CONNECTICUT RESOURCES RECOVERY AUTHORITY
CONNECTICUT'S RECYCLING LEADER

Mid-Connecticut Project Municipal Advisory Committee Regular Meeting

November 17, 2010, 8:30 a.m.
CRRA Trash Museum, 211 Murphy Road, Hartford

Agenda

1. Call to order – Chairman Ryan Bingham
2. Pledge of Allegiance
3. Roll call
4. Approval of minutes
   a. August 25, 2010, meeting (See Section 1 of agenda package)
   b. September 28, 2010, special meeting (See Section 2 of agenda package)
5. Update on activities of Mid-Connecticut Project Special Committee (See Section 3 of agenda package)
   a. Resolution to Establish a Committee on Governance Under Article VIII of the By-Laws (See Section 4 of agenda package)
      "Article VIII – Committees. The Municipal Advisory Committee may establish committees of members as the need arises. Such committees may be established either by a majority of members participating at a meeting or by order of the Chairman. The Chairman shall designate the chairman of each committee. Such committees will serve for the amount of time designated in the action establishing said committees."
6. Discussion and possible action on product-stewardship initiative for mattresses (See Section 5 of agenda package)
7. Election of officers for 2011 (as specified in Article VI of the By-Laws)
   a. ***"Section 6.1 – Officers of the Municipal Advisory Committee.*** The Officers of the Municipal Advisory Committee shall be the Chairman and a Vice-Chairman who shall be elected by a majority of members prior to the start of each calendar year.
   b. ***"Section 6.2 – Term.*** The term of officers shall be one calendar year, except that the first term shall be for the remainder of the calendar year in which these bylaws are adopted. Officers may serve more than one term."
8. Mid-Connecticut Project update – CRRA management
   a. Operational and financial performance (See Sections 6 through 9 of agenda package)
   b. President's report
      i. Legislative/legal report
      ii. Status of draft renewal Municipal Service Agreements
9. Selection of meeting dates for 2011 (See Section 10 of the agenda package)
10. Comments and questions from Municipal Advisory Committee members
11. Public comment
    Members of the public wishing to address the Municipal Advisory Committee may speak for up to three minutes.
12. Adjournment

SECTION 1

CONNECTICUT RESOURCES RECOVERY AUTHORITY
CONNECTICUT'S RECYCLING LEADER

MID-CONNECTICUT PROJECT MUNICIPAL ADVISORY COMMITTEE

The Mid-Connecticut Project Municipal Advisory Council (MAC) held its eighth meeting on Wednesday, August 25, 2010, at the Trash Museum in Hartford, Connecticut.

PARTICIPATING MUNICIPALITIES AND THEIR REPRESENTATIVES:

Town	First Name	Last Name	Title/Proxy
Avon	Richard	Barlow	Proxy for Town Manager Brandon Robertson
Barkhamsted	Donald	Stein	First Selectman
Bloomfield	Sydney	Schulman	Mayor (arrived at 8:55 a.m.)
Canton	Richard	Barlow	First Selectman
Coventry	John	Elsesser	Town Manager
East Granby	James	Hayden	First Selectman
East Hartford	Melody	Currey	Mayor
Farmington	Richard	Barlow	Proxy for Town Manager Kathleen Eagen
Glastonbury	Michael	Bisi	Proxy for Town Manager Richard Johnson
Granby	John	Adams	First Selectman
Goshen	Donald	Stein	Proxy for First Selectman Robert Valentine
Harwinton	Frank	Chiaramonte	First Selectman
Hebron	Bonnie	Therrien	Town Manager
Litchfield	Donald	Stein	Proxy for First Selectman Leo Paul
Manchester	Brooks	Parker	Environmental Services Manager / Proxy for Town Manager Scott Shanley
Naugatuck	Sheila	Baummer	Proxy for Mayor Robert Mezzo
Newington	John	Salomone	Town Manager
Norfolk	Susan	Dyer	First Selectman
Old Lyme	Timothy	Griswold	First Selectman (Arrived at 8:45 a.m.)
Old Saybrook	Timothy	Griswold	Proxy for First Selectman Michael Pace
Waterbury	Timothy	Griswold	Proxy for Mayor Michael Jarjura
Windsor Locks	Steven	Wawruck	First Selectman, VICE CHAIRMAN

CRRA MANAGEMENT ATTENDEES:
Thomas D. Kirk, President
Marianne Carcio, Executive Assistant
Peter W. Egan, Director of Environmental Affairs & Development / Acting Director of Operations
Paul Nonnenmacher, Director of Public Affairs
Ronald Gingerich, Manager of Development, Environmental Compliance & Information Technology
Michael R. Bzdyra, Government Affairs Liaison

MEMBERS OF THE PUBLIC:
Jonathan Bilmes, Bristol Resource Recovery Facility Operating Committee
Larrye deBear, Rocky Hill Town Council
John Pizzimenti, USA Hauling & Recycling

1. CALL TO ORDER

Municipal Advisory Committee **Chairman Ryan Bingham** called the meeting to order at 8:41 a.m.

2. PLEDGE OF ALLEGIANCE

All in attendance rose and recited the Pledge of Allegiance.

3. ROLL CALL

Upon request of Chairman Bingham, Mr. Nonnenmacher called the roll and reported that, including proxies, 17 votes were represented at the meeting, meaning there was no quorum.

4. APPROVAL OF MINUTES OF MARCH 3, 2010, MEETING

Chairman Bingham requested clarifications to the minutes. None were offered.

5. LEGISLATIVE UPDATE

Mr. Bzdyra discussed Senate Bill 394, which, in CRRA's view, would require private entities as well as CRRA to obtain a certificate of need before applying to the Department of Environmental Protection for permits to site and develop a solid waste facility. He also discussed cuts to state bonding and warned CRRA may get much less than the $10 million it has been promised to cover part of the costs of closing the Hartford landfill may be reduced. He also summarized House Bill 5124, a wide-ranging solid waste and recycling bill that would, among other things, increase reporting requirements for private haulers.

Mr. Adams asked CRRA to provide the text of a letter Mid-Connecticut Project CEOs could send to state officials.

Mr. Nonnenmacher said regulations to implement the electronics recycling legislation were finalized yesterday. **Mr. Egan** explained the system established in those regulations and the list of items that must be collected for recycling under the system.

Ms. Baummer asked whether the price CRRA pays for its electronics recycling covers all electronic devices. **Mr. Bzdyra** said it does.

Mr. Wawruck asked whether covered and non-covered electronic devices will have to be segregated at collection points. **Mr. Parker** said some contractors will do that.

Mr. Griswold asked whether CRRA's system of centralized electronics recycling collections would continue. **Mr. Egan** and **Ms. Bergenty** said it will.

6. UPDATE ON ACTIVITIES OF MID-CONNECTICUT PROJECT SPECIAL COMMITTEE

Mr. Nonnenmacher discussed the process and timetable for the Special Committee's work. Under Section 22a-268(f) of the Connecticut General Statutes, the Committee must report on future waste disposal options for Mid-Connecticut Project cities and towns by November 15, 2010.

7. MID-CONNECTICUT PROJECT UPDATE – CRRA MANAGEMENT

A. UPDATE ON EXPANSION OF PLASTICS RECYCLING

Mr. Nonnenmacher explained CRRA has begun accepting accepting additional types of plastic for recycling and that CRRA has brochures and flyers that towns can customize and use to educate their residents about the changes.

B. OPERATIONAL PERFORMANCE

i. MSW DELIVERIES AND TRENDS
ii.. RECYCLABLES DELIVERIES AND TRENDS
iii. PLANT OPERATIONAL SUMMARIES

Mr. Gingerich directed members' attention to detailed reports in the agenda package for all three items. In particular, he noted that trash deliveries in April 2010 were 3 percent greater than in April 2009, that deliveries of recyclables are up 3 percent year-to-date and the trash-to-energy plant recorded its highest unit-capacity factor of the year. **President Kirk** said the turnaround in performance is evidence that CRRA's capital investments in the facility are paying off.

iv. TRASH MUSEUM REPORT

Mr. Nonnenmacher directed members' attention to reports in the agenda package for this item. He also pointed out that the Trash Museum is seeking volunteers to help with its education programs.

C. FINANCIAL AND VARIANCE REPORT

President Kirk directed members' attention to financial reports contained in the agenda package. He said management is predicting a modest surplus of $2.5 million for Fiscal Year 2010.

D. LEGAL UPDATE

i. MDC-RELATED ISSUES

President Kirk updated committee members on arbitration with the Metropolitan District (MDC), which centers around MDC's claim that CRRA is responsible for $32 million in post-contract pension and benefits liabilities for MDC employees who have worked at the waste processing facility (WPF) under MDC's contract to operate the WPF. He said if CRRA is found responsible for those costs, management's intent is to pay them in future years. **Ms. McMullen** asked whether those costs would be passed to MDC towns if MDC is found to be responsible, and President Kirk said they would.

Mr. Schulman asked whether either party had asked for an expedited ruling. He said it troubles him that December 2011 (when MDC's contract with CRRA expires) is rapidly approaching and, based on his experience with complex litigation, the arbitration process will not be completed before the MDC-CRRA contract expires. He said the claim could be a substantial cost to the towns and the sooner it is resolved, the less impact it will have on the towns. He said he has the same comments and questions for MDC.

Mr. Salomone said the dispute has been a horrendous situation for towns that are served by both MDC and CRRA. **President Kirk** said management is aware of the costs, but cannot accept the $32 million claim because of the costs to the 70 Mid-Connecticut Project towns.

Mr. Adams asked whether the issue is the amount of the liability or the liability itself. **President Kirk** said the amount will be an issue, but less of an issue than the liability.

Mr. Griswold asked whether the amount of MDC's claim had grown radically over time. **President Kirk** responded that the claim was originally $7 million, but grew in increments to its present $32 million, and the claim is not something CRRA can try to seek from the towns at this time.

Ms. McMullen asked whether CRRA had a plan for the possibility that it would be found liable for the claim. **President Kirk** said CRRA would add 50 cents or $1 or $2 to disposal fees under the next municipal service agreements (MSAs) to cover those costs. She asked whether CRRA could sell bonds to finance the claim. **Mr. Bolduc** responded that because CRRA has no taxing power, it could not get such financing in the bond market.

ii. ONE / CHANE LITIGATION

President Kirk reviewed the history of this suit. He said a judge tried to mediate the dispute but failed and trial is scheduled to start June 6.

Mr. Schulman asked for a copy of the judge's ruling on CRRA's motion for summary judgment. **President Kirk** said he would provide it.

8. COMMENTS AND QUESTIONS FROM MUNICIPAL ADVISORY COMMITTEE MEMBERS

Mr. Adams when management would calculate the impact on future disposal fees should CRRA get no bond money for the Hartford landfill closure. **President Kirk** said the calculation would be made when CRRA receives a final decision on bond funds.

Mr. Wawruck asked whether the current disposal fee is based on CRRA's receiving the full $10 million remaining in the Legislature's commitment. **President Kirk** said it is. Mr. Wawruck asked how not receiving the $10 million would impact the disposal fee. President Kirk said getting $5 million less would result in about $6 being added to the disposal fee, but management is confident CRRA can absorb a $5 million reduction. The Committee engaged in a substantial discussion about contacting legislators to support the funding.

Mr. Stein asked about CRRA's deadline for accepting comments on the draft Tier 1 MSA. **President Kirk** said CRRA is still accepting comments and will hold a series of informational workshops on the MSA. He noted many towns have commented on flow control-related language in the MSA and explained CRRA is simply asking towns to adopt a flow-control ordinance and CRRA will provide enforcement as it has traditionally. He said that will be made clearer in the next draft of the MSA.

9. PUBLIC COMMENT

No member of the public spoke.

8. ADJOURNMENT

Chairman Bingham declared there were no further items on the agenda, and the meeting was adjourned at 9:50 a.m.

Respectfully Submitted,

Paul Nonnenmacher
Director of Public Affairs

SECTION 2

MID-CONNECTICUT PROJECT MUNICIPAL ADVISORY COMMITTEE

The Mid-Connecticut Project Municipal Advisory Council (MAC) held a special telephonic meeting on September 28, 2010, at Connecticut Resources Recovery Authority headquarters, 100 Constitution Plaza, Hartford, Connecticut.

PARTICIPATING MUNICIPALITIES AND THEIR REPRESENTATIVES:

Town	First Name	Last Name	Title/Proxy
Barkhamsted	**Donald**	**Stein**	First Selectman (on telephone)
Bolton	**Joyce**	**Stille**	Administrative Officer (on telephone)
Canton	**Richard**	**Barlow**	First Selectman (on telephone)
Chester	Timothy	Griswold	**(on telephone) Proxy for First Selectman Thomas Marsh**
Clinton	Timothy	Griswold	**(on telephone) Proxy for First Selectman William Fritz**
Deep River	Timothy	Griswold	**(on telephone) Proxy for First Selectman Richard Smith**
Durham	**Laura**	**Francis**	First Selectman (on telephone)
East Granby	**James**	**Hayden**	First Selectman (on telephone)
East Hartford	**Melody**	**Currey**	Mayor (on telephone)
Glastonbury	**Michael**	**Bisi**	Proxy for Town Manager Richard Johnson
Granby	**John**	**Adams**	First Selectman (on telephone)
Goshen	**Robert**	**Valentine**	First Selectman (on telephone)
Harwinton	**Frank**	**Chiaramonte**	First Selectman (on telephone)
Hebron	Joyce	Stille	**(on telephone) Proxy for Town Manager Bonnie Therrien**
Naugatuck	**Sheila**	**Baummer**	(on telephone) Proxy for Mayor Robert Mezzo
Newington	**John**	**Salomone**	Town Manager
Norfolk	**Susan**	**Dyer**	First Selectman (on telephone)
Old Lyme	**Timothy**	**Griswold**	First Selectman (on telephone)
Old Saybrook	**Michael**	**Pace**	First Selectman (on telephone)
Rocky Hill	**Barbara**	**Gilbert**	Town Manager (on telephone)
Roxbury	**Barbara**	**Henry**	First Selectman (on telephone)
Waterbury	Timothy	Griswold	**(on telephone) Proxy for Mayor Michael Jarjura**
Westbrook	Timothy	Griswold	**(on telephone) Proxy for First Selectman Noel Bishop**
Wethersfield	**Jeff**	**Bridges**	Town Manager

CRRA MANAGEMENT ATTENDEES:

Thomas D. Kirk, President, Ex-Officio Member
Paul Nonnenmacher, Director of Public Affairs, CRRA Liaison

NON-VOTING MUNICIPAL REPRESENTATIVES PRESENT:

Julian Freund, Manchester
Wayne Watt, Oxford (on telephone)

MEMBERS OF THE PUBLIC PRESENT:

Larrye deBear, Rocky Hill Town Council (on telephone)
John Pizzimenti, USA Hauling & Recycling

1. CALL TO ORDER

With neither Chairman Ryan Bingham nor Vice Chairman Steven Wawruck in attendance, the Committee designated John Salomone acting chairman by unanimous consent. He called the meeting to order at 1:03 p.m.

2. PLEDGE OF ALLEGIANCE

Mr. Salomone dispensed with the reciting of the Pledge of Allegiance.

3. ROLL CALL

Upon request of **Mr. Salomone, Mr. Nonnenmacher** called the roll and reported that, including proxies, 24 votes were represented at the meeting. Mr. Salomone declared a quorum was present.

4. DISCUSSION AND POSSIBLE RATIFICATION OF REVISED TIMETABLE FOR MUNICIPAL ACTION ON TIER 1 MUNICIPAL SERVICE AGREEMENTS

Mr. Bridges moved adoption of the following resolution. **Ms. Gilbert** seconded the motion.

RESOLUTION RATIFYING THE TIMETABLE FOR MUNICIPAL ACTION ON TIER 1 MUNICIPAL SERVICE AGREEMENTS

WHEREAS, the existing Municipal Service Agreements (MSAs) between Mid-Connecticut Project cities and towns will expire in 2012 and

WHEREAS, the Connecticut Resources Recovery Authority (CRRA) is offering those cities and towns a successor to those MSAs known as the Tier 1 Municipal Service Agreements and

WHEREAS, CRRA will soon enter negotiations with contractors interested in operating and maintaining the Mid-Connecticut trash-to-energy facility and

WHEREAS, CRRA will soon enter negotiations for the sale of power generated at said facility and

WHEREAS, CRRA has declared it can negotiate the best terms for said contracts if it has commitments for deliveries of municipal solid waste equal or close to the facility's capacity and

WHEREAS, terms of said contracts will impact the disposal fee paid by cities and towns to CRRA under new MSAs and

WHEREAS, in recognition of these facts CRRA had asked cities and towns to decide whether to sign a Tier 1 MSA by January 1, 2011, and

WHEREAS, leaders of several of those communities expressed concern that the January 1, 2011, deadline would not accommodate the needs of their own due diligence and local legislative processes and

WHEREAS, a group of municipal officials met with CRRA management and agreed on a new deadline of July 1, 2011, subject to the concurrence of the Mid-Connecticut Project Municipal Advisory Committee, now

BE IT RESOLVED that the Mid-Connecticut Project Municipal Advisory Committee accepts, concurs with and ratifies the deadline of July 1, 2011, for cities and towns to act on the Tier 1 MSA and congratulates those involved in resolving these differences through discussion and negotiation.

Mr. Kirk explained that the proposed resolution addresses two concerns, namely the towns' need to perform due diligence and complete their legislative processes before signing any type of contract and CRRA's need to negotiate contracts for operation of Mid-Connecticut Project facilities and sale of power. He said CRRA recognizes the towns' position on Section 601(b) of the MSAs signed by 44 Project towns, and the proposed resolution is silent on that issue so the towns are not relinquishing whatever rights they may have under Section 601(b).

Mr. Salomone asked for comments from the floor. He asked people to identify themselves when speaking.

Mr. Barlow said the towns appreciate efforts to come up with a reasonable timetable for acting on the Tier 1 MSAs. He proposed amendments to the resolution that would

- Include language recognizing the 44 towns' rights under Section 601(b) of their MSAs and stating those towns are not foregoing those rights; and
- Add language stating that the Project municipalities concur it is in everyone's best interests to expedite action on the MSAs.

Mr. Pace said he would like to see the changes in writing.

Ms. Gilbert said in her view the proposed resolution and the proposed amendments would take language in the contract and expand on it.

Mr. Stein seconded Mr. Barlow's motion to amend the proposed resolution.

Ms. Gilbert said approval of the proposed resolution as amended should be contingent upon Committee members' satisfaction with the written product.

Ms. Stille said she wants to make sure that all 70 communities have the same target date of July 1, 2011.

Mr. Valentine pointed out the resolution is not necessarily binding.

Mr. Salomone suggested the re-drafted resolution be send to Committee members. **Mr. Nonnenmacher** said that based his interpretation of Section 5.2 of the by-laws, only those members participating in the meeting would be eligible to vote on it. The Committee agreed with that interpretation.

Ms. Gilbert asked whether the revised Tier 1 MSAs will still be distributed by December 31. **Mr. Kirk** said they will. She asked whether the revisions to the Tier 1 MSA will impact the towns' need to adopt a flow-control ordinance. He said many towns already have such ordinances in place, and that CRRA will be a partner in enforcing flow-control.

Mr. Valentine asked whether the MSAs will spell out a forward role for CRRA in enforcement. **Mr. Kirk** said it is CRRA's intent that CRRA will do the work on enforcement.

Mr. Pace asked to call the question. **Mr. Salomone** asked that to determine whether a roll-call vote was necessary, any Committee members intending to vote against the resolution and amendments declare their intention. There being no members making such a declaration, the Committee agreed the vote was unanimously in favor of the resolution and amendments pending review of the written resolution as amended.

The resolution as amended reads:

MID-CONNECTICUT PROJECT MUNICIPAL ADVISORY COMMITTEE RESOLUTION RATIFYING THE TIMETABLE FOR MUNICIPAL ACTION ON TIER 1 MUNICIPAL SERVICE AGREEMENTS SEPTEMBER 28, 2010

WHEREAS, the existing Municipal Service Agreements (MSAs) between the 70 Mid-Connecticut Project cities and towns will expire in 2012 and

WHEREAS, the Connecticut Resources Recovery Authority (CRRA) is offering those 70 cities and towns new MSAs to succeed the existing MSAs and

WHEREAS, CRRA will soon enter negotiations with contractors interested in operating and maintaining the Mid-Connecticut trash-to-energy facility and

WHEREAS, CRRA will soon enter negotiations for the sale of power generated at said facility and

WHEREAS, CRRA has declared it can negotiate the best terms for said contracts if it has commitments for deliveries of municipal solid waste equal or close to the facility's capacity and

WHEREAS, terms of said contracts will impact the disposal fee paid by cities and towns to CRRA under new MSAs and

WHEREAS, in recognition of these facts CRRA had asked cities and towns to decide whether to sign a new MSA by January 1, 2011, and

WHEREAS, leaders of several of those communities expressed concern that the January 1, 2011, deadline would not accommodate the needs of their own due diligence and local legislative processes and

WHEREAS, 44 of those cities and towns have language in Section 601(b) of their existing MSAs under which they "have the option, exercisable by it in writing not less than one hundred and eighty (180) days subsequent to receipt of notice from the Authority of the date of [retirement of Mid-Connecticut Project bonds], to continue to receive disposal services from the Authority upon terms and subject to conditions no less favorable than those accorded any party receiving such services in respect to the System," and

WHEREAS, those 44 cities and towns do not forego the aforementioned rights to continued service and

WHEREAS, Mid-Connecticut Project cities and towns concur that it would be in the best interests of all parties to expedite action on MSAs now

BE IT RESOLVED that the Mid-Connecticut Project Municipal Advisory Committee support CRRA's request of a target date of July 1, 2011, for cities and towns to act on new MSAs.

(**Mr. Nonnenmacher** distributed by e-mail the amended resolution to those Committee members who participated in the meeting. None expressed rejection of the resolution.)

5. ADJOURNMENT

Mr. Stein moved to adjourn the meeting. Ms. Currey seconded. The motion passed unanimously and the meeting was adjourned at 1:50 p.m.

Respectfully Submitted,

Paul Nonnenmacher
Director of Public Affairs

SECTION 3

Report

of the

Mid-Connecticut Project Special Committee

To the

Connecticut Resources Recovery Authority Board of Directors

Options for Disposing of Solid Waste after the Expiration of Mid-Connecticut Project Municipal Service Agreements

October 27, 2010

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Attachments: **Mid-Connecticut Project map**
PowerPoint from Special Committee meeting of January 27, 2010
Mid-Connecticut Project key date timeline
Legislative Program Review & Investigations Committee Report on Municipal Solid Waste Management Services in Connecticut, January 12, 2010

Attachments are available on-line at http://www.crra.org/documents/public_records/Mid-Conn_Special_Committee/Special_Committee_Report_10-27-2010.pdf .

1. Introduction

The Connecticut Resources Recovery Authority has Municipal Service Agreements (MSAs) with 70 cities and towns to use CRRA's Mid-Connecticut Project trash disposal system, which includes a trash-to-energy plant in Hartford permitted to process up to 3,700 tons of municipal solid waste (MSW) per day and burn up to 2,028 tons of refuse-derived fuel (RDF) per day to generate electricity. With the RDF technology used by the Mid-Connecticut plant, trash is processed into RDF, and then blown into furnaces. The combustion produces steam which spins turbines to generate power. The system also includes regional transfer stations in Torrington, Watertown, Essex and Ellington. (A map depicting Mid-Connecticut Project cities and towns and the locations of Project facilities is attached.) Some of these MSAs date back to the mid-1980s; all except for one, that of Waterbury, will expire by November 2012.

The Mid-Connecticut Project Special Committee was created by a resolution adopted by the CRRA Board of Directors on October 29, 2009. The Special Committee was created pursuant to Connecticut General Statutes Section 22a-268f, which reads:

> ***Special committees to study options for municipal solid waste disposal.*** *Not later than three years before the last maturity date of any outstanding bond issuance for a waste management project, as defined in section 22a-260, administered by the Connecticut Resources Recovery Authority, the board of directors of the authority shall establish a special committee for such project consisting of five representatives of the authority and not more than five representatives jointly designated by the municipalities having a contract with the authority for such project. At least two years before such last maturity date, such special committee shall study and present to said board of directors options for disposing of solid waste from such municipalities after the expiration of such contract. Such options shall include, but shall not be limited to, private sector management of such solid waste disposal.*

By ballot in October 2009, the 70 Mid-Connecticut Project cities and towns elected as their representatives on the Special Committee the following chief executive officers (or their designees): Barkhamsted First Selectman Donald S. Stein, Canton First Selectman Richard J. Barlow, East Hartford Mayor Melody A. Currey, Hartford Mayor Eddie A. Perez (who designated Chief of Staff Susan M. McMullen as his proxy) and Windsor Locks First Selectman Steven N. Wawruck Jr. Mr. Perez resigned as mayor in June and Ms. McMullen resigned from the City of Hartford shortly thereafter and, at this writing, new Mayor Pedro E. Segarra has not indicated who will fill Hartford's seat on the Special Committee.

CRRA Chairman Michael A. Pace appointed Director Alan J. Desmarais, Director David B. Damer, Director Timothy C. Griswold, President Thomas D. Kirk and Director of Environmental Affairs & Development Peter W. Egan to represent the Authority. When Mr. Desmarais resigned from the CRRA Board in May, Chairman Pace appointed himself to that seat.

The Special Committee held its first meeting on December 10, 2009. All records of the Special Committee are available on CRRA's website at http://www.crra.org/pages/mid-conn_special_committee.htm.

During the course of its work, the Special Committee examined

- the condition of the Mid-Connecticut Project facilities, specifically its trash-to-energy plant;
- new technologies for solid waste disposal that are being developed; and
- the broader solid waste disposal situation and its implications for Mid-Connecticut Project cities and towns.

The Mid-Connecticut system also includes a recycling processing center, located in Hartford, where recyclables from Project cities and towns are sorted and baled for shipping to manufacturers who turn these materials into new products. Because Sec. 22a-268f specifies "municipal solid waste" as the Special Committee's focus, this report does not discuss options for recycling.

The above-referenced statute requires the Special Committee to prepare a report discussing options that may be available to Mid-Connecticut Project cities and towns following the expiration of their municipal service agreements with CRRA in November 2012, and to submit said report to the CRRA Board of Directors two years before Mid-Connecticut Project bonds mature. Project bonds mature November 15, 2012; therefore this report must be presented to the CRRA Board of Directors by November 15, 2010.

The above-referenced statute is silent on the question of whether the Special Committee should recommend any particular option or options to the cities and towns. However, at its meeting of June 23, 2010, the Committee's consensus was that its report should only draw conclusions where the Committee had sufficient information to do so. It has long been the Authority's position that cities and towns should investigate their options themselves to determine which best suits their needs.

2. Executive Summary

The CRRA Mid-Connecticut Project's system of four regional transfer stations feeding its centrally-located trash-to-energy plant is geographically well suited to serve the 70 Mid-Connecticut Project cities and towns. Engineering studies have concluded that if CRRA continues to maintain the trash-to-energy plant to industry standards, the plant should operate at high efficiency into the 2020s. CRRA expects its post-2012 disposal fees to be lower than at present based on expected cost reductions and increased power prices.

Out-of-state options, including hauling by truck and rail to large regional landfills, are viable because Connecticut, due to political and regulatory obstacles, does not have enough in-state disposal capacity to manage its own waste. A study by the General Assembly's Legislative Program Review & Investigations Committee indicated that costs for exporting trash could be substantially higher than the current Mid-Connecticut Project disposal fee, but without the type of solid information that a specific Request for Proposals would produce the Special Committee was unable to draw any conclusions.

New technologies are being developed which could, someday, supplant the current trash-to-energy system as the most environmentally responsible and cost-effective disposal method. However, only a handful of those technologies will be commercially viable in the near future, and the Committee concluded that none of these technologies is ready to merit an investment at this time.

3. Future Disposal Options

A. Connecticut Resources Recovery Authority

The Mid-Connecticut Project cities and towns have been using the CRRA Mid-Connecticut Project system since the 1980s. Because its facilities were located to minimize transportation costs for these communities – with four regional transfer stations feeding the centrally-located trash-to-energy plant – this system, logically, is the first option this report will address. Therefore, the first question that must be addressed is the expected life span of this system.

When it began operating this system, CRRA maintained a regular capital expenditure program to keep these facilities operating at maximum efficiency. This program relied on annual contributions to a reserve account so that large repairs, refurbishments or improvements could be made without necessitating a spike in disposal fees.

However, when Enron went bankrupt and stopped making its payments for electricity generated by the trash-to-energy plant the Project suddenly lost about one-third of its annual revenue. Rather than closing that gap with massive disposal fee increases, CRRA's new board and management drained about $36 million in reserves, including the capital-projects reserve, and deferred other major expenditures. Large maintenance projects, though necessary, were postponed.

i. Condition of Mid-Connecticut Project Trash Disposal System

The maintenance deferrals could only go on for a few years before the system suffered. Therefore, because of declining efficiency and safety concerns, along with inadequate maintenance by the contractor responsible for the WPF, resumption of these major projects was necessary.

Since resuming the capital expenditure program, CRRA has undertaken many such projects. In January 2010, CRRA Senior Engineer Rich Quelle outlined these projects to the Special Committee. Here is a summary of projects completed since 2006:

- Replacement of systems in the trash-to-energy plant control rooms – $2.8 million

- Upgrading shredder motors and refurbishing shredder containment casings – $1.8 million
- Replacement and upgrading of boiler tubes to increase availability – $1.2 million
- Upgrades to fire-suppression system – $500,000
- Expand ash load-out building and add a scale to accommodate long-haul trucks needed for ash disposal – $1.9 million
- Add shredder to process bulky waste following closing of Hartford landfill – $750,000
- Upgrades to belt conveyors and sealing systems to reduce housekeeping and maintenance – $2 million
- Refurbishing steel pan conveyors – $1.5 million
- Replacement of turbine rotor diaphragms – $850,000
- Replacement of 20-year-old waste processing facility compressors – $750,000
- Purchase spare shredder motors to speed maintenance and increase availability – $600,000
- New heavy equipment – $2 million
- WPF processing floor repairs and resurfacing – $1.5 million

A copy of the PowerPoint presentation he delivered, which illustrates many of the projects completed, is attached to this report.

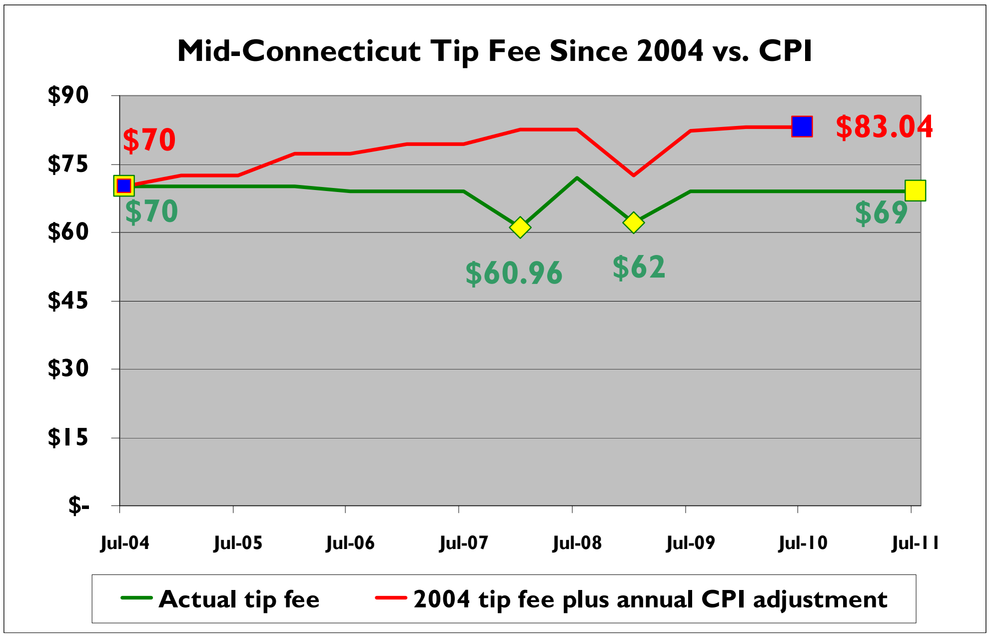
As a result of these and other, smaller projects, the plant's efficiency is returning to peak levels, and two engineering studies have concluded that by maintaining the plant according to industry standards, the Mid-Connecticut trash-to-energy facility should operate at high efficiency well into the 2020s.

CRRA is also spending to maintain the transfer stations. In fiscal year 2011, CRRA plans to spend more than $150,000 on building, road, roof and floor repairs at the four stations.

ii. Expectations for Post-2012 Pricing

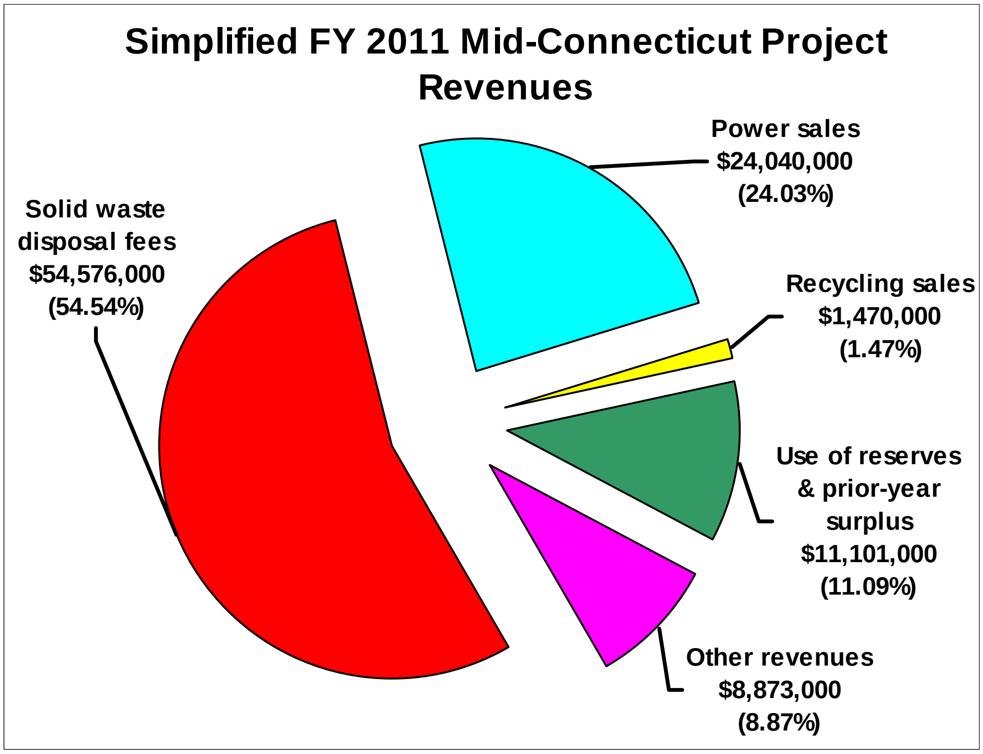
With this reasonable assurance of the long-term availability of the Mid-Connecticut Project system, it is important to discuss what it might charge for disposal beyond 2012 and how that would compare with other alternatives.

For the last several years, Mid-Connecticut Project disposal fees have remained stable, even with the dramatic increases in spending on maintenance and capital projects. The chart entitled "Mid-Connecticut Tip Fee Since 2004 vs. CPI" shows that had the $70-per-ton disposal fee set in 2004 tracked growth in the U.S. Department of Labor consumer price index, the disposal fee would be more than $83 per ton. In reality, the FY 2011 disposal fee is $69 per ton.



Barring any unforeseen circumstances, CRRA management expects the Mid-Connecticut Project disposal fee to be measurably less in FY 2013 for three reasons:

- Much of the Project's power is still sold at prices set prior to electric utility restructuring in the late 1990s. Those contracts expire in 2012 and market trends indicate that the Project's electricity will generate much more revenue under new contracts, which will reduce the amount of disposal-fee revenue the Project will require. Management expects electric revenues to increase because power prices track fuel prices, and the consensus among forecasts CRRA has examined is that fuel prices will rise, especially in New England, which is heavily dependent on natural gas for generating power. (See chart entitled "Simplified FY 2011 Mid-Connecticut Project Revenues" for more detail.)
- Management has been working to reduce overhead, administrative costs and payroll and expects further savings will be realized in the next few years. CRRA FY 2011 general fund budget totals $5.7 million, a 13-percent decrease from the FY 2010 budget of $6.6 million and 28 percent below FY 2009's actual expenditures of $7.9 million.
- Management believes CRRA will realize significant savings through its competitive procurement for one or more contractors to operate the trash-to-energy plant. Two arbitration panels have confirmed that one of the current operators has overcharged CRRA for its services for years.



CRRA has crafted two types of draft renewal municipal service agreements – referred to as Tier 1 and Tier 2 MSAs. The first draft of the Tier 1 MSA was circulated to cities and towns for their feedback, and CRRA considered their comments in preparing a second draft of the Tier 1 MSA which, along with a first draft of the Tier 2 MSA, were distributed in early July. At this writing, CRRA had completed a series of informational workshops to solicit additional feedback and answer questions about both MSAs.

CRRA requested comments on the latest drafts of the Tier 1 and Tier 2 MSAs by September 15, 2010. CRRA is considering all the input it has collected in preparing subsequent drafts or final versions of the renewal MSAs. At this writing, CRRA anticipates distributing a final version of the Tier 1 MSA in late 2010 and, pending the concurrence of the Mid-Connecticut Project Municipal Advisory Committee, will ask for towns wishing to do so to sign Tier 1 MSAs by July 1, 2011. Those dates, at this writing, are subject to change.

B. Discussion of Out-of-State Options

As cities and towns look at their options for disposal after their Mid-Connecticut Project contracts expire, many of them have already been contacted by private-sector operators. However, a report from the General Assembly's Legislative Program Review & Investigations (PRI) Committee (a copy of the PRI report is attached) determined that cities and towns seeking alternatives to the Mid-Connecticut

Project will likely be forced to ship their trash out of state. Connecticut has six trash-to-energy plants and only one small municipal solid waste landfill, and combined they do not provide enough disposal capacity to meet the state's needs. In 2008, the latest year for which figures are available, the Connecticut Department of Environmental Protection reported (http://www.ct.gov/dep/lib/dep/reduce_reuse_recycle/data/average_state_msw_statistics_fy2008.pdf) that more than 260,000 tons of garbage – or almost 8 percent of all waste generated in the state – was disposed of outside Connecticut.

The authors of the PRI report, legislative analysts Scott Simoneau and Eric Gray, discussed their findings in a presentation to the Special Committee in May 2010. As their report (pages 33-34) noted, entities interested in building new disposal capacity in Connecticut face significant barriers to entry:

- **Government regulation.** *A number of federal, state and local, environmental, zoning, and permit laws and regulations dictate critical aspects of storage, handling, processing, and disposal of MSW at RRFs (resource recovery facilities, or trash-to-energy plants) and landfills. Obtaining a permit to construct a new disposal facility or expand an existing one is a costly and time-consuming process that typically takes many years to conclude. The Lisbon plant, for example, was the last RRF to be permitted in Connecticut and that took nearly a decade to permit and construct.*
- **Capital costs.** *The capital costs of building a large RRF plant have been estimated to be about $500 million. Further, it is also difficult and costly to satisfy and overcome environmental concerns and other government requirements.*
- **Public opposition.** *Local public opposition often increases the time and uncertainty of successfully permitting a facility. CRRA's recent attempt to build an ash landfill in Franklin is a prime example of public and legislative opposition defeating a proposal to develop an ash residue disposal option.*

One government-imposed barrier particularly worth noting is the determination of need [DON] *requirement in Connecticut that was established after five of the six RRF plants were in operation. Before a permit to build or expand an RRF, a mixed MSW landfill, or an ash landfill can be issued, DEP must find that a need exists for such a facility or expansion and such a facility or expansion will not result in "substantial" excess disposal capacity in Connecticut. This is contrary to the principles of supply and demand. Excess capacity tends to drive prices down.*

Essentially, the DON requirements make it impossible for a competitor to enter the market unless there is substantial excess MSW to be disposed. However, it is likely that existing companies will try to expand before a new competitor enters.

> *Thus, in-state disposal services clearly appear to have high barriers to entry that could raise concerns regarding what impact they have on fair and reasonable pricing for services from existing providers.*

CRRA management believes there may be additional capacity at Connecticut's other five trash-to-energy plants, since at one time or another all accept MSW at "fire-sale" prices when waste flows drop. Historically, there is less garbage in the winter, for example, so merchant-plant operators will cut their prices rather than allow capacity to go unused. This excess seasonal capacity is of limited value when considering long-term arrangements unless the facility operators are allowed to bale and store MSW for processing when deliveries drop off. Plant operators would obviously prefer to have longer-term contracts for MSW deliveries, which would fetch higher prices than the spot market or fire-sale prices, but it is impossible to obtain reliable data about how much spot-market MSW each of these plants accepts and thus management cannot definitively state how much capacity is in fact available.

In calendar year 2009 the 70 Mid-Connecticut Project cities and towns delivered almost 800,000 tons of garbage. It should be noted that

- 14 cities and towns' long-term contracts with the Bristol facility expire in 2014;
- A CRRA contract that enables 12 cities and towns to deliver trash to the Bridgeport facility expires in 2014; and
- 12 cities and towns' long-term contracts with the Preston facility expire in 2015.

Expiration of these contracts could free up capacity to serve Mid-Connecticut Project communities if the operators of those facilities and the towns they currently serve cannot agree to new contracts or extensions of existing contracts.

With the state's deficiency of capacity, and these barriers to entry, some Mid-Connecticut communities are considering out-of-state options. Following are some of the findings from the PRI report (pages 42 through 45) on out-of-state disposal.

> **Out-of-state market cost estimates.** *Estimating the cost of out-of-state disposal of MSW involves three costs; the costs to construct and operate a truck-based or rail-based transfer station, the costs to transport the waste from the transfer station to the landfill, and the actual disposal or tip fee. There have been two fairly recent analyses performed on the cost to transport MSW from Connecticut to various landfills in the region. One was performed by a consultant for DEP and the other was performed by a different consultant on behalf of the South*

Central Regional Council of Governments (SCRCOG). These are not actual quotes from trucking or rail haul companies but estimates developed by experts.

Road haul. *The table below shows the estimated costs found in the two reports to transfer and transport waste by truck to various out-of-state landfills from three different towns in Connecticut. The reports made a few different assumptions regarding transportation by truck that alter the outcomes. For example, DEP's estimated disposal tip fees tend to be higher; the SCRCOG report has assumed a better rate based on a longer-term contracts being signed by municipalities. Also, the assumed transportation cost per mile is different -- DEP's estimated about 14 cents per mile, while the SCRCOG report assumes 23 cents per mile. Finally, DEP's estimate assumes the hauler will find something to bring back ("backhaul") after the load is deposited at the landfill to subsidize the cost. For comparison purposes, the one-way costs for one town and the round-trip costs for the same town based on DEP's estimate are provided. The analysis suggests that for certain municipalities who are paying in the $80 per ton or more range for disposal an out-of-state disposal option is viable under certain conditions.*

Estimated Costs to Transfer MSW to Out-of-State Landfills

	DEP estimate One way from Danbury	*DEP estimate One way from Putnam*	*DEP estimate Round trip from Putnam*	*SCRCOG estimate Round trip from North Haven*
Seneca Meadows (NY)	*$80*	*$82*	*$125*	*$180*
High Acres (NY)	*$82*	*$85*	*$131*	*$278*
American (OH)	*$102*	*$97*	*$190*	*$277*
Alliance (PA)	*$63*	*$80*	*$118*	*$117*
Conestoga (PA)	*$77*	*$85*	*$128*	*$136*
Middle Peninsula (VA)	*$86*	*$98*	*$164*	*$229*

All estimates are price per ton including transfer, hauling and disposal costs.
Source: State of Connecticut DEP, State Solid Waste Management Plan, *December 2006, and South Central Regional Council of Governments*, Future of Regional Solid Waste Disposal, *RS Lynch and Company, January 30, 2009. PRI calculation based on DEP data for the DEP round-trip estimate.*

The competitiveness of out-of-state disposal options by long-haul trucking is not clear-cut based on the development and analysis of estimates by experts. *Based on current in-state RRF disposal rates, both with and without estimated transfer station costs, running between $60 to about $85 per ton, the table shows that long-haul out-of-state disposal of waste could be competitive if municipalities only had to pay one-way costs. The most cost competitive disposal options are landfills in Pennsylvania with costs ranging from $63 to $80 depending on where the load originates. It should be noted that truck transportation is also very sensitive to volatility in fuel costs.*

Rail haul. *Another potential lower-cost option is to export MSW from Connecticut by rail to out-of-state landfills. Rail transport requires special loading and unloading facilities. Rail transport can be achieved through the use of intermodal containers, direct-loaded into bulk rail cars, or baled (i.e., MSW is wrapped into cubes). Rail car transport becomes more cost effective the greater the distance versus over-the-road trucking. There are several benefits cited in regard to rail transportation over trucking. These include:*

- *reduction of traffic congestion by keeping trucks off the highways;*
- *rail transportation produces almost five times less air pollution than transportation by trucking;*
- *rail hauling is also safer, from an accident point of view, than truck hauling; and*
- *a single rail car can carry up to 110-130 tons of waste while a single long-haul truck can only transport about 22 tons.*

In the State Solid Waste Management Plan, DEP, with the help of a consultant, developed an estimated range of costs to ship waste by rail from Connecticut to landfills in New York, Virginia, South Carolina, Ohio, and Western Pennsylvania.

Estimated Cost Per Ton of Rail Haul to Out-Of-State Landfills from Connecticut, 2006.

Landfill	Transfer	Rail Haul	Tip Fee	Total
Virginia	$7	$48	$25	$80
South Carolina	$7	$57	$25	$89
Ohio	$7	$51	$30	$88
Western Pennsylvania	$7	$49	$30	$86
Rochester, NY, area	$7	$39	$30	$76

Higher end costs were used for DEP estimates if a range was presented.
Source: State of Connecticut DEP, State Solid Waste Management Plan, December 2006

Again, if the current in-state RRF disposal rates, both with and without estimated transfer station costs, are between $60 to about $85 *per ton, rail haul could be a competitive option (especially to western New York and Virginia) for some municipalities paying tip fees on the higher end of the current range.*

DEP notes that actual quotes from rail companies or shippers could be lower because of the large volumes of shipments that municipalities generate and therefore could be in a better bargaining position to negotiate better rates. They have estimated the rates could be 10 to 20 percent lower for large volumes of waste.

Recent actual experience. *There have been a couple of examples of actual haul-by-rail quotes received by different municipalities in the state. In 2007, the city of Stamford issued a request for proposals for MSW management services. The city received proposals from five different vendors. The proposals included both in-state and out-of-state disposal options that ranged from $69 per ton to $96 per*

> *ton. The city selected Transload America to handle its MSW disposal needs. Transload is shredding, baling, and loading solid waste on a flat-bed carrier, and rail-hauling it to a landfill in Ohio. The cost for the three-year rail haul and disposal contract is $69.00 per ton in 2008, $76.00 per ton in 2009 and $79.80 in 2010. The contract has two one-year options to renew. These costs do not include complete transfer station expenditures. In addition, the city operates a transfer station operation and charges $88.00 per ton for commercially generated municipal solid waste and bulky wastes.*
>
> *The SCRCOG report mentioned earlier contains references to two quotes received from Transload America. Transload recently submitted a proposal to the New Haven* [Solid Waste and Recycling Authority] *to operate its transfer station, bale the MSW, and transfer and transport the baled MSW to an out-of-state facility for about $82 per ton. In 2008, New Haven had been paying about $91 per ton for hauling and disposal at the Lisbon RRF. Transload also estimated that it could provide another SCRCOG community with a transfer station with the same services as New Haven for about $92 per ton.*

It should be noted that services priced in the PRI report include nothing more than transportation from the locality to the final disposal site and disposal at that site. Other solid-waste services many towns use, including

- operation and maintenance of regional transfer stations,
- transportation from the regional transfer station to final disposal site,
- acceptance of mandated recyclables,
- bulky-waste disposal and
- electronics recycling,

could add considerable costs to those towns' solid-waste budgets.

And while the PRI report does include some data about possible pricing, the Committee believes that only a Request for Proposals will produce enough timely facts to enable it to make any recommendations in this report.

3. New and Emerging Technologies

The future of trash disposal may involve technologies other than the conventional waste-to-energy system in use in Connecticut. Many new technologies are under development or already in use in limited scale in foreign countries. CRRA commissioned an evaluation of these new processes and summarized its findings for the Special Committee in March 2010.

A. Technology Categories Evaluated

CRRA looked at several alternative technologies, which can be grouped into the following classifications:

- **Thermal (Gasification or Advanced Combustion)**
  - Use or produce heat to change the composition of MSW
  - Products include synthesis gas, vitrified ash or char
  - Includes Gasification, Pyrolysis, Plasma; Advanced Mass Burn
- **Digestion (Aerobic and Anaerobic)**
  - Decomposes organic fraction of MSW using microbes
  - Anaerobic digestion produces biogas and compost
  - Aerobic produces compost only
- **Hydrolysis**
  - Chemical reaction in which water (typically with an acid) reacts with another substance to form a new substance) (e.g.: extracts cellulose from MSW to form sugar; sugar in turn fermented to form ethanol)
- **Chemical Processing**
  - Depolymerization – converts organic fraction into energy, such as oil
- **Mechanical Processing for Gasification, Combustion or Fiber Recovery**
  - Recovers materials for gasification or combustion

The evaluation then focused on those technologies considered to be commercially viable. CRRA considered a technology to be commercially viable if it

- is currently or may be in commercial use so as to be able to replace the existing Mid-Connecticut Project Facility in Hartford (commercial use is defined as currently in regular use to process MSW on a contract basis);
- is capable, with no or reasonable scale-up, of processing 850,000 tons per year of mixed, unsorted MSW;
- requires either no or minimal change to MSW collection practices currently in use in Connecticut;
- provides for separation of materials for recycling and/or beneficial use of MSW; and
- has a potential disposal fee for receipt and processing of waste of $80 per ton or less in 2012 dollars, considering all development, financing, design, construction and operating costs, less revenues from sale of energy and products.

B. Categories Considered to have Commercial Viability

Thermal Processing (gasification) is currently in commercial operation for MSW in countries such as Japan, Indonesia, Germany and Italy, but not in the United States. These technologies use or produce heat to change the composition of MSW, producing synthesis gas, vitrified ash or char. Several types of gasification technologies are in commercial operation, including fluid-bed gasification, high-temperature gasification, plasma gasification and pyrolysis. These gasification technologies have not been commercially applied within the United States. Technology transfer to the United States, and the Mid-Connecticut Project in particular, would need to be addressed in considering commercial application for this project.

Thermal Processing (advanced combustion) technologies are currently in commercial operation for mixed MSW in countries such as the Netherlands and Germany. These technologies have not been commercially applied in the United States, but technology transfer to the United States should not be a significant issue since the technology is an advanced form of traditional waste-to-energy presently in extensive use in the United States.

Advanced Mechanical Processing with Gasification or Combustion is in commercial operation in Germany, Italy and Belgium for MSW. This process has not yet been commercially applied in the United States. Accordingly, technology transfer is possible, but it would need to be examined in context of commercial operation potential at the Mid-Connecticut Project (e.g., potential differences in MSW composition, waste management practices, end-product markets and regulatory requirements).

The Committee looked at one such process offered by a company called Summit BioFuels. While the technology is promising and could, at some point, offer cost savings over conventional trash-to-energy technology, CRRA management recommended and the Committee concurred that the potential savings are not enough to justify the risking of public funds on a process that, as yet, is unproven on the scale needed to be practical for Mid-Connecticut Project cities and towns. More information about this technology is available through a link on CRRA's website at http://www.crra.org/pages/mid-conn_special_committee.htm .

i. Estimated Disposal Fees

The table below compares estimated disposal fees for several technology categories that have the potential of meeting commercial viability criteria (i.e., thermal processing, both gasification and advanced combustion, and mechanical processing with gasification or combustion).

Estimated Disposal Fees for Alternative Technology Categories Considered Commercially Viable

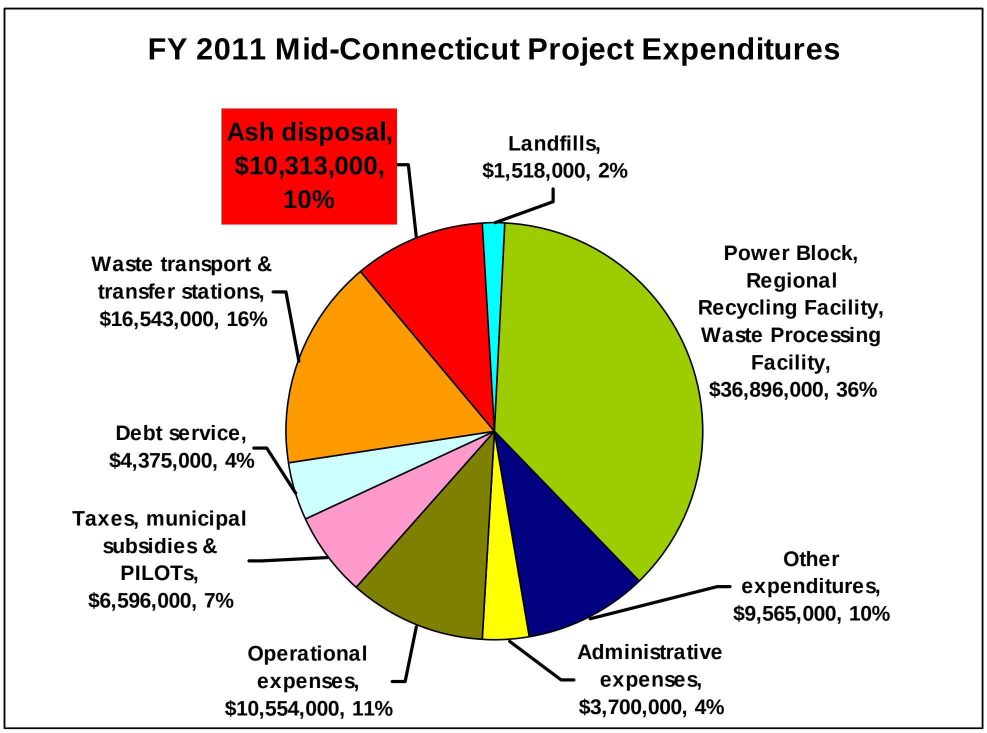
Estimated Disposal Fee	Thermal Processing Gasification	Thermal Processing Advanced Combustion	Mechanical Processing with Gasification or Combustion
Fee for 850,000 TPY facility in 2012 (1) (3)	$82/ton	$68-$88/ton	$114/ton
Fee for 850,000 TPY facility in 2012 (2) (3)	$70/ton	$59-$75/ton	$101/ton
Notes: (1) With 20-year amortization (2) With 30-year amortization (3) Possibility of fee reduction if renewable energy credits or sale of carbon credits is available.			

(Comparison of other technology categories – hydrolysis, chemical and mechanical processing with fiber recovery – was not made since these technologies have not been demonstrated to process mixed MSW at a commercial stage and the information necessary to make an informative, reliable comparison is not available. A comparison was not made for anaerobic digestion since the technology is not viable at the project size as required for the Mid-Connecticut Project).

After thoroughly considering the available information on these emerging technologies, it was apparent to the Committee that someday one or more of them might supplant the current trash-to-energy system as the most environmentally responsible and cost-effective disposal method. However, only a handful of those technologies will be commercially viable in the near future, and the Committee concluded that none of these technologies is ready to merit an investment at this time.

C. Other Technologies that May Impact Trash Disposal Costs

The by-product of the trash-to-energy process is ash residue. Since the Hartford landfill reached its permitted capacity in 2008, the Mid-Connecticut Project has had to truck its ash from Hartford to a privately-owned ash landfill in Putnam, which is now the only permitted ash landfill in the state. As shown on the chart entitled "FY 2011 Mid-Connecticut Project Expenditures," ash disposal consumes more than 10 percent of the Project's annual budget. If less ash must go to a landfill, the cost of disposal would also go down. Therefore, beneficial re-use of combustor ash should be considered.



This year, Governor Rell signed into law Public Act 10-87 which directs DEP and the Connecticut Academy of Science and Engineering (CASE) to study beneficial re-use of ash and report its findings to the Legislature's Committee on the Environment by January 1, 2011. CRRA has been calling for beneficial re-use of ash for years because

- It would avoid the cost of landfilling in a state where there is no competitive market;

- Ash can be used as an ingredient in asphalt or concrete, which can be made into shingles, paving blocks, or road sub-base;
- PRI's research indicated that several other states, including Florida, Massachusetts, Pennsylvania, Maryland, New Hampshire, New York, Hawaii, and Missouri, allow beneficial re-use, either in asphalt, road base or daily landfill cover.

The PRI report looked at beneficial re-use and its findings affirmed CRRA's position. It did point out that because coal ash, whose properties (including heavy-metal content) are similar to that of combustor ash, is so prevalent there may not be a market for products containing combustor ash.

The PRI report recommended specific points for the DEP/CASE study to address:

- Which states allow beneficial re-use of ash residue and for what purposes;
- The amount of ash actually re-used in those states and for what purposes;
- The potential for ash re-use in Connecticut;
- Barriers to re-use in Connecticut, including barriers to re-use of ash as a roadbed material or an ingredient in asphalt used in state construction projects; and
- Cost-effective solutions for the re-use or disposal of ash.

When considering this issue, DEP, CASE and the Legislature should recall that there was little market for recycled paper until Public Act 90-224 required publishers and printers to use newsprint containing a minimum amount of recycled fiber:

> **Sec. 22a-256n. Publishers: Use of newsprint with recycled content. Schedule.** On a state-wide basis, the percentage of recycled fiber contained in newsprint used by all publishers shall be in accordance with the following schedule: For the year ending December 31, 1992, eleven per cent or more; for the year ending December 31, 1993, sixteen per cent or more; for the year ending December 31, 1994, twenty per cent or more; for the two years ending December 31, 1996, twenty-three per cent or more; for the year ending December 31, 1997, thirty-one per cent or more; for the year ending December 31, 1998, forty per cent or more; for the year ending December 31, 1999, forty-five per cent or more; and for the year ending December 31, 2000, and thereafter, fifty per cent or more.
>
> **Sec. 22a-256p. Printers: Use of newsprint with recycled content. Schedule.** On a state-wide basis, the percentage of recycled fiber contained in newsprint used by all printers shall be in accordance with the following schedule: For the year ending December 31, 1992, eleven per cent or more; for the year ending December 31, 1993, sixteen per cent or more; for the year ending December 31, 1994, twenty per cent or

> more; for the two years ending December 31, 1996, twenty-three per cent or more; for the year ending December 31, 1997, thirty-one per cent or more; for the year ending December 31, 1998, forty per cent or more; for the year ending December 31, 1999, forty-five per cent or more; and for the year ending December 31, 2000, and thereafter, fifty per cent or more.

Today, 10 years after the state required use of newsprint containing 50-percent recycled fiber, markets for recycled paper are robust. It is certainly conceivable that legislation could similarly create a market for combustor ash.

4. Conclusion

As stated earlier, the Special Committee would only draw conclusions where the Committee had sufficient information to do so. Because Sec. 22a-268f is silent on whether the Special Committee should recommend any particular option, this report makes no such recommendation.

However, it has long been the Authority's position that cities and towns should investigate their options themselves to determine which best suits their needs. This report provides details about what appears to be a limited number of options available today and a look at what may become technically or economically viable in the years to come.

The Committee gave much consideration to the information developed by the PRI staff, including information on private-sector management of waste disposal. The Committee agrees that relying completely on the private sector for the vital service of waste disposal would not necessarily be in the best interests of the state or its cities and towns.

SECTION 4

DRAFT

MID-CONNECTICUT PROJECT MUNICIPAL ADVISORY COMMITTEE RESOLUTION ESTABLISHING A COMMITTEE ON GOVERNANCE OF THE CONNECTICUT RESOURCES RECOVERY AUTHORITY

WHEREAS, Connecticut Resources Recovery Authority ("CRRA") is governed by a Board of Directors ("Board") created by Public Act 02-46 enacted by the General Assembly in 2002, and

WHEREAS, CRRA was created in 1973 as a statewide body to modernize the state's solid-waste management system, and

WHEREAS, Public Act 02-46 specifies the Board must include a certain number of municipal officials, and

WHEREAS, leaders of some Mid-Connecticut Project cities and towns are not satisfied with the level of municipal representation on the Board, and

WHEREAS, those officials asked the General Assembly to modify the structure of the Board in 2010 and intend to do so again in 2011, and

WHEREAS, members of the current Board have indicated their willingness to discuss that structure in the hopes of agreeing on changes that would be proposed to the General Assembly, and

WHEREAS, Article VIII of the By-Laws of the Mid-Connecticut Project Municipal Advisory Committee ("By-Laws") provides for the establishment of committees, now

BE IT RESOLVED that the Mid-Connecticut Project Municipal Advisory Committee ("MAC") establishes a Committee on Governance of the Connecticut Resources Recovery Authority to represent Mid-Connecticut Project cities and towns in said discussions with the Board, and

BE IT FURTHER RESOLVED that Mid-Connecticut Project cities and towns will welcome the participation on the Committee on Governance of non-Mid-Connecticut Project municipalities that have service contracts with CRRA, and

BE IT FURTHER RESOLVED that the Committee on Governance will report to the MAC on progress of its work and ask the MAC to endorse any agreement reached with CRRA before said agreement is submitted to the General Assembly, and

BE IT FURTHER RESOLVED that the Committee on Governance shall, in accordance with Section VIII of the By-Laws, serve until June 8, 2011.

"Article VIII – Committees. The Municipal Advisory Committee may establish committees of members as the need arises. Such committees may be established either by a majority of members participating at a meeting or by order of the Chairman. The Chairman shall designate the chairman of each committee. Such committees will serve for the amount of time designated in the action establishing said committees."

SECTION 5

PRODUCT STEWARDSHIP INSTITUTE

Sustainable Solutions to Protect Our Environment

PROPOSAL TO DEVELOP A MULTI-STAKEHOLDER MATTRESS STEWARDSHIP PROJECT

September 22, 2010

Goal: The Product Stewardship Institute (PSI) seeks $40,000 to develop sustainable solutions to the challenge of mattress recycling. ***PSI seeks a portion of these funds from multiple sources.***

Background: PSI conducted a survey of its state and local government members in April 2010 to better understand the extent of the problem with mattress disposal. (Please refer to the attached survey for specific information). The survey generated over 80 responses, and many localities indicated that mattresses were a significant problem. A September 1 meeting in Middletown, Connecticut, which was attended by about 30 stakeholders, confirmed this interest. Several municipalities noted that mattresses have recently surfaced as an issue because the cost of mattress disposal for many cities (up to $45 per mattress) must now be covered separately from the general tip fee. The City of Hartford has spent approximately $75,000 on mattress disposal over the past two months alone. Meeting participants emphasized the problem that mattresses cause to operations in waste to energy plants and landfill operations, particularly the metal coils that get stuck in equipment.

Proposal: To eliminate these extra costs for municipalities, PSI proposes to develop a project that will result in having mattress manufacturers and consumers – not taxpayers – cover the cost of mattress recycling. PSI proposes to develop a brief white paper, hold one stakeholder meeting, and conduct six stakeholder conference calls, a total cost of $40,000. The white paper ($12,500) would outline the problem, status of existing mattress recycling programs, issues, solutions, and goals of an initiative. PSI would convene an in-person meeting ($15,000) that would include all key stakeholders, and would coordinate six stakeholder conference calls ($12,500) that would lead to an agreement among stakeholders that might include model legislation, regulatory changes, and/or pilot projects. During the calls and meeting, PSI would convene all interested stakeholders to agree on the problem, identify a course of action, and start implementation of selected outcomes. This process would be modeled after PSI's highly successful initiative on paint, which passed as law in Oregon last year and was introduced as legislation in Connecticut, Vermont, and California this past session.

Sincerely,

Scott Cassel

Scott Cassel
Executive Director/ Founder

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PRODUCT STEWARDSHIP INSTITUTE

Sustainable Solutions to Protect Our Environment

Extended Producer Responsibility: the solution to the mattress problem?
Meeting Summary
Hosted by the Connecticut Product Stewardship Council

Wednesday, September 1, 2010
Middletown, Connecticut

Introduction

Kim O'Rourke, Recycling Coordinator for Middletown, CT and **Winston Averill,** Southeastern Connecticut Regional Resource Recovery Authority and Chair of the Connecticut Product Stewardship Council, opened the meeting and welcomed the 26 participants from local governments, universities, mattress recyclers, waste management companies, and the environmental community who attended in person or by phone (see attached participant list).

PSI Survey Results/Preliminary Research

Scott Cassel from the **Product Stewardship Institute** shared the results of PSI's survey of its state and local government members conducted in April 2010 to get their input on the problem of mattress disposal (refer to survey for specific information). The survey generated over 80 responses, and many localities indicated that mattresses were a problem. Scott mentioned that he spoke to the Executive Director of the International Sleep Products Association last year when they were exploring the potential for an advanced recycling fee. He also spoke to him this past spring 2010 for an update. While there was interest in attending meetings, Scott said that they were not interested in driving the issue forward or funding a project. Scott suggested to the CT PSC group that, without product stewardship legislation, he doubted that there would be sufficient interest from manufacturers to increase mattress recycling.

Problems with Mattresses

Scott asked participants to share their experiences with mattresses, including the problems that mattresses present. To date, the Connecticut Product Stewardship Council has focused primarily on electronics and paint. However, Peter Egan from Connecticut Resource Recovery Authority said that mattresses have recently surfaced as an issue because the cost of mattress disposal for many cities in CRRA must now be covered separately from the general tip fee. As much as $45 per mattress currently is being charged, and the City of Hartford has spent approximately $75,000 on mattress disposal over the past two months. This high per unit cost has also drawn the attention of residents. John Waffenschmidt from Covanta Energy Corporation explained that 60% of the waste in Connecticut is handled at waste-to-energy facilities and mattresses are very problematic for the mechanical shredders. Others in the meeting expressed interest in diverting mattresses from disposal and recycling them.

Proposed PSI Project and Expected Project Outcomes

Scott proposed that the Product Stewardship Institute could develop a brief white paper, hold one stakeholder meeting, and conduct six stakeholder conference calls for $40,000. The **white paper** ($12,500) would outline the problem, status of existing mattress recycling programs, issues, solutions, and goals of an initiative. PSI would convene an **in-person meeting in Connecticut** ($15,000) that would include all key stakeholders, and would coordinate **six stakeholder conference calls** ($12,500) that would lead to an agreement among stakeholders that might include model legislation, regulatory changes, and/or pilot projects. During the calls and meeting, PSI would convene all interested stakeholders (many of whom were not present at the preliminary meeting) to agree on the problem, identify a course of action, and start implementation of selected outcomes. This process would be modeled after PSI's highly successful initiative on paint.

Scott mentioned that PSI could start the project as long as $12,500 was raised for the white paper. Although not preferable, PSI would be open to moving straight to the development of mattress legislation, although this would not allow for the building of consensus with the industry or provide additional information that would be gained from the white paper.

Discussion

CJ May said that Yale University explored the possibility of recycling student mattresses, but given the low quantity Yale generates annually, it was not cost effective to recycle them. He wondered if a regional collection hub could be established to make recycling more efficient. Michelle Taparausky from Conigliaro Industries mentioned that a successful mattress recycling pilot program was recently completed in Massachusetts at 6 universities. Ralph Bogan from Nine Lives Recycling noted that the University of North Carolina at Chapel Hill had established a pilot program where the University procurement contract required the mattress supplier to take-back and recycle mattresses at the end of their useful life. Scott Potash from Spring Into Action, another mattress recycler, mentioned that recyclers compete with mattress "renovators" that accept used mattresses for a very low price and then refurbish and resell them. There are concerns that these renovators may not be properly sanitizing the materials, or clearly labeling them as used.

Meeting Outcome

There was a general consensus among the group that mattresses are a problem and that they would support product stewardship legislation, particularly since legislation was supported for the state's electronics recycling program and because of the acute financial constraints of municipalities that are currently funding mattress disposal. The group also agreed that, although there are concerns about bed bugs and other issues, it would be preferable from an environmental and an economic perspective to recycle mattresses. A mattress recycling project could create local jobs (as the St. Vincent DePaul project in California has demonstrated). The group also expressed interest in working on a project together.

Next Steps and Funding Needs

Several meeting participants indicated an interest in potentially funding the project as proposed by Scott. PSI could develop a more formal, or revised, proposal. Scott will contact potential funders and report back to the group. Alternate projects may also be possible in Connecticut, including pilot projects or developing model legislation. The first phase of the project can begin as soon as funding is available.

PRODUCT STEWARDSHIP INSTITUTE

Sustainable Solutions to Protect Our Environment

Participant List: Preliminary Mattress Meeting

September 1, 2010 1:00 to 2:30 PM

Room 208, 2nd floor of the Middletown Municipal Building
245 Dekoven Drive
Middletown, CT 06457

Dial-in Information: 1-218-936-4141
Access code: 241488

Name	Organization	Attending/ Dial-in
LOCAL GOVERNMENT		
Janice Ehle/Meyer	Connecticut River Estuary Regional Planning Agency	Attending
Peter Egan	CRRA	Attending
Brooks Parker	CT, Town of Manchester	Attending
Kim O'Rourke	Middletown Recycling Coordinator	Attending
Winston Averill	SCRRRA	Attending
Brian Bartram	Northwest & Litchfield Hills Council of Governments	Attending
Ed Reagan	Salisbury-Sharon Resources Recovery Authority	Attending
Shelia Baummer	Naugatuck, CT	Attending
James R. Klase	Public Works Director; Town of Granby, CT	Attending
Kris Beatty	King County Washington	Dial-in
Pamela Roach	Hamden Solid Waste and Recycling Coordinator	Dial-in
Peg Hall	Town of Branford, CT	Dial-in
Eric Hudd	Town of Gurney	Attending
Carl Townsley	Town of Gurney	Attending
STATE GOVERNMENT		
Judy Belaval	CT Department of Environmental Protection	Attending
Kevin Sullivan	CT Department of Environmental Protection	Attending
Gale Ridge	CT Agricultural Experiment Station	Dial-in
ORGANIZATIONS		
John D'Adamo	Non-affiliated	Attending
Steven D'Adamo	Non-affiliated	Attending
Jeremy McDonald	St. Vincent DePaul	Dial-in
Tony Philpin	Non-affiliated	Attending
WASTE, RECYCLING & STEWARDSHIP INDUSTRY		
John Waffenschmidt	Covanta Energy Corporation	Attending
Scott Potash	Spring into Action	Attending
Katie Broadbent	Spring into Action	Attending

SECTION 6

CONNECTICUT RESOURCES RECOVERY AUTHORITY

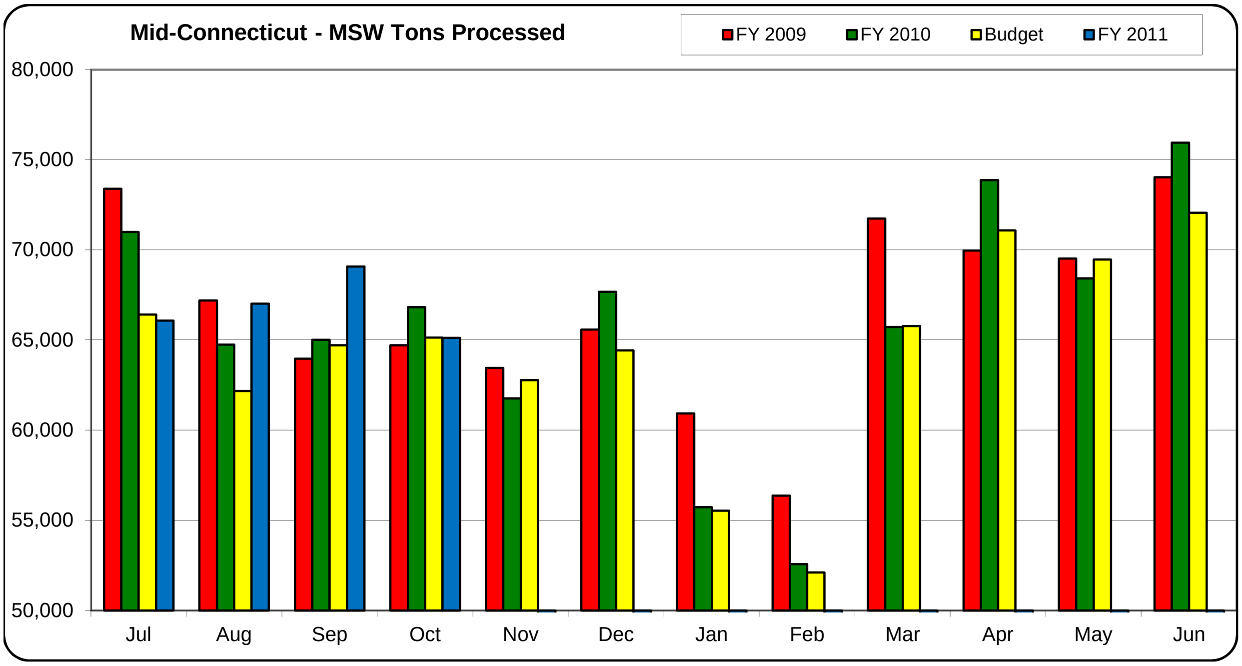
October 2010 Monthly Operational Summary

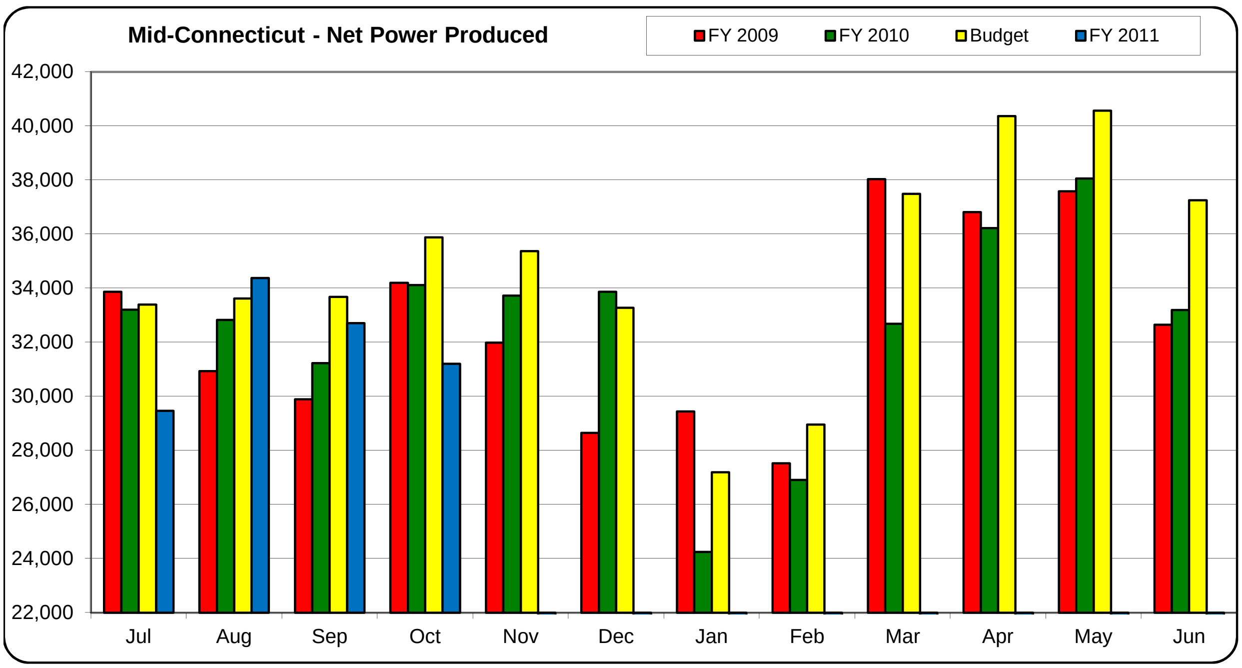
This report provides information on the operations of the CRRA Mid-Connecticut Project waste-to energy facility for the period ending October 31, 2010.

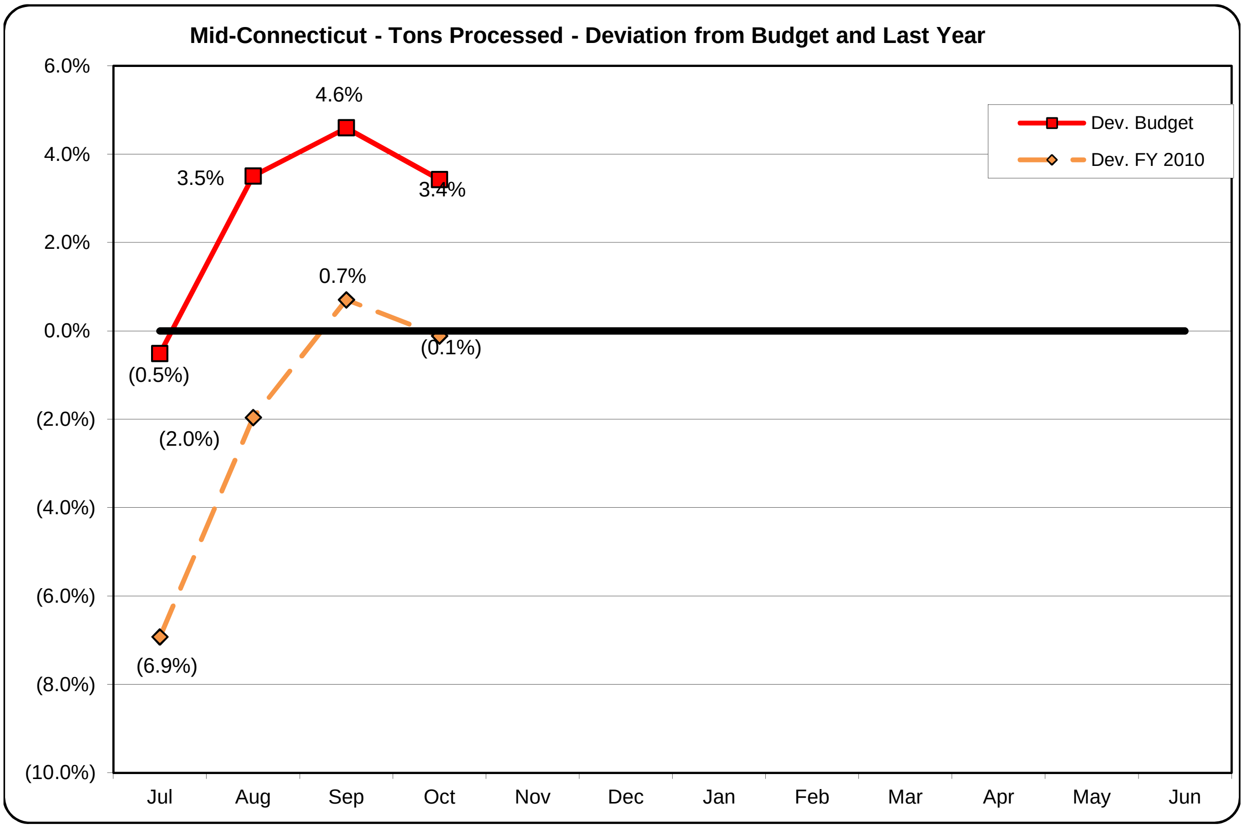
Project/ Item	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Change	2010	2011	Change	Oct 09	Oct 10	Change
Mid-Connecticut									
Tons MSW Processed	800,894	789,333	(1.4%)	267,597	267,307	(0.1%)	66,821	65,115	(2.6%)
Steam (klbs)	4,846,922	4,794,026	(1.1%)	1,622,904	1,636,249	0.8%	414,181	378,707	(8.6%)
(% MCR)	79.8%	79.0%		79.3%	80.0%		80.3%	73.5%	
Power Net MWhr)	391,548	390,270	(0.3%)	131,370	127,752	(2.8%)	34,110	31,206	(8.5%)

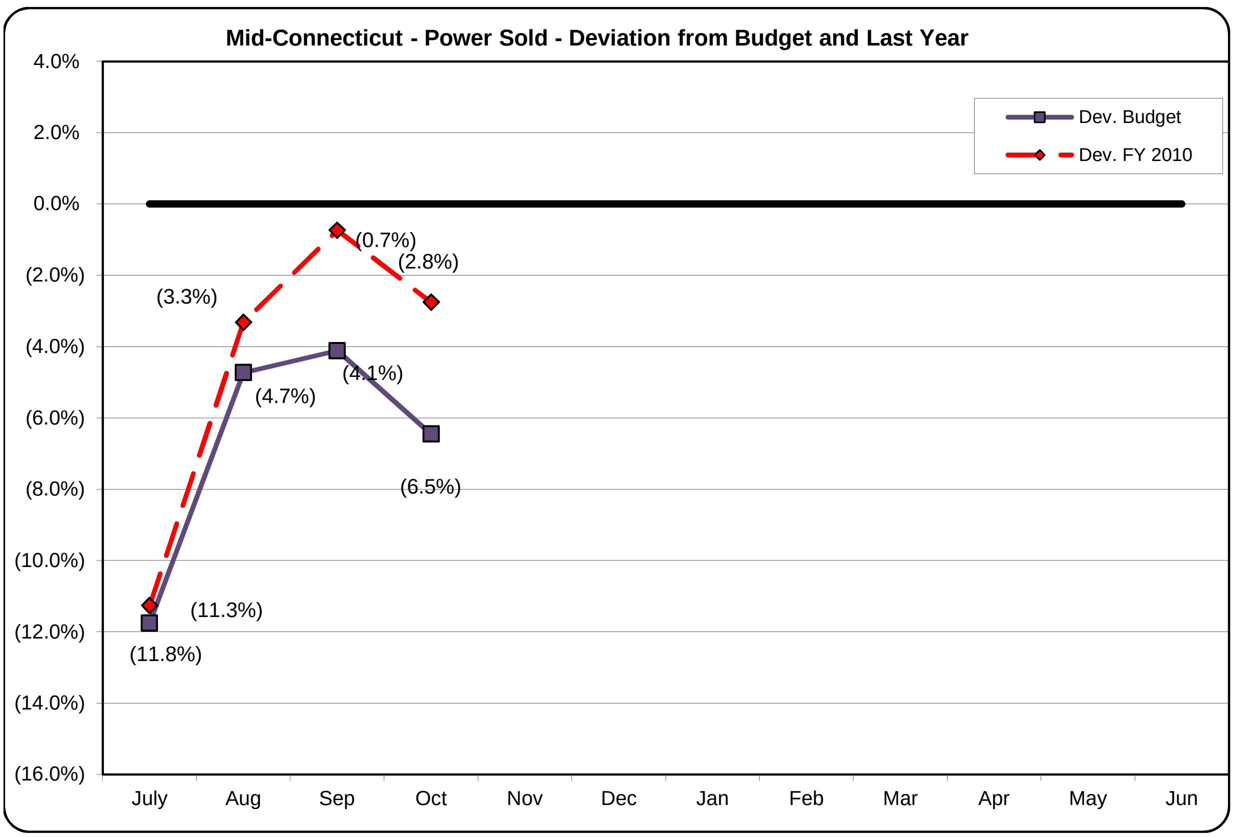
MID-CONNECTICUT PROJECT
October 2010 Monthly Operational Summary

Item	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Change	2010	2011	Change	Oct 09	Oct 10	Change
Tons MSW Processed	800,894	789,333	(1.4%)	267,597	267,307	(0.1%)	66,821	65,115	(2.6%)
Steam (klbs)	4,846,922	4,794,026	(1.1%)	1,622,904	1,636,249	0.8%	414,181	378,707	(8.6%)
(% MCR)	79.8%	79.0%		79.3%	80.0%		80.3%	73.5%	
Power Net MWhr)	391,548	390,270	(0.3%)	131,370	127,752	(2.8%)	34,110	31,206	(8.5%)






Mid-Connecticut - Tons Processed - Deviation from Budget and Last Year
Dev. Budget
Dev. FY 2010
6.0%
4.0%
2.0%
0.0%
(2.0%)
(4.0%)
(6.0%)
(8.0%)
(10.0%)
4.6%
3.5%
3.4%
0.7%
(0.5%)
(0.1%)
(2.0%)
(6.9%)
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun


Mid-Connecticut - Power Sold - Deviation from Budget and Last Year
Dev. Budget
Dev. FY 2010
4.0%
2.0%
0.0%
(2.0%)
(4.0%)
(6.0%)
(8.0%)
(10.0%)
(12.0%)
(14.0%)
(16.0%)
(0.7%)
(2.8%)
(3.3%)
(4.1%)
(4.7%)
(6.5%)
(11.3%)
(11.8%)
July
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun

Unit Capacity Factors

Month	Boiler 11	Boiler 12	Boiler 13
Jul 09	68%	84%	75%
Aug 09	75%	93%	91%
Sep 09	84%	81%	90%
Oct 09	69%	75%	76%
Nov 09			
Dec 09			
Jan 10			
Feb 10			
Mar 10			
Apr 10			
May 10			
Jun 10			

Unscheduled Downtime

Date Began	Date Ended	Boiler	Duration (Hrs.)	Reason
07/01/10	07/01/10	11	17.80	Tube repair.
07/01/10	07/01/10	12	7.93	Large clinker jammed at grate discharge.
07/07/10	07/07/10	13	5.97	Loss of vigrating pans.
07/08/10	07/08/10	12	6.00	Condenser cleaning.
07/12/10	07/14/10	11	52.37	Tube repair.
07/16/10	07/16/10	13	12.97	Tube repair.
07/17/10	07/18/10	11	10.74	Tube repair.
07/22/10	07/23/10	11	46.90	Tube repair.
07/27/10	07/30/10	11	56.05	Tube repair.
07/28/10	07/29/10	13	46.88	Tube repair.
08/03/10	08/03/10	11	23.75	Waterwall and Superheater tube leaks.
08/04/10	08/04/10	12	6.00	Clinker jan.
08/06/10	08/07/10	13	46.80	Superheater tube leaks.
09/01/10	09/03/10	12	29.77	Waterwall tube leaks.
09/13/10	09/15/10	13	55.50	Failed distribution spout and Superheater failure.
09/15/10	09/17/10	11	42.00	Roof and Superheater leak.
09/17/10	09/18/10	12	23.85	Waterwall tube leak.
09/22/10	09/22/10	12	17.90	Grate failure.
09/29/10	09/30/10	12	30.95	Waterwall tube leak.
10/07/10	10/08/10	13	11.33	SSC internal derail.
10/09/10	10/11/10	11	33.03	Grate chain failure.
10/14/10	10/15/10	13	42.75	Tube repair.
10/17/10	10/18/10	11	22.99	SSC internal derail.
10/25/10	10/26/10	12	40.13	Tube repair.
10/28/10	10/30/10	11	49.85	Tube repair.

Scheduled Downtime

Date Began	Date Ended	Boiler	Duration (Hrs.)	Work Performed
07/12/10	07/14/10	13	72.00	Cleaning outage.
07/26/10	07/28/10	12	52.18	Cleaning outage.
08/16/10	08/19/10	11	79.83	Cleaning outage.
10/02/10	10/04/10	11	71.00	Cold Steel Outage.
10/01/10	10/04/10	12	83.62	Cold Steel Outage.
10/02/10	10/05/10	13	81.90	Cold Steel Outage.

SOUTH MEADOWS JETS
October 2010 Monthly Operational Summary

Date	Net Generation (MWH)	Comment
09/02/10	619.63	
09/04/10	361.76	Summer capacity run.

SECTION 7

CONNECTICUT RESOURCES RECOVERY AUTHORITY
Mid-Connecticut Project

October 2010 Monthly Customer MSW and Recyclables Deliveries

This report provides information on deliveries of materials for the CRRA Mid-Connecticut Project for the period ending October 31, 2010.

Monthly Customer Delivery Report

Project/Contract	FiTcal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Mid-Connecticut MSW									
Member Towns	733,030	748,232	2%	262,114	246,986	(6%)	63,404	60,434	(5%)
Contract Spot	29,785	29,099	(2%)	7,481	15,000	101%	2,002	3,723	86%
In-State Spot	47,943	18,995	(60%)	2,677	4,469	67%	313	484	54%
Out-of-State Spot	4,519	10	(100%)	0	0	-	0	0	-
MSW TOTAL	815,278	796,336	(2%)	272,272	266,456	(2%)	65,720	64,641	(2%)
Mid-Connecticut Recyclables									
Member Towns	80,953	83,856	4%	27,142	29,368	8%	6,830	7,424	9%
In-State Spot	1	0	(100%)	0	0	-	0	0	-
Out-of-State Spot	1,942	0	>100%	0	0	-	0	0	-
RECYC. TOTAL	82,897	83,856	1%	27,142	29,368	8%	6,830	7,424	9%

MID-CONNECTICUT PROJECT

October 2010 Monthly Customer MSW Deliveries

Mid-Connecticut Project Member and Contract Towns MSW

Town	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Avon	10,700	10,371	(3%)	3,594	3,512	(2%)	916	893	(3%)
Beacon Falls	2,743	2,703	(1%)	911	996	9%	240	282	17%
Bethlehem	1,746	1,725	(1%)	587	574	(2%)	136	151	11%
Bloomfield	9,137	16,011	75%	5,349	4,813	(10%)	1,282	1,147	(11%)
Bolton	1,819	2,057	13%	738	675	(8%)	173	158	(9%)
Canaan	837	444	(47%)	154	158	3%	31	39	26%
Canton	5,505	4,947	(10%)	1,726	1,675	(3%)	437	413	(5%)
Chester	1,802	1,343	(25%)	479	448	(6%)	123	79	(35%)
Clinton	8,506	8,802	3%	3,191	2,865	(10%)	748	604	(19%)
Colebrook	700	743	6%	280	252	(10%)	64	56	(12%)
Cornwall	598	514	(14%)	195	183	(6%)	28	37	32%
Coventry	3,841	3,777	(2%)	1,337	1,247	(7%)	316	300	(5%)
Cromwell	9,709	9,256	(5%)	3,366	2,921	(13%)	790	803	2%
Deep River	2,830	3,069	8%	1,039	1,197	15%	256	311	21%
Durham/Middlefield	6,038	5,946	(2%)	2,115	668	(68%)	528	149	(72%)
East Granby	3,297	3,958	20%	1,257	1,164	(7%)	337	257	(24%)
East Hampton	5,492	5,511	0%	1,800	2,143	19%	425	511	20%
East Hartford	29,401	31,724	8%	11,456	9,707	(15%)	2,846	2,375	(17%)
East Windsor	4,081	4,534	11%	1,649	1,492	(10%)	396	384	(3%)
Ellington	5,131	5,326	4%	1,902	1,786	(6%)	424	408	(4%)
Enfield	23,778	27,965	18%	10,317	8,773	(15%)	2,506	2,067	(18%)
Essex	3,655	3,432	(6%)	1,308	1,084	(17%)	347	240	(31%)
Farmington	17,911	17,400	(3%)	6,084	5,817	(4%)	1,521	1,446	(5%)
Glastonbury	19,872	19,510	(2%)	6,605	6,567	(1%)	1,669	1,658	(1%)
Goshen	1,453	1,405	(3%)	551	534	(3%)	118	113	(4%)
Granby	5,319	4,657	(12%)	1,605	1,787	11%	370	440	19%
Guilford	13,268	13,461	1%	4,770	4,796	1%	1,115	1,134	2%
Haddam	3,409	3,283	(4%)	1,114	1,102	(1%)	261	276	6%
Hartford	98,925	98,202	(1%)	34,538	32,661	(5%)	8,486	8,018	(6%)
Harwinton	2,314	2,237	(3%)	845	778	(8%)	207	191	(8%)
Hebron	3,395	3,266	(4%)	1,119	1,145	2%	259	290	12%
Killingworth	2,658	2,625	(1%)	914	887	(3%)	213	227	7%
Litchfield	5,251	5,414	3%	1,949	1,914	(2%)	482	467	(3%)
Lyme	879	851	(3%)	319	308	(3%)	80	71	(11%)
Madison	9,954	8,746	(12%)	3,291	2,993	(9%)	705	606	(14%)
Manchester	34,733	37,815	9%	12,354	12,276	(1%)	3,116	3,035	(3%)

Mid-Connecticut Project Member & Contract Towns MSW (Continued)

Town	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Marlborough	3,101	2,885	(7%)	991	921	(7%)	238	218	(8%)
Middlebury	3,121	2,403	(23%)	887	869	(2%)	199	208	5%
Naugatuck	17,214	15,902	(8%)	5,551	5,110	(8%)	1,336	1,269	(5%)
Newington	22,828	22,409	(2%)	7,911	7,096	(10%)	1,942	1,697	(13%)
Norfolk	1,104	798	(28%)	305	293	(4%)	61	67	9%
North Branford	8,197	7,757	(5%)	2,772	2,606	(6%)	661	639	(3%)
North Canaan	2,595	2,735	5%	996	885	(11%)	242	225	(7%)
Old Lyme	4,178	4,178	(0%)	1,708	1,584	(7%)	330	316	(4%)
Old Saybrook	10,933	10,824	(1%)	3,927	3,791	(3%)	927	872	(6%)
Oxford	4,335	4,895	13%	1,579	1,828	16%	357	449	26%
Portland	4,180	3,970	(5%)	1,428	1,311	(8%)	366	318	(13%)
Rocky Hill	11,405	11,071	(3%)	3,781	3,569	(6%)	968	896	(8%)
Roxbury	814	769	(6%)	279	258	(7%)	65	58	(11%)
RRDD#1	13,291	12,801	(4%)	4,564	4,389	(4%)	1,053	1,110	5%
Salisbury/Sharon	3,564	3,309	(7%)	1,250	1,218	(3%)	278	289	4%
Simsbury	15,331	15,330	(0%)	5,215	4,915	(6%)	1,312	1,228	(6%)
South Windsor	13,875	15,620	13%	5,586	5,312	(5%)	1,303	1,322	1%
Southbury	9,419	10,122	7%	3,333	3,622	9%	795	882	11%
Suffield	5,411	6,354	17%	2,244	2,216	(1%)	556	530	(5%)
Thomaston	4,724	4,284	(9%)	1,446	1,430	(1%)	342	331	(3%)
Tolland	5,970	6,089	2%	2,133	2,086	(2%)	519	516	(1%)
Torrington	27,639	26,128	(5%)	9,187	8,652	(6%)	2,236	2,164	(3%)
Vernon	14,009	15,194	8%	5,679	4,922	(13%)	1,404	1,222	(13%)
Waterbury	77,156	80,860	5%	27,465	27,541	0%	6,489	6,816	5%
Watertown	14,940	13,539	(9%)	4,838	4,482	(7%)	1,073	1,134	6%
West Hartford	38,544	38,032	(1%)	13,346	12,349	(7%)	3,263	3,118	(4%)
Westbrook	4,703	4,801	2%	1,876	1,601	(15%)	454	345	(24%)
Wethersfield	17,172	17,841	4%	6,289	5,500	(13%)	1,540	1,316	(15%)
Windsor Locks	7,277	9,193	26%	2,964	3,062	3%	722	837	16%
Woodbury	5,311	5,110	(4%)	1,778	1,671	(6%)	423	407	(4%)
TOTAL MEMBER & CONTRACT TOWN	733,030	748,232	2%	262,114	246,986	(6%)	63,404	60,434	(5%)

Mid-Connecticut Project Contract Spot MSW									
			-			-			-
			-			-			-
			-			-			-
TOTAL CONTRACT SPOT	29,785	29,099	(2%)	7,481	15,000	101%	2,002	3,723	86%
Mid-Connecticut Project In-State Spot MSW									
Ansonia	2,447	0	-100%	0	0	-	0	0	-
Ashford	0	0	-	0	0	-	0	0	-
Berlin	177	67	(62%)	0	0	-	0	0	-
Bethel	0	0	-	0	12	-	0	0	-
Bristol	420	362	(14%)	0	0	-	0	0	-
Cheshire	175	84	(52%)	0	0	-	0	0	-
Colchester	0	0	-	0	0	-	0	0	-
Danbury	0	0	-	0	150	-	0	0	-
Derby	362	0	(100%)	0	0	-	0	0	-
East Haddam	86	46	(47%)	26	0	(100%)	7	0	(100%)
Hamden	121	19	(84%)	0	0	-	0	0	-
Hartford L/F	0	0	-	0	0	-	0	0	-
Lebanon	0	0	-	0	0	-	0	0	-
Meriden	848	915	8%	0	0	-	0	0	-
Middletown	15,564	7,456	(52%)	2,515	2,807	12%	273	484	77%
Morris	94	0	(100%)	0	0	-	0	0	-
Murphy Road Recyclin	0	3,776	-	0	667	-	0	0	-
New Britain	1,710	198	(88%)	0	0	-	0	0	-
New Haven	19,160	313	(98%)	0	0	-	0	0	-
Promfret	0	0	-	0	0	-	0	0	-
Reliable Recycling	0	0	-	0	0	-	0	0	-
Ridgefield	0	0	-	0	0	-	0	0	-
Seymour	335	0	(100%)	0	31	-	0	0	-
Southington	94	173	84%	0	0	-	0	0	-
Stafford	646	203	(69%)	136	20	(85%)	34	0	(100%)
Stamford	0	0	-	0	0	-	0	0	-
Stratford Baling TS, S	0	0	-	0	229	-	0	0	-
UConn/Storrs	0	0	-	0	0	-	0	0	-
Waste Conversion / M	0	0	-	0	0	-	0	0	-
Willington	0	0	-	0	0	-	0	0	-
Windsor	1,095	68	(94%)	0	0	-	0	0	-
Woodstock	0	0	-	0	0	-	0	0	-
TOTAL IN-STATE SPOT	47,943	18,995	(60%)	2,677	4,469	67%	313	484	54%

State	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Massachusetts	4,499	10	(100%)	0	0	-	0	0	-
New York	20	0	-100%	0	0	-	0	0	-
Vermont	0	0	-	0	0	-	0	0	-
TOTAL OUT-OF-STATE SPOT	4,519	10	(100%)	0	0	-	0	0	-

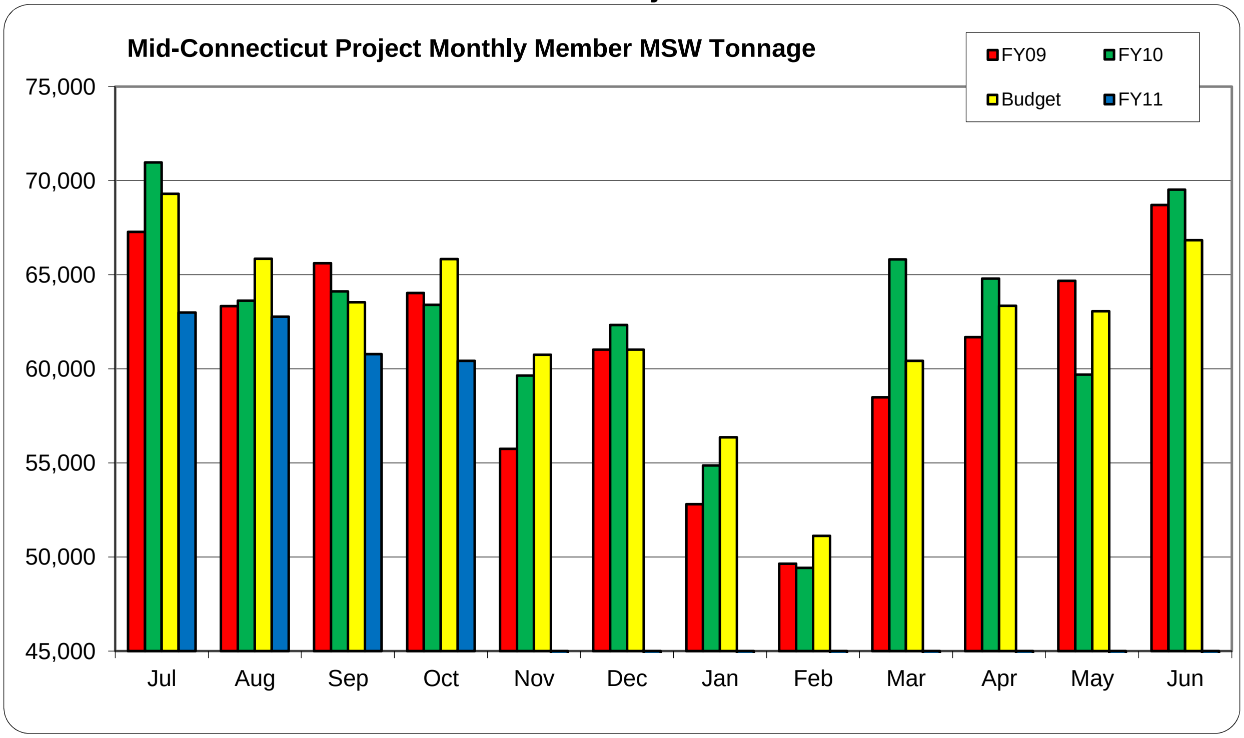
Mid-Connecticut Project Total MSW Deliveries

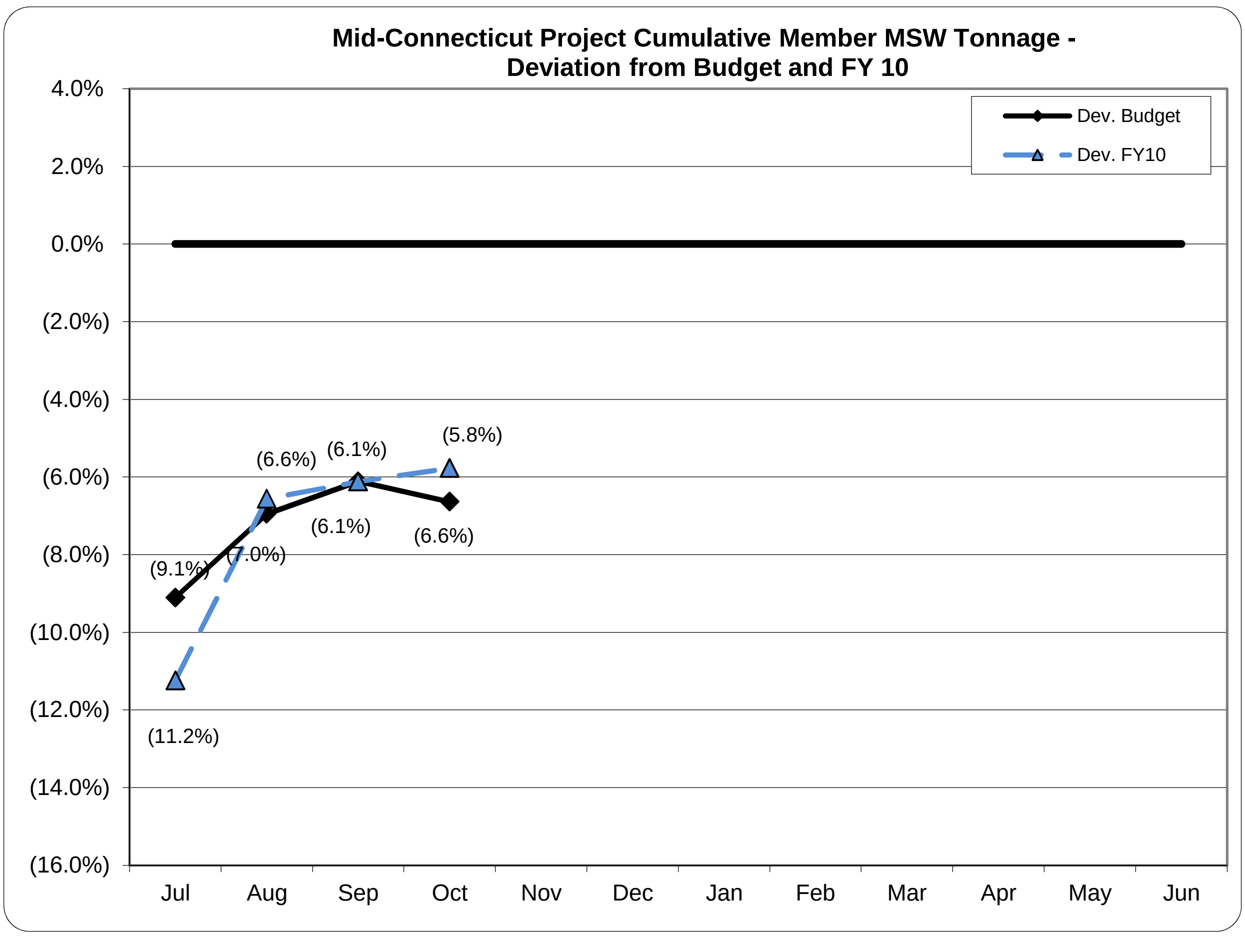
Source	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Member & Contract Towns	733,030	748,232	2%	262,114	246,986	(6%)	63,404	60,434	(5%)
Contract Spot	29,785	29,099	(2%)	7,481	15,000	101%	2,002	3,723	86%
In-State Spot	47,943	18,995	(60%)	2,677	4,469	67%	313	484	54%
Out-of-State Spot	4,519	10	(100%)	0	0	-	0	0	-
TOTAL TONNAGE	815,278	796,336	(2%)	272,272	266,456	(2%)	65,720	64,641	(2%)

Mid-Connecticut Project MSW Diversions And Exports

Type	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
TS Diversions	14,039	4,962	(65%)	183	1,645	801%	0	0	-
TS Exports	2,999	11,253	275%	8,934	982	(89%)	820	0	(100%)
WPF Diversions	0	0	-	0	0	-	0	0	-
WPF Exports	0	0	-	0	0	-	0	0	-
TOTAL TONNAGE	17,038	16,215	(5%)	9,116	2,627	(71%)	820	0	(100%)

Mid-Connecticut Project MSW Trends





MID-CONNECTICUT PROJECT
October 2010 Monthly Customer Recyclables Deliveries
Mid-Connecticut Project Member and Contract Towns Recyclables

Town	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Avon	2,123	2,309	9%	779	766	(2%)	219	186	(15%)
Beacon Falls	320	299	(7%)	103	100	(3%)	24	31	31%
Bloomfield	1,366	1,385	1%	415	559	35%	111	134	20%
Bolton	488	507	4%	156	199	27%	34	50	46%
Canaan	0	0	-	0	0	-	0	0	-
Canton	940	881	(6%)	286	319	11%	68	80	18%
Chester	301	325	8%	119	102	(14%)	26	21	(19%)
Clinton	749	794	6%	287	278	(3%)	70	64	(8%)
Colebrook	158	152	(4%)	54	49	(9%)	14	15	9%
Cornwall	178	159	(11%)	55	60	8%	3	15	**328%**
Cromwell	1,321	1,049	(21%)	383	334	(13%)	104	87	(16%)
Deep River	282	281	(0%)	80	119	48%	25	31	25%
Durham/Middlefield	0	0	-	0	0	-	0	0	-
East Granby	251	475	89%	150	141	(6%)	35	29	(18%)
East Hampton	1,024	1,102	8%	360	353	(2%)	88	88	(0%)
East Hartford	1,993	1,936	(3%)	643	1,026	60%	164	278	69%
East Windsor	728	876	20%	252	293	16%	70	75	8%
Ellington	1,241	1,452	17%	493	487	(1%)	136	124	(9%)
Enfield	3,017	2,995	(1%)	953	1,030	8%	242	281	16%
Essex	665	767	15%	258	221	(15%)	70	49	(30%)
Farmington	2,221	2,314	4%	777	689	(11%)	196	181	(8%)
Glastonbury	4,342	3,699	(15%)	1,173	1,175	0%	310	298	(4%)
Goshen	277	293	6%	102	103	1%	23	22	(2%)
Granby	1,171	1,503	28%	463	495	7%	110	124	12%
Guilford	1,442	1,646	14%	516	506	(2%)	136	127	(6%)
Haddam	493	492	(0%)	151	155	3%	37	39	6%
Hartford	3,583	4,282	20%	1,019	1,560	53%	258	374	45%
Harwinton	452	478	6%	143	180	26%	37	48	29%
Killingworth	593	631	6%	194	188	(3%)	46	45	(4%)
Litchfield	661	659	(0%)	218	224	3%	55	53	(4%)
Lyme	0	0	-	0	0	-	0	0	-
Madison	1,656	1,421	(14%)	514	423	(18%)	135	96	(29%)
Manchester	3,792	5,006	32%	1,645	1,693	3%	407	431	6%
Marlborough	500	529	6%	171	168	(2%)	36	41	14%
Middlebury	871	838	(4%)	272	282	4%	69	75	9%

Mid-Connecticut Project Member & Contract Towns Recyclables (Continued)

Town	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Naugatuck	1,535	1,477	(4%)	472	456	(3%)	115	113	(2%)
Newington	2,207	2,182	(1%)	719	892	24%	179	236	32%
North Branford	830	879	6%	304	272	(11%)	71	63	(12%)
North Canaan	231	241	4%	90	82	(9%)	24	22	(11%)
Old Lyme	0	0	-	0	0	-	0	0	-
Old Saybrook	1,169	1,015	(13%)	338	443	31%	79	104	32%
Oxford	735	776	6%	232	263	13%	53	63	17%
Portland	824	556	(33%)	185	196	6%	51	55	8%
Rocky Hill	1,390	1,421	2%	452	464	3%	115	128	12%
Roxbury	220	199	(10%)	65	73	13%	17	18	2%
RRDD#1	1,931	1,927	(0%)	673	665	(1%)	160	171	7%
Salisbury/Sharon	1,025	969	(5%)	338	361	7%	79	87	11%
Simsbury	2,686	2,527	(6%)	831	957	15%	217	244	12%
South Windsor	2,341	2,725	16%	898	903	1%	226	220	(3%)
Suffield	1,085	1,396	29%	443	453	2%	107	111	4%
Thomaston	422	465	10%	146	160	9%	38	37	(3%)
Tolland	0	0	-	0	0	-	0	0	-
Torrington	1,987	2,958	49%	1,013	991	(2%)	251	252	0%
Vernon	2,041	1,926	(6%)	608	794	31%	152	210	38%
Waterbury	3,180	2,961	(7%)	985	980	(0%)	235	260	11%
Watertown	1,279	1,238	(3%)	416	420	1%	97	100	3%
West Hartford	6,092	6,003	(1%)	1,920	2,276	19%	502	579	15%
Westbrook	373	414	11%	144	126	(13%)	37	27	(26%)
Wethersfield	2,120	2,074	(2%)	683	871	27%	179	227	27%
Windsor Locks	922	1,095	19%	376	372	(1%)	100	93	(7%)
Woodbury	744	757	2%	248	251	1%	60	56	(7%)
TOTAL MEMBER & CONTRACT TOWN	80,953	83,856	4%	27,142	29,368	8%	6,830	7,424	9%

Mid-Connecticut Project In-State Spot Recyclables

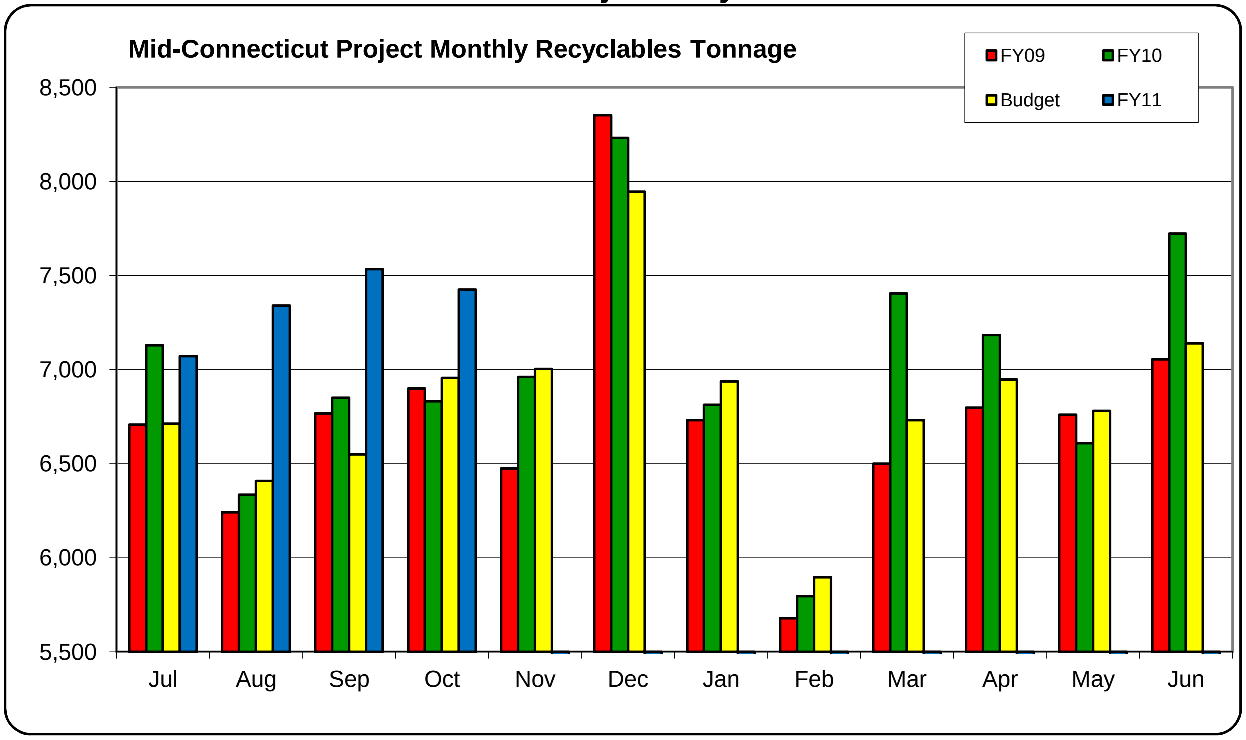
State	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
New Haven	1	0	(100%)	0	0	-	0	0	-
TOTAL IN-STATE SPOT	1	0	(100%)	0	0	-	0	0	-

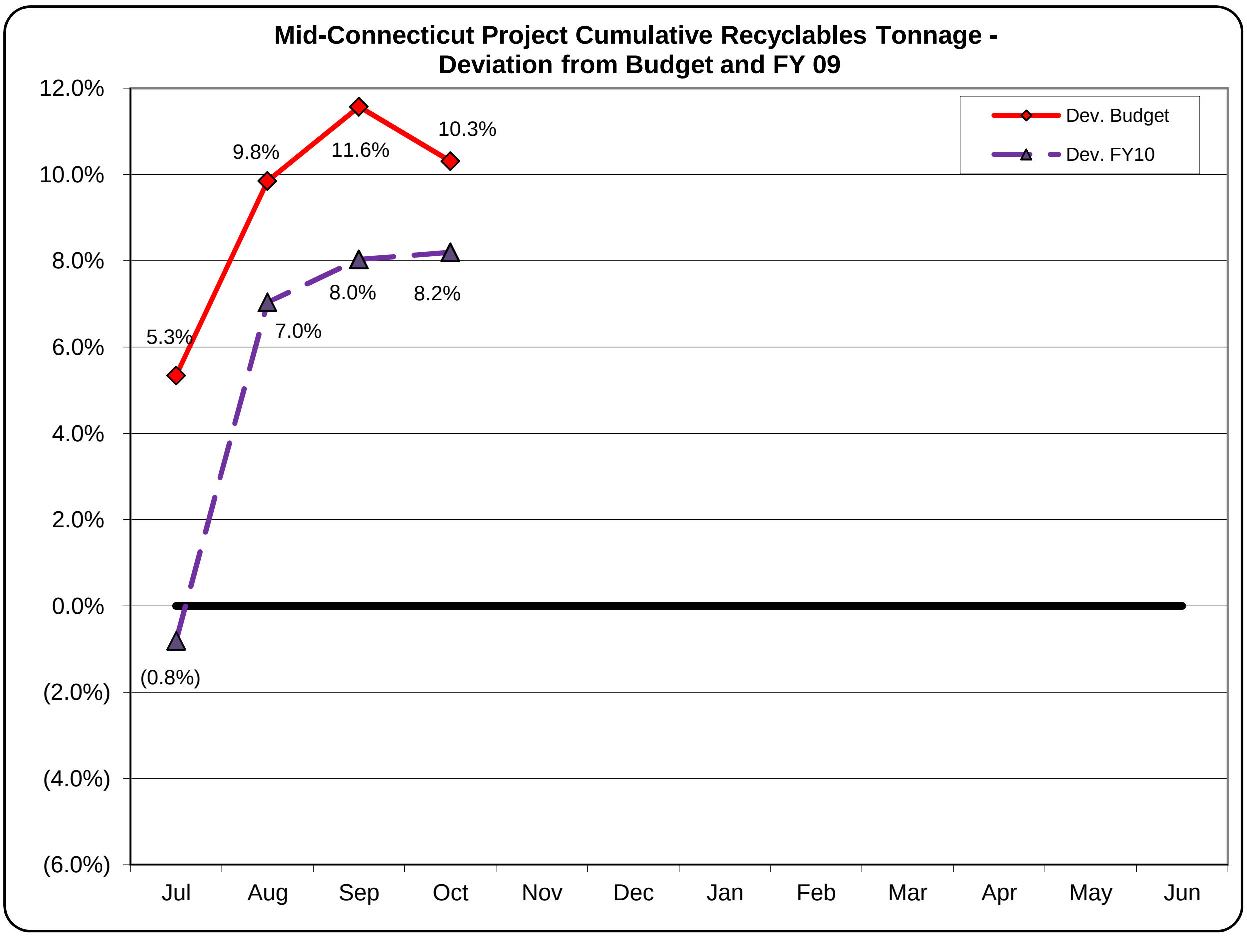
State	Fiscal Year			Fiscal Year-To-Date			Monthly		
Haverhill WPF	0	0	0%	0	0	0%	0	0	0%
Massachusetts	1,942	0	>100%	0	0	-	0	0	-
Vermont	0	0	-	0	0	-	0	0	-
TOTAL OUT-OF-STATE SPOT	1,942	0	>100%	0	0	-	0	0	-

Mid-Connecticut Project Total Recyclables Deliveries

Source	Fiscal Year			Fiscal Year-To-Date			Monthly		
	2009	2010	Growth	2010	2011	Growth	Oct 09	Oct 10	Growth
Member & Contract Towns	80,953	83,856	4%	27,142	29,368	8%	6,830	7,424	9%
In-State Spot	1	0	(100%)	0	0	-	0	0	-
Out-of-State Spot	1,942	0	>100%	0	0	-	0	0	-
TOTAL TONNAGE	82,897	83,856	1%	27,142	29,368	8%	6,830	7,424	9%

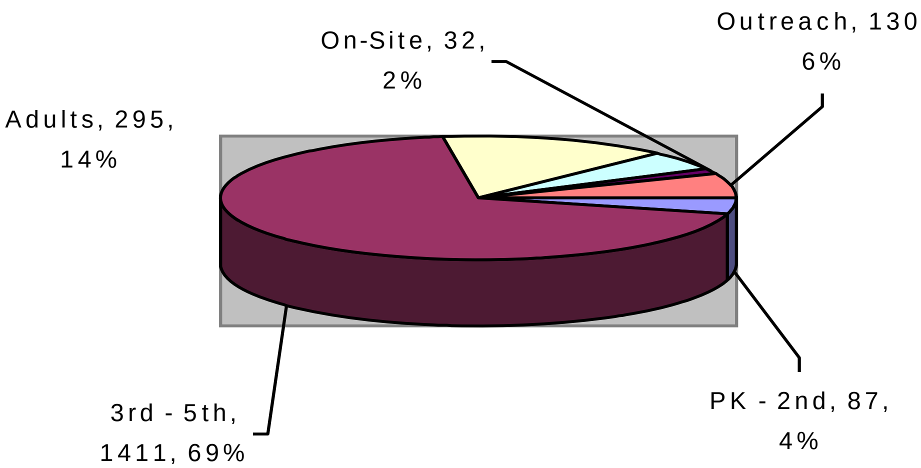
Mid-Connecticut Project Recyclables Trends





SECTION 8

Trash Museum Report
October 2010



Group Totals:	**1,498**
October 2010 Total:	**2,058**
October 2009 Total:	**1,742**
Monthly Increase:	**+ 316**
YTD Increase:	**+ 505**

Museum Special Events and Participation:

- *Planning and scheduling dates for Institute of Museum and Library Services (IMLS) grant teacher workshop.*
- *Developing on-line educational tools (Recycl-o-meter and recycling sorting game).*
- *Integrating energy conservation component into programs (Energy Efficiency Fund grant).*
- *Collaborating with University of Hartford Visual Design class to develop new exhibit designs and loan kit(s).*
- *Added new signage.*
- *Ordering new products with Trash Museum logo to enhance gift shop sales.*
- *Utilizing Trash Museum Facebook page to market programs and to increase fan participation.*
- *October 4 – Project to Increase Mastery of Math and Sciences (PIMMS) Teacher Workshop – 25 participants*
- *October 5 – University of Hartford Design class initial meeting*
- *October 12 – New Mexico teacher tours*
- *October 14 – Volunteer "Shadow Day" – Big Picture High School – Bloomfield*
- *October 17 – Temple Beth Shalom Outreach – 75 participants*
- *October 19 – American School for the Deaf internship meeting*
- *October 22 – Community Service High School Volunteer Day Rocky Hill High School – 10 volunteers (5 hours)Trash Museum*
- *October 22 – University of Hartford Student reception and recognition*
- *October 28, 29 – meetings with University of Hartford Visual Design classes (PG, SM)*
- *October 30 – Connecticut Science Teachers Association Conference – Hamden Middle School*
- *November 6 – America Recycles Day – Musician Scott Kessel*

CRRA Trash Museum October 2010											
Month	School Total	Pre-K - 2nd	3rd - 5th	6th - 8th	9th -12th	College - Adult	Walk-ins	Off-Site	On-Site Events	Grand Total	Hartford Schools
January	1,352	795	504	0	53	241	78	108	228	***2,007***	795
February	1,108	930	158	5	15	326	237	589	50	***2,310***	680
March	1,596	1,234	341	13	8	468	178	647	216	***3,105***	300
April	1,764	1300	449	0	15	490	345	661	210	***3,470***	298
May	1,961	927	1028	0	6	428	98	678	56	***3,221***	236
June	1,264	516	496	252	0	366	190	573	0	***2,393***	97
July	874	414	302	158	0	313	750	209	0	***2,146***	517
August	343	194	116	17	16	136	732	0	0	***1,211***	77
September	90	4	86	0	0	53	111	338	50	***642***	0
October	1,498	87	1411	0	0	295	103	130	32	***2,058***	229
November											
December											
	11,850	***6,401***	***4,891***	***445***	***113***	***3,116***	***2,822***	***3,933***	***842***	***22,563***	***3229***

CRRA Trash Museum 2009											
Month	School Total	Pre-K - 2nd	3rd - 5th	6th - 8th	9th -12th	College - Adult	Walk-ins	Off-Site	On-Site Events	Grand Total	Hartford Schools
January	1,103	713	286	74	30	266	118	135	280	***1,902***	649
February	1,494	1,027	255	212	0	386	245	275	25	***2,425***	744
March	1,848	1,634	165	41	8	450	197	524	0	***3,019***	211
April	1,794	1310	468	16	0	492	447	1,001	0	***3,734***	229
May	2,046	871	958	170	47	440	115	146	187	***2,934***	362
June	1,570	398	769	373	30	321	145	47	50	***2,133***	0
July	1,025	459	302	226	38	385	623	130	0	***2,163***	330
August	618	378	158	82	0	152	400	248	0	***1,418***	140
September	301	84	129	0	88	72	68	147	0	***588***	0
October	1,394	259	802	318	15	255	64	14	15	***1,742***	528
November	1,354	460	894	0	0	379	85	132	222	***2,172***	577
December	775	275	437	13	50	163	179	429	0	***1,546***	208
	15,322	***7,868***	***5,623***	***1,525***	***306***	***3,761***	***2,686***	***3,228***	***779***	***25,776***	***3978***

CRRA Trash Museum 2008											
Month	School Total	Pre-K - 2nd	3rd - 5th	6th - 8th	9th -12th	College - Adult	Walk-ins	Off-Site	On-Site Events	Grand Total	Hartford Schools
January	1,408	656	662	55	35	357	83	0	348	***2,196***	649
February	1,574	894	603	72	5	279	258	2	38	***2,151***	844
March	1,616	1,358	199	54	5	440	141	428	122	***2,747***	343
April	1,576	1232	260	76	8	446	235	3,009	51	***5,317***	679
May	2,147	868	1019	245	15	425	145	88	160	***2,965***	303
June	1,179	517	662	0	0	418	88	220	0	***1,905***	105
July	1,067	583	256	192	36	364	330	0	0	***1,761***	353
August	215	107	26	25	57	118	310	241	0	***884***	103
September	309	89	220	0	0	108	29	558	0	***1004***	0
October	1,176	73	801	267	35	195	66	1493	0	***2930***	83
November	1,235	559	528	89	59	300	44	287	315	***2181***	874
December	1,075	581	408	70	16	155	31	0	0	***1261***	569
	14,577	***7,517***	***5,644***	***1,145***	***271***	***3,605***	***1,760***	***6,326***	***1,034***	***27,302***	***4905***

SECTION 9

MID-CONNECTICUT PROJECT – VARIANCE ANALYSIS

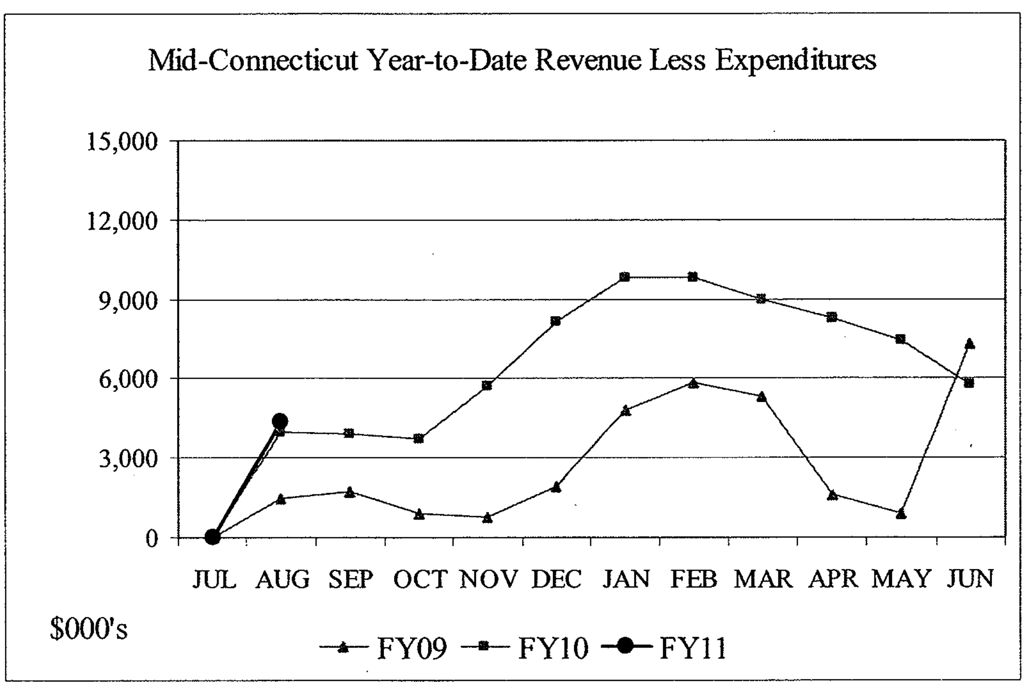
August 2010

REVENUES:

- Service Charges Solid Waste–Members: unfavorable due to lower than expected deliveries as seen state-wide.
- Service Charges Solid Waste–Contracts & Spot: favorable due to higher than expected non-member deliveries to elevate losses in member tons.
- DEP Certified Materials: unfavorable due to timing of soil deliveries.
- Metal & Recycling Sales: due to favorable market conditions.
- Electricity: unfavorable due to lower than budgeted output by approximately 5,834,000 kwh, offset by higher than budgeted rate per kwh.
- Interest Income: unfavorable due to lower than budgeted interest rate. The budget assumed a 1% interest rate, but the average interest rate for the past two months was below 0.5%.
- Jets/EGF: favorable due to a higher capacity rate in the summer months. The rate is expected to decrease significantly during off-peak season.

EXPENDITURES:

- Administrative Expenses: favorable due to lower than expected indirect overhead costs and increased direct charges to the operational expenses versus to General Fund.
- Operational Expenses: favorable primarily due to timing of legal fees.
- Waste Transport: unfavorable due to higher than budgeted transportation of nonprocessible wastes and mattresses and the unbudgeted settlement to the operator of Ellington Transfer Station.
- Waste Processing Facility (WPF): favorable primarily due to lower than budgeted contract operating costs. The actual O&M is based on 1/12th accrual method. Adjustments will be made quarterly following submission of the actual expenditures by the MDC.
- Power Block Facility (PBF): favorable due to timing difference between budget and actual. The actual is based on a 1/12th basis.



MID-CONNECTICUT PROJECT - FINANCIAL RESULTS

For the Period Ending August 31, 2010

	YTD Budget	YTD Actual	(Unfavorable) YTD Variance	FY11 Budget
REVENUES				
Service Charges Solid Waste - Members & Contracts	$ 9,503,000	$ 8,660,041	$ (842,959)	$ 52,298,000
Service Charges Solid Waste - Other Contracts	$ 288,000	$ 337,879	$ 49,879	$ 1,598,000
Service Charges Solid Waste - Spot	$ 94,000	$ 134,747	$ 40,747	$ 680,000
DEP Certified Materials	$ 83,000	$ -	$ (83,000)	$ 500,000
Metal Sales	$ 120,000	$ 253,654	$ 133,654	$ 720,000
Municipal Bulky Waste & Mattresses/Box Spring	$ 146,000	$ 202,803	$ 56,803	$ 875,950
Recycling Sales	$ 267,000	$ 386,910	$ 119,910	$ 1,470,000
Electricity	$ 5,056,000	$ 5,027,199	$ (28,801)	$ 24,040,000
Miscellaneous Income	$ 31,000	$ 45,713	$ 14,713	$ 187,000
Interest Income	$ 51,000	$ 16,185	$ (34,815)	$ 304,000
Use of Prior Year Surplus (a)	$ 1,299,000	$ 1,299,304	$ 304	$ 7,795,824
Use of Board Designated Reserves	$ 551,000	$ 550,834	$ (166)	$ 3,305,000
Jets / EGF	$ 3,074,000	$ 3,126,593	$ 52,593	$ 6,148,000
TOTAL REVENUES	$ 20,563,000	$ 20,041,862	$ (521,138)	$ 99,921,774
EXPENDITURES				
Administrative Expenses	$ 617,000	$ 255,027	$ 361,973	$ 3,700,000
Operational Expenses	$ 1,736,000	$ 1,563,603	$ 172,397	$ 10,415,799
Taxes, Municipal Subsidies, and Pilots	$ 1,099,000	$ 1,006,697	$ 92,303	$ 6,596,500
Debt Service/Administration	$ 729,000	$ 728,763	$ 237	$ 4,375,000
Waste Transport	$ 3,840,000	$ 4,079,951	$ (239,951)	$ 24,543,000
Regional Recycling	$ 229,000	$ 172,218	$ 56,782	$ 1,376,000
Waste Processing Facility	$ 3,199,000	$ 2,940,592	$ 258,408	$ 17,653,975
Power Block Facility	$ 2,978,000	$ 2,805,702	$ 172,298	$ 17,866,000
Landfill - Hartford	$ 211,000	$ 140,165	$ 70,835	$ 1,268,000
Landfill - Ellington	$ 42,000	$ 26,894	$ 15,106	$ 249,500
Transfer Station - Ellington	$ 73,000	$ 67,301	$ 5,699	$ 435,500
Transfer Station - Essex	$ 118,000	$ 103,373	$ 14,627	$ 705,500
Transfer Station - Torrington	$ 103,000	$ 98,679	$ 4,321	$ 617,000
Transfer Station - Watertown	$ 89,000	$ 86,401	$ 2,599	$ 535,000
171 Murphy Road	$ 8,000	$ 1,602	$ 6,398	$ 50,000
Jets/EGF Expenditures	$ 1,589,000	$ 1,626,335	$ (37,335)	$ 9,535,000
TOTAL EXPENDITURES	$ 16,660,000	$ 15,703,303	$ 956,697	$ 99,921,774
SURPLUS/(DEFICIT)	$ 3,903,000	$ 4,338,559	$ 435,559	$ -
OPERATING ASSUMPTIONS				
Total Project MSW Tons Delivered	143,065	136,139	(6,926)	793,970
Diverted / Exported MSW Tons	14,474	2,458	(12,015)	22,270
Processed Tons	128,591	133,104	4,513	771,700
Non-Processible Waste Tons (from Facility)	2,714	1,390	(1,324)	13,670
Ash Tons	28,325	25,765	(2,560)	165,000
Ash Percent	22.03%	19.36%	-2.67%	21.38%
Process Residue Tons	18,598	18,523	(76)	103,216
Project Recyclables	13,141	14,411	1,270	82,000
Kwh Sold	69,686,428	63,852,138	(5,834,290)	417,000,000
Average Rate Per kwh <=250GW	$ 0.0741	$ 0.0787	$ 0.0046	$ 0.0741
Average Rate Per kwh >250GW	$ 0.0330	$ 0.0330	$ -	$ 0.0330
Kwh Blended Rate	$ 0.0726	$ 0.0787	$ 0.0062	$ 0.0576

(a) As required by contract

CONNECTICUT RESOURCES RECOVERY AUTHORITY

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

TOGETHER WITH

INDEPENDENT AUDITOR'S REPORT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
New York, New York

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Connecticut Resources Recovery Authority
Hartford, Connecticut

We have audited the accompanying balance sheets of the Connecticut Resources Recovery Authority (Authority), a component unit of the State of Connecticut, as of June 30, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated September 29, 2010, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and supplementary information on pages 3 through 21 and 47 through 53, respectively, are not a required part of the basic financial statements but are Supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Bollam Sheedy Torani & Co LLP

New York, New York
September 29, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the Connecticut Resources Recovery Authority's (the "Authority") activities and financial performance provides an introduction to the audited financial statements for the fiscal years ended June 30, 2010 and 2009. Following the MD&A are the basic financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

FINANCIAL POSITION SUMMARY

The Authority's fiscal year 2010 total assets decreased by $25.2 million or 7.5% from fiscal year 2009 and total liabilities decreased by $16.3 million or 15.3%. Total assets exceeded total liabilities by $217.8 million as of June 30, 2010 as compared to $226.7 million as of June 30, 2009 or a net decrease of $8.9 million.

The fiscal year 2009 total assets decreased by $26.3 million or 7.3% from fiscal year 2008 and total liabilities decreased by $3.4 million or 3.1%. Total assets exceeded total liabilities by $226.7 million as of June 30, 2009 as compared to $249.5 million as of June 30, 2008, or a net decrease of $22.8 million.

BALANCE SHEETS
As of June 30,
(In Thousands)

	2010	2009	2008
ASSETS			
Current unrestricted assets	$ 106,616	$ 123,081	$ 133,044
Current restricted assets	46,410	28,639	37,409
Total current assets	153,026	151,720	170,453
Non-current assets:			
Restricted cash and cash equivalents	22,434	33,390	36,472
Restricted investments	817	817	809
Capital assets, net	129,521	144,559	148,216
Development and bond issuance costs, net	2,727	3,190	3,978
Total non-current assets	155,499	181,956	189,475
TOTAL ASSETS	$ 308,525	$ 333,676	$ 359,928
LIABILITIES			
Current liabilities	$ 33,776	$ 37,659	$ 40,607
Long-term liabilities	56,906	69,356	69,849
TOTAL LIABILITIES	90,682	107,015	110,456
NET ASSETS			
Invested in capital assets, net of related debt	120,895	133,360	135,575
Restricted	37,015	36,646	45,876
Unrestricted	59,933	56,655	68,021
Total net assets	217,843	226,661	249,472
TOTAL LIABILITIES AND NET ASSETS	$ 308,525	$ 333,676	$ 359,928

FINANCIAL HIGHLIGHTS

The following is an overview of significant changes within the Balance Sheets as of June 30, 2010 and 2009:

ASSETS

Current unrestricted assets decreased by $16.5 million or 13.4% from fiscal year 2009, which decreased by $10.0 million or 7.5% over fiscal year 2008. The fiscal year 2010 decrease is primarily due to:

- Unrestricted cash and cash equivalents decreased by $18.9 million. This occurred primarily due to:
  - Payments of $13.2 million for closure costs at the Hartford landfill, equipment purchases and plant improvements at the Mid-Connecticut Waste Processing and Power Block Facilities; fiscal year 2009 service fee at the Southeast Project; various capital expenditures at the Energy Generating Facility; costs associated with the landfill development; post-closure costs at the Shelton landfill; and a claim in connection with a Mid-Connecticut operator; and
  - A transfer of $5.7 million to the Property Division non-current restricted Post-closure Trust Fund as a result of a new Stewardship Permit at the Shelton Landfill; and
  - A $3.5 million transfer of funds, net to the Mid-Connecticut Project current restricted Revenue Fund for credit to the Mid-Connecticut Project members to offset the fiscal year 2010 adopted tip fee of $69 per ton of solid waste delivered; and
  - A $1.6 million distribution of Bridgeport Project-related funds to the former Bridgeport Project town members; and
  - Higher disbursement of funds for goods and services received at the Mid-Connecticut Project ($1.5 million); and
  - Lower transfer of funds from the Mid-Connecticut current restricted Revenue Fund for operating activities due to timing ($1.1 million); and
  - A transfer of $500,000 to the Authority's current restricted Escrow Account in accordance with the Connecticut Transfer Act for the conveyance of the Wallingford Resource Recovery Facility to the Covanta Projects of Wallingford, LP.; partially offset by:
  - Contributions toward operating cash requirements of $4.4 million at the Mid-Connecticut Project for monitoring and maintenance of the Hartford and Ellington landfills post-closure care costs and capital expenditures at the Mid-Connecticut Project facilities; and
  - A $1.7 million transfer of funds from the Wallingford Project non-current restricted assets to stabilize the project fiscal year 2010 tip fee of $60 per ton; and
  - A $1.2 million transfer of funds from the Mid-Connecticut Project non-current restricted assets for a purchase of a new jet fuel tank at the Mid-Connecticut Jet Turbine Facility scheduled in fiscal year 2011; and

  - A receipt of $495,000 settlement funds (net of attorneys' fees and costs of litigation of $55,000) at the Mid-Connecticut Project as a result of an Enron-related lawsuit settlement.

- Accounts receivable, net increased by $2.9 million as a result of the following:
  - Increased accounts receivable at the Mid-Connecticut Project. This increase reflects an increase in miscellaneous receivables as a result of a $5.0 million State grant receivable from the Connecticut Department of Environmental Protection ("CTDEP") as reimbursement of additional costs previously incurred by the Authority in the closure of the Hartford Landfill; partially offset by a decrease in service payment receivables as a result of the credit to the Mid-Connecticut Project town members and improved collection in other miscellaneous receivables; and
  - Decreased accounts receivable at the Wallingford Project due to decreases in electricity generation and contract rates.
- Prepaid expenses decreased by $645,000, reflecting payments to vendors for insurance expenses and payments in lieu of taxes ("PILOT") that are applicable to future accounting periods. These payments are recorded as prepaid items as of June 30, 2010.

The fiscal year 2009 decrease was primarily due to:

- A $26.7 million distribution of Wallingford Project reserves to the Wallingford Project member towns; and
- Payments of $19.0 million for the design, upgrade, and retrofit of the Mid-Connecticut Regional Recycling Center, equipment purchases, and plant improvements at the Mid-Connecticut Waste Processing Facility and Power Block Facility, closure costs at the Hartford landfill, costs associated with the purchase option for the Wallingford plant, and landfill development; and
- Decreased accounts receivable, net of $2.5 million at the Bridgeport Project due to the Bridgeport Project municipal service agreements ("MSA") with the towns terminating on December 31, 2008; offset by:
- Contributions toward operating cash requirements for a total of $22.7 million at the Bridgeport Project ($1.6 million), Mid-Connecticut Project ($17.5 million), and Wallingford Project ($3.6 million) for specific purposes; and
- Increased operating cash balance of $5.4 million mainly due to timely transfers of funds from the Mid-Connecticut restricted Revenue Fund for operating activities and an increase in tipping fees enacted at the Bridgeport, Mid-Connecticut, and Wallingford Projects; and
- Settlement funds of $3.5 million (net of attorneys' fees and costs of litigation) at the Mid-Connecticut Project as a result of a litigation-related settlement; and
- A $3.0 million grant received from the CTDEP in January 2009 as reimbursement of costs previously incurred by the Authority in the closure of the Hartford landfill; and
- Interest earned on current unrestricted cash and cash equivalents of $1.8 million; and
- A $1.2 million transfer of funds from the Bridgeport Project current restricted assets as a result of the bonds maturities in January 2009.

Current restricted assets increased by $17.8 million or 62.1% from fiscal year 2009, which decreased by $8.8 million or 23.4% from fiscal year 2008. The fiscal year 2010 increase is primarily due to:

- A reclass of $14.4 million from the non-current restricted Wallingford Tip Fee Stabilization Fund as a result of the Wallingford Project expiration with the town members and operator as of June 30, 2010; and
- The transfer of $500,000 from the Authority's current unrestricted Risk Fund to the Authority's current restricted Escrow Account in accordance with the Connecticut Transfer Act for the conveyance of the Wallingford Resource Recovery Facility to the Covanta Projects of Wallingford, LP.; and
- Contributions toward reserve requirements of $500,000 at the Mid-Connecticut Project for recycling education program and Southeast Project for monitoring and maintenance of the Montville landfill post-closure care costs ; and
- Revenue Fund balance at the Mid-Connecticut Project increased by $5.0 million. This increase is attributable to the following:
    - The impact of lower debt service transfer during fiscal year 2010 as a result of the fiscal year 2009 debt service transfer in advance resulting from the indenture rate covenant calculation; and
    - The transfer of funds from the Mid-Connecticut Project current unrestricted Debt Service Stabilization Fund for credit to the Mid-Connecticut Project members to offset the fiscal year 2010 adopted tip fee of $69 per ton of solid waste delivered; and
    - The impact of lower transfers of funds to the Mid-Connecticut unrestricted Operating Fund for operating activities due to timing; partially offset by:
- Debt Service Fund balances at the Mid-Connecticut and Southeast Projects decreased by $2.9 million as a result of regular principal and interest payments due on Authority bonds in November 2009 and May 2010; which is partially offset by additional debt service deposits for regular principal payments due in November 2010.

The fiscal year 2009 decrease was primarily due to:

- Revenue Fund balances at two projects decreased by a total of $7.8 million; the Mid-Connecticut Project ($5.7 million) and the Wallingford Project ($2.1 million). The decrease at the Mid-Connecticut Project is mainly due to the timely transfers of funds to the Mid-Connecticut unrestricted assets for operating activities. The decrease at the Wallingford Project is due to decreases in electricity generation and contract rates; and
- The $1.2 million transfer of funds to the Bridgeport Project current unrestricted assets as the result of the bonds maturities in January 2009; offset by:
- Interest earned on current restricted assets of $0.7 million.

Non-current assets decreased by $26.5 million or 14.5% from fiscal year 2009, which decreased by $7.5 million or 4.0% from fiscal year 2008. The fiscal year 2010 decrease occurred primarily due to:

- Restricted cash and cash equivalents decreased by $11.0 million. This decrease reflects a combination of the following:
  - The reclass of $14.4 million to the Wallingford Project current restricted assets as the result of the Wallingford Project expiration with the town members and operator as of June 30, 2010; and
  - The $1.2 million transfer of funds to the Mid-Connecticut Project current unrestricted Facility Modifications Fund for the purchase of a new jet fuel tank at the Mid-Connecticut Jet Turbine Facility scheduled in fiscal year 2011; and
  - The $1.7 million transfer of funds to the Wallingford Project current unrestricted Operating Fund for stabilizing the project fiscal year 2010 tip fee of $60 per ton; partially offset by:
  - The transfer of $5.7 million from the Property Division current unrestricted Post-closure Fund to establish the Shelton Landfill Post-closure Trust Fund as a result of the new Stewardship Permit; and
  - A $1.1 million contribution toward reserve cash requirement.
- Captial assets – depreciable, net decreased by $5.0 million due to a $16.8 million of depreciation expense, offset by $1.3 million in plant improvements and equipment purchases and a reclass of $10.5 million in construction in progress from the nondepreciable capital assets.
- Captial assets – nondepreciable decreased by $10.0 million due to the reclass of $10.5 million in construction in progress to the depreciable capital assets, net and a write-off of $1.6 million in deferred acquisition costs in association with the licensing and development of the Franklin landfill as a result of the suspension of landfill development in the State of Connecticut; partially offset by an increase of $2.1 million in construction in progress.
- Development and bond issuance costs, net decreased by $463,000 due to amortization expense.

The fiscal year 2009 decrease was primarily due to:

- Payments of $3.3 million for two gas turbines and the rebuild of a turbine at the Energy Generating Facility; and
- Decreased capital assets, net of $3.6 million due to $16.6 million of depreciation expense and a $2.4 million loss on a write-off of assets that were transferred to certain Bridgeport Project member towns on January 1, 2009; offset by $15.7 million in plant improvements, equipment purchases, construction in progress, and deferred acquisition costs; and
- Decreased development and bond issuance costs, net of $0.8 million due to amortization expense.

LIABILITIES

Current liabilities decreased by $3.9 million or 10.3% compared to fiscal year 2009, which deceased by $2.9 million or 7.3% compared to fiscal year 2008. The fiscal year 2010 decrease from 2009 is primarily due to:

- An $861,000 decrease in net current portion of landfill closure and post-closure care mainly due to lower costs anticipated to be incurred at the Hartford Landfill within the next twelve months; and
- A $3.3 million decrease in accounts payable and accrued expenses due to a lower accrued expenses balance at the Bridgeport, Mid-Connecticut, and Wallingford Projects.

The fiscal year 2009 decrease from 2008 was primarily due to:

- A decrease in net current portion of closure and post-closure care of landfills of $1.1 million as a result of lower costs anticipated to be incurred at the Hartford and Waterbury landfills within the next twelve months; and
- A decrease in accounts payable and accrued expenses of $3.0 million due to lower accrued expenses balance at the Bridgeport Project as a result of the closure of the Bridgeport Project on December 31, 2008; partially offset by higher accrued expenses balance at the Southeast Project; offset by:
- An increase in current portion of bonds payable, net of $1.1 million as a result of the resumption of principal payments for the Mid-Connecticut 1996 Series A Bonds scheduled in November 2009; partially offset by the three bond issues maturing during fiscal year 2009: Bridgeport Project Refinancing Bonds 1999 Series A, Bridgeport Refinancing Bonds 2000 Series A, and Wallingford Project Refinancing Bonds 1998 Series A.

Long-term liabilities decreased by $12.5 million or 18.0% compared to fiscal year 2009, which decreased by $490,000 or 0.7% compared to fiscal year 2008. The fiscal year 2010 decrease is primarily due to:

- Decreased bonds payable, net of $4.3 million due to regular principal payment due on Authority bonds in November 2009; and
- Decreased landfill closure and post-closure care of $8.0 million. This occurred due to a $6.4 million reduction in the long-term liability accounts as a result of payments for closure and post-closure care costs and a $2.5 million decrease in projected costs at the Ellington, Hartford, Shelton, Wallingford, and Waterbury landfills; partially offset by the impact of lower current portion of closure and post-closure care costs of $861,000. The decrease in projected costs is a combination of the following:
  - Hartford Landfill: Fiscal year 2010 actual expenditures were less than estimated; and
  - Shelton Landfill:
    - Estimated cost for permit fees was decreased as a result of the Stewardship Permit; and
    - Certain other estimated costs were decreased based on improved maintenance and operating for the gas system and re-analysis of costs required; and

- Wallingford Landfill:
  - Certain estimated costs were decreased as a result of the Stewardship Permit.

The fiscal year 2009 decrease from 2008 was due to:

- Decreased bonds payable, net of $4.0 million due to regular principal payments on Authority bonds and the three bond issues maturing during fiscal year 2009: Bridgeport Project Refinancing Bonds 1999 Series A, Bridgeport Refinancing Bonds 2000 Series A, and Wallingford Project Refinancing Bonds 1998 Series A; offset by:
- Increased landfill closure and post-closure care of $3.7 million due to:
  - Increased projected costs of $10.0 million. This increase is due to increased post-closure monitoring and maintenance costs at the Ellington, Hartford, Shelton, and Wallingford landfills and increased pollution legal liability insurance at the Shelton landfill; and
  - Increased estimated total current costs of $1.3 million at the Hartford landfill due to an increase in the Hartford landfill capacity used; and
  - Lower current portion of closure and post-closure care costs of $1.1 million; offset by:
  - A reduction of $7.9 million in the long-term liability accounts as a result of payments for closure and post-closure care costs at the Ellington, Hartford, Shelton, Wallingford, and Waterbury landfills; and
  - Decreased projected costs of $770,000 at the Waterbury landfill due to lower actual closure costs and a decrease in the estimated cost for pollution legal liability insurance.

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

Net asets may serve over time as a useful indicator of the Authority's financial position.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Fiscal Years Ended June 30,
(In Thousands)

	2010	2009	2008
Operating revenues	$ 138,122	$ 171,703	$ 189,988
Operating expenses	135,011	183,553	170,954
Income (loss) before depreciation and amortization and other non-operating revenues and (expenses)	3,111	(11,850)	19,034
Depreciation and amortization	17,292	17,398	18,184
Income (loss) before other non-operating revenues and (expenses), net	(14,181)	(29,248)	850
Non-operating revenues, net	5,363	6,437	9,851
Change in net assets	(8,818)	(22,811)	10,701
Total net assets, beginning of year	226,661	249,472	238,771
Total net assets, end of year	$ 217,843	$ 226,661	$ 249,472

Operating revenues decreased by $33.6 million or 19.6% during fiscal year 2010 from fiscal year 2009 and decreased by $18.3 million or 9.6% during fiscal year 2009 from fiscal year 2008. The fiscal year 2010 decrease is primarily due to a $12.9 million decrease in member service charges, a $9.2 million decrease in other service charges, a $5.4 million decrease in energy sales, a $2.5 million decrease in ash disposal reimbursement, and a $3.6 million decrease in other operating revenues.

The fiscal year 2009 decrease was primarily due to a $15.7 million decrease in member and contract service charges, a $2.2 million decrease in ash disposal reimbursement, and a $511,000 decrease in other operating revenues.

Operating expenses decreased by $48.5 million or 26.4% during fiscal year 2010 primarily due to a $25.0 million decrease in distribution to member towns, a $13.0 million decrease in landfill closure and post-closure care costs, a $9.5 million decrease in solid waste operations, a $1.6 million decrease in General and Administrative services, and an $865,000 decrease in legal services – external; partially offset by an $805,000 increase in Operational and Environmental services.

Operating expenses increased by $12.6 million or 7.4% during fiscal year 2009 primarily due to a $26.7 million distribution to the Wallingford Project member towns and a $5.4 million increase in landfill closure and post-closure care costs, offset by a $16.9 million decrease in solid waste operations and a $2.7 million decrease in maintenance and utilities.

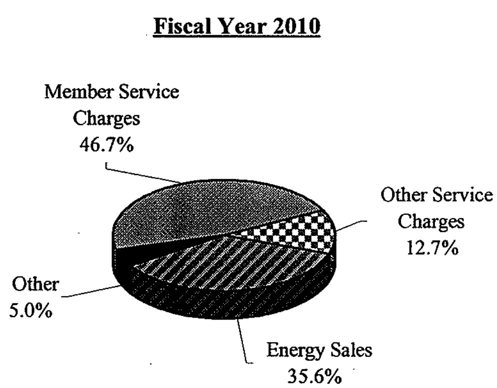
Depreciation and amortization remained relatively flat, decreasing by $106,000 or 0.6% during fiscal year 2010. During fiscal year 2009, depreciation and amortization decreased by $786,000 or 4.3%. The fiscal year 2009 decrease was primarily due to the transfers of the Bridgeport Project assets to the towns on January 1, 2009, and other fully depreciated assets.

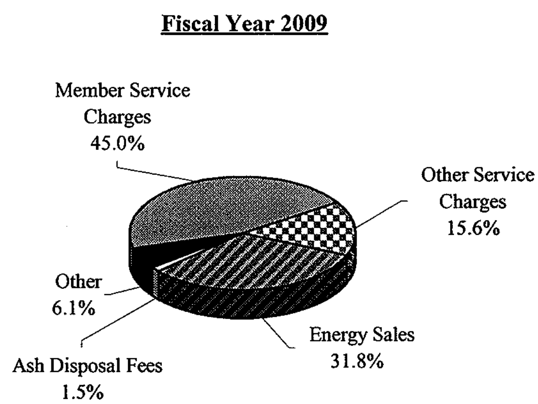
Non-operating revenues, net decreased by $1.1 million during fiscal year 2010 primarily due to a $2.3 million decrease in investment income and a $4.3 million decrease in litigation-related settlement income resulting from various Enron-related lawsuits during fiscal year 2009; partially offset by the $5.0 million State grant as reimbursement of additional costs previously incurred by the Authority in the closure of the Hartford Landfill.

Non-operating revenues, net decreased by $3.4 million during fiscal year 2009 primarily due to the loss on the transfers of the Bridgeport Project assets to the towns, and decreased investment income, which is partially offset by the $3.0 million State grant as reimbursement of costs previously incurred by the Authority in the closure of the Hartford landfill.

SUMMARY OF OPERATING REVENUES

The following charts show the major sources and the percentage of operating revenues for the fiscal years ended June 30, 2010 and 2009:





During fiscal year 2010, Solid Waste tipping fees (member service and other service charges) account for 59.4% of the Authority's operating revenues. Energy sales make up another 35.6% of operating revenues. During fiscal year 2009, Solid Waste tipping fees (member service and other service charges) plus ash disposal reimbursement account for 62.1% of the Authority's operating revenues. Energy sales make up another 31.8% of operating revenues.

A summary of operating revenues and non-operating revenues, and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING AND NON-OPERATING REVENUES
Fiscal Years Ended June 30,
(In Thousands)

	2010	2009	2010 Increase/ (Decrease) from 2009	2010 Percent Increase/ (Decrease)	2008	2009 Increase/ (Decrease) from 2008	2009 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	$ 64,393	$ 77,236	$ (12,843)	(16.6%)	$ 86,455	$ (9,219)	(10.7%)
Other service charges	17,597	26,838	(9,241)	(34.4%)	33,308	(6,470)	(19.4%)
Energy sales	49,203	54,568	(5,365)	(9.8%)	54,460	108	0.2%
Ash disposal reimbursement	-	2,511	(2,511)	(100.0%)	4,704	(2,193)	(46.6%)
Other operating revenues	6,929	10,550	(3,621)	(34.3%)	11,061	(511)	(4.6%)
Total Operating Revenues	138,122	171,703	(33,581)	(19.6%)	189,988	(18,285)	(9.6%)
Non-Operating Revenues:							
Litigation-related settlements	-	4,250	(4,250)	(100.0%)	4,745	(495)	(10.4%)
Investment income	556	2,818	(2,262)	(80.3%)	7,208	(4,390)	(60.9%)
Other income	5,912	3,871	2,041	52.7%	292	3,579	1225.7%
Total Non-Operating Revenues	6,468	10,939	(4,471)	(40.9%)	12,245	(1,306)	(10.7%)
TOTAL	$ 144,590	$ 182,642	$ (38,052)	(20.8%)	$ 202,233	$ (19,591)	(9.7%)

Overall, fiscal year 2010 total revenues decreased by $38.1 million or 20.8% from fiscal year 2009. Fiscal year 2009 total revenues decreased by $19.6 million or 9.7% from fiscal year 2008. The following discusses the major changes in operating and non-operating revenues of the Authority:

- Member service charges decreased by $12.8 million and $9.2 million in fiscal years 2010 and 2009, respectively. The fiscal year 2010 decrease is primarily due to an $18.7 million decrease in member revenues at the Bridgeport Project as a result of the closure of the Bridgeport Project as of December 31, 2008, a $2.3 million decrease in member revenues at the Mid-Connecticut Project as a result of the credit to the Mid-Connecticut Project members, which is partially offset by an $8.0 million increase in member revenues at the SouthWest Division as a result of the commencement of operations at the Wheelabrator Bridgeport Facility since January 2009. The fiscal year 2009 decrease was primarily due to the closure of the Bridgeport Project, lower member deliveries at the Mid-Connecticut and Southeast Projects; partially offset by an increase in member revenues at the SouthWest Division.

- Other service charges to both contract towns and spot waste haulers decreased by $9.2 million and $6.5 million in fiscal years 2010 and 2009, respectively. The fiscal year 2010 decrease is primarily at the Bridgeport and Mid-Connecticut Projects. The $7.6 million decrease at the Bridgeport Project is due to the closure of the project. The $1.6 million decrease at the Mid-Connecticut Project is mainly as a result of the credit to the Mid-Connecticut Project members. The fiscal year 2009 decrease was primarily due to the closure of the Bridgeport Project as of December 31, 2008, and lower contract deliveries at the Southeast Project; which is partially offset by increased contract deliveries at the Mid-Connecticut Project and increased spot waste deliveries at the Southeast Project.

- Energy sales decreased by $5.4 million during fiscal year 2010 and slightly increased by $108,000 in fiscal year 2009. The fiscal year 2010 decrease is due to a $5.9 million decreased energy sales at the Wallingford Project as a result of decreases in electricity generation and contract rates and a $500,000 decreased energy sales at the Mid-Connecticut Project as a result of major outages, which is offset by a $1.0 million increased energy sales at the Southeast Project as a result of higher electricity generation. The fiscal year 2009 increase was due to increased contract electricity rates received for the first 250 million kilowatts generated at the Mid-Connecticut Project; partially offset by a decrease in electricity revenue received at the Wallingford Project due to decreases in electricity generation and contract rates.

- Ash disposal reimbursement decreased by $2.5 million and $2.2 million in fiscal years 2010 and 2009, respectively. Both of the fiscal years 2010 and 2009 decreases are due to the closure of the Bridgeport Project as of December 31, 2008.

- Other operating revenues decreased by $3.6 million and $511,000 in fiscal years 2010 and 2009, respectively. The fiscal year 2010 decrease is due to a $2.6 million decrease in other operating revenues at the Bridgeport Project as a result of the closure of the Bridgeport Project, a $1.9 million decrease in commercial bulky waste and DEP certified materials at the Mid-Connecticut Project; which is partially offset by a $1.0 million increase in other operating revenues at the Property Division as a result of the creation of the Property Division to reflect certain transactions that used to be accounted for under the Bridgeport Project. The fiscal year 2009 decrease was due to decreased recycling sales.

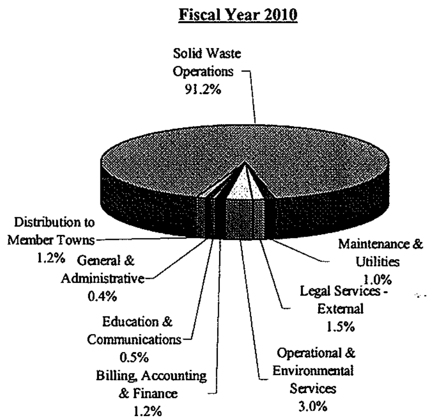
- Litigation-related settlements: There were no litigation-related settlements during fiscal year 2010. Litigation-related settlements of $4.3 million during fiscal year 2009 represent settlements of various Enron-related lawsuits.

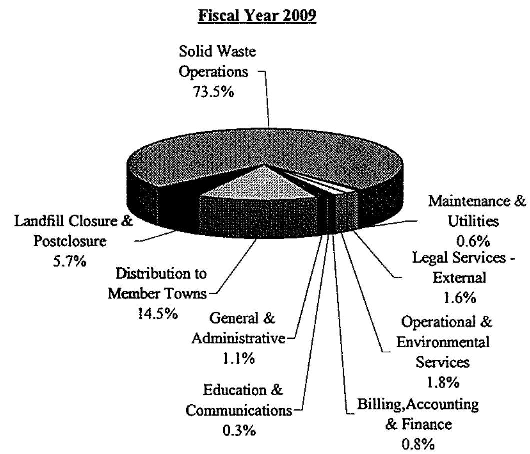
- Investment income decreased by $2.3 million from fiscal year 2009 to 2010 and $4.4 million from fiscal year 2008 to 2009. The fiscal year 2010 decrease is mainly due to lower reserve balances due to the utilization of certain operating cash and reserves for the distributions of funds to the Wallingford Project town members in April 2009 and the former Bridgeport Project town members in November 2009. In addition, continued low interest rates resulting from the overall global recession and depressed market conditions is also attributable to the decrease in investment income in fiscal year 2010. The fiscal year 2009 decrease was mainly due to lower interest rate resulting from the overall global recession and depressed market conditions.

- Other income of $5.9 million for fiscal year 2010 represents the $5.0 million State grant as reimbursement of additional costs previously incurred by the Authority in the closure of the Hartford landfill, reimbursement from the Southeastern Connecticut Regional Resources Recovery Authority ("SCRRRA") for fiscal year 2009 service fee, gains on sales of equipment, and miscellaneous income. Other income of $3.9 million for fiscal year 2009 represents the $3.0 million State grant as reimbursement of costs previously incurred by the Authority in the closure of the Hartford landfill, gains on sales of equipment, and miscellaneous income.

SUMMARY OF OPERATING EXPENSES

The following charts show the major sources and the percentage of operating expenses for the fiscal years ended June 30, 2010 and 2009:





Solid Waste Operations are the major component of the Authority's operating expenses, accounting for 91.2% of operating expenses in fiscal year 2010. During fiscal year 2009, Solid Waste Operations accounted for 73.5% of operating expenses.

A summary of operating expenses and non-operating expenses and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING AND NON-OPERATING EXPENSES
Fiscal Years Ended June 30,
(In Thousands)

	2010	2009	2010 Increase/ (Decrease) from 2009	2010 Percent Increase/ (Decrease)	2008	2009 Increase/ (Decrease) from 2008	2009 Percent Increase/ (Decrease)
Operating Expenses:							
Solid waste operations	$ 125,407	$ 134,944	$ (9,537)	(7.1%)	$ 151,887	$ (16,943)	(11.2%)
Maintenance and utilities	1,365	1,168	197	16.9%	3,862	(2,694)	(69.8%)
Landfill closure and post-closure	(2,495)	10,507	(13,002)	(123.7%)	5,114	5,393	105.5%
Legal services - external	2,055	2,920	(865)	(29.6%)	2,804	116	4.1%
Operational & Environmental services	4,112	3,307	805	24.3%	3,118	189	6.1%
Billing, Accounting & Finance services	1,651	1,462	189	12.9%	1,527	(65)	(4.3%)
Education & Communications services	754	477	277	58.1%	484	(7)	(1.4%)
General & Administrative services	523	2,093	(1,570)	(75.0%)	2,158	(65)	(3.0%)
Distribution to member towns	1,639	26,675	(25,036)	0.0%	-	26,675	0.0%
Total Operating Expenses	135,011	183,553	(48,542)	(26.4%)	170,954	12,599	7.4%
Depreciation and amortization	17,292	17,398	(106)	(0.6%)	18,184	(786)	(4.3%)
Non-Operating Expenses:							
Interest expense	1,063	1,284	(221)	(17.2%)	1,863	(579)	(31.1%)
Other expenses	42	3,218	(3,176)	(98.7%)	531	2,687	506.0%
Total Non-Operating Expenses	1,105	4,502	(3,397)	(75.5%)	2,394	2,108	88.1%
TOTAL	$ 153,408	$ 205,453	(52,045)	(25.3%)	$ 191,532	$ 13,921	7.3%

The Authority's total expenses decreased by $52.04 million or 25.3% between fiscal years 2010 and 2009. Fiscal year 2009 total expenses increased by $14.0 million or 7.3% from fiscal year 2008. Notable differences between the fiscal years include:

- Solid waste operations decreased by $9.5 million from fiscal year 2009 to 2010. This occurred primarily due to the following:
  - o Operating expenses at the Bridgeport Project decreased by $25.1 million due to the closure of the project; and
  - o Operating expenses at the Southeast Project decreased by $1.2 million due to decreased contract operating charges and lower distribution of funds to the SCRRRA for future expenses; and
  - o Operating expenses at the Wallingford Project decreased by $765,000 due to lower contract operating charges; partially offset by:
  - o Operating expenses at the Mid-Connecticut Project increased by $9.2 million primarily due to higher ash transportation and disposal services as a result of the closure of the Hartford landfill, the impact on the write-off of prior years' deferred

acquisition costs, and higher contract operating charges at the Waste Processing Facility; which is partially offset by decreased landfill development costs and lower contract operating charges at the waste transport and the Hartford Landfill; and

- o Operating expenses at the SouthWest Division increased by $7.7 million due to the commencement of operations at the Wheelabrator Bridgeport Facility; and
- o Operating expenses at the Property Division increased by $674,000 due to the creation of the Property Division in January 2009 to reflect certain transactions that used to be accounted for under the Bridgeport Project.

Solid waste operations decreased by $16.9 million from fiscal year 2008 to 2009 primarily due to:

- o Operating expenses at the Bridgeport Project decreased due to the closure of the project as of December 31, 2008; and
- o Operating expenses at the Wallingford Project decreased due to lower operating contract charges; partially offset by:
- o Operating expenses at the Mid-Connecticut Project increased due to an increase in ash disposal costs associated with the closing of the Hartford landfill including waste transportation; and
- o Operating expenses at the SouthWest Division increased due the commencement of operations at the Wheelabrator Bridgeport facility; and
- o Operating expenses at the Southeast Project increased due to higher distribution of funds to the SCRRRA for future expenses and an increase in the per ton processing fee as a result of a decrease in the project tonnage offset by savings in ash disposal.

- Maintenance and utilities expenses remained relatively flat, increasing by $197,000 during fiscal year 2010. During fiscal year 2009, maintenance and utilities expenses decreased by $2.7 million primarily due to lower closure costs at the Hartford landfill.
- Landfill closure and post-closure costs of ($2.5 million) for fiscal year 2010 represents the decreases in estimated costs at the Hartford, Shelton, and Wallingford landfills. Landfill closure and post-closure costs of $10.5 million for fiscal year 2009 represents the increases in post-closure monitoring and maintenance costs at the Ellington, Hartford, Shelton, and Wallingford landfills, the increase in pollution legal liability insurance at the Shelton landfill, and the increase in the Hartford landfill capacity used, which is offset by the decreases in closure costs and pollution legal liability insurance at the Waterbury landfill.
- Legal services - external decreased by $865,000 during fiscal year 2010 as a result of higher legal fees and costs incurred during fiscal year 2009 in association with the closure of the Bridgeport Project, the Enron litigation-related settlement and the purchase option for the Wallingford plant. During fiscal year 2009, legal services – external remained relatively flat, increasing by $116,000.
- Operational and Environmental services increased by $805,000 from fiscal year 2009 and $189,000 from fiscal year 2008. The fiscal year 2010 increase is primarily due to the allocation of legal consulting costs from the General and Administrative department.

- General and Administrative services decreased by $1.6 million from fiscal year 2009 and $65,000 from fiscal year 2008. The fiscal year 2010 decrease is primarily due to the allocation of legal consulting costs to other departments.
- Distribution to member towns of $1.6 million during fiscal year 2010 represents the distribution of funds to the former Bridgeport Project town members. During fiscal year 2009, distribution to member towns of $26.7 million represents the distribution of funds to the Wallingford Project member towns.
- Interest expense decreased by $221,000 during fiscal year 2010 and $579,000 during fiscal year 2009 due to decreases in the principal amount of bonds.
- Other expenses during fiscal year 2010 of $42,000 represents trustee fees, letter of credit fees, and other miscellaneous expenses. Other expenses during fiscal year 2009 of $3.2 million include the $2.4 million loss on the write-off of the Bridgeport assets, costs associated with the purchase option for the Wallingford plant, plus trustee fees and letter of credit fees.

CAPITAL ASSETS

The Authority's investment in capital assets for its activities as of June 30, 2010 and 2009 totaled $129.5 million and $144.6 million, respectively (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, equipment, gas and steam turbines, land, landfills, roadways, rolling stock and vehicles.

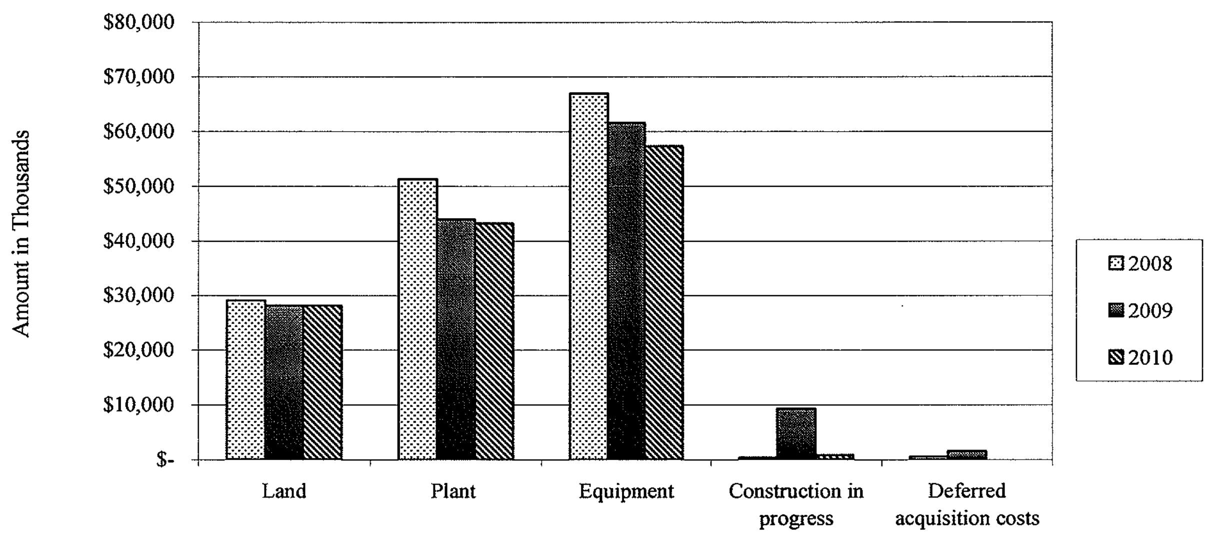
The total fiscal year 2010 and 2009 decrease in the Authority's investment in capital assets was 10.4% and 2.5%, respectively. The fiscal year 2010 decrease is due to depreciation expense; partially offset by plant improvements, equipment purchases, and construction in progress. The fiscal year 2009 decrease was due to depreciation expense and the loss on the transfers of the Bridgeport Project assets, offset by plant improvements, equipment purchases, construction in progress and deferred acquisition costs.

Major capital asset events during the current and immediate prior two fiscal years included purchases of new boiler pressure parts for the Mid-Connecticut Power Block Facility and two new gas turbines for the Mid-Connecticut Jet Turbine Facility, conversion of the Mid-Connecticut Regional Recycling Facility, renovations of the ash loadout area, improvements of the HVAC system at the Mid-Connecticut Waste Processing Facilities, land purchase, landfill development costs, conveyor rebuilds, overhaul of turbines #5 and #6, and upgrade of the automation system.

The following table is a three year comparison of the Authority's investment in capital assets:

Capital Assets
(Net of Accumulated Depreciation)
As of June 30,
(In Thousands)

	2008	2009	2010
Land	$ 29,079	$ 28,180	$ 28,180
Plant	51,293	43,917	43,189
Equipment	66,958	61,566	57,291
Construction-in-progress	327	9,330	861
Deferred acquisition costs	559	1,566	-
Totals	$ 148,216	$ 144,559	$ 129,521



Additional information on the Authority's capital assets can be found in Notes 1K, 1L, and 3 on pages 30 - 31 and 35 of this report.

LANDFILL ACTIVITY

Ash Landfill Initiative

In August 2009, the Authority decided, based on direction being promulgated by the State leaders, to suspend its efforts to develop an ash landfill in the State of Connecticut, and instead, focus on consideration of other environmentally sound options for long-term disposal of ash residue from its resource recovery facilities, including disposal at other in-state and out-of-state landfills.

Hartford Landfill

The Connecticut State Legislature approved legislation that provides $13.0 million, for the Authority, for costs associated with the closure of the Hartford landfill, with $3.0 million allocated in fiscal year 2008, and $10.0 million allocated in fiscal year 2009. In March 2008, the State Bond Commission appropriated $3.0 million. The Authority received the $3.0 million in January 2009. In July 2010, the State Bond Commission appropriated another $5.0 million. The Authority expects to receive the $5.0 million by the end of this calendar year.

In June and July 2007, the Authority awarded two closure construction contracts, together valued at approximately $15.0 million. These construction activities proceeded during fiscal 2008 and continued into fiscal year 2009. In July 2009, the Authority awarded a closure contract for the final portion Phase I ash area valued at approximately $2.5 million. The closure construction activities associated with the Phase I ash area were completed in fiscal year 2010 and the closure construction activities associated with the MSW/Interim ash area will continue into fiscal year 2011. It is expected that these closure activities will be completed during calendar year 2012.

Waterbury Landfill

The Authority's Waterbury Bulky Waste Landfill, a small, 5.5 acre landfill, was permitted in the mid-1980's by Waterbury Landfill Associates to accept waste such as land clearing debris and construction and demolition debris. The landfill was subsequently purchased by the Authority in 1986 and made part of its Bridgeport Project. The landfill reached the end of its economically useful life in fiscal year 2008 and the Authority initiated closure activities at the beginning of fiscal year 2009. Closure construction work was completed in November 2008. The Authority inspected the closure construction activities in summer 2009 and confirmed that the vegetative support layer of the landfill had been satisfactorily established. The Authority submitted a closure construction certification report on September 18, 2009, and received a notice for CTDEP certifying compliant closure of the landfill dated November 19, 2009.

Shelton and Wallingford Landfills

These two landfills are both closed and are being compliantly managed in accordance with CTDEP's regulations governing post-closure management of solid waste landfills and the specific environmental permits that govern post-closure requirements at these landfills. In January 2009, CTDEP advised the Authority that it was finally in a position to issue Stewardship permits to the Shelton and Wallingford landfills. The Authority had submitted post-closure permit applications to the U.S. Environmental Protection Agency ("USEPA") under the federal hazardous waste program in December 1991 for both landfills. Both of these permits were issued on September 16, 2009. Both landfills are subject to this permit program because both have metal hydroxide waste (hazardous waste) disposal areas. In general, these Stewardship permits will incorporate and subsume permit conditions and regulatory requirements currently found in the solid waste and groundwater discharge permits for the landfills, in addition to the requirements specified in the hazardous waste regulations. One change that CTDEP is requiring as part of issuance of these permits is that the Authority adds a 15% contingency to the post-closure cost estimate for each landfill (15% above the Authority's estimate).

AUTHORITY RATES AND CHARGES

During the months of January and February each year, as required under the various project bond resolutions, the Authority's Board of Directors approves the succeeding fiscal year tip fees for all of the projects except the Southeast Project, which is subject to approval by the SCRRRA. The following table presents a history of the tip fees for each of the projects:

TIP FEE HISTORY BY PROJECT (Dollars charged per ton of solid waste delivered)						
Fiscal Year	Mid-Connecticut [1,2,3]	Bridgeport [4]		SouthWest Division [5]	Wallingford	Southeast
2001	$50.00	$60.00	$7.00	N/A	$56.00	$58.00
2002	$51.00	$60.00	$7.00	N/A	$55.00	$57.00
2003	$57.00	$62.00	$7.00	N/A	$55.00	$57.00
2004	$63.75	$63.00	$8.00	N/A	$55.00	$60.00
2005	$70.00	$64.50	$8.00	N/A	$56.00	$60.00
2006	$70.00	$66.00	$8.00	N/A	$57.00	$60.00
2007	$69.00	$70.00	$8.00	N/A	$58.00	$60.00
2008	$69/$60.96	$76.00	$5.00	N/A	$59.00	$60.00
2009	$72/$62	$80.00	$18.50	N/A	$60.00	$60.00
2010	$69/$63	N/A	N/A	$63.00	$60.00	$60.00

[1] On October 25, 2007, per court order, the Authority reduced the Mid-Connecticut Project tip fee for municipalities for the remainder of fiscal year 2008. The hauler's rate remained at $69/ton for the entire year.

[2] The Mid-Connecticut Project tip fee was reduced to $62.00 per ton for the period January 1 – June 30, 2009.

[3] On June 18, 2009, the Board of Directors extended a $6 per ton credit to the Mid-Connecticut Project tip fee.

[4] The Bridgeport Project charges a split rate; the first rate is for actual tons delivered and the second rate is based on the minimum commitment tonnage.

[5] Contracts with the towns within the Bridgeport Project expired on December 31, 2008. Many former Bridgeport Project towns entered into contracts with the Authority for disposal at the Bridgeport facility at a rate of $63.00 per ton for the period January 1 – June 30, 2009.

LONG-TERM DEBT ISSUANCE, ADMINISTRATION AND CREDIT RATINGS

As detailed in the table on the following page, as of the fiscal year ended June 30, 2010 the Authority had $95.1 million of outstanding debt. Of this amount, $39.9 million comprises debt issued by the Authority as a conduit issuer for the Southeast Project in connection with the Covanta Southeastern Connecticut Company and is not carried on the Authority's books. In addition, $35.4 million of the outstanding bonds pertaining to the Southeast Project do not appear on the books of the Authority as these bonds were issued to fund construction of waste processing facilities operated by independent contractors who have commitments to repay the debt that is not allocable to Authority purposes.

With the exception of the Southeast Project conduit bonds, the other bonds issued by the Authority are secured by credit enhancement in the form of municipal bond insurance and by the Special Capital Reserve Fund ("SCRF") of the State. The SCRF is a contingent liability of the State available to replenish any debt service reserve fund draws on bonds that have the SCRF designation. The funds used to replenish a debt service reserve draw are provided by the State's General Fund and are deemed appropriated by the Connecticut legislature.

The current ratings of the Authority's outstanding bonds reflect the upheaval in the credit markets following the sub-prime mortgage crisis of 2007 and 2008. As a result, most of the major bond insurers suffered rating downgrades reflecting their sub-prime mortgage exposure.

The Authority did not issue long-term debt for any purpose during the fiscal year ended June 30, 2010.

Additional information on the Authority's long-term debt can be found in Note 4 on pages 35 and 36 of this report.

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2010

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	Credit Enhance-ment	X= SCRF-Backed [1]	Dated	Maturity Date	Original Principal ($000)	Principal Outstanding ($000)	On Authority's Books ($000)
MID-CONNECTICUT PROJECT									
1996 Series A - Project Refinancing	Aa3	AA	MBIA	X	08/20/96	11/15/12	$209,675	$11,765	$11,765
								11,765	11,765
SOUTHEAST PROJECT									
1998 Series A - Project Refinancing	Aa3	AA	MBIA	X	08/18/98	11/15/15	87,650	39,855	4,435
CORPORATE CREDIT REVENUE BONDS									
1992 Series A - Corporate Credit	Ba2	BB+	--	--	09/01/92	11/15/22	30,000	30,000	0
2001 Series A - Covanta Southeastern Connecticut Company-I	Ba2	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
2001 Series A - Covanta Southeastern Connecticut Company-II	Ba2	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
								83,355	4,435
TOTAL PRINCIPAL BONDS OUTSTANDING								$95,120	$16,200

[1] SCRF = Special Capital Reserve Fund of the State of Connecticut.

NR = Not Rated

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Accounting and Financial Reporting, 100 Constitution Plaza – 6th Floor, Hartford, CT 06103.

BALANCE SHEETS
AS OF JUNE 30, 2010 AND 2009
(Dollars in Thousands)

EXHIBIT I

	2010	2009
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	$ 79,031	$ 97,949
Accounts receivable, net of allowances	22,571	19,715
Inventory	3,870	3,628
Prepaid expenses	1,144	1,789
Total Unrestricted Assets	106,616	123,081
Restricted Assets:		
Cash and cash equivalents	46,385	28,406
Accrued interest receivable	25	233
Total Restricted Assets	46,410	28,639
Total Current Assets	153,026	151,720
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	22,434	33,390
Restricted investments	817	817
Capital Assets:		
Depreciable, net	100,480	105,483
Nondepreciable	29,041	39,076
Development and bond issuance costs, net	2,727	3,190
Total Non-Current Assets	155,499	181,956
TOTAL ASSETS	$ 308,525	$ 333,676

BALANCE SHEETS (Continued)
AS OF JUNE 30, 2010 AND 2009
(Dollars in Thousands)

EXHIBIT I

	2010	2009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of:		
Bonds payable, net	$ 4,280	$ 4,039
Closure and post-closure care of landfills	10,243	11,104
Accounts payable	2,739	4,867
Accrued expenses and other current liabilities	16,514	17,649
Total Current Liabilities	33,776	37,659
LONG-TERM LIABILITIES		
Bonds payable, net	11,664	15,944
Closure and post-closure care of landfills	44,238	52,285
Other liabilities	1,004	1,127
Total Long-Term Liabilities	56,906	69,356
TOTAL LIABILITIES	90,682	107,015
NET ASSETS		
Invested in capital assets, net of related debt	120,895	133,360
Restricted for:		
Tip fee stabilization	14,454	16,154
Energy generating facility	7,099	7,566
Debt service reserve funds	4,016	4,037
Equipment replacement	1,770	1,764
Operating and maintenance	1,770	1,764
Revenue fund	1,637	-
Debt service funds	1,543	1,525
Montville landfill post-closure	1,097	719
Select Energy escrow	1,000	1,000
Shelton landfill future use	872	870
DEP trust - landfills	817	817
Covanta Wallingford escrow	500	-
Recycling education fund	213	201
Rebate fund	179	178
Other restricted net assets	48	51
Total Restricted	37,015	36,646
Unrestricted	59,933	56,655
Total Net Assets	217,843	226,661
TOTAL LIABILITIES AND NET ASSETS	$ 308,525	$ 333,676

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2010 AND 2009 (Dollars in Thousands)

EXHIBIT II

	2010	2009
Operating Revenues		
Service charges:		
Members	$ 64,393	$ 77,236
Others	17,597	26,838
Energy sales	49,203	54,568
Ash disposal reimbursement	-	2,511
Other operating revenues	6,929	10,550
Total operating revenues	138,122	171,703
Operating Expenses		
Solid waste operations	125,407	134,944
Depreciation and amortization	17,292	17,398
Maintenance and utilities	1,365	1,168
Closure and post-closure care of landfills	(2,495)	10,507
Legal services - external	2,055	2,920
Operational and Enviromental services	4,112	3,307
Billing, Accounting and Finance services	1,651	1,462
Education and Communications services	754	477
General and Administrative services	523	2,093
Distribution to member towns	1,639	26,675
Total operating expenses	152,303	200,951
Operating Loss	(14,181)	(29,248)
Non-Operating Revenues (Expenses)		
Investment income	556	2,818
Litigation-related settlements	-	4,250
Other income, net	5,870	653
Interest expense	(1,063)	(1,284)
Net Non-Operating Revenues	5,363	6,437
Change in Net Assets	(8,818)	(22,811)
Total Net Assets, beginning of year	226,661	249,472
Total Net Assets, end of year	$ 217,843	$ 226,661

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009 — EXHIBIT III
(Dollars in Thousands)

	2010	2009
Cash Flows Provided (Used) by Operating Activities		
Payments received from providing services	$ 141,714	$ 177,862
Proceeds from settlements	-	4,675
Payments to suppliers for goods and services	(133,550)	(146,079)
Payments to employees for services	(4,532)	(4,522)
Distribution to member towns	(1,639)	(26,675)
Net Cash Provided by Operating Activities	1,993	5,261
Cash Flows Provided (Used) by Investing Activities		
Interest on investments	770	2,968
Net Cash Provided by Investing Activities	770	2,968
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Proceeds from sales of equipment	126	174
Payments for landfill closure and post-closure care liabilities	(6,413)	(7,936)
Acquisition and construction of capital assets	(3,225)	(15,575)
Interest paid on long-term debt	(987)	(1,216)
Principal paid on long-term debt	(4,143)	(3,003)
Net Cash Used by Capital and Related Financing Activities	(14,642)	(27,556)
Cash Flows Used by Non-Capital Financing Activities		
Other interest and fees	(16)	(528)
Net Cash Used by Non-Capital Financing Activities	(16)	(528)
Net decrease in cash and cash equivalents	(11,895)	(19,855)
Cash and cash equivalents, beginning of year	159,745	179,609
Cash and cash equivalents, end of year	$ 147,850	$ 159,754
Reconciliation of Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:		
Operating loss	$ (14,181)	$ (29,248)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:		
Depreciation of capital assets	16,829	16,611
Amortization of development and bond issuance costs	463	787
Write-off of deferred acquisition costs	1,566	-
Provision for closure and post-closure care of landfills	(2,495)	10,507
Other income	5,643	3,622
Litigation-related settlements	-	4,250
(Increase) decrease in:		
Accounts receivable, net	(2,856)	2,487
Inventory	(242)	(18)
Prepaid expenses and other current assets	645	(661)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(3,379)	(3,076)
Net Cash Provided by Operating Activities	$ 1,993	$ 5,261

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Connecticut Resources Recovery Authority (the "Authority") is a body politic and corporate, created in 1973 by the State Solid Waste Management Services Act, constituting Chapter 446e of the Connecticut General Statutes. The Authority is a public instrumentality and political subdivision of the State of Connecticut (the "State") and is included as a component unit in the State's Comprehensive Annual Financial Report. As of June 30, 2010, the Authority is authorized to have a board consisting of eleven directors and eight ad-hoc members. The Governor of the State appoints three directors and all eight ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. All appointments require the advice and consent of both houses of the General Assembly.

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State is contingently liable to restore deficiencies in debt service reserves established for certain Authority bonds. The Authority has no taxing power.

The Authority has responsibility for implementing solid waste disposal and resources recovery systems and facilities throughout the State in accordance with the State Solid Waste Management Plan. To accomplish its purposes, the Authority is empowered to determine the location of and construct solid waste management projects, to own, operate and maintain waste management projects, or to make provisions for operation and maintenance by contracting with private industry. The Authority is required to be self-sufficient in its operation in order to cover the cost of fulfilling the Authority's mission.

The Authority is comprised of three comprehensive solid waste disposal systems, two divisions and a General Fund. Each of the operating systems has a unique legal, contractual, financial, and operational structure described as follows:

<u>**Mid-Connecticut Project**</u>

The Mid-Connecticut Project consists of a 2,850 ton per day municipal solid waste / 2,030 ton per day refuse derived fuel Resources Recovery Facility located in Hartford, Connecticut, four transfer stations, the Hartford Landfill, the Ellington Landfill, and a Regional Recycling Center located in Hartford, Connecticut. This system of facilities provides solid waste disposal and recycling services to 70 Connecticut municipalities through service contract arrangements. The initial contracts with the municipalities begin to expire in November 2012 in conjunction with the final Bond payments. In January 2010, the Authority began development of new municipal solid waste agreements and in April 2010 presented draft copies of these Agreements to the current 70 Connecticut municipalities delivering solid waste to the Mid-Connecticut Project. The Authority anticipates finalizing these agreements by October 2010 for consideration by the municipalities. The Authority owns the Resources Recovery Facility, the transfer stations, the Ellington Landfill, and the Regional Recycling Center. The Authority leases the land for the Essex transfer station. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. The Hartford landfill has been closed as of December 31, 2008. The Authority is shipping ash to Putnam Landfill. Private vendors, under various operating contracts, conduct operation of the facilities. All revenue generated by the facilities accrues to the Authority. Certain operating contracts have provisions for revenue sharing with a vendor if prescribed operating parameters are achieved. The Authority has responsibility for all debt issued in the development of the Mid-Connecticut system.

Starting December 31, 2011, the Resources Recovery Facility's initial operating agreements begin to expire. The Authority began an extensive bidding process in August 2009 to secure new Resources Recovery Facility operating contracts. The Authority expects to receive the results from this process in September 2010.

Bridgeport Project

The Authority's contract with the Bridgeport Project's municipalities ended on December 31, 2008, as did the Authority's agreement with the Bridgeport Project's operator. As a result, the Bridgeport Project is no longer accepting solid waste and has effectively ceased operations. On January 1, 2009, the Authority transferred seven Bridgeport Project transfer stations, which are included in the capital assets in the accompanying balance sheet, to their host towns. In addition, certain other capital assets included in the accompanying balance sheet will be transferred to the Authority and be used for payment of the Bridgeport Project's current and projected liabilities and future obligations for post-closure care of the Bridgeport Project's landfills. The Authority has executed a new five-and-a-half-year service agreement with an operator, to commence on January 1, 2009, for the disposal of approximately 265,000 tons of municipal solid waste ("MSW") annually from 12 of the Project's municipalities. These Bridgeport Project municipalities have signed service agreements with the Authority's SouthWest Division for waste deliveries beginning on January 1, 2009.

SouthWest Division

The Authority's contracts with the towns that delivered solid waste to the former Bridgeport Project expired on December 31, 2008. The Authority had proposed a new solid waste agreement to commence on January 1, 2009 and 12 of the former 20 Bridgeport Project towns accepted and entered into a new five-and-a-half year (with one year extension) solid waste disposal contract with the Authority for disposal at the Wheelabrator facility located in Bridgeport. These 12 towns are collectively referred to as the SouthWest Division towns. The Bridgeport Facility formerly operated under an operating agreement and site lease agreement between the Authority and Wheelabrator Bridgeport, both of which expired December 31, 2008. Subsequently, on December 31, 2008, the Authority and Wheelabrator Bridgeport entered into a First Amendment and Renewal of Site Lease whereby Wheelabrator Bridgeport purchased the Authority's nominal interest in the Facility and will make annual lease payment to the Authority.

Property Division

Following the expiration of the Bridgeport Project on December 31, 2008 and the simultaneous maturity of the Authority's bonds that had been issued to finance the construction of the Bridgeport Project, the Authority was the owner and holder of several funds, assets, and *liabilities*. These include numerous landfill post-closure reserves related to the former Bridgeport Project, the Shelton transfer station, and the Garbage Museum (located in Stratford). As these assets and *liabilities* are no longer project-specific, the Authority has created the Property Division to reflect their status. In addition, other landfill post-closure reserves related to the Wallingford and Mid-Connecticut Projects are anticipated to be transferred to the Property Division following the culmination of these two projects expected in July 2010 and July 2012, respectively.

Wallingford Project

The Wallingford Project consists of a 420 ton per day mass burn Resources Recovery Facility located in Wallingford, Connecticut and the Wallingford Landfill. Five Connecticut municipalities in New Haven County are provided solid waste disposal services by this system through service contract arrangements. The Authority leases the Wallingford Landfill and owns the Resources Recovery Facility. The Resources Recovery Facility is leased to a private vendor under a long-term arrangement. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is responsible for operating the facility and servicing the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Wallingford Project's revenues are derived primarily from service fees charged to participating municipalities and other system users and fees for electric energy generated. The Authority pays the vendor a contractually determined service fee. The operating contract has provisions for revenue sharing with the vendor if prescribed operating parameters are achieved.

The operating contract between the Authority and the vendor expired on June 30, 2010. The contract has a provision whereby the Authority can exercise an option to purchase the facility when the contract ends. The Authority did not exercise its option to purchase and the vendor now owns the Facility. The Authority retained the right to deliver 25,000 tons per year of solid waste. The five original Wallingford Project towns signed agreements with the vendor and continue to deliver their solid waste to the Facility.

Southeast Project

The Southeast Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill. The Southeast Project provides solid waste disposal services to 14 Connecticut municipalities in the eastern portion of the State through service contract arrangements. The initial contracts with the municipalities begin to expire in November 2015. The Authority owns the Resources Recovery Facility. It is leased to a private vendor under a long-term lease. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to operate and maintain the facility and service the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to participating municipalities and other system users. The Authority pays the vendor a contractually determined service fee. Electric energy revenues and certain other service charges are accrued by the vendor with certain contractually prescribed credits payable to the Authority for these revenue types.

General Fund

The Authority has a General Fund in which the costs of central overall expenditures are accumulated. These costs were historically allocated to the Authority's projects primarily based on time expended. Effective fiscal year 2010, these costs are allocated to the Authority's projects primarily based on a weighting of assets, revenues, number of towns, and tonnage deliveries, in order to be more indicative of cost causation.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The Authority is considered to be an Enterprise Fund. The Authority's operations and balances are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenses.

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The Authority's financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Interest on revenue bonds, used to finance the construction of certain asset, is capitalized during the construction period, net of interest earned on the investment of unexpended bond proceeds.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services and sales of electricity. Operating expenses include the cost of solid waste operations, maintenance and utilities, closure and post-closure care of landfills, administrative expenses, distribution to member towns, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements are presented in accordance with Alternative #1 under Governmental Accounting Standards Board ("GASB") Statement No. 20, whereby the Authority follows (1) all GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those which conflict with a GASB pronouncement.

The Authority has elected not to comply with authoritative pronouncements applicable to non-governmental entities (i.e., Financial Accounting Standards Board (FASB) statements), issued after November 30, 1989.

C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheets and the reported amounts of revenues and expenses during the reporting period. Such estimates are subsequently revised as deemed necessary when additional information becomes available. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

All unrestricted and restricted highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

F. Accounts Receivable, Net

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral. The Authority has established an allowance for the estimated portion that is not expected to be collected of $115,000 and $808,000 at June 30, 2010 and 2009, respectively.

G. Inventory

The Authority's spare parts inventory is stated at the lower of cost or market using the weighted-average cost method. The Authority's coal inventory is stated at the lower of cost or market using the FIFO method.

Inventories at June 30, 2010 and 2009 are summarized as follows:

Inventories	2010 ($000)	2009 ($000)
Spare Parts	$ 3,759	$ 3,504
Coal	111	124
Total	$ 3,870	$ 3,628

H. Investments

Investments are stated at fair value. Gains or losses on sales of investments are determined using the specific identification method.

Interest on investments is recorded as revenue in the year the interest is earned, unless capitalized as an offset to capitalized interest expense on assets acquired with tax-exempt debt.

I. Restricted Assets

Under provisions of various bond indentures and certain other agreements, restricted assets are used for debt service, special capital reserve funds and other debt service reserve funds, development, construction and operating costs.

J. Development and Bonds Issuance Costs

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning and permitting, and bond issuance costs are capitalized. When the project begins commercial operation, the development costs are amortized using the straight-line method over the estimated life of the project. Bond issuance costs are amortized over the life of the related bond issue using the straight-line method.

At June 30, 2010 and 2009, development and bond issuance costs for the projects are as follows:

Project	2010 ($000)	2009 ($000)
Development Costs:		
Mid-Connecticut	$ 3,277	$ 3,277
Wallingford	5,667	5,667
Southeast	10,006	10,006
	18,950	18,950
Less accumulated amortization:		
Mid-Connecticut	3,277	3,277
Wallingford	5,667	5,667
Southeast	7,653	7,261
	16,597	16,205
Total development costs, net	$ 2,353	$ 2,745
Bond Issuance Costs:		
Mid-Connecticut	239	239
Bridgeport	275	275
Wallingford	105	105
Southeast	1,008	1,008
	1,627	1,627
Less accumulated amortization:		
Mid-Connecticut	201	186
Bridgeport	275	275
Wallingford	105	105
Southeast	672	616
	1,253	1,182
Total bond issuance costs, net	$ 374	$ 445
Totals, net	$ 2,727	$ 3,190

A summary of future amortization for bond issuance costs is as follows:

June 30,	Amount ($000)
2011	$ 71
2012	71
2013	64
2014	56
2015	56
Total	$ 318

K. Capital Assets

Capital assets with a useful life in excess of one year are capitalized at historical cost. Depreciation of exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of landfills are based on the estimated years of available disposal capacity. The estimated useful lives of other capital assets are as follows:

Capital Assets	Years
Resources Recovery Buildings	30
Other Buildings	20
Resources Recovery Equipment	30
Gas and Steam Turbines	10-20
Recycling Equipment	10
Rolling Stock and Automobiles	5
Office and Other Equipment	3-5
Roadways	20

The Authority's capitalization threshold for property, plant, and equipment and for office furniture and equipment is $5,000 and $1,000, respectively. Improvements, renewals, and significant repairs that extend the useful life of a capital asset are capitalized; other repairs and maintenance costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any related gains or losses are recorded.

The Authority reviews its long-lived assets used in operations for impairment when there is an event or change in circumstances that indicates impairment in value. The Authority records impairment losses and reduces the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Authority does not expect to recover its carrying costs on properties held for use, the Authority reduces its carrying cost to fair value, and for properties held for sale, the Authority reduces its carrying value to the fair value less costs to sell. During the fiscal years ended June 30, 2010 and 2009, no impairment losses were recognized. Management does not believe that the value of its properties is impaired as of June 30, 2010.

L. Deferred Acquisition Costs

Deferred acquisition costs include legal fees and permitting and engineering costs associated with the licensing and development (siting) of additional landfills, and certain costs incurred to ready additional landfill areas for use. These costs are deferred as they will be recoverable through future revenue or benefit future operations. If licensure or recoverability becomes doubtful, these costs are then charged to operations.

Deferred acquisition costs of $1.567 million as of June 30, 2009, were classified as nondepreciable capital assets in the accompanying balance sheet. During fiscal year 2010, as a result of the suspension of landfill development in the State of Connecticut, the Authority wrote-off the $1.567 million deferred acquisition costs and charged these costs to operations.

M. Accrued Compensation

The Authority's liability for vested accumulated unpaid vacation and other employee benefit amounts is included in accrued expenses and other current liabilities in the accompanying balance sheet.

N. Net Assets

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted net assets may be divided into designated and undesignated portions. Designated net assets represent the Authority's self-imposed limitations on the use of otherwise unrestricted net assets. Unrestricted net assets have been designated by the Board of Directors of the Authority for various purposes. Such designations totaled $31.7 million and $34.6 million as of June 30, 2010 and 2009, respectively. Designated net assets at June 30, 2010 and 2009 are summarized as follows:

Unrestricted Designated Net Assets	2010 ($000)	2009 ($000)
Non-GASB #18 post-closure	$ 10,379	$ 10,354
Future loss contingencies	7,992	8,991
Landfill development	3,113	3,148
Rolling stock	2,784	2,950
Project closure	1,616	-
Future use	1,532	2,349
Facility modifications	1,493	285
Debt service stabilization	812	4,834
Recycling	709	758
Post-litigation expense	585	659
Deferred municipal credit	570	-
South Meadows site remediation	88	103
Benefit fund	-	217
Total	$ 31,673	$ 34,648

Restrictions of net assets are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. Restricted net assets totaled $37.0 million and $36.6 million as of June 30, 2010 and 2009, respectively.

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2010 and 2009:

Cash and Cash Equivalents	2010 ($000)	2009 ($000)
Unrestricted:		
Cash deposits	$ 2,209	$ 2,218
Cash equivalents:		
STIF *	76,822	95,731
	79,031	97,949
Restricted – current:		
Cash deposits	399	321
Cash equivalents:		
STIF *	42,384	25,086
U.S. Treasuries	3,601	-
Money Market Funds	1	2,999
	46,385	28,406
Restricted – non-current:		
Cash equivalents:		
STIF *	16,761	33,390
U.S. Treasuries	5,673	-
	22,434	33,390
Total	$147,850	$159,745

* STIF = Short-Term Investment Fund of the State of Connecticut

A. Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy does not have a deposit policy for custodial credit risk.

As of June 30, 2010 and 2009, approximately $5.4 million and $3.2 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2010 ($000)	2009 ($000)
Uninsured and Uncollateralized	$4,614	$2,756
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	796	423
Total	$5,410	$3,179

All of the Authority's deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments in the Short-Term Investment Fund ("STIF"), U.S. Treasuries, and Money Market Funds as of June 30, 2010 and 2009 are included in cash and cash equivalents in the accompanying balance sheet. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the investment disclosures that follow.

B. Investments

Interest Rate Risk

As of June 30, 2010, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value ($000)	Investment Maturities (In Years) Less than 1	1 to 5	6 to 10	More than 10
STIF	$ 135,967	$ 135,967	$ -	$ -	$ -
U.S. Treasuries	10,091	10,091	-	-	-
Money Market Funds	1	1	-	-	-
Total	$ 146,059	$ 146,059	$ -	$ -	$ -

As of June 30, 2009, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value ($000)	Investment Maturities (In Years) Less than 1	1 to 5	6 to 10	More than 10
STIF	$ 154,207	$ 154,207	$ -	$ -	$ -
U.S. Treasuries	817	817	-	-	-
Money Market Funds	2,999	2,999	-	-	-
Total	$ 158,023	$ 158,023	$ -	$ -	$ -

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares. As of June 30, 2010 and 2009, STIF had a weighted average maturity of 19 days and nine days, respectively. The U.S. Treasury Securities are U.S. Treasury Bills that had 90 day maturities as of both June 30, 2010 and 2009. The Money Market Funds invest exclusively in short-term U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. This fund complies with Securities and Exchange Commission regulations regarding money market fund maturities, which requires that the weighted average maturity be 90 days or less. As of June 30, 2010 and 2009, the weighted average maturity of these funds was 38 days and 46 days, respectively.

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority is limited to investment maturities as required by specific bond resolutions or as needed for immediate use or disbursement. Those funds not included in the foregoing may be invested in longer-term securities as authorized in the Authority's investment policy. The primary objectives of the Authority's investment policy are the preservation of principal and the maintenance of liquidity.

Credit Risk

The Authority's investment policy delineates the investment of funds in securities as authorized and defined within the bond resolutions governing the Mid-Connecticut and Southeast Projects for those funds established under the bond resolution and held in trust by the Authority's trustee. For all other funds, Connecticut state statutes permit the Authority to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

As of June 30, 2010, the Authority's investments were rated as follows:

Security	Fair Value ($000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	$135,967	AAAm	Not Rated	Not Rated
U.S. Treasuries	10,091	AAA	Aaa	AAA
Money Market Funds	1	AAAm	Aaa	AAAmmf

As of June 30, 2009, the Authority's investments were rated as follows:

Security	Fair Value ($000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	$154,207	AAAm	Not Rated	Not Rated
U.S. Treasuries	817	AAA	Aaa	AAA
Money Market Funds	2,999	AAAm	Aaa	AAA

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not include provisions for custodial credit risk, as the Authority does not invest in securities that are held by counterparties. In accordance with GASB Statement No. 40, none of the Authority's investments require custodial credit risk disclosures.

Concentration of Credit Risk

The Authority's investment policy places no limit on the amount of investment in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for Authority and/or bond resolution needs. As of June 30, 2010 and 2009, approximately 93.1% and 97.6%, respectively, of the Authority's investments are in the STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity, thereby satisfying the primary objectives of the Authority's investment policy.

3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2009 and 2010:

	Balance at June 30, 2008 ($000)	Additions ($000)	Transfers ($000)	Sales and Disposals ($000)	Balance at June 30, 2009 ($000)	Additions ($000)	Transfers ($000)	Sales and Disposals ($000)	Balance at June 30, 2010 ($000)
Nondepreciable assets:									
Land	$ 29,079	$ -	$ -	$ (899)	$ 28,180	$ -	$ -	$ -	$ 28,180
Construction-in-progress	327	11,236	(2,233)	-	9,330	2,000	(10,469)	$ -	861
Deferred acquisition costs	559	1,007	-	-	1,566	-	-	$ (1,566)	-
Total nondepreciable assets	**$ 29,965**	**$ 12,243**	**$ (2,233)**	**$ (899)**	**$ 39,076**	**$ 2,000**	**$ (10,469)**	**$ (1,566)**	**$ 29,041**
Depreciable assets:									
Plant	$ 190,555	$ 383	$ -	$ (10,149)	$ 180,789	166	$ 4,931	$ (33)	$ 185,853
Equipment	212,369	3,025	2,069	(2,266)	215,197	1,214	$ 5,537	$ (3,114)	218,834
Total at cost	402,924	3,408	2,069	(12,415)	395,986	1,380	10,469	(3,147)	404,687
Less accumulated depreciation for:									
Plant	(139,262)	(6,370)	-	8,760	(136,872)	(5,822)	$ -	$ 30	(142,664)
Equipment	(145,411)	(10,245)	-	2,025	(153,631)	(11,006)	$ -	$ 3,094	(161,543)
Total accumulated depreciation	(284,673)	(16,615)	-	10,785	(290,503)	(16,828)	-	3,124	(304,207)
Total depreciable assets, net	**$ 118,251**	**$ (13,207)**	**$ 2,069**	**$ (1,630)**	**$ 105,483**	**$ (15,448)**	**$ 10,469**	**$ (23)**	**$ 100,480**

Interest is capitalized on assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the projects with interest earned on invested debt proceeds over the same period. During fiscal 2010 and 2009, there was no capitalized interest as there was no new external borrowing.

4. LONG-TERM DEBT

The principal long-term obligations of the Authority are special obligation revenue bonds issued to finance the design, development, and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts, and monies pledged in the respective bond indentures.

The following is a summary of changes in bonds payable for the years ended June 30, 2009 and 2010:

Bonds Payable	Balance at July 1, 2008 ($000)	Increases ($000)	Decreases ($000)	Balance at June 30, 2009 ($000)	Increases ($000)	Decreases ($000)	Balance at June 30, 2010 ($000)	Amounts Due Within One Year ($000)
Bonds payable - principal	$ 23,346	$ -	$ (3,003)	$ 20,343	$ -	$ (4,143)	$ 16,200	$ 4,366
Unamortized amounts:								
Premiums	330	-	(77)	254	-	(66)	188	57
Deferred amount on refunding	(808)	-	195	(614)	-	170	(444)	(143)
Total bonds payable	$ 22,868	$ -	$ (2,885)	$ 19,983	$ -	$ (4,039)	$ 15,944	$ 4,280

The long-term debt amounts for the projects in the table above have been reduced by the deferred amount on refunding of bonds, net of the unamortized premium on the sale of bonds at June 30, 2010 and 2009 as follows:

Project	2010 ($000)	2009 ($000)
Deferred amount on refunding:		
Mid-Connecticut	$ 26	$ 48
Southeast	418	566
Subtotal	444	614
Reduced by unamortized premium:		
Southeast	(188)	(254)
Subtotal	(188)	(254)
Net Reduction	$ 256	$ 360

Certain of the Authority's bonds are secured by special capital reserve funds. Each fund is equal to the highest annual amount of debt service remaining on the issue. The State is contingently liable to restore any deficiencies that exist in these funds in the event that the Authority must draw from the fund. Bond principal amounts recorded as long-term debt at June 30, 2010 and 2009, which are backed by special capital reserve funds, are as follows:

Project	2010 ($000)	2009 ($000)
Mid-Connecticut	$ 11,765	$ 15,290
Southeast	4,435	5,053
Total	$ 16,200	$ 20,343

These special capital reserve funds are presented as net assets, restricted for debt service reserve funds on the Authority's balance sheet.

Annual debt service requirements to maturity on bonds payable are as follows:

Year ending June 30,	Mid-Connecticut Principal ($000)	Mid-Connecticut Interest ($000)	Southeast Principal ($000)	Southeast Interest ($000)	Total Principal ($000)	Total Interest ($000)
2011	3,715	542	650	215	4,365	757
2012	3,915	335	684	179	4,599	514
2013	4,135	114	720	141	4,855	255
2014	-	-	756	103	756	103
2015	-	-	793	63	793	63
Thereafter	-	-	832	21	832	21
	$ 11,765	$ 991	$ 4,435	$ 722	$ 16,200	$ 1,713
Interest Rates	5.375-5.5%		5.125-5.5%			

5. LONG-TERM LIABILITIES FOR CLOSURE AND POST-CLOSURE CARE OF LANDFILLS

Federal, State and local regulations require the Authority to place final cover on its landfills when it stops accepting waste (including ash) and to perform certain maintenance and monitoring functions for periods which may extend to thirty years after closure.

GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs," applies to closure and post-closure care costs that are paid near or after the date a landfill stops accepting waste. In accordance with GASB Statement No. 18, the Authority estimates its liability for these closure and post-closure care costs and records any increases or decreases to the liability as an operating expense. For landfills presently open, such estimate is based on landfill capacity used as of the balance sheet date. The liability for these costs is reduced when the costs are actually paid, which is generally after the landfill is closed.

Actual costs may be higher due to inflation or changes in permitted capacity, technology or regulation. The closure and post-closure care liabilities including the amounts paid and accrued for fiscal 2009 and 2010 for the landfills, are presented in the following table:

Project/Landfill	Liability at July 1, 2008 ($000)	Expense ($000)	Paid ($000)	Transfer in / (out) ($000)	Liability at June 30, 2009 ($000)	Expense ($000)	Paid ($000)	Liability at June 30, 2010 ($000)	Amounts Due Within One Year ($000)
Mid-Connecticut:									
Hartford	$ 38,265	$ 6,481	$ (6,633)	$ -	$ 38,113	$ (593)	$ (5,725)	$ 31,795	$ 8,630
Ellington	3,805	584	(173)	-	4,216	(90)	(141)	3,985	246
Bridgeport:									
Shelton	10,669	-	(223)	(10,446)	-	-	-	-	-
Waterbury	2,338	-	(559)	(1,779)	-	-	-	-	-
Property Division:									
Shelton	-	3,047	(191)	10,446	13,302	(1,156)	(382)	11,764	775
Waterbury	-	(771)	(1)	1,779	1,007	3	(32)	978	29
Wallingford:	5,741	1,166	(156)	-	6,751	(659)	(133)	5,959	563
Total	$ 60,818	$ 10,507	$ (7,936)	$ -	$ 63,389	$ (2,495)	$ (6,413)	$ 54,481	$ 10,243

The Connecticut Department of Environmental Protection ("CTDEP") requires that certain financial assurance mechanisms be maintained by the Authority to ensure payment of closure and post-closure costs related to certain landfills. Additionally, CTDEP requires that the Authority budget for anticipated closure costs for Mid-Connecticut's Hartford Landfill.

The Authority has placed funds in trust accounts for the Ellington, Waterbury, and Wallingford Landfills for financial assurance purposes. These trust accounts are reflected as restricted investments in the accompanying balance sheet.

At June 30, 2009, a letter of credit for $305,000 was outstanding for financial assurance of the Shelton Landfill. No funds were drawn on this letter during fiscal year 2009. The annual fee for this letter of credit was two percent, paid quarterly in advance. Due to a new Stewardship Permit, the Authority no longer needs this letter of credit. On May 26, 2010, the Authority established a post-closure trust fund with its trustee in the amount of $5,671,800 as a new financial assurance mechanism for the Shelton Landfill. This trust fund is reflected as restricted investments in the accompanying balance sheet.

6. MAJOR CUSTOMERS

Energy sales to CL&P and Constellation totaled 16.99% and 13.94%, respectively, of the Authority's operating revenues for the fiscal year ended June 30, 2010. Energy sales to CL&P and Constellation totaled 16.6% and 11.6%, respectively, of the Authority's operating revenues for the fiscal year ended June 30, 2009.

Service charge revenues from All Waste, Inc. totaled 7% and 6% of the Authority's operating revenues for fiscal year ended June 30, 2010 and 2009, respectively.

7. RETIREMENT PLAN

The Authority is the Administrator of its 401(k) Employee Savings Plan. This defined contribution retirement plan covers all eligible employees.

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions are five percent of payroll plus a dollar for dollar match of employees' contributions up to five percent of employee wages. Authority contributions for the years ended June 30, 2010 and 2009 amounted to $417,000 and $431,000, respectively. Employees contributed $414,000 to the plan in fiscal year 2010 and $425,000 in fiscal year 2009.

In addition, the Authority is a participating employer in the State of Connecticut's defined contribution 457(b) Plan, which allows Authority employees to participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457. All amounts of compensation deferred under the 457(b) plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan; rather, fiduciary responsibility rests with the State Comptroller's office.

The Authority has no postemployment benefit plans as of June 30, 2009 and 2010.

8. RISK MANAGEMENT

The Authority is exposed to various risks of loss. The Authority endeavors to purchase commercial insurance for all insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. In fiscal year 2007, the Authority increased its overall property insurance limit to reflect an increase in overall property values. This provides 100% of the replacement cost value for the Mid-Connecticut Power Block Facility and Energy Generating Facility, plus business interruption and extra expense values for the Mid-Connecticut Project. This is the Authority's highest valued single facility. The limit applies on a blanket basis for property damage to all locations.

The Authority is a member of the Connecticut Interlocal Risk Management Agency's ("CIRMA") Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is a guaranteed cost program. The premium for each of the policy periods from July 1, 2010 through July 1, 2011 and July 1, 2009 through July 1, 2010 was $71,000 and $59,000, respectively.

9. COMMITMENTS

The Authority has various operating leases for office space, land, landfills, and office equipment. The following schedule shows the composition of total rental expense for all operating leases:

Fiscal year	2010 ($000)	2009 ($000)
Minimum rentals	$ 119	$ 379
Contingent rentals	320	326
Total	$ 439	$ 705

The Authority also has agreements with various municipalities for payments in lieu of taxes ("PILOT") for personal and real property. For the years ended June 30, 2010 and 2009, the PILOT payments, which are included in the solid waste operations in the accompanying statements of revenues, expenses and changes in net assets, totaled $6,435,000 and $7,697,000, respectively. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2010 are as follows:

Fiscal Year	Lease Amount ($000)	PILOT Amount ($000)
2011	118	5,124
2012	118	5,247
2013	6	846
2014	6	885
2015	-	926
Thereafter	-	1,985
Total	$ 248	$ 15,013

The Authority has executed contracts with the operators/contractors of the resources recovery facilities, regional recycling centers, transfer stations, and landfills containing various terms and conditions expiring through November 2015. Generally, operating charges are derived from various factors such as tonnage processed, energy produced, and certain pass-through operating costs.

The approximate amount of contract operating charges included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2010 and 2009 was as follows:

Project	2010 ($000)	2009 ($000)
Mid-Connecticut	$ 62,824	$ 55,313
Bridgeport	-	21,143
Property	1,686	1,062
SouthWest	14,165	6,458
Wallingford	9,587	10,961
Southeast	20,809	21,542
Total	$ 109,071	$ 116,479

As of June 30, 2010 and 2009, the Authority has executed construction contracts totaling approximately $0.0 and $18.0 million, respectively, for construction activities at the Mid-Connecticut Hartford landfill and Regional Recycling Facility. Remaining commitments on construction contracts executed as of June 30, 2010 and 2009 totaling approximately $1.9 million and $4.4 million, respectively.

10. OTHER FINANCING

The Authority served as a conduit issuer for several bonds pursuant to bond resolutions to fund the construction of waste processing facilities built and operated by independent contractors. The revenue bonds were issued by the Authority to lower the cost of borrowing for the contractor/operator of the projects. The Authority was not involved in the construction activities, and construction requisitions by the contractor were made from various trustee accounts.

The Authority is not involved in the repayment of debt on these issues except for the portion of the bonds allocable to Authority purposes. In the event of default, and except in cases where the State has a contingent liability discussed below, the payment of debt is not guaranteed by the Authority or the State. Therefore, the Authority does not record the assets and liabilities related to these bond issues on its financial statements. The principal amounts of these bond issues outstanding at June 30, 2010 (excluding portions allocable to Authority purposes) are as follows:

Project	Amount ($000)
Southeast -	
1992 Series A - Corp. Credit	30,000
1998 Series A - Project	35,420
2001 Series A - Covanta Southeastern Connecticut Company - I	6,750
2001 Series A - Covanta Southeastern Connecticut Company - II	6,750
Total	$ 78,920

11. SEGMENT INFORMATION

The Authority has three projects that operate resources recovery and recycling facilities and landfills throughout the State plus two divisions and are required to be self-supporting through user service fees and sales of electricity. The Authority has issued various revenue bonds to provide financing for the design, development, and construction of these resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts, and monies pledged in the respective bond indentures. Financial segment information is presented below as of and for the years ended June 30, 2010 and 2009, respectively.

Fiscal Year 2010	Mid-Connecticut Project ($000)	Bridgeport (1) Project ($000)	Property Division ($000)	SouthWest Division ($000)	Wallingford Project ($000)	Southeast Project ($000)
Condensed Balance Sheets						
Assets:						
Current unrestricted assets	$ 69,385	$ 1,559	$ 9,372	$ 1,535	$ 14,990	$ 8,562
Current restricted assets	27,530	-	872	-	15,012	2,996
Total current assets	96,915	1,559	10,244	1,535	30,002	11,558
Non-current assets:						
Restricted cash and cash equivalents	15,698	-	5,672	-	-	1,064
Restricted investments	490	174	-	-	153	-
Capital assets, net	111,717	-	15,072	-	2,145	-
Other assets, net	38	-	-	-	-	2,689
Total non-current assets	127,943	174	20,744	-	2,298	3,753
Total assets	$ 224,858	$ 1,733	$ 30,988	$ 1,535	$ 32,300	$ 15,311
Liabilities:						
Current liabilities	$ 24,895	$ 51	$ 1,090	$ 1,381	$ 1,823	$ 3,803
Long-term liabilities	34,943	-	11,938	-	5,396	4,629
Total liabilities	59,838	51	13,028	1,381	7,219	8,432
Net Assets:						
Invested in capital assets, net of related debt	103,090	-	15,072	-	2,145	-
Restricted	19,533	174	872	-	15,107	1,329
Unrestricted	42,397	1,508	2,016	154	7,829	5,550
Total net assets	165,020	1,682	17,960	154	25,081	6,879
Total liabilities and net assets	$ 224,858	$ 1,733	$ 30,988	$ 1,535	$ 32,300	$ 15,311
Condensed Statements of Revenues, Expenses, and Changes in Net Assets						
Operating revenues	$ 84,422	$ (39)	$ 2,298	$ 14,664	$ 11,083	$ 25,872
Operating expenses	81,996	1,123	1,041	14,662	12,028	24,339
Depreciation and amortization expense	16,296	11	303	-	33	448
Operating (loss) income	(13,870)	(1,173)	954	2	(978)	1,085
Non-operating revenues (expenses):						
Investment income	338	9	49	1	98	58
Other income (expenses), net	5,092	-	197	-	(5)	325
Interest expense	(735)	-	-	-	-	(328)
Net non-operating revenues (expense)	4,695	9	246	1	93	55
Income (loss) before transfers	(9,175)	(1,164)	1,200	3	(885)	1,140
Transfers in (out)	-	(2,087)	2,087	-	-	-
Change in net assets	(9,175)	(3,251)	3,287	3	(885)	1,140
Total net assets, July 1, 2009	174,195	4,933	14,673	151	25,966	5,739
Total net assets, June 30, 2010	$ 165,020	$ 1,682	$ 17,960	$ 154	$ 25,081	$ 6,879
Condensed Statements of Cash Flows						
Net cash provided (used) by:						
Operating activities	$ 5,165	$ (1,680)	$ 182	$ 54	$ (1,170)	$ (567)
Investing activities	349	7	50	1	259	95
Capital and related financing activities	(13,227)	-	(414)	-	(133)	(868)
Non-capital financing activities	(8)	(2,087)	2,084	-	(5)	-
Net (decrease) increase	(7,721)	(3,760)	1,902	55	(1,049)	(1,340)
Cash and cash equivalents, July 1, 2009	102,194	5,299	13,703	25	30,171	7,019
Cash and cash equivalents, June 30, 2010	$ 94,473	$ 1,539	$ 15,605	$ 80	$ 29,122	$ 5,679

(1) Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

Fiscal Year 2009	Mid-Connecticut Project ($000)	Bridgeport (1) Project ($000)	Property Division ($000)	SouthWest Division ($000)	Wallingford Project ($000)	Southeast Project ($000)
Condensed Balance Sheets						
Assets:						
Current unrestricted assets	$ 75,782	$ 5,437	$ 12,978	$ 1,411	$ 15,754	$ 10,557
Current restricted assets	25,167	-	870	-	224	2,378
Total current assets	100,949	5,437	13,848	1,411	15,978	12,935
Non-current assets:						
Restricted cash and cash equivalents	16,168	-	-	-	16,154	1,068
Restricted investments	490	174	-	-	153	-
Capital assets, net	126,357	10	15,375	-	2,177	-
Other assets, net	53	-	-	-	-	3,137
Total non-current assets	143,068	184	15,375	-	18,484	4,205
Total assets	$ 244,017	$ 5,621	$ 29,223	$ 1,411	$ 34,462	$ 17,140
Liabilities:						
Current liabilities	$ 25,851	$ 688	$ 960	$ 1,260	$ 2,033	$ 6,069
Long-term liabilities	43,971	-	13,590	-	6,463	5,332
Total liabilities	69,822	688	14,550	1,260	8,496	11,401
Net Assets:						
Invested in capital assets, net of related debt	115,156	11	15,375	-	2,178	-
Restricted	18,340	174	870	-	16,307	955
Unrestricted	40,699	4,748	(1,572)	151	7,481	4,784
Total net assets	174,195	4,933	14,673	151	25,966	5,739
Total liabilities and net assets	$ 244,017	$ 5,621	$ 29,223	$ 1,411	$ 34,462	$ 17,140
Condensed Statements of Revenues, Expenses, and Changes in Net Assets						
Operating revenues	$ 90,732	$ 31,412	$ 1,324	$ 6,632	$ 16,979	$ 24,774
Operating expenses	81,036	25,466	3,488	6,483	41,676	25,554
Depreciation and amortization expense	15,806	464	153	-	326	448
Operating (loss) income	(6,110)	5,482	(2,317)	149	(25,023)	(1,228)
Non-operating revenues (expenses):						
Litigation-related settlements	4,250	-	-	-	-	-
Investment income	1,533	212	60	2	778	226
Other income (expenses), net	3,064	(2,444)	-	-	(230)	-
Interest expense	(859)	(41)	-	-	(12)	(372)
Net non-operating revenues (expense)	7,988	(2,273)	60	2	536	(146)
Income (loss) before transfers	1,878	3,209	(2,257)	151	(24,487)	(1,374)
Transfers in (out)	-	(16,930)	16,930	-	-	-
Change in net assets	1,878	(13,721)	14,673	151	(24,487)	(1,374)
Total net assets, July 1, 2008	172,317	18,654	-	-	50,453	7,113
Total net assets, June 30, 2009	$ 174,195	$ 4,933	$ 14,673	$ 151	$ 25,966	$ 5,739
Condensed Statements of Cash Flows						
Net cash provided (used) by:						
Operating activities	$ 23,965	$ 5,069	$ 208	$ 23	$ (24,252)	$ 257
Investing activities	1,592	212	60	2	743	343
Capital and related financing activities	(22,926)	(2,686)	(192)	-	(883)	(869)
Non-capital financing activities	(10)	(13,645)	13,627	-	(500)	-
Net (decrease) increase	2,621	(11,050)	13,703	25	(24,892)	(269)
Cash and cash equivalents, July 1, 2008	99,573	16,349	-	-	55,063	7,288
Cash and cash equivalents, June 30, 2009	$ 102,194	$ 5,299	$ 13,703	$ 25	$ 30,171	$ 7,019

(1) Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

12. SIGNIFICANT EVENTS

During fiscal years 2009 and 2010, the Authority received a total of $3,456,000 (net of attorneys' fees and costs of litigation of $677,000) and $495,000 (net of attorneys' fees and costs of litigation of $55,000) from settlements resulting from various Enron-related lawsuits, respectively. The $3.456 million, net settlement contains a contingency, whereby if the Authority fails to settle with any other of a specified group of settling parties for more than the settlement amount of $4.1 million, the Authority shall rebate this settling party an amount equal to the sum of the difference between $4.1 million and the next largest settling party and an additional $50,000, but in no event shall the rebate amount exceed $425,000. The Authority has reported both gains as non-operating revenues in the accompanying statement of revenues, expenses and changes in net assets and deferred the $425,000 contingency as accrued expenses and other current liabilities in the accompanying balance sheets.

During fiscal year 2010, the Authority settled with its waste hauling companies for diversion of waste from the Authority's Mid-Connecticut Project. As a result of the settlements, the Authority will receive from the haulers approximately $8,350,000 as revenues for wastes to be delivered to the Mid-Connecticut facility through December 2012.

13. CONTINGENCIES

Mid-Connecticut Project:

On October 7, 2009, The Metropolitan District Commission ("MDC") initiated an arbitration proceeding against the Authority seeking a declaratory judgment that the Authority is responsible for certain post-employment benefits and other costs that MDC may incur upon the expiration of its contract for the operation of a portion of the Mid-Connecticut Project on December 30, 2011. The MDC did not specify the amount of its monetary claim in its demand for arbitration, but has separately set forth the amount as a range of $32.0 million to $36.0 million. The Authority has denied such alleged responsibility. The arbitration is not proceeding at this time because the Authority has challenged the impartiality of the MDC party-appointed arbitrator. MDC filed a motion in Connecticut Superior Court to compel the arbitration to proceed, and the Authority filed a counterclaim requesting that the court disqualify MDC's party-appointed arbitrator. On April 28, 2010, the court ruled that the parties may appoint non-neutral arbitrators. The Authority subsequently appealed that ruling, and the appeal is currently pending. The matter is too preliminary to estimate any potential exposure.

On May 27, 2010, Tabacco & Son Builders, Inc. brought suit against the Authority and one of the Authority's former employees, for breach of contract, slander, libel, and various other legal and equitable causes of action, and seeking damages. The claim has been tendered to the Authority's insurer, which is defending. The matter is too preliminary to estimate any potential exposure.

In January 2006, the Authority's pollution liability insurance carrier, American International Specialty Lines Insurance Company ("AISLIC") settled with numerous commercial and residential neighbors of the Hartford Landfill who had filed suit against the Authority in 2001, claiming that the Authority negligently maintained and operated its Hartford Landfill and that the Harford Landfill constituted a public nuisance. On May 4, 2006, AISLIC initiated a declaratory judgment action in federal district court seeking a declaration that AISLIC is not obligated to indemnify the Authority in connection with the settled lawsuit and that AISLIC should be awarded the amount it spent on defense and indemnification of the Authority. The Authority is defending against this action, and has counterclaimed, alleging bad faith and seeking recovery of attorneys' fees. Discovery is officially over, but the Authority has a motion to compel the production of additional documents from AISLIC pending. The matter is too preliminary to estimate any potential exposure.

On May 6, 2008, a Trustee of the Chapter 7 Bankruptcy Estate of O.N.E./C.H.A.N.E. brought suit against the Authority in Superior Court, claiming that the Authority breached the

October 6, 1999 Community Support Agreement between the Authority and O.N.E./C.H.A.N.E. and seeking damages of approximately $20.0 million. The matter was tried to a jury in June 2010. The jury rendered its verdict in favor of the Authority on June 30, 2010, and judgment was entered on the verdict on July 20, 2010.

In January 2009, the Authority brought suit against Dainty Rubbish Services, Inc., alleging that Dainty has diverted substantial amounts of municipal solid waste to waste disposal facilities other than Authority facilities, contrary to Dainty's contractual obligations to deliver the waste to Authority facilities. On September 2, 2009, Dainty filed a counterclaim against the Authority alleging, among other things, breach of contract, misrepresentation, and fraud, and seeking rescission of all contracts, damages, interest and costs, and an accounting. The entire case was settled in principle at a mediation in December 2009 without payment or other compensation due from the Authority. Dainty agreed to compensate the Authority for past waste diversions. The parties are currently finalizing a settlement agreement and associated waste delivery agreement.

Bridgeport Project:

In the early 1990's, the Authority was named as a Potentially Responsible Party in the now-combined federal and State of New Jersey suits to recover the costs of remediation of the landfill known as Combe Fill South. The Authority's liability was substantially resolved in the spring of 2009 as a result of a mediated global settlement. However, one of the settling parties is pursuing a contribution action against certain non-settling entities. The Authority continues to monitor these remaining case activities to the extent they may implicate the Authority.

On January 21, 2009, a Complaint was filed against the Authority alleging injuries suffered by a Milford resident at the Milford Transfer Station and seeking monetary damages, including medical expneses and a new motor vehicle to accommodate Plaintiff's physical injuries. The claim was tendered to the Authority's insurer, which defended and indemnified the Authority, subject to a $50,000 deductible. A mediated settlement was achieved in June 2010, and the case was subsequently withdrawn.

In February 2008, a Complaint was filed against the Authority alleging injuries suffered by an employee of Enviro Express, the operator of the Norwalk Transfer Station, and seeking damages, including medical expenses and lost wages. The claim was tendered to the insurer of Enviro Express, which defended the Authority pursuant to a reservation of rights. The matter was withdrawn on August 10, 2010.

Other Issues and Unasserted Claims and Assessments:

The Authority is subject to numerous federal, state and local environmental and other regulatory laws and regulations and management believes it is in substantial compliance with all such governmental laws and regulations.

14. SUBSEQUENT EVENTS

The Authority plans to refund its outstanding Resource Recovery Revenue Bonds (American Ref-Fuel Company of Southeastern Connecticut Project - 1998 Series A) relating to the Southeast Project sometime during the second quarter of fiscal year 2011. The amount of 1998 Series A Bonds currently outstanding is $39,885,000. The purpose of the proposed refunding will be to achieve economic savings. The proposed refunding will not extend the current maturity of the bonds, which is November 15, 2015.

15. CURRENT ACCOUNTING PRONOUNCEMENTS

During November 2007, GASB issued *Statement No. 52, "Land and Other Real Estate Held as Investments by Endowment."* This statement requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. As of June 30, 2010 and 2009, the Authority has no land and other real estate that are held as investments by endowments.

During June 2008, GASB issued *Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments."* This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. During fiscal years 2010 and 2009, the Authority did not enter into any derivative instrument arrangements.

During June 2007, GASB issued *Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"* (GASB No. 51). This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software in an effort to reduce inconsistencies in accounting and financial reporting of intangible assets. As of June 30, 2010 and 2009, the Authority has no intangible assets that apply to GASB No. 51, except two easements: (1) easement right to access land owned by a private party in order for the Authority to access certain areas of the land for which the Authority bought from this party, that is adjacent to the Ellington Landfill; and (2) easement right to a property owned by another private party that essentially enables the Authority to control the zone of influence of the Shelton Landfill leachate plume. The value for both of these easements is immaterial; therefore, is not reflected on the Authority's financial statements as intangible assets.

16. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT EFFECTIVE YET

During February 2009, GASB issued *Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions,"* (GASB No. 54) that will become effective for financial statements for periods beginning after June 15, 2010. This statement establishes accounting and financial reporting standards including criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

Supplementary Information

COMBINING SCHEDULE OF BALANCE SHEETS
AS OF JUNE 30, 2010
(Dollars in Thousands)

ASSETS	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
CURRENT ASSETS									
Unrestricted Assets:									
Cash and cash equivalents	$ 1,352	$ 51,253	$ 1,539	$ 9,061	$ 80	$ 14,110	$ 1,636	$ -	$ 79,031
Accounts receivable, net of allowances	22	13,088	-	249	1,455	831	6,926	-	22,571
Inventory	-	3,870	-	-	-	-	-	-	3,870
Prepaid expenses	27	986	20	62	-	49	-	-	1,144
Due from other funds	-	188	-	-	-	-	-	(188)	-
Total Unrestricted Assets	1,401	69,385	1,559	9,372	1,535	14,990	8,562	(188)	106,616
Restricted Assets:									
Cash and cash equivalents	-	27,522	-	872	-	15,012	2,979	-	46,385
Accrued interest receivable	-	8	-	-	-	-	17	-	25
Total Restricted Assets	-	27,530	-	872	-	15,012	2,996	-	46,410
Total Current Assets	1,401	96,915	1,559	10,244	1,535	30,002	11,558	(188)	153,026
NON-CURRENT ASSETS									
Restricted cash and cash equivalents	-	15,698	-	5,672	-	-	1,064	-	22,434
Restricted investments	-	490	174	-	-	153	-	-	817
Capital Assets:									
Depreciable:									
Plant	864	169,546	616	14,827	-	-	-	-	185,853
Equipment	1,248	214,936	-	2,373	-	277	-	-	218,834
	2,112	384,482	616	17,200	-	277	-	-	404,687
Less: Accumulated depreciation	(1,525)	(285,526)	(616)	(16,429)	-	(111)	-	-	(304,207)
Total Depreciable, net	587	98,956	-	771	-	166	-	-	100,480
Nondepreciable:									
Land	-	11,900	-	14,301	-	1,979	-	-	28,180
Construction in progress	-	861	-	-	-	-	-	-	861
Total Nondepreciable	-	12,761	-	14,301		1,979	-	-	29,041
Development and bond issuance costs, net	-	38	-	-	-	-	2,689	-	2,727
Total Non-Current Assets	587	127,943	174	20,744	-	2,298	3,753	-	155,499
TOTAL ASSETS	$ 1,988	$ 224,858	$ 1,733	$ 30,988	$ 1,535	$ 32,300	$ 15,311	$ (188)	$ 308,525

COMBINING SCHEDULE OF BALANCE SHEETS (Continued)
AS OF JUNE 30, 2010
(Dollars in Thousands)

EXHIBIT A
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LIABILITIES AND NET ASSETS	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
CURRENT LIABILITIES									
Current portion of:									
Bonds payable, net	$ -	$ 3,699	$ -	$ -	$ -	$ -	$ 581	$ -	$ 4,280
Closure and post-closure care of landfills	-	8,876	-	804	-	563	-	-	10,243
Accounts payable	119	2,252	-	44	2	316	6	-	2,739
Accrued expenses and other current liabilities	614	10,068	51	242	1,379	944	3,216	-	16,514
Due to other funds	188	-	-	-	-	-	-	(188)	-
Total Current Liabilities	921	24,895	51	1,090	1,381	1,823	3,803	(188)	33,776
LONG-TERM LIABILITIES									
Bonds payable, net	-	8,039	-	-	-	-	3,625	-	11,664
Closure and post-closure care of landfills	-	26,904	-	11,938	-	5,396	-	-	44,238
Other liabilities	-	-	-	-	-	-	1,004	-	1,004
Total Long-Term Liabilities	-	34,943	-	11,938	-	5,396	4,629	-	56,906
TOTAL LIABILITIES	921	59,838	51	13,028	1,381	7,219	8,432	(188)	90,682
NET ASSETS									
Invested in capital assets, net of related debt	588	103,090	-	15,072	-	2,145	-	-	120,895
Restricted:									
Tip fee stabilization	-	-	-	-	-	14,454	-	-	14,454
Energy generating facility	-	7,099	-	-	-	-	-	-	7,099
Debt service reserve funds	-	3,963	-	-	-	-	53	-	4,016
Equipment replacement	-	1,770	-	-	-	-	-	-	1,770
Operating and maintenance	-	1,770	-	-	-	-	-	-	1,770
Revenue fund	-	1,637	-	-	-	-	-	-	1,637
Debt service funds	-	1,543	-	-	-	-	-	-	1,543
Montville landfill post-closure	-	-	-	-	-	-	1,097	-	1,097
Select Energy escrow	-	1,000	-	-	-	-	-	-	1,000
Shelton landfill future use	-	-	-	872	-	-	-	-	872
DEP trust - landfills	-	490	174	-	-	153	-	-	817
Covanta Wallingford escrow	-	-	-	-	-	500	-	-	500
Recycling education fund	-	213	-	-	-	-	-	-	213
Rebate fund	-	-	-	-	-	-	179	-	179
Other restricted net assets	-	48	-	-	-	-	-	-	48
Total Restricted	-	19,533	174	872	-	15,107	1,329	-	37,015
Unrestricted	479	42,397	1,508	2,016	154	7,829	5,550	-	59,933
Total Net Assets	1,067	165,020	1,682	17,960	154	25,081	6,879	-	217,843
TOTAL LIABILITIES AND NET ASSETS	$ 1,988	$ 224,858	$ 1,733	$ 30,988	$ 1,535	$ 32,300	$ 15,311	$ (188)	$ 308,525

EXHIBIT B

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
Operating Revenues									
Service charges:									
Members	$ -	$ 31,979	$ -	$ -	$ 14,664	$ 8,536	$ 9,214	$ -	**$ 64,393**
Others	-	17,517	-	-	-	114	144	(178)	**17,597**
Energy sales	-	30,258	-	-	-	2,431	16,514	-	**49,203**
Other operating revenues	-	4,668	(39)	2,298	-	2	-	-	**6,929**
Total operating revenues	-	84,422	(39)	2,298	14,664	11,083	25,872	(178)	**138,122**
Operating Expenses									
Solid waste operations	-	73,936	(553)	1,692	14,179	12,146	24,185	(178)	**125,407**
Depreciation and amortization	201	16,296	11	303	-	33	448	-	**17,292**
Maintenance and utilities	-	1,272	-	86	-	7	-	-	**1,365**
Closure and post-closure care of landfills	-	(683)	-	(1,153)	-	(659)	-	-	**(2,495)**
Legal services - external	-	1,993	4	8	17	33	-	-	**2,055**
Operational and Environmental services	-	3,407	19	232	165	258	31	-	**4,112**
Billing, Accounting and Finance services	-	1,052	8	82	206	187	116	-	**1,651**
Education and Communications services	-	604	3	87	32	26	2	-	**754**
General and Administrative services	-	415	3	7	63	30	5	-	**523**
Distribution to member towns	-	-	1,639	-	-	-	-	-	**1,639**
Total operating expenses	201	98,292	1,134	1,344	14,662	12,061	24,787	(178)	**152,303**
Operating (Loss) Income	(201)	(13,870)	(1,173)	954	2	(978)	1,085	-	**(14,181)**
Non-Operating Revenues (Expenses)									
Investment income	3	338	9	49	1	98	58	-	**556**
Other income (expenses)	261	5,092	-	197	-	(5)	325	-	**5,870**
Interest expense	-	(735)	-	-	-	-	(328)	-	**(1,063)**
Net Non-Operating Revenues	264	4,695	9	246	1	93	55	-	**5,363**
Income (Loss) before Transfers	63	(9,175)	(1,164)	1,200	3	(885)	1,140	-	**(8,818)**
Transfers in (out)	-	-	(2,087)	2,087	-	-	-	-	**-**
Change in Net Assets	63	(9,175)	(3,251)	3,287	3	(885)	1,140	-	**(8,818)**
Total Net Assets, beginning year	1,004	174,195	4,933	14,673	151	25,966	5,739	-	**226,661**
Total Net Assets, end of year	$ 1,067	$ 165,020	$ 1,682	$ 17,960	$ 154	$ 25,081	$ 6,879	$ -	**$ 217,843**

COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(Dollars in Thousands)

EXHIBIT C
Page 1 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
Cash Flows Provided (Used) by Operating Activities									
Payments received from providing services	$ 117	$ 86,485	$ 42	$ 2,358	$ 14,595	$ 12,103	$ 26,192	$ (178)	**$ 141,714**
Payments received from other funds	-	108	-	-	-	-	-	(108)	**-**
Payments to suppliers for goods and services	-	(78,346)	(83)	(1,931)	(14,133)	(12,625)	(26,609)	178	**(133,550)**
Payments to employees for services	-	(3,082)	-	(245)	(408)	(648)	(150)	-	**(4,532)**
Distribution to member towns	-	-	(1,639)	-	-	-	-	-	**(1,639)**
Payments to other funds	(108)	-	-	-	-	-	-	108	**-**
Net Cash Provided (Used) by Operating Activities	9	5,165	(1,680)	182	54	(1,170)	(567)	-	**1,993**
Cash Flows Provided (Used) by Investing Activities									
Interest on investments	9	349	7	50	1	259	95	-	**770**
Net Cash Provided by Investing Activities	9	349	7	50	1	259	95	-	**770**
Cash Flows Provided (Used) by Capital and Related Financing Activities									
Proceeds from sales of equipment	-	126	-	-	-	-	-	-	**126**
Payments for landfill closure and post-closure care liabilities	-	(5,866)	-	(414)	-	(133)	-	-	**(6,413)**
Acquisition and construction of capital assets	-	(3,225)	-	-	-	-	-	-	**(3,225)**
Interest paid on long-term debt	-	(737)	-	-	-	-	(250)	-	**(987)**
Principal paid on long-term debt	-	(3,525)	-	-	-	-	(618)	-	**(4,143)**
Net Cash Used by Capital and Related Financing Activities	-	(13,227)	-	(414)	-	(133)	(868)	-	**(14,642)**
Cash Flows Provided (Used) by Non-Capital Financing Activities									
Other interest and fees	-	(8)	-	(3)	-	(5)	-	-	**(16)**
Cash inflow / (outflow)	-	-	(2,087)	2,087	-	-	-	-	**-**
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(8)	(2,087)	2,084	-	(5)	-	-	**(16)**

COMBINING SCHEDULE OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2010
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	Eliminations	Total
Net (decrease) increase in cash and cash equivalents	$ 18	$ (7,721)	$ (3,760)	$ 1,902	$ 55	$ (1,049)	$ (1,340)	$ -	**$ (11,895)**
Cash and cash equivalents, beginning of year	1,334	102,194	5,299	13,703	25	30,171	7,019	-	**159,745**
Cash and cash equivalents, end of year	$ 1,352	$ 94,473	$ 1,539	$ 15,605	$ 80	$ 29,122	$ 5,679	$ -	**$ 147,850**
Reconciliation of Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:									
Operating (loss) income	$ (201)	$ (13,870)	$ (1,173)	$ 954	$ 2	$ (978)	$ 1,085	$ -	**$ (14,181)**
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:									
Depreciation of capital assets	201	16,281	11	303	-	33	-	-	**16,829**
Amortization of development and bond issuance costs	-	15	-	-	-	-	448	-	**463**
Write-off of deferred acquisition costs	-	1,566	-	-	-	-	-	-	**1,566**
Provision for closure and post-closure care of landfills	-	(683)	-	(1,153)	-	(659)	-	-	**(2,495)**
Other income	107	5,011	-	200	-	-	325	-	**5,643**
Changes in assets and liabilities:									
(Increase) decrease in:									
Accounts receivable, net	-	(3,555)	81	(140)	(69)	832	(5)	-	**(2,856)**
Inventory	-	(242)	-	-	-	-	-	-	**(242)**
Prepaid expenses and other current assets	75	465	37	(26)	-	86	8	-	**645**
Due from other funds	-	108	-	-	-	-	-	(108)	**-**
(Decrease) increase in:									
Accounts payable, accrued expenses and other liabilities	(65)	69	(636)	44	121	(484)	(2,428)	-	**(3,379)**
Due to other funds	(108)	-	-	-	-	-	-	108	**-**
Net Cash Provided (Used) by Operating Activities	$ 9	$ 5,165	$ (1,680)	$ 182	$ 54	$ (1,170)	$ (567)	$ -	**$ 1,993**

COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2010
(Dollars in Thousands)

EXHIBIT D
Page 1 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	**Total**
Net assets invested in capital assets, net of related debt	$ 588	$ 103,090	$ -	$ 15,072	$ -	$ 2,145	$ -	**$ 120,895**
Restricted net assets:								
Current restricted cash and cash equivalents:								
Revenue fund	-	20,646	-	-	-	-	1,451	**22,097**
Tip fee stabilization	-	-	-	-	-	14,454	-	**14,454**
Debt service funds	-	5,322	-	-	-	-	399	**5,721**
Montville landfill post-closure	-	-	-	-	-	-	1,129	**1,129**
Select Energy escrow	-	1,000	-	-	-	-	-	**1,000**
Shelton landfill future use	-	-	-	872	-	-	-	**872**
Covanta Wallingford escrow	-	-	-	-	-	500	-	**500**
Recycling education fund	-	213	-	-	-	-	-	**213**
Customer guarantee of payment	-	293	-	-	-	58	-	**351**
Town of Ellington trust - pooled funds	-	48	-	-	-	-	-	**48**
Total current restricted cash and cash equivalents	-	27,522	-	872	-	15,012	2,979	**46,385**
Non-current restricted cash and cash equivalents and investments:								
Energy generating facility	-	7,099	-	-	-	-	-	**7,099**
Shelton landfill trust fund	-	-	-	5,672	-	-	-	**5,672**
Debt service reserve funds	-	5,059	-	-	-	-	885	**5,944**
Operating and maintenance	-	1,770	-	-	-	-	-	**1,770**
Equipment replacement	-	1,770	-	-	-	-	-	**1,770**
DEP trust - landfills	-	490	174	-	-	153	-	**817**
Rebate fund	-	-	-	-	-	-	179	**179**
Total non-current restricted cash and cash equivalents and investments	-	16,188	174	5,672	-	153	1,064	**23,251**
Less liabilities to be paid with current restricted assets:								
Bonds payable, net including accrued interest	-	3,779	-	-	-	-	399	**4,178**
Other liabilities	-	19,302	-	-	-	58	1,483	**20,843**
Total liabilities to be paid with current restricted assets	-	23,081	-	-	-	58	1,882	**25,021**
Less liabilities to be paid with non-current restricted assets:								
Bonds payable, net	-	1,096	-	-	-	-	832	**1,928**
Landfill post-closure care costs	-	-	-	5,672	-	-	-	**5,672**
Total liabilities to be paid with non-current restricted assets	-	1,096	-	5,672	-	-	832	**7,600**
Total restricted net assets	-	19,533	174	872	-	15,107	1,329	**37,015**

COMBINING SCHEDULE OF NET ASSETS (Continued)
AS OF JUNE 30, 2010
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Bridgeport Project	Property Division	SouthWest Division	Wallingford Project	Southeast Project	**Total**
Unrestricted net assets:								
Designated for:								
Non-GASB #18 post-closure	$ -	$ 4,831	$ -	$ 3,763	$ -	$ 1,785	$ -	**$ 10,379**
Future loss contingencies	-	7,191	-	-	-	549	252	**7,992**
Landfill development	-	3,113	-	-	-	-	-	**3,113**
Rolling stock	-	2,784	-	-	-	-	-	**2,784**
Project closure	-	-	795	-	-	821	-	**1,616**
Future use	-	-	-	-	-	1,532	-	**1,532**
Facility modifications	-	1,493	-	-	-	-	-	**1,493**
Debt service stabilization	-	812	-	-	-	-	-	**812**
Recycling	-	-	-	709	-	-	-	**709**
Post-litigation expense	-	585	-	-	-	-	-	**585**
Deferred municipal credit	-	570	-	-	-	-	-	**570**
South Meadows site remediation	-	88	-	-	-	-	-	**88**
Undesignated	479	20,930	713	(2,456)	154	3,142	5,298	**28,260**
Total unrestricted net assets	479	42,397	1,508	2,016	154	7,829	5,550	**59,933**
Total Net Assets	$ 1,067	$ 165,020	$ 1,682	$ 17,960	$ 154	$ 25,081	$ 6,879	**$ 217,843**

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
New York, New York

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Connecticut Resources Recovery Authority
Harford, Connecticut

We have audited the financial statements of the Connecticut Resources Recovery Authority (Authority) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United Stated of America such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated September 29, 2010.

This report is intended solely for the information and use of the Board of Directors and management of the Authority, the State of Connecticut and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co LLP

New York, New York
September 29, 2010

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SECTION 10

CONNECTICUT RESOURCES RECOVERY AUTHORITY
CONNECTICUT'S RECYCLING LEADER

Mid-Connecticut Project Municipal Advisory Committee

DRAFT 2011 Meeting Schedule

Wednesday, February 16, 8:30 a.m.
- CRRA Trash Museum, 211 Murphy Road, Hartford

Wednesday, May 18, 8:30 a.m.
- CRRA Trash Museum, 211 Murphy Road, Hartford

Wednesday, August 17, 8:30 a.m.
- CRRA Trash Museum, 211 Murphy Road, Hartford

Wednesday, November 30, 8:30 a.m.
- CRRA Trash Museum, 211 Murphy Road, Hartford