

EXECUTION COPY

AMENDED AND RESTATED AGREEMENT FOR OPERATION
AND MAINTENANCE
OF POWER BLOCK FACILITY
BETWEEN
CONNECTICUT RESOURCES RECOVERY AUTHORITY
AND
RESOURCE RECOVERY SYSTEMS OF CONNECTICUT, INC.

LIST OF EXHIBITS

- A. Electricity Rates
- B. Operating/Maintenance - Personnel
- C. Performance Standards
- D. Equivalent Availability
- E. Excess Revenue Calculation
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AGREEMENT FOR OPERATION AND
MAINTENANCE OF
POWER BLOCK FACILITY

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AMENDED AND RESTATED AGREEMENT
FOR OPERATION AND MAINTENANCE
OF POWER BLOCK FACILITY

This Agreement is made and entered into as of the 22nd day of December, 2000, (the "Agreement") by and between the CONNECTICUT RESOURCES RECOVERY AUTHORITY (hereinafter referred to as the "Authority"), a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut (hereinafter sometimes referred to as the "State"), and RESOURCE RECOVERY SYSTEMS OF CONNECTICUT, INC., a corporation organized and existing under and by virtue of the laws of the State of Connecticut (hereinafter referred to as the "Contractor").

W I T N E S S E T H

WHEREAS, the Connecticut Resources Recovery Authority, established pursuant to the Connecticut Solid Waste Management Services Act, being Public Act 73-459 of the General Assembly of the State, 1973 Regular Session, codified as Chapter 446e of the Connecticut General Statutes (the "Act"), has the responsibility for implementing solid waste disposal and resources recovery systems and facilities and solid waste management services where necessary and desirable throughout the State in accordance with the State Solid Waste Management Plan and applicable statutes and regulations; and

WHEREAS, Combustion Engineering, Inc. ("CE") and the Authority entered into this Agreement as of April 7, 1986 (the "Original Agreement") for the operation and maintenance of the Power Block Facility (the "Power Block Facility") portion of the Authority's refuse-to-energy facility located in Hartford, Connecticut (the "Facility"); and

WHEREAS, the Contractor has previously succeeded to the interests of CE hereunder; and

WHEREAS, the Authority had entered into various contracts with The Connecticut Light and Power Company ("CL&P") related to the Facility (the "CL&P Agreements"); and

WHEREAS, the CL&P Agreements are referenced in the Original Agreement; and

WHEREAS, certain of the CL&P Agreements are expected to terminate or be amended; and

WHEREAS, it is necessary to amend and restate the Agreement to account for the amendment and restatement or termination of the CL&P Agreements, among other things.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto agree as follows:

I. DEFINITIONS

1.01 General Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

"Additional Conveyor Maintenance Service" shall have the meaning set forth in Section 3.01(b) hereof.

"Ammonia Slip Emissions Standard" shall mean 10 ppmvd corrected to 12% carbon dioxide as measured at the stack.

"Bond Resolution" or "Resolution" shall mean the Resolution Authorizing the Issuance of Mid-Connecticut System Bonds (the "Bonds") adopted by the Authority's Board of Directors on March 13, 1985, as the same may be amended and supplemented from time to time.

"Bond Trustee" shall mean the trustee appointed under the Bond Resolution, including its successors or assigns.

"Bonds" shall mean the bonds issued pursuant to the Bond Resolution.

"Change of Law" shall mean any of the following acts which has a material adverse effect (or the effects of which, when aggregated with other effects of a similar nature, whether or not individually material, are collectively material) on the obligations of the Authority or Contractor hereunder or the operation or maintenance of the Power Block Facility pursuant to this Agreement: (a) the suspension, termination, denial or failure of the issuance or renewal of, or the imposition of any different or additional conditions as a precondition to the renewal of, or any unreasonable delay in the obtaining of any permit, license, consent, authorization or approval required by law or essential to the operation and maintenance of the Facility, if such event is not appealable, or if appealable, adversely affects the obligations of the Authority or the Contractor during the pendency of the appeal, and is not the fault of the party relying thereon; provided, however, that the contesting in good faith of any such action shall not be construed as the fault of such party; or (b) any change in, or adoption or imposition of, any federal, state or local law, ordinance, code, regulation (not adopted or officially proposed pursuant to the applicable administrative procedure act as of the execution of this Agreement) or court order, or interpretation thereof, which (i) is legally binding with respect to the

operation and maintenance of the Power Block Facility, (ii) in the case of permits, licenses, consents, authorizations, approvals and orders, cannot be stayed by the Contractor or the Authority, and (iii) occurs subsequent to April 7, 1986, the original date of the execution of this Agreement.

"CE" shall mean Combustion Engineering, Inc.

"CL&P" shall mean The Connecticut Light and Power Company.

"Coal" shall mean coal which meets the specifications in Exhibit F of the Construction Agreement.

"Commercial Operation Date" shall mean the date on which the Authority or the Authority's consulting engineer certified to the Participating Municipalities that the System is commercially operable, pursuant to the Authority's contract with the Participating Municipalities.

"Construction Agreement" shall mean the Contract for Design and Construction of a Resource Recovery Facility between the Authority and CE, dated as of December 31, 1984.

"Contract Year" shall mean each 12 month period commencing on July 1 of each year after the Commercial Operation Date.

"Effective Date" shall have the meaning set forth in Section 2.01.

"Electric Generating Facility" or "EGF" shall mean the electric generation facility located at Gate 20, Reserve Road in Hartford, Connecticut, that is owned by, licensed by or leased to the Authority.

"Electric Generating Facility Agreement" shall mean the Agreement for Electric Generation Facility Operation Management and Maintenance Service by and between the Authority and Contractor.

"Energy Purchase Agreement" shall mean the Amended and Restated Energy Purchase Agreement between Enron and the Authority dated as of December 22, 2000.

"Enron" shall mean Enron Power Marketing, Inc.

"Excess Revenues" shall have the meaning set forth in Section 5.05.

"Facility" shall mean the solid waste disposal and resource recovery facility owned by CRRA in Hartford, Connecticut and comprising the Waste Processing Facility and the Power Block Facility.

"Force Majeure" shall mean any of the following acts or events which (1) demonstrably interferes with, causes a delay in or prevents performance of the party relying thereon; (2) is beyond the reasonable control of the party relying thereon; and (3) continues notwithstanding that party's best efforts to correct or eliminate such act or event or the consequences thereof:

(i) Any interruption or suspension of or interference with one party's performance under this Agreement resulting from the act, omission or neglect of the other party or its agents, contractors or subcontractors; provided that such act, omission or neglect is related to the System;

(ii) Any destruction of or damage to, or any interruption, suspension or interference with either party's performance under this Agreement caused by (A) acts of God, landslides, earthquakes, fires, explosions, floods or similar occurrences, or (B) acts of the public enemy, wars, blockades, insurrections, riots, restraints of governments and people, civil disturbances or similar occurrences;

(iii) Strikes, work stoppages, secondary boycotts or walkouts provided that a strike, work stoppage, secondary boycott or walkout by Contractor's employees shall not be an event of Force Majeure if such action is due to:

(A) Contractor's breach of its labor agreement with the collective bargaining representative of the unit employees engaged in such actions;

(B) Contractor's lack of good faith or maintenance of an unreasonable economic position in negotiating with the collective bargaining representative of the unit employees engaged in such actions; or

(C) Contractor's willful disregard, in the context of labor negotiations, of its obligations under this Agreement with the intent or effect of hindering, interfering with, or otherwise adversely affecting the project or of gaining unfair advantage over the Authority with respect to the project or this Agreement; each as determined by arbitration in accordance with Section 12.10, provided that the arbitrators shall give consideration to any prior determination of such issues by arbitration or adjudication between the Contractor and such collective bargaining unit;

(iv) Suspension, termination, or interruption of necessary utilities;

(v) Illegality of or lack of title necessary for performance, possession or ownership;

(vi) Any failure of the Authority to award any contracts necessary for the Contractor's performance under this Contract; or

(vii) The failure of a subcontractor or supplier to furnish labor, services, materials or equipment in accordance with its contractual obligations, provided such failure is itself due to an act or event of Force Majeure and Contractor cannot obtain substitute performance at an equivalent or lower price within an equivalent or shorter period of time.

The foregoing list is intended to be demonstrative of the kinds of acts or events which constitute Force Majeure, and is not intended to be an exhaustive list.

In the exercise of their best efforts under this definition of Force Majeure, the parties shall not be required to work extra shifts or pay premium time or incur any obligations or expenses whatsoever in excess of those that would have been incurred but for the act or event of Force Majeure unless the other party agrees to pay such additional costs and expenses reasonably incurred in so doing.

"Landfill" shall mean the real property used for the disposal of bypassed waste, Residue, and non-processible waste in accordance with applicable laws, rules and regulations.

"NO_x" shall mean nitrogen oxides.

"NO_x Emission Standard" shall mean the more stringent of 146 ppmvd measured at 7% oxygen (or the equivalent percentage of carbon dioxide), or 0.26 lbs/MBTU measured on a 24-hour daily arithmetic average.

"Operator of the WPF" shall mean the operator of the Waste Processing Facility.

"Participating Municipality" or "Municipality" shall mean any town, city, borough or other political subdivision of and within the State, having legal jurisdiction over solid waste management within its corporate limits, and which has signed a Municipal Solid Waste Management Services Contract with the Authority with respect to the System and which has elected to receive solid waste management services from the Authority pursuant to such Municipal Solid Waste Management Services Contract.

"Power Block Facility" shall mean that portion of the Facility comprising the Processed Waste transport conveyors from and including the base of transfer conveyors Nos. 511 and 513 to the steam generating units, the steam generating units, coal handling and storage system and balance of power plant equipment, as provided in Volumes II and III of Exhibit A of the Construction Agreement.

"Processed Waste" shall mean the material resulting from the processing of waste in the Waste Processing Facility and capable of being utilized as fuel in the steam generating units of the Power Block Facility.

"Processed Waste Throughput Guarantee or Throughput Guarantee" shall have the meaning set forth in Section 6.01.

"Residue" shall mean that material remaining after burning Processed Waste, including ash residue, bottom ash, fly ash, scrubber residue and coal pile runoff treatment residue.

"Restructuring Act shall mean Connecticut Public Act 98-28.

"SNCR System" shall mean the NALCO FUEL TECH Selective Non-Catalytic Reduction NO_x control system.

"Solid Waste" shall mean unwanted and discarded solid materials, consistent with the meaning of that term under Section 22a-260(7) of the Connecticut General Statutes, excluding semi-solid, liquid materials collected and treated in a municipal sewage system.

"Steam" shall mean steam produced in the Power Block Facility which meets the criteria listed in Exhibit G, hereto.

"Steam Generation Guarantee" shall have the meaning set forth in Section 6.02.

"Subcontractor" shall mean any person, partnership, corporation or other entity contracting directly with the Contractor or any other person or entity or Subcontractor to perform or provide any part of the work, materials, supplies or equipment required of the Contractor under this Agreement

"System" shall mean the complete resource recovery system including the Facility, transfer stations, Landfill and such alternate site or sites, for processing or disposal of Solid Waste.

"Title Transfer Agreement" shall mean the Title Transfer Agreement by and between CL&P and the Authority dated as of December 22, 2000.

"Ton" shall mean two thousand (2,000) pounds.

"Transfer Building" shall mean the turning tower where the Processed Waste transport conveyors and the coal transport conveyors come together.

"Trustee" or "Bond Trustee" shall mean the trust company or bank having the powers of a trust company which, pursuant to the Bond Resolution, exercises fiduciary responsibility with regard to the Bonds, from time to time.

"Waste Processing Facility" shall mean that portion of the Facility used for the receipt and processing of waste comprising the receiving area, processing system and Processed Waste handling and storage system up to the rubber belt transfer conveyors Nos. 511 and 513 to the Power Block Facility, as provided in Volumes II and III of Exhibit A of the Construction Agreement.

1.02 General Definitions and Construction. As used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles which are generally accepted at the date or time of such computation;

(c) the words "herein", "hereof" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision;

(d) reference to a particular party shall include that party's employees and authorized agents and contractors;

(e) the word "day" shall mean any Monday, Tuesday, Wednesday, Thursday or Friday which is not a legal holiday in the State;

(f) words which have well-known technical or trade meanings are used herein in accordance with such recognized meanings unless otherwise specifically provided; and

(g) The "Agreement Documents" consist of this Agreement and all exhibits listed on the List of Exhibits.

The Agreement Documents are complementary, and what is required by any one shall be as binding as if required by all. The intention of the Agreement Documents is to include all labor, materials, equipment and other items necessary for the proper execution of the work, and also to include those things which may be reasonably inferable from the Agreement Documents as being necessary to perform this Agreement. In the event of a conflict between any provision of this Agreement and any provision of any of the other Agreement Documents, the provision of this Agreement shall control.

II. TERM

2.01 Term of Agreement. This Agreement shall commence on the date hereof, but the performance obligations of the parties hereunder shall not commence, and this Agreement shall not supercede the Original Agreement, until CRRA has received, or CL&P has set aside, payment from CL&P pursuant to the Restructuring Act with respect to the System as evidenced by a written certification from the Authority to the Contractor (the "Effective Date"), and shall terminate on May 31, 2012.

2.02 Extension. The term of this Agreement may be extended for not more than twenty (20) additional years upon such terms and conditions as the parties shall agree to.

III. CONTRACTOR SERVICES

3.01 Operation and Maintenance.

As of the Effective Date, the Contractor shall operate, maintain and manage the Power Block Facility, including, without limitation, all transport conveyors from the Waste Processing Facility to the Transfer Building; all equipment necessary to receive and off-load Coal from barges; all equipment necessary to store and bunker Coal; the Coal pile(s); the Coal pile runoff water treatment system (exclusive of loading, hauling and disposal of Residue); all transport conveyors from the Coal pile(s) to the Transfer Building; all transport conveyors from the Transfer Building to the steam generating facilities; the Coal and Processed Waste feeders; the boilers; the soot blowers; the air heaters; the forced draft and induced draft fans; the stack; the fly ash and dry scrubber/baghouse system (exclusive of loading, hauling and disposal of Residue); the bottom ash system (exclusive of loading, hauling and disposal of Residue); that portion of the central control room relating to the Power Block Facility; all environmental monitoring systems for Coal pile runoff and stack emissions; the balance of Power Block Facility equipment as defined in Volumes II and III of Exhibit A of the Construction Agreement; the SNCR System in accordance with Section 6.06 hereof and that portion of the existing misting odor control system in place at the Power Block Facility.

As of the Effective Date, the Contractor shall provide all personnel, equipment, materials and supplies required to operate, maintain in good operating order and manage the Power Block Facility.

It is expressly acknowledged and agreed that the Contractor shall have no obligation hereunder to operate or maintain any equipment which is part of the Electric Generating Facility as defined in the EGF Agreement including, but not limited to the turbine generator units 5 and 6, circulating water systems, service water systems, instrument air, service air, fire protection and detection systems, and electrical systems and equipment such as step-up transformers, switchyard, and related equipment.

It is expressly acknowledged and agreed that the Contractor shall have no obligation hereunder to operate or maintain any equipment which is part of the Waste Processing Facility.

As of the Effective Date, the Contractor shall provide all operating and maintenance services associated with rubber belt conveyors Nos. 511 and 513 (the "Additional Conveyor Maintenance Service"). This service shall be provided on such conveyors from and including the impact section of the conveyors at the Waste Processing Facility and includes the conveyors and all their components, the Transfer Building and the associated gallery with its structure, including all lighting, electrical equipment controls and instrumentation associated therewith and the fire protection system as supplied from the Power Block Facility. The maintenance activities include without limitation: regular inspection of the entire system, regular adjustment of sideskirts and idlers, regular lubrication of all conveyor moving parts, regular cleaning and sweeping of the gallery, clearing of blockages and removal of spills, repair of belts, replacement of belt sections or complete belts, maintenance and repair of electrical systems and lighting, maintenance and repair of control systems, maintenance and repair of the 586-foot long steel structure building and maintenance of the rubber belt sprinkler system.

3.02 Standards. As of the Effective Date, the Contractor shall conform to generally accepted professional construction and operating principles, standards and practices and professional codes and shall take proper care to assure the use of sound operation practices.

As of the Effective Date, the Contractor shall twice per week attend meetings to apprise the Authority and its technical advisors of the Contractor's plans for the operation and maintenance of the Power Block Facility. The Contractor shall advise the Authority in advance if it intends to make any significant change in its operation or maintenance procedures.

Scheduled outages of the Power Block Facility are to be coordinated with scheduled outages of other components of the System and the EGF Facility.

The Contractor shall perform its obligations under Section 3.01 in compliance with all current Occupational Safety and Health Administration ("OSHA") guidelines, including, CFR 1910.146 promulgated January 14, 1993 regarding entry in confined space areas, CFR 1910.1025 promulgated December 14, 1992 regarding occupational exposure to cadmium, and CFR 1910.1030 promulgated July 6, 1992 regarding bloodborne pathogens.

As of the Effective Date, the Authority shall have the right to review the Contractor's designs and specifications for capital improvements to the Power Block Facility, in the same manner and to the same extent as provided by the terms of Section 5.03 of the Construction Agreement (determined as if the Construction Agreement were in full force and effect).

3.03 Records and Reports. The Contractor shall maintain complete and accurate operating and maintenance records and shall make such records available at all reasonable times for the Authority's inspection. The Authority shall be entitled to make copies of any such records at the Authority's expense during the Contractor's regular business hours.

As of the Effective Date, the Contractor shall provide to the Authority, on a monthly basis, operating reports for the Power Block Facility. Such reports shall include quantities of Steam produced and Processed Waste (as determined from records maintained by the Operator of the WPF and/or the Authority) and Coal burned, stored quantities of Coal by type and all repairs and replacements significant to maintaining Power Block Facility availability. The Contractor shall provide to the Authority special reports of any unusual or significant operating events.

3.04 Licenses and Permits. The Contractor shall obtain, renew and maintain in effect all licenses and permits which it, as operator, must have in order to operate the Power Block Facility as of the date hereof. The Authority shall obtain, renew and maintain in effect all other licenses and permits, including but not limited to environmental permits which must be issued to and held by the owner of a facility, necessary for continued operation of the Power Block Facility. The Contractor shall use its best efforts to cooperate with the Authority in obtaining, renewing and maintaining such licenses and permits, including, but not limited to preparing applications for such permits for the Authority.

3.05 Authority Access. The Authority shall have the right of access to, and entry upon, the Power Block Facility site for the purpose of inspecting the site and the operation and maintenance of the Power Block Facility at any time during normal business hours of the Contractor at the site, provided that all such visits shall be conducted in such a manner as not to cause interference with the Contractor's operations at the site.

3.06 [RESERVED]

3.07 [RESERVED]

3.08 Contractor Shut-down Rights. (a) As of the Effective Date, the Contractor shall have the right to stop the Processed Waste conveyor/feed system at any time it has reasonable grounds to believe that Processed Waste being delivered to the Power Block Facility:

- (i) contains materials or substances which, if burned, would cause the Power Block Facility to violate any applicable law, rule, regulation or permit; or
- (ii) contains materials or substances which are likely to cause damage to the Power Block Facility, provided, however, that ordinary wear and tear shall not be considered damage.

If Contractor stops the Processed Waste conveyor/feed system due to the presence of materials or substances described in "(i)" or "(ii)" above, Contractor shall have the right to retain such persons or entities as may be necessary to fully identify the material or substance. If the material or substance is found to be such as described in (i) or (ii) above, then the Authority shall reimburse Contractor for all costs incurred in identifying the material or substance, and shall, at the Authority's sole cost, remove all affected Processed Waste from the Power Block Facility. If the material or substance is found not to be such as described in (i) or (ii) above, then the Authority shall not so reimburse the Contractor.

During any time the Processed Waste conveyor/feed system may be shut down pursuant to the provisions of this Section, the Contractor shall operate the Power Block Facility to the extent possible by burning Coal.

Any stoppage of the Processed Waste conveyor/feed system pursuant to this Section 3.08(a), and any resulting reduction or impairment of the performance of the Power Block Facility shall be, and be treated as resulting from the occurrence of, an act or event of Force Majeure, provided Contractor shall have used its good faith judgment and the standards

imposed upon it by Section 3.02 of this Agreement in the exercise of its rights under this Section 3.08(a).

(b) As of the Effective Date, Contractor shall work with the Authority and the Operator of the WPF to avoid Processed Waste being delivered to the Power Block Facility that contains materials or substances in proportions which differ so materially from the proportions typically received as to cause upset conditions which can only be handled by ceasing operations.

If such Processed Waste is delivered to the Power Block Facility, Contractor may stop the Processed Waste conveyor/feed system and remove such Processed Waste. If, in the opinion of the arbitrators pursuant to Section 12.10, such waste meets the criteria of this Section 3.08(b), such removal shall be at the Authority's expense. No such stoppage shall be considered an act or event of Force Majeure.

Any event or occurrence described in this Section 3.08(b) which is also an event or occurrence which is described in Section 3.08(a) shall be governed by Section 3.08(a).

3.09 Scope of Contractor Responsibilities. As of the Effective Date, the Contractor shall be responsible for the operation and maintenance of all of the facilities and equipment supplied or constructed pursuant to the Construction Agreement or as are set forth in this Agreement. The Contractor shall not be responsible hereunder for the operation or maintenance of any facilities or equipment supplied or constructed by CL&P or the Authority, even if such facilities or equipment intrude, physically, into the Power Block Facility area.

The parties recognize that design changes to the Power Block Facility because of an act or event of Force Majeure or Change in Law which design changes occur subsequent to the date hereof, may require adjustments to the payments required by Section 5.01, 5.02 and/or

5.04. The amounts of such payments stated in this Agreement are based upon the design of the Power Block Facility as of the date of execution hereof.

The parties shall cooperate in clearly marking (or "tagging") each piece of equipment in the Power Block Facility and the Electric Generating Facility to indicate which equipment is the responsibility of the Contractor under this Agreement and which equipment is the responsibility of the Authority or its operator.

IV. AUTHORITY RESPONSIBILITIES

4.01 Provision of Facilities. As of the Effective Date, the use of the Power Block Facility will be provided to the Contractor by the Authority subject to applicable limitations or conditions in the Title Transfer Agreement.

As of the Effective Date, the Contractor shall discharge of record, by bond or otherwise, any lien or encumbrance (a) which is filed against the Power Block Facility or the site of the Power Block Facility by any Subcontractor, or (b) which may arise out of, or in connection with, any operations, acts or omissions of the Contractor or any Subcontractor, whether or not the same are related to this Agreement. As of the Effective Date, the Authority shall have the right to discharge any lien or encumbrance upon failure of the Contractor to so discharge after fifteen (15) days' written notice from the Authority. The actual direct cost to the Authority for discharging any such lien or encumbrance shall be paid to the Authority by the Contractor. As of the Effective Date, the Authority shall keep the Power Block Facility and the site of the Power Block Facility free from any and all liens and encumbrances that may be the result of any act or failure to act on the part of the Authority or its agents or its contractors and subcontractors other than the Contractor other than any lien or encumbrance permitted pursuant to the Title Transfer Agreement or the Bond Resolution.

4.02 Provision of Fuel. As of the Effective Date, the Authority shall use reasonable efforts (not including lifting any surcharge levied against late-joining Municipalities) to continually acquire Solid Waste tonnage up to the maximum proven capacity of the Power Block Facility. The methods used in such efforts to acquire and process tonnage shall be

within the sole discretion of the Authority. The Authority shall continually apprise the Contractor of its plan to acquire tonnage. Such Processed Waste shall be delivered to the transport conveyors that run from the Waste Processing Facility to the Transfer Building.

As of the Effective Date, the Authority shall provide and deliver Coal to the barge unloader, or to such other point in the Coal handling process at which point the responsibility for Coal handling becomes the Contractor's responsibility.

4.03 Provision of Services. Commencing on the Effective Date, as and to the extent necessary in connection with operating the Power Block Facility, the Authority shall provide the following: (a) fire protection; (b) service air; (c) service water; (d) electricity; (e) waste water discharge; (f) river water; (g) back-up heating steam for use in the Power Block Facility if the boilers are out of service, and (h) condensate being returned from the turbines.

4.04 Residue Disposal. As of the Effective Date, the Authority shall load, haul and dispose of all Residue at a properly permitted landfill.

4.05 Maintenance of Energy Purchase Agreement. As of the Effective Date, the Authority shall maintain in effect and shall use all legally available means to enforce the Energy Purchase Agreement.

V. PAYMENT

5.01 Personnel. Commencing on the Effective Date, for providing the personnel required by the Contractor for the proper operation and maintenance of the Power Block Facility, beginning on the date hereof, the Authority shall pay to the Contractor the sum of \$4,477,828 per Contract Year, adjusted as provided below. Unless required by an act or event of Force Majeure or Change in Law, or by the Authority, any personnel in addition to those listed on Exhibit B hereto required for the proper operation and maintenance of the Power Block Facility shall be provided by the Contractor at no additional cost to the Authority. The Contractor agrees that such \$4,477,828 payment (adjusted as provided below) reflects all personnel-related costs associated with the operation and maintenance of transfer conveyors Nos. 511 and 513, the SNCR System and the Power Block Facility's compliance with all current OSHA guidelines.

The figure of \$4,477,828 shall be adjusted to reflect the annual change in the Average Hourly Earnings for Electric, Gas and Sanitary Services Industry, 1972, SIC Code 49; Series ID: EEU42490006 published monthly by the U.S. Department of Labor, Bureau of Labor Statistics from those in effect for July 1, 1999 in accordance with Section 5.08.

5.02 Equipment. Commencing on the Effective Date, for providing the equipment, materials and supplies required by the Contractor for the proper operation and maintenance of the Power Block Facility, including, but not limited to, the items listed on Exhibit F hereto, the Authority shall pay to the Contractor the sum of \$3,604,134 per Contract Year, adjusted as provided below. If the actual yearly cost for equipment exceeds such amount because of any act or event of Force Majeure, Change in Law, or action of the Authority, the Authority shall

pay to the Contractor such additional amount. The Contractor agrees that such \$3,604,134 payment (adjusted as provided below) reflects all equipment, material and supply costs associated with the operation and maintenance of the transfer conveyors Nos. 511 and 513, the SNCR System and the Power Block Facility's compliance with all current OSHA guidelines.

The figure of \$3,604,134 shall be adjusted to reflect the annual change in the Producer Price Index for Machinery and Equipment, Commodity Code 11, Series ID: WPU11 as published monthly by the U.S. Department of Labor, Bureau of Labor Statistics from those in effect for July 1, 1999 in accordance with Section 5.08.

5.03 Fees. (a) The Authority shall pay to the Contractor, beginning on the Effective Date, a Management Fee of \$1,445,713 per Contract Year. Such amount shall be adjusted in accordance with the adjustment procedure in Section 5.02 above.

5.04 Reimbursable Expenses. Commencing on the Effective Date, the following costs incurred by the Contractor shall be paid by the Authority as they are incurred to the extent provided in this Section 5.04 provided, however, Contractor shall use all reasonable efforts to obtain the following at the lowest price taking into account all pertinent facts and circumstances related to the purchase:

a. Scrubber Water and Scrubber Chemicals. The Authority shall fully reimburse the Contractor for all water and chemicals used in the operation and maintenance of the dry scrubber/baghouse, provided, however that the Contractor shall use all reasonable efforts to minimize the amount of such water and chemicals used.

b. Electricity. The Authority shall fully reimburse the Contractor for the cost of all electricity not supplied by the Authority used in the operation and maintenance of the Power Block Facility.

c. Insurance. The Authority shall fully reimburse the Contractor for the cost of providing the insurance required to be provided by Article IX, except that any increases in premiums caused by the fault of the Contractor shall not be reimbursed by the Authority.

d. Taxes. The Authority shall fully reimburse the Contractor for all taxes paid by the Contractor as a result of operating the Power Block Facility except for (i) all federal, state and local taxes measured by the income of the Contractor and (ii) all federal state and local taxes or contributions based upon or made with respect to wages, salaries or benefits of the Contractor's employees.

e. Environmental Testing. The Authority shall fully reimburse the Contractor for the cost of performing any environmental testing or monitoring required by any federal or state governmental entity.

f. Water. The Authority shall reimburse the Contractor for all water used in the operation and maintenance of the Power Block Facility (except for water used in the dry scrubber/bag house) up to a ceiling of 35,000,000 gallons per Contract Year, provided, however, that the Contractor shall use all reasonable efforts to minimize the amount of such water used.

g. Continuous Emissions Monitoring. The Authority shall fully reimburse the Contractor for the cost of all equipment and all replacements thereof necessary for the continuous emissions monitoring program required to satisfy all permit conditions as of the date hereof (the "CEM Program"). The Authority shall reimburse the Contractor for fifty percent (50%) of the cost of all labor, chemicals and other consumable supplies necessary for the CEM Program.

h. The Authority shall fully reimburse the Contractor for the cost of all reagents used in connection or associated with the operation and maintenance of the SNCR System.

i. The Authority shall fully reimburse the Contractor for any costs of chemicals, including but not limited to Urea, required to operate and maintain the SNCR System each month.

j. Diesel Fuel. The Authority shall fully reimburse the Contractor for the cost of all diesel fuel purchased by the Contractor and used by the Authority.

5.05 Excess Revenue Sharing. As of the Effective Date, in each Contract Year in which the Facility has a Total Equivalent Availability of at least 80% as calculated in accordance with Exhibit D hereto, or in which, notwithstanding a Total Equivalent Availability factor of less than 80%, Contractor is able to process at least 95% of the Processed Waste available for delivery from the Authority, the Authority shall pay to the Contractor twenty-five percent (25%) of all Excess Revenues, if any ("Excess Revenue Sharing"). For the purpose of applying this Section 5.05, any Processed Waste delivered by the Authority in excess of 1350 Tons per day (or, at times when three boilers are operating, 2025 Tons per day) shall not be included in computing the Authority's annual provision of Processed Waste. Excess Revenues shall be determined in accordance with Exhibit E hereto.

If the Facility does not have a Total Equivalent Availability of at least 80% in any Contract Year but the Contractor is nevertheless entitled to share in Excess Revenues, the Contractor shall pay to the Authority the Authority's cost of disposing of the Processed Waste available for delivery but not accepted by the Contractor in the manner described in Section 7.01.

5.06 [RESERVED]

5.07 Partial Contract Years. In any Contract Year that is less than a full twelve months, the payments required by Sections 5.01, 5.02, 5.03 and 5.04 of this Article V shall be prorated appropriately.

5.08 Method of Payment. As of the Effective Date: (a) No sooner than three months and no later than two months before the beginning of each Contract Year the Authority shall submit to the Contractor an annual budget for such Contract Year (the "Annual Budget"). The Annual Budget shall include:

- (i) the fixed amounts payable under Sections 5.01, 5.02 and 5.03;
- (ii) the estimated escalation on the amounts payable under Sections 5.01, 5.02 and 5.03 (based upon the differences in the selected indexes between July 1, 1999 and the date of monthly invoice to be submitted pursuant to subsection (c));
- (iii) the estimated amount of Excess Revenue Sharing pursuant to Section 5.05; and
- (iv) an estimate of the expenses covered by Sections 5.04.

(b) Within one month after the submittal of the Annual Budget by the Authority, the Contractor and the Authority shall agree upon any changes to the Annual Budget. If the parties cannot agree upon the Annual Budget, the actual payments made in the previous Contract Year shall determine the Annual Budget.

(c) During each Contract Year the Contractor shall submit invoices to the Authority for payment in accordance with the Annual Budget and Section 5.04 herein at least ten days before the beginning of each month. The Authority shall pay the amount invoiced, unless the

Contractor shall have abandoned the Power Block Facility, within ten days of receipt of such invoice.

(d) The following procedure shall be followed unless the parties agree otherwise: The invoices submitted pursuant to Section 5.08(c) before the beginning of the fourth, seventh, and tenth months of the Contract Year shall include an adjustment for the difference between the estimated figures for escalation and Excess Revenue Sharing and the actual amounts due for such items under the terms of this Agreement that are demonstrable at the time of such invoices (the "Preliminary True-Ups"). The differences shall be calculated for each item on a month-by-month basis. Simple interest on the net difference, calculated monthly, shall be charged to the Authority or the Contractor, as appropriate, from the date on which each item was originally invoiced to the date of Preliminary True-Up at the Prime Interest Rate published by The Wall Street Journal in effect as of the first day of that month or such other interest rate as is mutually agreed upon by the parties.

(e) Within six (6) months after the end of each Contract Year, the Contractor shall submit an invoice, or shall make payment, for the difference between the amounts paid for escalation and Excess Revenue Sharing and the actual amounts due for such items under the terms of this Agreement (the "Annual True-Up"), following the same procedures as the Preliminary True-Ups. Within twenty days of the submittal of the invoice or the payment by the Contractor, the Authority shall pay the amount of such invoice or shall accept such payment. Any disagreement over the amount of any such payment shall be submitted to arbitration pursuant to Section 12.10.

5.09 Index Adjustment. On July 1, 2003 and every three years thereafter the parties hereto shall have the right to request a change in any index used to adjust any payments due hereunder pursuant to the terms of this Section 5.09.

If either party believes that there has been an aberrant difference between the behavior of any index and the actual cost it was chosen to track, which difference is not the result of the performance or failure to perform of such party, it may give the other party notice that it requests a change of index. Such notice must be given within-sixty (60) days after such date or after any such third anniversary. In such case, the parties shall negotiate in good faith to determine if a change is required and, if so, to select a new index. If the parties are unable to resolve such negotiations within sixty (60) days, either party may submit the matter for arbitration pursuant to Section 12.10.

The effect of a change of index shall commence as of the beginning of the Contract Year following agreement on, or the determination of, such change.

VI. GUARANTEES

6.01 Processed Waste Throughput. As of the Effective Date, if the Authority is able to provide to the Contractor at least 379,711 Tons of Processed Waste during any Contract Year, the Contractor guarantees that it will burn at least 379,711 Tons of Processed Waste in such Contract Year (the "Processed Waste Throughput Guarantee" or "Throughput Guarantee"). For the purpose of determining compliance with this guarantee any Processed Waste delivered by the Authority in excess of 1350 Tons per day (or, at times when three boilers are operating, 2025 Tons per day) shall not be included in computing the Authority's annual provision of Processed Waste.

The HHV for Processed Waste will be determined by testing samples using the following protocol. The Authority or its representatives will take 24 samples per day of Processed Waste for three days in each month, said samples to be taken at the locations known as transfer conveyors Nos. 511 and 513 and by means of an unbiased sampling device reasonably adequate for such purpose that has been installed by the Contractor at said locations on or about August, 1996. Said 24 samples per day will be mixed into four composite samples, and three of these four composite samples shall be sent to a competent laboratory of the Authority's choice for testing in order to determine the HHV of said samples, resulting in a total of nine tests and nine HHVs determined per month. The Contractor may at its discretion observe the Authority or its representatives collect said samples and mix said composite samples. The fourth composite sample shall be provided to the Contractor at its request by the

Authority when the other three composite samples are sent to the laboratory for testing. The laboratory shall provide duplicate copies of its analyses to the Authority and the Contractor.

Except for the sampling location, sampling frequency, and procedures set forth herein regarding gross sample division for producing laboratory samples, Section 4.4.2 of Exhibit B of the Construction Agreement (determined as if the Construction Agreement were in full force and effect) shall be used with regard to sampling and testing Processed Waste. If the annual weighted average of the Higher Heating Value ("HHV") of the Processed Waste exceeds 5,785 BTU per pound, then the Processed Waste Throughput Guarantee shall be adjusted by the ratio of 5785 BTU/lb divided by the annual weighted average HHV as expressed in BTU per pound of Processed Waste multiplied by the Throughput Guarantee.

6.02 Steam Generation. If the Authority provides sufficient quantities of Processed Waste or Coal during any Contract Year, the Contractor guarantees that it will generate at least 4,474,000,000 pounds of Steam in such Contract Year (the "Steam Generation Guarantee"). If and to the extent that the Authority delivers less than 379,711 Tons of Processed Waste (and, consequently, a greater than expected amount of Coal is burned) in any Contract Year and, as a result, Contractor cannot generate 4,474,000,000 pounds of Steam without exceeding 80% Total Equivalent Availability (calculated in accordance with Exhibit D hereto), the Steam Generation Guarantee will be appropriately adjusted to account for any reduction in maximum boiler heat output required to comply with the conditions of permits which affect the burning of Coal.

The above Steam Generation Guarantee shall be further adjusted for the change in enthalpy if the average annual feedwater temperature is less than 384°F. The feedwater temperature shall be measured at the economizer inlet.

The adjustment factor C shall be determined as follows:

$$C = (h_{S_{base}} - h_{F_{base}})/(h_{S_{base}} - h_{F_{actual}})$$

Where $h_{S_{base}}$ is the enthalpy of steam produced,

$h_{F_{base}}$ is the enthalpy of feedwater at a temperature

of 384° F, which enthalpy equals 358.89,

$h_{F_{actual}}$ is the actual annual average enthalpy

of the feedwater;

all enthalpies are in BTU/lb.

The guaranteed number of pounds of Steam in such Contract Year shall be multiplied by adjustment factor C.

If, at any time, it shall be uneconomical to burn Coal to generate electricity because of the price of Coal, the Authority may, at its option, on a year-by-year basis, adjust the Steam Generation Guarantee downward, in order to avoid burning uneconomical Coal.

6.03 Partial Contract Year. In any Contract Year that is less than a full twelve months, the guarantees contained in Sections 6.01 and 6.02 shall be pro-rated appropriately.

6.04 Environmental Regulations. The Contractor guarantees that the Power Block Facility shall at all times be in compliance with all applicable federal, state and local laws, ordinances, codes, regulations and court orders concerning the operation and maintenance of the Power Block Facility as interpreted and as in effect from time to time, provided, however, that the Contractor does not guarantee that the SNCR System will meet NO_x or ammonia slip emission limitations imposed by regulatory agencies.

6.05 Changes to Power Block Facility.

(a) Changes to Power Block Facility by Contractor. As of the Effective Date, the Contractor, at its expense and subject to the review of design plans and specifications by the Authority may make such changes, modifications or additions to the Power Block Facility as the Contractor deems necessary or desirable, provided that such changes, modifications and additions do not adversely affect the Contractor's ability to meet the guarantees set forth in this Article VI, unless the Authority agrees in writing otherwise. While incorporating such changes, modifications or additions to the Power Block Facility, the Contractor shall continue to perform its obligations hereunder and shall bear all the associated expense of design, purchase, delivery and installation of the equipment necessary to make such changes, modifications or additions.

(b) Changes to Power Block Facility Requested by the Authority. As of the Effective Date, the Authority may request in writing changes, modifications or additions to the Power Block Facility.

In response to such request, the Contractor shall provide to the Authority a proposal which shall include: (i) statement of the work and materials required by the proposal; (ii) a statement of the anticipated effect, if any, on the guarantees; (iii) a statement of the anticipated effect, if any, on the projected operating and maintenance costs; (iv) a statement of the price for the requested changes, modifications or additions; (v) the schedule for making such changes, modifications or additions; and (vi) the terms and conditions to apply. The Authority shall reimburse the Contractor for the Contractor's costs, if any, of developing such information by an amount equal to the sum total of the following:

- (i) Direct wages and salaries of employees actually engaged in the service required to develop such information; plus

(ii) Eighty-five percent (85%) of (i) for all other overhead; plus

(iii) Other direct costs, including the cost of transportation to and from destinations outside of the State and long distance telephone calls and the reasonable cost of consultants, agents and subcontractors utilized with the Authority's prior approval; plus

(iv) Any tax other than any income tax payable by the Contractor on (i), (ii) and (iii). The Contractor shall not be obligated to make any such change, modification or addition requested by the Authority if the Contractor demonstrates, to the reasonable satisfaction of the arbitrators pursuant to Section 12.10, that the guarantees of the Contractor set forth in this Article VI hereof would be adversely affected as a result thereof, unless the Authority expressly agrees in writing to amend this Agreement in a manner that equitably takes into account such adverse effect. In addition, the Contractor shall not be obligated to proceed with any such change, modification or addition until the terms and conditions applicable thereto have been agreed upon.

(c) Changes to Power Block Facility Required as the Result of Force Majeure or Change of Law. As of the Effective Date, if at any time changes, modifications or additions to the Power Block Facility are required as a result of on act or event of Force Majeure or a Change of Law, the Contractor shall notify the Authority and provide to the Authority a proposal which shall include: (i) a description of the change modification or addition proposed by the Contractor to address the circumstances created by the act or event of Force Majeure or Change of Law; (ii) a statement of the work and Materials required by the proposal; (iii) a statement of the anticipated effect, if any, on the guarantees set forth in this Article VI hereof; (iv) the schedule for effecting such change, modification or addition; (v) a statement of the

anticipated affect, if any, on the projected operating and maintenance costs; (vi) a statement of the price; and (vii) the terms and conditions to apply to effecting such change, modification or addition. The Authority shall reimburse the Contractor for the Contractor's costs, if any, of developing such information by an amount equal to the sum total of the following:

(i) Direct wages and salaries of employees actually engaged in the services required to develop such information; plus

(ii) Eighty-five percent (85%) of (i) for all other overhead; plus

(iii) Other direct costs, including the cost of transportation to and from destinations outside of the State and long distance telephone calls and the reasonable cost of consultants, agents and subcontractors utilized with the Authority's prior approval; plus

(iv) Any tax other than any income tax payable by the Contractor on (i), (ii) and (iii). The Authority shall review and approve or disapprove any such change within thirty (30) days of Contractor notification. The Contractor shall not be obligated to make any change, modification or addition under this Section 6.05(c) unless the Contractor and Authority agree upon the terms and conditions applicable thereto including, but not limited to, changes in the guarantees and operating costs and expenses.

(d) The Authority and the Contractor each acknowledge that to the best of its knowledge all Changes of Law occurring prior to the date first written above have been addressed in the provisions of this Agreement.

6.06 SNCR System. As of the Effective Date:

(a) At all times during the normal operation of the Power Block Facility, the Contractor shall use all reasonable efforts to operate the equipment in the SNCR System consistent with good industry standards and in a manner recommended by the manufacturer as specified in the Nalco Fuel Tech Manual, Volumes #1 and #2, dated December 19, 1997 ("Manufacturer's Recommendations") and shall seek to achieve ammonia slip emissions at or below 10 ppmvd corrected to 7% oxygen (or an equivalent percentage of CO₂) as measured at the outlet emissions monitoring point.

(b) The Contractor shall use all reasonable efforts to operate the SNCR System to maintain NO_x emissions for the Power Block Facility at or below 0.22 lbs/MBTU and achieve ammonia slip emissions equal to or less than 10 ppmvd corrected to 7% oxygen (or an equivalent percentage of CO₂) as measured at the outlet emissions monitoring point of each combustion train, measured on a 24-hour daily arithmetic average using existing equipment and parties.

(c) The Contractor shall have no obligation to operate and maintain the SNCR system over and above the Manufacturer's Recommendations nor shall the Contractor have an obligation to use reasonable efforts to meet the historically achieved limits reflected in this Section 6.06(b), if in the mutual agreement of the Contractor and the Authority it is determined that either the SNCR System as designed and installed is incapable of meeting such standard due to changes in the combustion process that are not the result of operational changes implemented by the Contractor, or if substantially meeting the Manufacturer's Recommendations hinders the maintenance of the Power Block Facility or the ability of the Power Block Facility to properly operate, but only to the extent such hindrance substantially

and materially exceeds that level experienced during the period of time prior to November 21, 2000.

VII. DAMAGES

7.01 Disposal Costs. As of the Effective Date, if, in any Contract Year, the Contractor fails to satisfy the Processed Waste Throughput Guarantee under Section 6.01, the Contractor shall pay to the Authority as liquidated damages the difference between (a) the actual costs of disposal of that quantity of Processed Waste that the Contractor failed to burn, below the guaranteed level of 379,711 Tons per Contract Year and (b) the costs of disposal that would have been incurred in disposing of Residue from such quantity of Processed Waste. For the purpose of measuring damages under this Section 7.01, any Processed Waste delivered by the Authority in excess of 1350 Tons per day (or, at times when three boilers are operating, 2025 Tons per day) shall not be included in computing the Authority's annual provision of Processed Waste. Such costs shall include any increases in the cost of transportation and Landfill operation and a per Ton allocation of the cost of acquiring the Landfill and funding the cover and closure of the Landfill, based on a reasonable expectation of the maximum capacity of the Landfill and commensurate with the allocation of such costs by the Authority in determining its third-party tipping fee for the Landfill (if any). The Contractor shall also pay to the Authority the cost of Coal actually necessary to generate the same quantity of Steam as would have been generated by burning the amount of Processed Waste by which the Contractor failed to satisfy the Processed Waste Throughput Guarantee (which quantities of Coal and Processed Waste shall be based on annual average BTU content).

7.02 Loss of Revenue. As of the Effective Date, if, in any Contract Year, the Contractor fails to satisfy the Steam Generation Guarantee under Section 6.02, the Contractor shall pay to the Authority as liquidated damages:

(a) if the Authority does not have a contract to sell Steam for use other than to produce electricity, the difference between (1) the revenues that the Authority actually received plus amounts due and owing from the sale of electricity derived solely from the generation of Steam in such Contract Year and (2) the revenues which would have been received from the sale of electricity derived from the Steam if the Steam Generation Guarantee had been satisfied, both based upon the price per kWh for electricity set forth in Exhibit A and the Annual Average Energy Conversion Factor set forth in Factor B of Exhibit E hereto; or

(b) if the Authority has a contract to sell all or a portion of the Steam for use other than to produce electricity (1) for that portion of the Steam sold to produce electricity, the damages shall be as calculated in (a) above, (2) for that portion of the Steam sold for use other than to produce electricity up to an amount of Steam which combined with that amount of Steam used to produce electricity yields or would yield an equivalent of 250,000,000 kWh per Contract Year (utilizing the Average Annual Energy Conversion Factor set forth in Factor B of Exhibit B hereto) (the "250,000,000 Threshold"), the damages shall be the difference between (i) revenues that the Authority actually received plus amounts due and owing for the sale of such portion of Steam actually generated in such Contract Year, and (ii) the revenues which would have been received from the sale of such portion of Steam if the Steam Generation Guarantee had been satisfied, but not in excess of a price per pound of Steam equivalent to the price per kWh set forth in Exhibit A calculated by using the Average Annual Energy Conversion Factor set forth in Factor B of Exhibit E and (3) for that portion the Steam sold for

use other than to produce electricity above the 250,000,000 Threshold per Contract Year, the damages shall be the difference between (i) the revenues that the Authority actually received plus amounts due and owing from the sale of Steam above the 250,000,000 Threshold actually generated in such Contract Year and (ii) the revenues which would have been received from the sale of Steam above the 250,000,000 Threshold if the Steam Generation Guarantee had been satisfied, but not in excess of a price per pound of Steam equivalent to the price of \$0.185 per kWh calculated by using the Average Annual Energy Conversion Factor set forth in Factor B of Exhibit E.

7.03 Excess Coal Usage. If the Authority must pay for Coal tonnage in excess of 72,305 Tons in any Contract Year and in such Contract Year the Contractor has failed to satisfy the Performance Standards listed on Exhibit C hereto, then, to the extent that such excess use was caused by such failure, the Contractor shall pay the Authority as liquidated damages the Excess Coal Payment as calculated in accordance with Exhibit C.

The above-mentioned Coal tonnage of 72,305 shall be adjusted on an annual basis for any change in HHV (as defined in Section 6.01) of Processed Waste and Coal in accordance with the following equation:

$$CA = \frac{3.11418 \times 10^9 - 379,711 \text{ HHV}_{pw}}{\text{HHV}_c}$$

CA = Allowable Tons of Coal

HHV_c = Actual Annual Average HHV of Coal (BTU/lb)

HHV_{pw} = Actual Annual Average HHV of Processed Waste (BTU/lb)

7.04 Method of Payment. The Contractor shall pay to the Authority any amounts required pursuant to the provisions of Sections 7.01, 7.02 or 7.03 within 45 days of the end of the applicable Contract Year.

IX. INSURANCE AND INDEMNIFICATION

9.01 General Provisions as to Insurance.

(a) Maintenance. At all times during the term of this Agreement the Contractor shall procure and maintain the insurance described in this Article IX, to the extent reasonably available in the market, with insurance companies authorized to do business in the State or, if not so authorized, mutually acceptable to the Authority and the Contractor. Each such company shall have a Best financial rating of at least B+ XV or, if the rating criteria cannot be satisfied, shall be mutually acceptable to the Authority and the Contractor. The Authority and the Trustee shall be named as additional insureds on all policies required to be obtained by Contractor other than workers compensation insurance. All policies shall hold the Authority and the Trustee free of and harmless from all subrogation rights of the insurers, regardless of any breach by the Contractor of any warranties, declarations or conditions contained in such policies.

If the Contractor shall fail to procure and maintain such insurance, the Authority, upon thirty days notice to the Contractor, may do so, but the Contractor shall be responsible for all costs related to such procurement.

(b) Approval. The Authority shall have the right to review and approve all such policies of insurance. The Authority shall exercise its right to review in a reasonable and prompt manner. The purpose of such review shall be to determine if such policies provide the coverage required by this Article IX.

(c) Copies. The Contractor shall provide a copy of each policy of insurance required to be procured by the Contractor to the Authority in the event that a claim is made against such policy.

(d) Cancellation or Change. Such policies shall contain an endorsement to the effect that the insurer will notify the Authority in writing sixty (60) days prior to the effective date of any cancellation or change in any provision of such policy or policies or suspension of any coverage thereunder.

(e) Additional Insurance. The provisions of this Agreement as to insurance required to be procured and maintained by the Contractor shall not be construed as limiting or prohibiting the Contractor from obtaining any additional insurance it may wish to carry at its own expense.

(f) Deductibles. In the event that any policy carried pursuant to Sections 9.02 or 9.03 is subject to a deductible or similar provision being the functional equivalent thereof by limiting, reducing or conditioning coverage or amounts payable by the carrier or providing for reimbursement of any amounts paid by the carrier, the amount of any claim or part thereof for an insured loss not paid or reimbursed as a result thereof shall be borne solely by the party whose acts or omissions gave rise to the claim, whether or not those acts or omissions are of such a nature as to give rise to an obligation of indemnification under Section 9.07 of this Agreement. If either party pays any amounts to be borne by the other party pursuant to the preceding sentence, the other party shall reimburse such party therefor not later than thirty (30) days after receipt by the other party of written notice from the first party that it has made such payment.

9.02 General Liability Insurance. The Contractor shall carry commercial general liability insurance ("CGL") alone or in combination with commercial umbrella insurance with a limit of not less than twenty-five million dollars (\$25,000,000) each occurrence covering liability arising from premises, operations, personal injury and advertising injury, independent contractors, products - completed operations, and liability assumed under a business contract (including the tort liability of another). If such CGL contains a general aggregate limit, it shall apply separately to the coverages required by this Agreement. Pollution legal liability insurance with a limit of five million dollars (\$5,000,000) shall be provided under a separate policy. In addition, the Contractor shall purchase an Owners and Contractors Protective policy in the Authority's name with a limit of no less than five million dollars (\$5,000,000). With respect to such Owners and Contractors Protective policy, the Authority shall provide the Contractor with all information necessary to obtain underwriting of such policy, and shall cooperate with the Contractor in the underwriting process. The Contractor and the Authority shall from time-to-time consult with each other regarding the condition of the insurance market, the availability of insurance required by this Section 9.02, and adjustments in the types and amounts of coverage required hereby.

9.03 Motor Vehicle Liability Insurance. The Contractor shall carry Business Automobile Liability insurance alone or in combination with commercial umbrella insurance covering any automobile, (including owned, non-owned and hired automobiles) with a limit of not less than twenty-five million dollars (\$25,000,000) each accident.

9.04 Workers' Compensation. The Contractor shall provide workers' compensation insurance with statutory limits and Employer's Liability limits of not less than five million

dollars (\$5,000,000) each accident for bodily injury by accident or five million dollars (\$5,000,000) for each employee for bodily injury by disease.

9.05 Property Insurance. The Authority shall place the property insurance for the entire portion of the Facility owned by the Authority. The property contracts will be written in the name of the Authority and include the interest of the Contractor, the Operator of the WPF and others as additional insureds. The policy will contain a waiver of subrogation in favor of all the parties named on the policy or others for which the Authority or the Contractor waives such right of subrogation in writing prior to loss. The coverage shall be written on an all risk basis on all real and personal properties on or off premises owned by the named and additional insureds or relative to the System and all property of others for which they exercise custody on a blanket replacement cost basis including flood and earthquake. A sublimit of \$50,000,000 shall apply to flood and earthquake subject to higher limits based on the affordability in the Authority's judgement. In addition, the coverage shall include Business Interruption, Extra Expense, Comprehensive Boiler & Machinery, including Business Interruption and Extra Expense. Extensions of coverage may be required by the Authority for Contingent Business Interruption, Crime, Valuable Papers, Accounts Receivable, All Risks Broad Form EDP, Sprinkler Coverage and other coverages at the Authority's option. Notwithstanding the foregoing, if deemed advantageous by the Authority, the Authority may require the Contractor to assist in the placement of property insurance or to place that insurance, provided, however, that if the Contractor is so required to place the property insurance, then: (i) the insurance covered by this Section 9.05 shall be considered as insurance covered by and included in Section 9.01(f) above; and (ii) any amount of any claim or part thereof for an insured loss not paid or reimbursed which by application of Section 9.01(f) are not expressly to be borne by the

Contractor shall be borne by the Authority and be reimbursed by the Authority to the Contractor pursuant to the first sentence of said Section.

9.06 Use of Proceeds. The proceeds of insurance under this Article IX, shall be (i) first applied or caused to be applied to the satisfaction of the liability, reimbursement of the loss or the repair or replacement of the damaged property so insured; (ii) then to the reasonable expenses incurred by the Authority and/or the Contractor in collecting such proceeds; and (iii) then deposited with the Trustee and applied to the redemption of the Bonds pursuant to the Resolution.

9.07 Indemnification. The Contractor and the Authority each agree that it will, to the extent permitted by law, protect, indemnify and hold the other harmless from and against all liabilities, actions, damages, claims, demands, liens, encumbrances, judgments, losses, costs, expenses, suits or actions and attorneys' fees and costs, and will defend the other in any action, suit, or other proceeding, including appeals, for personal injury to, or death of, any person or persons, or loss or damage to property of third parties caused by the negligent acts or omissions of the indemnifying party, its agents or employees, in connection with, arising out of or as a result of this Agreement or the performance of either party's obligations hereunder. Neither party shall be required to reimburse, defend, or indemnify the other party for loss or claim due to the negligent acts or omissions of such other party. Each party shall promptly notify the other of the assertion of any claim against which such other party is indemnified hereunder, shall give the other party an opportunity to defend such claim, and shall not settle such claim without the approval of the indemnifying party. These indemnification provisions are for the protection of the Authority and the Contractor only, and shall not establish, of

themselves, any liability to third parties. This Section 9.07 shall survive the termination of this Agreement.

9.08 Vendor Indemnification. The Contractor for the benefit of the Authority, shall obtain from vendors, manufacturers and suppliers of machines, articles of manufactured equipment and materials furnished under this Agreement such indemnities against claims and liability for infringement of patents or misappropriation of trade secrets incidental in the use of operation of such machines, articles, equipment and materials as are reasonably obtainable. This Section 9.08 shall survive the termination of this Agreement.

9.09 Royalties and Licenses. (a) The Contractor shall (i) pay all applicable royalties and license fees, (ii) at its sole cost and expense defend, indemnify, save and hold harmless, the Authority and its officers, agents, representatives and employees from and against any and all costs, claims, damages or liabilities (including, without limitation, attorneys' fees and court costs, fees and expenses of expert witnesses, architects, engineers and other consultants), and (iii) pay any and all damages awarded against the Authority or any of its officers, agents, representatives or employees, arising out of or in connection with any actual or alleged infringement of any patent or copyright or any actual or alleged misappropriation or misuse of any uncopyrighted work, trade secret or unpatented invention, article or appliance pertaining in any respect to the Power Block Facility or any part thereof or process therein, or the use of any tools or implements by the Contractor or any Subcontractor.

(b) If in any suit or proceeding the Power Block Facility or any part thereof or process therein is held to constitute an infringement, misuse or misappropriation of any patent, copyright, trade secret, unpatented invention or uncopyrighted work, and its use is permanently enjoined, the Contractor shall, at once, make every reasonable effort to secure for

the Authority a license, at the Contractor's expense, authorizing the continued use of the Power Block Facility, and/or such part thereof and/or process therein. If the Contractor is unable to secure such license within a reasonable time the Contractor shall, at its own expense, and without impairing performance requirements of the operation and maintenance of the Power Block Facility or any part thereof or process therein, cause the same to be replaced with non-infringing components or parts or modify same so that they become non-infringing.

(c) If in any suit or proceeding a temporary restraining order or preliminary injunction is requested, the Contractor shall immediately retain competent counsel and shall make reasonable efforts, by giving a satisfactory bond or otherwise, to avoid the issuance of or alternatively to secure the release of such order or injunction.

(d) This Section 9.09 shall survive the termination of this Agreement.

X. DEFAULT; TERMINATION OF CONTRACT

10.01 Events of Default by Contractor. The occurrence of any of the following at any time during the Term of this Agreement shall constitute an event of default (hereinafter an "Event of Default") on the part of the Contractor provided that, for a default under Sections 10.01(a) and (b), the Contractor has received written notice certified receipt requested thereof from the Authority and, after ten (10) days from receipt of such notice, has failed or refused to commence appropriate steps to cure such default or thereafter fails to diligently prosecute the same to completion:

(a) Failure to Meet Performance Guarantees. The failure of the Power Block Facility to satisfy the guarantees required by Sections 6.01 or 6.02 for two (2) consecutive Contract Years unless such failure is caused by Force Majeure, Change of Law or an Authority Event of Default; or

(b) Abandonment. The actual or constructive abandonment of the Power Block Facility by the Contractor or the discontinuance for a period of more than six (6) months by the Contractor of the diligent operation and maintenance of the Power Block Facility; unless such failure or refusal is caused by Force Majeure, Change of Law or an Authority Event of Default, and only if such failure or refusal is of a material nature; or

(c) Voluntary Bankruptcy. The written admission by the Contractor that it is bankrupt, or the filing by the Contractor of a voluntary petition under any bankruptcy or insolvency act, or the consent by the Contractor to the appointment by a court of a receiver or trustee for all or a substantial portion of its property or business, or the making by the

Contractor of any arrangement with, or for the benefit of, its creditors involving an assignment to, or composition with, a trustee, receiver or similar fiduciary, regardless of how designated, of any portion of the Contractor's property or business; or

(d) Involuntary Bankruptcy. The filing of an involuntary petition in bankruptcy or for reorganization or for the adoption of an arrangement with creditors with respect to the Contractor under any bankruptcy or insolvency act, which petition is not discharged within sixty (60) days after its filing; or

(e) Insolvency. The insolvency of the Contractor or the failure or inability of the Contractor to pay its debts as and when they fall due, or the making of an assignment for the benefit of its creditors or the appointment of a receiver or trustee for all or substantially all of its assets; or

(f) Default as to Third Parties. A default by the Contractor with respect to any obligation to any third party which may permit any third party, either immediately or following notice and/or the passage of time to accelerate the maturity of any obligation of the Contractor, to assume control of the Contractor or to take possession of or transfer or cause to be transferred to any third party any portion of the assets of the Contractor but only if such default materially interferes with or prevents Contractor's performance under this Agreement; or

(g) Liquidation. Any proceeding to, or attempt to, liquidate the affairs of the Contractor.

10.02 Events of Default by Authority. The occurrence of any of the following at any time during the term of this Agreement shall constitute an Authority Event of Default provided that the Authority has received written notice thereof from the Contractor certified receipt

requested and, after ten (10) days from receipt of such notice, has failed or refused to cure or if not curable within such period to commence appropriate steps to cure such default and diligently prosecute the same to completion:

(a) Failure by the Authority or the Trustee to pay to the Contractor, or any act or omission by the Authority which directly or indirectly causes the Trustee to fail to pay to the Contractor, any amount due under this Agreement within thirty (30) calendar days after the same is due (or sixty (60) calendar days after the same is due if such failure is caused by an act or event of Force Majeure or Change in Law) unless such failure is caused by an act or Event of Default of the Contractor.

(b) The failure or inability of the Authority to pay its debts with respect to the System as and when they fall due.

10.03 Rights of the Authority Upon Contractor's Default. If any Event of Default occurs on the part of the Contractor in addition to any resulting damages under Article VII, the Authority shall be entitled, by written notice to the Contractor certified receipt requested, to terminate this Agreement and direct the Contractor to vacate the Power Block Facility and the site. Such termination shall be effective upon the date specified in the Authority's notice of termination, but not earlier than thirty (30) days after receipt by the Contractor of such notice. If, during such period, the Contractor cures such default or institutes arbitration proceedings under Section 12.10 relating to the event in question, the Authority shall not be entitled to suspend or terminate this Agreement during such arbitration. During arbitration, both parties shall be required to continue to perform their obligations hereunder, without prejudice to their positions in arbitration. After such arbitration, if the Contractor is found to be in default, the

Authority shall be entitled to suspend or terminate after the expiration of the original thirty (30) day period.

10.04 Rights of the Contractor Upon the Authority's Default. If any Authority Event of Default occurs, the Contractor may, by written notice to the Authority certified receipt requested, suspend or terminate this Agreement on account thereof and/or the Contractor may seek to recover any amount payable under this Agreement for work actually done and all costs directly incurred by the Contractor by reason of such Authority Event of Default and such other damages and remedies as may be provided by the terms and conditions of this Agreement. No such notice shall be effective until the expiration of forty-five (45) days after receipt by the Authority. If, during such period, the Authority cures such default or institutes arbitration proceedings under Section 12.10 relating to the event in question, the Contractor shall not be entitled to suspend or terminate this Agreement during such arbitration. After such arbitration, if the Authority is found to be in default, the Contractor shall be entitled to suspend or terminate after the expiration of the original forty-five (45) day period.

10.05 Force Majeure Termination. If, as a result of an act or event of Force Majeure or a Change of Law, the Power Block Facility cannot perform at an average of fifty percent (50%) or better of the Throughput Guarantee and the Steam Generation Guarantee for three consecutive Contract Years and there is no reasonable prospect of the Power Block Facility performing at such levels or better in the foreseeable future, then the Contractor shall be entitled to a Force Majeure Termination. In such event the Contractor shall be entitled to terminate its performance on twelve (12) months' prior written notice, without liability.

10.06 Contractor Termination.

(a) The Contractor may declare a Contractor Termination if, despite Contractor's best efforts to properly operate the Power Block Facility over the previous twelve (12) months, the Power Block Facility has not performed at an average of ninety-five percent (95%) or better of the Throughput Guarantee and the Steam Generation Guarantee. In such event the Contractor shall be entitled to terminate its performance on twelve (12) months' prior written notice pursuant to the terms of subsection (b) below.

(b) During the notice period after a declaration of Contractor Termination, Contractor shall continue to use its best efforts to properly operate the Power Block Facility, and shall continue to pay to the Authority liquidated damages under Article VII, to the extent required by the terms of such Article. If, over the notice period, the Power Block Facility performs at an average of ninety-five percent (95%) or better of the Throughput Guarantee and the Steam Generation Guarantee, the Contractor shall not be entitled to terminate its performance and the Contractor Termination shall be rescinded.

If the Contractor is entitled, and does terminate, it shall pay to the Authority, as liquidated damages, the sum of eight million dollars (\$8,000,000), as adjusted from July 1, 1985 to reflect the change in the Consumer Price Index from such date.

10.07 Effect of Termination or Notice Thereof. In the event this Agreement is terminated in accordance with its terms, the liabilities and obligations of both parties hereunder shall thereupon terminate except that:

(1) The Authority and/or the Trustee shall within thirty (30) days after the effective date of termination, pay to the Contractor any sums due to the Contractor under this Agreement prior to the effective date of termination and remaining unpaid;

(2) The Contractor shall, within thirty (30) days after the effective date of termination, pay to the Authority and/or the Trustee, as the case may be, any sums due to the Authority or the Trustee under this Agreement which are payable by the Contractor and which remain unpaid; and

(3) All of Contractor's rights, title and interest in and to the Power Block Facility and site shall cease unless otherwise specifically provided herein.

10.08 Transfer of Operations on Termination. In the event this Agreement is terminated by the Authority pursuant to this Article X, the Contractor agrees to cooperate with the Authority or any other party chosen to operate the Power Block Facility by providing initial training and data as may reasonably be agreed upon by the Contractor and the Authority to be necessary, subject only to agreements with respect to proprietary information, and Contractor shall be paid its reasonable costs and expenses thereof.

10.09 Limitation of Liability.

(a) The parties acknowledge and agree that because of the unique nature of the Power Block Facility, it is difficult or impossible to determine with precision the amount of damages that would or might be incurred by the Authority or the Contractor as a result of a breach of this Agreement by the other party. Accordingly, the parties agree that the parties shall be liable and obligated to pay only those damages and other amounts as may be expressly due and payable in accordance with the terms of this Agreement, and that the damages and other amounts that may become due pursuant to the terms of this Agreement shall constitute the other party's sole remedies.

(b) The liability of the Contractor and its Subcontractors with respect to any and all claims arising out of the performance or nonperformance of obligations in connection with this

Agreement, whether based on contract, warranty, tort (including negligence), strict liability or otherwise shall in no event include special, incidental or consequential damages of any nature, except as expressly set forth herein.

(c) The liability of the Authority, with respect to any and all claims arising out of the performance or non-performance of obligations in connection with this Agreement, whether based on contract, warranty, tort (including negligence), strict liability or otherwise shall in no event include special, incidental or consequential damages of any nature, except as expressly set forth herein.

(d) The Authority shall, to the extent permitted by law, defend, indemnify and hold the Contractor harmless from and against any claim, suit, loss, cost, liability or damage (including reasonable attorney's fees) including, but not limited to, liability or costs assessed against the Contractor pursuant to 42 U.S.C. Section 9604 et seq., Comprehensive Environmental Response, Compensation and Liability Act of 1980, amendments thereto and regulations promulgated thereunder, based on or related to complaints or allegations, whether or not supported by fact, that emissions from the Power Block Facility and/or the effluent from the Residue or Unprocessed Waste was, or contained substances or, when combined with other substances was, injurious to human or animal health, to the extent such claims, suits, losses, costs, liabilities or damages are not covered by, or reimbursed to the Contractor out of, insurance required pursuant to the terms of this Agreement. The foregoing shall not apply to instances when the Contractor operated the Power Block Facility with the prior actual knowledge of, or when the Contractor reasonably should have had knowledge of, the existence of such injurious substance in the Power Block Facility emissions or effluent, in the Residue or Non-processed Waste in levels above that permitted by law, or where such emissions or

effluent was caused by operation of the Power Block Facility not in compliance with the requirements of this Agreement or any applicable permit, law, ordinance or regulation in which case the Contractor shall defend, indemnify and hold the Authority harmless from and against any such claim, suit, loss, cost, liability or damage (including reasonable attorney's fees).

XI. FORCE MAJEURE AND CHANGE OF LAW

11.01 Nonperformance, Change in Performance or Change in Payment. As of the Effective Date, the Contractor shall, within a reasonable period of time after any cessation of or change in performance due to an act or event of Force Majeure or Change of Law or after it becomes aware of the probability of any cessation or change, provide the Authority with a written notice of such actual or probable cessation or change. Such notice shall set forth in detail the causes, the estimated duration of such condition, the effect to date and the probable future effect on the Contractor's performance under this Agreement the steps being taken or to be taken to avoid, remove or minimize adverse effects on the Contractor's performance, and the portion or portions of the Power Block Facility affected. The Contractor shall submit such documentation as the Authority may reasonably request for the purpose of determining the number of days that the Contractor believes non-performance shall continue and the net increase or decrease, if any, in the payments under Sections 5.01 or 5.02. In the event the Authority and the Contractor do not agree as to the existence of an act or event of Force Majeure or Change of Law, the duration of any resulting non-performance or the adjustment of the payments under Sections 5.01 or 5.02, if any, the matter shall be determined by arbitration, in accordance with Section 12.10. No such cessation of performance shall be deemed a waiver of the right of the Authority to require the performance of the Contractor under this Agreement, nor otherwise a waiver of the rights of either party under this Agreement.

11.02 Additional Capital. As of the Effective Date, in the event that funds are required under Section 5.02 to repair any part of the Power Block Facility damaged by an act or event of Force Majeure or under Sections 5.01 or 5.02 to make capital improvements of the Power Block Facility in response to a Change in Law or act or event of Force Majeure, the Authority shall use its best efforts to raise the additional capital necessary, subject to any restrictions in the Resolution. The Contractor will use its best efforts to assist the Authority in raising such additional capital (provided, however, that the Contractor shall not be obligated to lend such amounts or to guarantee any loan).

11.03 Avoidance and Removal. As of the Effective Date, the parties shall cooperate and use their best efforts to eliminate or reduce the conditions causing the claim that an act or event of Force Majeure or Change of Law has occurred as promptly as possible, so that normal operation may be resumed or so that the act or event does not materially and adversely affect the payments under Sections 5.01 or 5.02, provided the Contractor shall not be responsible for contesting federal or state legislative enactments. If the Contractor can proceed with the operation and maintenance of parts of the Power Block Facility unaffected by the act or event of Force Majeure or Change of Law, it shall be obligated to do so.

XII. MISCELLANEOUS PROVISIONS

12.01 Representations, Warranties and Covenants of Contractor.

(a) Representations and Warranties. The Contractor represents and warrants to the Authority as follows:

(i) As of the date of this Agreement, the Contractor is a Connecticut corporation, duly organized and existing under and by virtue of the laws of such state and is duly authorized to do business in the State of Connecticut.

(ii) The Contractor has full power and authority to execute and deliver this Agreement and to perform this Agreement in accordance with its terms.

(iii) The officers of the Contractor who are here undersigned have been empowered by all necessary authorizations and resolutions to execute this Agreement on its behalf.

(iv) To the best of its knowledge, there is no pending or threatened litigation or governmental proceeding to which the Contractor is a named party which could adversely affect the operation or maintenance of the Power Block Facility under the terms and conditions of this Agreement or which could adversely affect any of the obligations of the Contractor under this Agreement.

(v) Absence of Conflict. This Agreement is not in conflict with any material provision of the Contractor's Articles of Incorporation or Bylaws, or with any material provisions of any indenture, contract or agreement to which the Contractor is a party or by which the Contractor or any of its property is bound. This Agreement will not

violate any material provisions of law applicable to the Contractor or any material order, judgment or decree by which the Contractor is bound.

(b) Covenants. The Contractor covenants that so long as this Agreement continues in effect:

(i) Status and Qualification. The Contractor shall maintain its status under the laws of the State of Connecticut.

(ii) Taxes and Obligations. The Contractor shall file all tax returns when due and shall promptly pay and discharge all of its obligations when due, including all property and other taxes, assessments and claims which might give rise to a lien on the Power Block Facility or the site of the Power Block Facility, except such as may be contested in good faith by appropriate proceedings prior to final judgment or determination, provided that the Contractor shall establish appropriate reserves with respect to such contested obligations and shall pay all such contested obligations when and to the extent that a final judgment or determination is made.

12.02 Representations and Warranties of the Authority. The Authority represents and warrants to the Contractor as follows:

(i) This Agreement has been entered into pursuant to the authority granted by the laws of the State of Connecticut. Pursuant to Section 22a-274 of the General Statutes, the Authority on behalf of the State, hereby pledges to the Contractor that the State will not limit or alter the rights vested in the Authority by the Act until this Agreement is fully performed provided that such pledge shall not preclude such limitation or alteration if and when adequate provision has been made by law for the protection of the rights of the Contractor under this Agreement.

(ii) To the best of its knowledge, there is no pending or threatened litigation or governmental proceeding to which the Authority is a named party which could adversely affect the operation or maintenance of the Power Block Facility under the terms and conditions of this Agreement or which could adversely affect any of the obligations of the Authority under this Agreement.

(iii) Absence of Conflict. This Agreement is not in conflict with any material provision of the Act, or with any material provisions of any indenture, contract or agreement to which the Authority is a party or by which the Authority or any of its property is bound. This Agreement will not violate any material provisions of law applicable to the Authority or any material order, judgment or decree by which the Authority is bound.

(iv) The Authority, as of the Effective Date, shall possess all of the property rights necessary to provide the Contractor all use and access necessary for the operation and maintenance of the Power Block Facility as provided in this Agreement.

12.03 Binding Effect. This Agreement shall be binding on the Authority, the Contractor and their respective successors and assigns.

12.04 Assignment of Agreement. Any assignment or attempted assignment, whether voluntary or by operation of law or otherwise, of any right (other than the right to receive payments as and when due) or obligation of the Contractor hereunder without the prior express written consent of the Authority shall be null and void, provided, however, that assignment or transfer of any or all of such right shall be permitted without the prior express written consent of the Authority to any entity which may now or hereafter control, or be controlled by or be under common control with the Contractor provided either that the Contractor remains fully

obligated to the Authority under the terms of this Agreement or that any successor of the Contractor essentially equivalent in substance and positive net worth expressly accepts and assumes any and all obligations and/or liabilities of the Contractor under this Agreement. This Agreement may be assigned by the Authority to the Bond Trustee or to any successor of the Authority pursuant to the Act.

12.05 Governing Law. This Agreement shall be governed by, and construed, interpreted and enforced in accordance with the laws of the State of Connecticut as such laws are applied to contracts between Connecticut residents entered into and to be performed entirely in Connecticut.

12.06 Notice. All notices, approvals, acceptances, consents and similar communications required or contemplated by this Agreement shall be in writing and shall be delivered personally or by messenger, telexed, telegraphed or mailed by certified mail, postage prepaid and return receipt requested, addressed as follows, subject to the right of either party to change its address by written notice to the other:

If to the Authority:

President
Connecticut Resources Recovery Authority
100 Constitution Plaza, 17th Floor
Hartford, CT 06103-1702

If to the Contractor:

Ogden Energy Group, Inc.
40 Lane Road
Fairfield, NJ 07007-2615
Attention: General Counsel

and to:

Resource Recovery Systems of Connecticut, Inc.
Gate 20
Reserve Road
Hartford, CT 06114
Attention: Facility Manager

All such notices and other communications shall be deemed to have been given upon receipt by the addressee.

12.07 Expenses of Litigation. If any suit or other action at law or in equity is commenced to enforce or construe any provision of this Agreement or to resolve any dispute arising out of or in connection with this Agreement, each party shall pay its own costs and attorneys' fees, unless (x) such suit or action relates to an act or event of default, in which case the party in default shall pay the party not in default a reasonable sum for the non-defaulting party's attorneys' fees and costs of suit or (y) otherwise specified elsewhere in this Agreement.

12.08 Entire Agreement; Amendments. This Agreement, including all exhibits, constitutes the entire understanding and agreement between the Authority and the Contractor as to the subject matter hereof, and supersedes all prior agreements (except those expressly referenced herein), understandings and negotiations between the parties hereto with respect thereto. There are no terms, obligations, covenants or conditions between the parties with respect to such subject matter other than those contained herein. No modification or amendment of this Agreement shall be valid or effective unless expressly set forth in an agreement in writing signed on behalf of each party hereto.

12.09 Severability. In the event any covenant, condition or other provision of this Agreement is held to be invalid or unenforceable by a final judgment of a court of competent jurisdiction, then such covenant, condition or other provision shall be automatically terminated

and performance thereof waived, and such invalidity or unenforceability shall in no way affect any of the other covenants, conditions or provisions hereof, provided that such remaining covenants, conditions and provisions can thereafter be applicable and effective without material prejudice to either the Authority or the Contractor. In such event the particular provision held invalid shall be redrafted and adopted by the parties, if necessary in order to accommodate the parties' original intent and to comply with such judgment.

12.10 Arbitration.

(a) To the extent permitted by law, unless otherwise specified in this Agreement, any controversy arising under this Agreement which the parties are unable to resolve by mutual agreement shall be submitted to binding arbitration in Hartford, Connecticut, in accordance with the then current rules of the American Arbitration Association (hereinafter referred to as the "AAA"), and any decision of the arbitrators in any such arbitration shall be conclusive as to the matters submitted to them, shall be final and binding upon the parties hereto, and may be enforced in any court of competent jurisdiction in the State. Either party may give to the other written notice of its desire to have a matter arbitrated, in which event a hearing thereon shall commence within a reasonable time (not to exceed fifteen (15) days) thereafter. Any rule of the AAA to the contrary notwithstanding, the issue under arbitration shall be heard and decided by a panel of three (3) arbitrators, of whom one (1) arbitrator shall be designated by the Authority, one (1) arbitrator shall be designated by the Contractor, and the third shall be selected by mutual agreement of the other two (2); provided, however, that in the absence of any such designation or agreement, the balance of the panel of arbitrators shall be designated by the AAA. Any decision as to the issue or issues properly before the panel, including the sharing of the cost of arbitration, and joined in by at least two (2) of the members of such

panel, shall be the decision of the panel, and such decision shall be final and binding upon the parties and not subject to appeal.

(b) Costs incurred resulting from items submitted for decision shall be paid for by the nonprevailing party. Where the decision is not clearly in the favor of either party then the percentage of such additional costs shall be paid by the Authority and the Contractor as decided by the arbitration panel as the case may be.

(c) Any decision or award of the arbitrators shall be based solely on the provisions of this Agreement. If the subject matter for the decision or award is not provided for in the Agreement, it shall be based on the law (excluding law relating to conflicts of law) of the State. The arbitrators shall not be requested nor shall they have the power to render any decision or award except in accordance with the two preceding sentences. Any decision or award not complying with the foregoing shall be subject to appeal and judicial review of the petition of either party.

12.11 Nondiscrimination in Employment.

The Contractor agrees and warrants that in the performance of the Agreement Documents, the Contractor will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, ancestry, sex, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved, in any manner prohibited by the laws of the United States or of the State of Connecticut. The Contractor further agrees to take affirmative action to ensure that applicants with job related qualifications are employed and that employees are treated when employed without regard to their race, color, religious creed, age, marital status, national origin,

ancestry, sex, mental retardation, or physical disability, including, but not limited to, blindness, unless it is shown by the Contractor that such disability prevents performance of the work involved. The Contractor agrees, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, to state that it is an "affirmative action-equal opportunity employer" in accordance with regulations adopted by the Connecticut Commission on Human Rights and Opportunities (the "Commission"). The Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission, advising the labor union or workers' representative of the Contractor's commitments under Section 4a-60 of the Connecticut General Statutes and to post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor agrees to comply with each applicable provision of Sections 4a-60, 46a-68e, and 46a-68f, inclusive, of the Connecticut General Statutes and with each regulation or relevant order issued by the Commission pursuant to Sections 46a-56, 46a-68e, and 46a-68f of the Connecticut General Statutes. The Contractor agrees to provide the Commission with such information requested by the Commission, and permit access to pertinent books, records and accounts concerning the employment practices and procedures of the Contractor as relate to the applicable provisions of Sections 4a-60 and 46a-56 of the Connecticut General Statutes.

(b) The Contractor agrees and warrants that in the performance of this Agreement, it will not discriminate or permit discrimination against any person or group of persons on the grounds of sexual orientation, in any manner prohibited by the laws of the United States or of the State of Connecticut, and that employees are treated when employed without regard to their

sexual orientation. The Contractor agrees to provide each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding and each vendor with which the Contractor has a contract or understanding, a notice to be provided by the Commission advising the labor union or workers' representative of the Contractor's commitments under Section 4a-60a of the Connecticut General Statutes, and to post copies of the notice in conspicuous places available to employees and applicants for employment. The Contractor agrees to comply with each provision of Section 4a-60a of the Connecticut General Statutes and with each regulation or relevant order issued by the Commission pursuant to Section 46a-56 of the Connecticut General Statutes. The Contractor agrees to provide the Commission with such information requested by the Commission and permit access to pertinent books, records and accounts, concerning the employment practices and procedures of the Contractor which relate to the relevant provisions of Section 4a-60a and Section 46a-56 of the Connecticut General Statutes.

12.12 Protection of Persons and Property; Risk of Loss or Damage.

(a) The Contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the performance of this Agreement. The Contractor shall take all reasonable precautions for the safety of, and shall provide all reasonable protection to prevent damage, injury or loss to:

- (i) all employees on the work site and all other persons who may be affected thereby;
- (ii) all the work and all materials and equipment to be incorporated therein, whether on or off the site, for any component of the Power Block Facility under the care, custody or control of the Contractor or any of the Subcontractors; and

(iii) other property at the site or adjacent thereto, including trees, shrubs, lawns, walks, pavement, roadways, structures and utilities.

(c) The Contractor in performing its obligations under this Agreement shall comply with all applicable laws, ordinances, rules, regulations and lawful orders of any public authority having jurisdiction over the safety of persons or property or the protection of them from damage, injury or loss. The Contractor shall erect and maintain, as required by then-existing conditions, all necessary safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations and notifying respectively, the Authority and owners and users of properties adjacent to the site. The Contractor shall advise the Authority of all incidents of loss, theft and vandalism.

12.13 Failure or Indulgence Not Waivers; Cumulative Remedies. Except as expressly provided herein, no failure to exercise, and no delay in exercising, any right, power or remedy hereunder on the part of either party shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No express waiver shall affect any Event of Default other than the Event of Default specified in such waiver, and any such waiver, to be effective, must be in writing and shall be operative only for the time and to the extent expressly provided therein by the waiving party. A waiver of any covenant, term or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. All the rights, powers and remedies of either party shall be cumulative and shall be in addition to any and all other rights, powers and remedies provided at law, in equity, by statute or otherwise, except as expressly limited in this Agreement. The exercise of any right, power or remedy by either party shall not in any way constitute a cure or

waiver of any Event of Default by the other party, or prejudice such party in the exercise of any of its rights, powers or remedies.

12.14 Condemnation.

(a) In the event the Power Block Facility or a portion thereof is taken by the lawful exercise of the power of eminent domain, the Authority may terminate this Agreement upon at least thirty (30) days' prior written notice to the Contractor and to the Bond Trustee. In such event the proceeds of any condemnation award received by either the Contractor or the Authority shall be paid to the Bond Trustee to be applied to the redemption of the Bonds in accordance with the terms and conditions of the Bond Resolution.

(b) In the event the Power Block Facility or a portion thereof is taken by the lawful exercise of the power of eminent domain and the balance thereof can, by replacement or reconstruction, be reconstructed to substantially the form existing prior to such exercise of the power of eminent domain, the Contractor shall promptly reconstruct or replace that portion of the Power Block Facility so condemned. In such event the proceeds of any condemnation award received by either the Contractor or the Authority shall be paid to the Bond Trustee and applied to the cost of such restoration. To the extent the cost of such restoration exceeds the net proceeds of any condemnation award, and to the extent of any nonperformance caused by such condemnation, the condemnation shall be treated as a Change of Law. If the cost of such restoration is less than the proceeds of any condemnation award, the excess shall be paid to the Bond Trustee to be applied to the redemption of the Bonds in accordance with the terms and conditions of the Resolution.

12.15 Compliance with Law and Other Applicable Standards.

The Contractor shall operate and maintain the Power Block Facility in accordance with all applicable laws, rules, regulations and ordinances including, without limitation, applicable (a) federal, state and municipal statutes and those of any political subdivision or agency thereof, (b) administrative and judicial decrees, orders and judgments and (c) orders and edicts of all other public bodies, relating to the disposal of waste or the operation or maintenance of the Power Block Facility. In the event of any conflict between applicable laws and regulations, the most stringent shall apply.

12.16 Relationship of Parties. The relationship between the parties shall be limited to the performance of this Agreement solely in accordance with its terms. No party shall have any responsibility whatsoever with respect to services provided or contractual obligations assumed by the other party and nothing in this Agreement shall be deemed to constitute either party a partner, agent, joint venturer or legal representative of the other party or to create any fiduciary relationships. No liability or benefits, such as worker's compensation, pension rights or liabilities, insurance rights or liabilities, or other provisions or liabilities arising out of or related to a contract for hire or employer/employee relationship shall arise or accrue to either party or either party's officers, agents or employees as a result of this Agreement. The Contractor's status shall be that of an independent contractor.

12.17 Effect of Article and Section Headings and Table of Contents. The headings and titles of the articles and sections hereof, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning or the construction, interpretation or effect of this Agreement.

12.18 Agreement May Be Executed in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CONNECTICUT RESOURCES RECOVERY
AUTHORITY

By RE Wright

Title: President

RESOURCE RECOVERY SYSTEMS OF
CONNECTICUT, INC.

By ADL *ADL*

Title: EVP

EXHIBIT A
ELECTRICITY RATES

<u>Calendar Year</u>	<u>Rates (¢/kWh)</u>
2000	2.90
2001	3.00
2002	3.10
2003	3.20
2004	3.30
2005	3.30
2006	3.30
2007	3.30
2008	3.30
2009	3.30
2010	3.30
2011	3.30
2012*	3.30

* through May 31, 2012

EXHIBIT B

CRRRA MID-CONNECTICUT RESOURCES RECOVERY PROJECT

OPERATING/MAINTENANCE - PERSONNEL

<u>Position</u>	<u>Number</u>
Plant Manager	1
OP Manager	1
Plant Engineer	1
Account Clerk	1
Inventory	1
Secretary	1
Supervisory	
Shop Spver	1
Cont Rm Opr	5
Power Plant	
Chief Operator	5
Assist Operator	10
Fuel Tender	3
Auxiliary Oper	10
Lab Tech	2
Maintenance	
Inst/Elect	2
Electrician	2
Mach Oper/Mech	3
Gen Laborer	<u>7</u>
	56

EXHIBIT C

Performance Standards

In order to prove good overall plant operation O_2 will be continuously monitored. If the O_2 level is below 9.5(%) percent O_2 on an annual average basis, regardless of the combination of fuels which have been fired or the percent load at which they were fired, no correction factor is required.

In the event that the annual O_2 average is above 9.5 percent O_2 , the correction factor shall be applied in the following manner.

$$\text{DELTA } O_2 = \text{ACTUAL } O_2 - \text{BASE } O_2$$

Where:

ACTUAL O_2 is the percent O_2 by volume dry as measured at the tubular air heater outlet.

BASE O_2 is 9.5 percent O_2 by volume dry as agreed upon at the tubular air heater outlet.

DELTA O_2 is the difference between the ACTUAL O_2 and the BASE O_2

Based on the specified fuel analyses with one unit operating on Processed Waste, one operating on Coal and one operating on approximately 50 percent Coal and 50 percent Processed Waste, the average efficiency will be 78 percent. This efficiency will be used as the base efficiency for calculating the Correction Factor (CF), regardless of the mixture of fuels or the percent load at which the fuels are being fired.

At the above conditions:

$$1.0 \text{ percent DELTA } O_2 = 0.50 \text{ percent efficiency}$$

Therefore the Correction Factor (CF) is:

$$CF = \frac{\text{DELTA } O_2 \times 0.50}{78}$$

Steam Flow:

$$\text{ASFL} = \text{ASFG} \times \text{CF}$$

Where:

ASFL = Annual Steam Flow Lost (Pounds)

ASFG = Annual Steam Flow Generated (Pounds)

The amount of Coal required to generate-the Annual Steam Flow Lost is calculated as follows:

$$\frac{188,500 \text{ lbs/hr of Steam}}{245 \text{ million Btu/hr}} = \frac{770 \text{ lbs Steam}}{\text{Million Btu}}$$

The 188,500 lbs/hr of Steam and the 245 million Btu/hr come from Section 8.01 of Construction Contract.

$$\text{Excess Coal} = \frac{\text{ASFL}}{770}$$

Where:

$$\begin{aligned} \text{ASFL} &= \text{Annual Steam Flow Lost (Pounds)} \\ \text{Excess Coal} &= \text{Annual amount of Coal in million Btu's} \\ &\quad \text{for penalty calculations} \end{aligned}$$

Therefore:

$$\text{Excess Coal Payment} = \text{Excess Coal} \times \text{Avg Price of Coal per Million Btu}$$

EXHIBIT D
Equivalent Availability

The equivalent availability (EA) of each steam generating/air pollution control train ("Unit") shall be defined according to the following:

$$EA = \frac{8760 - TOH - EOH}{8760} \text{ in hours per Contract Year,}$$

where TOH = hours per Contract Year the Unit is not able to generate steam when the Waste Processing Facility is capable of delivering Processed Waste and the Electric Generation Facility is capable of receiving steam*

$$EOH = \frac{\sum[(POH)(Lb/Hr \text{ Reduction In Steam Capacity})]}{(Lb/Hr \text{ Rated Steam Capacity})}$$

in hours per Contract Year

POH = the outage hours, other than TOH, per Contract Year outage for each type of equipment which affects Steam generating capacity, which list of such equipment and the associated reduction in Steam capacity caused by an outage was mutually agreed upon prior to initial startup of the Power Block Facility.

The Total Equivalent Availability (EA_T) in percent shall be calculated as follows:

$$EA_T = \frac{(EA_1 + EA_2 + EA_3)}{26,280} \times 100$$

where EA₁ is for Unit 11 in hours per Contract Year

EA₂ is for Unit 12, in hours per Contract Year

EA₃ is for Unit 13. in hours per Contract Year

- * If the Authority exercises its option to install a dump condenser designed to condense steam generated when turbine capacity is limited TOH will be calculated regardless of whether the EGF is capable of receiving Steam.

EXHIBIT E

Calculation of Excess Revenues

Excess Revenue = Excess Steam Generation Revenue + Coal Savings

where:

Excess Steam Generation Revenue = (A) x (B) x (C), and

Coal Savings = (X) x (Y)

A = Production of Steam in excess of 4,474,000,000 lb of Steam per Contract Year as adjusted in accordance with Section 6.02, (lb/yr);

B = The Average Annual Energy Conversion (kwh/lb Steam) as determined by Gross Annual Generation of Electricity (kWh/yr) divided by Annual Quantity of Steam delivered to the Turbine Generator (lb Steam/yr);

C = Eight and One-Half Cents Per kWh;

And,

X = Coal Use Reduction (tons/yr) as a result of firing less Coal than 72,305 Tons per year as adjusted in Section 7.03.

Y = Average Annual Cost of Coal Purchased (\$/ton) as determined by the Total Annual Cost of Coal divided by the Total Annual Quantity of Coal Purchased.

EXHIBIT F

Equipment, Materials and Supplies

A. Plant Maintenance and Materials

1. Spare Parts:

- RDF Feed System & Feeders
- Boiler
- Electrical
- Balance of Power Plant
- Misc. Facility Equipment
- Mobile Equipment
- Facility Miscellaneous
- Electrical & Control
- Dry-Scrubber/Baghouse
- Coal Handling System

2. Replacement Reserve:

- RDF Feed System & Feeders
- Superheater Replacement
- Stack
- Dry-Scrubber
- Baghouse
- Mobile Equipment
- Facility Miscellaneous

3. Miscellaneous:

- Building Cleaning and Maintenance Services
- Office Supplies & Reproduction
- Invoicing & Mailing
- Uniforms
- Miscellaneous Supplies (Rags, etc.)
- Feedwater Treatment Chemicals
- Coal Pile Runoff Treatment

B. Contract Services and Rental Costs

1. Contract Services:

Annual Boiler Inspection & Overhaul
Fuel Testing (Coal)
Audit
Instrument & Control
Boiler Cleaning
Elevator Maintenance & Inspection
Electrical Contractor
Snow Plowing

2. Equipment Leasing:

Tracked Loader
Loader-Ash
Yard Tractors
Automobile
Maintenance Vehicle
Forklift

C. Indirect Costs

Telephone
Computer Maintenance & Software

D. Fuel

1. Diesel Rolling Stock

Tracked Loader
Loader-Coal

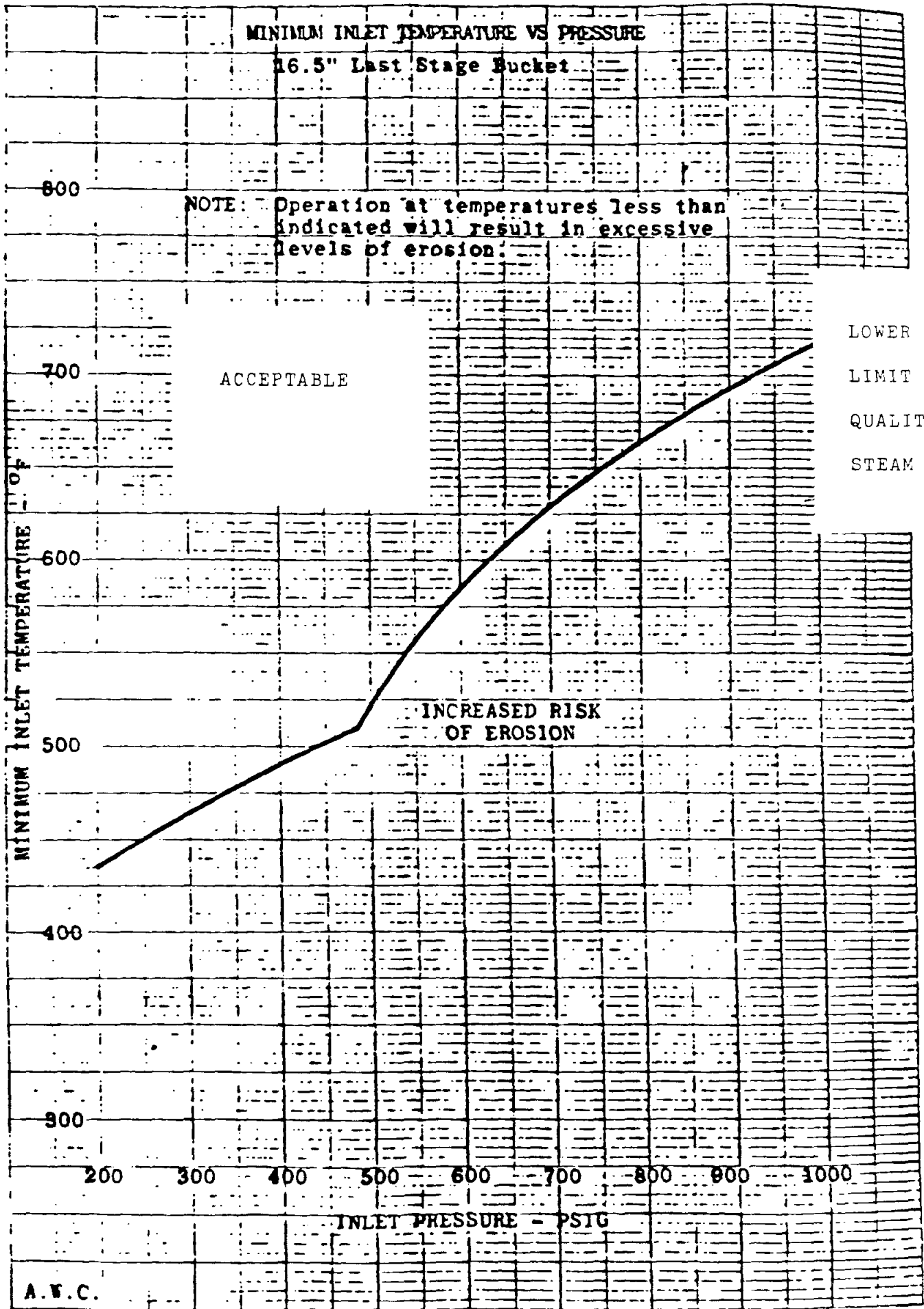
2. Gasoline Rolling Stock

Automobile
Maintenance Truck
Forklift

3. Boiler Start-Up Fuel

EXHIBIT G

MINIMUM ACCEPTABLE PRESSURE AND TEMPERATURE FOR QUALITY STEAM



ENERGY PURCHASE AGREEMENT
EXHIBIT C
MAXIMUM ACCEPTABLE CONTAMINANTS FOR QUALITY STEAM

LIMITS FOR BOILER WATER
(Based on Drum Water Analyses)

Pressure at Outlet of Steam Generating Unit, psig	Total Solids ppm	OH Alkalinity ppm	Silica ppm	Phosphate ppm	Sulfite ppm	Hardness ppm	Chlorides ppm
0 - 150	2000	200	50	50	30	0	250
151 - 450	1500	100	35	50	30	0	200
451 - 750	1000	60	25	25	25	0	150
751 - 900	750	55	10	25	20	0	50
901 - 1500	500	25	5	20	*10	0	20
1501 - 2000	200	20	2	15	* 3	0	2
2001 - 2400	75	16	0.4	10	* -	0	1

*It is preferable to substitute hydrazine for sulfite in units operating above 900 psig.