

RICHARD R. WILSON, P.C.

Attorney at Law

A Professional Corporation

518 N. Center Street, Ste. 1
Ebensburg, PA 15931

(814) 419-8152
888-454-3817 (Toll Free)
(814) 419-8156 FAX
rwilson@rrwilson.net - Email
www.rrwilsonesq.com - Website

Of Counsel to:
Vuono & Gray LLC
2310 Grant Building
Pittsburgh, PA 15219
(412) 471-1800
(412) 471-4477 FAX

851 Twelfth Street
Oakmont, PA 15139

232522
June 28, 2012

Ms. Cynthia T. Brown, Chief
Office of Proceedings
Surface Transportation Board
395 E. Street, SW
Washington, DC 20423

Re: Finance Docket No. 35377. North Shore Railroad Company – Acquisition and
Operation Exemption – PPL Susquehanna, LLC

Dear Ms. Brown:

Enclosed for staff review in the above captioned proceeding, please find a copy of the revised Rail Service Easement Agreement between North Shore Railroad Company and PPL Susquehanna, LLC. This Agreement has been revised to address concerns expressed by the Board's staff regarding Section 6.2 which contained language perceived as potentially inconsistent with the Railroad's common carrier obligations. This revised agreement is currently being circulated for execution by North Shore Railroad Company and PPL Susquehanna, LLC but vacation schedules for the parties have delayed that process. We anticipate that an executed copy of the revised agreement will be submitted to the Board by July 10, 2012.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

RICHARD R. WILSON, P.C.



Richard R. Wilson, Esq.
Attorney for North Shore Railroad Co.

ENTERED
Office of Proceedings

JUL 02 2012

Part of
Public Record

RRW/bab
xc: North Shore Railroad Co.
PPL Susquehanna, LLC
John M. Cutler, Jr., Esq.

**RAIL SERVICE EASEMENT AGREEMENT
FOR PPL TRACK**

BETWEEN

NORTH SHORE RAILROAD COMPANY

AND

PPL SUSQUEHANNA, LLC

**ENTERED
Office of Proceedings**

JUL 02 2012

**Part of
Public Record**

DATED: _____, 2010

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RAIL SERVICE EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT, made this ___ day of _____, 2010 by and between the NORTH SHORE RAILROAD COMPANY ("Railroad"), a Pennsylvania corporation having an office at 356 Priestley Avenue, Northumberland, PA 17857; and PPL Susquehanna, LLC ("PPL"), a Pennsylvania corporation having an office at 769 Salem Boulevard, Berwick, PA 18603.

I. PREMISES

A. WHEREAS, Railroad provides various common carrier rail transportation services to PPL under applicable rail contracts and tariffs in connection with the operation of PPL's facility located at 769 Salem Boulevard, Berwick, PA.

B. WHEREAS, PPL acquired from the Commonwealth of Pennsylvania the rail line connecting to Railroad's track at M.P. 176.97 over which Railroad provides the aforesaid services.

C. NOW THEREFORE, this Agreement sets forth the terms and conditions under which Railroad shall operate on the rail line owned by PPL.

II. TERMS AND CONDITIONS

In consideration of the mutual covenants and premises contained herein, the parties, intending to be legally bound, agree, represent and warrant as follows:

1. "PPL Track" Defined. "PPL Track" as used in this Agreement shall mean all the track and railroad right-of-way from M.P. 176.97 to end of line including all appurtenances thereto, and any bridges, culverts or other structures over which such track or tracks may be constructed, but excluding the track from point of switch into PPL's plant at Berwick, Pennsylvania.

2. Services to be Provided.

2.1. Subject to the terms and conditions of applicable rail contracts and/or tariffs, and upon the request of or as required by PPL, Railroad shall provide common carrier and/or contract rail transportation services for loaded and empty rail cars, as applicable, moving over PPL Track ("Services"). Railroad will use its train crews, locomotive power and rail equipment as necessary to perform said rail services.

2.2. Railroad will, at its sole cost and expense, comply with all requirements and obtain all permits and consents required by public authorities that are applicable to Railroad's operations over its own lines and over other lines, including the PPL Track, necessary for service to PPL.

2.3. Railroad will provide rail services to PPL for loaded and empty rail cars over the PPL Track as a common carrier by rail subject to 49 U.S.C. Sections 11101 and 10701, et seq., and may provide contract rail services to PPL over the PPL Track during the term of any rail transportation contract(s) executed by the parties pursuant to 49 U.S.C. Section 10709. Railroad will meet the reasonable service needs of PPL.

2.4 Railroad shall be solely responsible for the costs of providing, maintaining, repairing, replacing and operating its equipment hereunder, including associated fuel and other equipment supply and operating costs. Railroad shall comply with all applicable legal requirements as to its equipment, personnel and operations.

3. Ownership of PPL Track. PPL is the owner of the PPL Track upon which Railroad will provide rail services. Railroad will be considered a user of the PPL Track when operating thereon.

4. Maintenance of PPL Track.

4.1 Except as otherwise provided herein or agreed by the parties, PPL shall cause the PPL Track to be maintained, repaired and replaced at PPL's expense. PPL shall be responsible for keeping and maintaining the PPL Track in good condition as reasonably necessary to allow Railroad to perform rail services in compliance with Federal Railroad Administration ("FRA") Class I Track Safety Standards set forth at 49 C.F.R. Part 213 *et seq.*, as may be amended from time to time. Railroad is available to perform these and other maintenance, repairs and replacements of the PPL Track upon PPL's request and at PPL's cost. Railroad shall have the right to refuse to provide Services to PPL in the event PPL fails to maintain, repair and replace the PPL Track as required hereunder, provided that Railroad delivers written notice to PPL of its intention to terminate Services not less than thirty (30) days prior to the termination date, and further provided that if PPL agrees in writing that it will promptly cure its failure to live up to its maintenance, repair or replacement obligations hereunder, Railroad will grant a reasonable extension of time beyond the aforesaid thirty (30) day period. Notwithstanding the provisions of this subparagraph, Railroad shall have the right, in its sole discretion and without complying with the notice requirements of this subparagraph, to refuse to provide service over PPL's PPL Track if it reasonably believes that as a result of an accident or inspection, the PPL Track fails to meet the FRA Track Safety Standards as referred to above. In the event Railroad provides service over the line for one or more third parties, Railroad shall, after consultation with PPL, make an appropriate contribution to the cost of maintaining the PPL Track from revenues collected for such service.

4.2 Notwithstanding any other provision of this Agreement, to the extent that maintenance, repair or replacement on the PPL Track is necessitated or damage is caused by the acts or omissions of Railroad, its employees or agents, Railroad shall perform, or shall compensate PPL for the cost of performing the necessary maintenance, repair or replacement. Normal wear and tear on the line resulting from transportation services by Railroad for PPL shall not give rise to such an obligation on the part of Railroad.

4.3 PPL, at its sole cost and expense, shall:

(a) provide all rights-of-way beyond the SEDA-COG Joint Rail Authority's property line necessary for Railroad to provide transportation services to PPL;

(b) comply with all requirements of and obtain all consents required by public authorities regarding the PPL Track that are applicable to PPL;

(c) erect and maintain at its sole cost all fences and highway-railroad grade crossing protection devices required by public authorities; and

(d) keep the PPL Track free of all hazardous materials and obstructions other than those transported by Railroad hereunder.

5. Right-of-Way.

5.1 Railroad shall have the right to enter upon the PPL Track in order to perform the rail services provided for under this Agreement, and upon the termination of this Agreement, to remove any tracks, structures, materials or other equipment owned by or leased to Railroad.

5.2 PPL shall provide, without cost to Railroad, all necessary rights-of-way, in addition to the right-of-way of Railroad, required for the proper construction, operation and maintenance of the PPL Track, such rights-of-way to be reasonably satisfactory to the Chief Engineer of Railroad.

6. Use of PPL Track.

6.1 Railroad shall use the PPL Track for the primary purpose of providing the Services contemplated hereunder.

6.2 Consistent with its statutory common carrier obligation, Railroad will provide a common carrier service over the PPL Track for shippers or receivers other than PPL upon reasonable request therefore, as provided in 49 U.S.C. Section 11101(a). In the event that Railroad provides rail transportation service for one or more third parties using the PPL Track, Railroad will fulfill its reasonable commitments under contracts before responding to reasonable requests for common carrier service.

6.3 The parties shall comply with (i) all applicable Federal, state and local laws, rules, regulations or other orders pertaining to shipments originating or terminating on the PPL Track.

6.4 PPL shall not grant any rights to establish vehicular or pedestrian grade crossings over the PPL Track without the prior written consent of Railroad.

6.5 Railroad may enter upon the PPL Track for the purpose of inspecting, repairing or operating over the PPL Track, but Railroad shall have no duty to engage in such activities, except as otherwise provided in this Agreement.

6.6 Once a railcar assigned to PPL is placed on a designated delivery track, such car and its contents shall be deemed to be delivered. Railroad assumes responsibility for all loss or damage to the car and its contents which occur while such car is on the PPL Track in the custody and control of Railroad until it is placed in the custody of PPL.

7. Necessary Consents. Railroad shall assume responsibility for obtaining and complying with any ordinance, order, permit, license, consent or other authorization required by any federal, state or local lawfully constituted authority in connection with the acquisition or operation on the PPL Track. Railroad will, upon written request from PPL, execute and deliver any application therefor which is required.

8. Environmental and Security Requirements.

8.1 In its use and occupancy of the PPL Track Railroad shall comply with all federal, state and local laws, rules, regulations and ordinances relating to the security, transport or release of hazardous materials, substances or waste while being transported by Railroad. PPL will, at its sole cost and expense, make all modifications, repairs or additions to the PPL Track and adjoining premises as necessary for such compliance, and PPL shall install and bear the expense of any and all structures, devices or equipment required by any laws, rules, regulations or ordinances, or by the orders of any governmental agency.

8.2 Railroad shall not dispose of any wastes of any kind, whether or not hazardous, on the PPL Track right-of-way, and Railroad shall not conduct any activity on the PPL Track right-of-way which may or does require a hazardous waste treatment, storage or disposal facility permit from either federal, state or local agencies.

9. Hazardous Materials. If PPL ships, receives or handles any material on or about the PPL Track which is a "Hazardous Material" as defined in the United States Department of Transportation Hazardous Material Regulations (Section 49 of the Code of Federal Regulations), the following provisions shall apply:

9.1 PPL, at its own expense, shall comply with the policies and practices required by the FRA and reasonably required by Railroad, and with all applicable federal, state or local laws, orders, regulations and recommendations relating to the safe handling, storage and/or disposition of hazardous materials.

9.2 If any hazardous material handled on the PPL Track is flammable or explosive, PPL hereby agrees that it will, at its sole cost and expense, and in a manner satisfactory and acceptable to Railroad, arrange for installation of: (a) such derail devices as may be specified by Railroad at locations on the PPL Track designated by Railroad; (b) such bonding and grounding of the PPL Track as shall be required by Railroad; and (c) such other protective or

security devices as may be reasonably required by Railroad to protect the PPL Track against any foreign or stray electric current that may be present at or in the vicinity of the PPL Track.

9.3 Title to the derail, bonding, grounding or other protective devices installed on any portion of the PPL Track owned by PPL shall be vested in PPL. PPL shall maintain all such devices at its sole cost and expense, in good condition and repair and in a manner satisfactory to Railroad. If PPL fails to comply with this requirement, Railroad may in its discretion elect to maintain any such devices at the sole cost of PPL.

10. Effective Date; Term.

10.1 This Agreement is effective upon the date of execution hereof ("the Effective Date"), and shall continue in effect until ninety days after Railroad's common carrier obligation to provide rail transportation services has been terminated pursuant to authorization of the Surface Transportation Board.

10.2 Upon termination of this Agreement, Railroad shall have the right, but not the obligation, to enter upon the PPL track in order to remove any and all tracks, structures, materials or other equipment owned by or leased to Railroad.

10.3 The termination of this Agreement shall not relieve, release or excuse either party from any obligation assumed or for any liability which may have arisen or been incurred by either party under the terms of this Agreement.

10.4 Railroad shall be solely liable for any employee protective conditions and costs resulting from any discontinuance of service, regardless of which party may initiate agency proceedings.

11. Changes. If PPL makes any material changes to the PPL Track, other than improvements, without the prior written consent of Railroad, Railroad may call on PPL to remedy any defective track conditions. Changes to the PPL Track necessary to comply with the requirements of a public authority shall be promptly made by PPL within thirty (30) days' after receiving written notice from Railroad or the public authority, or on or before the date, if any, specified in the notice from the public authority, whichever is earlier. Any such change shall be made at PPL's sole expense. If Railroad incurs any expense in connection with any such change, such expense shall be billed to PPL, which shall promptly reimburse Railroad.

12. Clearances and Regulations.

12.1 PPL shall not construct, or permit any obstruction over the PPL Track less than the statutory limit or 22' 0" above top of rail, whichever is greater, or along side of the PPL Track less than the statutory limit or 8' 6" from the center of track, whichever is greater, with the necessary additional clearances on curves, without the prior written approval of Railroad and any public authority having jurisdiction.

12.2 The minimum clearances herein specified are subject to modification to meet changes in legal, operating or safety requirements. PPL shall, at its sole cost and expense, make such changes to the PPL Track as may be necessary to comply with such requirements within thirty (30) days after receiving written notice from Railroad or the public authority, or on or before the date, if any, specified in the notice from the public authority, whichever is earlier.

12.3 Notwithstanding any other provision of this Agreement to the contrary, and irrespective of the sole, joint or concurring negligence of Railroad, PPL shall assume sole responsibility for and shall indemnify, defend and hold Railroad harmless from all Claims, as defined in this Agreement, for any death, personal injury or loss of or damage to property, and for any fines or penalties, arising out of or resulting from or incurred as a result of the failure of PPL to comply with the clearance requirements of this Agreement or federal, state or local laws. It is understood that knowledge on the part of Railroad of a violation of any such clearance requirements, whether such knowledge is actual or implied, shall not constitute a waiver and shall not relieve PPL of its obligations to indemnify Railroad under this Agreement.

13. Liability.

13.1 Except as otherwise provided herein, responsibility for Claims, as defined in Section 13.5, as between the parties shall be borne as follows:

(a) Railroad shall be responsible for Claims arising out of its sole negligence or willful misconduct and for its failure to comply with its obligations under this Agreement when such failure is a sole cause of such Claim;

(b) PPL shall be responsible for Claims arising from its sole negligence or willful misconduct and from its failure to comply with its obligations under this Agreement when such failure is a sole cause of such Claim;

(c) The parties shall share liability proportional to their responsibility for all Claims arising from their joint or concurring negligence or failure to comply with their respective obligations under this Agreement when any such failure is a contributing cause to such Claims. If Railroad is subjected to any Claims under the Federal Employer's Liability Act (FELA) based on the allegation that Railroad failed, in respect to the portion of the PPL Track owned, controlled, or maintained by PPL, to provide a safe place to work or to correct or guard against an unsafe condition, the standards of negligence and causality established by FELA shall be applied in determining whether such Claims arose from the joint or concurring negligence of PPL;

(d) PPL shall be solely responsible for Claims arising from the presence of trespassers, vandals or other unauthorized persons on the PPL Track;

(e) In the event that PPL moves any rail cars or other equipment on the PPL Track or authorizes any other person or entity other than Railroad to move any rails cars or other equipment on the PPL Track, then PPL shall be solely responsible and shall indemnify, defend and hold Railroad harmless from and against any and all Claims for death, personal injury

or loss of or damage to property, arising out of or relating to or incurred as a result of the movement of rail cars or other equipment by PPL or its agents;

13.2 PPL shall be solely responsible for Claims to the extent caused solely by any non-standard conditions now or hereafter existing, on the PPL Track.

13.3 The negligence of any third party, including any tenant, invitee, licensee, except Railroad, or grantee of PPL occurring on the property owned, controlled, or maintained by PPL shall not relieve PPL of its obligations hereunder, unless such negligence constituted the act or omission of a third party given access by Railroad.

13.4 The word "Claims" as used in this Agreement shall mean all claims, liabilities, demands, actions at law and equity, judgments, settlements, losses, damages, and expenses (including, but not limited to, reasonable attorneys' fees and expenses) for any injury to or death of any person or persons, for any damage to or loss of or destruction of property of any kind, caused by, arising out of or incurring in connection with the construction, use, maintenance, replacement, presence or removal of the PPL Track, provided that "Claims" shall not include claims for loss, damage or delay to cargo transported by Railroad for PPL.

14. Discontinuance. Railroad shall not be responsible for any loss or damage sustained by PPL as a consequence of any temporary or permanent disruption or cessation of service over the PPL Track, due to circumstances beyond the reasonable control of Railroad. Railroad, in its sole discretion, may suspend rail service in the event PPL breaches any of the material covenants in this Agreement, and such suspension of service may continue until such breach is remedied.

15. Payment.

15.1 All payments called for under this Agreement shall be made by PPL within fifteen (15) days of the date of the invoice. The records of PPL relating to payments due under this Agreement shall be open at all reasonable times for inspection by Railroad.

15.2 All bills rendered by Railroad shall include direct labor and material costs, together with surcharges for fringe benefits, overheads, material, handling costs, and equipment rentals at rates specified by Railroad.

15.3 If Railroad performs any work or satisfies any responsibility or liability which under this Agreement PPL is obligated to perform or satisfy, PPL shall reimburse Railroad for all costs and expenses in accordance with this section.

16. Compliance with Law. Each party hereto shall comply with all applicable laws, rules, regulations and orders promulgated by any government or governmental agency that affects this Agreement. If any fine, penalty, cost or charge is imposed or assessed on or against either party by reason of failure to so comply, the party so failing shall promptly reimburse and indemnify the other party and its parent, subsidiaries and affiliates, and all of their respective

directors, officers, agents and employees for or on account of such fine, penalty, cost or charge and all expenses incurred in connection therewith, and shall defend any action free of cost, charge or expense to the other party.

17. Force Majeure. A party shall be excused from its contractual obligations under this Agreement if it is prevented or delayed in such performance by any of the following conditions of force majeure: act of God, act of the public enemy, terrorism, authority of law, fire or explosion, lockout, strike or insurrection, embargo, derailment or any other like causes beyond such party's control. The party claiming force majeure will within five (5) days from the date of disability, excluding Saturdays, Sundays and holidays, notify the other party of the existence of the force majeure condition and will similarly notify the same party within a period of five (5) days, excluding Saturdays, Sundays and holidays, when the force majeure has ended. The party claiming force majeure will use its best efforts to resume performance of its contractual obligations hereunder as soon as reasonably possible.

18. Arbitration. Any irreconcilable dispute arising between the parties with respect to this Agreement shall be jointly submitted for binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). The parties shall request that the arbitrator selected under the AAA be knowledgeable in railroad operational and commercial transactions. The decision of the arbitrator shall be final and binding upon the parties. Each party to the arbitration shall pay the compensation, costs, fees and expenses of its own witnesses, experts and counsel. The compensation, costs and expenses of the arbitrator, if any, shall be borne equally by the parties. The arbitrator shall not have the power to award consequential or punitive damages or to determine violations of criminal or antitrust laws.

19. Rights of Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest, assigns and legal representatives. This Agreement may not be assigned by any party without the prior written consent of the other party, except that no such consent will be required if any assignment is to a successor in interest of all or a substantial portion of that party's assets.

20. Notices. Any notices, demands or other communications delivered or tendered under this Agreement shall be in writing and shall be sufficient if sent by registered or certified mail or overnight delivery service with return receipt requested to the parties at the address shown below:

PPL:
Supervisor, Nuclear Effluents Management
Susquehanna Steam Electric Station
769 Salem Boulevard
Berwick, PA 18603-0467

Office of General Counsel
PPL Services Corporation
2 North 9th Street (TW#4)
Allentown, PA 18101

RAILROAD:

North Shore Railroad Company
356 Priestley Avenue
Northumberland, PA 17857

Richard R. Wilson, PC
518 N. Center Street, Ste. 1
Ebensburg, PA 159631

Such notice shall be sufficient, whether accepted at the address referred to or not, if tendered at such address during the normal business hours. The addresses may from time to time be changed by either party giving written notice pursuant to the terms of this Section. Routine communications may be exchanged by electronic means, including telephone and email.

21. General Provisions.

21.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

21.2 No Third Party Beneficiaries. This Agreement and each and every provision hereof are for the exclusive benefit of the parties hereto and not for the benefit of any third party. Nothing herein contained shall be taken as creating or increasing any right of any third party to recover by way of damages or otherwise against either of the parties hereto.

21.3 Confidentiality. Neither party hereto may disclose the provisions of this Agreement to a third party, excluding a parent, affiliate or subsidiary company or to attorneys, accountants, consultants, officers and employees of such party, parent, affiliate or subsidiary company, without the written consent of the other party, except as otherwise required by law, regulation or ruling.

21.4 Definitions. All words, terms and phrases used in this Agreement, but not specifically defined herein, shall be construed in accordance with the generally applicable definition or meaning of such words, terms and phrases in the railroad industry.

21.5 Entire Agreement. This Agreement cannot be changed orally and constitutes the entire contract between the parties hereto with respect to the PPL Track. Any prior written or oral agreements are hereby merged into and superseded by this Agreement and shall be of no further force and effect.

21.6 Modifications. This Agreement shall not be modified nor changed by any expressed or implied promises, warranties, guaranties, representations or other information unless expressly and specifically set forth in this Agreement or an amendment thereto properly executed by the parties.

21.7 Construction. This Agreement is the result of mutual negotiations between the parties hereto, neither of whom shall be considered the drafter for purposes of contract construction.

21.8 Waiver. The failure of any party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of, or estoppel against, asserting the right to require performance in the future. A waiver or estoppel in any one instance shall not constitute a waiver or estoppel with respect to a later breach.

21.9 Severability. In the event that any of the provisions of this Agreement shall be determined by any court of competent jurisdiction or regulatory agency to be invalid or unenforceable, then any such provision or provisions shall not be deemed to be void, but shall be deemed to be automatically amended so as to comply with applicable law. In any event, if any such provisions shall be determined by any court of competent jurisdiction or regulatory agency to be wholly or partially invalid or unenforceable, such determination shall not render invalid or unenforceable the remainder of such provision or any other provisions of this Agreement.

21.10 Premises. The premises set forth in this Agreement shall be binding upon the parties in the same manner as if incorporated as terms and conditions.

21.11 Paragraph Headings. The headings referring to the contents of paragraphs of this Agreement are inserted for convenience and are not to be considered as part of this Agreement nor shall they affect any construction or interpretation of this Agreement.

21.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

(THE REST OF THIS PAGE INTENTIONALLY LEFT BLANK)

III. EXECUTION

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the day and year above written.

NORTH SHORE RAILROAD COMPANY

By: _____
Richard D. Robey Date
Chief Executive Officer

PPL SUSQUEHANNA, LLC

By: _____
Ronald E. Smith Date
Nuclear GM-Programs