

APPENDIX I.

**AGENDA
CONNECTICUT RESOURCES RECOVERY AUTHORITY
WALLINGFORD PROJECT BRIEFING
OF
CRRA PURCHASE OPTION OF THE WALLINGFORD RESOURCE
RECOVERY FACILITY**

**WALLINGFORD TOWN HALL
September 29, 2008**

Background

- **How is it we are here today
Covanta/CRRA Operator Agreement
Options Studied**

Purchase Option

- **Base Case Business Model and Sensitivities**
- **Fair Market Valuations**
- **Electric Market Study**
- **Useful Life and Capital Expenditures**
- **Formal Valuation Process**
- **New MSA and Flow Control Ordinance**

Town of Wallingford Host Community Benefit (PILOT)

Financing Process

- **Schedule and Timing**

*Rec'd of CRRA
1:25 pm
9/29/08
Spec. T.C.M.*

BASE CASE BUSINESS MODEL AND SENSITIVITIES

	Actual	Projected	ESTIMATED TIP FEES POST 2010 PURCHASE						
			1-Jul-08	1-Jul-09	1-Jul-10	1-Jul-11	1-Jul-12	1-Jul-13	1-Jul-14
			30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
BASE CASE	<i>Purchase Price: \$23,500,000; Electric Revenue: Base Case; Ash Disposal: Putnam LF; CRRRA Personnel CAP Applies</i>		\$60.00	\$61.00	\$67.45	\$71.09	\$73.02	\$75.10	\$77.97
Scenario 1	<i>Purchase Price: \$23,500,000; Electric Revenue: Low Case; Ash Disposal: Putnam LF; CRRRA Personnel CAP Applies</i>		\$60.00	\$61.00	\$75.30	\$79.10	\$81.47	\$83.11	\$85.09
Scenario 2	<i>Purchase Price: \$23,500,000; Electric Revenue: Base Case; Ash Disposal: Putnam LF; CRRRA Personnel CAP Applies; Effects of Recycling and Population Increase</i>		\$60.00	\$61.00	\$67.45	\$71.09	\$73.02	\$75.10	\$77.00
Scenario 3	<i>Purchase Price: \$23,500,000; Electric Revenue: Base Case; Ash Disposal; Putnam LF; Traditional Operator of Facility</i>		\$60.00	\$61.00	\$110.77	\$117.35	\$120.70	\$124.13	\$128.18
Scenario 4	<i>Purchase Price: \$23,500,000; Electric Revenue: Base Case; Ash Disposal: Franklin LF in 2013; CRRRA Personnel CAP Applies</i>		\$60.00	\$61.00	\$66.90	\$71.09	\$60.08	\$61.77	\$64.23
Scenario 5	<i>Purchase Price: \$23,500,000; Electric Revenue: Base Case; Ash Disposal: Putnam LF; CRRRA Personnel CAP Does Not Apply</i>		\$60.00	\$61.00	\$63.98	\$67.52	\$69.33	\$71.31	\$74.06

Rec'd of CRRRA
 Spec. T.C.M
 9/29/08
 1:25pm
CONFIDENTIAL

**CRRRA-WALLINGFORD RESOURCE RECOVERY FACILITY
CRRRA FACILITY OPERATIONS PROFORMA__BASE CASE**

SHEET 1	DRAFT OF	8/12/2008
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Year Beginning
Year Ending

1-Jul-10	1-Jul-11	1-Jul-12	1-Jul-13	1-Jul-14
30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15

DEBT SERVICE EXPENSES

Facility Acquisition, Initial Repair, and Cap Improvement Debt Service

\$2,500,921	\$2,500,921	\$2,500,921	\$2,500,921	\$2,500,921
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TOTAL DEBT SERVICE

\$2,500,921	\$2,500,921	\$2,500,921	\$2,500,921	\$2,500,921
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OPERATING EXPENSES

Salaries and Fringe Benefits
Plant Management Contractor
Chemicals
Utilities/Reagents
Environmental Compliance
Fees, Licenses, and Permits
Operations and Maintenance Sinking Fund Deposits
Scheduled and Unscheduled Outage Costs
Ash Hauling and Disposal
Diverted Waste Hauling and Disposal
Cost of Initial Repair and Capital Improvement Outage

Annual
Adj.

4.0%	\$ 3,610,786	\$ 3,755,217	\$ 3,905,426	\$ 4,061,643	\$ 4,224,109
3.0%	\$ 500,000	\$ 515,000	\$ 530,450	\$ 546,364	\$ 562,754
3.0%	\$ 100,000	\$ 103,000	\$ 106,090	\$ 109,273	\$ 112,551
3.0%	\$ 1,375,534	\$ 1,416,800	\$ 1,459,304	\$ 1,503,083	\$ 1,548,176
3.0%	\$ 53,000	\$ 54,590	\$ 56,228	\$ 57,915	\$ 59,652
3.0%	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814
	\$ 200,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000
3.0%	\$ 2,050,000	\$ 2,111,500	\$ 2,174,845	\$ 2,240,090	\$ 2,307,293
	\$ 3,481,920	\$ 3,586,378	\$ 3,693,969	\$ 3,804,788	\$ 3,918,932
	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 259,948	\$ -	\$ -	\$ -	\$ -
	\$ 11,633,688	\$ 11,955,060	\$ 12,338,964	\$ 12,735,887	\$ 13,146,280

TOTAL OPERATING EXPENSES

CRRR-WALLINGFORD RESOURCE RECOVERY FACILITY
CRRR FACILITY OPERATIONS PROFORMA_BASE CASE

SHEET 1	DRAFT OF	8/12/2008
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Year Beginning
Year Ending

1-Jul-10	1-Jul-11	1-Jul-12	1-Jul-13	1-Jul-14
30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15

ADMINISTRATIVE EXPENSES

Recruiting	3.0%	\$ 50,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,750
Professional Fees	3.0%	\$ 2,500	\$ 2,575	\$ 2,652	\$ 2,732	\$ 2,814
Training	3.0%	\$ 50,000	\$ 50,000	\$ 10,000	\$ 10,300	\$ 10,609
Dues	3.0%	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126
Subscriptions	3.0%	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126
Office Equipment	3.0%	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
Office Supplies	3.0%	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255
Postage	3.0%	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
Telephone	3.0%	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883
Mobile Communications	3.0%	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377
Printing	3.0%	\$ 3,000	\$ 3,090	\$ 3,183	\$ 3,278	\$ 3,377
Travel Expense	3.0%	\$ 45,000	\$ 46,350	\$ 47,741	\$ 49,173	\$ 50,648
Meals & Entertainment	3.0%	\$ 25,000	\$ 25,750	\$ 26,523	\$ 27,318	\$ 28,138
Software	3.0%	\$ 10,000	\$ 10,300	\$ 10,609	\$ 10,927	\$ 11,255
Security Services	3.0%	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
Miscellaneous	3.0%	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883
Subtotal		\$ 245,500	\$ 249,865	\$ 214,361	\$ 194,292	\$ 200,121
CRRA Indirect Costs						
Salaries	3.0%	\$ 400,000	\$ 412,000	\$ 424,360	\$ 437,091	\$ 450,204
Overhead	3.0%	\$ 200,000	\$ 206,000	\$ 212,180	\$ 218,545	\$ 225,102
Total Administrative Expenses ⁽¹⁾		\$ 845,500	\$ 867,865	\$ 850,901	\$ 849,928	\$ 875,426
Other Expenses						
Solid Waste Assessment (DioxinTax)	3.0%	\$ 216,000	\$ 222,480	\$ 229,154	\$ 236,029	\$ 243,110
Payments in Lieu of Taxes ⁽²⁾	3.0%	\$ 376,705	\$ 388,006	\$ 399,646	\$ 411,636	\$ 423,985
Insurance Premiums	3.0%	\$ 293,000	\$ 301,790	\$ 310,844	\$ 320,169	\$ 329,774
Subtotal		\$ 885,705	\$ 912,276	\$ 939,644	\$ 967,834	\$ 996,869
TOTAL ADMINISTRATIVE EXPENSES		\$ 1,731,205	\$ 1,780,141	\$ 1,790,545	\$ 1,817,762	\$ 1,872,295
TOTAL EXPENSES		\$15,865,814	\$16,236,122	\$16,630,430	\$17,054,570	\$17,519,496

**CRRA-WALLINGFORD RESOURCE RECOVERY FACILITY
CRRA FACILITY OPERATIONS PROFORMA__BASE CASE**

SHEET 1	DRAFT OF	8/12/2008
CONFIDENTIAL		

Year Beginning
Year Ending

1-Jul-10 30-Jun-11	1-Jul-11 30-Jun-12	1-Jul-12 30-Jun-13	1-Jul-13 30-Jun-14	1-Jul-14 30-Jun-15
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OPERATING REVENUES

Electricity Sales

Capacity Revenues

Energy Revenues

Renewable Energy Credit Revenues

Ferrous Sales

\$ 344,500	\$ 318,000	\$ 371,000	\$ 430,625	\$ 483,625
\$ 5,767,200	\$ 5,639,040	\$ 5,703,120	\$ 5,767,200	\$ 5,767,200
\$ 41,652	\$ 41,652	\$ 41,652	\$ 41,652	\$ 41,652
\$ -	\$ -	\$ -	\$ -	\$ -

TOTAL OPERATING REVENUES

\$ 6,153,352	\$ 5,998,692	\$ 6,115,772	\$ 6,239,477	\$ 6,292,477
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REQUIRED TIPPING FEE (\$/YEAR)

\$ 9,712,462	\$ 10,237,430	\$ 10,514,658	\$ 10,815,093	\$ 11,227,019
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REQUIRED TIPPING FEE (\$/TON)

1-Jul-10 30-Jun-11	1-Jul-11 30-Jun-12	1-Jul-12 30-Jun-13	1-Jul-13 30-Jun-14	1-Jul-14 30-Jun-15
\$67.45	\$71.09	\$73.02	\$75.10	\$77.97

Footnotes

(1) Does not reflect any Non-CRRA administrative costs.

(2) PILOT does not include any additional or transitional allocation under discussion among the Wallingford Project Policy Board members.

(3) Spot waste required if N. Haven does not participate in MSA (Tons)

7,692	7,692	7,692	7,692	7,692
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(4) Cumulative spot waste required if N. Haven does not participate in MSA, plus the effects of future additional recycling (Tons).

7,692	8,665	9,632	10,591	11,544
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BASE CASE MODEL ASSUMPTIONS

SHEET 2

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Insert Values in Yellow Cells

PRODUCTION

1-Jul-10	1-Jul-11	1-Jul-12	1-Jul-13	1-Jul-14
30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15

MSA Waste (tons/year) (2)		144,000	144,000	144,000	144,000	144,000
MSA Waste Diverted (tons/year)		-	-	-	-	-
MSA Waste Processed (tons per year)		144,000	144,000	144,000	144,000	144,000
Ash and Non-Processibles	31.0%	44,640	44,640	44,640	44,640	44,640
Ferrous Recovered	0%	-	-	-	-	-
Total Electric Generation (megawatt-hours)	560	80,640	80,640	80,640	80,640	80,640
In-Plant Electric Consumption (megawatt-hours)	115	16,560	16,560	16,560	16,560	16,560
Net Electric for Export (megawatt-hours)	445	64,080	64,080	64,080	64,080	64,080
Facility Electric Capacity	6.625	MW				

PUTNAM

LANDFILL						
Transportation		\$ 37.00				
Disposal		\$ 41.00				
Ash Trans. and Disposal Fee (\$/ton)	3.0% annual adj	\$ 78.00	\$ 80.34	\$ 82.75	\$ 85.23	\$ 87.79
Diverted Waste Trans. and Disposal Fee (\$/ton)	3.0% annual adj	\$ 78.00	\$ 80.34	\$ 82.75	\$ 85.23	\$ 87.79

ELECTRIC REVENUES

	2010 Prices	CRR Share (%)	1-Jul-10	1-Jul-11	1-Jul-12	1-Jul-13	1-Jul-14
			30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
Electric Energy Price (\$/megawatt-hour)	\$ 90.00	100%	\$ 90.00	\$ 88.00	\$ 89.00	\$ 90.00	\$ 90.00
Electric Capacity Price (\$/kw-yr)	\$ 52.00	100%	\$ 52.00	\$ 48.00	\$ 56.00	\$ 65.00	\$ 73.00
Renewable Energy Credits (\$/megawatt-hour)	\$ 0.65	0%	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65

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FACILITY PURCHASE, INITIAL IMPROVEMENTS, AND ANNUAL IMPROVEMENT COSTS

Facility Acquisition

Resource Recovery Facility Market Value	\$ 23,500,000	
Initial Repairs and Capital Improvements	\$ 2,585,000	from line 76
subtotal	\$ 26,085,000	

Financing Costs

Bond Council	\$ 75,000	
Ratings	\$ 50,000	
Underwriters	\$ 100,000	
Bank	\$ 10,000	
Insurance Premium	\$ 50,000	
Misc.	\$ 15,000	
Total	\$ 300,000	
Required Funds + Financing Costs	\$ 26,385,000	
Debt Service Reserve Fund Requirement	\$ 2,300,365	equals 1 year debt service payment
Total Bond Issue	\$ 28,685,365	
Amortization Period	20	Years
Interest Rate	6.0%	
Debt Service	\$2,500,921	

Initial Repairs and Capital Improvements

Site Upgrades Including Grading, Drainage Impo	\$ 250,000	Plant Outage to Perform Initial Repairs and Capital Projects		
Cooling Tower Fill Replacement, Structural Repa	\$ 250,000			
Basin Cleanout and Repairs, Replace Circulating	\$ 150,000	144,000	1 wk	2,769 \$ 78.00
Pumps and Miscellaneous Valves.	\$ 100,000	tons msw/yr	outage	tons MSW bypass during outage
Hydraulic Systems Replacements and Upgrades	\$ 150,000			858 tons ash avoided
Stepped Hearth Repairs and Upgrades	\$ 150,000			1,911 net tons \$ 149,040
Plant and Instrument Air Compressor Replaceme	\$ 100,000			disposal during outage
Upgrade DCS including Control Room Interface	\$ 100,000			
Carbon Injection System Modifications	\$ 100,000			
Turbine Efficiency Modifications	\$ 100,000			
Utility Interconnect Upgrades	\$ 200,000			
Purchase New Loader and Existing Loader	\$ 350,000			
Tipping Floor/MSW Tipping Hall Roof and Siding	\$ 200,000			
Purchase of Existing Tools, Spare Parts Inventor	\$ 150,000			
Capital Improvements	\$ 2,350,000			
Contingency	\$ 235,000		10%	
Total Costs	\$ 2,585,000			

83	Annual Scheduled and Unscheduled Outage Budget	
84	Major Outages per Unit-(1) 8 day outage per yr pr	\$ 400,000
85	No. of Units	3
86		\$ 1,200,000
87	Minor Outages per Unit-(1) 5 day outage per yr pr	\$ 250,000
88	No. of Units	3
89		\$ 750,000
90	Unscheduled Outage Repairs and Misc PM	\$ 100,000
91		
92	Total Annual Maintenance Budget	\$ 2,050,000
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95 **Large Capital Projects and Major Outage Task Sinking Fund**

96 Assumed Annual Deposits as shown in Line 106 and Annual Withdrawals as Shown in line 107

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	Year Beginning	1-Jul-10	1-Jan-11	1-Jan-12	1-Jan-13	1-Jan-14	1-Jan-15	1-Jan-16
	Year Ending	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16
101 Sinking Fund Deposits		\$ 200,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000	\$ 410,000
102 Sinking Fund Withdrawals		\$ -	\$ -	\$ -	\$ (1,500,000)	\$ -	\$ -	\$ (1,300,000)
103 Interest on Sinking Fund Balance			\$ 8,000	\$ 24,720	\$ 42,109	\$ 193	\$ 16,601	\$ 33,665
104 Total Available Sinking Fund Balance		\$ 200,000	\$ 618,000	\$ 1,052,720	\$ 4,829	\$ 415,022	\$ 841,623	\$ (14,712)

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106 **4.0%** interest on sinking fund balance

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MSA Waste Processed (tons per year)	2002	145,491
	2003	146,208
Historical Refuse Processed	2004	145,426
	2005	143,178
	2006	144,728
	2007	139,229
Average =		144,043
		144,000

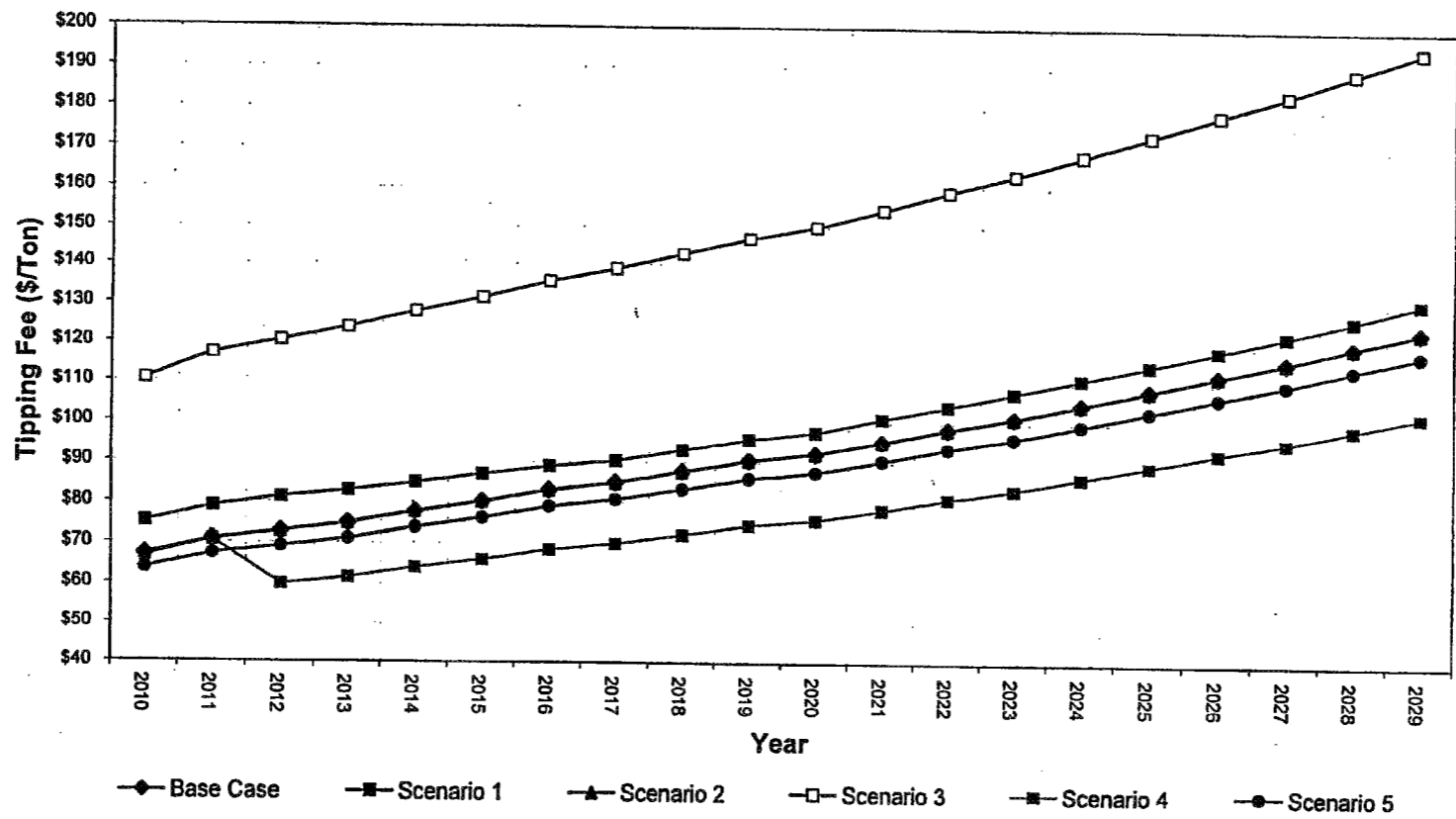
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Pilot Calculation	
	22.90 Mill Rate
\$	0.0010 /mill
\$	0.02290 /dollar of assessed value
\$	23,500,000 assessed valuation
	70% of assessed valuation
\$	376,705 Pilot

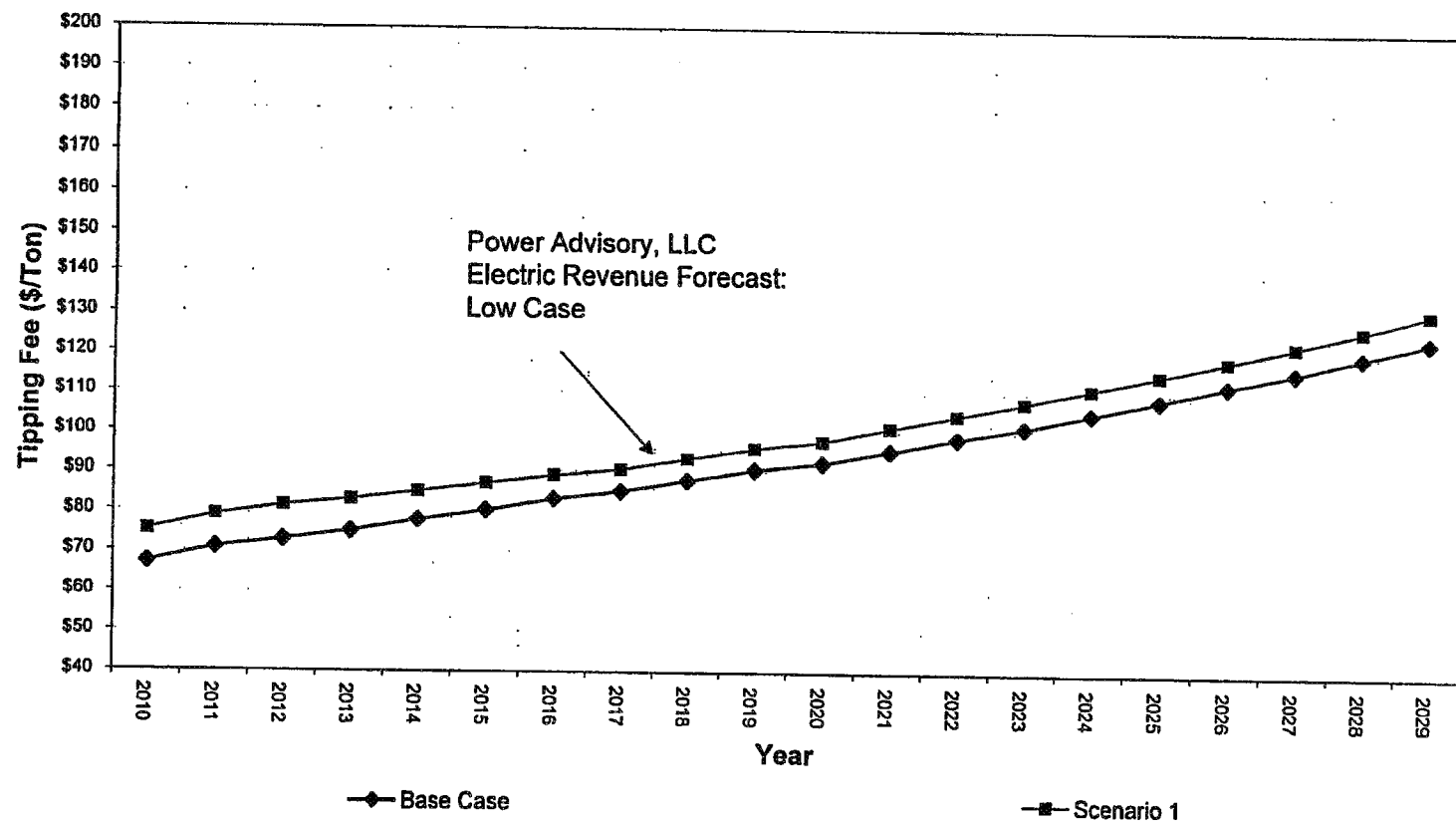
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	1-Jul-10	1-Jan-11	1-Jan-12	1-Jan-13	1-Jan-14
	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14
Average Annual MSA Waste During Past 5 Year	160,406	160,406	160,406	160,406	160,406
Average Annual North Haven Waste Delivered	<u>24098</u>	<u>24098</u>	<u>24098</u>	<u>24098</u>	<u>24098</u>
	136308	136308	136308	136308	136308

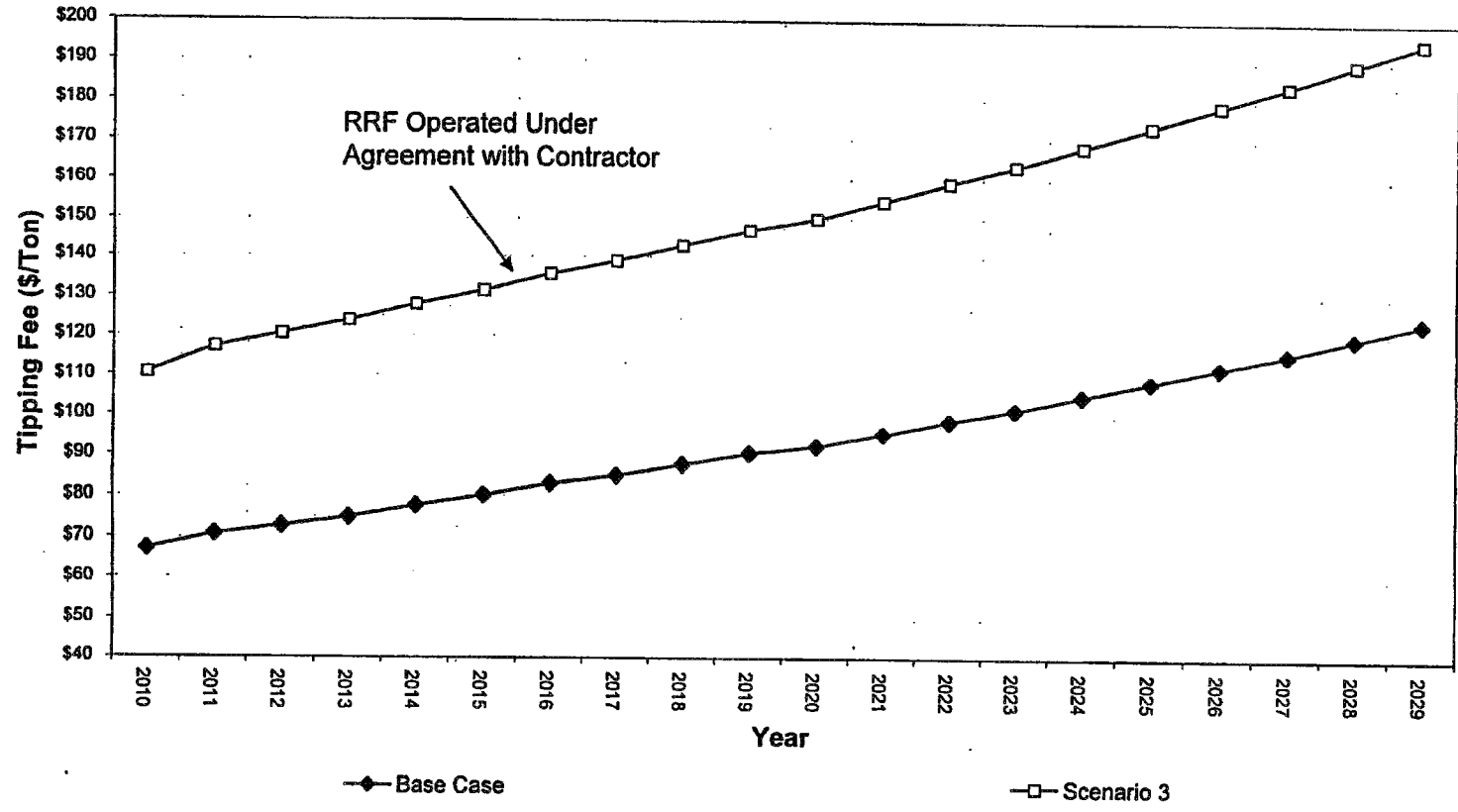
**Connecticut Resources Recovery Authority
Wallingford Resource Recovery Facility
Projected Tipping Fees**



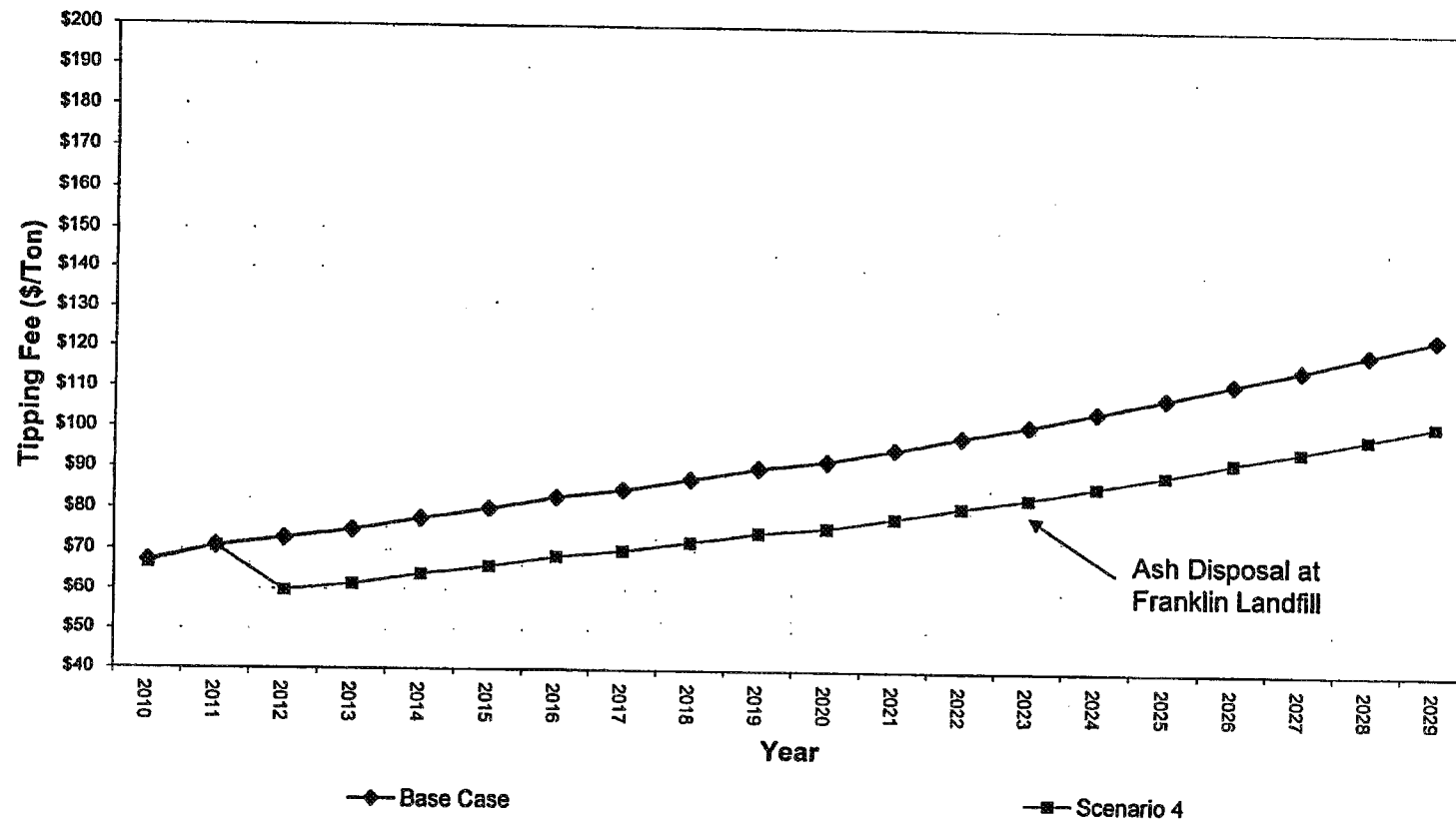
**Connecticut Resources Recovery Authority
Wallingford Resource Recovery Facility
Projected Tipping Fees**



**Connecticut Resources Recovery Authority
Wallingford Resource Recovery Facility
Projected Tipping Fees**



Connecticut Resources Recovery Authority
Wallingford Resource Recovery Facility
Projected Tipping Fees



Connecticut Resources Recovery Authority
Wallingford Resource Recovery Facility
Projected Tipping Fees

