M, which is \$278.9M lower than the cost under the 2018 SAFSTOR estimate of \$895.9M. Note however, that this analysis is not a direct comparison as the decommissioning in the 2018 SAFSTOR estimate was assumed to take place from 2018 through 2074 versus the current DECON study, which has decommissioning occurring from 2020 through 2038. Costs to reach SAFSTOR dormancy (previous spend) from the 2018 estimate are excluded from this study. The DECON alternative, based upon the contract structure with ADP, does not include spent fuel management costs. Additionally, the contract with ADP is a different contracting model that significantly reduces utility staff requirements/DEF management costs, as well as transfers responsibility for emergent issues and related costs to ADP. Note that ADP expects to recover their spent fuel management costs from the DOE.

Due to the change in methodology and contracting model selected and significant change in the timing and duration of decommissioning, a comparison of each cost element is not relevant. As such, DEF did not prepare a Comparison Report for the current study versus the 2018 estimate.

Section 1 – SUMMARY

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Summary of Estimated Accelerated Decommissioning Costs and NDT Balance

	<i>\$ millions</i>
NDT Value (as of 3/31/19)	\$654
Estimated NDT Earnings up to closing	\$31
ADP Cost (Not to exceed)	(\$540)
Duke Operating Costs up to closing	(\$44)
Unallocated NDT Funds at Closing	\$101
Pending Potential DOE Recovery realized in 2022	\$90
Estimated NDT Earnings through 2022	\$9
Duke Operating Costs through 2022	(\$4)
2022 NDT Balance	\$196
Estimated NDT Earnings 2023-2038	\$120
Duke Operating Costs 2023-2038	(\$29)
2038 NDT Balance (Project Complete)*	\$287

* Retail portion of unused funds would be returned to customers when spent fuel is no longer at CR3 site and the ISFSI has been fully decommissioned.

Spent Nuclear Fuel Management Costs

The Department of Energy's delay in acceptance of spent nuclear fuel has impacted the overall cost of decommissioning including, in part, costs for staffing to monitor the fuel during storage prior to DOE acceptance of the fuel.

The current study reflects significant changes from the 2018 estimate as a result of DEF's decision to accelerate decommissioning of CR3. ADP has entered into an agreement with DEF to purchase the spent nuclear fuel and Independent Spent Fuel Storage Installation (ISFSI). Any spent fuel management costs prior to closing are the responsibility of DEF; all post-closing spent fuel management costs will be the responsibility of ADP and are not included in the fixed price decommissioning contract. ADP also is responsible for ISFSI license termination and decommissioning costs after the spent fuel is removed. ADP intends to recover a substantial portion of these costs from the DOE due to the DOE's delay in acceptance of spent nuclear fuel. ADP will have access to funds provided by its parent companies to pay for such costs pending ADP recovery of those costs from the DOE.

Assumed Escalation Rate and Fund Earnings Rate

The only costs funded from the NDT subject to a cost escalation rate are the DEF owner's costs for oversight/administration of the contract. The cost escalation rate used for DEF costs is the same as used in the 2018 estimate of 2.64%. The ADP decommissioning contract is a fixed

Section 1 – SUMMARY

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value in 2018 dollars. Any cost escalation for decommissioning is the responsibility of ADP and are expected to be funded by earnings from the NDT subaccount set aside for the ADP contract.

Although DEF retains ownership and sole access to the NDT, ADP has accepted responsibility for NDT performance of the funds placed in the designated decommissioning subaccount (for the contract value) and has requested that DEF “de-risk” or lower the risk profile for the subaccount by investing in treasury securities. DEF has reviewed the assumptions used by ADP and find them adequate to provide financial assurance that decommissioning services can be performed for the fixed value of the contract.

In May 2019, DEF implemented a hedging strategy that protects the NDT from downside market risk. This “zero cost collar” strategy ensures that the NDT value will not be less than estimated decommissioning costs plus a minimum \$25 million contingency.

Financial Assurance and NDT Protections

In the event the project costs are higher than currently estimated by ADP, the transaction has been structured to provide significant protections and financial assurances that ADP can meet its contractual obligations without requiring additional funds to be distributed from the NDT. NorthStar and Orano, the parent companies of ADP, will provide payment and performance guarantees of all obligations of ADP. Additionally, each subcontractor will be required to secure a performance bond for applicable scopes of work.

ADP will also create a \$50 million trust fund to support their obligations. The trust will be initially funded with \$20 million cash. Subsequently, 6% of each ADP milestone payment from the NDT will be retained in the trust until the trust fund reaches \$50 million. Further, WCS will issue a waste disposal credit in the amount of \$30 million for future radioactive waste disposal, which credit amount will gradually decrease as the trust fund grows to \$50 million. The \$50 million trust fund will not be released to ADP until the accelerated decommissioning of the plant is complete (with the CR3 Facility becoming an ISFSI-only site).

The ANI insurance policy, which provides coverage for any offsite radiological event, including transportation of radiological material, will remain in effect with DEF continuing as an insured party under the policy. DEF will also fund ADP for the purchase of environmental accident insurance in the amount of approximately \$30 million to protect against previously unknown non-radiological contamination at the CR3 Facility.

Section 1 – SUMMARY

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Pursuant to the agreement, ADP will accept liability for all on-site environmental liabilities, both radiological and non-radiological.

DEF will have contractual remedies if ADP is unable to complete decommissioning per the terms of the agreement. If an ADP event of default occurs, such as bankruptcy or failure to perform its obligations of the contract, DEF will be able to either take over the membership interests of ADP or assign them to another contractor (subject to NRC License transfer approval) (step-in rights).

Significant NDT protection is provided by the contractual requirement for ADP to provide a disbursement certificate tied to a pay item table for the work performed, and shall include a certificate attesting that ADP has completed the stated percentages of each of the Pay Items included in the disbursement certificate, and accompanied by reasonable supporting documentation to permit DEF to verify the stated percentage completion. This means that DEF will only pay the agreed upon amount for work that has been performed. DEF will hold the earnings in the NDT subaccount designated for the ADP contract until the project is completed.

These protections, assurances, and escrow accounts, all of which protect the NDT from liability in excess of the fixed cost contract price.

In the unlikely event that there are unforeseen circumstances which could not be resolved by any of the foregoing remedies and which would require additional funding, excess NDT funds will continue to remain available to complete the project. Additionally, to address an extreme event, DEF would always have the option to return to SAFSTOR, which would provide additional time for the NDT funds to grow to provide sufficient funding to complete the project. Alternatively, DEF could seek additional funding from customers and shareholders. Based on current information, DEF does not foresee the need to collect such additional funding

Conclusion

As of March 26, 2019, the NDT had a balance net of estimated taxes of \$654 million. The cost of the project is expected to total \$617 million, consisting of the fixed price for ADP costs of \$540 million plus approximately \$77 million in owner's costs for DEF. Additionally, DEF projects recovery from the DOE for spent fuel management costs of approximately \$90 million in 2022.

NDT reserve funding is estimated to be approximately: \$100 million at closing; \$196 million after DOE funds are recovered; and close to \$280 million when spent fuel is removed and final decommissioning is complete.

Section 1 – SUMMARY

This transaction is in the best interest of DEF customers. The NDT is adequate to fund the transaction and provides reserves to address potential issues. No further funding is needed to satisfy the future cost of decommissioning as presented in this study.

DEF 2019 ACCELERATED NUCLEAR DECOMMISSIONING COST STUDY

Section 2 – Determination of Annual Accrual for Decommissioning

	ADP Cost	DEF Owner Cost (2018 Dollars)				DEF Owner Cost (Escalated)				NDT Balance (DEF Reserve Subaccount)
	License Termination / Site Restoration (escalated)	License Termination	Spent Fuel Management	Site Restoration	Total	License Termination	Spent Fuel Management	Site Restoration	Total	Qualified and Non-Qualified
2019	\$ -	\$ 17,924	\$ 10,321	\$ -	\$ 28,245	\$ 18,398	\$ 10,560	\$ -	\$ 28,958	\$ 699,493
2020	\$ 540,000	\$ 11,190	\$ 3,234	\$ -	\$ 14,424	\$ 11,789	\$ 3,407	\$ -	\$ 15,196	\$ 104,761
2021	\$ -	\$ 1,823	\$ -	\$ -	\$ 1,823	\$ 1,971	\$ -	\$ -	\$ 1,971	\$ 106,965
2022	\$ -	\$ 1,823	\$ -	\$ -	\$ 1,823	\$ 2,023	\$ -	\$ -	\$ 2,023	\$ 200,091
2023	\$ -	\$ 1,823	\$ -	\$ -	\$ 1,823	\$ 2,076	\$ -	\$ -	\$ 2,076	\$ 204,165
2024	\$ -	\$ 1,823	\$ -	\$ -	\$ 1,823	\$ 2,131	\$ -	\$ -	\$ 2,131	\$ 208,358
2025	\$ -	\$ 1,823	\$ -	\$ -	\$ 1,823	\$ 2,187	\$ -	\$ -	\$ 2,187	\$ 212,675
2026	\$ -	\$ 1,823	\$ -	\$ -	\$ 1,823	\$ 2,245	\$ -	\$ -	\$ 2,245	\$ 217,122
2027	\$ -	\$ 1,194	\$ -	\$ -	\$ 1,194	\$ 1,510	\$ -	\$ -	\$ 1,510	\$ 222,498
2028	\$ -	\$ 1,194	\$ -	\$ -	\$ 1,194	\$ 1,550	\$ -	\$ -	\$ 1,550	\$ 228,050
2029	\$ -	\$ 1,194	\$ -	\$ -	\$ 1,194	\$ 1,591	\$ -	\$ -	\$ 1,591	\$ 233,785
2030	\$ -	\$ 1,194	\$ -	\$ -	\$ 1,194	\$ 1,633	\$ -	\$ -	\$ 1,633	\$ 239,102
2031	\$ -	\$ 1,194	\$ -	\$ -	\$ 1,194	\$ 1,676	\$ -	\$ -	\$ 1,676	\$ 245,577
2032	\$ -	\$ 1,194	\$ -	\$ -	\$ 1,194	\$ 1,721	\$ -	\$ -	\$ 1,721	\$ 252,288
2033	\$ -	\$ 1,195	\$ -	\$ -	\$ 1,195	\$ 1,766	\$ -	\$ -	\$ 1,766	\$ 259,245
2034	\$ -	\$ 1,195	\$ -	\$ -	\$ 1,195	\$ 1,813	\$ -	\$ -	\$ 1,813	\$ 266,458
2035	\$ -	\$ 1,195	\$ -	\$ -	\$ 1,195	\$ 1,860	\$ -	\$ -	\$ 1,860	\$ 273,939
2036	\$ -	\$ 1,195	\$ -	\$ -	\$ 1,195	\$ 1,910	\$ -	\$ -	\$ 1,910	\$ 281,700
2037	\$ -	\$ 1,195	\$ -	\$ -	\$ 1,195	\$ 1,960	\$ -	\$ -	\$ 1,960	\$ 289,752
2038	\$ -	\$ 990	\$ -	\$ -	\$ 990	\$ 1,667	\$ -	\$ -	\$ 1,667	\$ 298,452
	\$ 540,000	\$ 54,181	\$ 13,555	\$ -	\$ 67,736	\$ 63,477	\$ 13,967	\$ -	\$ 77,444	

DEF 2019 ACCELERATED NUCLEAR DECOMMISSIONING COST STUDY

Section 3 – Inflation Rate and Assumed Fund Earnings Rate

Assumed earnings rate for the unallocated portion of the NDT (DEF reserve) is:

Fund	Rate of Return
Pre-Tax, Risked Qualified Fund	5.39%
Pre-Tax, De-Risked Qualified Fund	2.45%
After-Tax, De-Risked Non-Qualified Fund	1.86%

DEF 2019 ACCELERATED NUCLEAR DECOMMISSIONING COST STUDY

Section 4 – Historical Fund Returns

Annualized returns for the periods ended 3/31/19

	<u>QTR/YTD</u>	<u>Years</u>			
		<u>One</u>	<u>Three</u>	<u>Five</u>	<u>Ten</u>
<u>Nuc Decom Trust Fund*</u>					
Before Tax Total Fund	9.2	5.6	7.2	5.9	10.1
After Tax Total Fund	9.0	5.0	6.7	4.5	9.2
<u>Indices</u>					
CPI	1.9	2.1	2.2	1.3	1.7
S&P 500	13.6	9.5	13.5	10.9	15.9
Barclays Aggregate	2.9	4.5	2.0	2.7	3.8

* Fund returns are net of Investment management fees

**IN RE: PETITION BY DUKE ENERGY FLORIDA, LLC TO APPROVE
TRANSACTION FOR ACCELERATED DECOMMISSIONING SERVICES AT THE
CR3 FACILITY, TRANSFER OF TITLE TO SPENT FUEL AND ASSOCIATED
ASSETS, AND ASSUMPTION OF OPERATIONS OF THE CR3 FACILITY PURSUANT
TO THE NRC LICENSE, AND REQUEST FOR WAIVER FROM FUTURE
APPLICATION OF RULE 25-6.04365, F.A.C. FOR NUCLEAR DECOMMISSIONING
STUDY**

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF MATTHEW PALASEK

1 **Q. Please state your name and business address.**

2 A. My name is Matthew Palasek. My business address is 526 South Church Street Charlotte,
3 NC 28202.

4

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Duke Energy Business Services (“DEBS”), service company of Duke
7 Energy Florida, LLC (“DEF” or the “Company”) as the Managing Director – Total Cost
8 Ownership (“TCO”) Strategic Sourcing in DEF’s Supply Chain organization.

9

10 **Q. Please describe your duties and responsibilities in that position.**

11 A. I am responsible for supporting third party contracting for DEF across several categories
12 of spending, including major project sourcing, major project commercial contract
13 management, enterprise sourcing, and strategic sourcing.

14

15 **Q. Please describe your educational background and professional experience.**

16 A. I graduated from George Washington University in 1996 with a Bachelor of Science in
17 Economics. Upon graduation I worked for Charles River Associates (“CRA”), an

1 economics consulting firm, in Washington D.C. I predominantly supported CRA's
2 energy practice in analysis for antitrust filings related to utility mergers and Federal
3 Energy Regulatory Commission filings for market based rate authority. Subsequently, I
4 attended Duke University's Fuqua School of Business, from which I received my
5 Master's in Business Administration in 2002. Shortly after graduation, I worked in the
6 strategy group of Mirant, an Independent Power Producer based in Atlanta, Georgia. In
7 the summer of 2003, I left to work at Capital One in Richmond, Virginia to work with an
8 operations consulting group. In 2005, I joined DEBS. Between 2005 and 2017, I worked
9 in the Corporate Development (or Mergers & Acquisitions) group at DEF, supporting
10 DEF in transactions, both regulated and unregulated, including DEF's acquisition of the
11 Osprey power plant, located in Auburndale, Florida, from 2014 through 2015. Since
12 November 2017, I have worked as the Managing Director of TCO Strategic Sourcing in
13 DEF's Supply Chain organization.

14
15 **Q. What is the purpose of your testimony?**

16 A. My testimony is provided to support DEF's request for approval of the transaction
17 between DEF and Accelerated Decommissioning Partners, LLC ("ADP"), pursuant to
18 which DEF will contract with ADP, through its subsidiary ADP CR3, LLC, to complete
19 the decommissioning activities of the Crystal River nuclear power plant (the "CR3
20 Facility") on an accelerated basis, and through another subsidiary, ADP SF1, LLC, to
21 acquire ownership of the Independent Spent Fuel Storage Installation (the "ISFSI") assets
22 from DEF, including the spent fuel, the dry shielded canisters, and the plant, property,
23 and equipment ("PPE") that comprises the ISFSI (the "Proposed Transaction"). The

1 ISFSI assets include the used fuel and associated canisters, the storage modules,
2 foundations, security operations center and associated systems and equipment, fencing,
3 lighting and security cameras, all contained within and including the ISFSI vehicle
4 barrier system (collectively, the “ISFSI Assets”). My testimony includes an explanation
5 of the request for information (“RFI”) and the request for proposals (“RFP”) processes,
6 and provides an overview of how and why ADP was selected as the vendor team in
7 connection with the Proposed Transaction.

8
9 **Q. Do you have any exhibits to your testimony?**

10 A. Yes, I sponsor the following exhibits:

11 Exhibit No. __ (MP-1), RFI;

12 Exhibit No. __ (MP-2), RFP Bid Instructions and RFP Project Scope;¹ and

13 Exhibit No. __ (MP-3), Bid Evaluation Process Framework.

14 These exhibits are true and accurate.

15
16 **Q. How did DEF test the market interest in decommissioning the CR3 Facility on an
17 accelerated basis (“Accelerated D&D”)?**

18 A. DEF tested the market by researching developments and practices within the nuclear
19 decommissioning industry in the U.S. In 2017, DEF conducted discussions with
20 decommissioning industry contractors, which were currently involved in the process of
21 decommissioning nuclear power plants, and other utilities actively engaged in the

¹ During the bidding process, the documents set forth in Exhibit No. __ (MP-1) and Exhibit No. __ (MP-2) were confidential and subject to a confidentiality agreement between DEF and qualified potential bidders; however, after DEF decided to move forward with ADP under the Proposed Transaction, such documents are no longer confidential.

1 decommissioning process, such as Vermont Yankee Nuclear Power Station, San Onofre
2 Nuclear Generating Station, and the Dairyland Power Cooperative. The discussions
3 encompassed a range of topics, such as current projects, risk identification and
4 mitigation, stakeholder engagement, procurement, due diligence, contracting, and project
5 management. Subsequently, in November of 2017, DEF issued a RFI to nuclear
6 decommissioning vendors with experience in the U.S. decommissioning industry to
7 solicit ideas and solutions regarding the accelerated decommissioning process.

8
9 **Q. What was DEF's purpose for initiating a RFI in connection with Accelerated D&D?**

10 A. DEF's purpose for initiating a RFI was to generally understand the functional capabilities
11 of respondents and obtain information on contractual and project execution approaches in
12 connection with decommissioning services for the CR3 Facility. DEF sought to assess the
13 feasibility of the Accelerated D&D model, with the ultimate objective to complete all
14 decommissioning of the CR3 Facility for a cost not to exceed the available funds in the
15 Nuclear Decommissioning Trust ("NDT").

16
17 **Q. Please give a general overview of the RFI process.**

18 A. DEF initiated the RFI in November of 2017 with fourteen vendors with experience in the
19 U.S. decommissioning industry. The vendors had four weeks to respond to the RFI.
20 During this period, DEF employees were available to respond to questions or
21 clarifications requested from the vendors. All questions and the corresponding responses
22 were posted on an electronic webpage, which was made available to all vendors. In
23 accordance with the generally accepted practice within the DEF Supply Chain, all

1 questions were posted to the webpage on an anonymous basis, without identifying which
2 vendor asked each particular question.

3
4 **Q. Who was the RFI directed towards and what type of information was being**
5 **requested?**

6 A. The RFI was directed towards several nuclear decommissioning vendors. Generally, the
7 RFI sought information related to experience in the nuclear decommissioning industry,
8 contract structures typically used and expectations related to same, the scope and
9 planning involved in the decommissioning process, methods used to mitigate risks
10 associated with decommissioning, safety measures, as well as other core business
11 information. The RFI is attached as Exhibit No. __ (MP-1) to my testimony.

12
13 **Q. How many vendors responded to the RFI?**

14 A. From the fourteen vendors with which DEF initiated the RFI, a total of eight nuclear
15 decommissioning vendors responded.

16
17 **Q. How did DEF utilize the RFI responses in evaluating the feasibility of the**
18 **Accelerated D&D process?**

19 A. RFI information was used to better understand industry trends, capabilities of potential
20 bidders, due diligence expectations and overall project timeline. This information was
21 used to develop the RFP and select companies to participate in the RFP process. The RFI
22 responses were evaluated by DEF based upon a review of multiple criteria, including

1 expertise in the nuclear decommissioning industry. Out of the eight vendors evaluated,
2 six vendors were selected to participate in the competitive RFP process.

3
4 **Q. Did you follow a defined competitive bidding process and if so, describe the process?**

5 A. Yes. The competitive process was managed under the DEF procurement policy and used
6 approved systems, processes and practices, with ongoing support from subject matter
7 experts within DEF. At each major milestone of the bidding process, recommendations
8 were reviewed and approved at the relevant management level, including a briefing to the
9 Duke Energy Corporation (“Duke”) Senior Management Committee in November of
10 2018. This committee is comprised of the Duke Chief Executive Officer and her direct
11 reports. The Nuclear Oversight Committee, a committee of the Duke Board of Directors
12 was briefed on the status of the process in December of 2018. The Duke Transaction
13 Review Committee reviewed the proposed transaction in March of 2019. This committee
14 has representatives from many Duke business units, including accounting, tax, treasury,
15 risk management, etc.

16
17 **Q. Why didn’t DEF just issue a broad RFP to any interested counterparty?**

18 A. As a result of initial research, DEF learned that there are different strategies and
19 approaches involved in the decommissioning of nuclear facilities. The RFI was issued
20 with a primary goal of gaining a better understanding of these different strategies, as well
21 an understanding of the functional and technical experience and capabilities of potential
22 vendors in executing these strategies.

23

1 **Q. When did DEF initiate the RFP?**

2 A. DEF initiated the RFP in May of 2018.

3

4 **Q. Please give a general overview of the RFP process.**

5 A. The RFP is a competitive bidding process managed under the DEF procurement policy
6 and using approved systems, processes and practices. The RFP Bid Instructions and the
7 RFP Project Scope are attached as Exhibit No. __ (MP-2) to my testimony.

8

9 **Q. Please provide an overview of the DEF bid evaluation process, including the
10 technical evaluation, financial evaluation and legal evaluation.**

11 A. DEF prepared a comprehensive bid evaluation process in support of this competitive
12 process, which included a technical evaluation, a commercial evaluation, and a legal
13 evaluation. The commercial and legal evaluation involved an assessment of the cost
14 proposals for each bid and a determination of whether the proposed cost was within
15 DEF's budget and what, if any, financial margin would be maintained. In addition to the
16 direct cost quoted in the bid, the evaluation included an assessment of cost certainty
17 based on the Proposed Transaction structure, risks accepted by the bidder versus those
18 retained by DEF, and financial assurances offered by the bidder. The DEF bid evaluation
19 process is attached as Exhibit No. __ (MP-3) to my testimony.

20

21 **Q. How many vendors responded to the RFP?**

22 A. By July 27, 2018, four vendor teams responded to the RFP.

23

1 **Q. Please describe how DEF utilized the bid proposals received in evaluating the**
2 **feasibility of the Accelerated D&D process?**

3 A. The proposals were used to evaluate the feasibility of the Accelerated D&D process by
4 applying the aforementioned technical, commercial and legal evaluations, which allowed
5 DEF to compare vendor proposals to the available funds in the NDT. If a proposal met
6 minimum expectations, DEF continued with the bid evaluation process by narrowing
7 down candidates to continue to the due diligence evaluation stage.

8

9 **Q. Please describe DEF's process for narrowing down the four candidates.**

10 A. In September of 2018, DEF short listed the two bidders whose bids met DEF's minimum
11 technical, commercial, and legal requirements. The two selected vendor teams both
12 conducted on-site due diligence.

13

14 **Q. Please explain the on-site due diligence process and how it facilitated DEF in**
15 **selecting ADP from the two final vendor teams.**

16 A. The two vendor teams commenced on-site due diligence in October of 2018. The on-site
17 due diligence process lasted over four weeks and each of the vendor teams performed the
18 on-site due diligence at the same time. The on-site due diligence process provided the
19 vendor teams full access to walk and inspect the entire CR3 Facility, including relevant
20 parts of the Crystal River Energy Complex and the ISFSI Assets, as well as review of
21 plant design and historical operational information in order to clarify and refresh their
22 original proposals. The vendor teams were given an opportunity to discuss with subject
23 matter experts as needed. DEF support staff was available to the vendors during the due

1 diligence process as required and as requested by the vendor teams. From this on-site due
2 diligence process, the two vendor teams submitted refreshed bid proposals in December
3 of 2018. ADP was one of these two vendors.

4
5 **Q. Please explain why ADP was selected from the final two vendor teams.**

6 A. ADP was selected based on the same technical, commercial, and legal evaluation
7 referenced in my prior responses. The evaluation was further informed based upon due
8 diligence of each specific vendor team and proposal. After assessing the refreshed bids,
9 including responses to proposed terms and conditions, the evaluation team determined
10 that ADP bid offered the most cost certainty to DEF. This judgment was based on the
11 direct cost quoted in ADP's bid, as well as their willingness to accept project execution
12 risks throughout the process consistent with DEF's expectations and its willingness to
13 provide financial assurances that supported ADP's contractual commitments.
14 Additionally, the evaluation team considered the fact that the ADP bid team utilized a
15 detailed pay item disbursement schedule that breaks the total project into smaller scopes
16 of work (work breakdown structure) and defines a fixed price for each scope of work.
17 Ultimately, DEF entered into final contract negotiations with ADP in January of 2019.

18
19 **Q. In conclusion, were DEF's bidding practices that resulted in the Proposed
20 Transaction reasonable and prudent?**

21 A. Yes. DEF followed its procedures to both identify capable counterparties in the market
22 and evaluate responses using a thorough process. From the initial RFI up until final
23 contract negotiations with ADP, the bidding process lasted over one year, which allowed

1 DEF to thoroughly and fairly evaluate all potential decommissioning avenues and vendor
2 proposals. Throughout the process, DEF considered relevant factors, evaluated multiple
3 vendors, and performed extensive due diligence before ultimately choosing ADP to
4 decommission the CR3 Facility. This resulted in the selection of the best vendor team to
5 become the counterparty to DEF under the Proposed Transaction. Accordingly, DEF's
6 bidding practices were reasonable and prudent and in the best interest of customers.

7

8 **Q. Does this conclude your direct testimony?**

9 A. Yes.



Duke Energy Business Services LLC,
Request for Information
Nuclear Decontamination and Dismantlement Project

1. REQUEST FOR INFORMATION OVERVIEW

1.1. Objective

Duke Energy is inviting companies to participate in a Request for Information (RFI) for the decontamination and dismantlement (D&D) of its Crystal River 3 nuclear plant (CR3). The goal of this RFI is for respondents to highlight their functional and technical capabilities and suggest contractual and project execution approaches that result in CR3 becoming an Independent Spent Fuel Storage Installation (ISFSI) site only. Achieving this goal also requires submitting and seeking approval of a partial license termination plan to the Nuclear Regulatory Commission (NRC).

1.2. Project Background

On February 5, 2013, Duke Energy announced the permanent retirement of CR3. Since that time, the decommissioning team has primarily focused on transferring the station's used nuclear fuel assemblies into an on-site dry cask storage facility, abandoning plant systems and components and changing the station's licensing bases to match current site conditions. These efforts will be completed by the end of 2019. Duke Energy's current decommissioning strategy is the long-term SAFSTOR model as described in the post-shutdown decommissioning activities report; however, Duke Energy will be exploring the potential benefits of an accelerated D&D strategy.

1.3. Expected Condition of Plant

The expected condition of CR3 at the time of the project initiation will be:

- Used nuclear fuel assemblies will be stored in the ISFSI.
- AC and DC power will be removed from the power block with the exception of the power system used in the hot shop.
- Permanent plant systems will be abandoned in place with the exception of a few select pieces of equipment Duke Energy has removed.
- The used fuel pool will be drained and abandoned, and the fuel storage racks will be removed from the site.
- Unmaintained site equipment will need to be recovered for use.
- Duke Energy will ensure applicable rules and regulations associated with ISFSI security, emergency planning and other required programs for a dormant plant are followed.
- The vendor will need to identify and acquire any licensing and permitting requirements for D&D.



2. DELIVERY REQUIREMENTS AND CONSIDERATIONS

2.1. Delivery of Information

Respondents shall deliver a written response based on the information and questions within this RFI. Such responses shall be submitted via the PowerAdvocate tool **no later than December 11, 2017, at 5 p.m. Eastern Standard Time.**

2.2. Requirements:

- Upload all supporting documentation necessary to review your information prior to December 11, 2017, at 5 p.m.
- For RFI communications, use the “Messaging” feature in PowerAdvocate tool. Suppliers shall not contact Duke Energy team members directly to answer questions or discuss the RFI.
- Respondents must respond in writing.
- All information received will become the property of Duke Energy and will not be returned.
- Duke Energy reserves the right, in its sole discretion, to seek additional information or clarification from any respondent.

3. GENERAL VENDOR INFORMATION

Please provide your company’s legal business name, address, a primary contact name and contact information.

4. EXPERIENCE AND AVAILABILITY

Duke Energy would like to understand your experience and availability within the nuclear D&D market. Please provide the following information:

- 4.1. List all D&D projects your company has performed as the prime contractor or subcontractor. Include the project name, contract structure (including any partners and their scope, if appropriate) and completion date or scheduled completion date.
- 4.2. List projects your company is currently bidding on or plans to bid on in the next 24 months.
- 4.3. Describe if your company foresees any capacity constraints on executing future projects. If so, how do you plan to address those constraints?



5. CONTRACT STRUCTURE

- 5.1. What contract structures have you used in the past to execute a D&D project, e.g., general contractor, license custodian, license transfer, fuel transfer, etc.?

- 5.2. Does your company have a preferred contract structure? If so, given that contract structure:
 - 5.2.1. What are the advantages in terms of safety and cost assurance?
 - 5.2.2. What risks would Duke Energy retain?
 - 5.2.3. What are the implications, if any, for the nuclear decommissioning trust fund?
 - 5.2.4. How would your company financially support any contractual commitments?

- 5.3. If your company bids on the D&D project, do you expect to pursue an alliance to bid the project? If so, which entities would you consider as target alliance partners?

- 5.4. Are there contract structures your company is not willing to bid on? If so, list those contract structures.

- 5.5. What role or expectations do you foresee for Duke Energy?

6. SCOPE AND PLANNING

- 6.1. What scope does your company typically include in a D&D project?

- 6.2. What scope does your company typically exclude in a D&D project?

- 6.3. What phases does your company typically break a project into?

- 6.4. What are key activities in each phase?

- 6.5. Please provide an overall project timeline from initial selection to the initiation of D&D activities.



7. DUE DILIGENCE

7.1. How long does your company typically expect a due diligence period to be?

7.2. What does your company see as the key risks in a D&D project?

7.3. How would your company perform due diligence to assess project risks?

8. EXECUTION

8.1. How does your company plan to mitigate the key risks identified in Sections 5 and 7?

8.2. Does your company have any key lessons learned from prior projects? Particular areas of interest include:

- Segmentation of the reactor vessel and internals.
- Methods to minimize release of radioactive effluents.
- Methods to mitigate non-radiological hazardous materials.
- Efficient management and shipment of radiological material.

8.3. Describe your typical project planning and execution organizational structure.

8.4. What would be your expected duration for the CR3 D&D project?

9. SAFETY

9.1. Does your company have its own safety program? If so, please describe the key elements of the program.

9.2. Does your company have an ALARA program and Respiratory Protection program? If so, please describe the key elements of the programs.



10. EXTERNAL STAKEHOLDERS

- 10.1. How does your company manage its relationships with local officials?
- 10.2. How does your company manage its relationships with state and federal officials?
- 10.3. How does your company manage its relationships with the local community, including customers and plant neighbors?

11. OTHER

- 11.1. What unique qualifications or other information would you like to share about your company's preferred model for implementing D&D projects?
- 11.2. What concerns, if any, do you have about successfully implementing a D&D project at CR3?
- 11.3. In support of preparing a potential request for proposal for D&D Services, please provide a listing of requisite site information and data, necessary site access, or other information that would be helpful in submitting a comprehensive bid response.

12. DISCLAIMER

This RFI is confidential and proprietary to Duke Energy. Respondents may not, and agree they will not, duplicate, distribute or otherwise disseminate or make available this document or the information contained in it without the express written consent of Duke Energy, which may be withheld for any reason within Duke Energy's sole discretion. Only the Duke Energy sourcing specialist shall grant consent. Notwithstanding the foregoing, respondents may make this document available to employees who have a need to know its contents to participate in the preparation of a Request for Proposals process and who are bound by contract to keep information confidential. Respondents shall not use or disclose to any third person any data, designs, drawings, specifications or other information belonging to, supplied by or on behalf of Duke Energy.

This RFI shall not be construed in any way to create an obligation on the part of Duke Energy to enter into any contract or serve as a basis for any claim whatsoever for reimbursement of costs for efforts expended. Furthermore, responding to this RFI does not commit or obligate Duke Energy in any way to pay for or reimburse any costs incurred by any respondent for the preparation of any response to this RFI or to procure or contract for services. Any such costs will be at the respondent's sole expense. Moreover, the scope of this RFI may be revised at the sole discretion of Duke Energy at any time, and this RFI may be withdrawn or canceled by Duke Energy at any time. Duke Energy reserves the right to waive formalities and to add, modify or delete items, requirements and terms or conditions prior to the conclusion of this RFI whenever it is deemed to be in Duke Energy's best interest. Duke Energy reserves



Duke Energy Business Services LLC,
Request for Information
Nuclear Decontamination and Dismantlement Project

the unilateral right to reject any or all responses submitted hereunder for any reason whatsoever. Duke Energy shall be held free from any liability resulting from the use or implied use of the information submitted in any response to this RFI.



Accelerated Nuclear Decommissioning Project
Crystal River Unit Three Nuclear Generating Plant

Request for Proposal

Bid Instructions

Revision 0:
May 18, 2018

Project Location

Duke Energy – Crystal River Three
15760 W Power Line St,
Crystal River, FL 34428

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I. Request for Proposal Objectives

A. Objective of Request for Proposal

The purpose of this Request For Proposal (RFP) is to solicit bids for the Accelerated Nuclear Decommissioning of the Crystal River Unit 3 (CR3) facility. This document provides instructions for bidding on the RFP. The accompanying Accelerated Nuclear Decommissioning Project RFP document provides further details on the project, including the scope of work ("Accelerated Nuclear Decommissioning Project" or "Project").

On February 5, 2013, Duke Energy Florida, LLC ("Duke Energy" or the "Company") announced the permanent retirement of CR3. Since the announced retirement, the decommissioning team has transferred the station's spent nuclear fuel assemblies into a dry cask storage facility within the on-site Independent Spent Fuel Storage Installation (ISFSI). The decommissioning efforts are currently focused on abandoning plant systems and components and transitioning to "Cold and Dark" status as well as changing the station's licensing bases to match current site conditions. These efforts are expected to be completed by the second quarter of 2019.

The Company's current decommissioning strategy is the long-term SAFSTOR model as described in the Post-Shutdown Decommissioning Activities Report (Appendix C1); however, the Company is issuing this RFP to explore the potential economic and risk mitigation benefits of an accelerated Decontamination and Dismantlement (D&D) strategy. Qualified potential suppliers that are invited to respond to this RFP, (each a "Bidder" and, collectively, the "Bidders"), will be instrumental in assisting in the decommissioning strategy evaluation effort. In addition, the Company wants to identify the Bidder that provides the best overall value while demonstrating commitment to safe work practices, radiological protection, environmental protection, and the ability to mitigate risks and successfully complete the decommissioning of CR3 as described in this RFP.

The Company expects to assess potential strategic partners as well as their proposed solutions for decommissioning across the following criteria:

- **Safety:** The Company intends to evaluate the Bidders' experience and approach to safe work practices and assess the Bidders' safety programs, as well as environmental and radiological protection programs.
- **Total Cost for Decommissioning:** The Company intends to evaluate proposals against the current SAFSTOR Decommissioning Cost Estimate model and determine whether sufficient funds are available in the Nuclear Decommissioning Trust (NDT) for accelerated decommissioning activities, including the on-going operations and maintenance of the CR3 ISFSI and site restoration once the spent nuclear fuel is removed from the site. Prudence in the utilization of the

NDT in completing the defined work scope is one of the Company's overarching objectives. Proposals will be assessed to determine the best value for Duke Energy customers by considering the total cost of decommissioning with Company and Bidder proposed resources and on-going operational costs.

- **Risk Mitigation:** The Company intends to assess risks associated with an accelerated decommissioning strategy against our current SAFSTOR strategy. The transfer of risks to a decommissioning strategic partner and mitigation of these risks will be considered. The Company expects to assess the lowest risk options associated with the submitted proposals.
- **Ability to Execute:** The Company intends to assess Bidders and their proposed solutions to evaluate decommissioning experience, expertise, performance quality, financial condition, and best practices approach and methods. Bidders will be evaluated on their ability to successfully and safely perform and complete the required Project scope associated with the accelerated decommissioning strategy.
- **Regulatory Support and Compliance:** The Company intends to evaluate the Bidders experience with federal, state and local regulations and regulatory agencies, including experience with the application process used by such agencies; as well as the Bidders past successful interactions with regulatory agencies with jurisdiction over the Project and the work. Each Bidder must demonstrate it is appropriately licensed and qualified in the State of Florida and elsewhere as required to perform the work before the Bidder will be allowed to submit a proposal in response to this RFP.

The Company intends to use the information submitted in responses to this RFP to evaluate and select one or more Bidders that the Company determines, in its sole discretion, satisfies the evaluation criteria and demonstrates both past successful performance history and the ability to successfully complete the Project.

B. Decommissioning Contracting Models

The Company is aware of the following decommissioning contracting models for performance of accelerated D&D services: Self-Perform; Decommissioning General Contractor; License Stewardship; and Asset Acquisition. Except for the Self Perform model, each model is described in Section 1.2 of the RFP Project Scope document.

The Company has not made any determination pertaining to the preferred contracting model, with the exception that it is no longer considering the Self-Perform model. The RFP is intended to evaluate the benefits of the other contracting models, including but not limited to: 1) the total cost and risk

mitigation of the different models; 2) the ability of the Bidder to execute its proposal; 3) the ability to provide regulatory support and comply with regulatory requirements; and, 4) the compliance with environmental health and safety requirements. Bidders are requested to submit their proposals based on their preferred contracting model that best achieves the Company's evaluation criteria.

C. Alternative Proposal Options

Bidders are welcomed to submit alternative proposals based on an alternative contracting model(s) for consideration. Proposals may offer unique approaches that can provide demonstrated benefits to the affected ratepayers, which may include proposed alternatives to the work scope, schedule and activities. An example of an alternative proposal is a Bidder acquiring the ISFSI and spent fuel in conjunction with a license stewardship contracting model; or including decommissioning of Units 1 & 2 (details thereof could be provided during Due Diligence if selected).

In order to maintain a fair evaluation process, alternative proposals are subject to the following conditions:

- Alternative proposals will be considered only from Bidders providing a compliant proposal (as defined in Section IV.A of this document).
- Any alternative proposal shall be clearly identified as "ALTERNATIVE" on the document header and within the electronic document naming convention.
- Any alternative proposal shall clearly describe the deviations and exceptions from the stated RFP requirements, with a description of the merits of the proposed alternatives.
- A Bidder submitting an alternative proposal(s) shall clearly identify any assumptions, cost estimates, risks and terms and conditions associated with the alternative proposal(s) and document the same on the associated required submittals.

II. Accelerated Nuclear Decommissioning Project Sourcing Process

As discussed above, the Company will be assessing proposals to determine the feasibility of the Accelerated Nuclear Decommissioning Project and determine the preferred contracting model. The Company anticipates utilizing a multiple stage process to determine the Project feasibility and to make a bid award, if the Company determines, in its sole discretion, that the Project is feasible and in the best interests of its customers.

A. Stage One: RFP Process

The RFP process as documented herein will be used to evaluate proposed approaches, contracting models, Bidder qualifications, Project feasibility, and Project risks. In order to adequately assess the feasibility of the Project, Bidders

are required to provide a fixed cost proposal based on their understanding of the work scope with appropriate documented Project assumptions and qualifications. It is understood that due to the accelerated schedule and limited access provided during the RFP process, the Bidders may not have complete information pertaining to the site conditions and characterization, site restoration requirements and regulations. The Company will make limited due diligence information available to the Bidders during Stage One that the Company believes will enable all Bidders to develop and submit a proposal that is reasonably detailed with reliable cost estimates. Short listed Bidders will have an opportunity to perform further due diligence investigations and further refine their proposed pricing during negotiations.

Following the submission of the proposals, the Company intends to perform an economic and risk evaluation of the Project. A short listed group of Bidders may be asked to present their proposal to key Company stakeholders at a Company location to be determined. A subsequent assessment of Bidder customer references, financial stability, risk management and safety performance will be performed. It is anticipated that during this process a continued exchange of information between the Company and Bidders will be required.

Upon the completion of proposal evaluations and assessment of the Bidders' qualifications, the RFP evaluation team expects to be able to make a potential recommendation to the Company's Senior Management Committee Stakeholders as to whether to proceed with accelerated decommissioning. Senior Executive Approval decision on whether to proceed with the Project is anticipated to occur in late 2018 or early 2019.

B. Stage Two: Due Diligence

Subject to receiving Senior Executive approval decision to proceed with the Accelerated Nuclear Decommissioning Project, the sourcing process will transition into a detailed Due Diligence stage. During the Due Diligence stage, the Bidders will be allowed expanded access and sufficient time to perform necessary due diligence activities to enable negotiations and contracting. The Company expects that it will invite two to three Bidders to participate in the Due Diligence stage. Bidders will be allowed to have site access and perform mutually agreed analyses of the site to support the development of contractual agreement(s) with each Bidder and each Bidder's final and best offer. It is anticipated the Due Diligence stage will be conducted primarily in the first half of 2019.

C. Stage Three: Negotiated Agreement

Concurrent with the Due Diligence stage, the Company intends to enter into contract negotiations with the short listed Bidders. Reaching definitive agreement will be dependent on conducting a multistep process that is anticipated to occur during the period from April through June 2019. Anticipated steps will include

technical evaluations, commercial risk management evaluations, alignment on terms and conditions, total ownership cost evaluation and negotiation of the final agreement documentation.

III. RFP Submittal Requirements

The Company will be utilizing the Sourcing Intelligence Application from Power Advocate to conduct the RFP event. Bidders that have completed a signed Mutual Confidentiality Agreement in the form provided by the Company will be required to register and establish an account on Power Advocate in order to participate in the bid event. Instructions on access to Power Advocate and its usage functionality are available via [Duke Energy's Supplier Resources](#).

Bidders' proposals must be received no later than 5:00 PM EDT on Friday, July 27, 2018 (hereinafter, the "Due Date"). Proposals shall be electronically submitted via Power Advocate Sourcing Intelligence CR3 Accelerated Nuclear Decommissioning Project RFP event. The Company may, in its sole discretion, elect not to accept proposals that are received after the deadline. All proposals must be valid for the duration of the RFP process. Once submitted, proposals cannot be withdrawn for the duration of the RFP process without the written consent of the Company.

In addition to submitting responses electronically, Bidders shall submit five duplicate hardcopy responses identical to the electronic submission (including all RFP file attachments) to the address provided below. The hardcopy responses must be received by 4:00 PM EDT, Tuesday, July 31, 2018.

Duke Energy
Crystal River Unit 3
15485 W Power Line St
Crystal River, FL 34428
Attn: Alan Fata

The RFP is administered by the following person, who is the designated Commercial Contact for this RFP.

Michael Taylor
Duke Energy, Lead Sourcing Specialist
299 1st Avenue N.
St. Petersburg, FL 33701
(727) 820-5139
Michael.Taylor@Duke-Energy.com

IV. RFP Submittal Process

A. Submittal Instructions

Bidders shall submit their proposal responses per the RFP schedule listed below in Sections IV–B and IV-C. The required submittal documents are described in Section 6.2 of the Accelerated Nuclear Decommissioning Project RFP document.

To be considered a compliant proposal, the proposal must: 1) address the full scope as described in the Accelerated Nuclear Decommissioning Project RFP document; 2) include all required submittal documents; and 3) provide the response in the format and schedule describe herein. The Company reserves the right to determine whether a proposal or Bidder is compliant or non-compliant in the Company's sole and absolute discretion.

B. RFP Submittal Document Requirements

1. **Mutual Confidentiality Agreement:** Receipt by a Bidder of the complete RFP document indicates that Bidder has executed a Mutual Confidential Agreement.

Due: May 17, 2018, 5:00 PM EDT

2. **Project Timeline:** Bidders shall provide a Project timeline that includes major periods identified in Section 6.1 of the RFP Project Scope document.

3. **Technical Approach and Statement of Qualifications:** Bidders shall provide a comprehensive, written narrative to document the proposed approach, contracting model, methods, tools, Project team, governance (roles, responsibilities, accountabilities for performance and risk ownership), as well as the Bidder's experience and qualifications in performing each of the major scope areas described in Section 6.1 of the RFP Project Scope document.

4. **RFP Commercial Questionnaire:** Bidders shall address the RFP commercial questionnaire items identified in Section 7 of the RFP Project Scope document, including information related to:

- a) Supplier Profile Questionnaire
- b) Project Organization Structure and Key Personnel
- c) Safety Performance and Rating
- d) Nuclear Project Lessons Learned
- e) Risk Register
- f) Decommissioning Cost Estimate
- g) WBS Milestone Plan
- h) Annual Cash Flow Statement
- i) Sub-Contracting plan
- j) Waste Disposal Pricing
- k) Performance/Financial Assurance
- l) Term Sheet – Key Terms

C. RFP Schedule

Activity	Expected Schedule*
RFP Mutual Confidentiality Agreement Submittal	Thursday, May 17, 2018 5:00 PM EDT
CR3 Accelerated D&D RFP Released CR3 Document Library SharePoint site access for preliminary due diligence opened for participating Bidders	Friday, May 18, 2018
CR3 Accelerated D&D Bidders Conference Meeting	Monday, June 4, 2018 1:00 PM EDT
CR3 Site Access and Walk downs	June 5 – 7, 2018 9:00 AM – 4:00 PM EDT

Submission by each Bidder of evidence that the Bidder holds all engineering and contractors licenses/certifications necessary to be able to perform the work in compliance with Florida Law	Friday, June 15, 2018 5:00 PM EDT
Last day for Bidders to submit questions to Company	Friday, June 29, 2018 5:00 PM EDT
RFP Submittal Due (electronic)	Friday, July 27, 2018 5:00 PM EDT
RFP Proposals Due (hard copy)	Tuesday, July 31, 2018 4:00 PM EDT
Identify Short List Bidder(s) for On Site Presentations	Friday, August 31, 2018
Conduct Bidder(s) Proposal Presentations	Sept. 10 – 14, 2018
Compile follow-up questions and secondary response for short listed Bidder(s)	Sept. 17 – 28, 2018
Communicate Bid Award Recommendations for inclusion in Due Diligence Phase	Friday, Nov. 30, 2018
Short listed Bidder(s) conduct Due Diligence for Accelerated D&D Project	Dec. 3, 2018 – May 31, 2019
Conduct Bidder(s) negotiations and finalize definitive agreement(s)	April 1 – June 28, 2019
Execute definitive agreement(s)	Wednesday, July 31, 2019

Note*: The above documented schedule is subject to revision based on the sole discretion of the Company. The schedule should be used only for planning purposes. Should a revision be required all Bidders will receive written confirmation in advance of the change.

D. Bidders Conference

Bidders that have executed a Mutual Confidentiality Agreement will be invited to participate in a mandatory Bidders Conference for CR3 Accelerated Nuclear Decommissioning Project RFP. The event is expected to be scheduled on Monday, June 4, 2018 from 1:00 PM to 4:00 PM at the Crystal River Unit 3 Nuclear Generation Station, Crystal River, FL 34428. Due to space limitations, invited participants will be allowed to include no more than five company representatives at this session.

The Bidders Conference is intended to address the following topics:

- Introduction of participating Company representatives and Bidders
- Overview of the Crystal River 3 Plant and Crystal River Energy Complex
- Discussion of the existing state of the plant and “Cold and Dark” modifications
- Discussion of environmental considerations
- Overview of the D&D work scope and requirements
- Overview of the sourcing process and RFP submittal requirements, rules of communication and engagement
- Review of procedures for site walk downs and access to CR3 document library
- Discussion of contracting strategies and key terms
- Discussion of commitment to corporate responsibility (Supplier Diversity, Local Economic Impact, Sustainability)
- Overview of the sourcing communication process

Following the Bidders conference, Bidders will be allowed access to the CR3 site to conduct walk downs and non-destructive evaluations of the plant’s facilities, structures, systems and components. Note that walk downs will exclude the containment building and any other high radiation areas. Access to the plant will be available between 9:00 AM and 4:00 PM and limited for one day per each Bidder to take place between June 5 – 7, 2018.

Bidders must request in writing prior to the Bidders conference their requested site access, schedule, participating personnel, and activities that they would like to perform during this period. Requests should be submitted through the Sourcing Event Messaging within Power Advocate. It will be in the Company’s sole discretion to determine if Bidders are permitted to perform the requested evaluation activities, as well as determine the requested site access and necessary escort provisions. Access to the ISFSI location may be limited due to Nuclear Security Operations requirements for access; however, visual inspections can be performed outside the ISFSI site.

E. CR3 Document Library

In order to assist Bidders with their preparation of proposals, the Company has established a CR3 document library. The library will be available on an externally accessible SharePoint site that will require restricted access, privileges and conditions. Bidders must have executed the Mutual Confidentiality Agreement in order to be given access to the document library.

The CR3 Accelerated Nuclear Decommissioning Project team assembled documents to support the Bidders' evaluation of the site conditions and scope of the work. All Bidders will have access to the same document library. The sourcing communications process will be used to address any questions pertaining to the library and associated documents. Expected documents that are intended to be made available are listed in Section 8 of the RFP Project Scope document.

F. RFP Communication Process

Bidders shall only communicate with the Commercial Contact during this RFP proposal, evaluation, and selection process. Bidder will not communicate with, or attempt to communicate with, the following: 1) any member of the RFP evaluation team including their management team or anyone participating on behalf of the Company in the evaluation process; 2) any consultant or outside advisor assisting the Company in this RFP; or, 3) other personnel employed or engaged by the Company to perform work at CR3, except as strictly permitted in this RFP.

If information or clarification is needed in order to submit a bid response, such information shall be requested from the Company directly from the messaging capability within Power Advocate CR3 Accelerated Decommissioning RFP event. The messaging tool is intended to be available to all core Company RFP team members and will inform each member of the request. The Company at its discretion may communicate a response to all Bidders participating in the RFP process to ensure information is equally available.

The Company expects each Bidder to familiarize itself with the CR3 site, CR3 Operational Management Systems, and the documents available within the CR3 Document Library. If the Bidder requires additional access or information as part of its proposal development, the Bidder should request additional information from the Company's Commercial Contact.

G. Commitment to Corporate Responsibility Sourcing

Duke Energy's customers value clean, low cost, reliable energy and they value corporate citizenship. As such, it is important to develop a sourcing approach that balances all these factors, while fully leveraging opportunities to demonstrate Corporate Responsibility. By including local, diverse suppliers, and

environmentally sustainable solutions, we can ensure we are selecting suppliers that create broader value for Duke Energy customers and communities.

Depending on the chosen contracting model, it is our goal to implement a target on the utilization of Diverse and Local suppliers that will be developed based on this proposal. If applicable, based on responses received, the Company may require the awarded contractor to provide a detailed Subcontracting Plan (Attachment 8 herein) demonstrating how the contractor will achieve the Target Spend with sample key performance indicators. Target Spend should be met without causing impractical cost or risk to the work requirements. Bidders may use the Subcontracting Plan in their proposals to assist in responding to the Diverse and Local Subcontracting questions.

Once awarded and if applicable, Duke Energy's Supplier Diversity organization will support the completion and execution of a Subcontracting Plan. Supplier Diversity can assist in providing (1) vendor identification (2) lists of community economic organizations that can support outreach, identification, and education, and (3) instructions on how to report Diverse and Local Spend in Duke Energy's Tier II online reporting tool.

DEFINITIONS:

Target Spend -- Suggested total spend with Diverse and/or Local Suppliers by the Bidder within a calendar year or during performance of specific contract awarded by Duke Energy to the Bidder.

Third Party Certified – the Diverse Supplier has obtained a certification of diverse supplier status from a certifying organization such as Women Business Enterprise National Council (WBENC), National Minority Supplier Development Council (NSMDC), Veterans Administration, or other State, Federal or Local government entities.

Diverse Supplier Definitions:

- Minority-Owned Business Enterprise (MBE) -- At least 51 percent owned, managed and controlled by one or more African Americans, Hispanic Americans, Native Americans, Asian Indian Americans or Asian Pacific Americans.
- Women-Owned Business Enterprise (WBE) -- At least 51 percent owned, managed and controlled by one or more women.
- Veteran-Owned Business Enterprise (VBE) -- At least 51 percent owned, managed and controlled by one or more veterans.
- Service-Disabled Veteran-Owned Business Enterprise (SVBE) - At least 51 percent owned, managed and controlled by one or more individuals with a service-connected disability.
- 8(a) -- Small disadvantaged businesses that are certified as 8(a) by the Small Business Administration.
- HUBZone Business -- Small business operating in a historically underutilized business zone owned and controlled by one or more U.S.

Citizens, where at least 35 percent of its employees reside in a HUBZone. HUBZone businesses must be certified by the Small Business Administration.

Local Spend: Bidder or subcontractor that has one or more of the following in one or more of Duke Energy's service states (FL, NC, SC, OH, IN, KY):

1. Local branch/office
2. Headquarters
3. Manufacturing of materials or majority of work requirements performed by Local Employees

H. Reservation of Rights

Any information or documents that the Bidder provides in response to this RFP will be owned by the Company and can be used by the Company in this RFP process, as the Company determines appropriate and consistent with its procurement policies.

The Company reserves the right at any time, in its sole discretion, to abandon this RFP process; to change any dates specified in this RFP; to add, modify or otherwise change the basis for evaluation of the Bidders and the proposals; to terminate further participation in this process by any Bidder; to accept any proposal; to evaluate or decline to evaluate the qualifications of any Bidder or the terms and conditions of any proposal; to change any form, document, term or condition used in this RFP; to waive any informalities, irregularities or non-compliance in any proposal; to elect to negotiate with multiple Bidders; or to not short-list or select any Bidder and to reject any or all proposals, all without prior notice and without assigning any reasons, and without liability to any Bidder. The Company does not make any guarantee that a contract award will result from this RFP.

This RFP and the information provided in connection with this RFP is non-binding and does not constitute an offer to contract, nor shall the submission of proposals by Bidders or the Company's evaluation of any such proposals constitute acceptance of an offer by a Bidder. None of the Company or the Bidders will be bound by this RFP or any document provided in connection with this RFP, including but not limited to any proposals submitted in response to this RFP, unless and until authorized representatives of the Company and the Bidder execute a written definitive agreement (provided that the foregoing does not serve to limit the non-disclosure agreement that the Company signed with each Bidder prior to release of this RFP to such Bidder).

Bidders are required to provide accurate and complete responses to the RFP documents. Incomplete responses may be subject to disqualification in the Company's sole discretion. The Company may reject any response that is conditional or incomplete, or that contains any deviations from the instructions provided in these Instructions to Bidders.

Each Bidder will bear its own costs in connection with this RFP. Neither the Company nor any of its affiliates will have any obligation to pay or reimburse any Bidder for costs incurred by the Bidder or any of its affiliates in connection with the Bidder's participation in the RFP, including but not limited to, costs associated with Bidder's travel expenses, costs to prepare its proposal and costs to participate in negotiations.

The Company has retained Morgan, Lewis & Brockius LLP as its legal advisors throughout the RFP and negotiation process. Bidders must be willing to provide consent and waive any potential conflicts of interest as necessary so that the Company can continue to work with its selected counsel.

[END OF DOCUMENT]



Accelerated Nuclear Decommissioning Project

Crystal River Unit Three Nuclear Generating Plant

Request for Proposal

Project Scope

Rev. 0

May 18, 2018

Project Location

Duke Energy – Crystal River Three

15760 W Power Line St,

Crystal River, FL 34428



Request For Proposal
Crystal River Unit 3 Accelerated Nuclear Decommissioning Project

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1. CRYSTAL RIVER UNIT 3 NUCLEAR DECOMMISSIONING PROJECT OVERVIEW

1.1. Introduction

Crystal River Unit 3 (CR3) is a single-unit pressurized light-water reactor (PWR) supplied by Babcock & Wilcox. CR3 was initially licensed to operate at a maximum of 2,452 megawatt-thermal (MWt). In 1981, 2002, and 2007, the Nuclear Regulatory Commission (NRC) approved three requests to increase the licensed core power level to a maximum power level of 2,609 MWt. The reactor containment structure is a steel-lined, reinforced-concrete structure in the shape of a cylinder and capped with a shallow dome. The walls of the containment structure are approximately 3.5 feet thick. Cooling water for CR3 is drawn from and returned to the Gulf of Mexico.

A brief history of the major milestones related to CR3 construction and operational history is as follows:

- Construction Permit Issued: September 25, 1968
- Operating License Issued: December 3, 1976
- Commercial Operation: March 13, 1977
- Initial Operating License Expiration: December 3, 2016
- Final Reactor Shutdown: September 26, 2009
- Final Removal of Fuel from Reactor Vessel: May 28, 2011
- ISFSI Operational with All Fuel Removed from the Spent Fuel Pool: January 12, 2018
- Plant in “Cold and Dark” Status: August 31, 2019 (projected)

On February 20, 2013, Duke Energy (the “Company” or “Duke Energy”) provided the NRC with the certification required by 10 CFR 50.82(a)(1)(i) and (ii), that operation had permanently ceased and that all fuel had been permanently removed from the reactor vessel at CR3. Upon docketing of these certifications pursuant to 10 CFR 50.82(a)(2), the 10 CFR Part 50 license for CR3 no longer authorized operation of the reactor or placement or retention of fuel in the reactor vessel. On March 13, 2013, the NRC acknowledged the certification of permanent cessation of power operation and permanent removal of fuel from the vessel.

On February 5, 2013, the Company announced the permanent retirement of CR3. Since that time, the decommissioning team has primarily focused on transferring the station’s spent nuclear fuel assemblies into an on-site dry cask storage facility (ISFSI), abandoning plant systems and components and changing the station’s licensing bases to match current site conditions. These efforts are expected to be completed by the end of 2019. Duke Energy’s current published decommissioning strategy is the long-term SAFSTOR model as described in the Post-Shutdown Decommissioning Activities Report (PSDAR) [Ref Appendix C.1]; however, Duke Energy is exploring the potential benefits of an accelerated Decontamination and Dismantlement (D&D) strategy.

The selection of a preferred decommissioning alternative is influenced by a number of factors at the time of plant shutdown. These factors include the cost of each decommissioning alternative, minimization of occupational radiation exposure, availability of low-level waste disposal facilities,



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availability of a spent nuclear fuel and High Level Waste, including but not limited to GTCC (hereinafter called "HLW") repository or a Department of Energy (DOE) interim storage facility, regulatory requirements, and public concerns. In addition, 10 CFR 50.82(a)(3) requires decommissioning to be completed within 60 years of permanent cessation of operations.

This document describes the D&D work scope anticipated to be performed by the contractor to remove the facility from service, reduce residual radioactivity to levels permitting unrestricted release, restore the site, perform this work safely, and complete the work in a cost effective manner.

Additionally, management of the ISFSI will continue until a spent nuclear fuel and HLW repository or a DOE or other interim storage facility is made available and the spent nuclear fuel and HLW is removed from the site. **Bidders (also sometimes referred to as Contractors, vendors or suppliers) will be asked for alternative approaches for this management activity.**

The D&D work scope will be performed in phases congruent with periods described in the Decommissioning Cost Estimate (DCE) [Ref A.1] starting with DCE Period 3:

Phase 1 – D&D Planning:

DCE Period 3 – Preparations for Decommissioning

Phase 2 – D&D:

DCE Period 4a – Large Component Removal

DCE Period 4b – Site Decontamination

Phase 3 – License Amendment/Termination and Site Restoration:

DCE Period 4f – License Amendment/Termination

DCE Period 5b – Site Restoration

Phase 4 – On-going ISFSI Management

DCE Period 2b – (through all phases) as applicable to the contracting model chosen

1.2. Decommissioning Contract Model Options

Duke Energy requires Contractors to bid on any or all models and variations as described in Section I.C. of the Bid Instructions, as further described below:

- Decommissioning General Contractor
- License Stewardship (Temporary Operator License Transfer)
- License Stewardship with Sale (Asset Sale and Temporary License Transfer)
- Asset Acquisition (Asset Sale and Permanent License Transfer)



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With respect to Decommissioning General Contractor and License Stewardship, Duke Energy intends to hold and manage the Nuclear Decommissioning Trust (NDT) with payments released to contractor upon satisfaction of mutually agreed milestones, and in no case greater than the fixed cost for the work. Any funds in excess of the fixed cost at the end of the project will be returned to Duke Energy for continued ISFSI operations and decommissioning, with any remaining balance returned to Florida retail customers.

With respect to License Stewardship with Sale and Asset Acquisition, Duke Energy will transfer the entire NDT to the Bidder; provided, however, that the Bidder will be required to segregate the NDT into two accounts – an account with an initial balance equal to the fixed cost (the “Project Account”) and an account with an initial balance equal to the difference between the total NDT balance and the fixed cost (the “Reserve Account”). The Bidder will have the right to use and access the funds in the Project Account but will not have the right to use and access the funds in the Reserve Account. At the end of the project, the Bidder will for (i) License Stewardship, transfer the Reserve Account to Duke Energy for continued ISFSI operations and decommissioning, with any remaining balance returned to Florida retail customers and (ii) Asset Acquisition, liquidate the Reserve Account and disburse the funds to Duke Energy for return to Florida retail customers.

Contractors are to refer to Table 1.0 for the anticipated Division of Responsibilities (DOR) for each of the contracting models.

Decommissioning General Contractor

Major decommissioning tasks are contracted to an experienced Decommissioning General Contractor (DGC) (referred to as the Decommissioning Operations Contractor (DOC) in the DCE, although it is a fixed-price general contracting arrangement). Duke Energy continues to own the license and have full responsibility as the NRC licensee for the decommissioning, strategic project planning, ISFSI management, and licensing, and remains in control of the NDT. The DGC will assume responsibility for some major programs and perform the physical D&D tasks. This is similar in structure to the SONGS decommissioning model.

License Stewardship

License Stewardship (LS) is the transferring of lead or full responsibility under the 10 CFR Part 50 license to a vendor that will decommission the facility. The vendor typically forms a special purpose entity (SPE) to hold the NRC license and perform the decommissioning. The LS model requires NRC approval of the transfer of the NRC license. The Contractor will negotiate with the Company to operate and maintain the ISFSI, provide security for the ISFSI and continue to perform other security functions at the CR-3 Site.

LS Model 1 – A couple of different permutations of the LS model are possible. In the first permutation, the lead “operator” responsibility under the NRC license is transferred to the SPE, while the Company retains ownership of CR3, spent nuclear fuel and HLW, and the NDT, and remains the “owner” licensee. Thus in this model, the SPE has control over NRC licensed activities at CR3 but not title or ownership. Contractual terms specify that full licensed responsibility for the site, including the ISFSI, will be



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transferred back to Duke Energy when the decommissioning is complete and the license is partially terminated such that the NRC licensed area is reduced to the ISFSI area only. This is similar in structure to the LaCrosse decommissioning model.

LS Model 2 – In another LS permutation, the Company would transfer the NRC license to the SPE, including the right to possess (but not own) spent nuclear fuel and HLW, and the SPE would also take ownership of the CR3 facilities and a portion of the NDT. However, the SPE would lease, not own, the real property on which the CR3 facilities are located. Contractual terms specify that full licensed responsibility for the site, including the ISFSI, and all ownership rights will be transferred back to Duke Energy when the decommissioning is complete and the license is partially terminated such that the NRC licensed area is reduced to the ISFSI area only. This is similar in structure to the Zion decommissioning model.

License transfer is governed by existing regulations, including but not limited to:

- 10 CFR Part 2, Subpart M (10 CFR 2.1301)
- 10 CFR 50.75
- 10 CFR 50.80

Asset Acquisition

Asset Acquisition (AA) involves the transfer to a SPE of the 10 CFR Part 50 license, the NDT, and the assets comprising the CR3 facility, including the ISFSI and the spent nuclear fuel and HLW, and the SPE's assumption of all obligations and liabilities associated with the 10 CFR Part 50 license and the CR3 facility, including spent nuclear fuel and HLW. The SPE will also be granted rights to the NRC licensed site as necessary to meet NRC requirements pursuant to lease/easement arrangements, in order to perform decommissioning activities and operate and maintain the ISFSI until the spent nuclear fuel and HLW is removed from the site, the ISFSI is decommissioned, the 10 CFR Part 50 license is terminated, and site restored. The SPE shall decommission and restore the ISFSI. As portions of the NRC licensed site are released from the 10 CFR Part 50 license, the SPE's rights with respect to those portions of the site will expire. Duke Energy will relinquish all ownership interest and involvement with the CR3 facility, including the ISFSI and spent nuclear fuel and HLW, but will retain ownership of the real property that makes up the NRC licensed site. This is similar in structure to the Vermont Yankee decommissioning model. As with the "License Stewardship" Model, the NRC license transfer requires NRC approval.



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Table 1.0 Typical DOR for Various Models						
Task/Area	DGC		LS		AA	
	Contractor	Company	Contractor	Company	Contractor	Company
Transition Management	✓	✓	✓	✓	✓	✓
Project Management	✓	✓	✓		✓	
Program Management						
• Procedures	✓		✓		✓	
• Transition Plans	✓		✓		✓	
• Health & Safety Program	✓		✓		✓	
• Management & Maintenance of Facilities	✓		✓		✓	
• ISFSI FFD Program	✓		Model 2	Model 1	✓	
• Training Program	✓		✓		✓	
• Industrial Security (Non-ISFSI)	✓		✓		✓	
• Radiation Protection Program		✓	✓		✓	
• Fire Protection Program		✓	✓		✓	
• Configuration Management	✓	✓	✓		✓	
• Chemistry & Environmental Programs		✓	✓		✓	
• Waste Management Program		✓	✓		✓	
• 10 CFR Part 37 Compliance		✓	✓		✓	
License Termination (Amendment) to ISFSI Only		✓	✓		✓	
ISFSI D&D, License Termination, and site restoration		✓		✓	✓	
Site Labor Management	✓		✓		✓	
System Decontamination	✓		✓		✓	
Site Characterization	✓		✓		✓	
Large Component Removal	✓		✓		✓	
Commodity Removal	✓		✓		✓	
Waste Packaging, Shipping, Disposal	✓		✓		✓	
Licensing		✓	✓		✓	
Health Physics Coverage	✓		✓		✓	
Station Administration	✓	✓	✓		✓	
Procurement	✓		✓		✓	
ISFSI Management, Engineering, Security and Emergency Planning		✓	Model 2	Model 1	✓	
End State Status Surveys	✓		✓		✓	
Asset Recovery	✓		✓		✓	
Repowering/System Recovery	✓		✓		✓	
Site Restoration	✓		✓		✓	
NDT Control		✓	TBN ¹	TBN ¹	✓	
CREC Coordination	✓	✓	✓		✓	

¹To be negotiated



2. NUCLEAR DECOMMISSIONING PROJECT OBJECTIVES AND SITE DESCRIPTION

2.1. Project Objectives

The D&D project objectives are for the Contractor to:

- remove structures, systems, and components (SSC) from the facility
- pack and ship radioactive waste off-site
- reduce residual radioactivity to levels permitting unrestricted release of the site
- pack and ship hazardous waste off-site
- restore the site
- perform this work safely
- complete the work in a cost effective manner
- comply with all applicable Federal, State, and Local laws, statutes, rules and regulations, zoning, guidelines, interpretations, acts, requirements, permits, codes and standards, and licenses

The expected final condition of CR3 at the time of the project completion (decommissioning end state) is defined in Section 3.1.

Refer to Sections 3.0 and 4.0 for detailed scope and site restoration requirements.

2.2. Description of CR3 Operating Facilities

Duke Energy is the owner and operator of the Crystal River Nuclear Unit 3 (CR3). The Crystal River site (Owner Controlled Area (OCA)) consists of 4,738 acres owned and controlled by Duke Energy including a $\frac{1}{4}$ mile wide access strip provided for railroad, road, and transmission line right-of-way extending from the plant to U.S. Highway 19. There are no public access roads to areas adjacent to the plant site except at the plant access road. The north and south site boundaries are bordered by woods and swamps and are generally inaccessible. Directly west of the plant is the Gulf of Mexico [Ref Appendix A.2]. Plant site layout is provided in Reference Appendix A.3. Detailed Plant Descriptions can be found in Reference Appendix C.2 and as supplemented by plant drawings located in the CR3 Document SharePoint site.

CR3 is situated in the Duke Energy Crystal River Energy Complex (CREC), which includes four (4) coal generating units: CR1 & 2 adjacent to and west of CR3; and CR4 & 5 located north of CR3. Also in the CREC are the two (2) new Citrus County Combined Cycle (CCCC) plants, located north east of CR3 [Ref. Appendix A.3]. The CCCC plants are expected to be on-line by the end of 2018, with limited impact to CR3 D&D anticipated at this time, outages notwithstanding. Similarly, CR4 & 5 are expected to be in-service with limited impact to CR3 D&D anticipated at this time, outages notwithstanding. As planned, CR1 & 2 are expected to be taken off-line in conjunction with the CCCC units going on-line with decommissioning commencing sometime thereafter. The exact dates and extent of CR1 & 2 events are not available; therefore, Bidders are asked to assume that they will be off-line at the end of 2019 and decommissioning performed immediately thereafter and completed by 2021. Bidders should consider



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any potential impact of decommissioning of CR1 & 2 on the schedule for decommissioning of CR3. Additional details and information will be provided during the Due Diligence period of the RFP process.

2.2.1. Nuclear License Condition

The 10 CFR Part 50 license for CR3 no longer authorizes operation of the reactor or placement or retention of fuel in the reactor vessel. Detailed description of license requirements and commitments can be found in Reference Appendix C.2, *Defueled Safety Analysis Report*, and Reference Appendix C.4, *Defueled Tech Specs*.

CR3 has an Independent Spent Fuel Storage Installation (ISFSI) located on the east berm of the plant. The ISFSI has the capacity for 40 Dry Shielded Canisters (DSCs), each holding up to 32 fuel assemblies. The ISFSI consists of the NUHOMS Reinforced Concrete Horizontal Storage Modules, each containing one 32PTH1-TYPE 2W DSC, manufactured for CR3 by Areva TransNuclear Corporation, under Certificate of Compliance 1004, Amendment Number 14. The 10 CFR 72.212 Report provides additional details for the ISFSI complex and dry cask storage systems. This report documents how the CR3 site meets Part 72 requirements and has been issued as procedure ISFS-0212 [Ref. Appendix C.3].

2.2.2. Historical Site Assessment

The Historical Site Assessment (HSA) documents a comprehensive investigation that identifies and evaluates historical information pertaining to events that may have resulted in contamination during the operating history of CR3, for the purpose of assisting in planning for the decommissioning of the power plant. The CR3 HSA and site characterization information can be found in Appendix B, *HP and Environmental* folder in the CR3 Document Library SharePoint site.



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2.2.3. Utilities and Transportation Assets and Access

Available utilities to and from the CR3 site are shown on Appendix A.3, and includes:

	CR3 Power Block	ISFSI Facility
Domestic Water (potable) water	Currently from CR1 & 2, assume not available, however, limited untreated well water may be available with contractor performed modification	Currently from CR1 & 2, assume from another source at start of D&D
Demin Water	Currently from CR1 & 2, assume not available, however, possible crosstie to CR4 & 5 may be available with contractor performed modification	N/A
Sewage	Currently to CR1 & 2, assume not available	Capacity limited to SOC facility only, and tied to CR4 & 5
Electrical Power	12 kV and maximum load of 5 mVA from A301 line	12 kV from A301 vi MTTR-15
Fire Service Water	Tank supply to fire header ring only, no installed makeup. See EC 407262 in Appendix F.	Capacity limited to SOC facility only from CR4 & 5
Telephone	Available	Dedicated Duke Energy Line

Note: CR3 power block utilities are subject to change dependent of the status of CR1 & 2 decommissioning.

Available transportation modes to and from the CR3 site are shown on Appendix A.3, and include:

- Site access road – A wide, two-lane access road connects the CR3 site with U.S.19 approximately 5 miles east of the plant. No other access roads to the CR3 site are available.
- Railroad line – The railroad spur into Crystal River plant is nine miles long from the railroad company right-of-way to the plant site. Only cars consigned to the Crystal River plant are brought into the plant site over the spur. A siding branches off the main spur and ends approximately at the coal conveyor east of the CR3 site. Contractor coordination with coal deliveries and rail usage is required. There may be a potential change in the responsibility for maintenance of the railroad spur within Duke Energy due to CR1 & 2 decommissioning. Any changes that may impact the Contractor will be negotiated with the Contractor.
- Barge access – Barge access via the intake canal is available.

2.2.4. Site Security and Access

CREC access is controlled at the Access Control Point (ACP) on the main plant access road; Duke Energy manages this access authorization and will work with the Contractor to provide necessary badging for all Contractor and subcontractor workers requiring site access.



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Access to the CR3 site is controlled by the CR3 Radiation Protection organization for accountability and insurance purposes. Duke Energy expects this responsibility will be transferred to the Contractor, with timing of the transition depending on the contracting model.

Access to the ISFSI is controlled through the Duke Energy Corporate Nuclear Protective Services organization and Duke Energy expects this responsibility may transition to the Contractor, depending on the contracting model.

3. ACCELERATED DECOMMISSIONING PROJECT SCOPE

3.1. Contractor Scope and Decommissioning End State

The scope for the Contractor is to implement the following phased-approached activities:

1. D&D Planning – develop the following plans as detailed in Section 4.1:
 - a. Transition Plan
 - b. License Termination Plan
 - c. Site Restoration Plan
 - d. Waste Management Plan
2. Physical D&D – perform the following D&D activities as detailed in Section 4.2:
 - a. Decontaminate and remove SSCs
 - b. Hazardous, Non-Hazardous, and Radioactive Waste Management
3. License Termination and Site Restoration – perform the following D&D activities as detailed in Section 4.3
 - a. Site characterization and license termination/amendment to ISFSI only (including the License Termination Plan to be submitted to the NRC for approval)
 - b. Removing, excavating, or demolishing non-essential utilities, areas, roads, SSCs, and other features.
 - c. Backfilling excavations and voids with material, as required by the regulatory closure requirements and Landscaping Plan.
 - d. Providing drainage, planting, walkways, roads, and fencing as defined in the Landscaping Plan.
 - e. Final site grading consistent with regulatory closure and ISFSI requirements.
4. ISFSI – perform the following activities as applicable to the contracting model selected:
 - a. Program management, engineering, security and emergency planning.
 - b. Physical D&D, license termination and site restoration.

The expected final condition of CR3 at the time of the project completion (decommissioning end state) will be:

- All SSCs removed
- All non-ISFSI system interties to other Crystal River Energy Complex (CREC) plants isolated and/or removed



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- All designated buildings, structures, and pavement/asphalt removed
- Within the power block (all areas at berm elevation 119') entire area cleared to three (3) feet below grade level (defined as plant elevation of 119', i.e., the berm remains)
- Outside of the power block (all areas not at berm elevation 119') areas made permeable to existing grade
- Firing range structures removed and area remediated
- West settlement pond remediated, including influent and effluent piping, and filled to grade
- Site restored such that vegetation can grow providing erosion control
- Access to/from the ISFSI pad via the existing ISFSI sally port and haul path is maintained
- NRC license terminated to ISFSI only, with site boundary reduced to the ISFSI-only OCA in accordance with 10 CFR 72.104 and 72.106.
- All affected environmental permitting amended/approved/closed as required
- Unrestricted release of the non-ISFSI portion of the site (as defined as no more than 25 millirem per year (or such lower standard as may be agreed) plus ALARA)

3.2. Included SSCs and Facilities

Refer to Appendix A.3 for in-scope SSCs and facilities. All SSCs and buildings within the CR3 Protected Area, excluding the ISFSI (except for AA), are within scope. A detailed listing of the SSCs that are in scope for physical decontamination, dismantlement and removal are contained in Reference Appendix A.5. Additionally, Reference Appendix A.3 identifies those buildings and SSCs outside of the power block that are within the Site Restoration scope. Reference drawings contained in Appendix D provide additional details on the SSCs. Note: Site characterization for license termination includes all areas within the defined OCA.

3.3. Excluded SSCs and Facilities

In scope SSCs and facilities are specifically identified in Reference Appendix A.3, all other SSCs and facilities are excluded from scope. These include, but are not limited to:

- ISFSI facility and south berm access road (except for AA)
- Switchyard
- Intake structure
- Discharge structure
- Intake and discharge canals
- Maintenance and Training Facility (MTF)
- Storm Water Ponds and drainage

Note: Site characterization for license termination includes all areas within the defined OCA.



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3.4. Expected Initial Condition of Plant

Although subject to change and Bidder notification, the expected condition of CR3 at the time of the D&D activities will be:

- Spent nuclear fuel assemblies stored in the ISFSI.
- The spent fuel pool drained and abandoned, and the fuel storage racks removed from the site.
- Reactor Vessel filled above hot legs with incores inserted and with the head in place.
- AC and DC power removed from the power block with the exception of the power system used in the hot shop, Seawater Room, and minimal plant lighting.
- 12 kV power available to the site; Contractor will be responsible to recover installed plant power distribution systems if required for Contractor's use.
- Permanent plant systems abandoned in place (other than a few select pieces of equipment that have been removed). Any unmaintained site equipment that the Contractor decides to utilize; the Contractor will need to recover for use.
- Note that the steam generators, hot legs, and MSRs were replaced in R16 and have not seen service; with the steam generators and hot legs being previously filled with RCS water and, as such, are contaminated.
- Installed plant cranes (i.e., spent fuel gantry crane, reactor building cranes, turbine building gantry crane, various outbuilding and smaller cranes) abandoned in place; must be recovered by Contractor if required for Contractor's use.
- Radiation monitors abandoned but recoverable; must be recovered by Contractor if required for Contractor's use.
- Offsite Power Transformer (OPT) isolated.
- All razor wire on fencing and within the protected area removed from the site.
- The cable bridge (raceway structure) including cables, conduits, and south block house, just east of the CR3 discharge, removed.
- Overhead 500 kV and 230 kV lines between CR3 and the switchyard removed.

Duke Energy makes no warranty or guarantee as to the condition of any of the plant equipment or systems, or its suitability or recoverability for use by the Contractor during decommissioning.

Containment Structural Status

CR3 performed modifications to stabilize the containment structure to ensure a safe industrial work site and a structure with long-term stability that supports safe handling of fuel and the capability of the Reactor Building Polar Crane. The following modifications were implemented [Ref. Appendix F]:

- EC 90986: Detensioning for Containment Stabilization
- EC 91284: Containment Concrete Stabilization
- EC 91276: Weather Protection



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The following “cold and dark” modifications have been or are expected to be made to the plant prior to transfer to the Bidder [Ref. Appendix F]:

- EC 407262, The fire water supply for CR3 during the dormancy phase will consist of a single (existing) Fire Service (FS) water storage tank (FST-1A), connected to aboveground yard mains located on the North, South and West sides of the plant. Private hydrants located approximately every 200 feet in areas accessible by fire department apparatus will be provided on the yard mains in order to provide a gravity fed suction source for those pumpers. The EC to perform the physical work has not been issued. Note: installed abandoned fire detection and suppression systems are recoverable.
- EC 407371, CR3 Dormancy Ventilation - Ventilation of the Auxiliary Building will be accomplished with the addition of three upblast roof-mount exhaust fans mounted above the seawater room, in place of the existing seawater room plugs. Normal operation will consist of two fans in operation, with each fan providing 50% of the design ventilation rate. Air will also be drawn through the Reactor Building, from the Intermediate Building, to minimize stagnant air in those areas as well. Provisions will be provided to allow a radiation monitor to monitor the exhaust airflow, with system design providing sample points for radiation monitoring as desired.
- EC 407372, CR3 Dormancy Electrical - Install a limited power distribution system and associated facilities to support the SAFSTOR2 (Dormancy) Plan:
 - Building Ventilation Fans installed by EC 407371
 - Power for Radiation Monitor for the Building Ventilation Fans air stream
 - Health Physics facilities for access and exit from the CR3 Radiation Controlled Area
 - A switchable low-voltage power source for internal building lighting and portable equipment
 - Facilities for observation of specific internal building areas using a CCTV system
- EC 293487, Circulation Water (CW) Piping Intake and Discharge Closure - Close the Circulation Water (CW) intake and discharge tunnels by pouring concrete down the existing manholes located near the end of the tunnels. The concrete was pumped into “grout” bags fabricated specifically for this intent. CW Intake and Discharge tunnels plugged with 12-foot long, 90-inch diameter concrete plug.
- EC 294476, Fuel Handling Transfer Tube Protection – Provide sand in the RB side deep end. The elevation of the sand is to be about 1 foot below the shallow end floor, Approximately 267 Cu. Yards.

A reconfiguration of the CR3 12 kV system is planned to be implemented that result in the following:

- 12 kV pad-mount switch MTSW-10 (distribution style switchgear) in the old Chemical Storage Building (North berm) will remain in-service connected to the A301 line, with no loads (existing loads disconnected and air gapped). This switch can be tuned OFF but could be turned ON and used by a demolition contractor for bulk North berm power.



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- 12 kV pad-mount switch MTSW-8 (distribution style switchgear) on the South berm remains in-service connected to the A301 line, and supplies ISFSI and the new SS2 power system (Hot Machine Shop). Oil-filled transformer MTTR-7 is removed leaving a spare bay in MTSW-8 which could be used by a demolition contractor for bulk South berm power.
- Poles, pole mounted transformers, and the overhead line West of the NAB is removed (no power for NAB or PAB).
- NSOC is powered from the A300 Distribution Line coming down the access road (same line that powers the CCB).
- The CR3 12 kV system from Breaker A301 (A301 Distribution Line) is a CR3 dedicated loop around CR3 (West side) supplying ISFSI and CR3 loads with available (spare bays) bulk 12 kV power on the North and South berm.

3.5. Contractor Performance Requirements

Contractor shall assume responsibility for the work areas and the functions in accordance with the descriptions provided for each area of scope herein, and furnish personnel, facilities, equipment, material, services, and supplies and perform activities necessary to accomplish the work in a safe, efficient, and compliant manner. Contractor shall be responsible for providing project management and subcontractor oversight to enable the safe completion of the work. Contractor shall be responsible for planning and executing the programs, projects and other activities as described in each scope description. Contractor shall maintain a baseline schedule and develop, implement, and maintain a comprehensive cost management system. Decommissioning activities shall follow the requirements as established in Reference Appendix C.2, *Post-Shutdown Decommissioning Activities Report*, and C.3, *Defueled Safety Analysis Report*.

The Contractor shall meet the requirements of this section in accordance with Table 1.0, *Typical DOR for Various Models*, as applicable to the contracting model.

3.5.1. Health and Safety Compliance

The Contractor shall develop and maintain an Industrial Health and Safety program. This programs shall describe accident investigation, reporting, and record keeping, first aid and medical services, Contractor's/ Subcontractors' safety monitoring procedures, safety education procedures, applicable industrial safety and health regulations, emergency procedures, personnel protection, and protective equipment tagging. The Health and Safety program shall, as a minimum, be in accordance with Duke Energy's Safety Program [Ref Appendix E.1] and Contractor Environmental, Health and Safety (EHS) Supplemental Requirements [Ref Appendix E.2]. Please see the [Duke Energy Environmental, Health and Safety website](#) for additional information.

Persons employed by the Contractor, Subcontractors, or persons under Contractor's control shall perform work under the direction of the Contractor's Health and Safety program. All persons shall be trained in and be familiar with safety rules and regulations applicable to the work being performed. The Contractor shall have sole responsibility for ensuring that such persons are so informed and that safe work practices are followed.



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The Contractor shall designate sufficient qualified Safety Representatives to administer its safety program. The Safety Representatives shall attend applicable Contractor and Duke Energy – CR3 project safety meetings and participate fully in activities outlined in Contractor's safety program. The Contractor's Safety Representatives shall have stop work authority for unsafe acts or conditions, shall be considered key Personnel, and shall be on site at all times when work is performed.

The Contractor shall maintain reports of all accidents and injuries and shall report immediately to Duke Energy - CR3 any accidents occurring at CR3. The Contractor shall develop and maintain Safety Metrics as part of the Safety Program. The Contractor shall hold regularly scheduled meetings to instruct its personnel on safety practices and the requirements of its Safety Program. Safety practices and precautions relating to each activity shall be reviewed as part of the pre-job and turnover briefings.

Prior to performing work on-site, the Contractor shall submit its industrial Health and Safety program for Duke Energy - CR3 approval. The Contractor's Health and Safety program shall, as a minimum, be in accordance with the Duke Energy – CR3 safety program [Ref Appendix E.1] and Contractor Environmental, Health and Safety (EHS) Supplemental Requirements [Ref Appendix E.2] and address the following:

- Safety organization duties and responsibilities
 - The Contractor shall have one full time Safety professional per 100 workers, at the Site during all phases of the work. The resume for the Safety Professional(s) must be reviewed and accepted by Duke Energy.
- Emergency preparedness and notification process for:
 - Fire
 - Serious accidents or death
 - Property damage accidents
 - Requests for first aid
 - Requests for medical assistance from Duke Energy
 - All other accidents
 - Bomb threats
 - Evacuation
 - High wind precautions
- Specific safety requirements/procedures for:
 - Housekeeping requirements
 - Tag-out/lockout clearance program for Contractor equipment
 - Tag-out/lockout clearance program for Duke Energy – CR3 temporary and permanent equipment.
 - Electrical safety hazards including an assured equipment grounding conductor procedure
 - Small tools and shop equipment requirements
 - Welding and cutting requirements
 - Ladders and scaffold safety and tagging requirements



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- Personnel protective equipment:
 - Eye protection
 - Head protection
 - Hearing protection
 - Respiratory protection, including silica
 - Comprehensive fall protection
- Crane and rigging safety
- Confined space entry
- Argon Purge Gas Venting
- Vehicles and traffic
- Water hazard requirements
- Heat stress program
- Excavation and trenching requirements
- Safety barricades to include radiation boundaries and radioactive source exclusion areas
- Fire prevention requirements to include combustible loading restrictions and waste minimization
- Fire protection requirements
- Inclement weather protection
- Hurricane protection plan
- The management and disposal of known CR3 asbestos, mercury, and lead containing materials and coatings [Ref. Appendix D.7].

The Contractor shall submit a real time Project Safety and Health report containing significant activities, first aid log, field observations and corrective actions, and any other pertinent information relating to safety and health performance while field activities are ongoing, as applicable to the contracting model.

3.5.2. Environmental Compliance

The Contractor shall comply with all federal, state, and local rules and regulations, as well as the Contractor's Environmental Program. The Contractor's Environmental Program shall, as a minimum, be in accordance with Duke Energy's Environmental program [Ref Appendix E.3], and Duke Energy's rules and guidance documents, which pertain to the removal, handling, packaging, labeling, storage, shipment, and disposal of all wastes, including lead, mercury, and asbestos. This may include Duke Energy approval of Contractor's recyclers.

The Contractor shall have at least one full time Environmental professional at the Site during all phases of the contract work. The resume for the Environmental Professional must be reviewed and accepted by Duke Energy, as applicable for the contracting model.



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3.5.3. Radiation Protection Compliance

The Contractor shall comply with all federal, state, and local rules and regulations, as well as the Contractors' Radiation Protection Program, as applicable. The Contractor's Radiation Protection Program shall, as a minimum, be in accordance with Duke Energy's Radiation Protection Program, and Duke Energy's rules and guidance documents, which pertain to the removal, handling, packaging, labeling, storage, shipment, and disposal of all wastes.

CR3's Radiation Protection Program resides within the Radiation Protection Program manual and Health Physics and Radiation Safety Procedures. These procedures describe the programmatic content and operating philosophy of the Radiation Protection Program [Ref Appendix A.10].

3.5.4. Program Management

The Contractor shall develop and maintain the programs as described in Section 5.3.

3.5.5. 10 CFR Part 50 License and Regulatory Affairs

For certain models, the Contractor shall be responsible for all license activities and requirements of 10 CFR Part 50. This includes all requisite programs and requirements that are the remit of the license holder. The Contractor shall prepare, support, and defend any regulatory submissions required to perform work and obtain regulatory closure.

3.5.6. Operations

The Contractor shall perform any operations as necessary in connection with its performance of work unless an operation activity is identified to be a Duke Energy retained activity. These operations are inclusive of operating any SSC (e.g., environmental; chemistry; HVAC; radioactive waste processing, etc.); other support programs; temporary power generators; industrial trucks and equipment; and any other generic workers operating equipment.

3.5.7. Maintenance

The Contractor shall perform necessary maintenance on SSCs and facilities utilized for D&D support, and all other Contractor equipment to ensure their availability.

3.5.8. Site Facilities Management

The Contractor shall manage, operate and maintain the CR3 site and facilities manned by the Contractor. Contractor shall develop and submit a program (e.g., policy, plans, and procedures) to maintain appropriate facilities, property, and assets in place until the facilities are ready for disposition. The Contractor shall establish a program (e.g., policies, plans and procedures) to ensure that SSCs and infrastructure are maintained consistent with their intended use and in compliance with all Applicable Permits and Applicable Laws as necessary until such time as they are planned for demolition, and that third-party property is not affected by activities of the Contractor.



3.5.9. Permitting

The Contractor will identify and acquire any licensing and permitting requirements for D&D. A list of current permits is contained in Appendix B, *HP and Environmental* folder located in the CR3 Document SharePoint site

The CR3 site encompasses 4,738-acres and is characterized by a 4,400-foot minimum exclusion radius centered on the Reactor Building. The current license Owner Controlled Area (OCA) extends beyond the exclusion radius and must be reduced to the ISFSI-only OCA in accordance with 10 CFR 72.104 and 72.106 with license amendment/termination. [Ref Appendix A.2; A.3]

3.5.10. ISFSI Management

Under the LS-2 and AA models where the Contractor manages ISFSI, the Contractor shall ensure the most current applicable rules and regulations, including CR3 site specific regulatory commitments, associated with ISFSI security; emergency planning and other required programs for a dormant plant are followed, and perform those requisite activities. The Contractor shall comply with CR3 ISFSI Technical Specifications and ISFSI 10 CFR 72.212 Report. [Ref. Appendix C.3]

If Duke Energy manages the ISFSI, then the Contractor shall maintain and allow for routine access to the ISFSI pad via the ISFSI sally port as necessary for personnel access and to perform maintenance.

3.5.11. Agreements, Licenses, and Regulatory Commitments

Current CR3 agreements, licenses, and commitments are contained in Appendices B and C. Contractor shall comply with the requirements of said documents, and any additional requirements that may arise from regulator or stakeholder interface that may arise.

3.5.12. CR3 Interface and Interference with Other CREC Plants

The Contractor shall be responsible for maintaining the CR3 interface with other CREC plants. There shall be no impact to the facilities or operations of the other CREC plants. The contractor will be held responsible for any impact to Duke Energy, including any financial impact.

AI-1300, "Engineering, Maintenance and Support Interfaces," is a CR3 document which contains descriptions of the numerous interactions between CR3 and other Company organizations. [Ref Appendix A.4] It also defines the scope of the interfacing activities. The document is for use by organizations who perform activities which may affect the licensing/design basis of CR3 to identify those activities requiring the knowledge and participation of Nuclear Operations. A brief discussion of some of the interfaces follows: (NOTE: AI-1300 is under revision to remove references to Fire Service and Demineralized Water)



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- Well Water System

Well water to Units 1, 2, and 3 is furnished from a common system. Units 4 and 5 are on separate wells. The maintenance and operation of the Units 1, 2, and 3 system is under the supervision and direction of the Fossil Plant Superintendent. There may be limits on the amount of well water available.

- Intake And Discharge Canals

The intake and discharge canals are common between Units 1 and 2, 4 and 5, the Combined Cycle Plants, and the nuclear unit. Maintenance of the canals is the responsibility of the Crystal River Fossil Operations.

3.5.13. Project Management Requirements and Expectations

Project Management requirements and expectations, particularly with regards to project control requirements and project metrics reporting, will vary depending on the contracting model selected. Specific requirements will be developed during the Due Diligence Period, however, as a minimum, the Contractor shall provide requisite reports that will allow Duke Energy to adequately assess Contractor cost and schedule performance. The Contractor shall:

- Provide an effective organization that will serve Duke Energy's best interest,
- Provide overall Project Manager and staff required to support project execution requirements for the contracting model selected,
- Maintain a baseline schedule,
- Develop, implement, and maintain a comprehensive cost management system,
- Develop and publish performance metrics that may include: planned vs. actual activities; dose actual vs. planned; milestone status baseline vs. actual; SPI; CPI; commodity curves; burn rates; staffing levels baseline vs. actuals; project performance indicators for safety, environmental quality, schedule, engineering, and cost metrics; and other KPIs as necessary.
- Provide accounts payable and accounts receivable information for the DGC and LS models.

The Contractor shall provide schedule and cost estimates with their bid as described elsewhere in this RFP.

4. FACILITY DECOMMISSIONING

4.1. Phase 1: D&D Planning

The Contractor shall develop the following documents as applicable for each contract model per Table 1.0, *Typical DOR for Various Models*: (Duke Energy will review and approve as applicable for the model)



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4.1.1. Transition Plan

To facilitate the transfer of responsibilities and assumption duties, the Contractor shall develop a comprehensive Transition Plan (TP). The TP shall include:

- A section describing each function Duke Energy will transfer to the Contractor, Contractor's plan to assume responsibility for performance of the function, a DOR document for each transfer, and a list of prerequisite processes and procedures;
- A process for obtaining required permits and licenses;
- Interface agreements with CREC, and external stakeholders;
- A "readiness review" process to validate that the Contractor is prepared to accept transfer of responsibilities and assumption of duties;
- A Level 3 schedule showing the development, review and approval for each program whose responsibility is transferred to the Contractor.

4.1.2. License Termination Plan

The Contractor shall develop a comprehensive License Termination Plan (LTP), and shall detail the activities, actions, dependencies, documents, and schedule to support the license termination (amendment) to ISFSI only, assuming spent nuclear fuel and HLW is not picked up by the DOE earlier, and final license termination under the AA contracting model.

4.1.3. Site Restoration Plan

The Contractor shall develop a comprehensive Site Restoration Plan (SRP), and shall detail the activities, actions, dependencies, documents, and schedule to support the site restoration, including ISFSI under the AA contracting model.

Included in the SRP is a Landscaping Plan that details the drainage, planting, walkways, roads, and fencing.

4.1.4. Site Security Plan

If necessary for the selected model, the Contractor shall develop a comprehensive Site Security Plan, including a Safeguards Program, for both nuclear and asset protection.

The Site Security Plan shall detail the activities, actions, dependencies, documents, and schedule to support the management, administration and implementation of the security program.

4.1.5. Waste Management Program

Contractor shall establish a Waste Management Program that includes policies, plans, and procedures. The Waste Management Program shall detail the activities, actions, dependencies, documents, and schedule to support the license amendment to ISFSI only (assuming spent nuclear fuel and HLW is not



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picked up by the DOE earlier) and final license termination under the AA contracting model, and shall include:

- The technical approach to waste planning, characterization, handling, packaging, shipping, salvaging process, including identification of salvageable materials, and required inspections and permits,
- Policy addressing management of all waste streams,
- Waste stream quantity and disposition estimates over time,
- Personnel requirement,
- Reporting requirements,
- Records management process,
- Implementation schedule.

Duke Energy shall review and approve the Waste Management Program, and retains the right to approve all waste disposal facilities the Contractor utilizes. The Waste Management Program shall be approved by CR3 prior to performing waste-generating activities. Evidence package demonstrating waste disposal activities are deliver to Duke Energy in a timely manner after Contractor receives Certificates of Disposal or as documented in approved records management process for the Waste Management Program.

The Waste Management Program shall include plans and procedures for the following waste streams/types:

4.1.5.1. Effluent Disposition

The Contractor shall be responsible for the processing and disposition of any effluent at CR3 in accordance with the Waste Management Program. This includes the proper categorizing and disposing of all effluents in accordance with applicable laws and permits. The Contractor shall ensure that all long-range planning includes maintaining a viable effluent release path as necessary.

4.1.5.2. Non-Radioactive Non-Hazardous Waste

The Contractor shall be responsible for the processing and disposition of any non-radioactive non-hazardous waste generated at or otherwise existing at CR3 in accordance with the Waste Management Program. This includes the proper disposing of all non-radioactive non-hazardous waste in accordance with applicable laws and permits.

4.1.5.3. Non-Radioactive Hazardous and Industrial Waste

The Contractor shall be responsible for the processing and disposition of any non-radioactive hazardous and industrial waste generated at or otherwise existing at CR3 in accordance with the Waste Management Program. This includes the proper disposing of all non-radioactive non-hazardous waste in



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accordance with applicable laws and permits, including the management and disposal of PCP, PCBs, asbestos, mercury, and lead containing materials and coatings [Ref. Appendix D.7].

4.1.5.4. Low-Level Radioactive Waste Class A, B, and C

The Contractor shall classify and treat Class A, B, and C waste (including mixed waste) whether existing at CR3 or generated by the work, in accordance with the Waste Management Program. Class A, B, and C waste shall be removed and disposed of offsite at properly licensed waste processing or disposal facilities.

4.1.5.5. High Level Waste (HLW)

The Contractor shall characterize, process, package, and load HLW, including but not limited to GTCC, into storage containers that shall be stored in the ISFSI facility. The Contractor shall evaluate said storage, including structural and 72.48 and 50.59 evaluations as required, and ensure compliance with all required laws and regulations. The Contractor shall schedule the delivery of HLW storage containers and support equipment (e.g., shielded transfer casks) in sufficient time to support the work schedule. Contractor shall develop and maintain HLW waste quantity and disposition estimates and schedule projections and ensure that a sufficient number of storage containers are scheduled for delivery in time to support the work.

4.1.5.6. Transportation and Permitting

The Contractor shall be responsible for the permitting and transportation of waste streams in accordance with all applicable laws, regulations, and permits.

4.2. Phase 2: Physical D&D

4.2.1. D&D Activities

The Contractor shall remove SSCs and further reduce residual radioactivity to levels that permit release of the property for unrestricted future use and amendment/termination of the NRC license and as necessary to meet other applicable requirements. Example activities include:

- Provide temporary utilities including electricity and ventilation to work areas
- Segment the reactor vessel internals and packaging for shipment and disposal including loading those portions that are HLW waste into storage canisters Note: the contractor shall minimize the volume of HLW waste requiring packaging into dry storage containers
- Removing and disposing of large components including reactor vessel, steam generators, pressurizer, turbine generator
- Decontaminating and removing SSCs listed in Ref Appendix A.5
- Decontaminating and removing the approximately 1000' of Nitrogen supply line to the abandoned hydrogen farm



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- Decontaminating and restoration of the West Settling Pond including decontaminating and removing Station Drain Tank Line that feeds the pond, and the pond discharge line
- Removal of CREC site inerties (demineralized water, fire water, waste & sewage)

4.2.2. Hazardous and Non Hazardous Waste Management

The Contractor shall be responsible for waste management and compliance with applicable laws permits, and provide qualified staff, materials, and equipment for handling such waste, to include:

- Developing and submitting written processes for waste management activities.
- The management and disposal of known and unknown CR3 PCP, PCBs, asbestos, mercury, and lead containing materials and coatings [Ref. Appendix B.1.1].
- Efficiently segregating waste to the lowest waste profile acceptable for disposal to optimize the packaging, transportation, and disposal costs.
- Characterizing, packaging, transporting, processing, and disposing of waste, including establishing and managing subcontracts for same.
- Operation and maintenance of any required effluent system(s).
- Processing and disposition of liquids either as found at CR3 or as generated during performance of work.
- Providing waste transportation and disposal documentation and approvals.
- Obtaining Duke Energy's approval and signature for rad waste shipments as required.
- Developing and maintaining waste quantity estimates and disposal schedule projections.
- Characterizing and packaging waste in accordance with the contractor's or existing CR3 procedures, processes, and practices, as applicable.
- Ensuring that waste carriers have and maintain valid permits required for transportation of waste.
- Shipping and disposal of waste.
- Preparation of necessary shipping documents and manifests.
- Ensuring that waste is accepted, treated, and disposed at only facilities with valid permits and operating in compliance with applicable laws and permits.
- Delivering documentation packages to Duke Energy demonstrating waste disposal activities are complete one (1) week after receipt of Certificates of Disposal or as documented in approved records management process for the Waste Management Program.

Contractor may recycle, reclaim or otherwise salvage materials that meet the "free release" criteria established at CR3. Contractor shall implement a process for this verification and maintain documentation of same. Any and all value obtained for salvaged or scrapped materials remain with the Contractor.



4.3. Phase 3: License Termination and Site Restoration

This RFP Section corresponds to D&D Work Phase 3: License Termination and Site Restoration

4.3.1. License Termination Requirements

It is unknown at this time when the spent nuclear fuel and HLW stored in ISFSI will be completely removed by the DOE; this activity is a prerequisite to final license termination (Bidders may assume 2037 for cost estimating purposes). The Contractor shall be responsible for the outcome, i.e., license amendment to ISFSI only or complete license termination, as applicable to the contracting model chosen. The Contractor shall include the details in the LTP.

4.3.2. Site Characterization for License Termination

The Contractor shall be solely responsible to complete site characterization as required to satisfy the license amendment/final termination. The current site boundary, defined as the Owner Controlled Area (OCA), encompasses 4,738 acres [Ref. Appendix A.2] and shall be reduced in accordance with 10 CFR 72.104 and 72.106.

The Contractor shall perform characterization activities to support the license amendment/final termination. This site characterization must be performed in accordance with the guidelines in NUREG-1575 Multi-Agency Radiation Survey and Site Investigation Manual (MARSSIM); in NUREG-1757 Consolidated Decommissioning Guidance, Characterization, Survey, and Determination of Radiological Criteria, Volume 2, Revision 1; and in American Society of Testing and Materials Standard E 1281, Nuclear Facilities Decommissioning Plans, to demonstrate compliance with 10 CFR Part 20, Subpart E, Radiological Criteria for License Termination, regulations and standards leading to license amendment/termination.

The Contractor shall provide any updates to the HSA, and the final HSA to Duke Energy.

4.3.3. Radiological Criteria for License Termination

NRC Subpart E, "Radiological Criteria for License Termination," which amended 10 CFR Part 20, provides radiological criteria for releasing a facility for unrestricted use. The regulation states that the site can be released for unrestricted use if radioactivity levels are such that the average member of a critical group would not receive a Total Effective Dose Equivalent (TEDE) in excess of 25 millirem per year (or such lower standards as may be agreed) from all sources, taking into account the up to 4 millirem per year limit for drinking water (or such lower standards as may be agreed), provided that residual radioactivity has been reduced to levels that are As Low As Reasonably Achievable (ALARA). The site will be remediated to the levels specified in 10 CFR 20.1402, "Radiological criteria for unrestricted use," and all other state and local requirements, with remediation measures sufficient to result in substantially lower levels than required by the foregoing regulations.



The NRC will terminate or amend the site license if it determines that site remediation has been performed in accordance with the LTP, and that the terminal radiation survey and associated documentation demonstrate that the facility is suitable for release.

4.3.4. Site Restoration Requirements

The Contractor shall follow all applicable laws, regulations, local building codes and state environmental regulations during site restoration. Any and all value obtained for salvaged or scrapped materials remain with the Contractor.

The Contractor shall prepare the Site Restoration Plan (SRP) to specify the materials and processes used for backfill of lower elevations, i.e., concrete rubble generated from demolition activities, other clean backfill, etc. The SRP shall also specify what construction debris is trucked off site as an alternative to onsite disposal. The excavations will be regraded such that the power block area will have a final contour consistent with adjacent surroundings, and permits the growth of vegetation to prevent erosion, as required by the regulatory closure requirements. Site restoration is to include ISFSI under the AA contracting model.

The detailed Contractor scope for site restoration includes [Ref. Appendix A.3; A.5]:

- All SSCs removed and all system inerties to other CREC plants isolated and/or removed (physical D&D scope complete) (including ISFSI under the AA contracting model)
- All designated buildings, structures, and pavement/asphalt removed
- Sufficient safe pathways remain or are installed within the areas disturbed during the decommissioning process, for access to/from ISFSI facility, parking lots, and other CREC facilities as applicable.
- As-built site condition established with environmental and long-term safety considerations incorporated
- Within the power block (all areas at berm elevation 119'):
 - The entire area cleared to a minimum of three (3) feet below grade level (defined as plant elevation of 119', i.e., the berm remains)
 - All pipes, cable, wiring, and equipment removed from all elevations of buildings and structures (only concrete and required structural steel remains)
 - Water drain holes will be drilled in the bottom of all below grade structures to be abandoned by burial
 - Pipe chases, electrical duct banks, vertical pump structures, and sumps will be backfilled with a suitable earthen material and abandoned.
 - Non-contaminated (radiologically or otherwise) underground piping greater than 3 feet below grade (except the intake and discharge raw/circulating water piping) will be evaluated for removal, abandonment, or filling to eliminate the potential for collapse after the site is released for unrestricted use.



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- The intake and discharge raw/circulating water piping will be either removed, collapsed and backfilled, or filled to eliminate the potential for collapse after the site is released for unrestricted use.
 - Affected areas backfilled to grade with gravel and sufficient topsoil to support erosion control vegetation growth, and sodded/seeded
- Outside of the power block (all areas not at berm elevation 119'):
 - areas made permeable to existing grade
- Firing range remediated as follows:
 - removal of soil containing lead residue
 - buildings and structures removed
 - pavement/asphalt removed
 - areas made permeable to existing grade
 - utilities (electric, water) removed
 - septic tank and leach field removed or sanitized, crushed and backfilled as required per regulations and permits
- West settlement pond remediated as follows:
 - Water removed and processed per regulatory requirements
 - Liner removed
 - Any contaminated soil removed per regulatory requirements
 - Influent and effluent piping removed
 - Backfilled to grade with sufficient topsoil to support erosion control vegetation growth, and sodded/seeded
- If Duke Energy is managing the ISFSI, then access to/from the ISFSI pad via the existing ISFSI sally port and haul path is maintained
- NRC license terminated to:
 - ISFSI only, with site boundary reduced to the ISFSI-only OCA in accordance with 10 CFR 72.104 and 72.106
 - AND to include final license termination for ISFSI under the AA contracting model
- All affected environmental permitting amended/approved/closed as required with:
 - ISFSI storm water control and ponds left unabated (until ISFSI decommissioning under the AA contracting model)
 - Final site storm water control system designed and implemented
- Unrestricted release (as defined as no more than 25 millirem per year (or such lower standard as may be agreed) plus ALARA) of the site (including ISFSI under the AA contracting model)
- Developing and delivering to Owner, a Final Site Survey and Condition (as-built) document



5. BIDDER TECHNICAL RESPONSES

5.1. Project Timeline

Bidder shall provide a project timeline that includes the following major periods, by contracting model:

- Due Diligence (Stage Two)
- Regulatory Approvals
- Transition Planning
- D&D
- Partial License Termination
- Site Restoration
- Spent nuclear fuel and HLW is removed
- ISFSI D&D
- Final License Termination
- Final Site Restoration

5.2. Technical Approach and Statement of Qualifications

Bidders shall provide a comprehensive, written narrative to document the proposed approach, contracting model, methods, tools, project team, governance (roles, responsibilities, accountabilities for performance and risk ownership), as well as the Bidder's experience and qualifications in performing each of the major scope areas described below.

5.2.1. D&D Due Diligence

Provide an overview of the proposed approach and schedule to conduct D&D Due Diligence of the CR3 Accelerated Decommissioning Project. Overview shall include the Bidder's approach, methods, project plan, testing/sampling/surveying tools and means, organization structure and identification of necessary access to site, personnel and information/data.

5.2.2. Reactor Vessel and Internals Segmentation and Storage of HLW

Include an overview of the Reactor Vessel (RV) and Reactor Vessel Internals (RVI) segmentation plan, sequence, proposed tools, use of subcontractors, project organization, and approach to minimizing Class B, Class C and HLW waste. Detail the responsibilities and integration with interfacing with the ISFSI operations.

5.2.3. Removal and Disposal of Large Components

Provide overview of the proposed approach for removal and disposal of large components, such as reactor pressure vessel, steam generators, turbines, pressurizer, reactor coolant pumps, etc. Include the methodology, tools and means for removing, packaging, permitting, and transporting of oversized/overweight components, along with the disposal plan.



5.2.4. Waste Packaging, Staging, Transportation and Disposal.

Provide an overview of the proposed approach, methods, tools and means for waste management (staging, packaging, blending, transportation, and disposal). This should include container receipt, interim storage, spoils, rubble and debris. The sequencing of the demolition of site facilities should be considered. Identify how and where waste will be staged and transported from the CR3 site and describe on-site facilities that will be employed.

5.2.5. Water Processing

Provide an overview of the proposed approach, methods, tools and means for addressing the processing of contaminated water, and subsequent decontamination and dismantling of applicable water processing systems. The overview shall contain the recommended approach to effluent disposition, including permitting, management, and waste dispositioning.

5.2.6. Site Equipment

Provide a list of site equipment that it intends to use in the performance of the work and alternatives available to the Contractor if the site equipment is not able to be recovered for the intended use.

5.2.7. ISFSI Operations

Provide recommended approach as to the Contractor or the Company to operate and maintain the ISFSI, provide security for the ISFSI and continue to perform other security functions at the CR-3 Site. If proposing to take responsibility for the ISFSI, detail the approach, methods, organization, and means for operating and maintaining the ISFSI site. If operations of the ISFSI are not in scope, detail how the approach integrates with the Company's ISFSI management. This should include space management, logistics, and coordination of D&D activities and any constraints with the ISFSI that may impact the Bidder's scope and schedule.

5.2.8. Site and Nuclear Security

Provide an overview of the nuclear security scope, approach and responsibilities for the Bidder to either provide site and nuclear security or integrating with the existing nuclear security operations. Note the Nuclear Security Operations protective area has been limited at the CR3 site to the ISFSI. If assuming responsibility for site and nuclear security operations, discuss the approach, methods, organization, governance for managing the protected area/vital area access, security for the demolition site, coordination and adequate notice with Crystal River Energy Complex security, cyber security programs and other associated programs.



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5.2.9. Removal of All Sub-Surface Structures, Systems and Components (SSC)

Provide an overview of Bidder's approach, methods, tools, means, and organization for the removal of all sub surface SSCs to below the three foot grade level. Explain the regulatory, license, permit and easement requirements for reuse of backfill.

5.2.10. Decontamination and Dismantlement (D&D) of Major Structures

Provide an overview of Bidder's approach, methods, tools, means, and organization for the removal of all major SSCs as well as the potential coordination of any CR1 and CR2 Unit demolition activities. Approach should discuss creating and enlarging openings in structures, recommendations and rationale for any open air D&D activities, demolition methods and sequencing.

5.2.11. License Transfer and License Termination

Provide an overview of Bidder's approach, methods, tools, means and organization to obtain NRC approval of required license transfers (if appropriate to the contracting model) and license termination to reduce the NRC licensed area (including ISFSI under the AA contracting model) and release all of the other land from the NRC license.

5.2.12. Site Restoration

Provide an overview of Bidder's approach, methods, tools, means, and organization for site restoration. This should include a discussion of regulatory engagement, license termination activities and responsibilities, environmental permitting, etc. Explain the regulatory, license, permit and easement requirements for reuse of backfill.

5.3. Technical Questionnaire of Program Management

The Bidder shall develop and implement management systems that are acceptable to the Company and compliant with applicable laws and applicable permits to govern, manage and execute the work. To clarify the scope and responsibilities of the Bidder, for each sub-section enumerated below, the Bidders are required to provide: 1) a summary of their current capabilities; 2) discuss if applicable programs exist or will have to be developed; and, 3) provide the Bidders' detailed approach for establishing each of these management systems. Bidders may consult Table 1.0, *Typical DOR for Various Models*, for anticipated expectations associated with each contracting model.

Note the program elements listed below are not intended to be exhaustive. The programs are expected to be modified by the Bidder as the work progresses. The Bidder is responsible for ensuring work includes the elements necessary to meet the requirements of applicable laws and permits.

- Occupational Safety and Health
- Radiological Protection
- Emergency Preparedness



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- Quality Program
- Engineering
- Environmental
- Chemistry
- Fire Protection
- Utilities
- Maintenance
- Nuclear Oversight
- Safety Culture
- Operations
- Corrective Actions
- Security
- Nuclear Security
- Site License and Nuclear Regulatory Affairs
- Site Support Services
- Training
- Work Control
- Business Systems

6. RFP COMMERCIAL QUESTIONNAIRE

Note: Bidders are to submit responses in Attachments 1 through 10 in the native Excel file format, with all formulas functional. Attachments 1 through 10 are contained in the Excel file provided, Attachments 11 through 14 are individual files.

6.1. Supplier Profile Questionnaire

Bidders are required to submit **Attachment 1** to document information pertaining to the Bidder's Company structure, designated RFP contact, financial information and customer reference details. In addition, Bidders are requested to provide the most recent two years of audited financial statements (Income Statement, Balance Sheet, and Cash Flow Statements) with footnote details; as well as, letter from Bonding Agent and documentation of Insurance coverage certification.

6.2. Project Organization Structure and Key Personnel

Bidders shall provide proposed organizational structure charts for each phase of the D&D project; 1) Project Mobilization and Planning; 2) D&D Work Activities; and 3) Site Restoration and License Termination. Additionally, Bidder shall identify (name) key personnel and provide proposed key personnel resume's and D&D project references.



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6.3. Safety Performance and Rating

Bidders shall register with Company's Safety Performance rating program through Avetta. Bidders and proposed sub-contractors shall complete **Attachment 2**, Safety Performance Metrics template to document safety performance metrics. For safety registration instructions and safety requirements, please access the [Duke Energy Environmental, Health and Safety website](#).

6.4. Nuclear Project Lessons Learned

Bidders are requested to provide a listing of the significant lessons learned from previous Nuclear Power Reactor projects utilizing the Lessons Learned template provided as **Attachment 3**. A discussion of how lessons are incorporated into the Bidder's approach and scope for D&D services at CR3 should be provided.

6.5. Risk Register

Bidders shall provide a comprehensive risk register for the CR3 D&D project, utilizing the template provided as **Attachment 4**. Risks should be categorized and qualified per the Attachment 4 instructions detailing potential risk impact and probability. Additionally, risks mitigation steps and ownership should be identified for each risk listed.

6.6. Decommissioning Cost Estimate

Bidders shall submit a fixed price decommissioning cost estimate aligning to CR3 Decommissioning Cost Estimate Work Breakdown Structure (WBS), utilizing template provided in **Attachment 5**.

6.7. WBS Milestone Plan

Bidders shall document project milestones associated with the performance of work and aligned with milestone payments for work completion and release of payments from the Nuclear Decommissioning Trust Fund. The proposed milestone plan must be cross referenced with the Decommissioning Cost Estimate WBS provided. Bidders are requested to propose a minimum of four milestones for each calendar year of the work performed in decommissioning. **Attachment 6** is to be submitted to document the milestone plan.

6.8. Annual Cash Flow Statement

Bidders shall provide a cash flow model of the D&D Project. The model will include annual project cash disbursements and operating costs against the Nuclear Decommissioning Trust Fund with assumed growth rates, escalations, performance assurance costs, and reimbursements associated with the work breakdown structure over the life of the project. **Attachment 7** is to be submitted to document the Annual Cash Flow Statement.



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Providing that the Bidder is proposing to control and manage the NDT fund, Bidders shall provide a narrative of their plan for the management and control of the NDT, to include: 1) NDT investment strategy; 2) assumed growth rate; 3) controls and process for NDT drawdowns.

Note: DEF shall holdback portions of the NDT for taxes and owner costs as applicable.

6.9. Sub-Contracting Plan

Bidders shall submit the Sub-Contracting Plan utilizing the template provided in **Attachment 8**. A Sub-Contracting Plan is required for all work scopes estimated to be over \$700K. The template identifies the sub-contractor, work scope, estimated sub-contracting expense, supplier diversity classification, and local community economic impact. Bidders shall provide the experience and capabilities of each identified sub-contractor.

6.10. Waste Disposal Pricing

Bidders shall submit **Attachment 9**, Waste Disposal Pricing template to provide an estimate for waste disposal and transportation costs. Template includes assumptions for estimated weights, volumes by class of waste, transportation and disposal costs.

6.11. Performance/Financial Assurance

Bidders shall provide their proposed approach for performance/financial assurance of the work scope. **Attachment 10** is provided to capture the estimated costs associated with recommended performance/financial assurance utilities, such as performance bonds, letters of credit, parent guaranty, performance insurance, or other forms of credit enhancement, etc.

6.12. Term Sheet - Key Terms

Bidders are requested to review **Attachments 11-14**, CR3 Decommissioning Term Sheets and submit a red line of the one Term Sheet for the contracting model most closely aligned with the Bidder's proposal. The Term Sheet redline should include a listing of any exceptions, exclusions, and inclusions for each key term clause. If a Bidder submits an Alternative proposal, the Bidder should mark-up additional Term Sheets for the contracting model most closely aligned with the Alternative proposal.

6.13. Due Diligence Process

Bidders shall provide their plans, details, requirements, and schedule for performing their due diligence (Stage Two) with their proposal.



7. Attachment Index

The following Attachments are included in excel file *CR3 Accelerated Decommissioning Project RFP Submittal Attachments*, included in Power Advocate.

- Attachment 1 – Supplier Profile Questionnaire
- Attachment 2 – Project Organization Structure and Key Personnel
- Attachment 3 – Safety Performance and Rating
- Attachment 4 – Nuclear Project Lessons Learned
- Attachment 5 – Risk Register
- Attachment 6 – Decommissioning Cost Estimate
- Attachment 7 – WBS Milestone Plan
- Attachment 8 – Annual Cash Flow Statement
- Attachment 9 – Sub Contracting Plan
- Attachment 10 – Waste Disposal Pricing
- Attachment 11 – Performance/Financial Assurance
- Attachment 12 – Term Sheet – Key Terms

8. CR3 Document Library Index

The CR3 Accelerated Decommissioning Project team has assembled documents to support the Bidders evaluation of the site conditions and scope of work. These documents are located in the CR3 Document Library on the SharePoint site, and organized into Appendices as follows:

A. General

- A.1 TLG decommissioning estimate 2018
- A.2 2017_CR3 OCA_rv
- A.3 CR3 Layout with legend
- A.4 AI1300-R036
- A.5 List of Systems
- A.6 2017 Financial Status Report-As Filed
- A.7 2017 ISFSI Decomm Report – ML17135A230
- A.8 RG1.179
- A.9 RG1.184
- A.10 CR3 Controlled Documents_Procedures Category as of 4-3-18

B. HP and Environmental

- B.1 Historical Site Assessment HAS
- B.2 50.75g site procedure, plan, records and spill history
- B.3 Air Operation Permit
- B.4 Ground water monitoring
- B.5 NPDES
- B.6 ODCM



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- B.7 Power History
- B.8 REMP
- B.9 RETS
- B.10 Storm Water
- B.11 FDEP CoC
- C. Licensing
 - C.1 CR3 PSDAR
 - C.2 DSAR_R001
 - C.3 ISFS-212 ISFSI 10 CFR 72.212 Report
 - C.4 Defueled Tech Specs DSTS
- D. Drawings
 - D.1 Architectural-Layout
 - D.1-1 OXX Layouts
 - D.1-2 CR3-A Architectural (FPC)
 - D.2 Mechanical, I&C, Piping, Building SVC
 - D.2-1 304 Physical Piping
 - D.2-2 311 Building Service Physicals
 - D.2-3 312 Tanks, Miscellaneous
 - D.3 Structural Concrete
 - D.3-1 403 Turbine Building Mat., CC Walls
 - D.3-2 405 Turbine Building and CC Floors
 - D.3-3 408 XFMRs and Miscellaneous Turb. Bldg. Equip. FDNS
 - D.3-4 409 Turbine Generator Foundation
 - D.3-5 416 Elec. Manholes, Incl. TSC
 - D.3-6 421-0XX Reactor Building Concrete
 - D.3-7 421-1XX Auxiliary Building North Concrete
 - D.3-8 421-2XX Intermediate Building Concrete
 - D.3-9 421-3XX Ring Girder and Dome
 - D.3-10 422 Auxiliary Building South Concrete
 - D.3-11 426 CW Intake and Discharge, RW Anchors
 - D.3-12 434 Outside Building and Foundations
 - D.3-13 447 Foundation for Cable Support Bridge
 - D.4 Structural Steel
 - D.4-1 502 Turbine Bldg. And CC Steel, CC HVAC Supports
 - D.4-2 506 Heater Bay Steel
 - D.4-3 521-0XX Reactor Building Steel
 - D.4-4 521-1XX Auxiliary Building North Steel Intermediate
 - D.4-5 521-2XX Building Steel
 - D.4-6 522 Auxiliary Building South Steel
 - D.4-7 526 CW Intake and Discharge Steel



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- D.4-8 534 Outside Building Steel
- D.4-9 547 Cable Bridge Over Discharge Canal
- D.5 Civil
 - D.5-1 736 Plot Plan
 - D.5-2 743 Storm Drainage
 - D.5-3 744 Miscellaneous Civil
 - D.5-4 CR3-G Plot Plan (FPC)
- D.6 Reactor Vessel
- D.7 Asbestos Information
 - D.7-1 214-061-SH000
 - D.7-2 AI1810
 - D.7-3 SP5953
- E. Safety
 - E.1 2017 Health and Safety Handbook
 - E.2 STPD-SAF-PMC-00002-005, Contractor Environmental, Health and Safety (EHS) Supplemental Requirements
 - E.3 2018 Environmental Handbook
- F. Cold and Dark Engineering Changes
 - F.1 Implemented EC's
 - F.1-1 EC 293487 – Circulation Water Piping Intake-Discharge Closure
 - F.1-2 EC 294476 - Fuel Handling Transfer Tube Protection
 - F.1-3 EC 407270 - FP Transition to Decommissioning
 - F.1-4 EC 407371 - CR3 Dormancy Ventilation
 - F.1-5 EC 407372 - CR3 Dormancy Electrical



Contractor Safety Ratings

Duke Energy leverages Avetta as our contractor safety certification process partner. Avetta, a third-party administrator and information verification company, will collect, verify and maintain contractor prequalification-related information to streamline Duke Energy's contractor safety rating process.

Partnering with Avetta enables our contractors to:

- Electronically share regulatory forms, EHS performance metrics, internal policies and procedures, certifications, manuals and other documents
- Leverage content to close gaps in compliance-related program and procedure documents
- Auto-populate applications and bid requests within existing and verified companies

RFP Instructions

Please access the Avetta registration portal through <http://pages.avetta.com/DUKE-ENERGY>.

Already Have an Avetta Account?

If your company already participates in Avetta, please ensure you associate your company's Avetta account to Duke Energy's and select the appropriate business unit within Duke Energy. Also, please ensure the information in your Avetta account is current. If so, there is no further action.

Don't Have an Avetta Account?

If your company does not participate in Avetta, there is a module called "QuickVett" that allows contractors to participate in bid events without completing the entire Avetta organizer. This process provides Duke Energy with basic safety-related information needed to verify safety targets required to work for Duke Energy. Upon award, you will be required to participate in the Avetta modules which will provide a Duke Energy safety rating and evaluation of your company's OSHA compliance programs.

To access the QuickVett module, answer "Yes" to "Are you a QuickVett or bid only supplier?" when completing the Pre-Qualification Form (PQF) in Avetta.

Registration / Pre-Qualification

Registration

- Each contractor and subcontractor must register on the Avetta website using the link above.

Pre-Qualification

- Complete the Prequalification Form (PQF) – Once you have registered and aligned your company with Duke Energy, you may begin the prequalification process by completing and submitting the PQF and Annual Update information online.
- Respond to any audit questions - After submitting your PQF and required documentation online to Avetta, an Avetta representative will contact you to review your submission. Your dedicated Avetta representative will work with you to collect missing information to ensure you achieve green flag status for Duke Energy.

Qualification Deadline

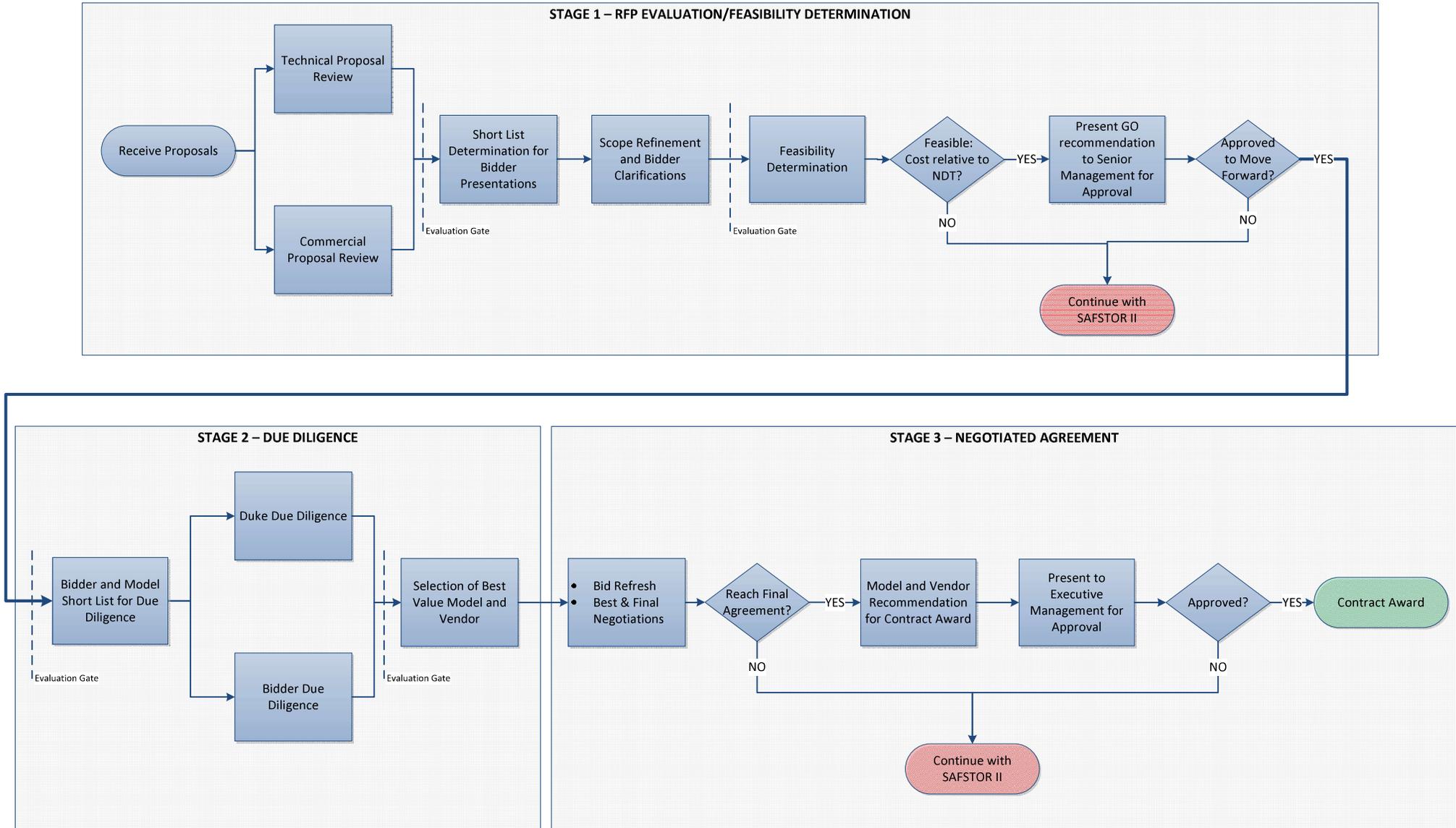
- Once you have achieved Complete status, your company will be rated as compliant in Avetta Organizer and available for contract work with Duke Energy and other clients within the exclusive Avetta network.

For questions specific to the RFP, utilize PowerAvocate messaging to contact the bid team.

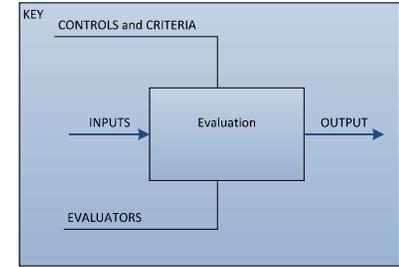
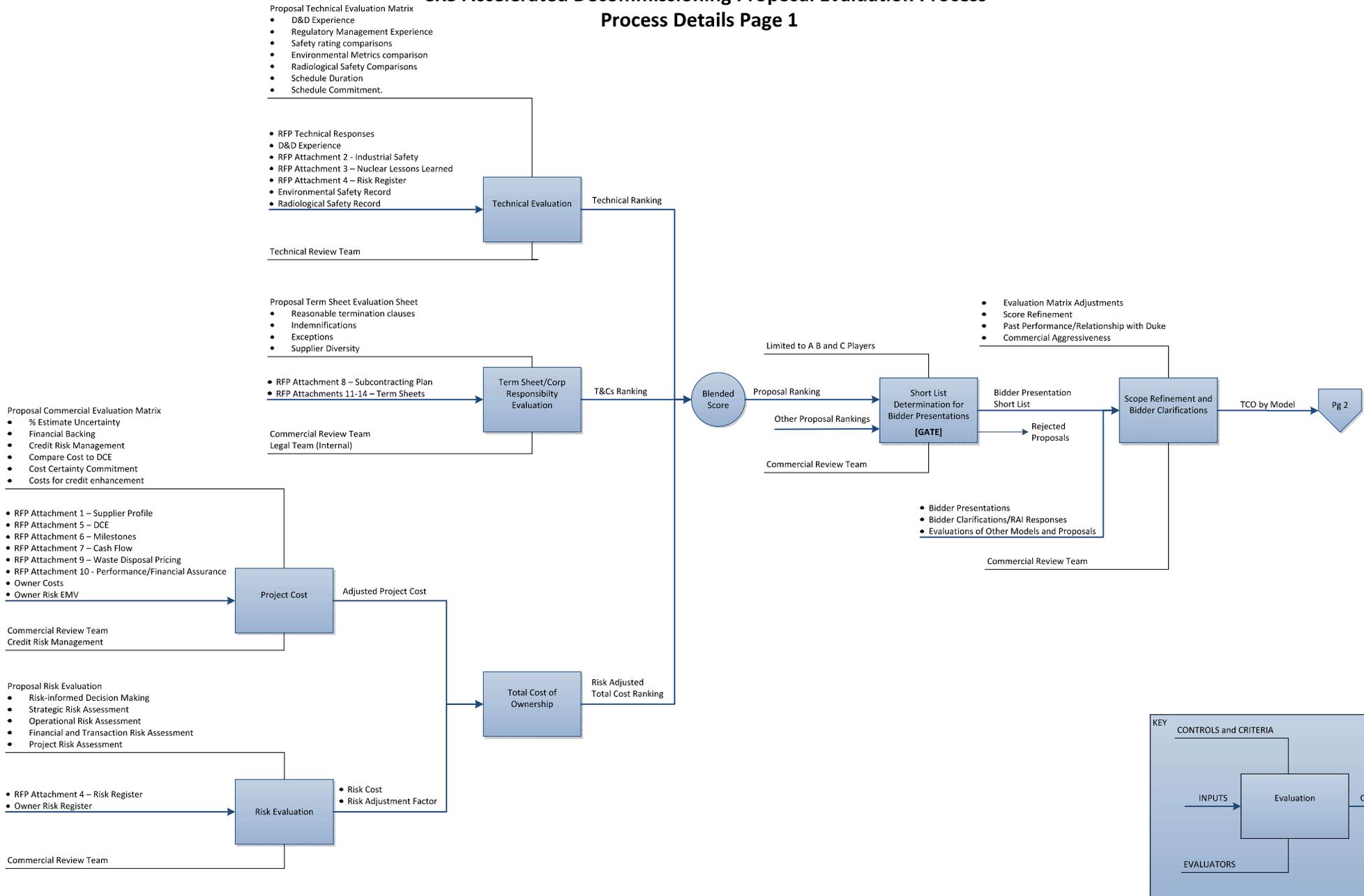
To contact an Avetta representative, please call (877) 725-3022.

CR3 Accelerated Decommissioning Proposal Evaluation Process

Overview



CR3 Accelerated Decommissioning Proposal Evaluation Process Process Details Page 1



CR3 Accelerated Decommissioning Proposal Evaluation Process Process Details Page 2

