

FINAL DRAFT – 3/17/15

THE TOWN OF ONTARIO,
WAYNE CENTRAL SCHOOL DISTRICT
AND COUNTY OF WAYNE

AND

R.E. GINNA NUCLEAR POWER PLANT, LLC

PAYMENT IN-LIEU OF TAXES AGREEMENT
FOR THE
R.E. GINNA NUCLEAR POWER PLANT

DATED AS OF FEBRUARY 28, 2015

**R.E. GINNA NUCLEAR POWER PLANT
PAYMENT IN-LIEU OF TAXES AGREEMENT**

This **PAYMENT IN-LIEU OF TAXES AGREEMENT**, dated as of the 28th day of February, 2015 (the “**Agreement**”), by and between the **TOWN OF ONTARIO**, a body corporate and politic existing under the laws of the State of New York (the “**Town**”), the **WAYNE CENTRAL SCHOOL DISTRICT**, a central school district existing under the laws of the State of New York with an office at 6200 Ontario Center Road, Ontario Center, New York (the “**School District**”), the **COUNTY OF WAYNE**, a body corporate and politic existing under the laws of the State of New York (the “**County**”) (the Town, the School District, and the County are referred to herein as the “**Tax Jurisdictions**”), and **R.E. GINNA NUCLEAR POWER PLANT, LLC**, a limited liability company duly organized and validly existing under the laws of the State of Maryland and authorized to conduct business in the state of New York (the “**Company**”) (the Tax Jurisdictions and the Company are referred to herein as the “**Parties**”),

WITNESSETH:

THAT, WHEREAS, the R.E. Ginna Nuclear Power Plant has a capacity of approximately 583 megawatts (“**MW**”), is located in the Town on land described on Exhibit “A” attached hereto (the “**Land**”), and is identified by the tax parcel identification numbers listed on Exhibit “B” attached hereto (the “**Tax Parcels**”) (all land and all facilities and improvements on the land covered by the Tax Parcels, including future improvements to such Tax Parcels, shall be referred to herein as the “**Plant**”); and

WHEREAS, the Company believes that changed electric power market conditions have significantly challenged the financial viability of the Plant; and

WHEREAS, the Company and Rochester Gas & Electric Corporation (“**RGE**”) entered into a Reliability Support Services Agreement dated February 13, 2015, as may be amended from time to time, for the Plant that would enable the Plant to continue to operate during its term (the “**RSSA**”), and the RSSA has been submitted to the New York State Public Service Commission (the “**PSC**”) and the Federal Energy Regulatory Commission (the “**FERC**”) for regulatory approvals; and

WHEREAS, as a consequence of negotiations regarding the real property tax treatment of the Plant and assuming the RSSA will be approved by the PSC and FERC, the Tax Jurisdictions and the Company have agreed to enter into this Agreement regarding the Company’s obligation to make payments to the Tax Jurisdictions for the Plant in relation to the Tax Jurisdictions’ fiscal years based on the 2015, 2016, 2017, and 2018 assessment rolls; and

WHEREAS, New York Real Property Tax Law Section 485 (“**Section 485**”) permits the exemption from taxation of nuclear powered electric generating facilities, such as the Plant, upon the adoption of a local law or resolution by each of the tax jurisdictions in which such facility is located and to authorize such tax jurisdictions to enter into a payment in-lieu of taxes agreement such as this Agreement with the owner of such facility; and

WHEREAS, the Town conducted a public hearing on April 1, 2015 pursuant to the Municipal Home Rule Law and Section 485 with respect to Local Law No. [REDACTED] of the Year 2015, and a public hearing on April 1, 2015 pursuant to Section 485 with respect to the Town's execution of this Agreement, notices of which were duly published and at which the public was given the opportunity to be heard; and

WHEREAS, the School District conducted public hearings on April 1, 2015 pursuant to Section 485 with respect to a Resolution granting an exemption from taxation and the School District's execution of this Agreement, notices of which were duly published and at which the public was given the opportunity to be heard; and

WHEREAS, the County conducted a public hearing on February 15, 2005 pursuant to the Municipal Home Rule Law and Section 485 with respect to County Local Law No. 05 of 2005, notices of which were duly published in the *Times of Wayne County* and *The Williamson Sun & Record* and at which the public was given the opportunity to be heard, and the County adopted Local Law No. 05 of 2005 exempting the Plant from taxation by the County as permitted by Section 485 commencing January 1, 2005; and

WHEREAS, pursuant to Section 485, the Town adopted Local Law No. [REDACTED] of the Year 2015 on April 1, 2015, a copy of which is attached hereto as Exhibit "C", providing for exemption of the Plant from taxation by the Town as permitted by Section 485 commencing January 1, 2016, and a resolution authorizing the execution and adoption of this Agreement by the Town Supervisor on April 1, 2015, a copy of which is also attached hereto as Exhibit "C"; and

WHEREAS, pursuant to Section 485, the School District adopted a Resolution dated April 1, 2015, a copy of which is attached hereto as Exhibit "D", providing for exemption of the Plant from taxation by the School District as permitted by Section 485 commencing July 1, 2015, and authorizing the execution and adoption of this Agreement by the Superintendent of the School District; and

WHEREAS, pursuant to Section 485, the County conducted a public hearing on April 1, 2015 with respect to the County's execution of this Agreement, notices of which were duly published and at which the public was given the opportunity to be heard, and the County's Board of Supervisors passed a resolution on April 1, 2015 authorizing the execution and adoption of this Agreement by the Chairman of the Board of Supervisors, a copy of which resolution, along with a copy of County Local Law No. 05 of 2005, is attached hereto as Exhibit "E";

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

For all purposes of this Agreement, defined terms indicated by the capitalization of the first letter of such term shall have the meanings specified herein except as otherwise expressly provided for herein or as the context hereof otherwise requires.

“**Affiliate**” means Exelon Generation Company, LLC or any other affiliated entity which establishes the required financial wherewithal and is in that respect and all others approved by the NRC to be an owner of the Plant.

“**Agreement**” means this payment in-lieu of taxes agreement by and among the Parties dated as of the first date written above.

“**Board of Education**” means the Board of Education of the School District.

“**Company**” means R.E. Ginna Nuclear Power Plant, LLC, a limited liability company duly organized and validly existing under the laws of the State of Maryland and authorized to conduct business in New York, and its successors and assigns.

“**County**” means the County of Wayne.

“**County Board of Supervisors**” means the Board of Supervisors of the County.

“**County Local Law**” means Local Law No. 05 of 2005 adopted by the County on February 15, 2005, pursuant to Section 485, to provide for exemption of the Plant from taxation as permitted by Section 485.

“**Electric Transmission System**” means the regulated utility-owned transmission lines and equipment dedicated to the bulk transfer of high voltage electrical energy between electric generating stations and power purchasers.

“**Equipment**” means any equipment used in the generation of electricity from nuclear power, including, but not limited to, any equipment required or used to provide for the safe shutdown or cooling of the Plant or to provide a backup source of power or to prevent or reduce radiation exposure, any equipment leading from the Plant to the point of interconnection with the Electric Transmission System, and any spare parts or subassemblies for any of the foregoing, but does not include any equipment in the Electric Transmission System.

“**FERC**” means the Federal Energy Regulatory Commission.

“**Land**” shall mean the land described on Exhibit “A” attached hereto and covered by the Tax Parcels.

“**MW**” means megawatt.

“**NRC**” means the United States Nuclear Regulatory Commission.

“**Nuclear Facility**” means a facility that generates electricity using nuclear power for sale, directly or indirectly, to the public, including the land upon which the facility is located, any equipment used in such generation, and equipment leading from the facility to the point of interconnection with the electric transmission system, but shall not include any equipment in the Electric Transmission System.

“**ORPS**” means the State’s Office of Real Property Tax Services and any successor thereto.

“**Parties**” means the Town, the School District, the County, and the Company.

“**Person**” means an individual, partnership, limited liability company, corporation, trust, unincorporated organization or governmental authority.

“**PILOT**” means payment in-lieu of tax.

“**PILOT Payments**” means the PILOT payments to be made with respect to the Plant and specified in Article III of this Agreement.

“**Plant**” means the Nuclear Facility owned by the Company including, but not limited to, all existing and future facilities and improvements (including modifications or additions) used in connection with operation of such Nuclear Facility located on the Land such as: (a) office, simulator, visitor center, Manor House, laboratory, or training center buildings, (b) maintenance shop, warehouse or Equipment storage facilities as well as loaded or unloaded dry cask storage and support facilities, (c) material processing facilities, (d) cooling facilities, (e) roads, walkways, street lighting or parking areas serving such facilities and improvements, (f) firing range, fencing, siren towers or other safety or security-related improvements, (g) interconnection modifications, (h) water or sewer modifications serving such facilities or improvements, (i) regulator-required modifications or new installations, (j) any other facilities and improvements (including modifications or additions) used in connection with operation of such Nuclear Facility located on the Land, (k) Equipment, and (l) the Land.

“**PSC**” means the New York State Public Service Commission.

“**RPTL**” means the Real Property Tax Law of the State, as amended from time to time.

“**RGE**” means Rochester Gas & Electric Corporation.

“**RSSA**” means the Reliability Support Services Agreement dated February 13, 2015 by and between the Company and RGE for the Plant, as may be amended from time to time.

“**School District**” means the Wayne Central School District.

“**School District Resolution**” means the resolution dated April 1, 2015, adopted by the Board of Education pursuant to Section 485, to provide for exemption of the Plant from taxation as permitted by Section 485.

“**Section 485**” means RPTL Section 485, as amended from time to time, providing for exemption of Nuclear Facilities from taxation, special *ad valorem* levies, and special assessments, except as limited by Section 490.

“**Section 490**” means RPTL Section 490, as amended from time to time, extending the Section 485 exemption to cover special *ad valorem* levies and special assessments, but excepting certain of those.

“**State**” means the State of New York.

“**State Board**” means the State Board of Real Property Tax Services and any successor thereto.

“**Tax Jurisdictions**” means the Town, School District, and County.

“**Tax Parcels**” means all tax parcels listed on Exhibit “B” attached hereto.

“**Tax Year**” means the Tax Jurisdictions’ respective fiscal years tied to a specific assessment roll. For example, the 2015 assessment roll covers the period commencing on July 1, 2015 and terminating on June 30, 2016 for the School District, and the 2016 calendar year for the Town and the County.

“**Term**” means four (4) payment years covering the 2015-2016, 2016-2017, 2017-2018, and 2018-2019 Tax Years, or such reduced period of time created by an earlier termination.

“**Town**” means the Town of Ontario.

“**Town Board**” means the Town Board of the Town.

“**Town Local Law**” means Local Law No. of 2015 adopted by the Town on April 1, 2015, pursuant to Section 485, to provide for exemption of the Plant from taxation as permitted by Section 485.

Section 1.2 Interpretation.

In this Agreement, unless the context otherwise requires:

a. The terms “hereby,” “hereof,” “herein,” “hereunder,” and any similar terms as used in this Agreement refer to this Agreement, the term “heretofore” shall mean before, and the term “hereafter” shall mean after the date of this Agreement;

b. Words of masculine gender shall mean and include correlative words of feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa; and

c. Any certificates, letters, or opinions required to be given pursuant to this Agreement shall mean a signed document attesting to or acknowledging the

circumstances, representations, opinions of law, or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of all Parties.

Each of the Parties executing this Agreement hereby represents and warrants that, as of the date of this Agreement:

(a) it is duly organized, validly existing, and in good standing under the laws of the State in which it is formed as set forth in the first paragraph of this Agreement and has requisite authority to own its property and assets and conduct its business as presently conducted or proposed to be conducted under this Agreement;

(b) it has the power and authority to execute, deliver, and carry out all applicable terms and provisions of this Agreement;

(c) all necessary action has been taken to authorize its execution, delivery, and performance of this Agreement, and this Agreement constitutes its legal, valid, and binding obligation enforceable against it in accordance with its terms;

(d) no governmental approval by or with any government authority is required for the valid execution, delivery, and performance under this Agreement by such Party except such as have been duly or will be obtained or made and, in the case of the Company, except such as are required for the operation or maintenance of the Plant, and the Company has no reason to believe that any such government approval will not be made or obtained as required for the Company's performance hereunder;

(e) none of the execution or delivery of this Agreement, the performance of the obligations in connection with the transaction contemplated hereby, or the fulfillment of the terms and conditions hereof will (i) conflict with or violate any provision of its charter, certificate of organization, limited liability company agreement, or bylaws; (ii) conflict with, violate, or result in a breach of any applicable law; or (iii) conflict with, violate, or result in a breach of or constitute a default under or result in the imposition or creation of any mortgage, pledge, lien, security interest, or other encumbrance under this Agreement or under any term or condition of any mortgage, indenture, or any other agreement or instrument to which it is a party or by which it or any of its properties or assets are bound;

(f) there is no action, suit, or proceeding, at law or in equity, or official investigation before or by any government authority pending or, to its knowledge, threatened against it, wherein an anticipated decision, ruling, or finding would result in a material adverse effect on its ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement; and

(g) the conduct of its business is in compliance with all applicable governmental approvals with which a failure to comply, in any case or in the aggregate, would result in a material adverse effect on its ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement.

Section 2.2 Tax Jurisdiction Representations and Covenants.

(a) The Town represents and warrants that the Town Local Law remains in full force and effect and has not been modified, rescinded, or revoked as of the date hereof and that all actions on the part of the Town necessary or appropriate for the effectiveness of the Town Local Law and the execution and delivery of this Agreement have occurred and been satisfied. The Town further represents and warrants that the Town Local Law and a copy of this Agreement were or will be filed with the State Board and the Town Clerk within thirty (30) days of its adoption (in the case of the Town Local Law) and execution (in the case of this Agreement).

(b) The School District represents and warrants that the School District Resolution remains in full force and effect and has not been modified, rescinded, or revoked as of the date of this Agreement and that all actions on the part of the School District necessary or appropriate for the effectiveness of the School District Resolution and the execution and delivery of this Agreement have occurred and been satisfied. The School District further represents and warrants that the School District Resolution and a copy of this Agreement were or will be filed with the State Board and the School District Clerk within thirty (30) days of its adoption (in the case of the School District Resolution) and execution (in the case of this Agreement).

(c) The County represents and warrants that the County Local Law remains in full force and effect and has not been modified, rescinded, or revoked as of the date hereof and that all actions on the part of the County necessary or appropriate for the effectiveness of the County Local Law and the execution and delivery of this Agreement have occurred and been satisfied. The County further represents and warrants that the County Local Law and a copy of this Agreement were or will be filed with the State Board and the County Clerk within thirty (30) days of its adoption (in the case of the County Local Law) and execution (in the case of this Agreement).

Section 2.3 Company Representations.

The Company represents and warrants that the Plant constitutes a Nuclear Facility.

ARTICLE III

PAYMENTS IN-LIEU OF TAXES

Section 3.1 Term and Effective Dates.

The term of this Agreement will be four (4) payment years covering the 2015-2016, 2016-2017, 2017-2018, and 2018-2019 Tax Years, as illustrated in the schedule below, or such

reduced period of time created by an earlier termination pursuant to this Article (the “**Term**”). For the School District, this Agreement is effective upon July 1, 2015 and continues through 11:59 p.m. on June 30, 2019. For the Town and the County, this Agreement is effective upon January 1, 2016 for the Town and the County and continues through 11:59 p.m. on December 31, 2019.

Tax Year	Town Roll Year	School District Tax Year	Town / County Tax Year
2015-2016	2015	2015-2016	2016
2016-2017	2016	2016-2017	2017
2017-2018	2017	2017-2018	2018
2018-2019	2018	2018-2019	2019

Section 3.2 Tax-Exempt Status of the Plant.

Pursuant to Section 485 and following adoption by the Town, County, and School District of the Town Local Law, County Local Law, and School District Resolution, respectively, the Plant shall be categorized as exempt from all real property taxes, special assessments, special *ad valorem* levies, and other similar charges by any of the Tax Jurisdictions or any special improvement district as permitted by Section 485 and as limited by Section 490 which would have been or are assessed against the Plant during the Term. The Company will remain responsible for any water or sewer usage charges properly levied on the Plant, and such usage charges will be paid by the Company in addition to PILOT Payments hereunder. Except for special *ad valorem* levies and special assessments permitted by Section 490, if Section 485 or any other applicable law provides for the levy of any *ad valorem* taxes or charges against the Plant, or any portion thereof, during the Term, then the amount of such *ad valorem* taxes or charges will be a deduction from the amount of PILOT Payments due hereunder.

Section 3.3 Payments in-Lieu of Taxes.

The Company shall make annual payments in-lieu of taxes (“**PILOT Payments**”) to the Town (for general and highway tax purposes and including Ontario & Union Hill Fire Protection District, Ontario Sewer District No. 1, Ontario Watershed Management District, and Town Library tax purposes), the School District (for general School District, Ontario Public Library, and School District library tax purposes), and the County in the individual Tax Jurisdiction and total amounts set forth below. The Company shall make PILOT Payments to (a) the School District on or before September 30 of each School District fiscal year during the Term, and (b) the Town and the County on or before January 31 of each calendar year during the Term.

Tax Year	School District PILOT Payment Due Date	Town / County PILOT Payment Due Date	Town PILOT Payments (\$)	School District PILOT Payments (\$)	County PILOT Payments (\$)	Total PILOT Payments (\$)
2015-2016	September 30, 2015	January 31, 2016	1,032,000	5,461,000	2,107,000	8,600,000
2016-2017	September 30, 2016	January 31, 2017	1,008,000	5,334,000	2,058,000	8,400,000
2017-2018	September 30, 2017	January 31, 2018	955,200	5,054,600	1,950,200	7,960,000
2018-2019	September 30, 2018	January 31, 2019	904,800	4,787,900	1,847,300	7,540,000

Section 3.4 Credits for Real Property Tax Payments.

Any general *ad valorem* real property tax payments made by the Company to a Tax Jurisdiction with respect to the Plant or any portion thereof, during a Tax Year to which this Agreement applies, will be applied as a credit against the PILOT Payment due to that Tax Jurisdiction in that Tax Year (and future Tax Years to the extent taxes paid exceed the PILOT Payment for that Tax Year), to the extent such tax payments are not timely refunded to the Company. Should the Company, under any subsequently adopted State or local law, pay to any Tax Jurisdiction in any Tax Year any amounts in the nature of general *ad valorem* taxes levied and/or assessed upon the Plant or the interest therein of the Company or the occupancy thereof by the Company, then the Company's obligation hereunder to make PILOT Payment to that Tax Jurisdiction in such Tax Year will be reduced by the *ad valorem* tax amount which the Company so paid or is obligated to pay to such Tax Jurisdiction in such Tax Year (and future Tax Years to the extent taxes paid exceed the PILOT Payment for that Tax Year). Notwithstanding the foregoing, this Section shall not apply to special *ad valorem* levies and special assessments excepted from the coverage of Section 485 by Section 490.

Section 3.5 Invoices; Payee.

(a) Invoices. The Tax Jurisdictions will prepare invoices pursuant to this Agreement and deliver them to the Company approximately thirty (30) days in advance of each of the PILOT Payment due dates described in Section 3.3 hereof. The failure of a Tax Jurisdiction to issue an invoice does not waive the due date or the Company's responsibility to make the PILOT Payment on or before the date specified in Section 3.3 hereof.

(b) Payee. Unless otherwise directed by the Tax Jurisdictions, PILOT Payments shall be made payable to the following:

If to the Town, payable to the "Town of Ontario" and mailed or delivered to:

Town of Ontario
1850 Ridge Road
Ontario, New York 14519
Attention: Receiver of Taxes

If to the School District, payable to the "Wayne Central School District" and mailed or delivered to:

Wayne Central School District
P.O. Box 155
6200 Ontario Center Road
Ontario Center, New York 14520-0155
Attention: Assistant Superintendent for Business

If to the County, payable to the “Wayne County” and mailed or delivered to:

Wayne County
P.O. Box 8
16 William Street
Lyons, New York 14489
Attention: County Treasurer

Section 3.6 Late Payments.

PILOT Payments not made to any of the Tax Jurisdictions prior to the date due shall be subject to the same interest and penalties as unpaid real property taxes; *provided, however*, that interest and penalties shall not be due and owing with respect to any such PILOT Payment if the Tax Jurisdictions fail to issue an invoice to the Company pursuant to Section 3.5(a) hereof at least two (2) weeks prior to the date due.

Section 3.7 Notice of Default; Default.

In the event that any PILOT Payment is not received by a Tax Jurisdiction by its due date, the Company shall be in default and the Tax Jurisdictions may provide written notice of default to the Company (“**Notice of Default**”). In the event that any PILOT Payment for which a Notice of Default is issued is not received by a Tax Jurisdiction within two (2) weeks after the Company’s receipt of the Notice of Default, this Agreement and the benefit of its underlying exemption shall terminate in accordance with Section 3.13 hereof and the Company shall be subject to any action at law or in equity that the Tax Jurisdictions deem appropriate to collect amounts due hereunder.

Section 3.8 Property Covered and Additional Improvements.

This Agreement and the PILOT Payments contemplated hereby apply to all existing and future facilities and improvements used in connection with or associated with operation of the Plant, whether or not described by the Tax Parcels and without regard to the creation of new or additional tax parcels for future facilities and improvements located on, above, or under the Land; *provided, however*, this Agreement and the underlying exemption shall not apply to residential housing or retail or commercial buildings and improvements that are not used in connection with the operation of the Plant.

Section 3.9 Addition of Generating Capacity.

(a) Addition of Non-nuclear Generating Capacity. If the Company adds merchant generating capacity on Plant land that is unrelated to the operation and maintenance of the Plant (e.g. wind-powered, gas-fired, or other), the real property elements of the associated improvements shall be subject to tax and outside this Agreement.

(b) Addition of Nuclear-Powered Generating Capacity. The Company is not permitted to implement an uprate to materially increase the nuclear-powered net generating capacity of the Plant without appropriate regulatory approval. Any regulator-approved uprate increase in the net generating capacity of the Plant above 590 MW shall not be covered by the PILOT Payments, and

any PILOT payments with respect to such approved increase in generating capacity shall be subject to negotiation between the Parties.

Section 3.10 Damage or Destruction.

In the event that all or substantially all of the Plant shall be damaged or destroyed, then, in any Tax Year under this Agreement, the PILOT Payments shall not exceed such amount as would result from taxes levied on the Plant (as damaged or destroyed).

Section 3.11 Partial Release; No Reduction.

The Company may, without the consent of any Tax Jurisdiction, sell, transfer, or assign any portion of the Plant, provided that thirty (30) days' advance written notice of such sale, transfer, or assignment is provided to the Tax Jurisdictions. If any portion of the Plant land is sold or transferred, the PILOT Payments due hereunder shall not be reduced. The released property shall be placed on the tax roll and subject to taxation pursuant to the RPTL.

Section 3.12 Transfer of Plant.

If the Plant is sold or transferred by the Company to a third party, this Agreement shall be made binding upon such third party and the Tax Jurisdictions shall release the Company from the obligations assumed by the purchaser or transferee.

Section 3.13 Termination.

a. Status as a Nuclear Facility. This Agreement will terminate if the Plant ceases to constitute a Nuclear Facility, and the Plant shall become subject to tax for the first full Tax Year associated with the taxable status date following the notice of termination period. For the purpose of this Agreement, the Parties agree that the Plant will cease to constitute a Nuclear Facility on the date the Plant is re-powered so that it would not be generating electricity for sale using nuclear power. The Company shall provide the Tax Jurisdictions written notice within ten (10) business days of the date on which the Company provides official notice to the NRC of any plan to re-power the Plant.

b. Company Termination.

i Company Termination with Notice. In the event the Company chooses to relinquish the benefit of the exemption conferred by the Tax Jurisdictions hereunder, it may do so by providing at least thirty (30) days' prior written notice to the Tax Jurisdictions of its intent to terminate this Agreement (effective on the first taxable status date following such notice), and the Plant shall become subject to tax for the first full Tax Year associated with the taxable status date following the notice or event of termination.

ii Company Termination if the RSSA is not Executed, Approved, or Made Effective. Notwithstanding anything herein to the contrary, if the Company and RGE do not execute the RSSA, if the PSC does not approve the RSSA, or if the RSSA is not made effective for any other reason on or before June 30, 2015, the Company may terminate this Agreement with immediate effect by providing notice to the Tax Jurisdictions. In

such event, the Town shall classify the Plant as taxable on the Town's 2015 assessment roll and the Plant shall be subject to real property taxation for the 2015-2016 Tax Year and subsequent Tax Years. The Company will have the rights of an owner of taxable property to challenge any such taxable assessed values relating to the Plant, including seeking judicial review of an assessment pursuant to Article 7 of the RPTL.

c. Effect of Company Termination. This Agreement shall be administered on a Tax Year basis. No partial Tax Year taxes, levies or assessments shall be owed following termination notwithstanding the effect or potential effect of Section 485 and RPTL Section 520. Termination shall be first effective for the Tax Year associated with the March 1 taxable status date following the earlier to occur of: (a) thirty (30) days after notice of Company termination is given to the Tax Jurisdictions, or (b) the date upon which termination occurs as provided for in Section 3.13(a) of this Agreement, and this Agreement and the exemption associated herewith shall terminate for School District tax purposes on June 30 of the first calendar year following such taxable status date and for Town and County tax purposes on December 31 of the first calendar year following such taxable status date. For example, if the Company provides notice of termination effective on January 15, 2017 (i.e. before the March 1, 2017 taxable status date), this Agreement and the exemption associated herewith shall terminate on June 30, 2017 for School District tax purposes and on December 31, 2017 for Town and County tax purposes. By way of further example, if the Company provides notice of termination effective on May 15, 2017 (i.e. after the March 1, 2017 taxable status date), this Agreement and the exemption associated herewith shall terminate on June 30, 2018 for School District tax purposes and on December 31, 2018 for Town and County tax purposes. Upon termination, the Town shall move all Tax Parcels associated with the Plant to Section 1 of the Town's assessment roll and a tax lien shall attach to the Tax Parcels for the next Tax Year. For that next Tax Year and Tax Years following, the assessment, levy, and collection of taxes related to the Plant shall be made pursuant to then current law. The Company shall have the right to challenge any assessments relating to such taxes payable on the Plant for Tax Years following such termination.

d. Effect of Default Termination. In the event that any PILOT Payment for which a Notice of Default is issued is not received by a Tax Jurisdiction within two (2) weeks after the Company's receipt of the Notice of Default, this Agreement and the benefit of its underlying exemption shall terminate, the Company shall be subject to any action at law or in equity that the Tax Jurisdictions deem appropriate to collect amounts due hereunder, the Plant will be classified as taxable by the Town, and the Company shall thenceforward be responsible for payment of property taxes pursuant to then current law.

Section 3.14 Payments After Expiration of Term.

At the expiration of this Agreement, the assessment, levy, and collection of taxes related to the Plant shall be made pursuant to then current law. Pursuant to State statutes, the Company shall have the right to challenge any assessments relating to such taxes.

ARTICLE IV

NOTICES

All notices, demands, requests, consents, or other communications provided for or permitted to be given pursuant to this Agreement shall be in writing and shall be mailed, sent by overnight courier, or delivered to the Parties at the respective addresses set forth below:

If to the Town:

Town of Ontario
1850 Ridge Road
Ontario, New York 14519
Attention: Supervisor
Telephone No.: (315) 524-7105

If to the School District:

Wayne Central School District
P.O. Box 155
6200 Ontario Center Road
Ontario Center, New York 14520-0155
Attention: Superintendent
Telephone No.: (315) 524-1000
Telecopy No.: (315) 524-1049

with copy to:

Joseph G. Shields, Esq.
Ferrara, Fiorenza, Larrison, Barrett & Reitz, P.C.
400 Meridian Centre Blvd., Suite 110
Rochester, New York 14618

If to the County:

Wayne County
26 Church Street
Lyons, New York 14489
Attention: County Administrator
Telephone No.: (315) 946-5400
Telecopy No.: (315) 946-5407

with copy to:

County Attorney Office
Wayne County Courthouse
26 Church Street
Lyons, New York 14489

If to any Tax Jurisdiction:

E. Stewart Jones Hacker Murphy, LLP
7 Airport Park Boulevard
Latham, New York 12110, DC 20004
Attention: Patrick L. Seely, Esq.
Telephone No.: (518) 783-3843

If to the Company:

R.E. Ginna Nuclear Power Plant, LLC
c/o Exelon Generation Company, LLC
4300 Winfield Road
Warrenville, Illinois 60555
Attention: Associate General Counsel
Telephone No.: (630) 657-3753

with copies to:

R.E. Ginna Nuclear Power Plant, LLC
1503 Lake Road, Ginna Engineering Bldg. Ontario, New York 14519
Attention: Site Vice President
Telephone No.: (585) 771-3494
Telecopy No.: (585) 771-3943

Swartz Moses PLLC
1583 East Genesee Street
Skaneateles, New York 13152
Attention: Peter H. Swartz, Esq.
Telephone No.: (315) 554-8166

All such notices, demands, requests, consents, or other communications will be deemed to have been duly given when personally delivered or, in the case of a mailed notice or notice by overnight courier, upon receipt, in each case addressed as aforesaid. Each of the Parties may from time to time change its address for notices by written notice of such change to the other Parties given in accordance with this Section.

ARTICLE V

ASSIGNMENTS

The Company may, without the consent of any Tax Jurisdiction, sell, transfer, assign, pledge, mortgage, hypothecate, or otherwise dispose of and encumber all or any of its rights, title, and interests in, to, and under this Agreement (a) to any lender as security for the performance of its obligations under any loan agreement with such lender, (b) to any Affiliate, and (c) to any purchaser of the Plant, provided such successor owner assumes and agrees to be bound by this Agreement. In such event, the Company will provide written notice to the other Parties of such assignment or pledge as promptly as practicable, but not later than thirty (30) days thereafter. Following such assignment and assumption, the Company shall be released from the obligations hereunder. The Tax Jurisdictions agree to execute, deliver, and furnish such consents, documents, certificates, opinions of counsel, and other instruments and information which any lender may reasonably request as a condition to the financing or refinancing provided in relation to the Plant.

ARTICLE VI

LIMITED OBLIGATION OF THE PARTIES

All obligations of the Parties contained in this Agreement shall be deemed to be the corporate obligations of the respective Parties and not obligations of any member, officer, agent, servant, employee, or Affiliate of the Parties. No recourse upon any obligation contained in this Agreement, or otherwise based on or in respect of this Agreement, shall be had against any past, present, or future member, officer, agent, servant, employee, or Affiliate of the Parties.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Governing Law; Venue.

This Agreement shall be governed by and construed in accordance with the laws of the State without giving effect to the conflict of laws principles thereof. All disputes arising out of or in connection with this Agreement will be decided in the first instance by the New York State Supreme Court, County of Wayne, to the exclusion of all other courts, except that the Parties shall have all appeal rights allowed by State law. The Parties hereby submit to the jurisdiction of the New York State Supreme Court, County of Wayne, for purposes of all such suits.

Section 7.2 Severability.

In the event any provision of this Agreement is held to be unenforceable or invalid by any court or regulatory authority of competent jurisdiction, the validity and enforceability of the remaining provisions shall not be affected so long as the Parties renegotiate the unenforceable or

invalid provision(s) in order to accomplish the goals and intent of this Agreement consistent with Section 485.

Section 7.3 Amendment.

This Agreement may not be amended except by an instrument in writing signed by the Parties hereto.

Section 7.4 Binding Effect.

This Agreement shall inure to the benefit of and shall be binding upon each of the Parties and, as permitted by this Agreement, their respective successors and permitted assigns.

Section 7.5 Execution in Counterparts.

This Agreement may be executed by the Parties hereto in several counterparts, and each such counterpart shall be deemed to be an original and all of which together constitute but one and the same agreement.

Section 7.6 Section Headings Not Controlling.

Section headings in this Agreement have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Agreement.

Section 7.7 Effective Date.

This Agreement shall be effective as of the date first written above.

Section 7.8 Form of Payments.

The amounts payable under this Agreement shall be payable in such coin and currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

Section 7.9 Change in Identification Numbers.

The change, amendment, increase or decrease of the Tax Identification or parcel numbers currently used by the Town to identify or classify all or any part of the Plant will not in their totality cause the amounts and/or computations agreed to, or upon which this Agreement is based, to change.

Section 7.10 Filing with Office of Real Property Tax Services.

The Tax Jurisdictions will file copies of this Agreement within thirty (30) days after the execution hereof by the Parties with ORPS and with the Clerks of the Town, School District, and County. Copies of the Town Local Law, County Local Law, and Section 485 Resolution shall be included in such filings with the Town Clerk, County Clerk, and School District Clerk, respectively.

Section 7.11 No Admission as to Value and Reservation of Rights.

The Company and the Tax Jurisdictions agree that this Agreement is made in conjunction with an effort to ensure the continued operation of the Plant and in no event will the values potentially implied with respect to the Plant by this Agreement be used by the Tax Jurisdictions against the Company or by the Company against the Tax Jurisdictions in the context of any administrative proceeding or litigation for any purpose (except to enforce the terms hereof). Each of the Parties expressly reserves all of its rights regarding the future tax treatment of the Plant.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the day and year first above written.

WAYNE CENTRAL SCHOOL DISTRICT

By: _____
[Name]
[Title]

TOWN OF ONTARIO

By: _____
[Name]
[Title]

COUNTY OF WAYNE

By: _____
[Name]
[Title]

R.E. GINNA NUCLEAR POWER PLANT, LLC

By: _____
[Name]
[Title]

LIST OF EXHIBITS

Exhibit A	LEGAL DESCRIPTION OF PLANT	A-1
Exhibit B	TAX PARCELS	B-1
Exhibit C	TOWN LOCAL LAW AND AUTHORIZING RESOLUTION	C-1
Exhibit D	SCHOOL DISTRICT RESOLUTIONS	D-1
Exhibit E	COUNTY LOCAL LAW AND AUTHORIZING RESOLUTION	E-1

EXHIBIT "B"

LIST OF TAX PARCELS COMPRISING THE PLANT

1. SBL# 62119-00-620478 (f/k/a 61119-00-620947)
2. SBL# 62119-00-860424
3. SBL# 62119-00-426493
4. SBL# 62119-00-315465
5. SBL# 62119-00-483350
6. SBL# 62119-00-620478.1
7. SBL# 62119-00-620478.2