SPECIAL TOWN COUNCIL MEETING

WEDNESDAY, MARCH 1, 2000

6:15 P.M.

AGENDA

1. Roll Call & Pledge of Allegiance

2. Executive Session Pursuant to Section 1-200(6)(D) of the CT. General Statutes Pertaining to the Purchase, Sale and/or Leasing of Real Estate – Mayor

3. Discussion and Possible Action Arising out of Subject Matter in Executive Session

SPECIAL TOWN COUNCIL MEETING

WEDNESDAY, MARCH 1, 2000

6:15 P.M.

A special meeting of the Wallingford Town Council was held on Wednesday, March 1, 2000 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Robert. F. Parisi at 6:19 P.M. Councilors Brodinsky, Centner, Farrell, Knight, Papale, Parisi, and Vumbaco answered present to the Roll called by Town Clerk Rosemary A. Rascati. Mayor William W. Dickinson, Jr. and Town Attorney Janis M. Small were also present. Comptroller Thomas A. Myers was absent from the meeting.

ITEM #2 Executive Session Pursuant to Section 1-200(6)(D) of the CT. General Statutes Pertaining to the Purchase, Sale and/or Leasing of Real Estate – Mayor

Motion was made by Mr. Knight to Enter Into Executive Session, seconded by Mr. Farrell.

VOTE: Centner and Zappala were absent; all others, aye; motion duly carried.

Mr. Zappala entered the meeting at this time.

The Council entered executive session at 6:19 P.M.

Present in executive session were all Town Councilors, with the exception of Mr. Rys, Mayor William W. Dickinson, Jr., Atty. Janis Small and Conservation Commission Chairman Jeff Borne.

Motion was made by Mr. Knight to Exit the Executive Session, seconded by Mr. Farrell.

VOTE: Rys was absent; all others, aye; motion duly carried.

ITEM #3 Not addressed.

Motion was made by Mr. Knight to Adjourn the Meeting, seconded by Mr. Farrell.

VOTE: Rys was absent; all others, aye; motion duly carried.

There being no further business the meeting adjourned at 6:40 P.M.

Meeting recorded and transcribed by:

Kathryn F. Zandri
Town Council Secretary

Approved by:

Robert F. Parisi, Chairman

3-16-2000
Date

Rosemary A. Rascati, Town Clerk

MAR 15 2000
Date

SPECIAL JOINT MEETING

OF THE

TOWN COUNCIL & PUBLIC UTILITIES COMMISSION

WEDNESDAY, MARCH 1, 2000

6:30 P.M.

DRAFT MINUTES

In accordance with the Freedom of Information Act, the following document is a draft transcription of the minutes of the Town Council's Special Meeting of March 1, 2000. This summarized transcription is being filed with the Town Clerk to comply with F.O.I. guidelines. A detailed transcription will follow and will be filed as the permanent record of proceedings of the meeting.

A special meeting of the Wallingford Town Council and Public Utilities Commission was held on Wednesday, March 1, 2000 at 6:30 P.M. in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Robert F. Parisi at 6:44 P.M. Councilors Brodinsky, Centner, Farrell, Knight, Papale, Parisi, Vumbaco and Zappala answered present to the Roll called by Town Clerk Rosemary A. Rascati. Councilor Rys arrived at 6:53 P.M. Mayor William W. Dickinson, Jr., Town Attorney Janis M. Small and Atty. Robert A. O'Neil of Miller, Balis & O'Neil were also present.

Present from the Public Utilities Commission were Chairman David Gessert and Commissioner George Cooke. Commissioner Richard Nunn arrived at 8:47 P.M.

Raymond F. Smith, Director of the Department of Public Utilities; William Cominos, General Manager of the Electric Division and Roger Dann, General Manager of the Water & Sewer Divisions were also in attendance.

ITEM #2 Discussion and Possible Action Regarding the Approval of Contracts for Leasing of Municipal Property for the Construction and Operation of an Electric Generating Facility as Proposed by Pennsylvania Power & Light Global Acting Through Their New Entity, Wallingford Energy LLC

Independent Appraiser Donald Nitz and Assessor, Shelby Jackson addressed questions from the Council pertaining to the appraised value of the proposed plant and projected tax revenues. It was explained to the public that residential property is real property while

most of the value in the power plant will be personal property such as equipment and supplies.

When asked whether the Health Department had any input in the process, Health Director, Mary Ann Cherniak Lexius listed those issues of concern to her stating that she had placed them in writing and forwarded them to the Mayor. Two of her concerns dealt with noise pollution and vapor plumes.

The question was asked if any contaminants had been found on the Pierce Plant site.

It was learned that site assessment work had transpired with a number of test sites drilled on the property. No new contaminants were revealed. Oil contamination exists on the northwestern side of the property, near the Therma-spa access road. There will be no construction or digging in the area where the oil was found. It is difficult to tell whether the contamination occurred on or off-site and seeped onto the property. This is the only spot identified as having a contaminant. The Town has to take responsibility for the contaminant. If remediation measures are too costly the project will cease. The site will remain undisturbed. There are no plans to remediate the area. The developer will be responsible for future contaminations to the site.

No wastewater thermal problems will occur since the water used to cool the turbines will evaporate up the stacks. There will be no washdown of the turbine stacks, therefore there will be no risk to the residents in the area who have respiratory problems.

Mitchell Wurmbrand of Environmental Risk Limited reported to the Council that the analysis performed on the peaking plant shows that the impacts will be insignificant. The multiple source analysis is not yet completed and will be included in PP&L's application to the Siting Council. He referred to the Land Use and Environmental Report, Table 5-1 which provides hourly emission rates.

The Host Community Agreement was reviewed first by the Council with questions on the topics of termination period, transmission charges, type of fuel stored on the property and hard costs associated with construction which may be the responsibility of the Town.

The preliminary construction plan was reviewed which addressed the construction phase of the project.

Much discussion ensued over the anticipated average operating time of the plant. Many were under the impression that it would be closer to 1,800 hours per year with the possibility existing that the plant could run up to 4,000 hours per year due to peak demand.

Representatives from PP&L stated that at no time did they represent the fact that they would limit the opportunity to operate the plant 4,000 hours per year.

Attorney O'Neil stated that the developer could file the appropriate application to the State for a permit to operate in excess of 4,000 hours so long as they don't exceed other provisions of the lease agreement.

Reference was made to page 25 of the lease agreement specifically the section titled "Alterations". This section could be interpreted by some to mean that the change in operating hours is an alteration to the agreement.

Pierce Plant is scheduled to be closed June 30, 2000 and the $656,000 payment from CMEEC currently paid to the Town will decrease as Pierce is closed. Pierce was planned for shut down in the year 2004.

With regards to noise, the question was asked if it would be considered a violation of the lease agreement if the state standard of 51 dba was exceeded? If not, what can be done if we are faced with a repeated noise violation? Is the Town left unprotected in this area?

Atty. O'Neil replied, if there is a rule, law or regulation in the lease that restricts noise during construction.

Mark Lyons, Project Manager, Wallingford Energy, LLC assured everyone that there will be no change in the operation of the plant from day to night; the 51 dba level will be maintained at all times.

Mr. Smith stated that there are no specific penalties built into the agreement. The developer promises to comply with state standards.

It was suggested that language be added to the contract which does not allow any noise emitted from the plant to exceed the current state standards pertaining to noise. This way if the state should change or relax its standards in the future, the Town is protected.

The issue of default was raised with the question being asked, what happens if Wlfd. Energy, L.L.C. should default on its payments to the Town? Is there a mortgage company ahead of the Town? Are there any assets to the company to attach? If the company has to divest will the contract stand with the new owner?

Atty. O'Neil stated that the project is funded with balance sheet funds. There are no deep pockets attached to the project. The contract will be carried over to any new owner(s).

Someone asked if a security deposit was negotiated? It was learned that this issue was not a topic of discussion during negotiations.

Motion was made by Mr. Brodinsky to Recess for a Five (5) Minute Period, seconded by Ms. Papale.

VOTE: Brodinsky, Papale, Vumbaco and Zappala, aye; all others, no; motion failed.

The height of the proposed plant as well as its setback from the street was questioned.

Mr. Lyons explained that the building will be 35' tall and will be located closer to the sound attenuator building which will be constructed of brick and will be less imposing than the Pierce building.

One resident was concerned that the noise emitting from the plant would disturb the neighborhoods to the west of the site. It was stated that the 51 dba level will not be exceeded at any property line.

When the lease expires the issue of dismantling the plant can be negotiated. The lease agreement states that the site must be returned to its original state.

Mr. Vumbaco could not support the lease agreement at this time. He preferred that language be added to require Wlfd. Energy to appear before the Council for approval to operate in excess of 4,000 hours should they need to.

One member of the public questioned the Council's authority to enter into a lease for such a long period of time. It was this person's opinion that the Council could not contract for more than a ten year period and asked if the action could be challenged in a court of law?

Emergency power supply was discussed and it was learned that, under emergency conditions, the new plant could be started and could provide enough capacity to supply power to an area that would equal approximately 70% of the town.

Mr. Zappala left the meeting at 10:30 P.M.

P.U.C. Commissioner George Cooke left the meeting at 11:06 P.M.

Mr. Farrell left the meeting at 11:45 P.M.

Mr. Centner left the meeting at 12:00 midnight.

The water needs/requirements of the plant was the topic that generated the most discussion.

The Interconnection Agreement, Emergency Power Agreement, Corporate Removal Guaranty, Transmission System Upgrade Undertaking, Utility Services Agreement and Appendix A "Defined Terms" were each discussed next (copies of each are appended to the minutes of the March 3, 2000 Special Town Council Meeting).

A second meeting will be held on Friday, March 3, 2000 at 5:30 P.M. to continue discussion on this matter to be followed by a vote to approve the seven documents referred to in these minutes.
Motion was made by Mr. Rys to Adjourn the Meeting, seconded by Mr. Knight.

VOTE: Centner, Farrell and Zappala were absent; all others, aye; motion duly carried.

There being no further business the meeting adjourned at 12:34 P.M.

Meeting recorded and transcribed by:

Kathryn F. Zandri
Town Council Secretary

SPECIAL JOINT MEETING

OF THE

TOWN COUNCIL & PUBLIC UTILITIES COMMISSION

WEDNESDAY, MARCH 1, 2000.

6:30 P.M.

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Present from the Public Utilities Commission were Chairman David Gessert and Commissioner George Cooke. Commissioner Richard Nunn arrived at 8:47 P.M.

Raymond F. Smith, Director of the Department of Public Utilities; William Cominos, General Manager of the Electric Division and Roger Dann, General Manager of the Water & Sewer Divisions were also in attendance.

Mr. Parisi made the following statement: "At our last scheduled Council meeting a situation developed that proved to be very embarrassing. An executive session was called and a meeting adjourned because members of the public chose to ignore the rules of procedure. This cannot be allowed to happen. The business of government cannot and shall not be impeded. Should this situation develop again, it will be dealt with accordingly."

ITEM #2 Discussion and Possible Action Regarding the Approval of Contracts for Leasing of Municipal Property for the Construction and Operation of an Electric Generating Facility as Proposed by Pennsylvania Power & Light Global Acting Through Their New Entity, Wallingford Energy LLC

Chairman Parisi announced that questions may be asked by the Councilors of the Assessor, Health Director and independent Appraiser first, followed by questions from the public of the same individuals.

Chairman Parisi stated that he will alternate between both ends of the Council bench working toward the Chair, calling for one question each from Centner first, Brodinsky next, followed by Farrell, Vumbaco, Knight, Zappala, Rys, Papale, and finally Chairman Parisi, himself.

APPRAISER – Donald J. Nitz, 28 Mountain Brook Road, North Haven

Mr. Centner had no questions for Mr. Nitz.

Mr. Brodinsky asked both Mr. Nitz and Raymond F. Smith, Director of Public Utilities, what significance the appraisal had in negotiating the terms of any document?

Mr. Smith replied that he had knowledge of the appraisal but did not use it as a benchmark for which what he was looking for in negotiations.

Mr. Brodinsky asked, the appraisal was not relevant in your negotiations?

Mr. Smith answered that he had sense of what the appraisal was, from his own experience. His goal was to establish some kind of replacement value for the Pierce Station. He did not rely on the appraisal in any way.

Mr. Knight had no questions for Mr. Nitz.

Mr. Vumbaco referred to page 2, fourth paragraph down of Mr. Nitz's letter (Appendix I). He asked, are you saying that the lease value on your appraisal should be $771,000 per year?

Mr. Nitz answered, no, I am saying that the value of the land free and clear is $771,000.

Mr. Vumbaco asked if Mr. Nitz arrived at any kind of lease value?

Mr. Nitz answered, based on a 10% return on page 3, second paragraph, resulting in a lease value of $77,100 per year.

Mr. Vumbaco stated, a couple of meetings ago discussion was held on whether or not the Town should have hired someone who had expertise with power plant sites and leases. He referred to page 1, second paragraph of Mr. Nitz's letter which states, in part, "Although the proposed lease is for a specific use to a specific user, the consideration of any extraordinary direct or indirect benefits that may apply to this use and/or user is beyond the expertise of this appraiser. Therefore, this analysis is predicated on any use permitted within the I-40 Zone..." Mr. Vumbaco asked, there is absolutely no consideration on Mr.

Nitz's part to take into account that it was an existing power plant site because Mr. Nitz does not have the expertise in appraising it that way.

Mr. Nitz answered, that is correct.

Mr. Vumbaco asked, the $77,100 is based upon an I-40 like something would be up at Barnes Park or any use permitted in the I-40 zone?

Mr. Nitz agreed.

Mr. Vumbaco stated that he still believes that the site has an intrinsic value because it is an existing power plant site. He was told that the Council would get the expertise to verify or not verify that and, obviously, the Council never received that expert advise.

There were no other questions for the appraiser from either the Council or public.

HEALTH DIRECTOR – Mary Ann Cherniak-Lexius, MPH, RS, Director of Health, Town of Wallingford

Mr. Centner had no questions for Ms. Lexius.

Mr. Brodinsky asked if the Health Department had any input into the final documents distributed to the Council?

Ms. Lexius answered that she had a series of questions that were submitted to the Mayor's Office for discussion among the department heads.

Mr. Brodinsky asked if she would share them with the Council?

Ms. Lexius stated, they were not questions but points to be raised; to be aware of for the future. One of them addressed a question put to the Council last summer; whether there was an historic environmental contamination on the site that was a result from prior use by the Pierce Plant? If it did exist, how would it be remediated? She raised the question recently to the attorney representing PP&L (Pennsylvania Power & Light, Global) and he had said that it was a negotiable item and he had believed that an environmental Phase II study was to be conducted. She asked the Mayor and other departments, what the status of the study was. She had not heard anything further on that matter. It was at only one meeting the question was raised by her and she was curious as to how that had been resolved; whether there were no problems, historically, on the site or if there were, how it would be managed?

The second question raised by Ms. Lexius of the Mayor and department heads had to do with the new version of the plant which has turbine stacks instead of cooling towers. The turbine stacks will generate a water vapor visible plume during cold weather periods. She was curious as to whether or not the plume would be visible four hours per day of operation during cold months and whether there was a potential for fogging or icing during the cold season. Neither one of those questions were addressed in the plan that is currently before the Council. Furthermore, will treatment of the turbine stacks be needed? There is some maintenance required to wash them down and maintain them. Some people who have chronic upper respiratory problems can experience some irritation. These questions were not mentioned; they remain concerns of the Health Department. Perhaps they don't seem like large issues but can be, if not addressed.

Mr. Parisi stated, the agreement covers no operation of the plant in situations that might create fogging...that is addressed. He stated that there will be O.S.H.A. (Occupational Safety and Hazard Agency) and specific regulations in place that will dictate the process and procedure to be used to protect anyone.

Ms. Lexius stated, when all is said and done, the Health Department will be responding to the public if there are any concerns. There was also a question in the past about the thermal pollution problems in the wastewater. I have not heard mention of how that has been resolved in dealing with the sewage treatment side of it. Lastly, to raise the thought about noise. To reiterate, there does not exist a noise pollution prevention program at the State Health Department level. The Town's Health Department will be dealing with any noise problems in the future. It is meant to be an encouragement to be diligent in minimizing the noise problems that could possibly result from the turbines with the removal of the outer building. It is hard to tell what we are going to be dealing with, until it is in front of us.

Mr. Brodinsky asked, in the environmental documents the Council received a while ago, noise was addressed. There was one location on East Street that indicated that noise would be readily perceptible. Does that rise to the level of a human health concern or is it an annoyance?

Ms. Lexius answered that she is not a noise expert. She has heard testimony, repeatedly, that they will be within compliance with the standards that are expected to be of health concerns. What is annoying to one person, another would not notice. I have not seen anything that indicated a health problem that they are projecting. From the figures, they were very confident that they were going to be able to accomplish the decibel levels that are indicated right now. I just want to raise the fact that we are on our own here, once all is said and done.

Mr. Knight stated, according to the documents I have, the plume might be visible about 7 hours out of the 4,492 hours that the plant might seemingly operate. There have also been concern from some people about the cumulative effect of certain aspects of the plant. I wondered, in view of for instance, the Wallingford Trash to Energy Plant...are there many complaints about that plant which seems to emit huge volumes of water vapor?

Ms. Lexius responded, we have not received them (complaints). If anything they are more of a periodic odor problem; very infrequent.

Mr. Knight asked, health and respiratory problems you are referring to haven't cropped up in an existing plant which seems, to the eye, to emit on a regular basis huge volumes of water vapors. Would it be fair to say that this plant would probably have a minimal or non-existent impact in view of the proximity to this other facility?

Ms. Lexius stated, by the whole concept being reduced to the peaking plant is making a significant impact, so it has been minimized. I raise the question, is this problem no longer of a concern or will there be periods where we would still have an icing problem?

Mr. Knight repeated, hence my reason for comparing it to an existing facility less than one half mile away.

Ms. Lexius stated, I have not gotten a complaint from anyone who lives in the vicinity of that trash to energy plant.

Mr. Parisi stated, on page 6 of the Host Community Agreement, Section I, "the owner will ensure that the project will not operate when doing so would result in the discharge of water vapor that would cause ground fogging or icing conditions in the area surrounding the site."

Ms. Lexius stated, I believe that there will be that flexibility from what I have read also, yes. It seems like it is minimized.

Mr. Parisi stated, it eliminates it.

Mr. Vumbaco asked, where do we stand on the Phase II Environmental Impact Study? I address this because there could be a potential possible liability issue here.

Mr. Smith answered, the developer is in the middle of conducting the Phase II study. I think they have done their analysis and are evaluating it now. Mike Anderson from TRC is here. Perhaps we can get him to address the status of that report.

Mike Anderson, TRC Environmental Incorporation stated, the Phase II Environmental Assessment work has been undertaken; the drilling has been undertaken. There were a number of places around the Pierce Plant site that were drilled. The drilling that was done did not reveal anything that had not already been found previously. It was known that at the northwestern corner of the site, at a depth of twenty-one feet (21') there was some oil contamination. It is not expected that that contaminated layer at that depth will be any way impacted by the proposed project. No digging or anything will go to that depth in that area. So what ever contamination is there will remain undisturbed during the course of this project. In speaking to the analyst who has been involved in the drilling program, it is quite possible that the contamination came from something that occurred on the site. It is also possible that the contamination came from something that occurred off the site and who knows when that might have been.

Mr. Vumbaco asked, is there contamination there, on the site? What type of contamination?

Mr. Anderson answered, it is oil. I don't know that the chemical analysis has been done at this point to tell me what the species are but there is an oil level there, as I understand it, at that depth.

Mr. Vumbaco asked, is that the only area in which there is contamination?

Mr. Anderson answered, that is the only area in which there was any contamination. In the northwestern corner of the site, over near the Thermo Spa access road.

Mr. Vumbaco asked, are there provisions in the agreement, are we leasing the property with the Town still holding liability for that contamination if there was an issue or it is addressed; how does that work out?

Mr. Smith answered, as the project proceeds we have certain liability for contamination if it is determined on the site. We have an option that, if the contamination is extensive or serious enough, then the project could be stopped if the remediation was, let's say, $20 million or something like that. I have a high degree of confidence, based on the reports we have done, based on the reports and analysis that the developers undertake that we are not going to find any. We have done a lot of clean-up over the years. We did have several oil spills on the site; the original oil tanks, one of the pipes burst and we had about 200,000 gallons on the ground in the berm, the containment area at one time. All that had to be remediated at a fairly expensive cost. Unless there is something down there that we haven't poked into yet, I don't think we are going to find any problems.

Mr. Vumbaco asked, right now the only thing that we know of is the corner by Thermo Spa and we are going to let it stay as is because we don't feel it is contaminating the surrounding property?

Mr. Smith answered, yes.

Mr. Vumbaco asked, if, in fact, they get into this project and they find contamination on other portions, is it the Town's responsibility for clean-up?

Mr. Smith answered, it would be our responsibility. From what I understand, they have done some soil analysis at this point, geo-technical analysis and the footings would not have to go to a very deep level. It is my understanding at this point that they can go down just about five feet (5') and get enough support for the equipment as opposed to having get into pilings or very deep digging out. Approximately 10-12 years ago we put a major sewer trunk line across the back that is going to be moved. Going down to a depth of about fifteen feet and we did not experience anything at that time, anyway.

Mr. Vumbaco asked, what happens if the project is built and then there is some sort of contamination that is found, miraculously? How do we know that it wasn't the developer that causes it? Are we signing off or is the developer signing off on this thing saying that a clean site is being accepted except for the one area mentioned? What potentially could happen? What happens....say there is some sort of contamination that is done or shows up, who do we...how do you...?

Mr. Smith answered, the developer, by agreement, is responsible for any future contamination that he may cause on the site. We are not viable at that point. Is it possible that we may argue ten years from now if they found something or something was discovered on the site? We may argue over who caused it. The fact that it wasn't discovered during construction nor in the early years, we are going to obviously anticipate that it came from the operation of the project. Is it leaching in from Center Street? I don't know. That is how remote you are talking about.

Mr. Vumbaco stated, we are going to leave it up to, if something does happen in the future it is ending up in court?

Mr. Smith answered, yes.

Mr. Zappala asked if any of Ms. Lexius' concerns have been addressed by Mr. Smith?

Mr. Smith answered, there will not be any wastewater thermal pollution. The only wastewater that will be generated by the project is from domestic sources. There will not be any returns from any of the generation equipment.

Ms. Lexius stated, that is the "old" version, the concerns with the water. O.k.

Mr. Smith answered, originally, when it was an older project, there were some returns. Ms. Lexius had those concerns as did we as far as the Water & Sewer Division because of the close proximity to the plant, we did not want to have any thermal problems which would cause us some operational impacts in the wastewater plant but that is eliminated with the new project.

Mr. Zappala asked Ms. Lexius if she was comfortable with that?

Ms. Lexius answered yes, but one other question I am still wondering about is the turbine stacks. Do they also require the same maintenance that the cooling towers do with any kind of wash down materials that could create an irritation for people? I know the towers will be higher, I have heard that and read that. Are you aware of any wash down or maintenance materials? I don't know if the Council was able to hear what Mr. Lyons said, he said they don't need to be maintained in the same manner.

Frank Wasilewski, 57 N. Orchard Street asked, how far north from the Pierce Plant did you do ground testing? IN the old days we used to have our landfill, that is what I am worried about. Are they going to build a new plant where the old dump was? Did they test in that area? That is all I want to know.

Mr. Smith answered, we did not test north of the Thermo Spa road, that is not our property. They are not going on there to build anything.

Mr. Wasilewski stated, where your property is, is still part of the old landfill. Did you test there?

Mr. Smith answered, we tested that and we have active monitoring wells there presently. They have done more extensive borings than we have and we have done quite a bit over the years. Our own consultant, not the representative of ERL, we have who works with us, they have evaluated the property and said it is in good shape considering it has been a power plant for fifty (50) years.

Mike Anderson, TRC stated, testing was only done on the Pierce Plant site with the exception of the proposed power pole locations which are south of the site. The entire area on which construction will take place at critical areas; places where the turbines and stacks are going to be constructed; places where digging and drilling has to be done; all of those locations, and my recollection is that there were nine points that were done and that supplemented three, four, five that are already there. Some of them were very close to the ones that were already there and others were not because of the focal point of where the

tests were done had to do with the planned construction and the locations where the equipment will go. But all of that was in the area where the site plan shows the bulk of the equipment being constructed.

Mr. Wasilewski stated, it may be true that there is no contamination where you are going to build but I say you have to go a little further than that. Once they start digging and disrupting everything, a contamination could drift over. Once they start, are they going to be liable for it if it is all clear now? Or are we going to be liable? Once they sign a contract with Wallingford....and they find something that seeps into a hole they have dug for their footings, are we liable or are they liable if we already signed the contract?

Mr. Smith answered, we are liable for the environmental clean up on our own property.

Mr. Wasilewski asked, even if they signed a contact and started building?

Mayor Dickinson stated, to qualify, if it is a condition that prevents the project from going ahead, it is something that could terminate the contract.

Mr. Gessert stated, Mr. Smith indicated that before; if we discovered something that was an environmental disaster, you could just shut down the whole thing.

Mr. Smith stated, that applies to the transmission line route, too. We know that is being constructed partially in the area of what ever landfills took place over the years.

Wes Lubee, 15 Montowese Trail asked Ms. Lexius, did PP&L furnish you with an environmental study copy?

Ms. Lexius answered, yes, the same document that has been provided to the Council and all.

Mr. Lubee asked, do you remember approximately when that was?

Ms. Lexius answered, beginning of February? I am trying to recall. The recent revision I have received and reviewed for the peaking plant. It is dated January 31st but I received it the beginning of February.

Mr. Lubee asked, at the last PP&L presentation, you may recall that a representative of the environmental study firm that had been employed by the Town Council gave assurance that we would have by tonight an analysis of the combined impact of the peaking plant plus all of the existing industrial pollution in Wallingford. Have you seen that study?

Ms. Lexius answered, no, I have not yet.

Mr. Lubee stated, we have not either. Has the Council seen the study that was just described?

Mr. Parisi answered, I have what I have in this packet here.

Pasquale Melillo, 15 Haller Place Yalesville asked, if anything goes wrong environmentally or any kind of health problems on this generation site, that only we can be held liable and in no way can PP&L be held liable?

Mr. Parisi answered, yes, you are to understand that.

Mr. Melillo stated, it should not be so one-sided. At the very least PP&L should share the liability 50/50 with the Town. What about the water condition? What happens if a pipe bursts? PP&L will not be held liable?

Mr. Smith answered, PP&L will be responsible for everything that occurred once they are operational and on the property. If their water pipe breaks they will have to clean it up. We still have pipes on the property we will be responsible for.

Mayor Dickinson stated, with regards to the contracts in general. What ever either of the parties creates in a way of a problem, an environmental hazard, that party is responsible for. In the lease Article 2, Section 2.2B indicates that termination can occur within thirty (30) days of receiving the environmental assessment. After that the project would go ahead or not depending upon that assessment. In general, each party has to indemnify the other for problems that same party caused.

Vincent Avallone, 1 Ashford Court asked, has any environmental testing been done that we don't have the results of yet?

Mike Anderson, TRC Environmental Corporation answered, the requested and discussed a moment ago, the Phase II Site Assessment and the Laboratory Analysis of the samples has not been completed and the reports have not been submitted yet.

Mr. Avallone stated, I would like to know how important are those results? Are they needed before anyone can vote on a contract?

Mayor Dickinson answered, I believe that is covered in Article 2, Section 2.2B where once there is an indication of a problem, the party/Town has the right to terminate within thirty (30) days of that report indicating that there is a problem.

Mr. Avallone asked, does it have to be of a serious nature, an unreasonable risk; it is hard to believe that the Town is going to have a right, after they sign this....

Mayor Dickinson replied, the language is, "within thirty days of receiving from the owner the results of an environmental analysis of the demised land, that such study show remediation requirements that impose a cost that Town is unwilling to accept." If there is a cost of remediation beyond which we are willing to shoulder then we have a right to terminate within thirty days of that report.

Mr. Avallone asked, if there was no cost; if there was a problem that can't be remediated, do you still have the right?

Mayor Dickinson answered, I cannot imagine that there would be an environmental problem that could not be remediated. It is only a question of how much money you want to spend.

Mr. Avallone stated, I am not sure of that. I am sure that there could be some problems that you can spend a zillion dollars and can't correct the problem. I am sure money can't solve all problems.

Mayor Dickinson stated, you would put some dollar figure on it and the Town would be unwilling to accept it and would terminate the agreement. Mr. Bob O'Neill was hired by the Town to be our legal advisor in the negotiations of the contracts and he is very familiar with this issue.

Mr. O'Neil stated, this section of the lease was intended to basically balance the risks of the parties. Obviously the developer is incurring certain risks to go forward. They have already spent a substantial sum to this day. At some point in time they have a basis to rely upon the Town's representation as a landlord that the particular site that they are leasing is, in fact, suitable and does not have environmental problems that require remediation. As an additional safeguard for the Town, what we put in there was a section in this lease that says when the environmental assessment has been completed, has been provided to the Town, that assessment is to look at areas where they will be doing the construction which would indicate whether they would discover a problem. If, in fact, a problem is discovered, at that point the Town has to make a business and the decision would be either to spend the money to remediate the problem and part of the lease payments and all of the other consideration that is part of this package that has been proposed by the developer represents compensation to the Town for a site that is expected to be suitable for construction without environmental remediation. If some remediation is required, the Town then has to make a business decision. Let's say that it is $500,000. and you take a look at a lease that provides a certain lease payment that you can calculate the net present value. You may decide, "yes, as a business matter, it is worth our while to spent this

money to preserve the deal." Or you decide, "no, as a business matter it is not worth preserving the deal so let's shake hands as it did not work out and we will go our separate ways."

Mr. Avallone asked, is there a time limit after the results are given?

Mr. O'Neil answered, yes, thirty days. When the problem has been identified, the Town has to take a look at the results and, again, make the business decision to either terminate the lease or incur the cost of remediation. As a practical matter, you may find that if it is on the borderline, the potential for termination, in and of itself, might open the door to re-negotiation. You don't know ultimately how it might wind up. As far as the actual right of the Town is concerned, they clearly have a walk-away right after you get the results, if there is an identified problem that they are not willing to bear the cost of remediation.

Mr. Knight stated, when I read through the agreement, including the lease, didn't Peter Volleman's write you a memo on the 25th of January outlining no less than 11 different environmental studies that have been done on this site already beginning in 1989 and running almost yearly? There seems to be some question about whether or not we have done any homework on this and it seems to me that, starting with a site assessment in 1989 and a geo-technical study in 1990; a phase I in 1995 and phase II in 1995; disposal in 1996; subsurface environmental site assessment of AST in 1998; removal closure in 1998; groundwater monitoring report in May of 1999 and a groundwater monitoring report, December, 1999. It seems to me like we have done a little bit of homework here.

Mr. Smith answered, we have. Obviously the developer is inte0ested in knowing as much as he can about the property so he is not buying a pig in a poke. He must understand what liability and what viability there is to build this project. He has already made a substantial investment in time and dollars to get this far and I am sure with the information that we have provided him, he is comfortable, as we are comfortable, that we are not going to find any surprises down there. Can I guarantee it? No. Do we know what is buried down there ten feet or twelve feet? No. We poked a lot of holes down there and have no uncovered anything. We have talked to people who have been involved in the project. There is nothing that jumps out to tell me there is something there. As I said, we built two or three sewer lines on the property and there are many buried electric lines out there; water lines that go down in different places and, again, in all of those experiences, we have not uncovered any problems. I was on the site back in the mid 1980s when they built that major trunk line which is down about fifteen feet and it was clean. We provided that to the dollar and said, here is all we know about the property. You ought to go and make yourself comfortable with a Phase II study and that is how this came to pass, that once they get this Phase II study, they will tell us if they have uncovered something new that we are not aware of and then we will have to make a decision; do we remediate or not. The question is, can we walk away? If we find something down there, if the State D.E.P., for

example, will come back to us and say, "whether or not you build a power plant, you have to take care of this problem." Or the state may just say it is thirty feet down, how it got there, it may have been there from pre-historic times so just leave it. They have taken that position, too. We have provided all of the information, given those documents over to the developer, let him have access; they are comfortable with that. They are doing their own due diligence. Again, as Mr. Anderson indicated, I don't think they have the final results but they are confident they can go forward with this project without incurring some serious problem. They have to order equipment, materials and everything. They have to put a lot of things together and they are banking on this being a suitable site.

Mr. Anderson stated, if, in fact, there is a problem with the site, you have to recognize that that detracts from the value of the site. It is not a situation of, if there is a problem there, we are not going to do this deal, we will do a deal with someone else because you are still going to start off with problems. Ultimately what will happen is, if there is a problem, you are going to have to value the benefit or measure a balance to benefit of the value that you can extract from this arrangement against the cost of remediating it because that is what is necessary to restore the site to something that is marketable.

There were no further questions of the Health Director at this time.

Mr. Gessert stated, Mr. Lubee asked a question about a study of this plant in relation to other facilities in the area and what impact would this have on top of everything else. Mr. Wurmbrand of Environmental Risk Limited, who we hired to take a look at this, looked at the output of this plant in relationship to what else is down there. If he would comment on his finding, I would appreciate it for it might answer Mr. Lubee's question.

Mitchell Wurmbrand, Environmental Risk Limited, Bloomfield CT. stated, first let me comment on the multiple source impact analysis that Mr. Lubee asked about. We have requested that the developer perform that type of analysis even though they are not required to do so. The developer has said that they will do that analysis and it will be included in their air permit application to the D.E.P. The reason they are not required to do that is because, based on the analysis that they have done to date, they have demonstrated that the impacts from this proposed facility will be insignificant. There term, "insignificant" is defined in the regulations. Once a facility has insignificant impacts, they are not required to do the multiple source analysis. Nevertheless we have requested them to do that because the public has requested that and they have agreed to do that. When the air permit application is made available to us we will review that multiple source analysis and report back to you. What we also have done is evaluated the proposed facility against the Pierce Generating facility in terms of its emissions. Specifically there is a table in the Land Use and Environmental Report that already does that, in part. I wanted to put it in terms that everyone could understand. Table 5-1 in that report, provides hourly emission rates for a number of facilities and right now we will talk about the

proposed one for energy facility and the Pierce Generating Station. They give emission rates for Sulfur Dioxide and Nitrogen Dioxide. Wallingford energy facility has emission rates of 6.3 pounds per hour for sulfur dioxide and 25 pounds per hour for nitrogen dioxide. These are potential emissions. If you add those two up, you get a total emission of 31.3 pounds per hour for sulfur and nitrogen dioxide. If you do the same thing for the Pierce Station, sulfur dioxide is at 458 pounds per hour and nitrogen dioxide is 167 pounds per hour. If you add those two up you get 625 pounds per hour. Wallingford Energy is requesting permission to operate for 4,000 hours during the course of the year. Multiply the 31.3 pounds per hour by 4,000 hours, it comes up to an annual emission for those two pollutants of 125,200 pounds. The question is, what would be the equivalent number of hours that the Pierce Generating Station could operate and emit the same amount of pollutants? You would have to take the 125,200 pounds per hour, divide it by the hourly emission rate for Pierce, which is 625 pounds per hour, and you come up with the number of hours in the year where the same amount of pollution would be emitted. That turns out to be 200 hours per year or a little over 8 days per year. The bottom line is, if the Pierce operates for a little over 8 days per year, it would emit the same amount that the proposed facility could potentially emit. Of course it would have to emit less than that because that would be its upper bound. I hope that I have conveyed this to you in a manner that you and the public can understand. It is not a lot of pollution, that is why the developer is showing insignificant impacts.

ASSESSOR – Shelby Jackson, Town of Wallingford

Mr. Brodinsky asked Mr. Jackson to briefly share with everyone the process that he would go through if the subject contracts were approved; the process that he would go through at some future date in order to arrive at an assessment value and then compare that to what he is able to do currently to come up with his present estimates.

Mr. Jackson responded, the bottom line is that we need to estimate the market value of the plant's assets. That is broken down into two components; those assets that we consider to be real property and those that we consider to be personal property. In the case of the proposed power plant, it is safe to say that the vast majority would be considered personal property. In fact, the turbines would make up the bulk of the personal property. That is the process that we followed. We estimate the market value for that and apply the tax rate accordingly.

Mr. Brodinsky stated, there may be members of the public who are not entirely familiar with what is involved in assessing a project of this complexity and it is partly for their benefit because part of the purpose of a meeting being public is to share with the public what we are up against and the challenges that we are facing. I wanted them and the Council to get a brief flavor of the complexity of assessing a power plant.

Mr. Jackson stated, the company has provided a proposed budget for the project and that is given me a basis upon which to make some preliminary estimates. Bear in mind that it is a proposal. In the final analysis we will make our assessments based upon actual costs, when and if the project is actually constructed. With regards to the budget, we would identify in that budget which assets or investments would be considered an investment in real property, for example, buildings or structures of those type, we identify those as real property. Real estate or real property is normally assessed during a town-wide revaluation. The value for the real property would remain constant until the next revaluation. Personal property, on the other hand, in this case the developer would be allowed to, just like any other taxpayer would in the Town of Wallingford, submit to us what is known as an Annual Declaration of Personal Property. When the plan is completed they would submit to us the declaration detailing their exact and specific costs for the project. We would then review that declaration and we do have the option to audit it if we deem it necessary to ensure that those figures are accurate. Once we are satisfied that the declaration is true and accurate, we would then calculate, based upon their original costs, a ratio of seventy percent (70%) because, in the State of Connecticut all property is assessed or should be assessed at seventy percent (70%) of its market value. You have the real estate component, which stays constant from one revaluation to the next, and then you have personal property, which can change from one year to the next. In addition to the personal property changing any taxpayer, and the developer would be no different, is allowed to depreciate their personal property. The depreciation is designed to reflect the facts that personal property declines in value as it gets older and as it is used. We would apply or allow them to apply depreciation factor against their original cost of their personal property assets. A detailed report shows that in the first year of the project the assessment would be at its highest and it would decrease slightly over time. In the fourteenth year, according to my analysis and based upon the proposal, the estimated tax revenue would level off assuming that there is no future investment of personal property; assuming that the tax rate doesn't change and a lot of these types of assumptions that we need to make in order to analyze this particular project. If there is a twenty-five year life to the plant, it would start off highest in year one, level out in year fourteen and remain level until the twenty-fifth year. There are a lot of assumptions there. We are hoping that the plant developers will re-invest over time; we are hoping that they will put new assets into place. Once they do they will declare those assets on their annual declaration and that would increase their assessment, if you would.

Jack Agosta, 505 Church Street, Yalesville asked, do you have to go by the five percent (5%) depreciation?

Mr. Jackson answered, the depreciation rate is not a statutorial mandate. What is required by law is that we assess property at seventy percent (70%) of its fair market value. The depreciation rate is a method by which we estimate the market value.

Mr. Agosta stated, I went by your figures that I read in the (news)paper and if we start off with $1.59 million the first year, our revenues in this town will be a certain amount of money and our tax base would be on that. Come the fifteenth year we down $1 million of that. Is there a possibility that we can balance that off so that we have almost the same amount every year so it doesn't vary throughout the years?

Mr. Jackson answered, that is not necessarily possible in light of the fact that we want to assess this taxpayer the same as we would any other taxpayer. What you are referring to is some sort of a special treaty or agreement of sorts and I am not sure, I would have to defer to the Law Department to see if that is something that would require special legislative approval. I can tell you this, if you look at the figures in comparison to the Town's budget, although it is a lot of money, there are two factors you have to look at; it decreases slowly over a long period of time and it really is not a significant figure when compared to the budget overall.

Mr. Agosta stated, the last two years there is a $1 million difference than the first year. Our property taxes, as residents, doesn't change much over ten years. When I first bought my house I paid $600 in property taxes. That has changed four times because of the Town's revaluation through the years. My thought is, they are going to give us $15 million as it is, why don't we make it so that it is $1 million a year and make a deal with them instead of changing it.

Mr. Jackson stated, that is a policy decision that is best left to the Mayors and Councils. My only concern would be, I would not be able to tell every taxpayer that I was treating the power plant the same as I would any other taxpayer. We would be assessing PP&L in the same manner with the same methodology based on the same figures and factors and based on market value just like everyone else.

Mr. Agosta asked, do we depreciate all industry the same way?

Mr. Jackson answered, we utilize various depreciation schedules and it is usually based on the type of equipment that we are dealing with. Again, it is designed to reflect the fact that, as time goes on, the assets diminish in value. Some assets diminish in value very quickly. For example, a computer. Nowadays you buy a computer and within a year or two it is obsolete. Whereas turbines in a power facility is something that is designed to last for many, many years. Even if new technology comes on line that may be better, faster or more profitable, the existing assets still have a substantial value and their value only diminishes slightly over time.

Mr. Agosta stated that he is not against the amount of money that is coming to the town. He thought it was better that then town had a stable amount of money coming in each year rather than have the amount fluctuate each year for fifteen years.

Mayor Dickinson stated, to correct something; legally, we don't have the right, I believe, to levelize an assessment schedule unless perhaps in an enterprise zone, which we are not in. Also, regarding depreciation, it is a difference between real property and personal property. Homes do not depreciate generally. There is an appreciation in value and that is real estate. We are talking about the main value in this project being person property and personal property is subject to a depreciation schedule which is fairly rapid as compared to anything else. We have to keep in mind that residential property is real property and there is not a depreciation schedule that you would see that is applied to personal property. Most of the value of the project we are talking about here is in personal property.

Mr. Agosta stated, if PP&L is acceptable to a special arrangement and sign a contract under those conditions, that covers the Town.

Mayor Dickinson answered, they are agreeing in the contract to pay what ever taxes are legally owed. They have not represented in the contract that it is any specific figure. It is a matter of assessing what ever improvement is made to the property; what ever personal property is ultimately brought to that property and is operating there, that will be assessed by our Assessor's department and that calculation will arrive at a tax figure that is owed. Each year that will occur, as the Grand List is provided for October 1st of each year. The contract does not specify an exact amount. The information provided by the Assessor is meant for informational purposes that if this is a $125 million project and if there is a certain amount of exempt materials and equipment within that project; there are a series of assumptions made, if the mill rate does not go up, if, if, if; there are quite a few assumptions that he spells out, meet with all of those assumptions, the project would generate taxes in the range of what he has indicated here. Ultimately, the tax payments would depend upon the value of the improvements, the value of the personal property, which is found to be located on the demised land.

Pasquale Melillo, 15 Haller Place, Yalesville asked, what ratio of assessment does the earning situation relate to? For example, from one year to another they make an improvement in profits of about 100% - 1000%....

Mr. Gessert interrupted Mr. Melillo to tell him that the Town is not in the business of taxing someone based on their profits. We have the ability to tax, based on the value of the property.

Mr. Melillo asked, what happens if the plant is built, it is in use and they come across new technology so they turn down the system they are using right now and build a new type of system which will save them a lot of money? For example, G.E. has come out with new technology whereby the claim they can generate electricity using natural gas by their

method which will save 50% of the natural gas that is being used presently to produce electricity. How do you relate to that?

Mr. Jackson stated, what we will require of them annually is the filing of a declaration listing all their personal property, in detail, and the cost of that property. We would, of course, verify the accuracy of that property. If we are satisfied that the figures they have submitted are true and correct, we would apply the 70% to those market value figures or cost figures, apply the tax rate to it so their tax could change if they, in fact, change the plan.

This concluded questions of the departments heads at this time.

HOST COMMUNITY AGREEMENT (HCA)

Mr. Smith explained, this is the global or umbrella-type agreement that is intended to capture some of the major parts of the deal. For example, in this agreement, that is where we put the restriction on the fuel oil use that this Council in prior meetings has said that fuel oil will not be used as a primary fuel source for this project. There is one caveat that is in our best interest for the emergency generator, there may be a small diesel tank there. No fogging or icing; the noise abatement requirements; the brick façade that is required; the relocation of facilities; there is a lot of equipment lines, electric, water and sewer on that property as they currently exists. The HCA talks about how the developer is responsible or required to pay any and all costs to move those facilities at our direction.

Mr. O'Neil stated, as Mr. Smith pointed out, the agreement sets out the basic business deal and one of the elements the Town brings to this deal is the assistance that it can bring in helping to make a successful project. Therefore, as part of the HCA the Town indicates that it will cooperate; provide easements to certain town-owned lands but the commitments the Town is making by way of assistance are not uncapped. There are limits. The Town need not exercise the power of eminent domain, for example. The Town need not render assistance without compensation for the costs it incurs rendering the assistance. It does reflect a balance of business transaction in which both parties are seeking to achieve value and both parties are going to work together to make sure that that value is, in fact, achieved.

Mr. Centner asked, in reference to Section 8, Page 8, there is a lot of language in there for the Town's protection and I appreciate that. I am concerned; I am not sure if it is called out in this section or not but it is for my own edification; that if, in any event, there was a termination of the contract and we had already engaged in, through their efforts, work on the transmission system upgrade, I would like to know where that switch over for blackouts state-wide or that we would have our own power through the plant; where does

that fall? There is supposedly switching where one of the turbines would send power to Wallingford. Does that occur early on in the upgrades to the switchyard or is that something way down the line?

Mr. Smith answered, no, that only happens once the project is constructed. The first phase; one of the first elements of the job; is to build a new transmission line so that we get a third circuit in here and that is where our improved reliability will come from predominantly. Once they install the generation and connect into the new buses and the transmission lines, then there will also be an ability to provide emergency generation. If, in fact, let's say the project goes part way where they build the transmission line but decide not to go forward with the project exactly, we wind up owning the transmission line, the improved substation and everything. We will not have any black start or emergency generation facility there. Will the switchyard have more capability towards that kind of a feature?

Mr. Smith answered, the switchyard will be substantially more reliable. We will have three separate sources coming to us. Right now we only currently have two sources; one is a combined source. We will have three different lines; one that comes up from North Haven, one comes from Devon and one comes from Southington. The likelihood of all three lines being out is fairly limited. Since I have been here in twenty years, there has only been two occasions when both lines were out. April of 1994 was the last time. Both lines were damaged due to the heavy snow. It is not beyond comprehension that all three lines could go down. If the new plant is there, we could at least start up a portion of the town and that is our back up but, in my opinion, that third line is an extremely valuable component of this whole deal.

Mr. Centner stated, in reading through all of this information, I was pleased to see all of the protective measures for the Town in numerous scenarios and events.

Mr. Brodinsky asked, what are the hard and soft costs to the Town to comply with our side of the bargain?

Mr. Smith answered, there won't be any hard costs. Any costs associated with development at the easements, any costs associated with our having to perform construction work to accommodate them will be reimbursed. What the contract spells out is that we have to provide them an estimate of the cost. For example, if we have to bring a line crew or sewer maintenance crew or some crew in there to do some work, we give them an estimate and they will take that estimate and say, "yes, proceed" or "no, we will do something different." There is one exclusion to that; my time is not going to be reimbursed. I am donating my time. If I convene a meeting between the developer and an adjacent property owner and it is in our offices, obviously there would be no cost. That is a time commitment at no cost. Again, if we have to provide real work effort, that is all

reimbursed. The Town Attorney's Office, if they have to draw up some extensive documents, they could be reimbursed, for example. If is just a meeting to hear some information, some input, obviously, that is a soft cost and we won't be reimbursed. We are going to have a continuing presence in this project. We are interested.

Mr. Gessert added, we do try to compensate Mr. Smith fairly from the Public Utilities' Commission standpoint. If you look at hard costs, going down the road, there are some hard costs that are being expended. The report and info we have had from Environmental Risk Limited....and Bob O'Neil has not donated his time. He has put in a tremendous amount of time and effort to develop these contracts and we will be compensating him for that time. Those hard costs do exist and they have mostly been spent.

Mr. Brodinsky stated, the reason I asked is, should the Council anticipate a year from now, two years from now, five years from now, some sort of expenditure either by the town or Electric Division for some construction requirement, some need that wasn't anticipated, I know there are some hold harmless agreements running in favor of the power company and we already addressed there might be a remote possibility that we will have to pay for some remediation if it is discovered more than 30 days after we get their environmental report. It is those kinds of things that I am trying to search out. I am just throwing examples at you to see if maybe it will trigger your memory. Can you think of anything that you haven't already mentioned that might cost the Town money to prepare, perform, anything along those lines?

Mr. Gessert answered, none that I am aware of.

Mr. Smith stated, you did raise an interesting point. If the substation or the transmission line which is going to be turned over to us needs to be upgraded or modified because of NEPOOL requirements, that is our hard cost. They would be our hard costs anyway, just as they today.

Mr. Vumbaco referred to page 6, subsection (e), regarding fuel oil, he asked, do we define what fuel oil is in the contract? Is it no. 2 oil? Is it diesel fuel? Is it some mixture that could come down the line? Or is it all-encompassing?

Mr. Smith answered, I think it is all-encompassing but typically, you are looking at no. 2 oil or diesel. Right now we use no. 4 oil at the power plant.

Mr. Vumbaco asked, wouldn't it be wise to define that just so that, at some point in the future when there is a new fuel source out there? The reason we have this in here is due to environmental concerns; the burning of fuel oil. We have a series of definitions here in Appendix A and maybe fuel oil should be stated as being all-encompassing or something to that degree. I am just trying to protect that sometime....

Mr. Smith replied, fuel oil is fairly well-defined.

Mr. O'Neil referred to Page 7, Section 2.4(a) of the "Lease by and between the Town of Wallingford, as Town and Wallingford Energy, LLC, as owner" which makes clear that the only fuel oil that can be maintained as necessary for the delivery and storage of diesel fuel for the auxiliary generator.

Mr. Vumbaco stated, it still does not define "fuel oil". Three years down the road, Exxon could come out with some product that is considered a fuel oil that they want to convert over to that we are not happy with here. The point of putting the definition into the agreement is to control that. It is just an observation.

Mr. Parisi asked if it can be clarified?

Mr. Smith answered, you have stumped me because fuel oil was always....I will think about it and see if I can get an answer back. Fuel oil, in my mind, there is a range of products that are defined as fuel oils and they run from diesel to no. 6 oil. What we are talking about....the only fuel they are going to be allowed to store on the site is diesel which is almost no. 2 fuel oil. That is, again, only for the emergency generation as specified.

Mr. Parisi asked, how much of that will be kept? I thought it was a very small amount.

Mr. Smith answered, right now we have 40,000 gallons of oil on the property. We won't even come close to that. I am thinking of a 250 gallon or 100 gallon tank. What happens is, we will probably have to talk it out every so often because it will go stale just sitting there. Hopefully, this emergency generation will never even have to run.

Mr. Knight referred to Page 7, Section 6 Town Covenants subsection (b) pertaining to the transmission charge. I don't know how to run the math on that.

Mr. Smith explained, the transmission facilities are deemed to be pool transmission facilities. As a pool facility they are submitted to NEPOOL and you get paid for people using those transmission facilities. We will get paid for other parties, not PP&L but other parties using it. They take all the dollars of all the transmission lines and systems that are built in New England and throw them into a big kitty and then divide it by the number of kilowatt hours that are transmitted across all of those lines and then send payments back to the owners. Our ownership is a very modest portion. If you compare us to Northeast Utilities it is like the tip of a pencil versus the size of this room we are in. Be that as it may, there will be certain revenues. In the outside chance or in the future if they are deemed to be non-pool transmission facilities, we are looking for a mechanism in which to

charge the developer for the use of those lines if we are not getting reimbursed from another source.

Mr. Knight asked, we will get our revenue from NEPOOL?

Mr. Smith replied, unless things change we will get our revenues from NEPOOL or ISO (Independent System Operator) of New England, as it is called now. In the event that this changes in the future, this is only in here in case this does occur and suddenly these are no longer deemed to be pool transmission facilities. We wanted to come up with some type of arrangement where we are going to be reimbursed from the developer for the use of those lines because we are not getting the revenues from another source. What happens is, when you buy electricity in the transmission line, the developers just sell their generation. When you buy it as a buyer, you pay for the generation plus a transmission charge for all of the lines you are using to come across. When we buy power from Niagara Falls, we are paying transmission costs to the power companies up in New York, the power authority, and the intervening utilities across and Northeast Utilities who gets it from the New York border into us. We pay tariffs, charges, to our rates that account for that. This is a similar event. As a buyer you typically absorb those and that is the way the rules are today. We are just trying to anticipate that if the rules change, how we can in some way be made equal. We came up with a formula; I would hate to guess the number of hours we debated this one; some kind of an agreement of how it would work. We tried to anticipate what our...expenditure would be for transmission costs in our budget. The allocation of those costs between this customer and the rest of our transmission facilities; North Wallingford, Colony Substation, East Street, which this developer is not even using. It is an attempt to come up with a reasonable allocation of what future costs might be charged back to this user.

Mr. Knight asked, if the plant is running, how many kilowatt hours are delivered into the transmission system per hour?

Mr. Smith answered, at the point they are running full load, they will be delivering 250,000 kilowatt hours per hour. On weekends it will be 0 hours of transmission. Again, normally, there is no transmission....we don't charge them transmission charge going out, the buyer pays it out of this NEPOOL common charge, if you will. It is supposed to be a methodology in which everyone pays a fair amount whether you are buying it in Maine or New Hampshire or Connecticut. It is some type of effort to bring a cost back to reflect your use of the transmission system. You never know where you are using a transmission system, technically, so they do it mathematically, you can't track it. The electrons run where they will. It is an accounting method to compensate the owners of the transmission system for the upkeep, maintenance and the operation of the facilities.

Mr. Rys referred to Page 5, Section 5, Owner Covenant. He asked, are there any penalties in the contract if there is noise being emitted in a residential area that is offensive to the neighbors? What is our recourse to continue to make sure that this doesn't happen other than just warning the developer?

Mr. Smith answered, the first step would be a warning; advise the owner that we have complaints. The enforcement process would be a violation of the lease and how you attack that is obviously through a legal process. There is no specific penalty(ies) built in except that you are warning the owner at the outset that you expect him to maintain appropriate standards and he has promised to apply those standards during the construction phase. They are working diligently to ensure that construction activities are limited and kept off of East Street. They have a remote site for the lay down of certain materials, where the employees are going to be shuttled to and from on the Cytec property. They understand the concerns of the Council and I don't think they want to violate the spirit of what they intend to do. Collectively and collaboratively we can work together to make that happen. Will there be times when there are some trucks backing up that are going to be a little bit of a nuisance during the day? Yes. I cannot deny that some truck backing into the site, the concrete delivery trucks with their back up bells and whistles, is going to be there. The construction hours are limited from 8 a.m. to 6 p.m. It should not be an ongoing problem. We do construction activities on that site right now and we have over the years. There are no specific penalties that I recall that we laid out in the contract.

Mr. O'Neil stated, the risk would be, if they do not comply with the legal requirements with respect to noise, that could be a default under the lease. That could lead to the Town taking action to secure its rights under the lease, not to mention the fact that they may be subject to other action for violating the law in terms of court orders.

Mr. Rys stated, I want to make sure we have some recourse because, as indicated, after one of our other major projects that came to the Town, after a while there were complaints, noise emitting from the plant, steam, or what ever may be coming from that plant. I want to make sure that we have something built into the contract that will protect the residents because it is so close to a residential area.

Ms. Papale asked, what is the status of the construction plan? Who is handling it all?

Mr. Smith answered, a draft construction plan; ultimately the Dept. of Public Utilities, by contract, is obliged to act and approve their construction plan. At this point they have submitted a preliminary construction plan. I have also shared that with Linda Bush (Town Planner) because she is more involved in those and received her feedback from those. It has to be modified but, overall, it is a good construction plan. I highlighted some of the methods they plan to employ to limit the problems on the site. We have an obligation to

review and act on this and we will do that. We will make sure that our needs and concerns are responded to in that.

Ms. Papale asked, is there a time as far as when this will be done?

Mr. Smith answered, I expect it to be within the next couple of months. They are going for permitting. Today I called and requested of the owner that if this thing goes forward, start thinking about a pre-construction meeting where they will gather with, at least, the utility and extend it into other departments. The Town Planner and other appropriate department heads will be brought in because of their knowledge and experience in that area. Within 30 – 60 days we will have a finished construction plan.

Ms. Papale stated, I listed the positive and negative aspects of the project. That was one of my negatives; the control of the construction, the hours of construction activity, dust and noise due to construction activities, will all of that be under the control of the construction plan? Is that subject to P.U.C. approval?

Mr. Smith answered, the Dept. of Public Utilities approval, yes.

Ms. Papale asked, do you think all of these problems are temporary and will cease once the construction is finished?

Mr. Smith replied, if construction starts without any insurmountable hurdles, it can be completed by next summer. There will be different elements of construction. The first acts will be moving of facilities on the site; our own equipment has to be moved. We are working on the site now and they have to move some power lines, some sewer lines, they have got to build new structures through there. Then they are going to start clearing and creating foundations. That should be their busiest time for visual activity on site. Once that is there and start bringing in pieces of equipment and erecting them, there will be cranes. Toward the end of the project, the latter phases, most of the work will be electrical, inside work. All the carpentry and masonry will be done. Next spring you probably wouldn't notice a lot of activity. You will see a lot of people going in and out with the wiring and testing that is going to go on. That will all happen within the 12-15 month cycle. My hope is that they will start earlier to make the June 1, 2001 date.

Mr. Gessert added, after they remove some of the stuff that is already there, there will be removal of the existing stack and removal of some equipment and part of the back of the current Pierce plant. That will probably take place prior to them pouring the foundations for their equipment.

Ms. Papale asked, the removal of the cooling towers will be taking place at the same time?

Mr. Smith answered, that will be an early item that will probably occur this summer.

Ms. Papale asked, and the brick enclosure?

Mr. Gessert replied, around the turbines, that would come, I think, around half-way through the process. They would build that and then put the turbines in place following that. The cooling tower will not be missed by anybody.

Jack Agosta, 505 Church Street, Yalesville asked, after the plant is built, and I am in favor of it, they plan on using the plant for 1,800 hours. That 1,800 hours of operation would call for 250,000 gallons of water per day, it was said earlier. Roger Dann (Gen. Mgr. Water Division) stated that would equal 1.5% of our capacity. Last year we were at 71.6% of our capacity and we were almost near rationing. If we go to 270,000 gallons of water per day, that will put us into rationing. Is there any stipulation in the agreement that will penalize them if they operate more than 1,800 hours? Are they going to just be able to run up to as much as 4,000 hours if they choose?

Mr. Smith answered, there is no penalty for operating over 1,800 hours. They have advised us that that is their anticipated hours of operation. They are going to seek a permit that will allow them up to 4,000 hours. In order to match up to the 4,000 hours, we are putting a cap on water usage at 60 million gallons per year. That would limit their total take from the water system. As you indicated, we have evaluated that usage compared to our entire system and we feel that we can comfortably handle that. It is less than 3% of our total annual usage now and indications are that it is not going to be a problem.

Mr. Agosta stated, we had a hot, dry summer last year and they are planning on that going on for years to come. I am afraid that we would be into rationing and I don't think we should be rationing the homeowners. With regards to noise, if there is a problem with noise, how are we going to handle that problem? Will we call the D.E.P. and have them check the noise level?

Mr. Smith answered, initially, we will have our own devices and if we disagree...I assume you are talking about during the construction phase, or are you talking about the operation?

Mr. Agosta answered, after the construction is all done.

Mr. Smith stated, they are obliged to meet certain noise level requirements and we can have noise devices and we can have them install noise monitoring devices, that is not a problem. To digress, I found a 1990 report when we were planning to build once before at the Pierce site, when Pierce is running we have a range of 55 – 63 dba with the station operating on East Street, east of the Pierce Plant. The new plant will operate at 61 dba,

less than the Pierce Plant and at night it will be at 51 dba. I am confident, with the technology that we have now, people are going to find....really how quiet the turbines can be. Again, if there is an experience, we will measure it and confirm what it is.

Mark Lyons, Wallingford Energy, LLC stated, the requirements in the law are 61 dba during the day and 51 dba at night, as Mr. Smith correctly pointed out. Since we have to comply with the 51 dba, as a practical matter we are going to be at about 51 dba all the time when we are operating.

Mr. Agosta asked, after fifteen years isn't there a stipulation that they might abandon the plant and we could buy it?

Mr. Parisi stated, that will come up. That question will be more appropriate a little later.

Mr. Brodinsky followed up on Mr. Rys' concern; noise during construction. There was a comment made that that would be a violation of the lease. Mr. O'Neil do you agree that that would be a violation of the lease if there was unmitigated noise during a period of construction?

Mr. O'Neil answered, the lease requires that they comply with all applicable laws and regulations. If there is a rule or law or regulation that imposes noise limitations during construction and they fail to comply with that, that would be a violation of their obligation.

Mr. Brodinsky asked, is there any rule or law, presently, that you know of that requires the contractor to mitigate noise?

Mr. O'Neil answered, I am not sure what the requirements are in the State of CT.

Mr. Brodinsky answered, that is why I want to follow up on Mr. Rys' comment. It seems as though there....is no rule or regulation which controls noise during a temporary phase of construction although we can do something about that in the contract and that is why we see on Page 5, Section 5 Owner Covenants something that tries to address it. What Mr. Rys was asking was, how do we enforce it? If someone violates, a subcontractor, for example, not direct employees of Wallingford Energy, LLC, what can be done? I don't think it is a violation of the lease but I am willing to learn. I didn't see that in the lease. I didn't see a cost of fault clause saying that a violation of the Host Community Agreement would also be a violation of the lease. We may be unprotected unless the developer is required to put it in its contracts with subcontractors that they are required to use certain specified measures to mitigate noise.

Mr. Smith stated, I am aware that there are noise level requirements for construction equipment; there are federal standards that have been established. How they are adopted and utilized in the state, I can't tell you that I am an expert on that.

Mr. Brodinsky stated, that makes Mr. Rys' question even more important. If there are regulations but we don't know about them; we don't know when to enforce them and when not to enforce them. I am mainly concerned with contractual protections that we might be able to afford the people in those neighborhoods. I think Page 5, Section 5 is an excellent start, it says, "The Owner shall mitigate, and shall cause third parties working on its behalf to mitigated, the impact of noise during construction....." etc. As Mr. Rys pointed out, it is nice to have it in the contract but a contract is only a piece of paper unless it can be enforced somehow. That is why I was making the suggestion that this be tweaked just a bit to have the developer require its subcontractors to do certain things or abide by certain standards and have that contractual language meet with our approval which would not unreasonably be withheld.

Mr. Parisi referred to Page 5, Section 5 (d) which reads, "During operation of the Project, the Owner shall meet all applicable noise standards which are imposed on the Project by any Governmental Authority with jurisdiction to promulgate such standards."

Mr. Brodinsky stated, my point is, there are no noise standards that anyone is familiar with.

Mr. Smith replied, no, during the operation there are noise standards.

Mr. Brodinsky stated, then we should not be referring to Section 5(d), is that what you are saying?

Mr. Smith answered, that is correct. You are talking (a) and (b).

Mr. Rys stated, what I am trying to address is the noise. I know it has been addressed in prior meetings that they would take care of what ever noise there is during the day. My concern is, there is a State Statute which covers noise prior to a certain hour in the morning and after a certain hour in the evening. That was one of my biggest concerns. I can understand during the day, construction occurring and resulting noise levels. My concern is, to be able to keep them during that hour levels to make sure that they don't disturb prior to the beginning, in the morning, and the hours in the evening. I think that is covered under State Statute and enforceable.

Mr. Gessert stated, wasn't it stated earlier that construction would only take place between the hours of 8 a.m. and 6 p.m.?

Mr. Parisi stated, I thought it was 7 a.m.

Mr. Smith stated, in the draft construction plan, it identified that it is preferable to maintain a Monday through Friday work week with work hours restricted 8 a.m. to 6 p.m. and that will be part of the construction plan approval.

Mr. Brodinsky stated, my concern, then, was a little broader than Mr. Rys'. The contract seems to address a concern that apparently Mr. Smith you had, that the owner shall mitigate noise during work hours. That is obviously what that means. We have that mutuality of concern. What Mr. Rys initially started talking about was the enforcement of that. I want to re-address that. I don't want to slip away from that. We have, hypothetically, a subcontractor who goes out and is a naughty subcontractor and they do not mitigate noise and it is violating therefore your intent in putting Section 5 in there. What can be do to put some teeth into this contract other than saying, we will talk to them? What can we do?

Mr. Smith answered, initially we would contact PP&L and say that we have a problem with this particular contractor and you have to take care of it. If you don't take care of this we will have to have him removed from the job. He is not going to be allowed to continue unless the problem is mitigated. If PP&L continues to allow it to happen, then you have breach of contract.

Mr. Brodinsky stated, I am not real satisfied with that answer, I am just going to move on.

Mr. Centner stated, following Councilor Brodinsky's earlier statements about possible costs to Wallingford through the whole process, what I want to do is elaborate about one of the additional benefits the Town would receive by undertaking the project. Earlier, throughout all the previous meetings, it was stated by PPL&G that the power project would support the linear trail. Recent discussions with Mark Lyons have revealed that Wallingford Energy does, indeed, intend to support the linear trail with a generous contribution of $55,000. This contribution will enable the linear trail to fund the design portion of our next phase of the trail. With that I will be placing an item on the agenda of our trail meeting tomorrow to accept a contribution and on behalf of the Linear Trail Committee, we were very pleased to receive the gift and especially the sign of goodwill and community spirit that a project of this scale has shown. Especially at the earlier phases before even commencing construction. I want to conclude with mentioning that this contribution is completely outside of the contract that is presented here. It is actually just a gift from them to see the trail go on in the community spirit. With that, it is one of the further benefits to the town.

Mr. Brodinsky asked Mr. O'Neil, is there any prohibition in any of the documents that would prevent the owner or PP&L somewhere down the line to going back to the state,

renewing or getting a different kind of a permit to allow them to generate power all the time, rather than a maximum of 4,000 hours? Is there anything in the documents that would protect Wallingford from such a contingency?

Mr. O'Neil answered, there is no prohibition on them. They are supposed to comply will all regulations. You might argue that that might be a modification and there is a requirement that the modifications be consistent with the plan that has been presented here to the Town. I would have to take a look at the language, I had not thought of that. It may very well be that that type of a re-permitting would be deemed a modification which could be inconsistent with the limitations in the document.

Mr. Brodinsky asked, that wasn't specifically negotiated out?

Mr. O'Neil answered, no, but it could be.

Mayor Dickinson stated, the lease is only for the project, as stated. The issue of whether or not it would allow for any change without our approval was part of our concerns and I believe there is a section that deals with that.

Mr. Brodinsky answered, if there was, that is why I wanted to see it and that is why I asked the question; whether or not there is a specific prohibition that would prevent them from doing that?

Mayor Dickinson answered, I believe there is.

Mr. Knight stated, I think it was pointed out a couple of minutes ago that there are articles limiting the amount of water that the Water Division is going to sell the project to an annual number of 60 million gallons. That equates, at the rate they use it, to right at 4,000 hours a year.

Mr. Brodinsky stated, that is not all the Utility Service Agreement provides. It also says that the Town represents that it will use reasonable efforts to sell it more if the utility wants to. There is no cap on the amount of water. I think it was someone at the last meeting who suggested that we cannot discriminate against one customer. If there is water available and we have excess capacity, we have assurances of that, if there is water that is available, we would have a hard time telling our company that they can't have more than 60 million gallons and I agree with that position. We would have a hard time doing that. It is not the control over water that would prevent them from operating full time. I am looking for something specific in the lease or any other agreements. I see the Mayor, Mr. O'Neil and Atty. Small searching the documents. If it is not there, I will move on because I have other questions.

Mr. Smith stated, let's assume that this is not a peaking plant and we dealt with the original concepts of the combined cycle which would operate essentially 760 hours; would we have a problem with that? As long as they met all required air pollution requirements, noise, all the other elements they are required to adhere to.

Mr. Brodinsky replied, that brings the discussion back to square one. It was represented to us that this is a peaking plant only; the water requirements would be that of a peaking plant only; the noise; the financial arrangements were based upon the fact that it was a peaking plant only I believe, and I asked some questions a couple of months ago about that. If the whole concept changes or is susceptible to changing, let's get it on the table and find out tonight so at least we are not surprised and the individual council members can vote accordingly. If the possibility is open that, yes, at any time they want, they could attempt to get a permit that would allow them to operate in excess of 4,000 hours, if that is permitted by the State, Wallingford is not going to stop them. If that is true, let's get it out so we know what we are talking about.

Mr. Smith answered, we have an opportunity to stop them because we can be parties to any permit application processes that go on. If they are going to be running this plant full time, it is my opinion that the systems are in serious shape and probably we will have two options; the lights stay on, or we deal with rolling black outs or something like that.

Mr. Brodinsky asked, do you see a problem if the plant operated full time?

Mr. Smith answered, personally, no. As long as they meet all the air quality permit requirements, no, but they are not going to be permitted to emit unless it is an extreme emergency condition "X" amount of emissions. They are going to be "capped" at that. They are going to have to go back and re-apply for that process.

Mr. Brodinsky stated, the point of my question was, if they go for another permit, the Town could have the option of intervening and objecting, but you would not be in favor of that so that is really not a useful option for us because that would not happen anyway.

Mr. Smith answered, I may be a lone wolf in my opinion and I may not have the support of the Administration or the Council who may feel that we should not allow them to continue to operate in excess of 4,000 hours.

Mr. Brodinsky stated, we are off the track; I want to know if the documents prohibit it and if they don't, we each can make up our own minds as to what to do. I just don't want to have any confusion about that, that is all.

Mr. Smith answered, yes. The only limitation that is put in there by water and we certainly have some leverage there, I think.

Mr. O'Neil stated, I do not believe the documents provide a prohibition on the right or ability of the developer to seek authorization to increase their permit to go above 4,000 hours. The documents also provide that the Town agrees that it will not interfere with the ability of the developer to lawfully exercise their rights under the lease or their rights under the law. The answer to your question is, yes, the developer could seek additional hours of operation and would not violate the agreements. We did have provisions in here, they are very clear that they could not change out the type of generation. It is very specific, for example, that the owner had the right to operate, maintain, expand the project or the facility. "Facility" is a defined term, it refers to the LM6000, so they could not substitute a different generator. They could not go to combined cycle. There are lots of things they could not do without violating the lease so they would have to go back to the Town. There is no prohibition on their right to seek governmental authorization to operate more hours.

Mayor Dickinson stated, one other section that deals with this, in part, Mr. Chairman, is Page 25, of the Lease, Section 7.4 Alterations dealing with the owner's "...sole cost, expense, improvements, additions, alterations and changes...", "...not inconsistent with other provisions of the Lease, including grading or landscaping...." "...that owner shall not have the right to make any alterations which result in a material adverse environmental impact." To that extent that greater operation would have material adverse environmental impact in the permitting process, this would be a prohibition as well.

Mr. Brodinsky stated, that would probably be very litigation prone probably because, if they were allowed to get a permit for unlimited use, you would have a ruling by the State of CT. that there is no material adverse environmental impact. To the extent that there is an interest in Town or on the Council in limiting their operation to what they represented, 4,000 hours, this does not seem to do it.

Mr. Vumbaco asked, with regards to the present CMEEC deal we have, the Community Host Agreement (HCA) lists a lot of positive things that will occur but there is a negative issue that needs addressing. It has to do with the CMEEC payment or credit that comes to our bill on a yearly or monthly basis. I understand that amounts to approximately $665,000?

Mr. Smith answered, it is $656,000 which would decline once we shut Pierce down to the point that we have to go out and buy replacement capacity.

Mr. Vumbaco asked, when does the $656,000 payment stop? IF we were not to build this plant, in other words.....

Mr. Smith answered, this plant has not bearing on that. Whether this plant gets built or not is unrelated, only except that when we shut Pierce down and CMEEC has to go out and buy replacement capacity. There would be a decline in the payment to what ever capacity they have to purchase in the market. Let's say they have to spent $200,000 next year, then our payment would be $456,000.

Mr. Vumbaco asked, exclusive of this (project) plan, when is the plan to close Pierce down, or is there a plan?

Mr. Smith answered, June 30, 2000.

Mr. Vumbaco asked, there is a commitment, regardless of what happens here, that we are going to give up the $656,000 as of June 30th?

Mr. Smith answered, we have told CMEEC that, because of the expenses on the cost of putting facilities in that plant to upgrade it, just to maintain it, that it is not worth our while to do that and we are planning to shut it down. Our budgets will reflect that this year.

Mr. Vumbaco asked, was that the plan, prior to anything to do with this here?

Mr. Smith answered, yes, we had planned several years ago. In fact, when Northeast Utilities got in trouble in 1996 or 1997, we had anticipated shutting that down. NU in their desperation to keep lights on in CT. put in $500,000 of maintenance into the plant to keep it going. If you are receiving $656,000., you have to look at what your costs are. That is not a net number; the $656,000 is a gross number from which we subtract our salaries and operational costs. That net number is $200,000 to $300,000. Some of those expenses disappear as of June 30th.

Mr. Vumbaco asked, have we gotten any more hard costs on what we are projecting to decommission the Pierce plant?

Mr. Smith answered, we had an original proposal of somewhere around $2 million. The developer will take care of some of the costs; the cooling tower, the stack and some other things. We are estimating at this time that it will be somewhere around $1 million to do the rest of the work to prepare that building to be vacated; take out the turbines and equipment and things.

Mr. Knight asked, we were tending to phase out Pierce anyway so that money would have gone away?

Mr. Smith answered, it terminates in 2004. We will start dwindling as soon as we shut Pierce Plant down. There will still be a revenue stream but whatever CMEEC needs to go

out and spend $200,000., our revenues drop by that amount. If they have to go out and spend $656,000 then our revenues go down to $0. We anticipated that there was going to be a phase out of those revenues.

Mr. Knight stated, this agreement with CMEEC was over with in 2004 anyway.

Mr. Brodinsky asked, is there anything in the HCA or the Lease which requires the landscaping that was shown to us in some of the presentations?

Mr. Smith answered, there is a requirement on the landscaping. There is a commitment to install and maintain the landscape.

Mr. Brodinsky stated, I saw where there was a provision to maintain the landscape but I did not find anywhere language which states they would install the landscaping according to the specifications that were represented to us at one or more meetings. Is there are requirement that they do the landscaping as represented to us, Mr. O'Neil?

Mr. O'Neil answered, the construction plans, I understand, contains these details. I believe that is subject to the approval of the town.

Mr. Smith added, also, as part of the attachments the landscape berms are shown as identified site improvements; Exhibit C30 of the HCA. Exhibit A identifies the landscape berm. At this point I don't think they have the final details of all the trees that are going to be there. We will approve as part of the construction plan, the landscape plan.

Mr. Brodinsky stated, clearly, the intent of the parties was to have a legally binding document that would require them to do the landscaping as was represented to us, was that right?

Mr. Smith answered, that is correct.

Mr. Brodinsky stated, it wouldn't do the town any harm, in fact it would probably boost our position if we just attach this schedule which may be their own representation; this photocopy of what they showed us in their artist's mock up and say, "o.k., this is the landscaping specifications." As it now stands the Council has no assurance that it is going to be done, other than a berm, but that is not the nice trees and plants an flowers that was represented to us. All I am asking for is....let's get it in writing. There used to be a western on TV. where the cowboy said, "trust everybody, but still cut the deck.." I just want to cut the deck here to make sure we get what we were promised. It is not in the agreement.

Mr. Smith stated, the specific plantings are not in the agreement.

Mr. Brodinsky stated, on Page 2, of the Community Host Agreement, Section 3, Development Assistance , subsection (a) starts off,"The Town agrees that upon the reasonable request of the Owner, the Town shall make Reasonable Efforts to assist the Owner in the development of the Project." I was wondering about having a sort of a reciprocal covenant in there; it would be easy to draft up and throw in there; that the Owner, PP&L, would have a similar obligation to cooperate with the Town in such matters as providing us data with which we could make proper assessments.

Mr. O'Neil answered, there are obligations in the document for the provision of data information to the Town. He referred Mr. Brodinsky to Page 16, Section 4.7 Drawings of the Lease which relates to the transmission line; transmission construction upgrade. This section requires that the Owner share that information with us. There are certain approval rights. There is also a requirement in one area that if the Owner encounters difficulties, a particular transmission line, that they will request the Town's assistance...

Mr. Brodinsky stated that he was looking for provisions where PP&L would have to assist us and the specific mission was in the area of assessment; that they would have to cooperate and assist us by providing records on reasonable requests and things like that. We are required to assist them....

Mr. Parisi stated, they have to do that.

Mr. Brodinsky stated, they may have to but as long as we are drafting a contract which is intended to protect the interest of the Town, it is very easy to put that in.

Mayor Dickinson added, it is statutory.

Mr. Brodinsky stated, it may be a statute but it is not an event of default so if we don't get their cooperation because of the contract, we don't have much of a remedy.

Mr. O'Neil stated, if they don't comply with the law, that is an event of default.

Mr. Brodinsky countered, if they don't comply with environmental regulations.

Mr. O'Neil referred to Page 7, of the Lease, Section 2.4, Owner Covenants , subsection (d) which reads, "Owner covenants to comply in all material respects with all present and future laws, acts, rules, requirements, orders, directions, ordinances and regulations of any Governmental Authority having jurisdiction over the Property, or any part thereof or the use thereof by Owner as contemplated herein." It is a rather broad covenant. I would think that, to the extent that there is a legal requirement, to make information available to the

Assessor, a default in that performance would cause a breach to the covenant which would trigger actions that would threaten their lease hold interests.

Mr. Brodinsky stated, I was looking at the events of default on Page 33 of the Lease. Those events are pretty narrow. I will move on though, I have made a suggestion and....

Mr. O'Neil stated, I appreciate it because it has been my experience that anytime you get another set of eyes looking at a document, sometimes they see something that other people have lived with for six or seven months don't see. It is a good exercise.

Mr. Brodinsky next asked, there are requirements in the HCA that pollution and noise standards have to be met. Page 6, subsection (d) of the HCA and stated, we know what the law is today; we don't know what the law is going to be ten years from now. The law may change and become more liberal and it may not. But in attempting to protect the interest of Wallingford, my concern is that I want to hold the line at the present legal level. I don't want to see more pollution permitted, more noise permitted, because of a change in the law. I think that is probably the intent of Mr. Smith and the PUC as well as the Town. I think it would be very easy to draft that in, to say that they have to comply with state law but in no instance will there be more pollution or more noise allowed than is presently permitted under state law. I don't think that PP&L would really object to that. They promised us, on the noise level, 51dba at night and they have had statistics on pollutants that they said they would not exceed. It is just a matter of getting that promise as part of the contract. It can say that what ever the law is now, they have to comply with it as it presently stands. What are your thoughts on that?

Mr. O'Neil replied, there were discussions but actually it was going in the other direction where PP&L wanted us to agree that they would not be subject to more stringent requirements and we held out against that because frankly, the direction in which the law is going, it will probably be more stringent. We did not want to be party to or in any way limit our rights to seek enforcement with the law as it may exist from time to time. I cannot speak for PP&L as to whether they would agree contractually to maintain compliance standards which, in fact, are today at a certain level that may be reduced at some future point in time. They have said in the past, during our negotiations, that one of the concerns that they would have in maintaining or being required to maintain some sort of a standard that exceeded the general legal requirements is that that may place them in a non-competitive position.

Mr. Brodinsky stated, I was not seeking that result. What I was seeking was, if they comply with state standards, governmental regulations, which they have already agreed to do, if the law becomes more stringent, they have to reduce the emissions or noise levels, etc. I was concerned with, if the law becomes more liberal, it is a very simply drafting matter to say, "notwithstanding the above" or what ever legalese you find appropriate, they

will not be permitted to pollute more or make more noise than is presently provided by law. They have told us they are not going to be doing it; they told us they would not be emitting any more pollutants or making any more noise, so it is just a matter of getting that representation into contractual form and that is my suggestion for what ever it is worth.

While awaiting a response to Mr. Brodinsky's comments, Mr. Parisi asked if Mr. Brodinsky had any further questions?

Mr. Brodinsky referred to Mr. O'Neil's letter and the entire Community Host Agreement. He stated that he appreciated Mr. O'Neil's frankness, particularly on page 3 of his correspondence which speaks to the issue of, should the Town ever have a claim against the Owner, it may only look to the assets of the Project. It was stated quite clearly in Mr. O'Neil's letter that, if we had a claim for money damages, there was no deep pocket and if there were no assets to go after, we would be without a remedy. He stated, my concern was, in your experience or maybe you know specifically in this project, are they planning to mortgage the leasehold so that there will be a bank in front of the Town's claim maybe for back rent or something like that?

Mr. O'Neil answered, I believe what their plan is, of course I can't speak to what they will actually do, I believe their plan will be to use balance sheet funds for the construction because it is burdensome to deal with banks for construction loans, etc. But I would expect that once the plant has achieved commercial operation, it would to project finance it. By that I mean some sort of a lending institution or bank provide senior debt. The whole notion of project finance is that the assets and liabilities are basically contained within a particular corporate structure. That is why this is not a PP&L Global project; this is a Wallingford Energy; that is the whole concept. It is risk limitation and limitation of liability. Because of the concerns, and it is no different than if you had some other business that came into town and was going to rent the land and was a stand alone business, you don't always have deep pockets behind your businesspeople.

Mr. Brodinsky commented, but the larger you go, the more important it is to have the deep pocket. I think there are a lot of commercial landlords out there that will not take...in Wallingford I think there is a commercial property and there is a shell corporation or a very thinly capitalized corporation going to rent for ten years some store space, the owner wants a personal signature on that lease. Was the issue of a security deposit or some sort of deposit, the amount really doesn't matter right now, was that a subject of negotiations?

Mr. O'Neil answered, we did talk about, obviously, how do you mitigate your risks. For example, efforts to hang hooks on those things that were near and dear to us to the extent we could in the lease, where you could threaten their leasehold interest with termination of the lease. The apparent guarantees that cover certain transactions, the restoration obligation, the transmission line, where we felt it was very important that particularly,

during the development stage that there be deep pockets. Once the plant is up and running there are, as a practical matter, if the market is a very, very good market and they are making a lot of money, you are not all that concerned about default. As a practical matter the cash is going to be coming in. Where you are going to run into difficulty in terms of defaults is, if there is some sort of a physical problem; a meteor crashes into the plant. What will happen is the insurance proceeds will then be payable initially to the banks and then there is a situation, you may now have an entity that no longer has a growing concern. They get into bankruptcy and then, where are you as a creditor? Basically, where you may be is, ultimately terminating the lease. To the extent that you had an expectation of future rents and an expectation of future taxes, that expectation is not going to be realized but you got your land back and the transmission so that you can lease it out again. It was pretty clear in the negotiations that we were not going to get a guarantee from PP&L for the entire prospective financial benefit of the deal if there were no bumps in the road. We did try to put some hooks in there again, in terms of their default; walking away with the assets, making clear that we can go after the rental income, for example, but we are ultimately looking at a single project as just part of the business deal.

Mr. Parisi asked, is this any different than any other business deal?

Mr. O'Neil answered, it is probably a little more complicated but ultimately, when you are engaged in a business transaction...

Mr. Parisi stated, my point is, when Bristol Myers came to town, everyone was very happy and we are still happy that they are here. But, if they went bottoms up, we would have no claim to future incomes that we may have counted on. That is my point. It is not any different.

Mr. O'Neil answered, in that sense it is not. It is also my understanding that Cytec, which used to be part of another company in Maine, is a stand alone corporate entity such that if it gets in trouble you cannot look to the assets of the other entity in Maine anymore. Yes, in that sense, it is business in the consensual...

Mr. Vumbaco stated, the only difference in this deal is that we are leasing Town land, where Bristol Myers bought their own land. Also, Bristol Myers is not a stand alone Wallingford corporation. They are a multi-billion dollar corporation world-wide where this is going to be a stand alone corporation. There is a difference; not a significant one, but there is a difference.

Mr. Parisi stated, if they went bottoms up though, you cannot anticipate any future income.

Mr. Vumbaco stated, that is correct but we are not leasing land to them.

Mr. Parisi stated that he wanted to take questions from the public at this time pertaining to the Community Host Agreement.

Pasquale Melillo, 15 Haller Place, Yalesville stated, I understand that originally they were going to pay about $1 million in lease payments annually. Now I understand that it has been chopped in half; $550,000. What happened?

Mr. Gessert answered, no one said that the lease payment was going to be $1 million per year. I think that if you go back historically when we started looking at this, the figure we were talking about was $100,000 per year and we were looking at tax revenue in the neighborhood of $1 million per year. You may be confusing the tax revenue versus the lease revenue.

Mr. Melillo asked, how did any of you have the time to study those documents that are over 2" thick when you have only had them a couple of weeks?

Mr. Parisi replied, we are not into that right now. We are dealing with this phase of the discussion which is the Community Host Agreement and that is what we are talking about. Please direct your questions to that issue.

Mr. Melillo stated, with regards to the water supply; we should put language in the contract whereas if we have a drought problem, the homeowners and residents of Wallingford will get the water supply dominantly. If it comes to the point where the water supply will have to be cut off to PP&L, so be it.

Atty. Small stated, the agreement does provide that, in the event that there is a shortage of water and the PUC were to take any action against the users of water in the Town, that they would be treated no differently than any other industrial customer. If the industrial customers are going to be cut back, so will they and that is in the documents.

Mr. Melillo stated, we should not be treated equally, we should be treated much better; predominantly over PP&L.

Mr. Parisi stated, we are saying that they are not going to be treated any easier than anyone else. They will be under the same restrictions; what ever the PUC comes up with for safety measures, to preserve the water supply, will be applied throughout the town.

Mr. Melillo asked, if PP&L decides to use the General Electric system that is different than the one proposed, they will be saving a lot of money relative to generating electricity, shouldn't we get a cut of that?

Mr. Parisi answered, no.

Mr. O'Neil stated, I would like to make the observation that, during negotiations, there were a number of areas that we did consider in terms of the likely future utilization of this plant and the public interest in having it running. The recent discussion of new G.E. technology kind of underscores the point. The new G.E. technology that was announced two weeks ago has achieved apparently a 60% efficiency which means that with absolute 3,414 b.t.u.s a kilowatt hour, that is absolute efficiency and the new G.E. plants get about 5690 (b.t.u.s). The reason that is relevant is, these plants are going to have, and under the lease, they can only be LM6000 (turbines). I believe they have a heat rate of about 9200. The new generation that is coming on line is going to be the generation that is going to run 8,760 hours a year. This plant is designed to be a peaking plant because its variable costs are going to be so high that the only time it will be able to afford to run is when, in fact, there is a real need for electricity. To a certain extent, you have to recognize that if it is not running, one of the risks are that you are not going to have enough electricity. This is not a company that is making widgets to export to South America. This is a company that, when it is producing, is going to be producing electricity so that if there is a drought or anything else, people will, in fact, can have the air conditioners on, the refrigerators can run and the lights will stay on.

Wes Lubee, 15 Montowese Trail stated, some of the comments we are hearing about the water permitting and so forth pertain to the utilities services agreement and you are allowing people to digress.

Mr. Parisi stated, I am trying not to allow this to happen, with all due respect.

Mr. Lubee stated, we will never get through here. The questions I have are very limited to the Host Agreement. Unfortunately, since the plan was revised into a peaking mode, I don't think we have bothered to change the module on display at the Electric Division offices. My questions are because all we have are footprint plans in the Host Agreement. How tall is this new building relative to the adjacent Pierce Plant? The building that will be along side the Pierce Plant building?

Mr. Smith answered, my recollection is, 30'.

Mr. Lyons answered, the new building will be about two stories tall; about 35' tall.

Mr. Lubee asked, is the second story set back as the Pierce Plant is set back?

Mr. Smith asked, is your question pertaining to being offset or set back?

Mr. Lubee answered, the "wedding cake" principle. The second story of the Pierce Plant is set back but the footprint that we have in the Host Agreement shows the two buildings

having a straight front. They both are the same distance from the curb. In the previous drawings, when we were dealing with a much larger plant, the proposed new building was going to be set back so that although the front of it was a full two stories high, it was set back even with the second story of the Pierce building and thereby was less imposing on the neighbors across East Street.

Mr. Lyons answered, do you recall the last presentation we made where we showed the landscape artist's rendering of the plant? You may recall that you didn't see any building because of all those trees there. The site plan we are looking at for this peaking plant is completely different from the model in the Electric Division. There will only be one relatively small building for controls and it will be set back; actually it will be much closer to the sound attenuation wall than to the front of the lot.

Mr. Gessert stated, we are arguing over a plan that used to be.

Mr. Lubee asked, the drawing that is in our Host Agreement is not the new plant?

Mr. Gessert answered, I am telling you that the model you saw at the Electric Division is the old plant from the original proposal. This plant, they are talking about building 35' high. The Pierce Plant is about 80' tall. This plant and most of the construction will be towards the rear of the Pierce Plant. Logic tells me that if the Pierce Plant is 80' tall, and this is 35' (tall) it is not going to stand out like a sore thumb.

Mr. Lyons stated to Mr. Lubee, you are looking at this exhibit that shows the rendering of the site plan. This shows our control building being perpendicular to East Street and in this rendering it was 35', not a "wedding cake" design but it was still lower than the Pierce building. We have revised it and are actually turning it 90 degrees and putting it back right up against the sound attenuation wall. It is going to be turned and back against the wall. It is relatively inconspicuous in this drawing and it will be even less conspicuous as we have revised it and much lower in elevation than the existing Pierce Plant.

Mr. Lubee asked, because the earlier design was for a much larger system and yet the building was set back of the front line of the Pierce building, why was it necessary to bring that building forward under the new scheme?

Mr. Lyons was confused by Mr. Lubee's question. He stated, there was no building in the old design that exists in the new design so I don't know what building you are referring to.

Mr. Lubee stated, I am referring to the building that was along side the Pierce Plant building under the old scheme.

Mr. Lyons explained, that was a steam generator building for the steam turbine.

Mr. Lubee replied, what ever, it was a building. It was set back and not flush with the front of the Pierce building. Now you have a smaller building but you are going to bring it forward towards the curb so that it is flush and I wondered why it was necessary to take that smaller building and bring it forward when the two story front would be more imposing than the taller Pierce building because the Pierce building has set backs in the second and third level.

Mr. Lyons answered, it is a different building; it is not necessary to bring it forward and we are not doing so.

Mr. Lubee stated, you're not? Then the footprint is wrong.

Mr. Smith interjected to say, the front of the Pierce building, the first tier, is probably about 30' which would be the same size as this new building. The reason they pushed the original steam boiler building back was for two reasons; one, to get the noise away from the street and, two, because they were trying to match with the elevation. It was a 90' building. If you recall that steam generation building was the same height as the top tier of the Pierce Plant. This building will be equivalent, in height, roughly to the front tier or first tier of the Pierce building. I don't think it is going to be imposing what so ever.

Mr. Lubee asked, my fears are ill-founded?

Mr. Smith answered, I think so. In fact I think it will be a little shorter than the cooling tower that is there now.

Mr. Lubee asked, with regards to the sound barrier, is that 50' high and is it of sound-absorbent or sound-reflecting material?

Mr. Lyons answered, it is primarily a brick wall. I don't know if that would be characterized as sound absorbent or sound reflecting.

Mr. Lubee answered, as a layman I would think of it being a hard surface and therefore probably more reflective. Why is it three sided? My concern is that 2,000 feet to the west of those jet engines are residences facing that open side which will now not only have the sound of the engines but also the sound reflected from that wall compounding that noise.

Mr. Lyons stated, that has all been taken into consideration in our noise modeling and we are still in compliance with state standards.

Mr. Lubee asked, will you live with that 51 dba level at the South Turnpike Road?

Mr. Lyons answered, the 51 dba level applies to all Class A receptors which is all residences. It would apply to any residential areas regardless of where they exist around the plant.

Mr. Lubee asked, do you think the noise will fall to 51 dbas after the sound has traveled 2,000 feet?

Mr. Lyons answered, according to our analysis, it will. The noise contour map showed that in our last presentation.

Frank Wasilewski, 57 N. Orchard Street asked, say in ten years PP&L has to divest of a company or what ever you want to call it and Wallingford is chosen; they have to get rid of it because they are going to create a monopoly because they have too many companies and they want to expand. If we get a new owner in Wallingford, does this contract still stand or do we have to negotiate a new contract?

Mr. Parisi stated, it stands, I believe I read that.

Mr. O'Neil stated, that is correct.

Mr. Wasilewski asked, regardless of who the owner will be?

Mr. Parisi answered, right.

Robert Sheehan, 11 Cooper Avenue referred to the third transmission line that will be part of the project. He asked, if this plant doesn't occur, didn't the Electric Division plan to put that third line in anyway? Didn't you make plans for that?

Mr. Smith answered, we anticipated and shown it a future budget, yes.

Mr. Sheehan asked, you estimated it would cost between $1 million and $2 million to do that?

Mr. Smith answered between $1,750,000 and $ 2 million, yes.

This concluded questions pertaining to the Community Host Agreement.

LEASE - TOWN OF WALLINGFORD & WALLINGFORD ENERGY LLC

Mr. Brodinsky referred to Page 23, Section 6.2, Removal of Improvements which basically states that the Owner has to remove much of what they have put up, if not all. He asked, what will not be removed in the event of a termination of the lease?

Mr. O'Neil stated, basically it will be sub-surface structures that are more than 1 foot below the surface elevation.

Mr. Brodinsky asked, when the lease expires in some 20 some odd years from now, would that mean that they would dismantle everything that they put up?

Mr. O'Neil answered, that is correct. They have that obligation although it may very well be when the lease expires and they have to face that obligation, the Town may say, "I'll tell you what, I will save you the cost of having to take it down; you pay me a little bit more to leave it." That is a negotiation. But as far as the obligations are concerned, there is an obligation to basically restore the land.

Mr. Brodinsky asked, is the Town better off with the building remaining to attract another lessee?

Mr. O'Neil replied, I hope I am around to express that opinion.

Mr. Brodinsky asked, do you expect the building to be a charge on the value of the real estate and that is why you want it down?

Mr. Smith answered, I think our concern was that twenty-five years from now we wanted everything removed so that we can start fresh with it. Between you and I it may be likely that we say, leave the building or we will buy it from you for $1 because it is probably going to cost a heck of a lot more to remove it than it will. The building may be the only thing of value at that point. It has more value if they want to extend the lease and continue to generate so you re-negotiate that part. Our concern was that they just didn't walk away and leave everything there and all of a sudden we have a dismantling problem.

Mr. Vumbaco stated that he sent a letter to Mr. Smith back in December before he even sat on the Council and he discussed how he was concerned with having some sort of "home control" over the project. He asked Mr. Smith to build into the contract the requirement that if there is any expansion or permit changes, or what ever that goes beyond the original agreement the Town is going to sign, that PP&L or Wallingford Energy, LLC or what ever they are called at the time that it may occur, that they come back for Council approval. I stated it at an earlier meeting held on this subject and Mr. Smith could not discuss it at that time due to his being involved in the negotiation process at the time. He stated, I am concerned because, as a Council, we are being asked to vote on a specific project and that project is for up to 4,000 hours of operating time besides a whole myriad of issues. It

seems to me that what Mr. O'Neil stated earlier was that we don't preclude the developer to go and expand or change the project without having to come back to this Council. I have a problem with that because I am voting on a specific proposal. My question is, was my concern addressed in this Lease? I am assuming that it was not by what was said earlier. I just need to know that.

Mr. Smith answered, Section 7.4, Alterations addresses the fact that the Owner shall not have the right to make any such alteration which results in a material adverse environmental impact. Secondly, they are restricted, by definition, to five LM6000 generators described as a 250 megawatt peaking power generation facility.

Mr. Vumbaco stated, Section 7.4, the last sentence reads, "...adverse environmental impacts." There are other impacts that could occur; that is my assumption and I could be wrong. To go back to Section 7.1, Use of Demised Land, it says, "Owner may use and occupy the Demised Land for the design, permitting, construction, testing, operation, management, expansion and maintenance of a facility and related equipment for the generation and transmission of electricity in a manner that is consistent with the design of the Facility." You (Mr. Smith) stated that they can operate full time even though they are proposing 4,000 maximum hours. If they decide they want to run this facility at 5,000 hours and they have to go back to a permit modification that they come in front of us (Council) first, the sitting Council at the time, to bless that action; to say, "Yes, we don't have a problem with that." We are sitting here making a decision for environmental issues; people on East Street and everything else that is for a maximum amount of 4,000 hours. If they are going to change it, I don't see why...it is a no cost agreement on PP&L's part to come to us and say that they want to be good citizens and have a good working relationship with the Town of Wallingford if we are going to go in front of the Siting Council because there is a determination that the electric rates have tripled and we want to run this for 6,000 hours. I don't want to tell them they can't make money but I do want them to come back to this Council for approval of a change in the agreement before they get that. That is my concern. I can't support this agreement unless that is there because I think we are giving up home control.

Mayor Dickinson explained, our view was that the project facility is defined as the five turbines, the other technical language. As I understand the meaning of that, it can only be a peaking plant. It can't really turn into a plant that would generate all of the time assuming normal conditions. Now I refer to what Atty. O'Neil referred to; should there be a circumstance where a plant like this must run more than expected, as a town, I suspect that we will be very grateful that it runs because that means power is in short supply. There is a caveat to that, under our utilities services agreement we are not obligated to supply water beyond a given amount. However, even there, if we have the water to supply, we will use reasonable means to supply that water, again, recognizing the overall public interest of the purpose of the plant, its nature, and that if it must be running, there is

a problem out there that everyone in town will be feeling the effect of if it does not run. Our view was, if there is no adverse environmental effect and there is not an adverse effect in terms of our utility supply, water, that if the plant has a need to run, our greater public interest is in having the plant run and provide the electric energy that is necessary for the grid and obviously, the Town is part of that grid. The facility definition means that this can only be a peaking plant. There is no doubt about that.

Mr. O'Neil added, it is very specific, LM6000s.

Mayor Dickinson asked, do we want to stand in the way of a meter running; it reaches 4,000 hours, there is a need in the grid for the power and we have to call an emergency meeting to convene everyone to determine whether or not we want the plant to run? I think we can come to a conclusion that that was not something we felt would be in the long term interest of the community.

Mr. Vumbaco stated, we wouldn't be having an emergency meeting if they were going to go over 4,000 hours because they have to go back to the Siting Council and through the proper regulators to increase it because they are asking for a 4,000 hour limit. Secondly, there are other conditions when this plant can run over 4,000 hours that might not mean that the electricity is being turned off in the town. That is a speculative point you are making. There could be a time when the power could triple in the rate and there is plenty of power out there, who knows? The point being that if power triples up to $.08 kwh, I am sure they are going to want to run more than 4,000 hours. And to take by pure definition that this is a peaking plant, you are telling me that these five turbines cannot run anything more than 4,000 hours? I don't think so. They can run 5,000 or 6,000 or 7,000 hours and still be considered a peaking plant. If I am wrong, someone please correct me. All I am asking is a pure, simple little request; if they are going to change their way of operating, that they come back to us, let us know and present the problem. I don't see what the big deal is, personally.

Mr. Parisi asked, is what Jim is saying true? They can't just up and change their period of operation, can they?

Mr. Lyons answered, the 4,000 hour limit is based on an annual amount of pollution coming out of the power plant. It is really a number that was "backed into" to avoid being a major source of pollution. What we really are restricted to is a level of pollution, in terms of our permit. Again, it is the economic reality in the market place that is going to limit our ability to sell power competitively in the market place. As Atty. O'Neil pointed out, there is this new technology that is more efficient. The fact is that the whole resource base in NEPOOL is becoming more competitive because of all of the baseload plants that are being put in. I think there is an economic limitation. We run all of our economics based on 1,800 hours. We are not anywhere close to 4,000 hours. The thought that we are

going to get over 4,000 hours is a pretty big leap. If we exceed that level of pollution, we would have to go back, get re-permitted, have to buy offset; it seems like an extraordinary set of circumstances that would get you anywhere near that level of operation. If you thought all of those things converge to happen, which I think could be very minimal in probability, I don't know what the problem would be at that point. If the implication is that it would have...we are still stuck with our 51dba noise limitation. If anyone thought that by operating more than 4,000 hours it had an adverse environmental impact, we are prohibited from making that alteration in the contract. We are really hemmed in on all sides in terms of contractual language and practical considerations. My own view is that it is a highly speculative set of circumstances where we would even get to that level. Even if we did, I don't see what the harm would be. If there were harm then we are prohibited from doing it under the contract. I think your people thought of all of those things and provided for them in the contract.

Mr. Vumbaco stated, this is a 20+ year contract, I can't predict what is going to happen 10 years from now. There could be a need; there could be a change in your corporate structure that says you want to run that plant 6,000 hours and we are going to go out and buy the credits that will be able to handle the pollution situation and we are out there running it and we are going to go to the State of Connecticut. Meanwhile, we have people living in town that said, O.K., we allowed this contract, for you to come into this town based on a lesser sized or lesser project. I am not saying that you are going to add turbines or anything else, all I am saying is, I am voting on this based upon a scenario that is presented to us. If that scenario changes, I don't see the harm in having to come back to the Council sitting at the time to tell them that things have changed, present your proposal to address those changes and ask for their blessing.

Mr. Lyons stated, I think you have to ask yourself, what do you think of the material aspects of this deal for the town? I would caution anyone against thinking that we are not promising to not run more than 4,000 hours. I am saying, based on reason and reality, it is impossible for me to imagine how we would run more than 4,000 hours. No, that is not an essential consideration in this deal. The plant is much smaller than it was originally. It does have a much smaller footprint and is much less obtrusive than it was. My own view was that the larger plant was environmentally acceptable. This is that much better. As a matter of, as a consequence of changing to a peaking plant, yes, it is highly unlikely that we are going to run even close to 4,000 hours, much less over 4,000 hours. I don't want anyone to misunderstand that we are making any representation contractually that we are not going to run that level. I would suggest that that is not material aspect of the project from the Town's perspective. It is immaterial. Even if it ever happened, it is still a much smaller, much less obtrusive plant than it was before. By virtue of the technology that we are using, the realities of the economic market place, the permitting constraints and all of these other things, plus the contractual language that is in the contract, makes it nearly impossible for us to run more than 4,000 hours. But I would submit that, even if we did, it

really doesn't matter. I do think it is important to point out that, no, we are not promising to run less than 4,000 hours but I don't think that makes any difference.

Mr. Vumbaco asked Mr. Smith, earlier you talked about the letter from our Appraiser and Mr. Brodinsky asked if that came into play at all and you said, no, not really; what criteria did you use to establish the lease?

Mr. Smith answered, my motivation was to try and replace the value we are getting from Pierce now without having to invest any money, without having any annual hiring/operational costs; that was the goal. What they did look at was some other projects, see what they derived from a facility. For example, Killingly sold property to the project. Unfortunately, or fortunately for them, they had a larger project, 38 acres, they got $30,000 an acre as a one-time payment for the use of the property. In Bridgeport, they had an annual lease assessed at $140,000 a year. Obviously, that project is more than twice the size of our project. We got other benefits out of this project; the fact that we are not going to spend $1.5 - $2 million for the transmission line was a big element in my evaluation of the cost. The possibility of emergency generation facilities also weighed in. The bottom line is, how much money could I get out of the thing? We will also save a little in de-commissioning costs.

Mr. Vumbaco asked, is it safe to say that you might have traded off some monthly rental payments because you are getting upgrades in the switchyard or transmission lines, etc.? Was it looked at in a broader aspect or was it...

Mr. Smith answered, I think you have to feel your way out as to how much you think you can derive out of this deal. Is there an absolute number? My starting number was about twice the amount of where we were and they were at one-fifth the amount of where we were. We came down to an agreement. Admittedly, I would like to see more of an inflation factor. I had to trade off some things. They were much lower. The other influence on me is, we received six proposals originally, who offered a range of opportunities and one of the ones that I weighed it against was _____ Power was one of the other proposers. They offered $650,000 annually for the property but that included taxes, water, sewer and lease payments. It was a total package for about a 250 megawatt project and, at the time, we thought it was a very attractive offer....there were a number of factors that were weighed in to the decision. Part of the people we negotiated against are sitting out there and I have no idea what their numbers were. When you walk away, I am sure they were frustrated with what they had to put up and I am a little frustrated with what I had to give up. From that we came up with a number that makes the project affordable and viable. My concern is that we don't want to cause bankruptcy on the project because they have a right to walk away. If this project is not successful the Town loses the lease payments for years to come as well as the tax payments. We may have a void there and may be able to fill that void at some future date but if it is not filled we have no revenue.

We had to balance that whole process.

Mr. Gessert stated, if both parties walk away somewhat satisfied and not completely satisfied, then you probably got a good agreement.

Andy Kapi, 14 N. Turnpike Road referred to Page 5 of the Lease, Section 2.3, Town Representations and Warranties. He stated, this section includes provisions which ostensibly would not constitute a default under the Town's organizational documents, which means the Charter. In the CMEEC negotiations in 1994 in which you (Mr. O'Neil) participated and helped advise the Town, I found a set of remarks transcribed in our minutes of December 13, 1994. The remark Mr. O'Neil made at the time, "some things were put in there because there are limitations in this Town's Charter about the ability to contract. Great pains were taken to make sure that we didn't do anything that was contrary to the Charter of the Town of Wallingford. That is why there are provisions in there that require that we exercise certain extensions demanding affirmative action in trying to deal with the unique complexities of this Town and its governing ordinances." I assume from that that the extensions to the ten year contracts that were under consideration for CMEEC, you were implying to say that it required an affirmative vote from the Council at a ten year juncture to extend that contract.

Mr. O'Neil stated, you are going back quite a few years but it is a sufficiently inarticulate statement in that I don't deny I said it.

Mr. Kapi asked, why is an exception being made in this case, to come and contract directly with the Town rather than under the terms that describe the powers of the P.U.C. in contracting ten year agreements? As far as the general powers of the Council, Chapter III, Section 5 of the Charter reads, "The Council shall have the power to take, purchase, hold, condemn, lease, sell and convey such real and personal property as the purposes of the Town may require." Our Charter goes one step further in Chapter XIV, Section 3, Contracts, Sales, Lease and Agreements which describes the more specific role of the Public Utilities Commission. It reads, "The board may in the operation of the Department of Public Utilities, either by itself or its duly authorized officers or employees enter into leases, contracts and agreements provided the term of such leases, contracts and agreements shall be limited to not more then ten (10) years...". It further goes on to say what happens when you try to dispose of a franchise which is a different case. Would you say that if some misdirected citizen wanted to challenge the 24 ½ year term of this contract, saying it was an inappropriate application of the Council's powers when a more limiting and specific provision elsewhere in the Charter calls for a ten year limit...could someone take that legal challenge into court and possibly catch a judge's attention?

Mr. O'Neil answered, obviously, as far as CT. law ____ are concerned, both back in the original CMEEC arrangement and also this case, CT. Counsels have been reviewing the

documents. I am hesitating to render an opinion with regard to CT. law. Looking at it just as a lawyer, I would obviously want to take a look at the documentation you have, the Charter, before I can respond. You just gave a good explanation, I tried to follow you as well as I could but I have to take a look at it. I must say that it is my experience, after 30 years or so in the business that, yes, people can bring matters to court and there are an awful lot of 5/4 Supreme Court decisions as you well know where five justices think the four justices who dissent with them are crazy. The fact of the matter is, yes, people can litigate and that is the nature of the system.

Mr. Kapi asked, if some misdirected citizen wanted to bring action and Section 2.3 of the lease represented that there was no problem with the Town Charter and PP&L or Wallingford Energy felt that they were unduly delayed on the project due to the action, what would the penalty be? Would they be able to exercise their termination rights?

Mr. O'Neil answered, certainly. There are certain situations where they have the right to terminate in any event. That clearly is a possibility.

Mr. Kapi stated, it must be observed that, in every other aspect of the conduct of this negotiation, it was handled by the P.U.C. It was handled in every way consistent with Chapter XIV, Section 3, "Duties and Obligations of the P.U.C." except in terms of the term of the lease, in putting forth a 24 ½ year lease instead of a 10 year lease. We had an action here a week or two ago at which time it was stated that an action by the P.U.C. could only be vetoed or disapproved by this Council and not revised. This is, in some fashion, an extension of the same principle. In essence, if the Charter says, a ten year lease is what the P.U.C. can bring before the Council, you are now saying something very differently. It can be viewed as sort of stretching the Charter to accommodate real world business needs for a particular applicant.

Mr. Parisi stated, I would think that questions on the Charter would be better directed to the Town Attorney and not at Mr. O'Neil, Atty. O'Neil, excuse me. Please direct your questions on the Charter to the Town Attorney.

Atty. Small stated, I would not agree with your last statement that this has been an act entirely of the P.U.C. and it is only here for the Council because the term of the lease is beyond the term provision regarding the P.U.C. The whole idea of seeking a potential tenant to use this site was started in a meeting with the Town Council to see if the Town Council had an interest in it and all through the process the Town Council has been consulted. It may be that, administratively, you have the P.U.C. and Ray Smith doing the actual underlying, day to day, minute detail work but that would make sense because that is where their expertise is but, certainly, the Council, Mayor's Office; everyone has been involved in this as a town project. As to your concern about the provisions of the Charter, yes, anyone can sue and make just about any claim they want to make and I frankly

believe that a judge viewing the two provisions will say that the power of the Town Council is, in fact, far greater than that of the P.U.C. and that is why there is a limitation on the P.U.C. but no such limitation on the Town Council. I don't believe there to be a conflict at all. If I remember correctly, in order for the Council to veto what the P.U.C. does, it takes seven votes. I think there is a built in check with that ten years so that even if you can't get the seven votes, you can't have something beyond the ten years. I think it is to recognize the fact that the P.U.C. is a department, a division of the town, not the town unto itself and that the Town Council, in fact, has greater powers with respect to leasing, purchasing of land than any department, particularly the P.U.C. I don't believe they contradict each other at all.

Mr. Kapi stated, Section 7.1, Use of Demised Land includes, as a permitted use, expansion and maintenance of the facility which only takes on more significant a meaning when you read Section 7.4, Alterations which refers, again, to the permitted uses. This implies the invitation is there to change the facility in some fashion. I understand earlier statements about the LM6000 configuration but when you get down to the last statement in Section 7.4, "...that Owner shall not have the right to make any such alterations which result in a material adverse environmental impact." by not having control measures coming back before the Council to ask for changes in operating methodologies, you have to include statements like this that are vague and contestable. Would you, Mr. O'Neil feel that comfortable defending our position on terminology that seems to be open to interpretation such as that?

Mr. O'Neil answered, I think your comments deal generally with the rights the owner has under section 7 and the extent to which those rights might be limited in any way. The owner desires and, in fact, probably requires the flexibility to run a business. It is the nature of generation that there are evolutionary changes that take place. There may be new nitrous oxide control devices that might be installed and the owner needs the ability to be able to make change and not be hamstrung in the ability to basically run a viable generation project. Not only do they need that as a practical business matter but in order to finance the facility the bank is not going to want to have the project viewed as basically hobbled in some way and cannot operate efficiently. There was a viable interest or real interest on the Town's part in making sure that the owner had enough flexibility to, in fact, run a going concern subject to certain checks and balances. The first of course was listed in Section 7.1, Use of Demised Land , which did make specific reference to the LM6000s. That was intended not to preclude evolutionary changes but it was intended to preclude very substantial changes without them coming back to the Town for approval. The change, with regard to environmental, was basically a fail safe. It was a further protection against something that could be deemed to have an adverse environmental impact. It was not the intent to try and tie the developer's hands. The project probably would not be bankable had we done that.

Mr. Kapi replied, whether or not it is permitted under the Charter is a totally separate question. In a twenty-four and one-half year period, the changes in evolutionary things you are talking about, you are almost requiring that they take place, as opposed to a ten year lease. You are putting conditions in place that almost require that. How might you reconcile the use of the word "expansion" in Section 7.1 with your reference to the limiting peaking plant terminology?

Mr. O'Neil answered, there may be a decision made at some point in time, for example, to put in additional transformers for purposes of redundancy. The initial project is probably budgeted in such a way to take into account a combination of the risk the project faces, the inability to generate as a result of plant failures, combined with a market price at which the expect to get the electricity. If the market becomes very, very attractive from the seller's standpoint, the owner may very well decide that it is in economic interest to mitigate the potential of forced outages or other things that will prevent them from getting to the market by expanding the facility to put in redundancy in certain areas.

Mr. Kapi asked, in crossing the 4,000 hours you then reach a labeling where you become a major source of pollution?

Mr. O'Neil answered, I suspect that you could have one of these evolutionary changes, for example maybe a modification, to recognize new technology that may actually reduce the pollution substantially. There are, in fact, developments as I understand it, I think ___ is trying to commercialize them or new nitrous oxide technology that may actually have a very attractive comparison to the current SCR (system catalytic reduction) has ammonia and other things that may be replaced with new technology. You may find that what would happen is, the project might be eligible to operate at more than 4,000 hours with much less pollution than when they operate at 4,000 hours.

Mr. Kapi asked, again, in crossing the 4,000 hours and becoming a major source of pollution, would you see that as something that is absolutely ruled out by the force of that statement in Section 7.4?

Mr. O'Neil answered, no, because by definition when you start talking about material adverse effect, that is not the limited in either pounds per hour or pounds per year and therefore it could be interpreted by someone in a different way. I would not say that was preclusive.

Mr. Kapi replied, the inclusion of that sentence does not accomplish very much and, if becoming a major source of pollution is not necessarily a material adverse environmental impact then that shows how nebulous that language is and how its inclusion does not guarantee anything. I wanted to tie this in to some similar observations in the Utility Services Agreement but I will come back later.

Mr. O'Neil stated, sometimes language like this has more effect than might appear on the surface. For example, if this could create the potential for a violation of the lease, the risk element that the owner would have to take is, does the owner want to take action that, at the end of the day, may result in finding out that they have violated the lease because what are the consequences of that? Even though it is ambiguous perhaps in the sense that it does not guarantee the Town will prevail in its opinion, it would be a very powerful and potential risk that the owner would take in trying to ignore a situation that the Town thinks causes a problem and wants to make an issue of it.

Mr. Kapi asked, were you under the impression in negotiating these documents that we were not looking to negotiate or safeguard any "prohibitions" against changes in operating methodology that we may or may not wish to review at some other point in time?

Mr. O'Neil answered, to the contrary, it was made very clear to me by Mr. Smith and other representatives of the Town that the Council had certain areas that they very much wanted to make sure that they wouldn't have a run away project on their hands. That is why we did try to put in the protections that we did. There were certain issues in terms of the degree of specificity that you could effectively craft into an agreement and so totally displace judgment that you might basically, you will sink the ship with all the life preservers; the weight of it would be too much. There was an element of judgment that went into trying to craft a deal. Could it have been done somewhat differently? I suppose so. Could we have held out long enough to make sure we got nothing? I suppose we could have done that, too. Ultimately, at the end of the day, as Mr. Smith said, on balance, when you look at the total package, did we get 105% of what we wanted? No. Did we get 100%? No. Did we get 95%? Yeah, I think so; I think we did pretty well.

Mr. Kapi stated, Mr. Smith said earlier that the situation may come to pass whereby we both may end up walking away from this and take the knowledge that we learn from this experience and take it out and invite other people to come up with another plan. The third option would have always been to invite a third player to the table who would give us those control elements and prohibitions that this negotiation did not yield.

Mr. Gessert asked, are we in Wallingford or Utopia? We have to be realistic here.

Wes Lubee, 15 Montowese Trail stated, I think the discussions earlier this evening lop-sided a little bit of just how large a bombshell was dropped on our town about a year ago when Don Fields, the General Manager of Business Development for PP&L Global on February 5th said that they were going to invest $200 million in Wallingford and that would generate anywhere from $1.9 million to $3.7 million in tax revenue; $3.7 million, plus profit-sharing, plus rent. Those were his words, not mine. We are now left with an unattainable dream, I guess, for PP&L and for the Town where reality has brought us

down to $125 million invested and an initial tax revenue of $1.6 million declining to $586,000. which is a long ways from $3.7 million+++. Just to put it into perspective....

Mr. Parisi interjected, so is the size plant a long way from the original proposal.

Mr. Lubee continued, unfortunately, some of us bought the initial (project) are still holding onto the tail and that is all we have. About this lease agreement, over a five year period the agreement is going to be generating approximately $873,000 average per year; please hold that $873,000 figure if you will. We have already, this year, committed to spend the equivalent of $655,000 of that revenue. I say this because if we look at that open space grant that appeared in the paper this week for $427,500 and if we look at the senior center on Monday, $3.4 million.....

Mr. Gessert interrupted to say this has nothing to do with the terms of the lease.

Mr. Parisi stated, we are talking about the lease.

Mr. Lubee added, and what it will generate.

Mr. Parisi replied, what it will generate, yes, but it has nothing to do with the senior center at this point.

Mr. Lubee pointed out that he was not talking about the senior center, he was trying to explain to the Council the bond issues which the Town has already contemplated for the very near future and how much that is going to cost versus the lease income.

Mr. Gessert answered, the Electric Division does not have any bonds.

Mr. Parisi replied, that is right, that is apples and pears.

Mr. Lubee stated, we are talking about the tax revenue generated by this lease...

Mr. Parisi replied, I know what you are talking about. You are talking about spending it and you are not considering other money.

Mr. Lubee stated, do you realize how much time we are losing just going through this prattle?

Mr. Parisi asked, why do I have to listen to your prattle? You are talking about things, we want to discuss the lease.

Mr. Lubee answered, and so do I.

Mr. Parisi replied, then please get at it.

Mr. Lubee asked, when will we have the opportunity to talk about the tax revenue? Under which contract did you have that in mind?

Mr. Parisi asked, where does that come under?

Mr. Smith answered, the obligation to pay taxes is a part of the lease. There is _____ for the developer to pay what ever taxes are due on the property; personal property, real property as Mr. Jackson discussed.

Mr. Parisi stated, we will discuss it right now.

Mr. Lubee replied, that is what I wanted to do, Mr. Chairman.

Mr. Parisi replied, well just do it.

Mr. Lubee answered, let me. He continued, you are going to have an average of $873,000 per year generated from the lease. That lease is going to offset the other expenses we are going to have right now.

Mr. Parisi answered, no it isn't but go ahead. There is other monies, too. This is not the only thing we are going to live on is the lease payments.

Mr. Lubee answered, I know but we have to try to ____ the income...everyone is fascinated by how much this is going to bring into the town and it really isn't going to bring in as much as many people think and I would like to put it in perspective. I won't dwell on that subject any longer because of the hour. I reserve the right to bring it up later, though. As far as the lease is concerned, Atty. Robert O'Neil in his cover letter, page 2 mentions, "Beginning in June of 2001 the developer must pay a minimum of $1 million in taxes or payment in lieu of taxes." Our Assessor has estimated that that would decline to $586,000 by the fourth year. In the lease agreement, on page 10, it says, prior to the commencement date but after June of this next year, the rent to be $450,000 per year, plus $100,000 plus no less than $1 million for real and personal property taxes. I had two questions about that; first, it calls for $450,000 plus $100,000 plus $1 million. That $100,000 was isolated because that $100,000 was to be adjusted for the changes in the C.P.I. Why or the $1.6 million are we adjusting such a small amount on the C.P.I.?

Mr. Smith answered, Mr. Jackson (Assessor) in his letter dated February 16, 2000 laid out a program, again, based on the estimates as he qualified those, that taxes would start off at about $1,590,000. and after the eighth year still be $1million and then decline ultimately

after fourteen years, it becomes $586,000. That is not the lease payment. The lease payment will be $450,000 plus $100,000 which will escalate at C.P.I., that is outside the taxes.

Mr. Lubee asked, why did we isolate out just what ever thousand to be adjusted for the C.P.I.?

Mr. Gessert answered, because the taxes can't be adjusted for the C.P.I.

Mr. Lubee asked, what about the other $450,000 Dave?

Mr. Gessert answered, you asked about the $1.6.

Mr. Smith stated, I think you misspoke at some point or quoted a wrong number, Mr. Lubee, with all due respect. You are talking about an average of $873,000., I think Mr. Jackson's number said that they are going to pay an average over fifteen years of over $1 million per year. Be that as it may, it came down to negotiations, as I said earlier, one of the things I was disappointed in was that I did not get a better escalator on the C.P.I. I could have had it on a higher component but with a lesser lease payment. It was just the way the negotiations ended. I was looking for some adjustment in the C.P.I. There were two choices out there and I picked the one that got us the most money. When you go back to the original proposal where they said they would give us a lease payment and some option on the profit sharing, that was still on the table. The lease payment at that point was $100,000 and it was 3% of available cash. That means there is risk involved....and I would rather just know what my payments are going to be over ten or twenty years than question each year how much profit or how much cash is being generated by the project because that would require full blown audits and challenges each year. I thought the idea of a bird in the hand is worth a bird and one-half in the bush is what I was following in this case; assuring ourselves some finite payment regardless of whether they did or did not make a profit. Obviously, if they are not going to make a profit, they are going to terminate this project and get out. We hope they will make a profit so they will pay the taxes and the bills. To put this in perspective, this will be the second-largest taxpayers in the Town, behind Bristol Myers, on property that currently does not generate any tax dollars. They decline in taxes just like any other business entity; the taxes go down as a result of depreciation or life devaluation on their equipment. That is no different than any other entity in the Town.

Mr. Zappala left the meeting at 10:30 P.M.

Mr. Lubee stated, what you were referring to as far as Assessor Jackson was concerned, was his fifteen year figures and they did over $1 million but my average was over the life of the lease, twenty-four and one-half years. I asked Mr. Jackson why he chose fifteen and

he said that he thought because it from the fourteenth year on it would have plateau'd so there was no need to repeat years 16, 17, 18, 19, etc. all at the same figure. My average was for twenty four and one-half years, the life of the lease and yours was.....the rental figure of $550,000 broke out $100,000 to be assessed by C.P.I. because that was the best deal that you could get.

Mr. Smith answered, I was offered a lesser amount starting point with a higher C.P.I. adjustment and felt that this was better to make sure we get....

Mr. Lubee stated, you wanted to adjust more than.....$100,000?

Mr. Smith answered, yes.

Motion was made by Mr. Brodinsky to break for a recess since the Council had been sitting for 4 ¼ hours, seconded.

VOTE: Mr. Zappala was absent; Centner, Farrell, Knight, Rys, and Parisi, no; Papale, Vumbaco and Brodinsky, aye; motion failed.

Pasquale Melillo, 15 Haller Place, Yalesville asked, is the Town asking for trouble after hearing about the ten year restriction in Charter as Mr. Kapi pointed out?

Mr. Gessert answered, if the Council is satisfied with it, it will be approved by the Council, not the P.U.C. The Council has the ability to enter into a 99 year lease for $1.00 per year if they want to on a piece of property; they can do anything they want. The P.U.C. is not signing a twenty-four and one-half year lease. If this Council approves the lease, they will be signing it or designating the Mayor to sign it on behalf of the Town. The decision is with the Council and not with the P.U.C. We are not approving this lease, we are not signing it. The Council can make any terms they want for as long as they want. The Council will be the one approving it and signing it or designating a signer.

Jack Agosta, 505 Church Street, Yalesville asked, will the part about providing 70% coverage to the Town going to be in the lease?

Mr. Parisi stated, go ahead, let's answer it and get it done.

Mr. Smith answered, 70% coverage is not what the contract calls for. The contract requires them to start the generator up and supply East Street with power. Right now we have no coverage. There is no emergency power in this town. The lines that are now serving us were out as we experienced in April of 1994. With this project and with the configuration that they will provide they will be able to start up one of any of the four generators to supply power into this bus. The way that our system is designed, our

distribution system, East Street serves roughly 50%; North Wallingford services 25% and Colony Substation serves about 25% of our load. By switching internally to our distribution system, on our side of the wires, we may be able to expand the area that we normally serve from East Street to easily get 70%. We may even be able to get up to 80 or 90%, I don't know what it is. It is all controlled by us, not the developer, he has no say in this. All he is going to do is turn on the generator and we will put out as much as we can. It is like having a Homelite (brand of generator) in your backyard, you put it in, you keep putting things on until it trips off, maybe.

Mr. Agosta asked, is that what is in the lease?

Mr. Parisi stated, it is not in the lease but another section but I wanted to answer it for you.

Mr. Agosta asked, so there is something in there for that?

Mr. Parisi answered, yes there is.

Mr. Agosta asked, is the decommissioning of the plant addressed also?

Mr. Parisi replied, that is coming up.

Mr. Agosta stated, the dismantling of the plant should they decide to close up.

Mr. Smith answered, that is in the lease. There is an obligation for them to remove the equipment from the....

Mr. Agosta asked, if we decide that we want to buy that plant, what figure will they use, the depreciated value of it or...

Mr. Smith answered, it would be negotiated at that time. Let's think about this; if they can't make money off of this, I fail to see how we, without staff and without marketing abilities would be able to turn it around to make it a profit maker. Maybe we can and maybe someone will come along and say, yeah, we can do what they can't do so let's buy it and negotiate a price for it. My concern was always that they just walk away and leave this inefficient and unvaluable, not invaluable, but unvaluable equipment on the site that is why we required the guarantee to make sure they cleaned it up.

Mr. Agosta asked, hypothetically, you would negotiate a price, not by a depreciated price that they can depreciate down to....

Mr. Smith answered, I hope not to be here but maybe somebody will. What I think will be of value perhaps is the building. We may ask that they please leave the building because it

is only going to cost them money to tear down and they will not use it anyway; it is strictly a foundation with some walls and lighting. The Town may be able to acquire that for $1.00 or something; I am speculating. Otherwise, if they cant' find value in that machinery and equipment to keep it running, I don't think we would be able to make any more money than they can.

Mr. Agosta asked, is there a possibility that it could be put in the lease in case the opportunity presented itself where we wanted to take it? If we wanted the building? We would have the first opportunity to take the building?

Mr. Smith stated, we have a right to ask. If they are mad at us and say, "hell no, you have mistreated us for twenty years and have abused us, we are taking it out to spite you", they have that right as long as they level the ground and restore the soil or earth to the condition it is generally in now. We would not let them take the trees and landscaping out and some other improvements they have made but we are talking about equipment; they would not be able to take the substation out.

This concluded questions pertaining to the Lease document.

INTERCONNECTION AGREEMENT

Philip Wright, Sr., 160 Cedar Street stated that he did not parse out his questions according to any procedure the Council had because he was unaware of how the Chairman was going to handle it.

Mr. Parisi stated, ask your question.

Mr. Wright stated, you have lost your patience and you are not controlling this thing so that the public really gets the opportunity to ask the questions.

Mr. Parisi stated, I think I have been very fair to the public as far as talking. You are welcome to ask the questions.

Mr. Wright continued, at this point it seems to me that everyone is glassy-eyed up there and you have refused to take a break; I don't think you are being....

Mr. Parisi interrupted to say, don't waste your time admonishing me. Why don't you just ask your questions.

Mr. Wright stated, the question of interconnection; I assume that means that the third line, is that part of the interconnection provision here?

Mr. O'Neil stated, the question is whether or not the third line is part of the interconnection agreement?

Mr. Smith answered, this is really to delineate what will be our facilities, their facilities; how we will take their power and bring it into our system and transmit it out to the grid; who will be responsible for the maintenance of the substation. We still have not defined the absolute point of demarcation between the power leaving their system and coming into our system. That is going to be a function of how the substation is ultimately designed. This is not about the transmission line per say.

Mr. Wright asked, does the question of whether they guarantee that we are going to get it to 70%; where does that fall in?

Mr. Smith answered, the emergency power agreement is the document which requires and establishes the terms and conditions under which they will supply emergency power. There is no reference to 70% because that is nothing they can control. They are going to put on a generator or what ever we can handle at the East Street Substation and we will switch our system to provide power to as many citizens as we need or as many customers as we need. I thought this question may come up tonight. I have a map here that might be useful.

Mr. Parisi encouraged Mr. Smith to make use of the map.

Mr. Gessert stated, while Mr. Smith is getting the map out let me point out one thing. One of the things depends on the time of day. Obviously, at night, your load is much lower and you should probably handle more than you could if it was daytime and had all these businesses with large demands. If it was an evening outage, you might cover more territory.

Mayor Dickinson stated, this is not the subject of the interconnection agreement. No one is objecting to taking it up outside of what is on the table, so that everyone is aware.

Mr. Parisi stated, no, that is fine, thank you very much.

Mr. Smith referred to the map stating, this map depicts our service territory. We have three substations; East Street Substation, where the plant will be built; Colony Substation and North Wallingford. The blue area is generally served by Colony (substation), the green area is generally served by North Wallingford, and the red area encompasses over 50% of our territory and customers is the East Street Substation. If all the power goes out; all the lines serving Wallingford go out; we are in a black-out situation; what has to happen is there has to be a generator that can start at East Street and we will start re-building the system. We will have a power source in the East Street and we will start

connecting customers back onto it. That means closing breakers, closing switches, we will eventually work our way back out to the system. We are talking hours and hours and hours. We don't have that capability today. There is zero capability to supply emergency power if all lines go down. We experienced that in 1994, most recently. We are getting something we don't currently have. The developer, all he can do is start his generator. He has no control over the system, how we operate the system, internally. We have said that it is likely that we can get about 70% of our territory restored. That is going to take hours. Maybe the lines get reconnected in the meantime. IF this goes on for days or something, say the 1965 blackout where it took a day and one-half to get restored, the least is we will get a core of customers in service. We can set up shelters and places where people can go. We may not be able to get out to the fringe territories. The Water Treatment Plant has its own emergency generation so that will be taken care of but that is what we are talking about. There is no way that it can be put into the contract that the developer has to supply power to "X" percentage. Does everyone follow that to this point?

Mr. Wright answered, I understand that. My question is, are we guarantee that we will get power through the town regardless of everyone else if we have a failure?

Mr. Smith answered, we are guaranteed that they will make every reasonable effort to start the generator. Let's say that a gas line blows up at the same time all of the electric goes down and it won't be possible for them....

Mr. Wright stated, I understand.

Mr. Smith continued, subject to force majeure, they will start it. We will pay them what ever they have to pay what the gas rate is plus a penny a kilowatt hour. These are probably going to be short term durations. I hope they don't last more than two or three hours or four and five hours but it is provided for in the emergency power agreement.

Mr. Wright stated, we are guaranteed, if they can produce power that we will get power.

Mr. Smith answered, if it is safe to do so. If our substation didn't blow up, they can't do that.

Mr. Wright asked, do the lease payments go to the P.U.C.?

Mr. Gessert answered, that is correct.

Mr. Wright asked, will the P.U.C. continue to provide a couple of million dollars per year as they currently do to the general fund?

Mr. Gessert answered, we have an agreement in effect now, based on our gross revenues and we will continue to pay that.

Mr. Smith answered, the ordinance requires 4.5% of gross sales.

There were no further questions on the Interconnection Agreement.

EMERGENCY POWER AGREEMENT

Mr. Brodinsky stated to Mr. Wright, I don't read the agreement as providing a guarantee of emergency power. There is a difference of interpretation here on that.

Mr. Knight stated, there are going to be circumstances and maybe I don't understand the technical aspects of it right now but, would there be situations where PP&L would be obligated to put power on a grid but yet we would not be receiving power off the grid? Is it possible?

Mr. Smith answered, it would not be within their control to do that. Typically, if the grid goes down, these types of plants are used to re-start the system. We are connected to the system so we will be able to siphon off at least some power for us. They would probably be obliged to go out and start the rest of the units, assuming that the transmission system is available to accept it. We are talking about condition that has monumental or catastrophic impacts. If the transmission system goes black, that means that every substation or feed in this area is just out; everybody is out. Now you are going to start re-building the system. What we can do is isolate and start re-building ours early. Will they be asked to start their generators? To start the next one and the next one? Absolutely. If the system rebuild comes from this direction; it may come from another direction....

Mr. Knight asked, we will have three different lines coming into Wallingford, is it possible for one of those lines to still be supplying power and the other two dead?

Mr. Smith answered, sure.

Mr. Knight asked, if one of the lines that is still live is the 115kv over which they transmit their load and the other two.....

Mr. Smith interjected, under that condition, they probably could not start all five units and send it out because there are limits on how much power you can push across certain wires and if it is only one of the lines, it probably could not take 250 megawatts.

Mr. Knight answered, this is only 115kv.

Mr. Smith answered, it doesn't matter, it probably could not take 250 megawatts. That is why there is three.

Mr. Knight stated, it is over my head. Is that, in essence, what the problem is?

Mr. Smith answered, that's it. I haven't looked at it or done a detailed analysis but it certainly is marginal.

Mr. Knight added, there probably would be very few circumstances where, if we were out of power and we are not receiving power off the grid, they would be obligated to send power outside without supplying us?

Mr. Smith answered, that is correct. Again, in twenty years it has happened twice since I have been here; in 1994 it took five hours. They would have been generating for about 5-6 hours that day which would have been helpful. The other event was a very short, brief duration in the early 1980s. There have been two events in the past twenty years but that doesn't mean that it won't happen five times next year.

Mr. Gessert stated, we had a situation within the past 24 months where we had a line coming in from Devon that died and we spent a lot of time getting everyone switched so they could be served from the north end of town and then that line went down and the other one came back on. We were switching all day and it was two different directions.

Mr. Lyons stated, the Emergency Power Agreement provides that an emergency exists whenever there is an interruption in the 115kv system that makes said transmission system incapable of supplying electricity to the Town of Wallingford. It had nothing to do with whether we can export power, it has to do with whether or not we can import power. When you can't import power, we provide you emergency power.

Mr. Rys asked, with regards to the Emergency Power Agreement, I know there is something in the contract that identifies rates and so on and so forth. Do you remember what that is?

Mr. Smith answered, it will be what ever the cost of fuel is to produce the energy, plus $.01 a kilowatt hour. If they have to pay $.03 we pay $.04. All things considered, I am not going to argue or quibble over the price under those conditions. It is going to be a short duration and we will be happy to get it.

Mr. Rys asked, it will be pretty much close to what we are actually paying?

Mr. Smith answered, in today's market it could be anywhere from $.03 to $.04; what ever it costs them to buy the gas to turn it into electricity.

Mr. Rys asked, will it result in fuel adjustments?

Mr. Smith answered, no. We are talking about a short duration, over a year's time; five hours out of 8,700.

Mr. Rys asked, you would absorb that?

Mr. Smith answered, we would absorb that to keep the customers happy and get the lights back on. (P.U.C. Commissioner George Cooke left the meeting at 11:06 P.M.)

This concluded questions on the Emergency Power Agreement.

TRANSMISSION SYSTEM UPGRADE UNDERTAKING

Mr. Brodinsky asked Mr. Smith, in your opinion, what is the approximate cost for PP&L Global to comply with this transmission system upgrade undertaking contract?

Mr. Smith answered, somewhere between $2-3 million.

Ms. Papale asked, when will the power line be finished?

Mr. Smith answered, as soon as possible, I hope. This is a separate process that they have to submit to the Siting Council. There was a construction schedule attached. The goal is to have this line in service and operational by the Spring of 2001.

Mr. Centner pointed out that the Lease Agreement has the actual milestone chart.

Mr. Smith added, we don't have control over some of the land and that may be one of the longer duration milestones but there has to be equipment ordered; they have to finalize the design once they find the route by the right poles. It could be next Spring. We may have certain time frames that we don't allow them to cut into our lines because of our operations. I think they are showing a January, 2001 completion; actually electrical interconnection, January 31st of next year.

Ms. Papale asked, where will these lines be run?

Mr. Smith answered, out the back, across the Electric Division property. Parallel to where the current line runs out to the landfill and it will take a different route and eventually get

over to Hall Street and Pent Road and go down and make the connection into the line past Pent Road down south of the dog pound there.

Ms. Papale asked, have negotiations been started with anyone?

Mr. Smith answered, yes. We have had numerous discussions with CL&P. They are aware of the project because they have to do the study and they have to approve what changes have to be made to the system to allow this upgrade. If there were no project coming along, we would have had to do this anyway; to go to them to get approval that we can change the configuration of the transmission system to accommodate the third line. What is going to happen is they will build a new tower with a double circuit on it and take the existing double circuit and make it into one circuit. They take parallel conductors instead of being two different sources, it will all become one source that goes out on that current "H" frame arrangement.

Ms. Papale asked, by going in this vicinity; we all hear different things around town and I heard that there may be a one or two year closure of the landfill…

Mr. Smith stated, this will be outside the landfill. They will come across it aerially but it will not effect the closure of the landfill.

Ms. Papale asked, this won't effect the power lines at all, with the landfill being closed?

Mr. Smith answered, no. We currently have power lines running across the landfill. That is our primary source, the only feed into the East Street Substation now. We come out through two mountains of landfill. The problem is that we can't parallel that route because of the way the landfill has _____ over they years so we are coming back out onto Pent Road.

Ms. Papale asked, Pent Road; is that where our CRRA plant is?

Mr. Smith answered, no, that is off of South Cherry Street.

Ms. Papale asked, this has nothing to do with Ogden or CRRA? You don't have to talk with them to negotiate…?

Mr. Smith answered, they are aware of the project. I know they have been contacted about it. There will be certain times that transmission lines have to be worked on, etc.

Ms. Papale stated, I am a little surprised that things aren't more definite with the people involved in this.

Mr. Smith answered, we have two or three optional routes. There was a route plan that went across the Recycling Center. We had numerous discussions with Phil Hamel (Town's Project Coordinator of the Town's Resource Recovery Project) and the people in Program Planning. They thought that the tower and pole adjacent to one of their unloading platforms was going to be problematic. We told the developer to go back and work around that. Now they came up with a couple of different options. The most direct route would have been a pole right adjacent to the Recycling Center where the dumpsters come in and off. There was concern about how high the trucks are so we had to move it. There are a lot of conflicts out there. They have done a lot of soil borings and have established preferred locations and now we have to see how that fits. There has been about three designs, at least, on this project. We are working on two as you see on the back of the drawing.

Ms. Papale asked, can the developer go ahead with the project if they don't build the transmission....is that part of the whole project?

Mr. Smith answered, yes. We made it absolutely a commitment. They can't build the project unless they build the transmission lines. That is an absolute. They can build the transmission line and walk away and not build the project but they can't have the project and use our existing transmission system.

This concluded questions pertaining to the Transmission System Upgrade.

Mr. Farrell left the meeting at 11:45 P.M.

CORPORATE REMOVAL GUARANTY

There were no questions presented by either the Councilors or public on this document.

UTILITY SERVICES AGREEMENT

Mr. Centner referred to Page 3, Section 3.1, Sale of Electricity, and asked, do we have an estimate of how much electricity would be required by the plant when it is not producing?

Mr. Smith answered, I think they are still fine-tuning that. My own personal estimate is about 200 kilowatts per hour; like a small commercial customer. They need to keep oil pumps and some circulating equipment going. They have to rotate the turbine, on occasion, to keep it from becoming unbalanced. Lighting will be required for their maintenance building and things like that. I haven't gotten the final numbers. But it will be about in that range.

Mr. Centner asked, are they allowed to shop outside of Wallingford?

Mr. Smith answered, no.

Mr. Brodinsky asked, with regards to the same section (p.3, section 3.1), in general, it obligates the town to sell to the power plant electricity, but there does not seem to be a force majeure clause here; what happens if we can't provide electricity? Say the grid goes down and we can't....what is our escape clause?

Mr. Smith answered, our tariffs which cover that. If we can't supply you and we can't get you power, we have no further obligations. It is just like any other homeowner or business customer.

Mr. Brodinsky asked, does it say "subject to the tariffs" and, if so, where is that language?

Mr. O'Neil answered, if you look at Page 13, Section 13.13, Conflicts with Tariffs, you will find it is addressed.

Mr. Brodinsky asked, what, specifically, does the tariff say?

Mr. Smith replied, tariffs include rules and regulations of the Electric Division to the extent that we can serve, we are obligated to serve.

Mr. Brodinsky asked, what specific language does the tariff have in it that gives us the escape in case we cannot supply the power for one reason or another?

Mr. Smith answered, it is within the rules and regulations and I can't quote the verse and chapter but it is in there. We will supply power when we can. If we can't, we can't.

Mr. Brodinsky asked, regarding the sale of water, Page 4, Section 4.1, Sale of Water, the last sentence reads, "Owner agrees that during times of water shortage as such may be declared by the Town from time to time, Owner shall comply with limitations on water use that are imposed by the Town on industrial customers on a non-discriminatory basis." During a couple of the meetings that we had that was attended by PP&L, there seemed to be an impression left that if there was some sort of request for rationing, the power plant, PP&L, would be treated like any other customer meaning that they would participate in that rationing but, isn't it true that there is no requirement that any commercial customer or industrial customer comply with voluntary rationing?

Mr. Smith answered, no. If we get to certain levels and we have a water supply plan that fully describes that and Mr. Dann can describe that, we do have specific steps. We have

never gotten to that point; we have never gone to the point where we have mandatory industrial rationing. The first thing we would have this customer do is cut off their irrigation. The irrigation which we want to keep the landscaping beautiful is going to be the first casualty just as it is with homeowners and anything else.

Mr. Brodinsky asked, is that in a tariff? Is that in an ordinance? What is the legal authority for you to just have them shut off the valve?

Mr. Smith answered, the rules and regulations of the Water Division.

Mr. Brodinsky asked, and what, exactly, do they say?

Mr. O'Neil stated, under the agreement, it is also the tariffs that may be modified from time to time. If there were concern about non-compliance, for example, if the tariff does not already provide, if the rules and regulations don't already provide, this contract would permit or would not prohibit the utility department from saying, "if you don't comply, we will shut the water off completely." It is pretty clear that the power resides with the utility to decide what it is going to do. As long as it is not discriminatory.

Mr. Brodinsky stated, that is if the tariff says that.

Mr. O'Neil added or, if today, tomorrow or the next day. It is whatever the tariff provides at the time.

Mr. Brodinsky stated, that is why I want to get to the bottom of the tariff. It doesn't do me much good to refer to a tariff and say that controls it if we don't know what is there. I need my comfort level raised that if there is a water shortage, what legal, binding authority do we have to force them in spite of the agreement.

Mr. Gessert stated, Roger (Dann) may have the answer.

Roger Dann, General Manager of the Water & Sewer Division stated, with regard to the tariff, itself, I don't have it with me this evening and I don't recall the specific language contained within the Water regulations. I believe, in general however, if we look at the way in which we would handle a water contingency plan, initially we look at voluntary measures and, by their very nature, voluntary implies that we look at cooperation. The reason we would seek that cooperation is to avoid having to impose mandatory measures on the customer base. When we get into the position of mandatory measures, there is also a need for certain enabling action which would probably involve the Council. In terms of providing penalties for non-compliance and implementation strategy associated with that. I believe, at the point in time, where there was a formal, mandatory action for conservation

that then, in fact, our rate structure, our rules and regulations would allow us to take action against any customer that violated those orders up to and including termination of services.

Mr. Brodinsky asked, the first line of defense is voluntary compliance?

Mr. Dann answered, correct.

Mr. Brodinsky stated, so that if someone out there doesn't want to comply, they don't have to?

Mr. Gessert answered, that is correct.

Mr. Brodinsky stated, the next line of defense would be for the Council to enact some ordinance that would permit the shutting off of water service, is that what you said?

Mr. Dann answered, it would incorporate enforcement mechanisms; it could be a variety of....

Mr. Brodinsky asked, and they are not now on the books?

Mr. Dann answered, that is correct. There is no ordinance currently on the books.

Mr. Brodinsky asked, in the event of a water shortage, the only line of defense is voluntary compliance as things now stand?

Mr. Dann answered, I believe that is accurate. But I would like to go back and review our rules and regulations. It is also possible that when we wrote those, we incorporated language in those regulations that allowed us to implement termination of service for failure to comply with directives of the Public Utilities Commission. We have language to that effect in our rules and regulations that, in effect, we do have a means to enforce. We might still approach the Council because, short of terminating service, as an enforcement action, we might prefer to have a system by which we can fine customers or in some other way, short of the most drastic action available to us, seek to enforce a mandatory order.

Mr. Brodinsky stated, I just didn't want the point to get lost in the verbiage. The language "they will be treated like any other customer" and "non-discriminatory basis" bottom line is, if they want their water, they are going to get it unless the Council enacts an ordinance, isn't that true?

Mr. Dann answered, that is true for any customer so, to that extent, it would be non-discriminatory.

Mr. Knight stated, I will comment, and I think it is only reiterating what Mr. O'Neil said; I think it is kind of ironic that we are so anxious to write language in that will restrict their ability to operate when they may be the most important entity we could possibly have in times of water shortage. I will turn off my lawn sprinkler and I will do a lot of things to keep my lights on and if we are faced with an alternative; I find it just ironic that we are so anxious to turn the tap off on a utility that might be providing us power.

Mr. Vumbaco referred to Page 3, Section 3.2, Price . He asked, what is the price they are going to pay for the electricity?

Mr. Smith answered, we don't know. It will be the rate for a rate 5 customer.

Mr. Vumbaco asked, which is a normal industrial customer?

Mr. Smith answered, for a large industrial customer. The point of demarcation is 400 kw.

Mr. Vumbaco stated, it has been said tonight that part of the restrictions on their operation is the amount of water we are providing them. I think the Mayor and Mr. O'Neil stated that but I can see clarification on the agreement; it does state that 250 gallons per min., 350,000 gallons per day or 60,000 (sic) (million) gallons per year. Then there is a following statement that says, "providing, however, that if at any time the water requirements for the construction, operation and maintenance of the project exceeds the level set forth above, owner shall promptly notify the Town of its best estimate of such excess requirement and the Town shall use its reasonable efforts to supply the project such excess amounts of water." In theory, if I read this right and correct me if I am wrong, my read on this is the fact that if they do want to operate above and beyond their 4,000 hours that we keep talking about, the Mayor and Mr. O'Neil stated that this limits them to that operation because we are limiting them to 60 million gallons but are we really limiting them to 60 million gallons because they can request more and we have to provide it. How do we not provide it?

Mr. Gessert answered, you bring up a good point. If, at any time water requirements for construction, operation and maintenance of the project exceeds the level set forth above, owner shall promptly notify the town of its best estimate of such excess requirement and the Town shall use its reasonable efforts to supply the project with such excess amounts of water. It says that if they tell us they need more water than anticipated, we will make our best efforts to supply it. Obviously, that would depend on the time of the year, how much water is in the reservoir, where we are at capacity and what the general weather patterns are. If we are low, I would assume that Mr. Dann is going to come back and say, "sorry, you're limited." If the reservoirs are up to 89-95% capacity and it has been raining for a week, Mr. Dann might say, "go ahead, we have plenty."

Mr. Vumbaco stated, all I am asking, Mr. Gessert is, what is reasonable efforts? It looks to me right now...it was stated that this is one of our controlling points for them not going beyond what this original plan is that is being presented. If we have 90% as you just stated, how can we tell them no. I am saying this is being used as one of the control points and I am just looking for where that control point comes into play.

Mr. Gessert replied, good point.

Mr. Centner left the meeting at 12:00 Midnight.

Mayor Dickinson stated, I think in my comments I reflected that there was an obligation in here to supply beyond if we could supply the water. The reasonable efforts are defined in Appendix A "Defined Terms". The use of water for any business in town can vary. It depends upon what the need is at any given time. If any home, any business needs more water, they don't even notify us, it is just utilized. I imagine if it is a very large user, that could create problems but, if we have the water, generally the Water Division is interested in selling water. That is the way they function; that is their product. If we had the water, they are very willing to sell it as a general rule. We don't operate so that, depending upon the entities in town, if they go over a certain amount we won't give them any more water. They turn on the tap and the water comes out. There were concerns about how much water this project could absorb and there was language put in the agreement regarding what would be a customary level that they would expect. However, we are also saying that if we have the water to sell, that we are not saying that we will refuse to sell it to them. Then you get into the reasonable efforts which is defined as I indicated. We are in the business of selling water and part of this, the attractiveness of it, is that there is a new customer for the Water Division. Mr. Dann can speak to that better than I can. The revenue is a factor in there being able to provide services.

Mr. Vumbaco replied, that was not the issue I was debating. I was questioning the fact that a while ago I discussed the area of home control and one of the results of my question was that this clause allows us to somewhat control their operation therefore we don't need what I requested, which was for them to come back to this Council. All I am saying is, if we have a full reservoir out there, this does not allow us to not let them go beyond there. Someone, maybe it wasn't you, Mayor, maybe it was someone on the Council, but someone had made the statement during the course of this evening that this 60 million gallons provides us that control and it really doesn't. If they want to run 5,000 hours and they get permission to run 5,000 hours and we have the water, we have to sell it to them.

Mr. Lyons stated, I just want to take the opportunity again, to dispel the notion that it was an objective of this negotiation to limit the number of hours that this power plant would operate. I suspect that that was an objective for the Town's negotiating team that would have done a much more effective job of doing it. Your are absolutely right, Mr. Vumbaco,

this provision in the Utilities Services Agreement was never meant to limit the number of hours that we would operate. Nor was limiting the number of hours that we would operate ever stated as an objective of any negotiation. I said it before, I want to say it again, this was never on the table as an issue of concern. We have stated many times what our anticipated number of hours of operation are, coincidentally the maximum hours that we would have under the permit because we tried to provide full information to the Town. It is not an element of negotiations; we wouldn't want to contractually restrict the hours that we would operate, nor has the Town ever indicated to us that it was important that we do so. We are complying with noise restrictions; all environmental regulations; we have the economics of the market place to face; these are all circumstantial limiters and practical limiters on the numbers we will operate but it is not our intention to limit the number of hours we will operate nor is, I want to point out again, was it ever expressed to us by the Town, that it was an objective in the negotiations. It is very important to dispel that illusion. A lot of people, with all due respect, seem to be focusing on whether the agreements do a good job of limiting the hours that we are operating. They probably don't and it wasn't intended to do so. We are not trying to sneak one past anybody, it just wasn't an issue in negotiations. We are facing all of the realities we talked about before which, coincidentally, may restrict hours of limitation at some theoretical upper limit level. It was never an objective of either side to limit the hours of operation contractually nor, I would submit again, should it be a concern because we are going to stay within the noise limitations, we are going to develop the plant to be environmentally acceptable and an attractive site and all of the other things that we have spent a lot of time and money doing. Limiting the hours of operation was never an objective on either side. I hope that helps to clarify that.

Mr. Brodinsky replied, it is somewhat stunning to me that so many people believed that 4,000 hours was some sort of a cap. It is just not shear coincidence. We got that impression from somewhere and we got that impression from a series of meetings, announcements, impressions left that 4,000 hours would be it and, even that, was a theoretical number that you would probably never reach. Yet it is tonight, for the very first time that, as you say, the intention has been kind of smoked out and now you are saying that it was never your intention to stop it at 4,000 and I take you at your word. I am just saying that it is not shear happenstance that so many people were under the same impression, that 4,000 hours would be a cap and the provision in the obligation to sell water, which seems to dovetail with 4,000 hours, only reinforced that. I appreciate your candor.

Mr. Lyons stated, I am not saying anything tonight that is inconsistent with anything we have ever said before. The 4,000 hours will be a defacto limitation in our air permit. We are using state-of-the-art pollution control technology and it is a coincidence defacto limitation on hours of limitation that is far in excess of anything that we would reasonably expect to be running under the economic parameters of this project. If there was a

misunderstanding on anyone's part that it was an intention to do that as a goal of ours, that is not the case. I hope you appreciate that distinction. It will, in fact, be a permit limitation because of the calculations of air pollutants and the technology that we are going to use which is the best available technology. From that perspective, it is, in fact, a limitation in our air permit but it is not limitation....the Town never said, "we want you to only operate 4,000 hours" that is not how we got to that number.

Mr. Brodinsky replied, we know that now.

Mr. Lyons asked, was there ever a question in your mind that the Town had suggested that we run only 4,000 hours?

Mr. Brodinsky answered, not just in my mind, I think there is a lot of people with an expectation that the intent of the parties was, it will be up to 4,000 hours and that will end it. That was my impression and I don't think I am alone in that. I appreciate what you are saying; it is out on the table, that is all I ask, now we have to act accordingly.

Mayor Dickinson stated, not everyone was party to all negotiations at all times. I don't think Atty. Lyons was always involved. There were, as I recall, discussions regarding 4,000 hours and I recall a representative from PP&L indicating that they would not agree with that as a cap because of the figure coming from the issue of the air permit. Our issue was over water supply and some other factors. The issue did come up but it was not one that reached a point where the parties could agree on it. That is my recollection on it and I don't mean to contradict you here but that is my recollection of it.

Mr. Smith stated, I do recall there were some discussions on the operating hours. In fact, what we tried to capture is through the water supply or part of it and that is where the 60, million gallons, in fact, comes from, is their calculations on how many gallons of water they would use for 4,000 hours. Coincidentally 60 million gallons is what they would use in 4,000 hours. That is what we intended to capture. With all due respect with what Mr. Lyons said, he was not there at every (negotiation) session but, certainly, this was discussed and I think Atty. O'Neil was probably at most of the meetings with me, if not all, and we did put this in here; there was an attempt to capture what the essence of the 4,000 hours would be. Yeah, it is not specific because what they said is, "we don't know exactly what our permit will be, we don't want to put absolutely 4,000 hours." We had those discussions.

Mr. O'Neil stated, the comments that Atty. Lyons were correct in the sense that there was never any indication on the part of PP&L to cap the hours. They did not want to be tied down that way and we did talk about the fact that if water was available we would make more water available to you. When it got to the point of, is this a deal-breaking issue; is

this deal going to crater because you folks won't agree to cap at 4,000 hours; it never got to that.

Mr. Smith stated, we did discuss the 4,000 hours, absolutely.

Mr. O'Neil stated, it was discussed.

Ms. Papale asked, will PP&L sell electricity that it produces to the Town?

Mr. Smith answered, not initially. Not through the year 2004 because we already have a wholesale power agreement that says we have to buy all of our source from them, except for the emergency generation.

Ms. Papale asked, when the new plant is not running, it will still need electricity?

Mr. Smith explained once again how the plant will need electricity for incidentals, lights, heat, telephone, etc. and for rotating the turbines to keep them from becoming unbalanced from sitting in one spot. They will be buying from us when they are not generating which is ¾ of the year. They will be a good customer because they will not buy on peak, they will be generating on peak. They will be a good customer.

Wes Lubee, 15 Montowese Trail stated, Page 4 of the Utility Services Agreement, which was the subject of some discussion a moment ago, reads, "the Town's obligation to supply water shall not exceed 350,000 gallons per day.." that adds up to 10.5 million per month or 52 million gallons over a 5 month period, just setting aside that 60 million gallon preference of Mr. Smith's, if you are just looking at that 52 million gallons over the five summer months. This is intended to be a peaking plant, we all know that. It is going to be operating primarily in the five summer months when, we too, are going to be using water ourselves so this is something that we are all individually concerned with, even though Steve feels that the potential coverage of a brown-out six years ago is more important than his lawn, my $25,000 landscaping is very concerned about this so, let's talk about it for a moment if you will. At what ____ and date would water rationing commence?

Mr. Gessert answered, we don't have a date but Mr. Dann can tell you at what capacity levels would trigger certain actions.

Mr. Lubee stated, let's look at last summer, for example...

Mr. Gessert replied, I just said Roger (Dann) could answer it.

Mr. Dann explained, the drought contingency plan that we have relies on various trigger levels which are generally geared towards percentages of our normal reservoir storage. As

we fall progressively further and further....and of course that fluctuates seasonally. What would be a trigger during a winter month wouldn't necessarily be a trigger during a summer month, for example. It is seasonably variable. As we hit each of those thresholds then there is a staged response called for in our contingency plan.

Mr. Lubee stated, a lot of things have been said which are not really as meaningful as they were intended. For example, people have spoken about the tremendous amount of water that was consumed by our Pierce Plant when it was in full operation some years ago, relative to the amount of water that is being proposed to be consumed by this new power plant. Everything is relative. The amount of water that was consumed by the power plant ten years ago was in relation to the size of the town ten years ago and with the same capacity in our reservoirs we have today. We have a lot more demand today. The comparison is somewhat odious. In this particular case, if we were to take last year, for example, which was not as bad as the '95 year, at what point last year were these triggers that you refer to, initiated for water conservation?

Mr. Dann answered, last year we were on the verge of the first steps in conservation. I think we had already put some information out there suggesting that we were looking for some voluntary conservations such that we wouldn't be required to consider more formal action by the P.U.C. If you add to that ongoing demand, some additional demand for the power plant, it is possible that we would have crossed that threshold and we would have called for those initial stages of conservation. It is true, that increment that gets added is going to be true for every new connection to the system. This is a somewhat larger connection but each new customer adds some incremental load to the system and therefore has some impact upon the date and time when we cross over that threshold.

Mr. Lubee stated, I don't think that residential customers think they should be privileged even though it is their water company. I think the only feeling is that they want to make sure that they are treated equitably; if they are going to make sacrifices, that others are being asked to make equal sacrifices. When residential customers are restricted to odd and even, which is one of the first steps, what is the industrial policy at that point.

Mr. Dann answered, odd and even actually goes back a number of years and that type of request for conservation is driven, no so much by the reservoir storage as it is on the peak demands on the system. What we were having with was getting recovery in our water storage tanks so we didn't want everyone watering every single day. Since the times when those odd/even restrictions were placed, we have done some significant improvements in our water distribution system. At this point our distribution system and tankage, through the addition of the new tankage up at Gaylord, is now better matched to the current and projected future needs of the system. I don't think that type of request is likely to recur, but you never know. The other type of conservation does relate to what is going to be in storage and as we get involved in that type of reductions, I think the first thing we are

likely to look to is going to be some of the outdoor consumptions; irrigation consumption, for example, and those customers who may have irrigation only-type service connections. The portion of this facility which is geared towards irrigation needs would fall into that category. If we asked other irrigation customers to reduce their demand, we would ask that this project do the same thing.

Mr. Lubee asked, when residential customers have their exterior water use banned; lawn sprinkling, automobile washing, gardening, etc., what is the industrial policy at that time?

Mr. Dann answered, they would be subject to the same bans on outdoor use that the residential customer is. At that point in time there may be some more specific reductions requested of the industrial customer. For example, we might request the industrial customers to reduce their draw by a certain percentage. Depending upon where we were in this phase of the emergency response plan, we might be asking for a specific percentage of reductions from the industrial customers.

Mr. Lubee stated, you were kind enough to share with me a study the utility had done back in 1996 by Milone & McBroom and that study had a basic premise; if we had relatively zero growth in 1996 until the year 2010.....in their study they did make specific recommendations to the P.U.C. that there should be certain triggers which they delineated and when those triggers were touched, there should be certain steps taken. Was this ever adopted as policy by the P.U.C.?

Mr. Dann answered, no, this is not a policy document. The planning document makes recommendations as to those measures that the P.U.C. should consider imposing at that point in time. Those measures would be considered at the point in time it is brought to the P.U.C. for them to act upon.

Mr. Lubee stated, when we impose a clause in the contract which says that we will restrict water to this new power plant in a non-discriminatory way, but we don't have any predetermined policy that either the lessee or the Town can look at and say, "this is what we are agreeing to", it is so vague. They are very exposed and we don't know if the current P.U.C will even be sitting three years from today. We don't know what those gentlemen would do but there is no policy yet, a policy will be written at that time to suit that situation and it could have an imposition on our lessee that they are not even envisioning. I think that is a weakness we have in that Utility Services Agreement. On Page 5, subsection 5.2, Price , it reads, "Notwithstanding the foregoing, if the annual average daily domestic waste water flow from the Project to the Town's domestic waste water collection system is in excess of 25,000 gallons per day..."l I wondered, what is significant about the number 25,000?

Mr. Smith answered, there is no significance except that it was a recognition that we are going to look for a contribution if their flows ever get to this level. Typically, we do not require this of other customers but we have it by contract here.

Mr. Lubee stated, we envisioned them using consuming 350,000 gallons for both domestic and industrial use, right? What happened to the other 325,000 gallons? Did they just go up in steam?

Mr. Smith answered, it goes up in evaporation in the water injection cycle of the combustion process. It goes out the stack. It is not used for cooling; it is water injection for emission controls.

Mr. Lubee stated, the latest version of the original design; the last version that we had called for 3 million gallons of water daily from the North Haven wells and only 200,000 gallons were to be delivered by Wallingford. At that point, when that was on the table...TRC, in their Draft Environmental Effects Report said, based on the projected 2010 maximum daily demand of 8.3 million gallons per day and the current available yield of 9 million gallons per day, the margin of safety would be only 1.09 million gallons; well below the 1.15 million gallon safety factor recommended by the Department of Public Utilities. When I brought this up I was informed that this had been addressed with TRC and they had acknowledged an error in these computations. Have you, Council, received any modification of the Draft Environmental Effects Report from TRC correcting these errors?

Mr. Dann asked, are you referring to the review by TRC or by ERL?

Mr. Lubee answered, TRC. It is included in the minutes of the Wallingford Town Council. If those figures were correct, it would mean that we would have to have a new reservoir on line by the year 2010 and that would be involving many more millions of dollars.

Mr. Dann stated, I don't recollect those specific numbers. I know that at one point of time, perhaps it was in the TRC report as well, there was some problem with what was being compared to what. In other words, you don't compare maximum daily demand to system safe yield; you compare maximum daily demand to your facility capacities and you compare average daily demand to your safe yield. So, at one point in time, there was an incorrect comparison made that resulted in a calculated safe yield that was far lower than the actual percentage that applied. For this particular project that is now proposed, those calculations have been done. In fact, ERL has done those and I can provide them to you.

Mr. Lubee stated, my point is this. I am referring to page 17 of the July 19, 1999 Town Council Minutes and it is not something that was involved in discussion; it was a reprint of

Section 7 of the Water Supply Report of TRC's Draft Environmental Effects Report. All I am saying is, what you might give to me is not sufficient. I am saying to the Council, you have in your minutes this information. If this information is not correct, that is all the Council has to go by and they are being asked tonight to vote on a subject with nothing but misinformation in front of them. If we have not corrected this information then they should wait for the correction; not me, those who will be voting.

Mr. Dann answered, I think, at a subsequent meeting specific to this project as it is now configured, that information has been provided both by myself and ERL in reviewing the environmental report that has been submitted specific to this project, as it is currently configured.

Mr. Lubee stated, my question to the Council and its Chairman is, have you received modified figures from TRC's Environmental Report?

Mitchell Warmbrand, Environmental Risk Limited stated, the numbers that you are referring to are definitely from the previous version of this plant which was a combined cycle plant which was a much larger version water consumer than this particular plant is. The safety margins now are much, much higher; well above the 1.15 (million gallons) and TRC has made the corrections that you are looking for.

Mr. Lubee asked, have you, the Council, received them?

Mr. Parisi stated, we were told this was in process, yes.

Mr. Lubee asked, but you haven't received them yet?

Mr. Parisi replied, haven't received them yet, no; but we were told they were in process.

Mr. Lubee commented, I am sure you will all look forward to seeing them before you vote.

Mr. Warmbrand stated, the new numbers are in their latest report and we have reviewed those.

Mr. Parisi apologized, stated, we have gotten so much material, the figures are in the manual that Mr. Knight is holding.

Mr. Lubee asked, what is the date on the manual Steve?

Mr. Warmbrand answered, that is the January 31, 2000 report.

Mr. Knight confirmed the date and referred to Section 6, Water Resources Analysis. He offered the manual to Mr. Lubee to review.

Andy Kapi, 14 N. Turnpike Road asked, is 350,000 gallons per day the maximum this plant can use in a 24 hour period of operation?

Mr. Dann answered, yes.

Mr. Kapi stated, with regards to that number, if there was a request for an increase beyond 350,000 gallons, we would have to assume there would be some different operating procedure or change of the facility, itself. If we were in a non-drought situation in June and July or a prior-to-drought situation and they requested rates of usage including weekends....that were heading us closer to drought but we had no rationing scenario in place, with the addition of language , "provided that if, at any time, the water requirements of the construction, operation and maintenance of the project exceeds the level set forth above, Owner shall promptly notify the Town of its best estimate of such excess requirement and the Town shall use its reasonable efforts to supply the project with such excess amounts of water".....

Mr. O'Neil stated, it was my understanding that if the Town felt that if they had the water available, they were in the business of selling water.

Mr. Gessert stated, if you were in a potential drought situation and it is 98 degrees and it is humid and Mr. Dann is watching the reservoir level drop every day, that is a little different ball game; totally different.

Mr. Kapi replied, the ball game becomes more apparent in August then it does when they are making a request for additional sustained usage amounts in May, June and July.

Mr. Gessert answered, we haven't had too many droughts in May. They usually come in mid to late summer.

Mr. Kapi replied, we can precipitate them coming earlier by granting additional usage amounts beyond the amount set forth in this agreement.

Mr. Gessert replied, that is incorrect; we don't create droughts.

Mr. Kapi repeated, we can bring on a rationing scenario quicker by not limiting the requests for additional excessive amounts of usage requested by.....

Mr. Parisi stated, we can go on until.....

Mr. Kapi next referred to Page 6, section 6.2.3, Modifications which reads, "In the event that the Owner requests any additions or modifications to the Town's facilities, or requests service in excess of that provided in this Agreement which additional service would require additions or modifications to the Town's facilities...." thereafter there is a formulation as to how the costs may be distributed for facility upgrades, he stated and asked, when you (Mr. Dann) read that language, which of our delivery systems or facilities do you see potentially coming into question sooner and possibly quickest?

Mr. Dann answered, at the volumes that we have placed in here; the 250 gallons per minutes; the 350,000 gallons per day and 60 million gallons per year figure as well as evaluating their need for fire flow, we have not identified any facility upgrades necessary to meet that requirement. Without knowing which of those parameters might be subject to a request to increase, it would be difficult to figure out which component of the system might be most likely to require an upgrade. In general, the most likely scenario would be that the distribution system immediately proximate to the facility would be where I would anticipate an upgrade first, though.

Mr. Kapi asked, is this entire section 6.2.3, something the owner requested?

Mr. Smith answered, yes, I think the owner was requesting this because he needed to identify what hidden costs there may be in connecting into the system.

Mr. Kapi asked, are we really anticipating an excess demand beyond the levels set forth in this agreement that is going to lead to our having to upgrade our facilities and our delivery systems?

Mr. Smith answered, no.

Mr. Kapi commented, if there were intended originally to be control mechanisms in these agreements, they are certainly undercut somewhat by the additions of some of these mitigating languages making it harder to say no to requests for excess amounts. There seems to be no absolute limiting in either the lease or this agreement and therefore the entire issue of controls of this project and its operation beyond the levels which were really discussed...Mr. Lyons may indicate that that was never their goal, to limit operations to 4,000 hours other than the emissions permitting, but a lot of people did take it that way. If there is no provision to come back to this Council to change their method of operations...these measures and additions of language don't do anything. In fact, the terms of the twenty-four and one-half year length of this agreement, this language undercuts future Councils from taking a good, hard look at changes that they request from the State and the addition of these types of language allowing them to legally make a demand for additional excess amounts beyond these levels means that, not only do we not have those control measures in this agreement, we do not have them at a ten year interval.

We are taking those rights away from future Councils. This is not the kind of oversight on this type of project for twenty-four and one-half years that is appropriate. I urge the Council to look for someone who would give us those elements of control and say no to this agreement.

Mr. Lubee returned the manual to Mr. Knight, drawing the Council's attention to the last line of the first page which reads, "much of the following information on the Town of Wallingford water system was obtained from the Town of Wallingford Water Supply Plan dated July 1996 by Milone & McBroom", the study referred to by Mr. Lubee earlier. He stated, this is a re-hash.

Mr. Parisi answered, it usually is.

John LeTourneau, 3 Regent Court stated, I am in favor of this project. I have sat here for approximately 6 1/2 hours this evening listening to this. It seems like we are getting up on the 4,000 hour issue and the water issue. It is a twenty-four year contract. What if we have the water to sell? We are in the business of selling water. We have water to sell. Why are we limiting this business? I consider this a business just like Cytec; Wallingford Steel. Why are we putting limitations on them like this? If the technology changes in the next ten years and they can use the discharge water from the water/sewer plant as water, why are we putting limitations on them? Why can't they have 10,000 hours? If they meet the sound requirements and they meet all the requirements that the State puts forward for pollution, why can't they? I don't know who to direct it to but, I have heard this nitpicking all night long on water usage and hours. I just think that we are boxing a company in, whether it is this company or another company coming to town, we are going to box them in with a lot of restrictions. I don't understand why this company is being treated differently than another would.

Mr. Parisi stated, I think you make your point; I don't know where the answers would come from.

Mr. Brodinsky stated, I will direct this to the Mayor and Mr. O'Neil, about 4 ½ hours ago, we talked about constructive some minor tweaks to the contract. Is there going to be any effort to evaluate those and see if they can be worked in? It is nothing that is terribly time-consuming. I think you and I agreed, in general, that tightening up a little here and there; I don't think you disagreed with me on that and it really is minor language changes; is there any serious objection to taking some of these under consideration and working them in?

Mr. O'Neil answered, I will defer to Mr. Smith. I believe some of these agreements may have already gone through some _____ at the PP&L level the might require re-visiting.

Mr. Brodinsky asked, that is a reason not to type up a contract because they can't get to it?

Mr. O'Neil answered, no, I am just pointing out the logistics. It fundamentally is a business issue. This deal is not going to crater over tweaking. It is a question of timing; fundamentally a business issue.

Mayor Dickinson asked, what specifically, are the items?

Mr. Brodinsky answered, I don't want to review them but I mentioned the landscaping wasn't there. The noise and pollution standards could be complying with present state law but not liberalized so that there would be no more pollution or no more noise than presently allowed; things like that.

Mr. O'Neil answered, I wouldn't put that in the tweaking category. I think the landscaping issue, I don't think there is any question that the company is committed to do that. They may, by a separate letter agreement or something else, provide the confirmation that, indeed, they will do the landscaping. I don't see that as being an issue. I think that if you are asking them to contractually commit to maintain a level that may, in the future, be a higher level than the law requires, that goes beyond tweaking.

Mr. Knight stated, I hope that I get a chance on Friday night at 6:30 P.M. to vote for the agreement that I have spent so much time studying. I don't care for any more tweaking; I have got an agreement that I have hammered into my head. I intend to study it further and make my vote based on the several inches of material that we already have. I am glad that we have a meeting scheduled for 6:30 P.M. Friday.

Ms. Papale asked, are we discussing the meeting on Friday at 6:30 P.M. now?

Mr. Parisi answered, no, not really. What do you want to know?

Ms. Papale stated, this may be the appropriate time for you to tell us what is on the agenda for Friday night. We received a notice that there was a meeting but are we going to have further discussion with the people who are here? Are the public allowed to speak? Are you going to just ask for closing statement from Councilors?

Mr. Parisi answered, tonight is the night for input. Friday I am expecting Councilors to make a statement if they choose to or they can vote. I would like to vote this issue, Friday. That is no secret, I am very open about the schedule. I would like to vote it on Friday.

Ms. Papale asked, will the people be here that are here this evening? Will we be able to ask any other questions?

Mr. Parisi answered, I don't believe....no; tonight is the night for questions. Mr. Smith will be here.

Ms. Papale asked, will Mr. Lyons and Atty. O'Neil be here?

Mr. Parisi replied, no, I don't believe they will be here. If they want to be here, they can be. I don't know that Mr. O'Neil will be available. Tonight is the night for questions. That is the way this was all explained earlier. I will sit here all night if there are questions; I will sit here and listen.

Ms. Papale asked, our meeting will be at 6:30 P.M. and we will have a chance to give our comments about how we are voting and that will be it?

Mr. Parisi answered, right.

Robert Sheehan, 11 Cooper Avenue asked, will Friday night's meeting be televised like this one is?

Mr. Parisi answered, I don't think so but I truly don't know.

Ms. Papale answered, yes it is.

Mr. Sheehan asked, will the public have an opportunity to make comments at that time?

Mr. Parisi answered, I will try to get the vote underway as quickly as I can. Tonight is the night for comments.

Mr. Sheehan asked, the public will not be allowed to speak Friday night?

Mr. Parisi answered, I cannot control the process.

Mr. Sheehan answered, you control the meeting.

Mr. Parisi answered, no I do not. I control the meeting subject to motions that are made. I am just a traffic cop.

Mr. Sheehan asked, if someone makes a motion to exclude the public and you have a vote and if it goes that way, the public is out?

Mr. Parisi stated, if someone calls the question, the question will be called and voted on. We have gone through that before. You are not being shut out. Now is your time to speak.

Mr. Sheehan stated, I was going to save it for Friday....I may as well say it now for I feel I will be denied the opportunity Friday; I asked the question straight out and you didn't answer the question. I asked you, would the public be allowed to speak Friday? That is not a hard question. That is a yes or a no.

Mr. Parisi answered, no it is not a yes or a no, with all due respect, sir.

Mr. Sheehan asked, why isn't it a yes or a no? If this is a public meeting....

Mr. Parisi replied, if we start discussion and there is a call of the question, discussion is eliminated and the vote is taken on calling the question thereby the question will be voted on.

Mr. Sheehan answered, you are telling me that Friday, that will happen?

Mr. Parisi replied, I am saying it could happen.

Mr. Sheehan replied, I believe it will just by what you are telling me.

Mr. Parisi stated, I am telling you it is not a guarantee.

Mr. Sheehan stated, about the 4,000 hours; they are planning to run 16 hours a day, 5 days a week, 4,000 hours is 50 weeks. That just happens to be 60 million gallons at 250,000 gallons per day. The only benefit to the Town is money. There is no employment value; they will only employ 10 people. Our Mayor has a policy with open space and quality of life in the Town of Wallingford; that is one of his main concerns. He runs to get re-elected on that policy. I look at this as a quality of life issue for the surrounding neighbors. I read in the paper that they were only renters; the majority of people down there. They chose to live in Wallingford; they chose to work here; they all have electricity and I am sure they pay for it. I think the impact is too much for the area. They presented a nice program here; they are good; everything they said is fine and I have no question in my mind that they will meet any state regulation there is for noise, pollution or what ever. Just to do it because we figure we need it is no inducement to me. They can go to another community. The idea was that this third line was going to be their contribution; we already had that in the works and the third line was presented here before all of this as, if we had three lines the probably of all three going out at the same time was highly improbable. That still remains whether they are here or not and we put in the third line. That inducement is supposed to be $2 million and we are supposed to jump for joy. I think the people in that area, as a whole, the residents of Wallingford deserve more consideration than that. It is not about money; it is about quality of life.

Mr. Lubee stated, as far as terminating debate on Friday, I am sure that, as Chairman, it takes a two-thirds vote and so a motion to shut off debate a two-thirds majority according to Robert's Rules it does.

Mr. Parisi stated, I don't think you are correct.

Mr. Lubee continued, with five votes, you need a democrat to do that; I want to forewarn you. Tonight I was really startled to discover much of what was said tonight went right down the tubes. I watched Mike and some of the others make different points and watched Mr. O'Neil say, "wait a minute, I am taking notes" and we all had the impression that these points were well-taken. He even said, "good point", "yes, that is right" and now all of a sudden that none of these modifications are going to occur before Friday's vote. This makes a farce of this hearing. I don't know why Mr. O'Neil bothered to come up here.

Mr. Kapi stated, generally, people did not obtain copies of the documents and may not have had the opportunity to review them. Given the brevity of the agenda on Friday, I hope people will be allowed to make summary remarks of some type. My remarks would be brief and to the point but others might like that opportunity as well; they have gone home and are not here. To those folks who may hear a motion to call the question on Friday night, I ask that you take this process the slightest bit further to its culmination and allow people to finish their thoughts. This was a "segmented" discussion tonight and the time for summary appointed comments possibly did not come for some. I would ask for that opportunity again on Friday.

Mr. Parisi stated, I did not receive one call from anyone who needed information. If they did I would have broken my back to get it to them. I have announced that many, many times. I am happy to help anyone that needs any information.

Mr. Kapi replied, not everyone was made aware of when the documents were available. I had a friend who lent me his copy.

Mr. Parisi stated, I would have made you a copy, had you wanted one and that goes for anyone else that wants one.

Jack Agosta, 505 Church Street, Yalesville stated, what bothers me is that you had a 6-7 hour meeting, people brought suggestions forward and it seems like not one of those suggestions is going to be accepted and put into the contract. It is like it was cut and dry before you even came here. You should not have even had the meeting.

There were no other comments at this time.

Motion was made by Mr. Rys to Adjourn the Meeting, seconded by Mr. Knight.

VOTE: Centner, Farrell & Zappala were absent; all others, aye; motion duly carried.

There being no further business the meeting adjourned at 12:34 A.M.

Meeting recorded and transcribed by:

Kathryn F. Zandri
Town Council Secretary

Approved: _____
Robert F. Parisi, Chairman

_____
Date

_____
Rosemary A. Rascati, Town Clerk

_____
Date

HOST COMMUNITY AGREEMENT

The Host Community Agreement (this "Agreement") is made and entered into as of the __ day of February, 2000, by and between the **TOWN OF WALLINGFORD,** a municipal corporation existing under and by virtue of the laws of the State of Connecticut (the "Town"), and **WALLINGFORD ENERGY LLC** (the "Owner"), a Connecticut limited liability company.

WITNESSETH

WHEREAS, in August 1997, the Town of Wallingford Department of Public Utilities (the "DPU"), acting with authorization from the Town, participated in a solicitation for proposals to repower the Alfred L. Pierce Generation Station (the "Pierce Station");

WHEREAS, the Owner responded to the solicitation in October 1997;

WHEREAS, the DPU advised the Owner in February 1998 that the Owner's proposal had been selected for further negotiation, and the Owner and the Town entered into an exclusivity agreement in April 1998;

WHEREAS, the Owner will develop, own and operate a nominal 250 megawatt ("MW") natural gas-fired electric power generating facility (the "Project") on the Site that is owned by the Town and located within the Town's municipal boundaries;

WHEREAS, the Owner and the Town as part of this transaction are simultaneously entering into a Lease, under which the Town will lease the Site to the Owner, and certain other Project Agreements, under which the Town and the Owner are agreeing to certain other terms relating to the development, construction and operation of the Project;

WHEREAS, the Town has determined that the development of the Project is an appropriate use of the Pierce Station site;

WHEREAS, the Town has delegated, pursuant to its authorities under [insert information on authority] certain of the Town's authority to provide

electricity, water and sewer services for the Project to the DPU;

WHEREAS, it is contemplated that the DPU shall provide the Owner with support in the development of the Project as set forth in this Agreement;

WHEREAS, the Town is duly authorized under the laws of the State of Connecticut to enter into this Agreement, the Lease, and the other Project Agreements; and

WHEREAS, the parties desire to enter into this Agreement in order to establish the framework upon which the Town, the DPU and the Owner will proceed with the development, construction and operation of the Project.

NOW, THEREFORE, in consideration of the foregoing and the promises, covenants, terms and conditions hereinafter set forth, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Defined Terms. Unless the context otherwise requires, capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in Appendix A to this Agreement.

Section 2. Effectiveness of Agreement. This Agreement shall become effective immediately upon execution hereof by each of the parties hereto.

Section 3. Development Assistance. In support of the development and the financing of the Project:

(a) The Town agrees that upon the reasonable request of the Owner, the Town shall make Reasonable Efforts to assist Owner in the development of the Project. Such efforts shall include, but shall not be limited to, providing reasonable assistance to the Owner in negotiating the procurement of easements to the Site from third parties or third party land in the vicinity of the Site or the Construction Site, and assisting the Owner in connection with obtaining necessary Governmental Approvals required for the development and construction of the Project and the Transmission System Upgrades; provided, however, that in no event shall the Town be obligated to acquire additional property rights either through purchase or exercise of the power of eminent domain. As soon as possible following the Owner's request for the Town's assistance pursuant to this Section 3, the Town

shall provide the Owner with a good faith estimate of the Town Direct Costs that will be incurred pursuant to such request, the estimated time necessary to complete such request, and the payment schedule that would be required for the Town's performance of the work related to such request, in the form of an itemized list of such expenses, time, and payment schedule. The Owner will then determine, and will notify the Town of its determination, which of these services the Owner will seek from the Town, based on such cost and time estimates. At any time before the Town begins assisting the Owner with such work, the Owner may choose to perform any or all of such services without assistance from the Town. For purposes of this Agreement, the process established in the preceding three sentences shall be referred to as the "Estimation Process." The Owner will compensate the Town for all documented Town Direct Costs incurred in rendering such assistance in accordance with the payment schedule. In no event shall such costs include a profit element for the Town.

(b) The Town shall provide to the Owner, at no expense to the Owner other than as provided in this paragraph, all temporary easements on the Town property as shown on Exhibit A attached hereto that are reasonably necessary for Site access and for the development and construction of the Project and the Transmission System Upgrades. Following completion of the Estimation Process and the Town's performance of the work requested, and after receiving a bill for such work, the Owner shall reimburse the Town in accordance with the payment schedule for all documented Town Direct Costs incurred as a result of the provision of such easements, such as legal, surveying, and recording costs.

(c) The Town shall grant to the Owner, at no expense to the Owner other than as provided in this paragraph, such rights of way and easements on Town property as are described in Exhibit G hereto. The Town shall grant to the Owner, at no expense to the Owner other than as provided in this paragraph, such additional rights of way and easements as may be reasonably requested by Owner on Town property that is described on Exhibit G hereto. To implement the foregoing,

Owner shall prepare easement conveyance documents and shall submit such documents to the Town for its review and approval as to the form of such documents. Such rights of way and easements shall be consistent with the requirements of applicable ordinances and shall be provided in recordable form. If the Owner determines that rights of way or easements are required in addition to those set forth in Exhibit G, the Town shall cooperate with the Owner and shall give due consideration to the Owner's reasonable request for any easement on land owned by the Town and required by the Owner to exercise its rights and perform its obligations pursuant to this Agreement and the Project Agreements. Following completion of the Estimation Process and the Town's performance of the work requested, and after receiving a bill for such work, the Owner shall reimburse the Town in accordance with the payment schedule for all necessary and documented Town Direct Costs incurred as a result of the provision of rights of way or easements, including legal, surveying, and recording costs. Approval of curb cuts and traffic plans shall be granted in accordance with appropriate Town standards. Temporary easements granted to the Owner in accordance with Exhibit A and G shall terminate on June 1, 2003.

(d) As more specifically set forth in the Utility Services Agreement, the DPU, on behalf of the Town, shall provide, and the Owner, or the Owner's representative, shall purchase, electricity for the Site during construction of the Project under the Tariffs.

(e) As more specifically set forth in the Utility Services Agreement, the DPU, on behalf of the Town, shall provide, and the Owner shall purchase, water and sanitary sewer service during the construction of the Project as requested by the Owner. During the construction of the Project, the DPU, on behalf of the Town, shall provide all of the water required to support construction activities at applicable Tariffs.

(f) The Owner shall pay for all costs necessary to prepare easement areas for use during construction of the Project. Such costs shall include all costs associated with the

relocation of facilities of the Town and the DPU. The Owner shall also restore all easement areas to substantially their condition as of the date the applicable easement was granted as soon as practicable, except, however, that such restoration obligation shall not apply to any permanent improvements that are made consistent with the granted easements. In no event shall such restoration be completed later than sixty (60) days from the Commercial Operation Commencement Date.

(g) The Owner may utilize third parties to perform certain functions in connection with the development and operation of the Project, and at Owner's request Town will extend to identified third parties the assistance contemplated by this Section 3 relating to the procurement of easements and Governmental Approvals. The Town also consents to the Owner assigning to such third parties any easements or Governmental Approvals obtained in the Owner's name relating to the Project to the extent the Owner deems such assignment to be necessary for Project operation or development.

Section 4. Project Agreements. Simultaneous with the execution of this Agreement, the Town and the Owner shall execute the Lease in the form attached hereto as Exhibit B, the Utility Services Agreement in the form attached hereto as Exhibit C, and the Interconnection Agreement in the form attached hereto as Exhibit D and the Emergency Power Agreement in the form attached hereto as Exhibit E.

Section 5. Owner Covenants. In connection with the development of the Project, the Owner covenants as follows:

(a) The Owner shall mitigate, and shall cause third parties working on its behalf to mitigate, the impact of noise during construction of the Project pursuant to the terms set forth in the construction plan, as prepared by the Owner and approved by the DPU, which approval will not be unreasonably withheld, conditioned or delayed (the "Construction Plan").

(b) The Owner shall mitigate, and shall cause third parties working on its behalf to mitigate, the impact of traffic during construction of the Project pursuant to the terms of the Construction Plan.

(c) The Owner, or the operator of the Project, shall use Reasonable Efforts to hire employees who are, at present, working at the existing Pierce Station and who in the sole judgement of the Owner or operator meet minimum job qualifications which shall be determined by the Owner or operator in its sole discretion. Neither the Owner nor operator shall assume any union contracts or benefit plans of the Town or be responsible therefor.

(d) During operation of the Project, the Owner shall meet all applicable noise standards which are imposed on the Project by any Governmental Authority with jurisdiction to promulgate such standards.

(e) The Owner shall not use fuel oil as a fuel source for the Project except for fuel necessary for operation of the auxiliary blackstart generator.

(f) The Owner agrees to use a brick facade on the buildings and structures it constructs that face, or are visible from, East Street. The brick facade shall match, to the extent reasonably possible, the existing brick exterior of the Pierce Station building. The Town and the Owner shall consult concerning plans for construction of the brick facade.

(g) The Owner shall provide the DPU with at least sixty (60) days' notice of the anticipated commencement of generation of test energy by the Project. The DPU shall have an option to purchase all test energy generated by the Project. The price for such test energy shall be the market clearing price on the date of such sale. The Owner also shall notify the DPU at least thirty (30) days prior to the expected Commercial Operation Commencement Date. Any subsequent delays of the commencement of generation of test energy or commercial operation of the Project shall not cause the Owner to commence a new sixty (60) or thirty (30) day notice period, as the case may be.

(h) The Owner shall pay for any and all Town Direct Costs incurred in the relocation of any overhead or underground electric, water and sewer utilities located on the Site or in temporary and/or permanent easement areas, which relocation is required as a result of the construction or operation of the Project and is performed by the Town at the Owner's request following completion of the Estimation Process.

(i) The Owner will ensure that the Project will not operate when

doing so would result in the discharge of water vapor that causes ground fogging or icing conditions in areas surrounding the Site.

Section 6. Town Covenants. The parties acknowledge the existing status of the 115 KV transmission lines serving the East Street substation as Pool Transmission Facilities or PTFs, and that direct access to PTFs is a key component of the Owner's investment decision to pursue the Project. Accordingly, the Town covenants that at Owner's request it will use its Reasonable Efforts to maintain the existing status of the 115 KV transmission lines serving the East Street substation as PTFs. Town also covenants that it will not seek a change in the status of the 115 KV transmission lines as PTFs and, at the Owner's request, it will affirmatively oppose efforts by others to change the PTF status of the 115 KV lines. The Town further covenants that at Owner's request it will use its Reasonable Efforts to ensure that the new transmission line to be built by the Owner to serve the East Street substation is designated PTF.

In the event that the Town's transmission facilities are no longer treated as PTF, and in recognition of the payment by the Owner of a contribution in aid of construction ("CIAC") equal to the reasonable and documented costs incurred by the Owner to perform the Transmission System Upgrades, the following provisions shall apply with respect to the capital cost component of any transmission charges assessed by Town to the Owner for transmission of Project output:

(a) The capital cost component of the transmission charge shall be based on an allocated transmission rate base. The transmission rate base shall be determined by deducting from the original installed cost of the allocated transmission facilities (i) the allocated transmission depreciation reserve and (ii) the entire unamortized balance of the CIAC. The CIAC shall be amortized over the same number of years that is used by Town to depreciate the applicable transmission facilities. For purposes of this rate calculation, the original installed costs of the Transmission System Upgrades shall be deemed equal to the original amount of the CIAC.

(b) The transmission charge shall be subject to an annual price cap. The annual price cap shall be the greater of (i) the sum of (x) $31,250 and (y) $18,750 increased by the CPI or (ii) an amount determined by multiplying the total KWH delivered into the Transmission System from the Project by $0.002.

Section 7. Alfred L. Pierce Generation Station. Exhibit F hereto sets forth the Owner's intentions with respect to use or alteration of any portions of the Pierce Station. The Town agrees to make available to the Owner such portions of the Pierce Station identified on Exhibit F and those portions otherwise reasonably requested, and all necessary access thereto. The Owner shall use Reasonable Efforts to not interfere with the DPU's use of the remainder of the Pierce Station during construction and operation of the Project.

The Owner will remove, and shall be responsible for all costs associated with the removal of, any equipment and structures from the Pierce Station which removal is required for the Owner's use of the Pierce Station in accordance with the plans set forth on Exhibit F. The Town hereby transfers to the Owner all right, title and interest in any equipment and structures removed in accordance with this Section 7, including but not limited to the right to any salvage value of such equipment and structures; provided, however, that the Town may elect, by notifying the Owner prior to any such removal, to remove at the Town's cost, and to retain title to, such equipment and structures. The Owner shall restore and weatherize those remaining portions of the Pierce Station that it disturbs during construction or operation of the Project. The Owner will not occupy space within the Pierce Station other than as identified on Exhibit F.

Section 8. Termination by Owner. In the event that the Owner is unable to proceed with the development or financing of the Project, on a commercially reasonable basis, in the Owner's sole judgment, the Owner shall have the right to terminate this Agreement and the Project Agreements at any time ~~up~~ to and including ~~[June 1], 2000~~ four calendar months from the Effective Date, and the parties hereto shall have no further liability to each other except as set forth in this Section 8. At any time from ~~June [2, 2000]~~ four calendar months after the Effective Date until the Commercial Operation Commencement Date, the Owner may terminate this Agreement and the Project Agreements; provided, however, if it has not achieved Final Completion of the Upgrade and Construction Work in accordance with Article IV of the Lease, Town may call on the Corporate Transmission System Upgrade Undertaking for funding to complete the Upgrade and Construction Work. Notwithstanding the foregoing, Owner ~~shall be relieved of the~~ may terminate its obligation to commence the Upgrade and Construction Work ~~and shall have the right to terminate this Agreement~~ if the conditions precedent for commencement of the Upgrade and Construction Work as set forth in Section 4.2 of the Lease have not been met by ~~June 1, 2001~~ sixteen (16) calendar months from the Effective Date either as a result of (1) actions or inactions of the Town or (2) any other reason outside the Owner's control. If Owner ~~has failed to satisfy the conditions precedent~~

~~for the commencement of~~ terminates its obligation to commence the Upgrade and Construction Work, it shall also terminate the Lease, with such Lease termination to be effective not later than thirty (30) days after Owner has elected to terminate its obligations with regard to the Upgrade and Construction Work. If Owner has failed to satisfy the conditions precedent for the commencement of the Upgrade and Construction Work set forth in Section 4.2 of the Lease by ~~February 28, 2001~~ thirteen (13) calendar months from the Effective Date, it shall notify Town of the reasons for such failure and shall request the Town's assistance to help satisfy any as yet unachieved conditions precedent. The Owner shall give the Town thirty (30) days' written notice of the Owner's election to terminate which notice shall set forth the date of termination of this Agreement and the Project Agreements.

If Owner terminates this Agreement pursuant to the foregoing paragraph, Owner shall restore areas of the Construction Site that Owner materially disturbed prior to such termination. In no event shall Owner be obligated to remove underground utility lines and Owner need not remove that portion of any other modification made by Owner that is more than one foot below grade.

Following termination by the Owner, the Owner shall transfer to the Town any Project permits and easements held by the Owner as of the date of termination, to the extent permitted by appropriate authorities. The Owner shall also deliver to the Town copies of any of the Owner's work product that is specifically and exclusively applicable to the Site and not useful to the Owner in any other capacity, with the understanding that the Owner in no way warrants as to the accuracy of such work product. To the extent any such work product is delivered to the Town, the Owner will have no liability to the Town or to any third party recipient of the work product with respect to such work product. The Town hereby agrees to indemnify and hold harmless the Owner from and against all liability, demands, claims, actions or causes of action, assessments, losses, damages, costs and expenses (including reasonable attorneys' fees and expenses) asserted against or incurred by the Owner arising out of the Town's or a third party's use of such work product except with respect to claims asserting the Owner's violation of an agreement not to disclose such work product. Notwithstanding the terms of this Section, the Owner shall have no obligation to provide any work product to the Town if to do so would violate the terms of any commitment the Owner has made with another entity, other than an Affiliate of the Owner, involved with the development of such work product. Any cost of transferring the permits or easements or delivering work product shall be borne by the Town.

Section 9. Termination by Town. The Town may terminate this

Agreement and the Project Agreements at any time after ~~June 1, 2003~~ forty calendar months from the Effective Date, which date shall be extended in the event of Force Majeure, if the Commercial Operation Commencement Date has not yet occurred or if the Upgrade and Construction Work has not been completed at the time of such termination. The Town shall give the Owner thirty (30) days' written notice of the Town's election to terminate which notice shall set forth the date of termination of this Agreement and the Project Agreements.

If Town terminates this Agreement pursuant to the foregoing paragraph, Owner shall restore areas of the Construction Site that Owner materially disturbed prior to such termination. In no event shall Owner be obligated to remove underground utility lines and Owner need not remove that portion of any other modification made by Owner that is more than one foot below grade.

Section 10. Force Majeure. Neither party hereto shall be liable in damages or otherwise, or be responsible to the other party, for failure to carry out any of its obligations under this Agreement that is attributable to an event of Force Majeure.

Section 11. Representations and Warranties of the Town. The Town represents and warrants to the Owner as follows:

(a) The Town is a municipal corporation of the State of Connecticut, duly organized and existing under the Constitution and the laws of the State of Connecticut.

(b) The Constitution and laws of the State of Connecticut authorize the Town to enter into this Agreement and the Project Agreements and to consummate the transactions contemplated hereby and thereby, and the Town has complied with all applicable requirements, legal or otherwise, relating to execution of this Agreement and the Project Agreements by the Town. This Agreement constitutes, and the Project Agreements when executed will constitute, the legal, valid and binding obligation of the Town enforceable in accordance with their terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) Neither the execution and delivery of this Agreement or the Project Agreements, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of the Town's charter or any agreement or instrument to which the Town is now a party or by which the Town is bound, or constitutes a default under any of the foregoing, (except for matters that will not have a material adverse effect on the ability of the Town to perform under this Agreement or the Project Agreements) or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Town or upon the Project or the Site.

(d) The DPU is a duly authorized agent of the Town and has all necessary power and authority to consummate the transactions contemplated for the DPU by this Agreement and the Project Agreements.

Section 12. Representations and Warranties of the Owner. The Owner represents and warrants to the Town as follows:

(a) The Owner is a limited liability company duly formed, existing and in good standing under and by virtue of the laws of the State of Connecticut.

(b) The Owner has the power and authority to enter into this Agreement and the Project Agreements and to consummate the transactions contemplated hereby and thereby. This Agreement constitutes, and the Project Agreements when executed will constitute, the legal, valid and binding obligation of the Owner in accordance with their terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(c) Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions hereof or of the Project Agreements, nor the consummation of

the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of the Owner's Certificate of Formation or Limited Liability Company Agreement or any agreement or instrument to which the Owner is now a party or by which the Owner is bound, or constitutes a default under any of the foregoing, except for matters that will not have a material adverse effect on the ability of the Owner to perform under this Agreement.

Section 13. Assignment. This Agreement shall inure to the benefit of, and shall be binding upon, the Town and the Owner and their respective successors and assigns, but, except as otherwise specifically provided herein, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by either party (other than by operation of law) without the prior written consent of the other party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, the Owner may assign, convey, pledge or transfer, directly or indirectly, its rights, interests and obligations arising under this Agreement to any entity that is a successor in interest to the Owner with respect to the Project, or to any financing party in connection with the construction financing, permanent financing or any refinancing of the Project, or to an affiliate of PPL Global, Inc. ~~or Owner.~~

Section 14. Consent to Suit. The Town hereby generally consents to any suit, legal action or other proceeding in a federal court of appropriate jurisdiction in the State of Connecticut or in any Connecticut state court of appropriate jurisdiction relating to the Owner's enforcement of its rights under this Agreement, to the giving of any relief (including equitable relief) or the issue of any process in connection with such suit, legal action or other proceeding including, without limitation, any order or judgment which may be made or given in such suit, legal action or other proceeding. Finally, the Town consents to service of process for any such suit, legal action or other proceeding in accordance with applicable law.

Section 15. Notices. Any notices, demands and communications hereunder shall be in writing and shall be given by hand delivery, United States mail (certified, return receipt requested), overnight courier service, telecopy (a duplicate of which shall be delivered by any of the other methods of notice delivery specified above) or other means, in each case with all postage or delivery charges prepaid, to the other party at the following address:

To the Town:	Town of Wallingford Director – Public Utilities 100 John Street Wallingford, CT 06492 Telecopy: 203-294-2267
To the Owner:	Wallingford Energy LLC c/o PPL Global, Inc. 11350 Random Hills Road Suite 400 Fairfax, VA 22030 Telecopy: 703-293-2659 Attn: *President*

Either party may at any time change its address by mailing a notice, as specified in this Section 15, that such change is desired and setting forth the new address. Each notice, demand, request or communication to either party in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes hereunder on the third day after the mailing thereof at any regularly maintained office of the United States Postal Service if mailed by registered or certified mail, when delivered by courier or personally and receipted for, and when sent (on receipt of a written confirmation to the correct telecopy number) if sent by telecopy.

Section 16. Miscellaneous.

(a) The Agreement shall be executed on behalf of the Town by the Mayor of the Town of Wallingford and on behalf of the Owner by an authorized officer of its managing member.

(b) This Agreement shall be governed by the laws of the State of Connecticut, without regard to principles of conflicts of laws.

(c) Any disagreement between the parties as to their rights and obligations under this Agreement shall first be referred to their respective senior management, and neither party shall commence any legal action or proceeding against the other party in connection with any such disagreement until and unless, after using their Reasonable Efforts to resolve the dispute, the senior management of the Town and Owner are unable in good faith to satisfactorily resolve the dispute within

thirty (30) days of the date such dispute is referred to them. A notice of default shall be deemed a referral to senior management. Notwithstanding the foregoing, either Party may forego referring a matter to senior management when time is of the essence.

(d) The parties hereby mutually waive their right to trial by jury in any action, proceeding or counterclaim brought by either party against the other party, or any matters whatsoever arising out of or in any way connected with this Agreement.

(e) Whether or not the transactions contemplated by this Agreement are consummated, and except as otherwise expressly set forth herein or in the Project Agreements, all costs and expenses (including legal and financial advisory fees and expenses) incurred in connection with, or in anticipation of, this Agreement and the Project Agreements and the transactions contemplated hereby and thereby shall be paid by the party incurring such expenses.

(f) Each of the parties hereto shall execute and deliver any and all additional documents or instruments, in recordable form (if necessary), and provide other assurances, obtain any additional Governmental Approvals required, and shall do any and all acts and things reasonably necessary to carry out the intent of the parties hereto and to confirm the continued effectiveness of this Agreement. At the Owner's request and at the Owner's cost, the Town shall provide an opinion of counsel reasonably satisfactory to the Owner certifying, among other things, the due execution and delivery, and enforceability of this Agreement and the Project Agreements as against the Town and covering such other matters as are customary.

(g) No amendment, change or modification of this Agreement shall be valid, unless in writing and signed by all the parties hereto.

(h) This Agreement, together with the other Project Agreements, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement and the other Project

Agreements by the parties hereto and thereto, any and all prior agreements, understandings or representations with respect to this subject matter are hereby terminated and cancelled in their entirety and are of no further force or effect, including, without limitation, the Exclusivity Agreement between the Town, Stone & Webster Development Corporation and PMDC USA, Incorporated, dated April 7, 1998.

(i) No waiver by any party hereto of a breach of any provision of this Agreement shall constitute waiving of any preceding or succeeding breach of the same or any other provision hereto.

(j) In this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so requires.

(k) The captions appearing at the commencement of the sections hereof are descriptive only and for convenience in reference. Should there be any conflict between any such caption and the section at the head of which it appears, the section and not such caption shall control and govern in the construction of this Agreement.

(l) This Agreement may be executed in multiple counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

(m) The provisions of Section 3(f), the second paragraph of Section 8, and Section 16(e) of this Agreement shall survive in the event of termination of this Agreement.

(n) This Agreement shall be binding upon and inure solely to the benefit of each of the parties hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

IN WITNESS WHEREOF, the Town and the Owner have caused this Agreement to be duly executed on the date hereof.

TOWN OF WALLINGFORD,
CONNECTICUT

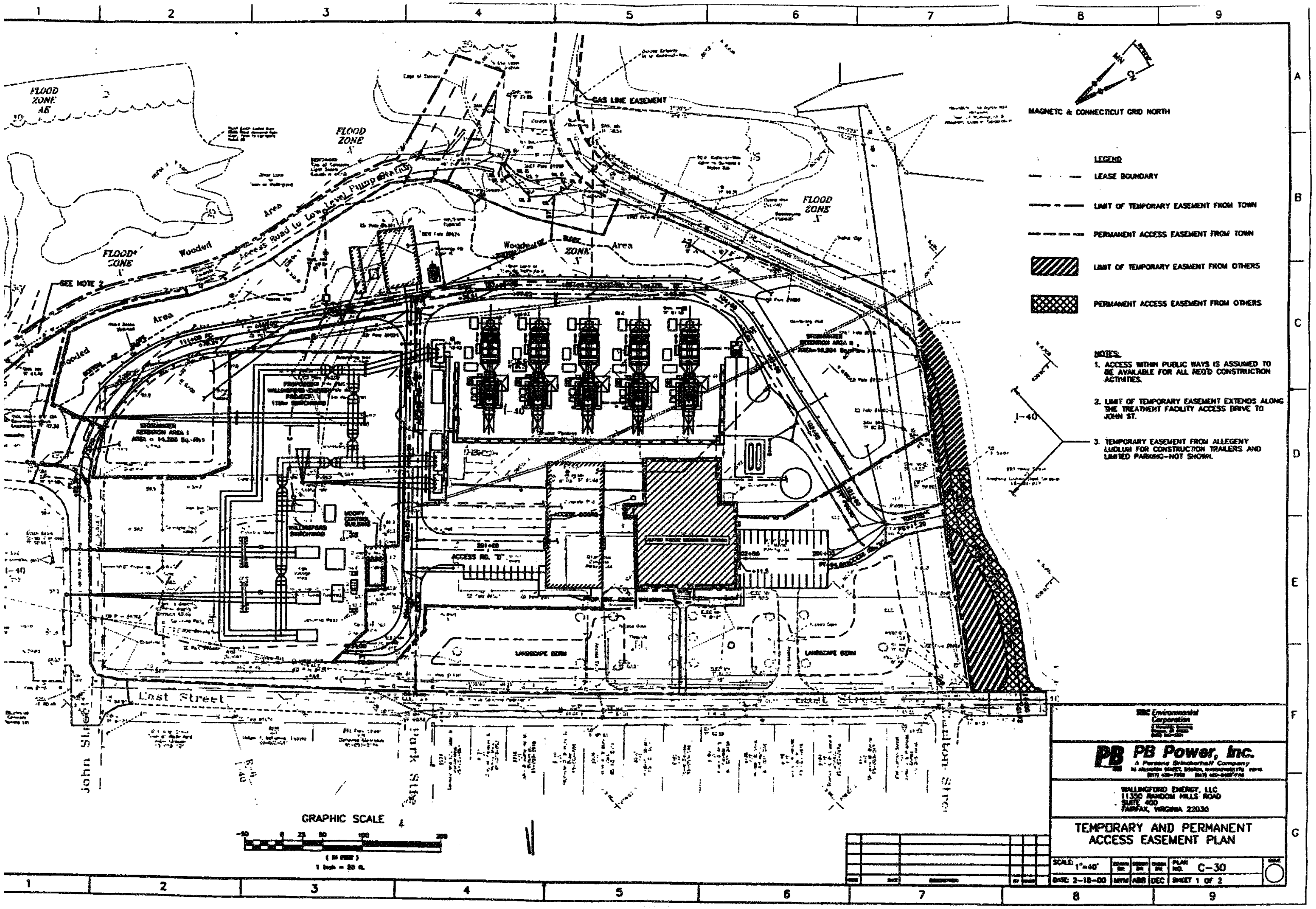
By: _____
Name:_____
Title:_____

WALLINGFORD ENERGY LLC

By: _____
Name:_____
Title:_____

EXHIBIT A

TEMPORARY EASEMENTS



MAGNETC & CONNECTICUT GRID NORTH
LEGEND
LEASE BOUNDARY
LIMIT OF TEMPORARY EASEMENT FROM TOWN
PERMANENT ACCESS EASEMENT FROM TOWN
LIMIT OF TEMPORARY EASMENT FROM OTHERS
PERMANENT ACCESS EASEMENT FROM OTHERS
NOTES:
1. ACCESS WITHIN PUBLIC WAYS IS ASSUMED TO BE AVAILABLE FOR ALL REQ'D CONSTRUCTION ACTIVITIES.
2. LIMIT OF TEMPORARY EASEMENT EXTENDS ALONG THE TREATMENT FACILITY ACCESS DRIVE TO JOHN ST.
3. TEMPORARY EASEMENT FROM ALLEGENY LUDLUM FOR CONSTRUCTION TRAILERS AND LIMITED PARKING–NOT SHOWN.
FLOOD ZONE AE
FLOOD ZONE X
FLOOD ZONE X
FLOOD ZONE X
GAS LINE EASEMENT
SEE NOTE 2
Wooded Area
ACCESS RD. "D"
LANDSCAPE BERM
LANDSCAPE BERM
East Street
East Street
John Street
Park Street
I-40
GRAPHIC SCALE
SBC Environmental Corporation
PB Power, Inc.
A Parsons Brinckerhoff Company
WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROAD
SUITE 400
FAIRFAX, VIRGINIA 22030
TEMPORARY AND PERMANENT ACCESS EASEMENT PLAN
SCALE: 1"=40'
DATE: 2-18-00
MVM
ABS
DEC
PLAN NO. C-30
SHEET 1 OF 2

EXHIBIT B

LEASE

FURNISHED SEPARATELY

EXHIBIT C

UTILITY SERVICES AGREEMENT

FURNISHED SEPARATELY

EXHIBIT D

INTERCONNECTION AGREEMENT

FURNISHED SEPARATELY

EXHIBIT E

EMERGENCY POWER AGREEMENT

FURNISHED SEPARATELY

Revised 2/14/00

EXHIBIT F
HOST AGREEMENT

DESCRIPTION OF ALTERATIONS TO ALFRED PIERCE GENERATING STATION

OBJECTIVE

To accommodate the installation and operation of the proposed 250 MW Wallingford Energy Project, certain existing facilities will be removed, certain areas will be modified, and other areas will be improved in order to accommodate implementation of the proposed site plan. The purpose of this Exhibit F is to set forth the Owner's intentions with respect to alterations of the Pierce Station. Removal of structures or equipment will be done in accordance with Section 7 of the Host Agreement.

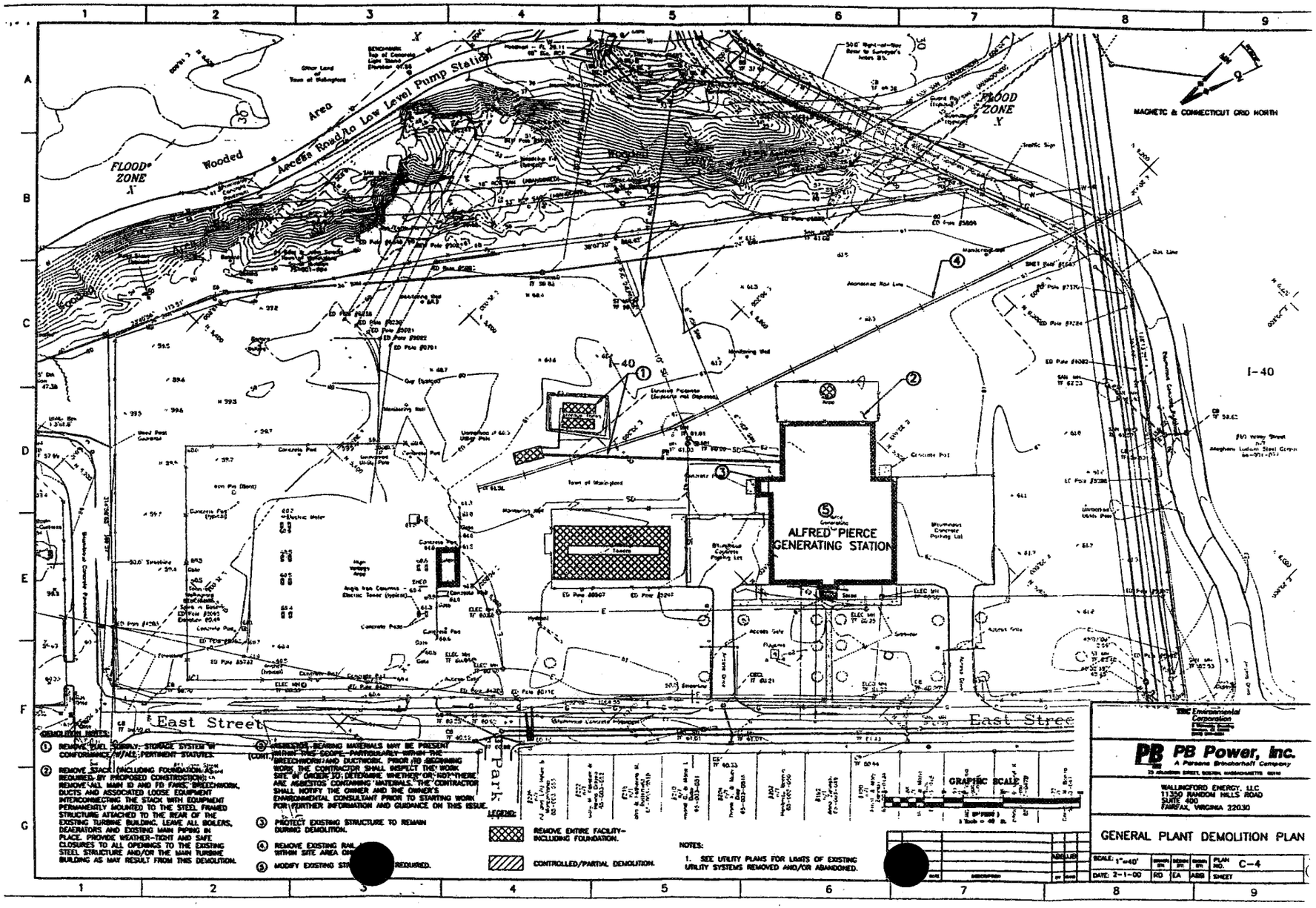
REMOVAL / DEMOLITION WORK

- Removal of existing stack, breaching, and fans and motors. Includes removal of: associated foundations or footings [to a depth to be determined later], miscellaneous metals, equipment, tanks, electrical components and any other ancillary equipment.
- (Note: The existing boilers will remain in place.)
- Complete demolition and removal of existing ten-cell cooling tower. Includes removal of: cooling tower concrete foundation and footings to bottom level found and reinforced concrete slab to grade, basin, walls, beams, framing, stairs, ramps, pits, miscellaneous metals, equipment, tanks, electrical components including fans and motors, and piping.
- Removal of existing oil storage tank and associated fuel handling and fuel forwarding facilities to the Pierce Building.
- Capping and/or removal of utility piping connected to removed structures and equipment.

OTHER ALTERATIONS

- Addition of berms and landscaping.
- Relocation of the overhead switches located to the west of the west side of the substation 15 kV risers.
- Relocation of the substation 15 kV risers and overhead lines located between the substation and East Street to the south outside of the substation security fence.
- Relocation of driveway to north parking lot and reduction of parking lot size.
- Removal of south parking lot and driveway into south parking lot.
- Relocation of monitoring well[s] as required. [The DEP may require relocation or closing of a well. If relocated, the new well would have to be established and baseline data gathered before the old well is abandoned.]
- Removal or possible relocation of approximately 5 manholes.
- Relocation of sanitary sewer service from building.
- Removal of abandoned railway spur within lease area.
- Addition of new electric service.
- Addition of new water service.
- Addition of new sewer service.

Note: Switchyard and transmission work not included in the above.



DEMOLITION NOTES:

1. REMOVE FUEL SUPPLY, STORAGE SYSTEM IN CONFORMANCE W/ ALL PERTINENT STATUTES.
2. REMOVE STACK (INCLUDING FOUNDATION) AS REQUIRED BY PROPOSED CONSTRUCTION. REMOVE ALL MAIN ID AND FD FANS, BREECHWORK, DUCTS AND ASSOCIATED LOOSE EQUIPMENT INTERCONNECTING THE STACK WITH EQUIPMENT PERMANENTLY MOUNTED TO THE STEEL FRAMED STRUCTURE ATTACHED TO THE REAR OF THE EXISTING TURBINE BUILDING. LEAVE ALL BOILERS, DEAERATORS AND EXISTING MAIN PIPING IN PLACE. PROVIDE WEATHER-TIGHT AND SAFE CLOSURES TO ALL OPENINGS TO THE EXISTING STEEL STRUCTURE AND/OR THE MAIN TURBINE BUILDING AS MAY RESULT FROM THIS DEMOLITION.
3. PROTECT EXISTING STRUCTURE TO REMAIN DURING DEMOLITION.
4. REMOVE EXISTING RAIL... WITHIN SITE AREA O...
5. MODIFY EXISTING ST... REQUIRED.

(CONT.) ASBESTOS BEARING MATERIALS MAY BE PRESENT WITHIN THE SCOPE, PARTICULARLY WITHIN THE BREECHWORK AND DUCTWORK. PRIOR TO BEGINNING WORK, THE CONTRACTOR SHALL INSPECT THEY WORK SITE IN ORDER TO DETERMINE WHETHER OR NOT THERE ARE ASBESTOS CONTAINING MATERIALS. THE CONTRACTOR SHALL NOTIFY THE OWNER AND THE OWNER'S ENVIRONMENTAL CONSULTANT PRIOR TO STARTING WORK FOR FURTHER INFORMATION AND GUIDANCE ON THIS ISSUE.

RMC Environmental Corporation

PB Power, Inc.
A Parsons Brinckerhoff Company
1 ATLANTIC STREET, BOSTON, MASSACHUSETTS 02210

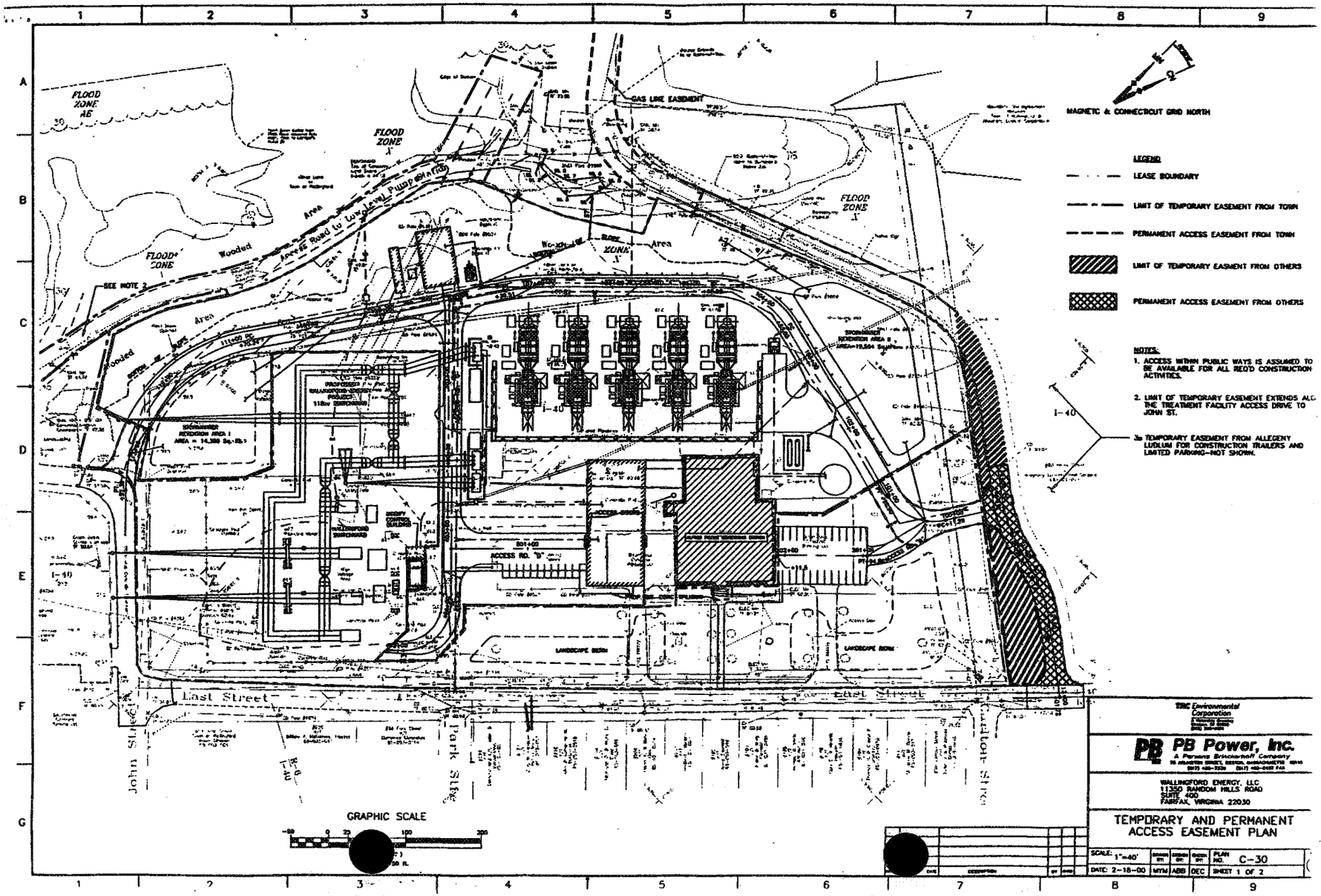
WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROAD
SUITE 400
FAIRFAX, VIRGINIA 22030

GENERAL PLANT DEMOLITION PLAN

SCALE: 1"=40'	DESIGN BY:	DRAWN BY:	CHECKED BY:	PLAN NO. C-4
DATE: 2-1-00	RD	EA	ABB	SHEET

EXHIBIT G

DESCRIPTION OF EASEMENTS TO BE GRANTED



MAGNETIC & CONNECTICUT GRID NORTH

LEGEND

- LEASE BOUNDARY
- LIMIT OF TEMPORARY EASEMENT FROM TOWN
- PERMANENT ACCESS EASEMENT FROM TOWN
- LIMIT OF TEMPORARY EASEMENT FROM OTHERS
- PERMANENT ACCESS EASEMENT FROM OTHERS

NOTES:

1. ACCESS WITHIN PUBLIC WAYS IS ASSUMED TO BE AVAILABLE FOR ALL REQ'D CONSTRUCTION ACTIVITIES.
2. LIMIT OF TEMPORARY EASEMENT EXTENDS ALG THE TREATMENT FACILITY ACCESS DRIVE TO JOHN ST.
3. TEMPORARY EASEMENT FROM ALLEGENY LUDLUM FOR CONSTRUCTION TRAILERS AND LIMITED PARKING--NOT SHOWN.

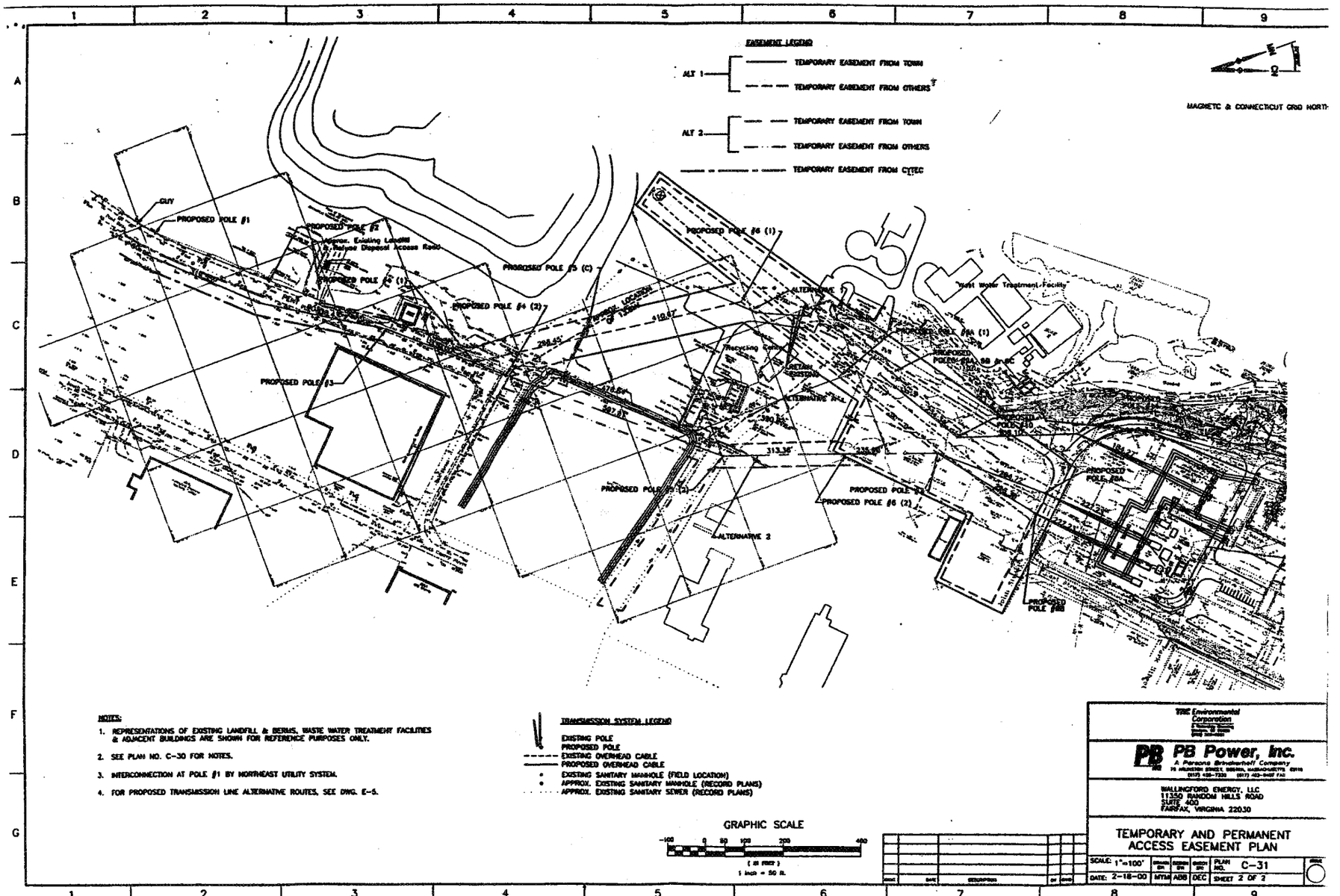
TRC Environmental Corporation

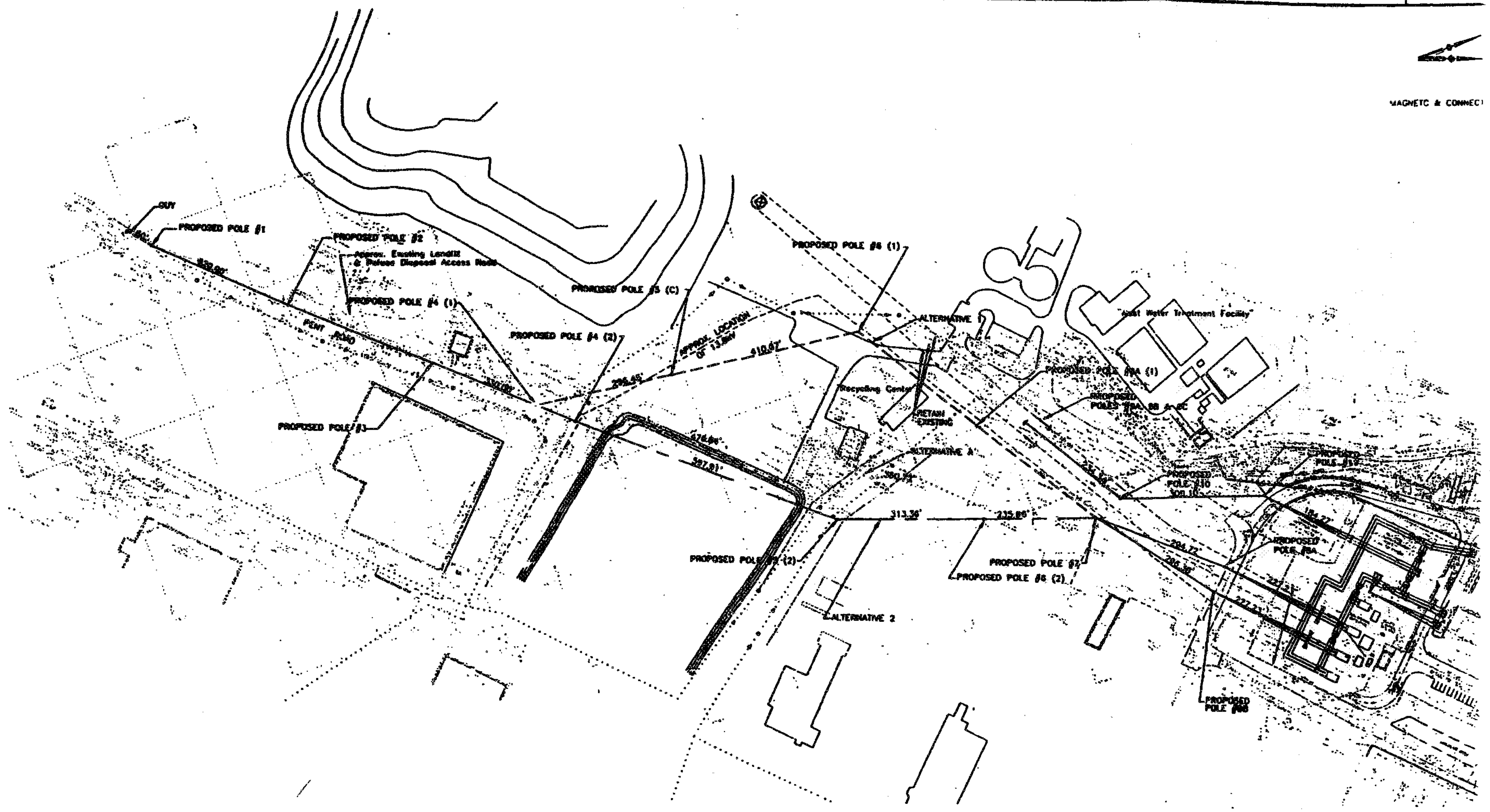
PB Power, Inc.
A Parsons Brinckerhoff Company

WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROAD
SUITE 400
FAIRFAX, VIRGINIA 22030

TEMPORARY AND PERMANENT ACCESS EASEMENT PLAN

SCALE: 1"=40'	DESIGN BY:	DRAWN BY:	CHECK BY:	PLAN NO. C-30
DATE: 2-18-00	MYM	ABB	DEC	SHEET 1 OF 2


EASEMENT LEGEND
ALT 1
TEMPORARY EASEMENT FROM TOWN
TEMPORARY EASEMENT FROM OTHERS
ALT 2
TEMPORARY EASEMENT FROM TOWN
TEMPORARY EASEMENT FROM OTHERS
TEMPORARY EASEMENT FROM CYTEC
MAGNETIC & CONNECTICUT GRID NORTH
GUY
PROPOSED POLE #1
PROPOSED POLE #2
Approx. Existing Landfill & Future Disposal Access Road
PROPOSED POLE #2 (1)
PROPOSED POLE #3
PROPOSED POLE #4 (2)
PROPOSED POLE #5 (C)
PROPOSED POLE #6 (1)
ALTERNATIVE 1
Water Treatment Facility
PROPOSED POLE #6A (1)
PROPOSED POLE #6B
Recycling Center
RETAIN EXISTING
ALTERNATIVE 2
PROPOSED POLE #6 (2)
PROPOSED POLE #6A
PROPOSED POLE #7
PROPOSED POLE #8
NOTES:
1. REPRESENTATIONS OF EXISTING LANDFILL & BERMS, WASTE WATER TREATMENT FACILITIES & ADJACENT BUILDINGS ARE SHOWN FOR REFERENCE PURPOSES ONLY.
2. SEE PLAN NO. C-30 FOR NOTES.
3. INTERCONNECTION AT POLE #1 BY NORTHEAST UTILITY SYSTEM.
4. FOR PROPOSED TRANSMISSION LINE ALTERNATIVE ROUTES, SEE DWG. E-5.
TRANSMISSION SYSTEM LEGEND
EXISTING POLE
PROPOSED POLE
EXISTING OVERHEAD CABLE
PROPOSED OVERHEAD CABLE
EXISTING SANITARY MANHOLE (FIELD LOCATION)
APPROX. EXISTING SANITARY MANHOLE (RECORD PLANS)
APPROX. EXISTING SANITARY SEWER (RECORD PLANS)
GRAPHIC SCALE
-100 0 50 100 200 400
(IN FEET)
1 inch = 50 ft.
TRC Environmental Corporation
PB Power, Inc.
A Parsons Brinckerhoff Company
WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROAD
SUITE 400
FAIRFAX, VIRGINIA 22030
TEMPORARY AND PERMANENT ACCESS EASEMENT PLAN
SCALE: 1"=100'
PLAN NO. C-31
DATE: 2-18-00
MYM
ABB
DEC
SHEET 2 OF 2



NOTES:

1. REPRESENTATIONS OF EXISTING LANDFILL & BERMS, WASTE WATER TREATMENT FACILITIES & ADJACENT BUILDINGS ARE SHOWN FOR REFERENCE PURPOSES ONLY.

TRANSMISSION SYSTEM LEGEND

- EXISTING POLE
- PROPOSED POLE
- EXISTING OVERHEAD CABLE
- -D CABLE
- EXISTI. SANITARY MANHOLE (FIELD LOCATION)
- APPR. EXISTING SANITARY MANHOLE (RECORD PLANS)
- APPR. EXISTING SANITARY SEWER (RECORD PLANS)

GRAPHIC SCALE

-100 0 50 100 200 400

(IN FEET)
1 inch = 50 ft

TRC Environmental Corporation

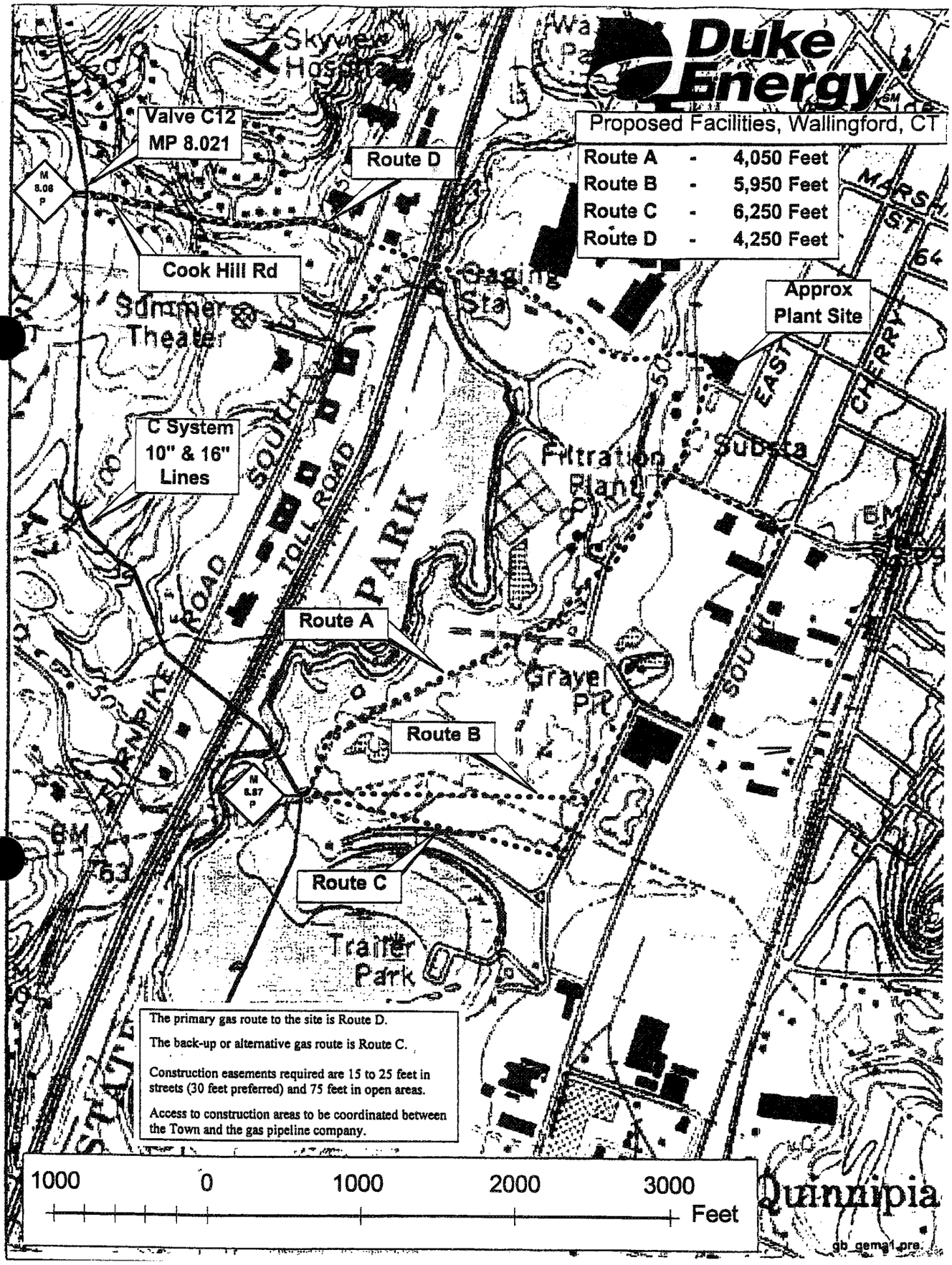
PB Power, A Parsons Brinckerhoff

WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROA
SUITE 400
FAIRFAX, VIRGINIA 22030

115 kV TRANSMISSION ALTERNATIVE ROUTINGS

B	1-25-00	LAND USE [illegible] REPORT	RJB	JJB
MARK	DATE	DESCRIPTION	BY	CHKD

SCALE: 1"=100' | DATE: 2-14-00 | CHECK BY: RJB | PLAN NO: E- | SHEET


Duke Energy
Proposed Facilities, Wallingford, CT
Route A - 4,050 Feet
Route B - 5,950 Feet
Route C - 6,250 Feet
Route D - 4,250 Feet
Valve C12
MP 8.021
Route D
Cook Hill Rd
Approx
Plant Site
C System
10" & 16"
Lines
Route A
Route B
Route C
Summer
Theater
Filtration
Plant
Trailer
Park
Quinnipia
The primary gas route to the site is Route D.
The back-up or alternative gas route is Route C.
Construction easements required are 15 to 25 feet in streets (30 feet preferred) and 75 feet in open areas.
Access to construction areas to be coordinated between the Town and the gas pipeline company.
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Feet
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APPENDIX A
DEFINED TERMS

[Distributed as separate document]

LEASE

by and between

TOWN OF WALLINGFORD,

as Town

and

WALLINGFORD ENERGY LLC,

as Owner

March 8, 2000

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LEASE

THIS LEASE is made and entered into as of the __ day of February, 2000, by and between the TOWN OF WALLINGFORD, a municipal corporation existing under and by virtue of the laws of the State of Connecticut ("Town"), and WALLINGFORD ENERGY LLC, a Connecticut limited liability company ("Owner").

ARTICLE I
Definitions and Construction

1.1 Definitions: Unless the context otherwise requires, capitalized terms used in this Lease and not otherwise defined herein shall have the meanings set forth in Appendix A to this Lease. The terms defined in this Section shall, for all purposes of this Lease, and all agreements supplemental hereto, have the meanings herein specified, unless the context otherwise requires:

(a) "Construction Schedule" means the schedule for performance of the Upgrade and Construction Work as set forth in Exhibit A hereto, as may be amended from time to time in accordance with the provisions of Section 4.3 hereof.

(b) "Demised Land" shall mean the parcels of land described in Exhibit B attached hereto and made a part hereof together with any easement, privilege or right-of-way over adjoining premises which is or may be attendant to such land and is described on Exhibit B hereto.

(c) "Effective Date" shall mean the date of this Lease.

(d) "Environmental Claim" shall mean any notice (written or oral) by any person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, clean-up costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, or release into the environment, of any Material of Environmental Concern on the Demised Land or on land owned by Town adjacent to the Demised Land or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law in respect of the Demised Land or land owned by Town adjacent to the Demised Land.

(e) "Event of Default" shall have the meaning set forth in Section 10.1 hereof.

(f) "Facility" shall mean the nominal 250 megawatt gas-fired electric power generating station to be constructed by Owner on the Demised Land and consisting of five LM6000 turbine generators to be operated in simple cycle mode and associated equipment.

(g) "Impositions" shall mean all taxes, assessments, special assessments, use and occupancy taxes, rent taxes, gross receipts taxes, water and sewer charges, rates and rents, charges for public utilities, excises, levies, license and permit fees and other charges and governmental impositions, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which shall or may, during the Term of this Lease, be assessed, levied, charged, confirmed or imposed upon or become payable out of or become a lien on, the Property, or any part thereof, the appurtenances thereto or the sidewalks or streets adjacent thereto, but shall not include any net income, value added, capital stock, franchise, estate, succession, inheritance or transfer taxes of Town or assessed against Town or the rent and income received by or for the account of Town.

(h) "Improvements" shall mean the Facility and other improvements, machinery, equipment, fixtures, facilities and personal property of every kind and description, which may be erected on, above or below the Demised Land during the Term of this Lease, which are presently or shall in the future be owned by Owner.

(i) "Leasehold Mortgage" shall have the meaning set forth in Section 9.2(a) hereof.

(j) "Leasehold Mortgagee" shall mean the holder at the time in question of any Leasehold Mortgage.

(k) "Loan Agreements" shall mean those certain agreements, if any, entered into by Owner to provide for the construction debt and long term-debt financing of the Facility.

(l) "Noncurable Lease Defaults" shall mean the following defaults by Owner under this Lease: (i) those defaults by Owner which are related to involuntary petitions filed against Owner under bankruptcy or similar laws, assignments for the benefit of creditors, voluntary petitions under bankruptcy or similar

laws, or judgments against Owner under bankruptcy or similar laws or (ii) those defaults under this Lease which by their nature may be cured by a Leasehold Mortgagee but the cure thereof cannot be effected by Leasehold Mortgagee until it shall have obtained possession of the Property.

(m) "Property" shall mean the Demised Land and the Improvements.

(n) "Rent" shall mean any and all amounts payable by Owner to Town pursuant to Section 3.1 hereof

(o) "Specifications" means the design and technical specifications and criteria with respect to the Upgrade and Construction Work and the performance thereof which shall be prepared and approved in accordance with Section 4.1, as the same may be amended from time to time in accordance with the provisions of Section 4.3 hereof.

(p) "Term" means the term described in Section 2.2 hereof.

(q) "Termination Date" shall have the meaning set forth in Section 16.1 hereof.

1.2 Rules of Construction: The following rules of construction shall be applicable for all purposes of this Lease and all agreements supplemental hereto, unless the context otherwise requires:

(a) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms shall refer to this Lease and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Lease.

(b) Words of the masculine, feminine or neuter gender shall mean and include the correlative words of the other genders and words importing the singular number shall mean and include the plural number and vice-versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) The terms "include", "including" and similar terms shall be construed as if followed by the phrase "without being limited to".

(e) All references in this Lease to numbered Articles and Sections and to lettered Exhibits are references to the Articles and Sections of this Lease and the Exhibits annexed to this Lease, unless expressly otherwise designated in context.

(f) This Lease shall be governed by and construed in accordance with the laws of the State of Connecticut, without regard to conflicts of laws.

1.3 Captions. The table of contents and the captions under the Article and Section numbers of this Lease are for convenience of reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

ARTICLE II
Grant, Representations, Easements and Term

2.1 Grant: In consideration of the Rent herein agreed to be paid and the covenants and agreements herein made by the parties hereto, Town hereby demises and leases to Owner and Owner hereby leases from Town the Demised Land for the Term, upon the terms and conditions herein provided.

2.2 Term: Subject to the terms, covenants and agreements contained herein, the Term of this Lease shall commence on the Effective Date and shall expire on the last day of the month that is three (3) months prior to the month in which the 25th anniversary of the Effective Date would occur; provided, however, that Owner shall have the right to terminate this Lease without penalty or cost of any kind:

(a) at any time up to and including ~~[June 1, 2000]~~ four calendar months after the Effective Date by giving to Town notice of Owner's election to terminate which notice shall set forth the date of termination of this Lease, which termination shall be effective not later than ~~[June 1, 2000]~~ four months after the Effective Date; or

(b) at any time from ~~[June 2, 2000]~~ four months after the Effective Date to the Commercial Operation Commencement Date by giving to Town notice of Owner's election to terminate which notice shall set forth the date of termination of this Lease; provided, however, if it has not achieved Final Completion of the Transmission System Upgrades, Town may call on the Transmission System

Upgrade Undertaking for funding to complete the Transmission System Upgrades (not including portions thereof that are required solely for interconnecting the Project). Notwithstanding the foregoing, Owner ~~shall be relieved of the~~ may terminate its obligation to commence the Upgrade and Construction Work ~~and shall have the right to terminate this Lease~~ if the conditions precedent for commencement of the Upgrade and Construction Work as set forth in Section 4.2 of this Lease have not been met by ~~[June 1, 2001]~~ a date that is fourteen (14) calendar months after the Effective Date either as a result of (1) actions or inactions of the Town or (2) any other reason outside Owner's control. If Owner terminates its obligation to commence the Upgrade and Construction Work, it shall also terminate this Lease, with such Lease termination to be effective not later than thirty (30) days after Owner has elected to terminate its obligations with regard to the Upgrade and Construction Work. If Owner has failed to satisfy the conditions precedent for the commencement of the Upgrade and Construction Work as set forth in Article IV of this Lease by February 28, 2001, it shall notify town of the reasons for such failure and shall request Town's assistance to satisfy any as yet unachieved conditions precedent.

Town may terminate this Lease without penalty or cost of any kind (i) at any time after ~~[June 1, 2003]~~ forty calendar months from the Effective Date, which date shall be extended by the delay resulting from an event of Force Majeure as provided in Section 21, if the Commercial Operation Commencement Date has not occurred or if the Upgrade and Construction Work has not been completed, by giving to Owner notice of Town's election to terminate which notice shall set forth the date of termination of this Lease, or (ii) within thirty (30) days of receiving from Owner the results of the Environmental Analysis of the Demised Land if such studies show remediation requirements that impose a cost that Town is unwilling to accept.

2.3 Town Representations and Warranties.

(a) Town represents and warrants that (i) it is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Connecticut and has full power and lawful authority to enter into this Lease, (ii) Town has good and marketable fee simple title to the Demised Land free and clear of all occupancies, tenancies, mortgages, liens and encumbrances, except for those items listed on Exhibit C (the "Permitted Exceptions"), (iii) the execution, delivery and performance by Town of this Lease have been duly authorized by all necessary action on the part of Town, and such execution, delivery and performance will not violate any law, rule, regulation or order binding upon Town or contravene the provisions of, or constitute a default under Town's organizational documents, or

result in the creation of any lien upon any of the properties of Town under any mortgage, or loan agreement or other agreement or contract to which Town is a party or by which its properties may be bound, and (iv) this Lease has been duly executed and delivered by duly authorized representatives of Town, and, assuming the due authorization, execution and delivery thereof by Owner, constitutes the valid and legally binding obligation of Town enforceable in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the rights of creditors generally.

(b) Town represents and warrants that with respect to the Demised Land, and except as noted on Exhibit D, it is in full compliance with all applicable Environmental Laws and has not received any communication (written or oral), whether from any Governmental Authority, citizens group, employee or otherwise, that alleges that Town is not in such full compliance, and, to Town's best knowledge after due inquiry, there are no circumstances that may prevent or interfere with such full compliance in the future. All Governmental Approvals currently held by Town related to the Demised Land pursuant to the Environmental Laws are identified in Exhibit D.

(c) Town represents and warrants that with respect to the Demised Land (exclusive of any easements, privileges or rights of way over adjoining premises as described in Exhibit B) there is no Environmental Claim pending or threatened against Town or, to Town's best knowledge after due inquiry, against any person or entity whose liability for any Environmental Claims Town has or ~~may~~ have retained or assumed either contractually or by operation of law, except which would not have an adverse effect on the Demised Land or except as are identified in Exhibit D.

(d) Town represents and warrants that with respect to the Demised Land (exclusive of any easements, privileges or rights of way over adjoining premises as described in Exhibit B), and, except which would not have an adverse effect on the Demised Land or except as noted on Exhibit D, to Town's best knowledge after due inquiry, there are no past or present actions, activities, circumstances, conditions, events or incidents, including the release, emission, discharge or disposal of any Material of Environmental Concern, that could form the basis of any Environmental Claim against Town or against any person or entity whose liability for any Environmental Claim Town has or may have retained or assumed either contractually or by operation of law.

(e) Without any way limiting the generality of the foregoing, Town represents and warrants (i) all on-site and off-site locations where Town has stored, disposed or arranged for the disposal of Materials of Environmental Concern originating from the Demised Land (exclusive of any easements, privileges or rights of way over adjoining premises as described in Exhibit B) are identified in Exhibit D, (ii) all underground storage tanks, and the capacity and contents of such tanks, located on the Demised Land (exclusive of any easements, privileges or rights of way over adjoining premises as described in Exhibit B) are identified in Exhibit D, and (iii) no polychlorinated biphenyls (PCBs) are now used or stored on the Demised Land (exclusive of any easements, privileges or rights of way over adjoining premises as described in Exhibit B) except as are identified in Exhibit D.

(f) Owner agrees to comply by the Addendum set forth in Exhibit D relating to certain sewer lines on the Demised Land.

2.4 Owner Covenants.

(a) Owner covenants that it will not install, maintain or allow to be installed or maintained on or under the Demised Land any facilities for the storage, loading, unloading or transportation of fuel oil except for such above ground storage as may be necessary for delivery and storage of diesel fuel for the auxiliary generator.

(b) Owner covenants that it or its assignee will remain a party to the Project Agreements, after such Project Agreement are executed, and in the event that any of the Project Agreements is rejected in a bankruptcy proceeding or terminates as a result of default of Owner, this Lease shall terminate.

(c) Owner covenants that Owner shall meet all applicable noise standards which are imposed on the Project by a Governmental Authority with jurisdiction to promulgate such standards.

(d) Owner covenants to comply in all material respects with all present and future laws, acts, rules, requirements, orders, directions, ordinances and regulations of any Governmental Authority having jurisdiction over the Property, or any part thereof or the use thereof by Owner as contemplated herein. Owner shall also comply in all material respects with any and all material provisions and requirements of any liability, fire or other insurance company having policies outstanding with respect to the Property. Owner may, in good faith and at its sole cost and expense, contest the validity of any such law, act, rule, requirement, order,

direction, ordinance or regulation and, pending the determination of such contest, may postpone compliance therewith to the extent that such postponement of compliance is otherwise permitted by the applicable law, act, rule, requirement, order, direction, ordinance or regulation.

ARTICLE III
Rent, Insurance and Damage or Destruction

3.1 Rent.

(a) For the period from the Effective Date through May 31, 2000, Owner shall pay to Town as monthly rental the sum of Five Thousand Dollars (U.S.) ($5,000), payable in advance on the first day of each month;

(b) For the period from June 1, 2000 through the earlier of May 31, 2001 or the Commercial Operation Commencement Date, Owner shall pay to Town monthly rental as follows:

June 2000	$ 6,000
July 2000	7,000
August 2000	8,000
September 2000	9,000
October 2000	10,000
November 2000	11,000
December 2000	12,000
January 2001	13,000
February 2001	14,000
March 2001	15,000
April 2001	16,000
May 2001	17,000

Each month's rent shall be payable in advance on the first day of the month. If the Commercial Operation Commencement Date does not occur by June 1, 2001 as a result of the occurrence of a Force Majeure event or events, the rental payment obligations set forth in Section 3.1(c) below shall be delayed by a number of days equal to the number of days that the Commercial Operation Commencement Date was delayed as a result of the Force Majeure event(s). During such extension period, Owner shall continue to pay to Town monthly rental that continues from the schedule set forth above and escalates by $1,000 per month. At the end of the extension period, if the Commercial Operation Commencement Date has not occurred, Owner shall begin making rental payments under the provisions of Section 3.1(c);

(c) For the period beginning after payments pursuant to Section 3.1(b) have ended, and continuing until the earlier of the payment of twelve months rent or the Commercial Operation Commencement Date, Owner shall pay to

Town annual rental in the amount of Five Hundred Fifty Thousand Dollars (U.S.) ($550,000), payable in equal monthly installments in advance on the first day of each calendar month; provided, however, that if the Commercial Operation Commencement Date is delayed during the period in respect of which rental payments are being made pursuant to this Section 3.1(c) as a result of the occurrence of a Force Majeure event or events, the rental payment obligations set forth in Section 3.1(d) below shall be delayed by the number of days equal to the number of days that the Commercial Operation Commencement Date was delayed as a result of the Force Majeure event or events. During such extension period Owner shall continue to pay to Town monthly rental at the rate set forth in this Section 3.1(c). At the end of the extension period, if the Commercial Operation Commencement Date has not occurred, Owner shall begin making rental payments under the provisions of Section 3.1(d);

(d) If the Commercial Operation Commencement Date has not occurred on or before the expiration of payments pursuant to Section 3.1(c), for the period from the expiration of payments pursuant to Section 3.1(c) until the Commercial Operation Commencement Date, Owner shall pay to Town annual rental in an amount equal to the sum of the following amounts:

(i) If the amount of personal property and real estate taxes payable by Owner to Town is less than One Million Dollars, prorated to reflect taxes payable, for a one-year period beginning on the first day on which rental payments are due pursuant to this Section 3.1(d), the difference between (y) One Million Dollars (U.S.) ($1,000,000) and (z) the amount of personal property and real estate taxes payable by Owner to Town for such period, as determined following all applicable appeals;

(ii) The sum of Four Hundred Fifty Thousand Dollars (U.S.) ($450,000); and

(iii) The sum of One Hundred Thousand Dollars (U.S.) ($100,000) adjusted to reflect increases in the CPI.

Annual Rental shall be payable in equal monthly installments of the Annual Rental in advance on the first day of each calendar month. For purposes of the payment of any monthly installment of the Annual Rental amounts due under Section 3.1(d)(i), Owner shall estimate the annual property and other taxes payable by Owner to Town based on the amount of such taxes payable by Owner for the same period in the previous year. After such time as the actual amount of property and other taxes

payable to Town is determined for such period, if it is determined that the amounts paid by Owner under Section 3.1(d)(i) exceeded the amount actually owed by Owner and due to Town, Town shall, within 30 Business Days of such determination and notice thereof by Owner, refund any excess amount to Owner, with interest at the Default Rate, for the period from the date when the first excess payment was made to the date of such refund. If it is determined that the amounts paid by Owner under Section 3.1(d)(i) were less than the amounts owed pursuant to such section, Owner shall, within 30 Business Days of such determination and notice thereof by Town, pay any amounts due to Town under Section 3.1(d)(i), with interest at the Default Rate, for the period from the date the first underpayment was made to the date of such refund.

(e) For the period from the Commercial Operation Commencement Date through the expiration of the term of this Lease, Owner shall pay to Town Annual Rental in an amount equal to the sum of the following amounts:

(i) The sum of Four Hundred Fifty Thousand Dollars (U.S.) ($450,000); and

(ii) Continuation of the amount payable pursuant to Section 3.1 (d)(iii) including any increases due to the CPI adjustment.

Annual rental shall be payable in equal monthly installments in advance on the first day of each calendar month.

3.2 Owner's Insurance: From and after the Effective Date, Owner shall, at Owner's sole cost and expense, keep and maintain, or cause to be maintained commercial general liability insurance protecting Owner, and naming Town as an additional insured, against any and all claims for damages to person or property or for loss of life or of property occurring upon, in, or about the Demised Land and the adjacent lands of Town in respect of which Town has granted to Owner certain easements, such insurance to afford protection, to the limit of not less than one million dollars per occurrence, and two million dollars in the aggregate for commercial general liability in respect to bodily injury or death to any one person, and to the limit of not less than one million dollars per occurrence and two million dollars in the aggregate for property damage with no deductible. In addition, the Owner or its affiliates shall maintain commercial general liability insurance comparable or similar to an umbrella policy of Ten Million Dollars (U.S.)($10,000,000) or more.

Insurance provided for in this Section, shall be effected under standard form policies issued by insurers of recognized responsibility which are authorized to insure risks in the State of Connecticut. Owner may secure one or more policies of insurance meeting the requirements of this Section.

Within 10 days after the Effective Date and thereafter not less than 30 days prior to the expiration dates of the expiring policies theretofore furnished pursuant to this Section, originals or duplicate originals or certified copies of the policies, bearing notations evidencing the payment of premiums or accompanied by other evidence reasonably satisfactory to Town of such payment, shall be delivered by Owner to Town.

Each policy of insurance required to be carried by Owner pursuant hereto shall, to the extent obtainable, contain an agreement by the insurer that such policy shall not be cancelled without at least 30 days (or such longer period as may be required by a Leasehold Mortgagee) prior written notice to Town.

ARTICLE IV
Construction and Upgrading of Transmission System

4.1 Upgrade and Construction Work. Owner shall, at its cost unless otherwise specified herein, perform or cause to be performed the Upgrade and Construction Work, including but not limited to the design, engineering, procurement, construction and testing of the Transmission System Upgrades, in accordance with Good Utility Practices, standards of professional care, skill, diligence and competence applicable to good engineering, construction and project management practices, the applicable requirements of NEPOOL or any other third party having the authority to impose such requirements, all Governmental Approvals, applicable law, the Specifications and other requirements of this Lease; and upon Final Completion shall transfer the Transmission System Upgrades to Town as provided in Section 4.10. In the event that during the term of this Lease, Town sells all or a portion of the Transmission System Upgrades, and provided that Owner is not in material default of its obligations under the Project Agreements, Town shall pay to Owner ninety percent (90%) of that portion of the amount received from such sale that is attributable to the Transmission System Upgrades paid for by Owner, which amount shall not exceed ninety percent (90%) of the unamortized balance of the Contribution in Aid of Construction. If during the term of this Lease, Town receives a cash rebate from NEPOOL attributable to the initial construction of the Transmission System Upgrades, Town shall remit 90% of such amount to Owner.

Attached hereto as Exhibit H are the preliminary design characteristics of the Transmission System Upgrades. Owner shall deliver to Town a draft of the Specifications no later than the date set forth in the Construction Schedule. The draft Specifications shall not be inconsistent with the preliminary design characteristics. Town shall provide its approval or disapproval, together with comments, on such Specifications to Owner as expeditiously as possible but in no event more than twenty (20) days after receipt of the draft thereof; provided, however, that if Town has not provided its approval or disapproval, together with comments, by the date twenty (20) days after receipt of the draft Specifications, such Specifications shall be deemed approved by Town. Town shall not unreasonably withhold approval of the Specifications and shall specifically identify its reasons for not approving the same. In the event that Town disapproves the draft Specifications, the Parties shall thereafter use their Reasonable Efforts to resolve their differences and agree on the Specifications as soon as reasonably practicable; provided, however, that if the Parties are unable to agree on the changes, if any, to be made to the draft Specifications within fifteen (15) days of the date on which Town disapproves such draft Specifications, the matter shall be referred to and resolved by an independent engineer to be selected by the Parties.

During the course of performing the Upgrade and Construction Work, Owner shall coordinate the same with Town, and Town and Owner shall in turn coordinate the same with Northeast Utilities. Notwithstanding Owner's obligation to coordinate the Upgrade and Construction Work with Town, during the performance of such construction work, Town and Owner shall each be solely responsible for the safety and supervision of its own employees, agents, representatives, contractors and subcontractors.

4.2 Time for Performance. The Upgrade and Construction Work shall commence and be carried out by Owner or its contractors in accordance with the Construction Schedule. Notwithstanding the foregoing and subject to Owner using its Reasonable Efforts with respect to the satisfaction of the following conditions, including making timely requests to Town to assist Owner with respect to the same, Owner shall not be obligated to commence, or cause the commencement of, the Upgrade and Construction Work except for the preliminary activities of preparing and filing applications for necessary Governmental Approvals and making necessary requests for the interconnection of the Project to third parties until such conditions have been satisfied:

(a) Construction Site Access by Town. Town shall have provided to Owner and its contractors access to those portions of the Construction Site that are owned by Town and are under its control as required under Section 4.5;

(b) Construction Site Access by Third Parties. Any third parties shall have provided to Owner and its contractors access to those portions of the Construction Site that are owned by such third parties or are under their control; and

(c) Governmental Approvals. All Governmental Approvals required for the performance of the Upgrade and Construction Work shall have been obtained and be effective.

4.3 Changes in the Upgrade and Construction Work. If Town requests modifications to the Transmission System Upgrades or the Specifications, after they have been approved by Town pursuant to Section 4.1, Owner shall accommodate such requests if practicable and consistent with Good Utility Practices. If the modifications requested are discretionary changes which are not required by third parties with jurisdiction to establish standards for the Transmission System Upgrades or the Specifications, Town agrees to pay all additional costs incurred by Owner as a result of and related to such modifications. In the event of any such modifications to the Transmission System Upgrades or the Specifications, the Construction Schedule shall be modified by mutual agreement of the Parties.

4.4 Inspection by Town.

(a) Inspections. Town and, at Town's reasonable request its insurers and each of their respective agents, shall have the right to inspect all Upgrade and Construction Work performed at the Construction Site and all test data related thereto.

(b) Correction of Defects. Until the date of Final Completion, Town shall have the right to reject, or to direct Owner to reject, at any time, any portion of the Upgrade and Construction Work, including but not limited to any design, engineering, materials, supplies, equipment or installation which in Town's reasonable judgment does not conform to the Specifications. Upon such rejection, Owner or its contractor shall as soon as practical remedy any condition identified by Town as giving rise to such rejection; provided, that the cost of performing such remedy shall be borne by Town if, after performance of the remedy, such portion of the Upgrade and Construction Work is found by a mutually

acceptable independent third party to have been in conformance with the Specifications.

4.5 Access to Construction Site. Town shall, at no cost to Owner other than Town Direct Costs, and subject to pre-existing encumbrances listed in Exhibit I furnish those portions of the Construction Site that are owned by it and are otherwise under its control to Owner to assure reasonable non-exclusive rights of ingress and egress to and from such portions of the Construction Site by Owner and its contractors sufficient for performance of the Upgrade and Construction Work. Such portions of the Construction Site shall be available for the performance of preliminary studies and surveys in connection with the Upgrade and Construction Work beginning on the Effective Date, and for all aspects of the Upgrade and Construction Work in accordance with the Construction Schedule.

In addition to the foregoing, Town shall use its Reasonable Efforts in assisting Owner in connection with its procurement of the easements set forth in Exhibit F to this Lease, and such other Easements to the Construction Site from third parties or third party land constituting portions of the Construction Site or in the vicinity of the Construction Site that may be reasonably necessary for the performance of the Upgrade and Construction work by Owner or its contractors, but in no event shall Town be obligated to use eminent domain procedures or to otherwise acquire property rights in addition to those it already holds. Following Owner's request for Town's assistance pursuant to this provision, Town shall provide Owner with a good faith estimate of the total Town Direct Costs that Town will incur pursuant to such request. Owner shall reimburse Town for all such documented Town Direct Costs that are incurred by Town in rendering such assistance; provided, however, that in no event shall such costs include a profit element for Town.

Owner shall build and, during the period of construction of the Transmission System Upgrades as applicable, maintain a security fence around those areas of the Construction Site as may be reasonably necessary, in Owner or its contractors' sole discretion, to assure the safety of third parties in the vicinity of the Construction Site.

4.6 Governmental Approvals. Each Party shall, in a timely manner, obtain, pay for and maintain all Governmental Approvals necessary for the performance of its obligations under this Article IV; provided, however, that Owner shall at its own cost prepare applications for such Governmental Approvals required to be obtained and maintained by Town; and provided, further, that Town shall provide reasonable cooperation and assistance to Owner in preparing such applications.

Other than as set forth in the preceding sentence, each Party shall provide reasonable cooperation and assistance to the other Party in obtaining and maintaining the Governmental Approvals it is required to obtain and maintain for the performance of its obligations under this Article IV. Each Party shall perform its obligations under this Article IV in compliance with all of the terms and conditions of each of the foregoing Governmental Approvals.

4.7 Drawings.

(a) Existing Drawings. As soon as reasonably practicable but in no event later than fifteen (15) days after the Effective Date, and from time to time thereafter upon Owner's request, Town shall identify, number, and provide Owner with a duplicate set of the most current drawings of those equipment and facilities of the Transmission System that Owner deems necessary for the performance of the Upgrade and Construction Work.

(b) Preliminary Design Drawings. Owner shall deliver to Town preliminary design drawings no later than such time as is set forth in the Construction Schedule, and Town shall provide its approval or comments on such preliminary design drawings to Owner within ten (10) days of receipt of the drawings.

(c) Final Drawings. Notwithstanding the occurrence of Final Completion pursuant to Section 4.11, Owner shall provide complete final design drawings and specifications reflecting the final "as-built" configuration of the Transmission System Upgrades to Town no later than the date sixty (60) days after Final Completion.

4.8 Construction Site Conditions.

(a) Owner shall perform, or cause to be performed by its contractors, studies with respect to matters affecting the Construction Site, including but not limited to access thereto, adequacy of laydown areas, geotechnical conditions, and subsurface obstructions, and shall provide the results of such studies to Town. Subject to Section 2.2(a), Owner shall perform the Upgrade and Construction Work so as to avoid areas where there are known to be Materials of Environmental Concern, pre-existing Releases or archeological finds. In the event that Owner encounters at the Construction Site previously unknown (i) pre-existing Materials of Environmental Concern or pre-existing Releases, or (ii) archeological finds (which in no event shall be materials or products created or manufactured after the year

1900), Owner may terminate this Lease and the Project Agreements; provided, however, that Owner may not terminate this Lease for such reason if Town chooses either (i) to remediate any such conditions at its own cost and expense such that the Upgrade and Construction Work can proceed, or (ii) to require a change in the location of all or any portion of the Construction Site and pay Owner the additional cost of performing the Upgrade and Construction Work necessitated by such change in location. In the event that any (i) pre-existing Materials of Environmental Concern or pre-existing Releases, or (ii) archeological finds (which in no event shall be materials or products created or manufactured after the year 1900) are discovered at the Construction Site subsequent to the commencement of the Upgrade and Construction Work by Owner or its contractors, Owner may terminate this Lease and the Project Agreements; provided, however, that Owner may not terminate this Lease for such reason if Town chooses either (i) to remediate any such conditions at its own cost and expense such that the Upgrade and Construction Work can proceed, or (ii) to require a change in the location of all or any portion of the Construction Site and pay Owner the additional cost of performing the Upgrade and Construction Work necessitated by such change in location; provided, however, that in the event this Lease is terminated by Owner as provided in the preceding clause, Owner shall be entitled to the salvage value of any and all portions of the Transmission System Upgrades that have been completed, and any materials or equipment purchased by Owner for purposes of incorporating the same into the Transmission System Upgrades, as of the time of such termination.

(b) Owner shall, at its own cost, be responsible for the relocation of any and all overhead or underground electric, water and sewer utilities located on the Construction Site or otherwise, the location of which are determined to be in conflict with the construction or routing of the Transmission System Upgrades. Owner shall also be responsible, at its own cost, for the relocation or removal of pre-existing man made subsurface structures at the Construction Site.

4.9 Performance Testing. Upon completion of construction of the Transmission System Upgrades, Owner or its contractors shall test the same in accordance with the performance testing requirements as established by Connecticut Light & Power Company ("CL&P") or its successor in function. Town designates Owner as its agent to coordinate any required testing with CL&P. Owner or its designated representative shall provide Town with ten (10) days advance written notice of testing of the Transmission System Upgrades. Town's representatives shall have the right to be present at such testing and shall be provided by Owner with a copy of such test results.

Town and Owner hereby agree to use their Reasonable Efforts in connection with any actions that may be reasonably necessary to allow the Transmission System Upgrades to be tested as provided herein and in accordance with the Construction Schedule, including the interconnection of the Transmission System Upgrades as may be required for the transmission of electricity through the Transmission System Upgrades for purposes of such testing. Without limiting the generality of the foregoing, Owner agrees to provide Town with such technical and other information as is necessary to permit Town to fulfil any of its responsibilities in connection with such testing.

4.10 Risk of Loss and Title.

4.10.1 Title to Transmission System Upgrades

(a) Owner hereby agrees that legal title to and ownership of the Transmission System Upgrades shall be free and clear of any and all liens, claims, security interests or other encumbrances arising out of any action or inaction of Owner as of the time of Final Completion. To evidence the same, Owner agrees to deliver to Town at the time of Final Completion, (i) invoices showing full payment of all contractors and subcontractors providing material goods or services in connection with the Upgrade and Construction Work, or in lieu thereof (ii) unconditional lien releases from such contractors or subcontractors, or (iii) a certificate executed by Owner to the effect that all such contractors and subcontractors have been paid to the extent that such amounts are then due or that payment is subject to a good faith contest which is being diligently pursued by Owner or its contractor; provided, however, that in the event ~~of such~~ that payment in full has not been made for any reason or of a payment dispute, Final Completion shall not occur unless ~~and until~~ Owner has placed in escrow the full ~~disputed~~ amount of any ~~such~~ undisputed payments that are owed and/or any payments that are in dispute. The Owner needs not place such amounts in escrow if the payment obligations are covered by the Transmission System Upgrade Undertaking. Notwithstanding the foregoing, Town agrees that it shall accept transfer of title to the Transmission System Upgrades subject to any property taxes assessed by the Town that have not as of the date of transfer been paid by Owner. Town further agrees that in the event that Owner has paid to Town property taxes that have been assessed on the Transmission System Upgrades that are transferred to Town, Owner shall be paid by Town upon transfer of the Transmission System Upgrades an amount equal to the property taxes related to such Transmission System Upgrades that have been paid to the Town.

(b) Legal title to and ownership of all materials, supplies and equipment to be incorporated as part of the Transmission System Upgrades, and the Transmission System Upgrades shall pass to Town at the time of Final Completion thereof.

(c) Owner shall deliver to Town such assignments, bills of sale or other documents as reasonably requested by Town to evidence transfer of title as set forth in this Section 4.10.

4.10.2 Title to Drawings. Title to all drawings, specifications, documents, and engineering and other data prepared or obtained by Owner or its contractors in connection with the Upgrade and Construction Work shall pass to Town on Final Completion, but Owner and its contractors may retain a copy of all such documents only for its own use in relation to the performance of its obligations and the enforcement of its rights under this Agreement.

4.11 Completion. Except as otherwise provided under Section 4.9, Final Completion of the Transmission System Upgrades shall be deemed to have occurred at such time when a Final Completion Certificate, substantially in the form of Exhibit G hereto, shall have been issued to Town by Owner or its contractors, and Town accepts such Final Completion Certificate. Owner shall include as attachments to the Final Completion Certificate a list identifying all warranties pertaining to the Transmission System Upgrades and evidence of the release of all mechanics' liens thereon, if any. The Director of Public Utilities of Town, or his designated representative, shall review and accept or reject, on behalf of Town, the Final Completion Certificate issued by Owner or its contractors as expeditiously as possible but in no event more than fifteen (15) days after receipt of such certificate by delivering a notice of acceptance or rejection to Owner; provided, however, that if Director of Public Utilities has not delivered such notice by 5:00 p.m. Eastern Standard Time on the date fifteen (15) days after receipt of such certificate by Owner, such certificate shall be deemed accepted by the Director of Public Utilities on behalf of Town. The Director of Public Utilities shall not unreasonably withhold acceptance of such Final Completion Certificate and shall specifically identify his reasons for rejection of the Certificate. If Owner accepts the reasons for such rejection, it shall take corrective action and submit a new Final Completion Certificate to Town for action in accordance with the procedures set forth in this Section 4.11. If Owner disagrees with the reasons for the rejection, Owner may refer the dispute for resolution by an independent engineer to be selected by the Parties.

If the Parties cannot agree on an independent engineer, they shall each nominate an engineering firm with experience in constructing transmission systems that has not in the last ten (10) years worked with the nominating Party or its Affiliates. The independent engineer to resolve the dispute shall be selected with the mutual agreement of these two engineering firms.

Upon the occurrence of Final Completion, Owner shall assign to Town all its rights and interest in any material contract entered into by Owner for the performance of any portion of the Upgrade and Construction Work, including but not limited to any warranties provided under such material contracts. Thereafter, Owner shall have no further obligations under this Lease with respect to the Upgrade and Construction Work or under any such material contract. Owner shall make Reasonable Efforts to cause each such material contract to include a provision whereby each contractor party thereto consents to such assignment to Town.

4.12 Contractors and Subcontractors. Nothing in this Lease shall prevent Owner from utilizing the services of such qualified contractors or subcontractors as it deems appropriate for the performance of its obligations under this Article IV; provided, however, that Owner shall provide Town with a copy of all material contracts to be entered into by Owner with such contractors or subcontractors for Town's review and that all such contractors or subcontractors shall comply with the terms and conditions of this Article IV. The creation of any contract or subcontract relationship shall not relieve the Party retaining the contractor or subcontractor of any of its obligations under this Article. Any obligation imposed by this Article upon Owner, where applicable, shall be equally binding upon and shall be construed as having application to any contractor or subcontractor retained by Owner. No contractor or subcontractor is intended to be deemed a third party beneficiary of Article IV of this Lease.

4.13 Environmental Compliance and Procedures. In connection with the Upgrade and Construction Work to be performed pursuant to this Article IV, each Party shall notify the other Party first orally and then in writing of any Releases or other requirements for or commencement of Remediation activities, promptly and in any event within 24 hours of discovery or initiation, or sooner when necessary to permit the other Party to comply with applicable laws or regulations. The Party responsible for the Release shall be responsible for performing any Remediation activities and submitting reports or filings required by Environmental Laws. Except as required by law or any federal or state agency or in emergency situations, neither Party shall knowingly take any action referred to in the preceding sentence which might reasonably be expected to have an adverse effect upon the operations of the

Project or the Transmission System, as the case may be, without providing prior written notification of such action to the other Party and obtaining the prior agreement of the other Party regarding the same. Neither Party shall require the other to modify any physical structures, including containment systems, for purposes of environmental compliance unless required by law. The Parties agree to coordinate with each other concerning any regulatory required plans for the Construction Site. To the extent necessary, the Parties shall cooperate with respect to all compliance and filings under Environmental Laws.

Each Party (the "Indemnifying Party") shall indemnify, hold harmless and defend the other Party (the "Indemnified Party") and its Affiliates and their respective officers, directors, trustees, employees, contractors, subcontractors and agents, from and against any claims or liability for damage to property, injury to or death of any person or any other liability, including all expenses and reasonable attorney's fees, incurred by such Indemnified Party, to the extent caused by any act or omission of the Indemnifying Party or its Affiliates and their respective officers, directors, trustees, employees, contractors, subcontractors or agents in connection with the performance or nonperformance of its obligations under this Article IV that results in an Environmental Claim or violates the Indemnifying Party's undertakings under this Section 4.13.

4.14 Other Terms.

(a) Independent Contractor Status. Nothing in this Article IV shall be construed as creating any relationship between Town and Owner other than that of independent contractors.

(b) Designation of Contact Person. On or prior to the commencement of the Upgrade and Construction Work by Owner, each Party shall notify the other Party as to the appropriate person during each eight-hour work shift to contact in the event of an emergency. The notice last received by a Party as required under this Section 4.14(b) shall be effective until modified in writing by the other Party.

ARTICLE V
Impositions

5.1 Payment of Impositions: Throughout the Term of this Lease, Owner shall pay, or cause to be paid, as and when the same become due, all Impositions in respect of the Property due and payable during or with respect to the Term. Where any Imposition is permitted by law to be paid in installments, the same may be paid in installments as and when each such installment becomes due and before any penalty is imposed for late payment. Town represents to Owner that the Demised Land constitutes a separate tax lot and does not constitute a portion of any other tax lot not a part of the Demised Land.

5.2 Contests:

(a) Owner may contest the validity or amount of any Imposition payable by it pursuant hereto, in whole or in part, by an appropriate proceeding diligently conducted in good faith. Nothing herein contained shall be construed so as to (i) constitute agreement by Town to any delay in the payment of Impositions payable to it, or (ii) to allow such Imposition to remain unpaid for such length of time as shall permit the Property, or any part thereof or any interest therein, to be sold or foreclosed for the non-payment of the same.

(b) Owner at its expense may, if it shall so desire, endeavor at any time or times to obtain a lowering of the assessed valuation of the Property for the purpose of reducing taxes thereon. Owner shall be authorized to collect any tax refund payable as a result of any proceeding instituted for that purpose and any such tax refund shall be the property of Owner. Town shall not be required to join in any action or proceeding referred to in this Section 5.2(b) unless required by law or any rule or regulation in order to make such action or proceeding effective; provided, however, such joinder shall not serve to qualify or diminish the right of Town to oppose Owner on the merits on any such action or proceeding. Owner hereby agrees to indemnify and hold Town harmless from and against all costs, expenses (including reasonable attorneys' fees), claims, losses or damages by reason of, in connection with, or resulting from, any such action or proceeding.

ARTICLE VI
Ownership of Improvements

6.1 Ownership of Improvements: All Improvements hereafter erected on the Demised Land by or on behalf of Owner are and shall be the property of Owner, subject to the terms and conditions of this Lease.

6.2 Removal of Improvements: Owner shall remove all Improvements (except as otherwise expressly provided) from the Demised Land prior to the date (the "Removal Date") that is six (6) months after the date of expiration or earlier termination of the Term. During the period from the date of the expiration or earlier termination of the Term to the date upon which Owner shall have complied with such removal obligation, Town hereby grants to Owner a temporary easement over the Demised Land to permit Owner to comply with its removal obligation. Owner shall pay to Town a monthly easement fee equal to the rental payment paid by Owner to Town in respect of the final month of the Term, such easement fee to run concurrently with the term of the easement. In no event shall Owner be obligated to remove underground utility lines and Owner need not remove that portion of any other Improvement that is more than one foot below grade. In order to secure Owner's removal obligation pursuant to this Section 6.2 and restoration obligations provided in Section 7 of the Host Community Agreement, Owner, on or before the Commercial Operation Commencement Date shall deliver to Town a guarantee from PPL Global, Inc. In the event that the net assets (total assets less total liabilities) of PPL Global, Inc. falls below $10 million, Owner shall be obligated to provide to Town in lieu of the guarantee a letter of credit in the amount of $3 million. Fifty percent (50%) of the amount of such letter of credit shall be increased annually by a percentage equal to the increase in the ECI, and 50% shall be increased annually by a percentage equal to the increase in the CPI for the previous year. In the event Town reasonably determines that the amount provided in the letter of credit is inadequate, Town shall propose that the base amount of the letter of credit shall be changed to a level that reflects the then current cost of fulfilling the removal obligation, which amount shall thereafter increase annually by a percentage equal to the increase in the ECI and CPI as provided above. If Owner does not agree with Town's proposal, Owner and Town shall select an independent engineer from a nationally recognized engineering firm with which neither party has a business relationship to prepare an estimate of such cost, which estimate shall be binding. The cost of the independent engineer shall be paid by Owner if the letter of credit amount it last offered to maintain is less than the independent engineer's cost estimate; otherwise, the cost of the independent engineer shall be paid by Town. In the event that this Lease is assigned, PPL Global, Inc. shall be released from its obligations under the guarantee provided that either (a) a substitute guarantee is provided by the assignee of this Lease or an Affiliate of such assignee in either case having net assets (total assets less total liabilities) of more than $10 million or (b) a

letter of credit in the amount of $3 million is issued to Town by an institution with assets of at least $10 million and in form and substance reasonably acceptable to Town. The letter of credit must have a term of not less than five years from the date of its issuance, and shall automatically be renewed. The letter of credit shall provide for issuance of notice of non-renewal to Town. The final expiration date of the letter of credit may not be any earlier than the date that is thirty days after the Removal Date. If Owner completes the removal obligations set forth in this Section 6.2 prior to the expiration of the letter of credit, Town shall return the letter of credit to Owner upon completion of such removal obligations. The letter of credit may be drawn upon by Town in the Event of a Default by Owner with respect to Owner's removal obligation or if the issuer gives notice of nonrenewal to Town and a replacement letter of credit (or the cash equivalent) is not delivered to Town at least thirty (30) days prior to the non-renewed letter of credit's expiration date. The provisions of this Section 6.2 shall survive the expiration or earlier termination of this Lease.

ARTICLE VII
Use, Maintenance and Alterations

7.1 Use of Demised Land: Owner may use and occupy the Demised Land for the design, permitting, construction, testing, operation, management, expansion and maintenance of a facility and related equipment for the generation and transmission of electricity in a manner that is consistent with the design of the Facility.

Town hereby acknowledges that Owner's use of the Demised Land for the generation and transmission of electricity may conflict with certain uses Town may intend for the Alfred L. Pierce Generation Station which is located adjacent to the Demised Land. Town hereby covenants that it will not initiate or support any complaints against Owner relating to Owner's use of the Demised Land for the generation and transmission of electricity in accordance with law and with the terms of this Lease, the Host Community Agreement and the other Project Agreements. Town also covenants that it will not initiate or support any complaints against Owner relating to violations of noise regulations if Owner complies with such noise regulations at the noise receptor located at the outer fence that is adjacent to the Site and borders on East Street.

7.2 Mechanic's Lien Claims: Whenever and as often as any mechanic's or other lien for any labor or materials furnished shall have been filed against the Property based upon any action or inaction of Owner, or if any security interest, other than as permitted pursuant to Article 8 hereof shall have been filed for

or affecting any materials, machinery or fixtures used in the construction, repair or operation thereof, or annexed thereto by Owner, Owner shall take such action by bonding, deposit or payment as will remove or satisfy the lien or security interest within 120 days after notice of the filing thereof; provided, however, that Owner may, by an appropriate proceeding undertaken in good faith and prosecuted with due diligence, contest the validity or amount of any such lien or security interest, and, pending the determination of such contest, postpone the removal or satisfaction thereof, except that Owner shall not postpone such removal or satisfaction so long as to permit or cause any loss of title to all or any part of the Property. Notwithstanding the foregoing, in no event shall Owner be relieved of its obligation to transfer the Transmission System Upgrades free and clear of any liens or encumbrances; nor shall Owner be liable for the payment of any charges for materials or services furnished to Town for purposes other than those associated with Town Direct Costs, or for the removal of any lien affecting the Property or this Lease in connection therewith, and Town shall immediately remove or satisfy any such lien by payment, bonding or otherwise.

7.3 Condition of Demised Land: Owner shall maintain, or cause to be maintained, in reasonable order and condition in light of the use to which the Project will be put, the Demised Land. Owner shall maintain security fencing around the Demised Land, shall maintain in good repair the exterior surface of all Improvements facing East Street, and shall maintain the condition of all landscaping.

7.4 Alterations: Owner, in its discretion, shall have the right from time to time to make, or cause to be made, at its sole cost and expense, improvements, additions, alterations and changes (hereinafter sometimes referred to as "alterations") in or to the Improvements it deems necessary or desirable to carry on any activity or use permitted by Section 7.1 and not inconsistent with other provisions of the Lease, including any grading or landscaping of the Demised Land and any excavation of or for any foundations, pipelines, fuel storage areas and any construction or addition of buildings, equipment, roads or other structures or items of personal property or fixtures, provided, however, that Owner shall not have the right to make any such alterations which result in a material adverse environmental impact.

ARTICLE VIII
Condemnation

8.1 Total Condemnation:

(a) If, at any time during the Term of this Lease, title to the whole or substantially all of the Property shall be taken in condemnation or expropriation proceedings or by any right of eminent domain, this Lease shall terminate and expire on the date of such taking and the Rent shall be apportioned to the date of such taking. For purposes of this Article 7, "substantially all of the Property" shall be deemed to mean such portion of the Property as, when so taken, would leave remaining a balance of the Property which, in the sole judgment of Owner, is unsuitable for the use contemplated by this Lease.

(b) In the event of any such taking of all or substantially all of the Property and the termination of this Lease, the proceeds of any such condemnation shall be distributed in the following manner:

(1) all expenses, including reasonable attorneys' fees, incurred by Town and Owner with respect to said condemnation proceedings shall be reimbursed to Town and Owner, respectively;

(2) Owner shall be entitled to receive and retain such portion of the proceeds and damage award as shall represent the value of Owner's fee interest in the Improvements, its leasehold interest in the Demised Land, and its interest as Owner under this Lease (and Owner shall be responsible for the payment and satisfaction of any Leasehold Mortgage affecting Owner's interest in this Lease); and

(3) Town shall be entitled to receive and retain such portion of the proceeds and damage award as shall represent compensation for the value of Town's reversionary fee interest in the Demised Land and its interest as Town under this Lease.

8.2 Partial Condemnation: in the event of any such taking of less than the whole or substantially all of the Property, the Term of this Lease shall not be reduced or affected in any way, and the proceeds of such condemnation shall be distributed as follows:

(a) all expenses, including attorneys' fees, incurred by Town and Owner with respect to said condemnation proceedings shall be reimbursed to Town and Owner, respectively; and

(b) such portion of the condemnation proceeds and damage award for restoration costs as may be actually and reasonably incurred on account of such condemnation shall be used to repair, restore, replace or rebuild the Improvements as nearly as possible to its value, condition and character immediately prior to such condemnation; provided, however, that if there is a Leasehold Mortgagee all such proceeds shall be held by the Leasehold Mortgagee or deposited in an escrow acceptable to the Leasehold Mortgagee and applied to the payment of the restoration costs; and

(c) The balance of any award or awards shall be distributed pro rata in the following manner:

(1) Owner shall be entitled to receive and retain such portion of the condemnation proceeds and damage award as shall represent compensation for the value of Owner's fee interest in the Improvements, Owner's leasehold interest in the Demised Land and Owner's interest as Owner under this Lease; and

(2) Town shall be entitled to receive and retain such portion of the condemnation proceeds and damage award as shall represent compensation or the value of Town's reversionary fee interest in the Demised Land, and Town's interest as Town under this Lease.

ARTICLE IX
Assignment, Subletting, Transfer and Leasehold Mortgages

9.1 Assignment, Subletting and Transfer:

(a) Owner may sell, assign, mortgage, pledge, encumber or in any manner transfer the Improvements, Owner's interest in the Demised Land and this Lease, and Owner's personal property, fixtures, equipment and furnishings used in connection with the foregoing (collectively, "Owner's Property") or any part thereof without the prior written consent of Town, (i) to a Leasehold Mortgagee or (ii) to any entity that is a successor in interest to Owner with respect to the Project. Except as provided in the immediately preceding sentence and in Section 9.2, Owner may not sell, assign, mortgage, pledge, encumber, transfer or sublease the Property

or any part thereof without the prior written consent of Town, which consent Town shall not unreasonably withhold, condition or delay.

(b) Each and every assignee of Owner's interest in the Demised Land and this Lease, whether as assignee or as successor in interest of any assignee of Owner herein named, including any purchaser of this Lease under the foreclosure of any mortgage or other lien on this Lease, shall be entitled to all of the rights, and subject to all of the obligations, of Owner hereunder, and shall, subject to the provisions of Section 20.1 hereof, to the extent of the interest as-signed or purchased, except for assignments for security or mortgages, immediately be and become and remain liable for the Rent that Town is entitled to receive hereunder and for the due performance of all the covenants, agreements, terms and provisions of this Lease on Owner's part to be performed hereunder and each and every provision of this Lease applicable to Owner shall apply to and bind every such assignee and purchaser with the same force and effect as though assignee or purchaser were Owner herein named. No transfer to such assignee or to such purchaser shall be binding upon Town unless such assignee or purchaser shall deliver to Town a recordable instrument which contains a covenant of assumption by said assignee or purchaser to such effect. Notwithstanding such assumption by assignee, the assignor of Owner's interest shall not be released or relieved of its obligations and liabilities under this Lease. The failure or refusal of such assignee or purchaser to deliver such instrument of assumption shall not release or discharge such assignee or purchaser from its obligations and liabilities as above set forth.

9.2 Leasehold Mortgages:

(a) Owner, and every successor and assign of Owner, is hereby given the right (exercisable at any time and from time to time), without Town's prior written consent, to mortgage its interest in the Demised Land created by this Lease or assign this Lease as security, under one or two (2) leasehold mortgages or deeds of trust ("Leasehold Mortgage"). Promptly following the execution of a Leasehold Mortgage Owner shall send to Town written notice thereof specifying Leasehold Mortgagee's name, the address to which notices are to be sent, and whether or not Leasehold Mortgagee is an Affiliate of Owner. In the event that Leasehold Mortgagee is an Affiliate of Owner, the provisions of this Section 9.2 shall not be applicable to such affiliated Leasehold Mortgagee. The provisions of this Section 9.2 will not be applicable to a Leasehold Mortgagee unless such notice has been given to Town as provided in Section 9.2(k), and in no event will the provisions of this Section 9.2 be applicable to a Leasehold Mortgagee that is an Affiliate of Owner. Any such Leasehold Mortgage may encumber other property or

properties of Owner in addition to Owner's interest in this Lease. If Owner and/or Owner's successors or assigns shall mortgage this Lease, and if the Leasehold Mortgagee shall send to Town written notice thereof, specifying Leasehold Mortgagee's name and address, Town agrees that the following provisions shall apply to such Leasehold Mortgage and to any successive holders thereof, as long as the Leasehold Mortgage shall remain unsatisfied of record or until written notice of satisfaction is given by Leasehold Mortgagee to Town.

(b) Without the prior written consent of Leasehold Mortgagee, Town shall not accept any voluntary surrender of this Lease, nor shall Town and Owner enter into any agreement modifying or amending this Lease or any term or condition of this Lease. No voluntary surrender of this Lease, or amendment or modification of this Lease shall be effective until Town receives the written consent of Leasehold Mortgagee.

(c) Town shall, upon providing Owner with notice of default or notice of termination or other notice provided for in this Lease, simultaneously provide a copy of such notice to Leasehold Mortgagee and no such notice to Owner shall be effective until a copy of such notice is so provided to Leasehold Mortgagee as provided in Section 9.2(k). Leasehold Mortgagee shall thereupon have the same right as Owner, but not the obligation, to remedy or to cause to be remedied or to commence to remedy the defaults which are the subject matter of such notice, in addition to the other rights granted to Leasehold Mortgagee in this Section 9.2. Town shall accept such performance by or at the instigation of Leasehold Mortgagee as if the performance had been done by Owner. Owner authorizes Leasehold Mortgagee to take any such action at Leasehold Mortgagee's option and Leasehold Mortgagee is hereby authorized to enter on the Demised Land for such purpose.

(d) If any default under this Lease or Event of Default shall occur, Town shall have no right to terminate this Lease or exercise any remedies under this Lease, unless Town shall first give to Leasehold Mortgagee a notice of default as provided in Section 9.2(k), which shall contain a statement of all existing Events of Default under the Lease (the "Leasehold Mortgagee Notice of Default"). If within five days after receipt of such Leasehold Mortgagee Notice of Default, Leasehold Mortgaged shall have cured any stated monetary Event of Default and/or if within 30 days after receipt of such Leasehold Mortgagee Notice of Default, Leasehold Mortgagee shall have cured or commenced to cure any stated non-monetary Event of Default and shall thereafter use Reasonable Efforts to prosecute the same to completion, then in such event, but subject to the provisions of

Section 9.2(e) below, Town's right to terminate this Lease shall be stayed while such efforts to cure are undertaken.

(e) In the event, however, that if in order to cure such Event of Default possession of, or title to, the leasehold estate would be required, or if the Event of Default is a Noncurable Lease Default, Town shall not be entitled to terminate this Lease or exercise any of such remedies, excepting the right to cure, provided that (i) Leasehold Mortgagee shall notify Town within such 30 day period that it has elected to proceed under this Section 9.2(e); and (ii) Leasehold Mortgagee shall (a) cure or cause to be cured any stated monetary Event of Default as provided in Section 9.2(d) above; and (b) perform all of Owner's other non-monetary obligations under this Lease which are reasonably susceptible of being complied with or performed by Leasehold Mortgagee without having gained possession of the Demised Land and title to the leasehold; and (c) take steps to acquire or sell Owner's interest in this Lease by foreclosure or otherwise and prosecute the same to completion with reasonable diligence, except if enjoined or stayed and to the extent enjoined or stayed. If Leasehold Mortgagee is complying with the provisions of this Section 9.2(e), then upon Leasehold Mortgagee's having caused this Lease to be transferred by foreclosure, assignment in lieu of foreclosure or otherwise, this Lease shall continue in full force and effect as a lease between Town and Leasehold Mortgagee or its designee, or the purchaser of the leasehold estate in any foreclosure proceedings, or the assignee or transferee of the leasehold estate under any assignment or transfer in lieu of foreclosure, and Leasehold Mortgagee, its designee or such purchaser, shall with due diligence cure any Event of Default.

(f) Nothing in this Section 9.2, however, shall be construed to require Leasehold Mortgagee to continue such foreclosure or other steps after the stated Event of Default has been cured. If the stated Event of Default shall be cured and Leasehold Mortgagee shall discontinue such foreclosure or other steps, this Lease shall continue in full force and effect as if Owner had not defaulted under this Lease.

(g) In the event Leasehold Mortgagee either has failed to cure such Event of Default within the period provided to Leasehold Mortgagee or has not elected to proceed under the provisions of Section 9.2(e) or if it has elected to proceed under Section 9.2(e) and thereafter has failed to comply with the terms and conditions thereof, Town may proceed to exercise whatever rights and take whatever actions that had been stayed pursuant to the operation of this Section 9.2.

(h) Town agrees that, in order to terminate this Lease (which for purposes of this Section 9.2(h) shall also include any succeeding lease made pursuant to this Section 9.2 or like provisions of any such succeeding lease) by reason of the default of Owner, Town shall, in addition to providing any notice of default to Owner required under Section 10.1 (with a copy of such notice to Leasehold Mortgagee) and the Leasehold Mortgagee Notice of Default required under Section 9.2(e) above, provide Owner and Leasehold Mortgagee with written notice of Town's intent to terminate this Lease (the "Notice of Termination"), together with a statement of the proposed effective date of such termination, the existing Events of Default and all other defaults under this Lease then known to Town, at least 60 days in advance of the proposed effective date of the termination. Town agrees to enter into a new lease of the Demised Land with Leasehold Mortgagee, or its designee, for the remainder of the Term of this Lease, dated as of the Effective Date but effective as of the date of such termination, at the Rent, and upon the terms, covenants and conditions of this Lease provided:

1. Leasehold Mortgagee, or its designee, shall make written request upon Town for such new lease within 60 days after it has received the foregoing Notice of Termination and statement.

2. At the time of the execution and delivery of such new lease, Leasehold Mortgagee, or its designee, (a) shall pay to Town any and all monetary amounts due under this Lease at the time of such termination, less the income collected by Town from the Demised Land subsequent to the termination of this Lease and prior to the execution and delivery of the new lease, and (b) shall cure or commence to cure any stated defaults or Events of Default and shall thereafter prosecute the same to completion with reasonable diligence.

3. If there are two (2) Leasehold Mortgages and both Leasehold Mortgagees shall request such new lease, such new lease shall be made with and delivered to the Leasehold Mortgagee (or its nominee or designee) who can demonstrate to Town's reasonable satisfaction that its mortgage is prior in lien to the other; provided, however, that if the Leasehold Mortgagee entitled to such new lease shall fail to execute and deliver the same within 10 days after making its written request for a new lease, the other Leasehold Mortgagee shall have an additional period of 20 days in which to execute and deliver the new lease.

This Lease shall be and shall be deemed to constitute the new lease in favor of Leasehold Mortgagee.

Any new lease pursuant to this Section 9.2(h) shall have the same priority as this Lease with respect to any fee mortgage or other lien, charge or encumbrance on the Demised Land and/or Town's reversionary interest in the Demised Land, and the lessee under such new lease shall be liable thereunder only for claims arising during the term of such lease. Any fee mortgage or other lien, charge or encumbrance on the Demised Land and/or Town's reversionary interest in the Demised Land which is subject to the terms of this Lease shall be subject to the terms of the new lease without any further act or agreement such that any fee mortgagee and/or any judgment creditor or lienor shall have no greater rights with respect to the new lease than with respect to this Lease; each fee mortgagee by accepting a fee mortgage and each judgment creditor or lienor by entering a judgement or lien shall be deemed to have agreed (i) that such fee mortgage, judgment or lien shall be subject in all respects to the terms and conditions of the new lease and (ii) that such fee mortgagee or judgment creditor shall have no greater rights with respect to the Demised Land than those of Town under the new lease, and shall, from time to time upon written request and without charge (except for any applicable Town Direct Costs), execute, acknowledge and deliver such instruments reasonably requested by Leasehold Mortgagee to evidence the foregoing agreement. Town shall assign to Leasehold Mortgagee or its designee under the new lease all of Town's right, title and interest in and to moneys (including insurance and condemnation proceeds), if any, then held by or payable to Town, which Owner would have been entitled to receive but for the termination of this Lease, less sums reasonably expended by Town as a result of such Event of Default or sums to which Town is otherwise entitled hereunder, and any sums then held by or payable to Town shall be deemed to be held by or payable to it as Town under the new lease.

(i) Nothing contained herein shall require Leasehold Mortgagee or its designee, as a condition to its exercise of any of its rights under this Section 9.2:

(1) to cure any bankruptcy or insolvency default of Owner; or

(2) to cure or commence to cure any Event of Default consisting of Owner's failure to satisfy or discharge any lien, charge or encumbrance against Owner's interest in this Lease which is junior in priority to the lien of the Leasehold Mortgage held by Leasehold Mortgagee (provided that such junior lien is not a lien on the fee estate in the Demised Land or is not a lien in favor of Town).

Any such default referred to in clauses (1) and (2) of this Section 9.2(i) which is not cured by Leasehold Mortgagee, its nominee, designee or purchaser upon foreclosure, assignment in lieu of foreclosure or other enforcement of the Leasehold Mortgage or upon the effectiveness of a new lease shall be deemed waived by Town upon completion of such foreclosure, assignment in lieu of foreclosure or other enforcement of the Leasehold Mortgage or upon the effectiveness of a new lease.

(j) Leasehold Mortgagee shall not be deemed to be an assignee or transferee of this Lease or of the leasehold estate so as to require Leasehold Mortgagee to assume the performance of any of the terms, covenants and conditions on the part of Owner to be performed hereunder. The liability of Leasehold Mortgagee, its successors and assigns, shall be limited in all respects to its interest in this Lease and the leasehold estate created hereby. Neither Leasehold Mortgagee, its successors or assigns, nor any agents, partners, officers, trustees, directors, shareholders or principals (disclosed or undisclosed) of Leasehold Mortgagee, its successors or assigns, shall have any personal liability hereunder and no judgment or decree that shall be enforceable beyond the interest of Leasehold Mortgagee, or its successors or assigns, in the leasehold estate created under this Lease shall be sought or entered in any action or proceeding brought on account of or in connection with any default in the keeping, observance or performance of any covenant, agreement, term or condition of this Lease.

(k) Notices from Town to Leasehold Mortgagee shall ~~be~~ in writing and mailed to Leasehold Mortgagee by registered or certified mail, postage prepaid, return receipt requested, or hand-delivered at the address furnished by Leasehold Mortgagee pursuant to this Section 9.2 and notices from Leasehold Mortgagee to Town shall be in writing and hand-delivered or mailed to Town by registered or certified mail, postage prepaid, return receipt requested, at the address set forth in Section 14.1 hereof; or in either case to such other address as the party to receive the notice shall have specified by notice given pursuant hereto. Notices from Town to Leasehold Mortgagee shall not be deemed given or effective until the earlier of the date they have been received or three days after the date of mailing.

(l) Neither Owner nor Town shall be deemed to be a third party beneficiary of the rights granted hereunder to Leasehold Mortgagee and Leasehold Mortgagee shall not have any obligation to either Owner or Town to account for any decision it may make as to whether or not it elects to exercise its rights hereunder or any duty to either Owner or Town to exercise its rights hereunder

in any particular manner or order other than that which Leasehold Mortgagee, in its sole discretion, shall deem appropriate and in its own best interests.

(m) Upon request by Owner, Town shall enter into a Consent Agreement with Leasehold Mortgagee which shall confirm Town's consent to the Leasehold Mortgage and shall contain customary and reasonable provisions relating thereto and to the relationship between Town and Leasehold Mortgagee; provided, however, such consent shall not require any credit support or any modification of Town's rights under this Lease.

9.3 General Provisions Relating to Leasehold Mortgages: Owner shall deliver to Town copies of all documents recorded to evidence Leasehold Mortgages and all notices of default received from any Leasehold Mortgagee.

ARTICLE X
Default

10.1 Events of Default: Any one or more of the following occurrences or acts shall constitute an event of default under this Lease ("Event of Default"):

(a) if Owner shall fail to pay any Rent or any other sum herein required to be paid by Owner and such failure shall continue for a period of 30 days after receipt of written notice by Owner;

(b) if Owner shall fail to observe or perform any other material provisions of this Lease for 30 days after receipt of written notice specifying such failure (provided that in the case of any default referred to in this clause (b) which cannot with diligence be cured within such 30 day period, if Owner shall commence to cure the same within such 30 day period and thereafter shall prosecute the curing of same with diligence, then the time within which such failure may be cured shall be extended for such period as may be necessary to complete the same with diligence);

(c) if Owner shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall voluntarily file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future bankruptcy or insolvency statute or law, or shall voluntarily seek or consent to or acquiesce in the

appointment of any bankruptcy or insolvency trustee, receiver or liquidator of Owner or of all or any substantial part of the Property; if (i) any proceeding shall be filed against Owner seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future bankruptcy act or any other present or future bankruptcy or insolvency statute or law and if such proceeding shall not have been stayed, dismissed or vacated within 120 days after notice from Town to Owner of an intention to terminate this Lease for failure to remove the condition in question, or (ii) within 120 days after the appointment, without the consent or acquiescence of Owner, of any trustee, receiver or liquidator of Owner or of all or substantially all of Owner's Property, such appointment shall not have been vacated, dismissed or stayed on appeal or otherwise.

10.2 Right to Terminate: If a Event of Default shall have occurred and be continuing, Town shall have the right at its election, then or at any time thereafter, and subject to the rights of the Leasehold Mortgagee, to give written notice to Owner of its election to terminate this Lease on a date specified in such notice, which date shall not be less than 60 days after the giving of such notice. Thereafter this Lease shall terminate and the parties shall have no further rights, liabilities or obligations hereunder.

ARTICLE XI
Right to Perform

11.1 Right to Perform: If Owner shall default in the performance of any covenant, agreement, term, provision or condition herein contained, Town, without being under any obligation to do so and without thereby waiving such default, may, upon ten days' written notice to Owner, make such payment and/or remedy such other default for the account and at the expense of Owner, immediately and without notice in the case of emergency, or in any other case only provided Owner shall fail to make such payment or remedy such default within the period provided herein for remedying such default. Bills for any expense incurred by Town in connection therewith shall be sent by Town to Owner and Owner shall promptly reimburse Town for same.

ARTICLE XII
Brokerage Fees and Commissions

12.1 Brokerage Fees and Commissions:

(a) Town represents to Owner that neither Town nor its employees or agents, nor anyone acting on its behalf, has dealt with any real estate broker, salesman, agent, finder or dealer in the negotiation or making of this Lease and Town hereby agrees to indemnify and hold Owner harmless from and against any and all costs, expenses, fees, commissions, damages, penalties and charges from any brokers and finders claiming to have dealt with Town in connection with this Lease.

(b) Owner represents to Town that neither Owner nor its employees or agents, nor anyone acting on its behalf, has dealt with any real estate broker, salesman, agent, finder or dealer in the negotiation or making of this Lease and Owner hereby agrees to indemnify and hold Town harmless from and against any and all costs, expenses, fees, commissions, damages, penalties and charges from any brokers or finders claiming to have dealt with Owner in connection with this Lease.

(c) The provisions of Section 12.1 shall survive the Termination Date.

ARTICLE XIII
Quiet Enjoyment

13.1 Quiet Enjoyment: Town covenants that if and so long as Owner keeps and performs each and every covenant, agreement, term, provision and condition herein contained on the part and on behalf of Owner to be kept and performed, Owner shall quietly enjoy the Property without hindrance by Town or anyone claiming by, through or under Town, subject to the covenants, agreements, terms, provisions and conditions of this Lease.

ARTICLE XIV
Notices

14.1 Notices: All notices, demands, requests or other communications which may be or are required to be given, served or sent by either party to the other shall be in writing and shall be deemed to have been properly given or sent:

(a) if intended for Owner, by mailing by registered or certified mail with the postage prepaid, by courier or by personal service, if receipted for, or by telecopy (a duplicate of which shall be delivered by any of the other methods of notice delivery specified above) addressed to:

Wallingford Energy LLC
c/o PPL Global, Inc.
11350 Random Hills Road
Suite 400
Fairfax, VA 22030
Telecopy: 703-293-2659
Attn: *President*

(b) if intended for Town, by mailing by registered or certified mail with the postage prepaid, by courier or by personal service, if receipted for, or by telecopy (a duplicate of which shall be delivered by any of the other methods of notice delivery specified above) addressed to:

Town of Wallingford
Director – Public Utilities
100 John Street
Wallingford, CT 06492
Telecopy: 203-294-2267

Each party may designate by notice in writing a new address to which any notice, demand, request or communication may hereafter be so given, served or sent. Each notice, demand, request or communication which shall be mailed by registered or certified mail to Town or Owner in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes hereunder on the third day after the mailing thereof at any regularly maintained office of the United States Postal Service or when delivered by courier or personally and receipted for, and when sent (on receipt of a written confirmation to the correct telecopy number) if sent by telecopy.

ARTICLE XV
Estoppel Certificate

15.1 Nature of Certificate: The parties mutually agree that at any time and from time to time upon written request of the other party, Town or Owner, as the case may be, will execute, acknowledge and deliver to the other party not later than ten Business Days after said written request, a certificate:

(a) evidencing whether or not the Lease is in full force and effect;

(b) evidencing whether or not said Lease has been modified or amended in any respect, and identifying such modifications or amendments, if any;

(c) evidencing whether or not there are any existing defaults under this Lease to the knowledge of the party executing the certificate, and specifying the nature of such defaults, if any;

(d) confirming the term of this Lease; and

(e) confirming the date to which Rent is paid.

ARTICLE XVI
Invalidity of Particular Provisions

16.1 Invalidity of Particular Provisions: If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or enforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law; provided, however, the parties shall negotiate such amendments to this Lease as will restore the economic benefits contemplated by this Lease.

ARTICLE XVII
End of Term

17.1 Surrender by Owner: Upon the date of expiration of the Term of this Lease or upon the date of earlier termination thereof by either party hereto (the "Termination Date"), subject to Owner's removal obligations pursuant to Section 6.2, Owner shall peaceably and quietly leave, surrender and yield up unto Town all and singular the Property in the condition in the condition required pursuant to Section 6.2. Owner shall deliver to Town, in form and substance reasonably satisfactory to Town, such deeds, assignments or other instruments of conveyance as may be deemed reasonably necessary to evidence transfer of title to Town.

17.2 Survival: The provisions of Section 17.1 shall survive the Termination Date.

ARTICLE XVIII
Covenants Binding

18.1 Covenants Binding: The covenants, agreements, terms, provisions and conditions of this Lease shall be binding upon and inure to the benefit of the successors and assigns of Town and the successors and assigns of Owner and shall be construed as covenants running with the land.

ARTICLE XIX
Recordation of Notice of Lease

19.1 Recordation of Notice of Lease: Town and Owner will at any time at the request of either one promptly execute duplicate originals of an instrument, in recordable form, which will constitute a notice of lease setting forth the names and addresses of Town and Owner, a reference to this Lease, with its date of execution, a description of the Demised Land, the Term of this Lease with the commencement date and the expiration date and any other provisions hereof (other than the Rent), as either may request. Either party shall have the right to record, at its expense, such Notice of Lease.

ARTICLE XX
Limitation of Liability and Indemnity

20.1 (a) Owner's Exculpation. In no event will Owner (which for purposes of this Section 20.1 shall include any successor, assignee, principal, or member of Owner) have any personal liability hereunder except pursuant to Article IV or Section 20.2(b)(1) or (2), it being understood that the maximum exposure and liability of Owner with respect to any claims of Town as a result of any default or breach of any of the terms, covenants, agreements, provisions, conditions and limitations of this Lease on Owner's part to be kept, observed or performed, is limited to the interest and/or title of Owner in this Lease, the Improvements, the revenues generated from the sale of capacity and energy and, if applicable, insurance proceeds or condemnation proceeds, and the assets of the guarantor under the Corporate Removal Guarantee and the Transmission System Upgrade Undertaking solely to the extent required to comply with such guarantor's obligations thereunder, and no other assets of Owner shall be subject to any judgment, decree, execution, attachment, sequestration or other legal remedy. Accordingly, any claim, judgment or decree of any court or arbitration body against Owner in favor of Town as a result of any such default or breach shall be wholly satisfied by Town resorting only to the interest and/or title of Owner in this Lease, the Improvements, the revenues generated from the sale of capacity and energy and, if applicable, insurance proceeds or condemnation proceeds, and the assets of the guarantor under the Corporate Removal Guarantee and the Transmission System Upgrade Undertaking solely to the extent required to comply with such guarantor's obligations thereunder, and not against any other assets of Owner, or its successors or assigns, and any such execution, enforcement, attachment, sequestration or other like remedy shall be governed and restricted by the provisions of this Section. Without limiting the foregoing, Town agrees that no person, firm, corporation, trust or other entity which may now or hereafter become Owner hereunder, or an assignee or successor of any "Owner" hereunder, whether or not as a partner, venturer or in any other entity, shall be personally liable or accountable to Town by reason of any such default or breach, except to the extent herein-before provided.

(b) Town's Exculpation. In no event will Town (which for purposes of this Section 20.1(b) shall include any successor or assignee of Town) have any personal liability hereunder except pursuant to Article IV or Section 20.2(a)(1)-(5), it being understood that the maximum exposure and liability of Town with respect to any claims of Owner as a result of any default or breach of any of the terms, covenants, agreements, provisions, conditions and limitations of this Lease on Town's part to be kept, observed or performed, is limited to the interest and/or title

of Town in this Lease and the Demised Land and the uncollected rents and income therefrom, and, if applicable, insurance proceeds or condemnation proceeds, and no other assets of Town shall be subject to any judgment, decree, execution, attachment, sequestration or other legal remedy. Accordingly, any claim, judgment or decree of any court or arbitration body against Town in favor of Owner as a result of any such default or breach shall be wholly satisfied by Owner resorting only to the interest and/or title of Town in this Lease and the Demised Land and the uncollected rents and income therefrom, and, if applicable, insurance proceeds or condemnation proceeds, and not against any other assets of Town, or its successors or assigns, and any such execution, enforcement, attachment, sequestration or other like remedy shall be governed and restricted by the provisions of this Section 20.1(b). Without limiting the foregoing, Owner agrees that no person, firm, corporation, trust or other entity which may now or hereafter become Town hereunder, or an assignee or successor of any "Town" hereunder, whether or not as a partner, venturer or in any other entity, shall be personally liable or accountable to Owner by reason of any such default or breach, except to the extent hereinabove provided.

20.2 Indemnity.

(a) Town agrees to indemnify, reimburse, defend, and hold harmless Owner, its Affiliates and their respective contractors, subcontractors and agents for, from, and against all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses, including, without limitation, interest, penalties, reasonable attorneys' fees, disbursements and expenses, and reasonable consultants' fees, disbursements and expenses, asserted against, resulting to, imposed on, or incurred by Owner, its Affiliates and their respective contractors, subcontractors and agents (but which in no event shall such damages include consequential damages), directly or indirectly, in connection with any of the following:

(1) the events, circumstances, or conditions described in Exhibit D;

(2) any pollution or threat to human health or the environment that is related in any way to Town's or any previous owner's or operator's management, use, control, ownership or operation of the Demised Land including, without limitation, all on-site and off-site activities involving Materials of Environmental Concern originating from the Demised Land or lands owned by Town adjacent to the Demised Land, and that occurred, existed, arises out of

conditions or circumstances that occurred or existed, or was caused, in whole or in part, before the Effective Date, whether or not the pollution or threat to human health or the environment is described in Exhibit D;

(3) any Environmental Claim against any person or entity whose liability for such Environmental Claim Town has or may have assumed or retained either contractually or by operation of law;

(4) the breach of any environmental representation or warranty set forth in Section 2.1 of this Lease;

(5) any pollution or threat to human health or the environment that is related in any way to Town's use, control, ownership or operation of property adjacent to the Demised Land including activities involving Materials of Environmental Concern; or

(6) the negligence or willful or wanton acts or omissions to act of Town arising out of or connected with the operation of Town's facilities, equipment or properties, or arising out of or connected with Town's performance or breach under Article IV of this Agreement; provided, however, that Town shall not have any liability for damages or losses arising out of negligence or willful misconduct by Owner, its Affiliates and their respective contractors, subcontractors or agents in connection with Owner's performance or breach under Article IV of this Agreement.

The provisions of this Section 20.2 shall survive, and shall continue in full force and effect following, the expiration or earlier termination of this Lease.

(b) Owner agrees to indemnify, reimburse, defend, and hold harmless Town for, from and against all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses, including, without limitation, interest, penalties, reasonable attorneys' fees, disbursements and expenses, and reasonable consultants' fees, disbursements and expenses, asserted against, resulting to, imposed on, or incurred by Town (but which in no event shall such damages include consequential damages), directly or indirectly, in connection with any of the following:

(1) any pollution or threat to human health or the environment that is related in any way to Owner's management, use, control, ownership or operation of the Property, including, without limitation, all on-site and off-site activities involving Materials of Environmental Concern originating from the Demised Land, and that occur, exist, arise out of conditions or circumstances that occur or exist, or are caused, in whole or in part, on or after the Effective Date;

(2) any Environmental Claim against any person or entity whose liability for such Environmental Claim Owner has or may have assumed or retained either contractually or by operation of law;

(3) any failure on the part of Owner to perform or comply with any of the covenants, agreements, terms, provisions, conditions or limitations contained in this Lease on Owner's part to be performed or complied with; or

(4) the negligence or willful or wanton acts or omissions to act of Owner arising out of or connected with the operation of Owner's facilities, equipment or properties, or arising out of or connected with Owner's performance or breach under Article IV of this Agreement; provided, however that Owner shall not have any liability for damages or losses arising out of negligence or willful misconduct by Town in connection with Town's performance or breach under Article IV of this Agreement.

ARTICLE XXI
Force Majeure

21.1 Force Majeure. Notwithstanding any provision in this Lease to the contrary, neither party shall be liable in damages or otherwise, or be responsible to the other party, for failure to carry out any of its obligations under this Lease (other than any payment obligations) if and only to the extent that it is unable to so perform or is prevented from performing such obligation by an event of Force Majeure.

ARTICLE XXII

Miscellaneous

22.1 Miscellaneous:

(a) Nothing herein contained shall be construed to make the parties partners or joint venturers or to make Town liable for any obligations incurred by Owner in the conduct of its business and no party dealing with Owner shall be entitled to look to Town or to Town's interest in the Demised Land for the recovery of any sum owed by Owner or any damages for which Owner may be liable.

(b) This Lease may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

(c) The leasehold estate created hereby shall not merge with the fee estate in the Demised Land in the event that the same person or entity acquires, owns or holds, directly or indirectly, the fee estate and the leasehold estate in the Demised Land.

(d) Any disagreement between the parties as to their rights and obligations under this Lease shall first be referred to their respective senior management, and neither party shall commence any legal action or proceeding against the other party in connection with any such disagreement until and unless, after using their Reasonable Efforts to resolve the dispute, the senior management of the Town and Owner are unable in good faith to satisfactorily resolve the dispute within 30 days of the date such dispute is referred to them. A notice of default shall be deemed a referral to senior management. Notwithstanding the foregoing, either party may forego referring a matter to senior management when time is of the essence.

(e) Town and Owner hereby mutually waive their rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other or any matters whatsoever arising out of or in any way connected with this Lease, Owner's use or occupancy of the Demised Land and any claim of injury or damage.

(f) Town hereby generally consents to any suit, legal action or other proceeding in a federal court of appropriate jurisdiction in the State of Connecticut or in any Connecticut state court of appropriate jurisdiction relating to Owner's enforcement of its rights under this Lease, to the giving of any relief

(including equitable relief) or the issue of any process in connection with such suit, legal action or other proceeding including, without limitation, any order or judgment which may be made or given in such suit, legal action or other proceeding. Finally, the Town consents to service of process for any such suit, legal action or other proceeding in accordance with applicable law.

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument as of the day and year first above written.

TOWN OF WALLINGFORD, CONNECTICUT

By: _____
Name: _____
Title: _____

Attest:

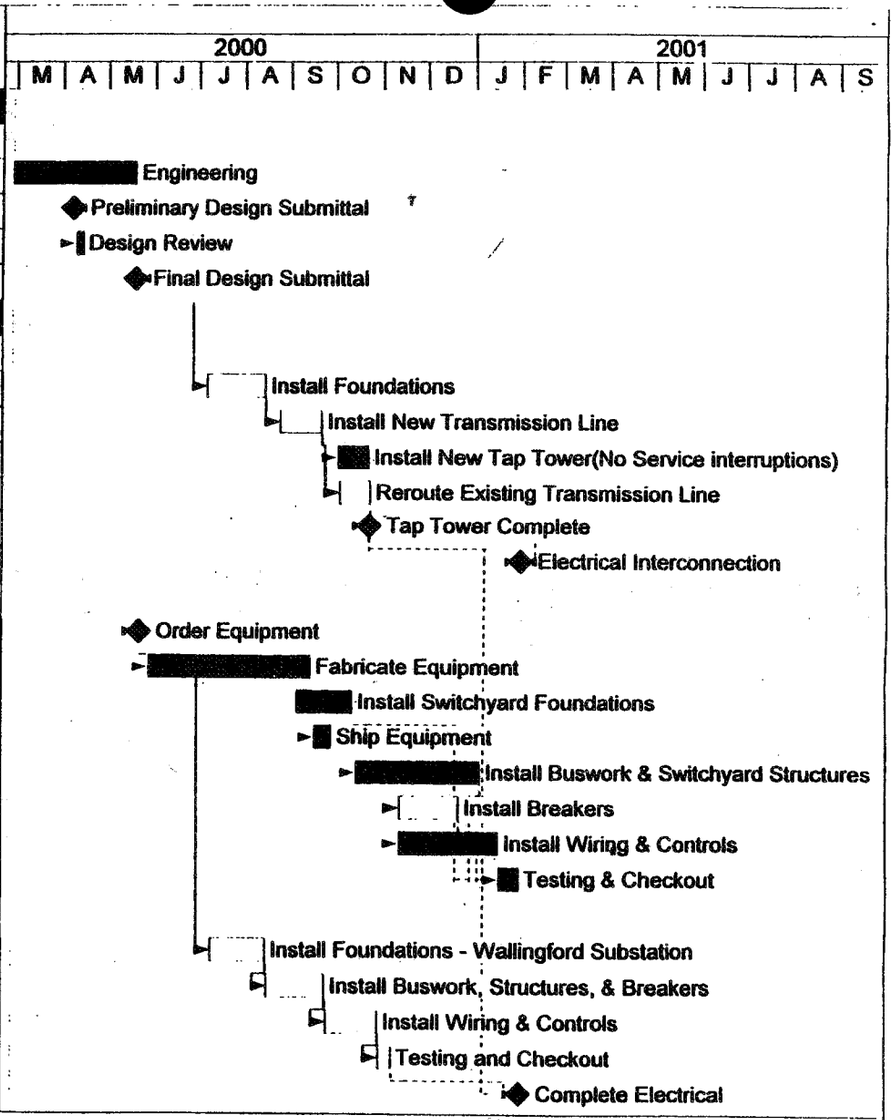
WALLINGFORD ENERGY LLC

By: _____
Name: _____
Title: _____

EXHIBIT A

CONSTRUCTION SCHEDULE

Description	Early Start	Early Finish
ENGINEERING		
Engineering	28FEB00	19MAY00
Preliminary Design Submittal		07APR00
Design Review	10APR00	14APR00
Final Design Submittal		19MAY00
CONSTRUCTION		
115kV Transmission Line		
Install Foundations	07JUL00	15AUG00
Install New Transmission Line	25AUG00	22SEP00
Install New Tap Tower(No Service interruptions)	03OCT00	23OCT00
Reroute Existing Transmission Line	04OCT00	24OCT00
Tap Tower Complete		23OCT00
Electrical Interconnection		31JAN01
115kV Switchyard - Wallingford Energy LLC		
Order Equipment	22MAY00	
Fabricate Equipment	29MAY00	15SEP00
Install Switchyard Foundations	06SEP00	13OCT00
Ship Equipment	18SEP00	29SEP00
Install Buswork & Switchyard Structures	16OCT00	05JAN01
Install Breakers	13NOV00	22DEC00
Install Wiring & Controls	13NOV00	17JAN01
Testing & Checkout	18JAN01	31JAN01
Wallingford Substation/Switchyard Modification		
Install Foundations - Wallingford Substation	10JUL00	16AUG00
Install Buswork, Structures, & Breakers	17AUG00	25SEP00
Install Wiring & Controls	26SEP00	30OCT00
Testing and Checkout	31OCT00	08NOV00
Complete Electrical		31JAN01



Early bar
Critical bar
Start milestone point
Finish milestone point

Data date	28FEB00
Start date	28FEB00
Finish date	31JAN01
Run date	13FEB00
Project name	WALELECT

WALLINGFORD ENERGY, LLC
Electrical Engineering/Construction Schedule
PB Power

EXHIBIT B

DESCRIPTION OF DEMISED LAND

February 16, 2000

98-160- Metes & Bounds Description **PRELIMINARY**
Area To Be Leased By Wallingford Energy LLC
#179 East Street, Wallingford, Connecticut

Beginning at a point on the northerly streetline of East Street, said point marks the common front property corner of Allegheny Ludlum Steel Corporation and the Town of Wallingford (Pierce Generating Plant). Said point is further marked by a concrete monument.

Thence at an azimuth of 308 ° 13 ' 25 ", 332.00 feet to the TRUE POINT OF BEGINNING:

Thence at an azimuth of 195 ° 35 ' 10 ", 222.65 feet to a point;

Thence at an azimuth of 226 ° 53 ' 35 ", 59.83 feet to a point;

Thence at an azimuth of 316 ° 53 ' 35 ", 20.60 feet to a point;

Thence at an azimuth of 226 ° 53 ' 35 ", 22.50 feet to a point;

Thence at an azimuth of 316 ° 53 ' 35 ", 55.00 feet to a point;

Thence at an azimuth of 226 ° 53 ' 35 ", 105.00 feet to a point;

Thence at an azimuth of 136 ° 53 ' 35 ", 9.00 feet to a point;

Thence at an azimuth of 226 ° 53 ' 35 ", 46.20 feet to a point;

Thence at an azimuth of 136 ° 25 ' 15 ", 189.40 feet to a point;

Thence at an azimuth of 226 ° 34 ' 25 ", 230.60 feet to a point;

Thence at an azimuth of 137 ° 26 ' 45 ", 31.40 feet to a point;

Thence at an azimuth of 177 ° 24 ' 45 ", 55.20 feet to a point;

Thence at an azimuth of 225 ° 36 ' 55 ", 38.00 feet to a point;

Thence at an azimuth of 315 ° 27 ' 50 ", 92.20 feet to a point;

Thence at an azimuth of 46 ° 22 ' 45 ", 25.80 feet to a point;

Thence at an azimuth of 316 ° 22 ' 45 ", 56.80 feet to a point;

Thence at an azimuth of 46 ° 22 ' 45 ", 16.00 feet to a point;

Thence at an azimuth of 316 ° 22 ' 45 ", 255.60 feet to a point;

Thence at an azimuth of 226 ° 24 ' 40 ", 208.10 feet to a point;

Thence at an azimuth of 215 ° 42 ' 05 ", 11.30 feet to a point;

Thence at an azimuth of 136 ° 12 ' 45 ", 148.90 feet to a point;

Thence at an azimuth of 205 ° 02 ' 10 ", 36.70 feet to a point;

Thence at an azimuth of 225 ° 07 ' 55 ", 138.50 feet to a point;

Thence at an azimuth of 327 ° 48 ' 15 ", 66.30 feet to a point;

Thence at an azimuth of 250 ° 44 ' 30 ", 76.00 feet to a point;

Thence at an azimuth of 329 ° 47 ' 30 ", 96.70 feet to a point;

Thence at an azimuth of 19 ° 58 ' 55 ", 66.30 feet to a point;

Thence at an azimuth of 33 ° 43 ' 00 ", 92.00 feet to a point;

Thence at an azimuth of 27 ° 17 ' 15 ", 56.38 feet to a point;

Thence at an azimuth of 18 ° 35 ' 15 ", 66.23 feet to a point;

Thence at an azimuth of 12 ° 53 ' 55 ", 176.00 feet to a point;

Thence at an azimuth of 40 ° 17 ' 25 ", 56.70 feet to a point;

Thence at an azimuth of 67 ° 25 ' 00 ", 136.50 feet to a point;

Thence at an azimuth of 59 ° 03 ' 15 ", 96.00 feet to a point;

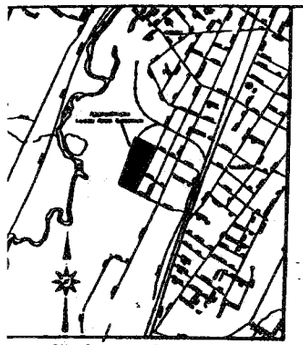
Thence at an azimuth of 338 ° 44 ' 40 ", 45.70 feet to a point;

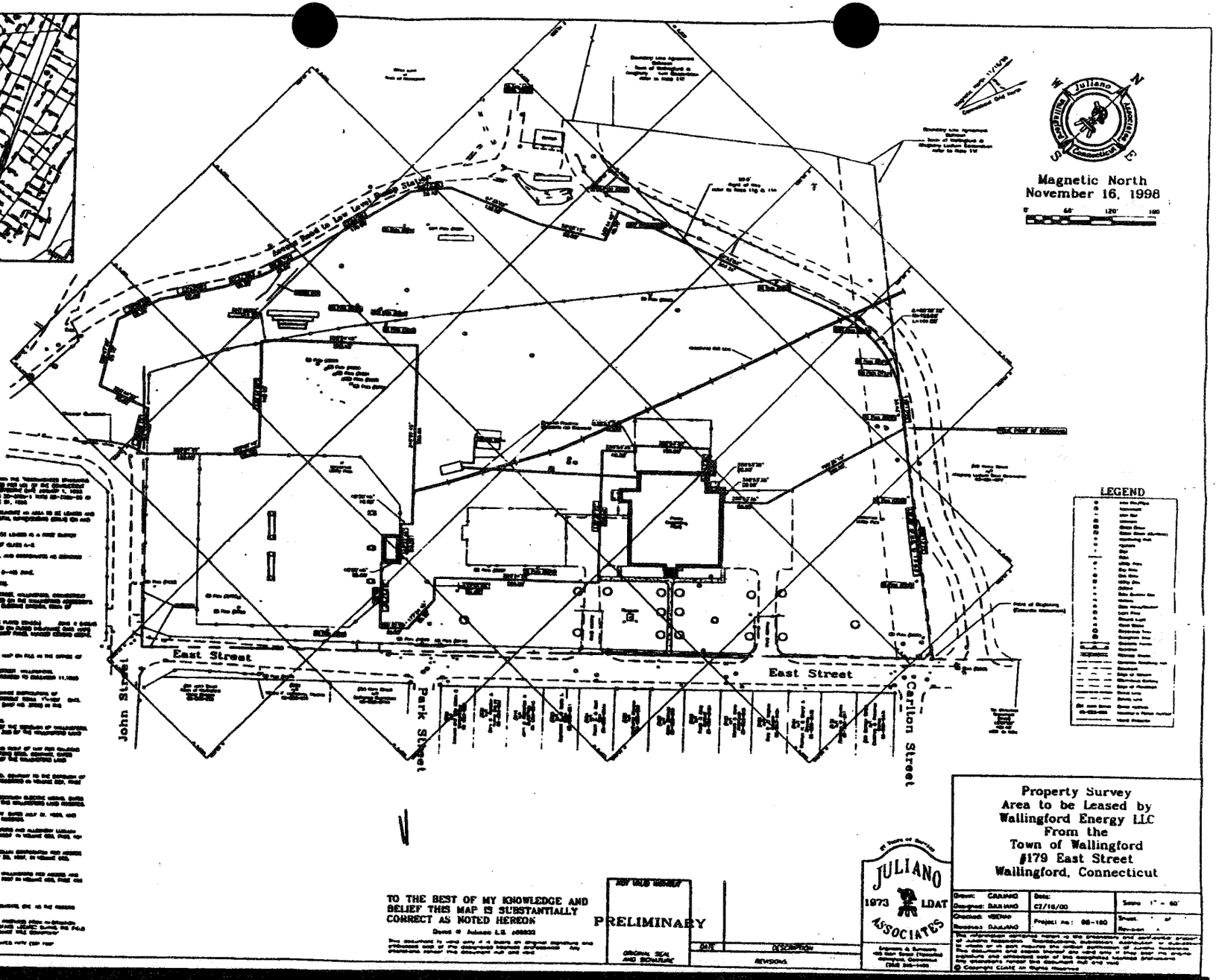
Thence at an azimuth of 69 ° 53 ' 03 ", 344.34 feet to a point;

Thence along a clockwise curve, radius 155.00 feet,
interior angle 52 ° 22 ' 35 ", arc length 141.69 feet to a point;

Thence at an azimuth of 128 ° 13 ' 25 ", 53.43 feet to the TRUE POINT OF BEGINNING.

Said leased area contains 335,760+/- square feet (7.71+/- acres) and is more particularly depicted on a map entitled "Property Survey, Area To Be Leased By Wallingford Energy LLC, #179 East Street, Wallingford, Connecticut, Date: February 14, 2000, Scale: 1"= 60', Project no. 98-160, Sheet 1 of 1," Said map prepared by Juliano Associates and certified to Class A-2 accuracy by David W. Juliano L.S.#8033





TO THE BEST OF MY KNOWLEDGE AND BELIEF THIS MAP IS SUBSTANTIALLY CORRECT AS NOTED HEREON

PRELIMINARY

ORIGINAL SEAL AND SIGNATURE

DATE DESCRIPTION REVISIONS

JULIANO 1973 LDAT ASSOCIATES

Property Survey
Area to be Leased by
Wallingford Energy LLC
From the
Town of Wallingford
#179 East Street
Wallingford, Connecticut

Drawn: CRAIANO	Date: 02/18/00	Scale: 1" = 60'	
Designed: DAJIANO			
Checked: MEINO	Project no.: 98-180	Sheet: 1 of 1	
Reviewed: DAJIANO		Revision: A	

EXHIBIT C

PERMITTED EXCEPTIONS

The lease property is subject to easements and conveyances as described on the property survey area prepared by Juliano Associates dated February 14, 2000.

a. A reservation of sewer rights and privileges in favor of the Borough of Wallingford dated December 19, 1950 and recorded in Volume 213, Page 368 of the Wallingford Land Records.

b. The rights of others in and to a permanent easement and right of way for railroad purposes from the Borough of Wallingford to the Wallingford Steel Company, dated December 19, 1950, and recorded in Volume 213, Page 369 of the Wallingford Land Records.

c. A right of way and easement from the Wallingford Steel Company to the Borough of Wallingford Electric Works, dated December 19, 1950 and recorded in Volume 221, Page 153 of the Wallingford Land Records.

d. An easement from the Borough of Wallingford to the Borough Electric Works, dated August 27, 1957 and recorded in Volume 259, Page 409 of the Wallingford Land Records.

e. An easement to the Town of Wallingford Sewer Authority, dated July 31, 1959, and recorded in Volume 280, Page 493 of the Wallingford Land Records.

f. A boundary line agreement between the Town of Wallingford and Allegheny Ludlum Corporation, dated May 27, 1987 and recorded May 29, 1987 in Volume 606, Page 461 of the Wallingford Land Records.

g. An easement and right of way in favor of Allegheny Ludlum Corporation for access and utility purposes, dated May 27, 1987 and recorded May 29, 1987 in Volume 606, Page 482 of the Wallingford Land Records.

h. An easement and right of way in favor of the Town of Wallingford for access and utility purposes dated May 27, 1987 and recorded May 29, 1987 in Volume 606, Page 482 of the Wallingford Land Records.

i. The rights of others in and to the Quinnipiac River.

j. Other rights, restrictions, encumbrances, covenants, easements, etc. as the record may appear.

EXHIBIT D

ENVIRONMENTAL DISCLOSURE

TOWN OF WALLINGFORD
Connecticut

Department of Public Utilities
195 East Street
Wallingford, Connecticut 06492
Telephone (203) 294-2280

EXHIBIT D

Memorandum

To: Raymond F. Smith, Director

From: Peter J. Vollemans, Power Plant Superintendent

Date: 1/25/00

Subject: Environmental Statement – Revision 2

Cc: William A. Cominos
Neil G. Payne, Payne Environmental, LLC

Pursuant to your request of January 11, 2000, the undersigned submits the attached environmental statement for your review. Please note that this statement pertains to past, existing, and/or continuing environmental issues at Pierce Station and is solely based on knowledge obtained during my tenure as Power Plant Superintendent.

1. RECOGNIZED ENVIRONMENTAL CONDITIONS

Since 1989, various consultants have performed a number of environmental and/or geotechnical investigations and studies at Pierce Station. These include, but are not necessarily limited to, the following, based on review of reports and anecdotal information:

- Environmental Site Assessment, February 1989, *Environmental Risk Limited (Attachment A)*.
- Geotechnical Study, October 1990, *Black & Veatch (Attachment B)*.
- Environmental Site Investigation, circa 1990, *Black & Veatch (no report)*.
- Phase I Environmental Site Assessment, February 1995, *EnviroMed Services (Attachment C)*.
- Phase II Environmental Subsurface Investigation, July 1995, *EnviroMed Services (Attachment D)*.
- Disposal of Underground Fuel Oil Line and Petroleum Contaminated Soil, February 1996, *EnviroMed Services (Attachment E)*.

- Subsurface Environmental Site Assessment of AST, June 1998, *EnviroMed Services (Attachment F)*.
- AST Removal Closure, June 1998, *EnviroMed Services (Attachment G)*.
- Subsurface Investigation of Northwest Pierce Plant Property, August 1998, *EnviroMed Services (Attachment H)*.
- Ground-water Monitoring Report, May 1999, *EnviroMed Services (Attachment I)*.
- Ground-water Monitoring Report, December 1999, Payne Environmental, LLC (*Attachment J*).

2. PAST SPILL HISTORY

A number of petroleum spills have occurred at Pierce Station since 1987. A summary of these incidences is provided below:

- January 1987: release of 4,500 gallons of No. 4 as a result of valve failure. Free product and impacted soils removed. Location of spill unknown.
- August 1988: release of 1,665 gallons of No. 4 oil in pump house. Spill contained in pump house. Product pumped out.
- January 1990: release of approx. 300,000 gallons of No. 4 oil from north AST failure. Impacted soils removed and approx. 285,000 gallons of product recovered.
- October 1992: release of No. 4 oil into pump house. Free product recovered.
- February 1998: petroleum-impacted soils removed as part of underground fuel line removal.
- April 1998: removal of approx. 2,000 tons of petroleum-impacted soils associated with the closure of ASTs at Pierce Station.

3. ENVIRONMENTAL PROGRAMS

A number of environmental programs have been developed and implemented at Pierce Station during my tenure. These include compliance and permitting activities associated with the following:

- Wastewater permitting and monitoring for boiler blowdown, non-contact cooling; and stormwater discharges.
- Air compliance programs and permits, including NOx RACT compliance, Title V (General Permit to Limit Potential to Emit), and filing of annual Air Emission Statements and Emission Reduction Credit usage.
- Preparation and implementation of Spill Prevention, Control & Countermeasures (SPCC) Plan to cover Pierce Station.

4. INVENTORY OF REGULATED/HAZARDOUS MATERIAL

A number of regulated/hazardous materials pertaining to past, existing and/or continued use may be present within Pierce Station's equipment and/or structures.

- Asbestos containing material (a complete inventory has not been developed; numerous areas have been abated over the years).
- Mercury (present within instrumentation).
- PCB-contaminated oil (present within the station transformers).
- Virgin No. 4 fuel oil (present within 40,000 gallon AST system).
- Virgin lubricating oils and lubricants (present within 55-gallon drums, 5-gallon containers and grease tubes).
- Propane (present within 100 gallon AST).
- Waste oils (collected in 250 gallon AST, hauled by waste hauler).
- Solid waste bins (oily rags, etc., collected in 1-1/2 cubic yard container, hauler by waste hauler).
- Boiler water and cooling tower water treatment chemicals.
- Coal and ash by-products (stock piled and/or disposed of on-site prior to converting to No. 4 fuel oil in the late 1970s).

To the best of my knowledge all available environmental information has been disclosed herein, and that I am not aware of past, present actions, activities, and events or incidents that could form the basis of an environmental claim against the Town of Wallingford – Electric Division.

If you have any questions or concerns pertaining to the above, please contact me.

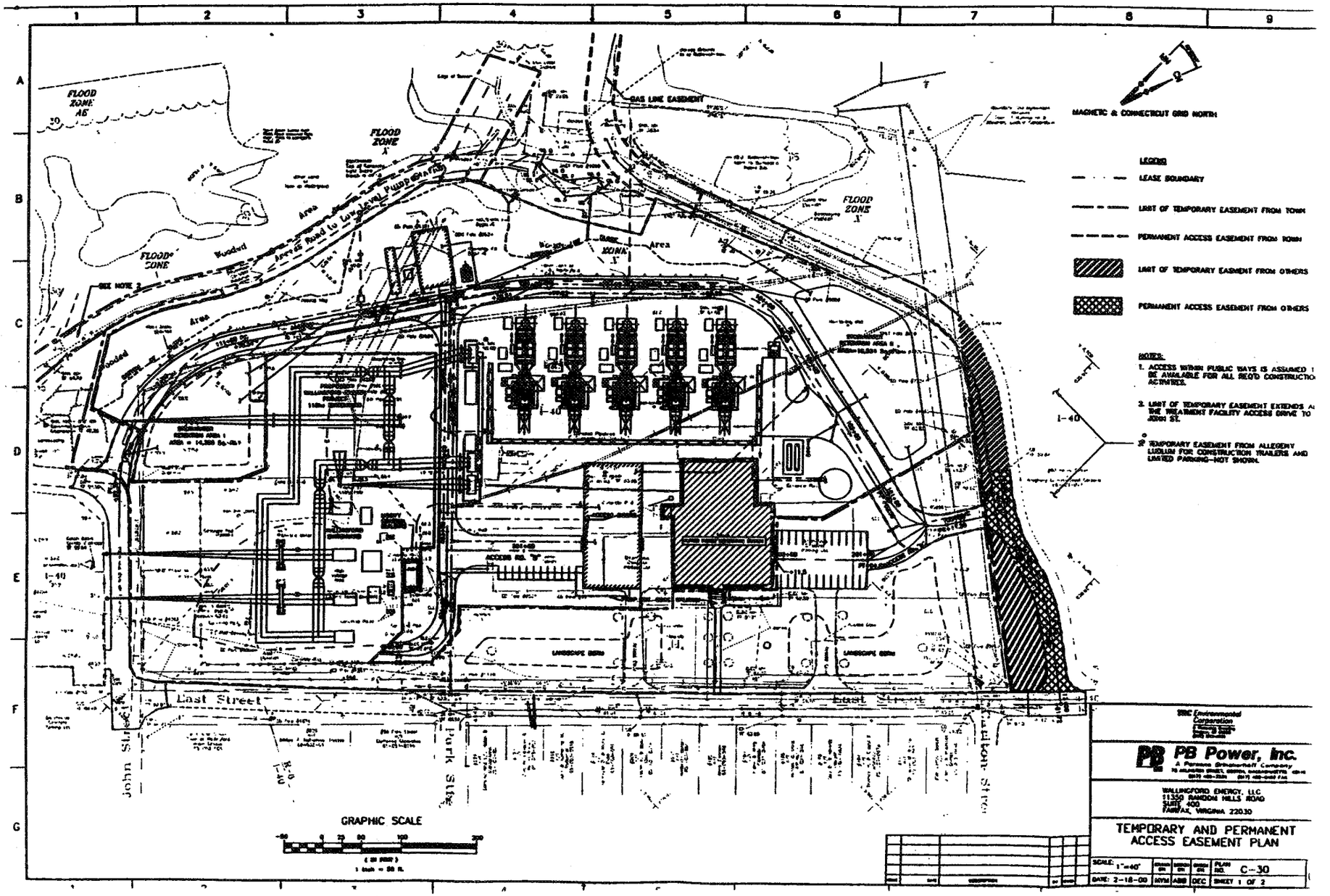
Peter J. Vollemans, PPS

Addendum to Exhibit E D

In addition to the described, the Town has notified the Owner of several sewer lines on the Demised Land. One of these lines is in service, while two are abandoned in place. The Owner shall not perform any construction such as to disturb, move, relocate, replace, or remove the abandoned lines. However, if the Owner chooses to disturb, move, relocate, replace, or remove those abandoned sewer lines, the Owner shall be responsible for any environmental liability arising therefrom.

EXHIBIT E & F

SITE EASEMENTS
&
CONSTRUCTION SITE EASEMENTS



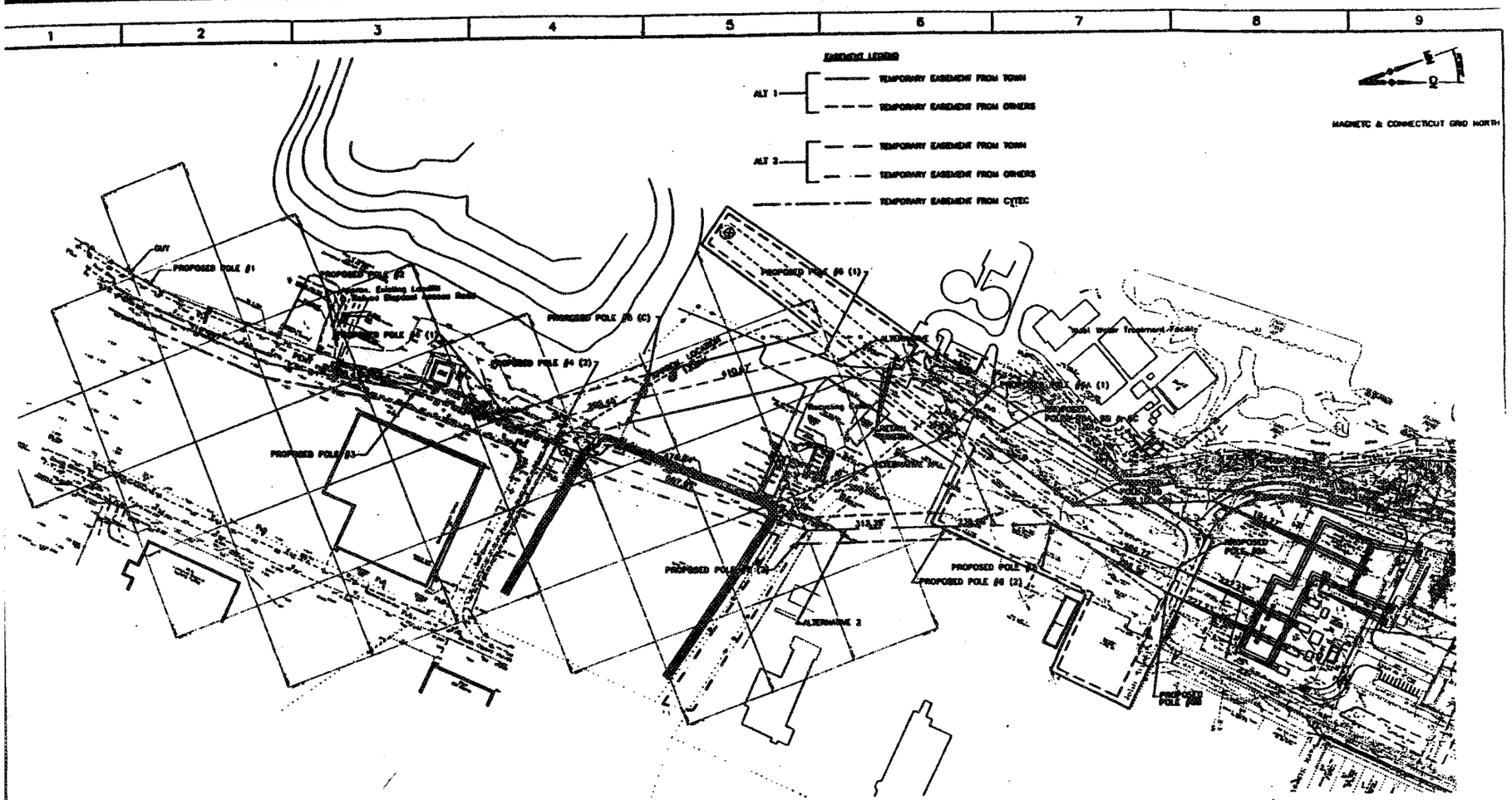
TRC Environmental Corporation

PB Power, inc.
A Parsons Infrastructure Company

WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROAD
SUITE 400
FAIRFAX, VIRGINIA 22030

TEMPORARY AND PERMANENT ACCESS EASEMENT PLAN

SCALE: 1"=40'	DRAWN BY	DESIGN BY	CHECK BY	PLAN NO. C-30
DATE: 2-18-00	MYM	ABB	DEC	SHEET 1 OF 2



NOTES:

1. REPRESENTATIONS OF EXISTING LANDFILL & BERMS, WASTE WATER TREATMENT FACILITIES & ADJACENT BUILDINGS ARE SHOWN FOR REFERENCE PURPOSES ONLY.
2. SEE PLAN NO. C-30 FOR NOTES.
3. INTERCONNECTION AT POLE #1 BY NORTHEAST UTILITY SYSTEM.
4. FOR PROPOSED TRANSMISSION LINE ALTERNATIVE ROUTES, SEE DWG. E-9.

TRANSMISSION SYSTEM LEGEND

- EXISTING POLE
- PROPOSED POLE
- EXISTING OVERHEAD CABLE
- PROPOSED OVERHEAD CABLE
- EXISTING SANITARY MANHOLE (FIELD LOCATION)
- APPROX. EXISTING SANITARY MANHOLE (RECORD PLANS)
- APPROX. EXISTING SANITARY SEWER (RECORD PLANS)

GRAPHIC SCALE

1 inch = 80 ft.

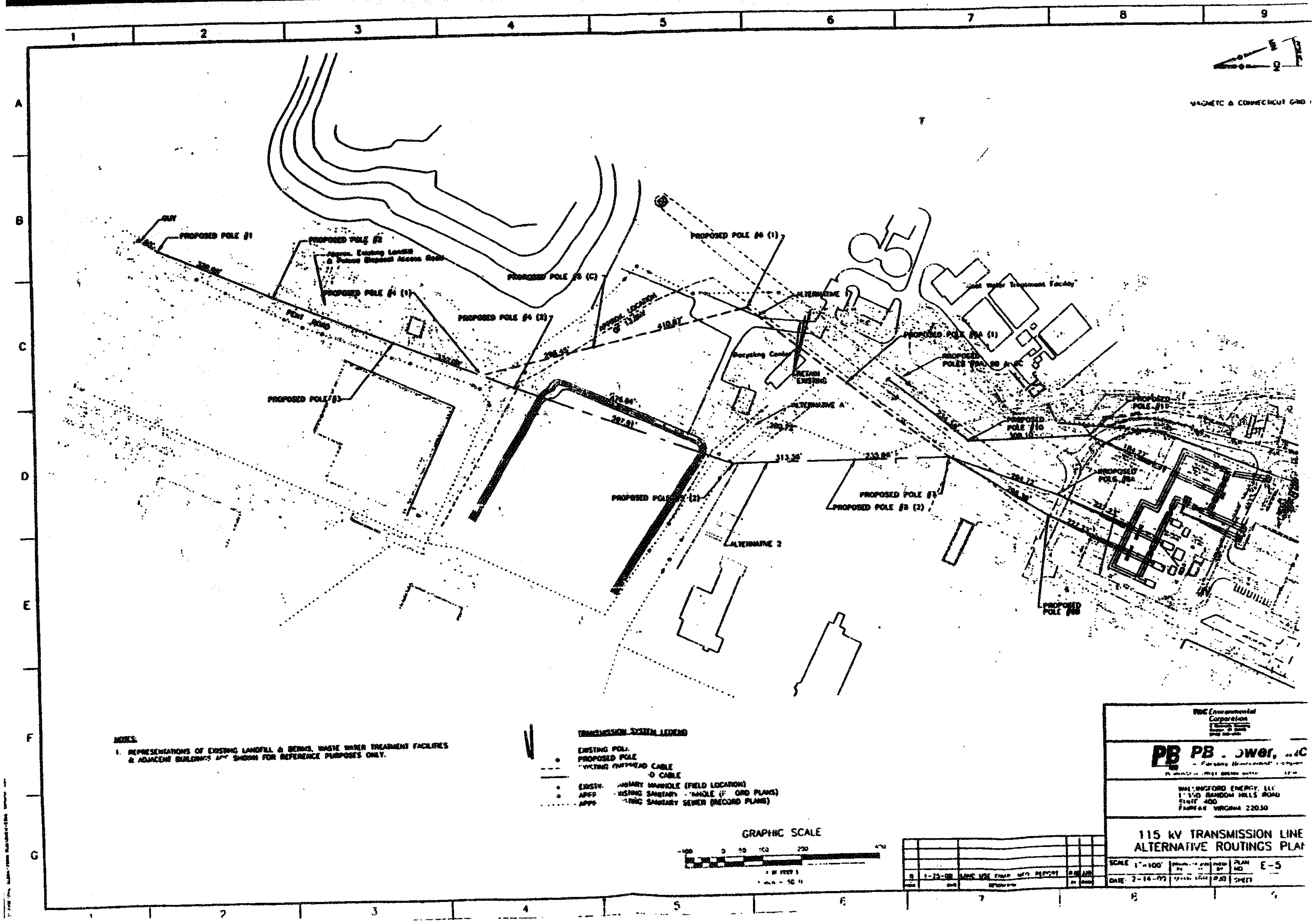
WSC Environmental Corporation

PB Power, Inc.
A Parsons Brinckerhoff Company

WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROAD
SUITE 400
FAIRFAX, VIRGINIA 22030

TEMPORARY AND PERMANENT ACCESS EASEMENT PLAN

SCALE: 1"=100'	Drawn by:	Design by:	Project Mgr:	PLAN NO. C-31
DATE: 2-16-00	MYNd	ASB	DEC	SHEET 2 OF 2



PROPOSED POLE #1
PROPOSED POLE #2
PROPOSED POLE #3
PROPOSED POLE #4 (1)
PROPOSED POLE #4 (2)
PROPOSED POLE #5 (C)
PROPOSED POLE #6 (1)
PROPOSED POLE #8 (2)
PROPOSED POLE #8A (1)
ALTERNATIVE 2
ALTERNATIVE A
Recycling Center
GRAPHIC SCALE
NOTES:
1. REPRESENTATIONS OF EXISTING LANDFILL & BERMS, WASTE WATER TREATMENT FACILITIES & ADJACENT BUILDINGS ARE SHOWN FOR REFERENCE PURPOSES ONLY.
TRANSMISSION SYSTEM LEGEND
PROPOSED POLE
115 kV TRANSMISSION LINE
ALTERNATIVE ROUTINGS PLAN
SCALE 1"=100'
DATE 2-14-02
E-5
FAIRFAX VIRGINIA 22030

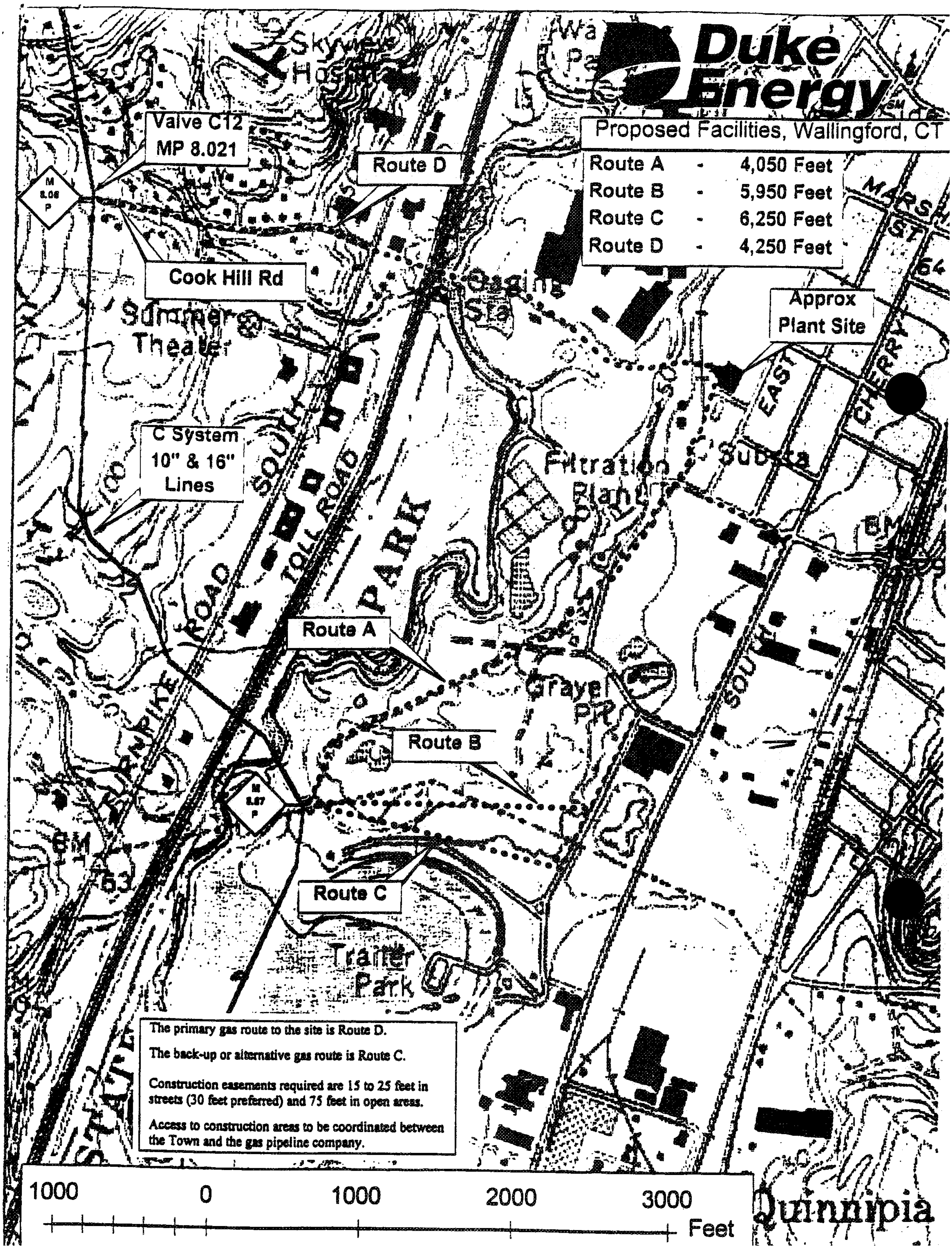

Duke Energy
Proposed Facilities, Wallingford, CT
Route A - 4,050 Feet
Route B - 5,950 Feet
Route C - 6,250 Feet
Route D - 4,250 Feet
Valve C12
MP 8.021
Route D
Cook Hill Rd
Approx
Plant Site
C System
10" & 16"
Lines
Route A
Route B
Route C
Skyview
Summer
Theater
SOUTH
TOLL ROAD
PARK
TURNPIKE
ROAD
Filtration
Plant
Gravel
Pit
Trailer
Park
EAST
CHERRY
MARSH
ST
Quinnipia
The primary gas route to the site is Route D.
The back-up or alternative gas route is Route C.
Construction easements required are 15 to 25 feet in streets (30 feet preferred) and 75 feet in open areas.
Access to construction areas to be coordinated between the Town and the gas pipeline company.
1000
0
1000
2000
3000
Feet

EXHIBIT G

FORM OF FINAL COMPLETION CERTIFICATE

EXHIBIT G

Sample

CERTIFICATE OF SUBSTANTIAL COMPLETION

Project: **Contract No.:**

Owner: **Contractor:**

DATE OF ISSUANCE: _____

PROJECT OR DESIGNATED PORTION SHALL INCLUDE:

The Work performed under this Contract has been reviewed and found to be substantially complete. The Date of Substantial Completion of the Project or portion thereof designated above is hereby established as:

_____

which is also the date of commencement of applicable warranties required by the (Sub)Contract Documents.

DEFINITION OF DATE OF SUBSTANTIAL COMPLETION

The Date of Substantial Completion of the Work or designated portion thereof is the Date certified by - [contractor] - when construction is sufficiently complete, in accordance with the Contract Documents, so the Owner can occupy or utilize the Work or designated portion thereof for the use for which it is intended, as expressed in the Contract Documents.

A list of items to be completed or corrected, prepared by - [contractor] - and verified by Owner is attached hereto. The failure to included any items on such list does not alter the responsibility of -[contractor]- to complete all Work in accordance with the Contract Documents. The date of commencement of warranties for items on the attached list will be the date of final payment unless otherwise agreed to in writing.

[Contractor] will complete or correct the Work on the list of items attached hereto within _____ days from the above Date of Substantial Completion.

CONTRACTOR

By: _____
Title:

Date: _____

(Owner) accepts the Work or designated portion thereof as substantially complete and will assume full possession thereof at _____ (time) on _____ (date).

(OWNER)

By: _____

Date: _____

EXHIBIT H

PRELIMINARY DESIGN CHARACTERISTICS

1. See Exhibits E and F.

EXHIBIT I

ENCUMBRANCES ON THE CONSTRUCTION SITE

1. See Exhibit C.

APPENDIX A

DEFINED TERMS

[Distributed as separate document]

INTERCONNECTION

AGREEMENT

BY AND BETWEEN

WALLINGFORD ENERGY LLC

AND

TOWN OF WALLINGFORD

FEBRUARY ___, 2000

TABLE OF CONTENTS

~~DRAFT 2-16-00~~

INTERCONNECTION AGREEMENT

This Interconnection Agreement (this "Agreement"), dated as of February ___, 2000, is entered into by and between the TOWN OF WALLINGFORD, a municipal corporation existing under and by virtue of the laws of the State of Connecticut (the "Town"), and WALLINGFORD ENERGY LLC, a Connecticut limited liability company ("Owner"). The Town and Owner are each referred to herein as a "Party", and collectively as the "Parties."

WITNESSETH:

WHEREAS, Owner intends to develop, own and operate a 250 MW natural gas-fired electric power generating facility (the "Project") on a site (the "Site") located near the existing Alfred L. Pierce Generation Station, which Site is located within the Town's municipal boundaries and is to be leased to Owner by the Town;

WHEREAS, the Town has determined that the development of the Project is an appropriate use of the Site, and accordingly the Town and Owner are entering into a Host Community Agreement, dated as of the date hereof (the "Host Community Agreement"), establishing the framework upon which the Town and Owner will proceed with the development, construction and operation of the Project;

WHEREAS, the Parties have agreed in the Host Community Agreement to enter into various agreements relating to the development, construction and operation of the Project (as more specifically defined in the Host Community Agreement, the "Project Agreements"), including this Interconnection Agreement; and

WHEREAS, the Parties are entering into this Interconnection Agreement to provide for the terms and conditions under which the Town shall allow the Project to be interconnected to its transmission system.

NOW THEREFORE, in order to carry out the transactions contemplated by the Host Community Agreement and this Agreement, and in consideration of the promises, covenants, terms and conditions hereinafter set forth, the Town and Owner, intending to be legally bound hereby, agree as follows:

1. **Definitions**

For all purposes of this Agreement, capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in Appendix A to the Host Community Agreement. Whenever used in this Agreement as capitalized terms, the following terms shall have the meanings specified in this Section 1.

"CONVEX" means the Connecticut Valley Electric Exchange or any successor organization which operates as a satellite to the ISO.

"Effective Date" means the date of this Interconnection Agreement.

"Environmental Claim" means any notice (written or oral) by any Person alleging potential liability (including, without limitation, potential liability for investigatory costs, clean-up costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, or release into the environment, of any Material of Environmental Concern at any location, whether or not owned by either Party or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"Host Community Agreement" means that certain Host Community Agreement, dated as of February ___, 2000, between Owner and the Town.

"Interconnection Facilities" means facilities or portions of facilities that are owned by Town and that are necessary for interconnecting the Project to the Transmission System and that are not part of the Transmission System, as more specifically identified and described in Schedule 4 hereto, as amended from time to time.

"Interconnection Point" means the point at which the electricity generated by the Project enters the Interconnection Facilities or the Transmission System, as more specifically identified and described in Schedule 4 hereto.

"Interconnection Service" means all of the services necessary for the purpose of interconnecting the Project with the Interconnection Facilities and the Transmission System.

"ISO" means ISO New England Inc., the independent system operator for the New England control area, or its successor in function.

"Qualified Person" means a person knowledgeable in the construction and operation of the Project, the Interconnection Facilities or the Transmission System,

which person shall be selected by mutual agreement of the Town and Owner from time to time during the Term of this Agreement.

"Routine Inspection and Maintenance" means any inspection, measurements, meter readings and/or maintenance work deemed necessary by either Party in the exercise of Good Utility Practice on their respective property or facilities to ensure reliable operations and integrity of the Interconnection Facilities, the Transmission System or the Project, as the case may be.

"Term" has the meaning given thereto in Section 2.1 of this Interconnection Agreement.

2. Term of Agreement

2.1 Term. The obligations of the Parties under this Agreement shall commence on the Effective Date and shall remain in effect until such time as the Lease expires or is terminated pursuant to the terms thereof (the "Term").

2.2 Rights and Liabilities upon Expiration or Early Termination. Upon expiration or early termination of this Agreement by either Party pursuant to Section 2.1, the Parties shall have no further liability to each other under this Agreement other than as provided in Section 15.5.

3. Interconnection Service and Operation of Facilities

3.1 Interconnection Service. Subject to the completion of the Transmission System Upgrades by Owner and the transfer thereof to the Town pursuant to Article IV of the Lease, The Town shall provide Interconnection Service to the Project at no charge to Owner other than as provided for herein. The Town shall connect the Project to the Interconnection Facilities and the Transmission System at the Interconnection Point. The Town and Owner agree that prior to the interconnection of the Project to the Transmission System, Owner shall demonstrate to the Town's satisfaction that the Project can operate in compliance with all applicable operational and safety protocols. The currently applicable protocols are described in the "General Requirements for Connecting Generators to the Northeast Utilities System", and the "Interconnecting Requirements for a Merchant Power Plant or a Customer Substation Connected to the Northeast Utilities System". Such protocols shall be amended from time to time to reflect any changes in required operational and safety protocols.

The Town shall operate and maintain the Interconnection Facilities in accordance with Good Utility Practice. In the event Owner requests modifications, upgrades or other changes to the Interconnection Facilities or Transmission Facilities,

Town shall use Reasonable Efforts to grant Owner's request. Owner shall be responsible for the costs incurred by the Town to fulfill Owner's request. In the event the Town reasonably determines that the Interconnection Facilities requires an addition or modification in order to maintain the quality of Interconnection Service, ~~Owner~~ the Town shall notify ~~the Town~~ Owner of the necessity of such addition or modification. If ~~the Town~~ Owner agrees on the need for the addition or modification, or if a dispute is resolved in accordance with Section 14 in favor of the need therefor, the Town shall install or cause the installation of the modification or addition and Owner shall pay the costs thereof ~~in accordance with Section 6~~. Subsequent to requesting an addition or modification to the Interconnection Facilities, ~~Owner~~ the Town shall have no responsibility for any diminution in the quality of Interconnection Service directly attributable to the absence of such addition or modification.

3.2 Operation of the Facilities.

Owner shall operate the Project in accordance with the Northeast Utilities' "Informational Operating and Maintenance Requirements for Non-Utility Generators~~"~~," or such successor operational guidelines that are applicable to generators operating in New England. Moreover, the Parties agree to operate all of the equipment at the Project, the Interconnection Facilities or the Transmission System, as the case may be, that could reasonably be expected to have an impact on the operations of the other Party, in accordance with all applicable codes and Good Utility Practice.

4. Other Continuing Obligations

4.1 Access.

4.1.1 The Town agrees to grant to Owner reasonable access to such of its facilities, properties, equipment and records that are part of or related to the Interconnection Facilities or the Transmission System as may be necessary to enable Owner to Maintain its facilities, properties, equipment and records that are part of or related to the Project in a manner consistent with Good Utility Practice. Likewise, Owner agrees to grant to the Town reasonable access to such of its facilities, properties, equipment and records that are part of or related to the Project as may be necessary to enable the Town to Maintain its facilities, properties, equipment and records that are part of or related to the Interconnection Facilities or the Transmission System in a manner consistent with Good Utility Practice. Each such access shall be provided in a manner that does not unreasonably interfere with the ongoing business operations, rights and obligations of the other Party. Such access rights are intended to be permanent and shall not be revoked prior to the expiration or termination of this Agreement, nor shall either

Party take any unilateral action that would impede, restrict, diminish, or terminate such rights of access.

4.1.2 Each Party shall provide the other Party keys, access codes, or other means of access necessary to enter each other's facilities or properties to the extent reasonably necessary pursuant to Section 4.1.1. Access shall be granted only to Qualified Persons. If personnel who are not Qualified Persons require access to the other Party's facilities or properties, Qualified Person(s) shall escort them while on such other Party's facilities or properties.

4.2 Maintenance.

4.2.1 General. Each Party shall Maintain its respective equipment and facilities in accordance with Good Utility Practice. Unless otherwise specified herein, or unless the Parties mutually agree to a different arrangement, neither Party shall have any obligation to Maintain the other Party's equipment or facilities.

4.2.2 Transmission System Maintenance. The Town shall notify Owner regarding the timing of any scheduled maintenance of the Interconnection Facilities or the Transmission System which might reasonably be expected to affect the Project, and shall, to the extent practicable, schedule any testing, shutdown, or withdrawal of any such facility to coincide with the Project's maintenance schedule. To facilitate such consultation, on or prior to June 30 of each year, or on another date mutually acceptable to the Parties, Owner shall furnish the Town with non-binding preliminary generator maintenance schedules covering the upcoming two years. Owner shall furnish the Town with non-binding updates to such schedules to reflect significant changes.

In the event the Town is unable to schedule the outage of its Transmission System to coincide with the Project's maintenance schedule, the Town shall use its Reasonable Efforts to notify Owner, in advance, of the reasons for the outage, the time scheduled for it to take place, and its expected duration. The Town shall restore the Transmission System facilities to operation as quickly as possible.

4.2.3 Routine Inspections and Maintenance. Each Party shall provide advance notice by telephone to the other Party before its personnel enter the other Party's facilities, namely the Interconnection Facilities, the Transmission System or the Project, as the case may be, for Routine Inspections and Maintenance. For work that will require equipment outages or that is reasonably expected to affect the security of the other Party's operations, the Party desiring to perform the Routine Inspection and Maintenance shall provide the other Party with at least forty-eight (48) hours prior written notification in accordance with Section 15.3.

4.3 Equipment Testing. Each Party shall test, calibrate, verify or validate its equipment or systems at intervals required by Good Utility Practice. Each Party may request that the other Party test, calibrate, verify or validate its equipment or systems at more frequent intervals for the purpose of troubleshooting problems on their respective facilities, but such requests shall at all times be consistent with the other Party's obligation to Maintain its equipment and facilities. If the result of such tests reveals the existence of a problem that requires correction, the cost of the test shall be borne by the owner of the tested facilities; otherwise the cost of the tests shall be borne by the requesting Party. The requesting Party shall be entitled to copies of the resulting inspection reports, installation and maintenance documents, test and calibration records, verifications and validations of the equipment or systems connected to or incorporated in the Interconnection Facilities, the Transmission System or the Project, as the case may be.

4.4 New Construction or Modifications. The Town and Owner acknowledge that changes in the configuration or mode of operation of the ~~Interconnection Facilities or the~~ Transmission System may require from time to time changes consisting of additions to, upgrading or replacement of equipment, relaying or metering systems located at the Town or Owner's substation facilities. The cost of these changes shall be borne by the Party owning such equipment or relaying or metering systems. Moreover, for all construction work, major modifications, or circuit changes involving new or existing equipment, systems, circuits or facilities or access thereto, including but not limited to rights of way, fences or gates, that could reasonably be expected to affect the operation of the other Party, the Party desiring to perform such work shall provide the other Party with drawings, plans, specifications, and other necessary documentation for review at least sixty (60) days prior to the beginning of construction; provided that if a Party desires to make a modification that would require the other Party to make associated changes at its facilities, such Party shall promptly provide written notice thereof to the other Party. The Parties shall negotiate in good faith the terms and conditions under which such modifications shall take place.

4.5 Inspections. Each Party shall have the right to inspect or observe, at its own expense, the maintenance activities, equipment tests, installation or construction at, or other modifications to, the other Party's facilities and associated telecommunication facilities which might reasonably be expected to adversely affect the observing Party's operations or liability. The Party desiring to inspect or observe shall notify the other Party in accordance with the notification procedures set forth herein. If the Party inspecting the equipment, systems, or facilities observes any deficiencies or defects that might reasonably be expected to adversely affect the operations or liability of the

observing Party, that Party shall notify the Party owning the equipment or systems, and the owning Party shall make any corrections necessitated by Good Utility Practice.

4.6 Information Reporting Obligations.

4.6.1 Subject to Section 4.6.3, Owner shall promptly provide the Town with all information which could reasonably be expected to affect the Interconnection Facilities or the Transmission System. Owner shall also supply accurate, complete, and reliable information in response to data requests necessary for operations, maintenance, regulatory requirements and analysis of the Interconnection Facilities or the Transmission System. Such information may include metered values for MW, MVAR, voltage, current, frequency, breaker status indication, or any other information reasonably required by the Town for reliable operation of the Interconnection Facilities or the Transmission System pursuant to Good Utility Practice.

4.6.2 The Town shall promptly provide Owner with all information, documents or data which could reasonably be expected to affect the operation of the Project or the transmission and delivery of electricity generated by the Project over the Interconnection Facilities or the Transmission System and which is reasonably requested by Owner.

4.6.3 Notwithstanding anything to the contrary in this Agreement, Owner shall be required to provide information, reports, or data to the Town pursuant to this Section 4.6 or any other provision of this Agreement only to the extent the Town reasonably requires and uses such information for purposes of operating, maintaining, or planning it's the Interconnection Facilities or Transmission System pursuant to Good Utility Practice.

4.7 Metering and Telemetering Requirements.

4.7.1 Owner shall be responsible for purchasing, installing, testing and maintaining all necessary telephone circuits, metering sockets, meters, instrument transformers, test devices, enclosures, conduit, wiring and associated devices as required to meet the obligations of an Electric Wholesale Generator participating in the NEPOOL hourly markets as well as the operating procedures of Northeast Utilities for such generators. Town shall not be required to provide any such services to Owner under this Agreement.

4.7.2 Owner will provide Town data interface points at the Project sufficient to allow Town to operate the Interconnection Facilities and Transmission System in accordance with prudent utility practices. Town shall be responsible for any

costs required for wiring, telemetery or metering of this data between the interface points and Town's facilities.

4.8 Interconnection Service Interruptions. If the Town reasonably determines that Owner's operation of the Project is inconsistent with Good Utility Practice and will have an adverse impact on the quality of service or interfere with the Town's safe and reliable operation of the Interconnection Facilities or the Transmission System, the Town may discontinue Interconnection Service until the condition has been corrected. Unless the Town determines that an emergency exists or the risk of an emergency is imminent, the Town shall give Owner reasonable notice of its intention to discontinue Interconnection Service and, where practicable, allow suitable time for Owner to remove the interfering condition. The Town's judgment with regard to the interruption of service under this paragraph shall be made in accordance with Good Utility Practice. In the case of such interruption, the Town shall immediately confer with Owner regarding the conditions causing such interruption and its recommendation concerning timely correction thereof. In the event Interconnection Service is interrupted under this Section due to Owner's failure to operate and maintain the Project pursuant to Good Utility Practice, Owner shall reimburse the Town for all costs reasonably incurred by the Town directly attributable to the interruption and restoration of Interconnection Service; provided, however, that such costs shall not include the costs of replacement energy or capacity. The Town shall restore the Interconnection Service as it was before the interruption once the interfering condition ceases to exist.

4.9 Spare Parts. Where practicable and available, each Party shall provide the other Party with spare parts in the event of emergencies or equipment failures. The Parties shall mutually agree upon payment for or replacement of such spare parts. If Owner desires the Town to maintain spare parts that are not in the Town's possession, and if the Town has the physical space to do so, the Town shall maintain such parts, at Owner's expense.

4.10 Emergency Procedure. The Town shall provide Owner's designee under Section 15.4 with prompt oral notification of the Interconnection Facilities or Transmission System emergencies which may reasonably be expected to affect Owner's immediate operation of the Project, and Owner shall provide the Town's designee under Section 15.4 with prompt oral notification of Project emergencies which may reasonably be expected to affect the operations of the Interconnection Facilities or the Transmission System. Such oral notifications shall be followed within twenty-four (24) hours by written notification. The written notification shall describe the extent of damage or deficiency and the anticipated length of outage resulting from an emergency, and the corrective action to be taken in connection therewith.

If, in the good faith judgment of either Party, an emergency endangers or could endanger life or property, the Party recognizing the emergency shall take such action as may be reasonable and necessary to prevent, avoid, or mitigate injury, danger, or loss in accordance with [CONVEX Operating Instructions, No. 6401, Section 1.D.]

4.11 Safety. Subject to the provisions of Section 9 8, each Party shall be solely responsible for and shall assume all liability for the safety and supervision of its own employees, agents, representatives, contractors and subcontractors. All work performed by either Party that could reasonably be expected to affect the operations of the other Party shall be performed in accordance with all applicable laws, rules, and regulations pertaining to the safety of persons or property, including, without limitation, compliance with the safety regulations and standards adopted under the Occupational Safety and Health Act of 1970 (OSHA), as amended from time to time, the National Electrical Safety Code (NESC), as amended from time to time, and Good Utility Practice.

4.12 Documentation. Whenever Owner makes a modification to the Project or the Town makes a modification ~~to~~the to the Interconnection Facilities or the Transmission System, as the case may be, that could reasonably be expected to affect the other Party's operations hereunder, the Party making the change shall provide notice to the other Party and appropriate documentation for such changes, in the form of written test records, operation and maintenance procedures, drawings, materials lists, or descriptions. Each Party shall be responsible for its own equipment, inspections, maintenance, construction, and modifications, and the other Party's review of or comments on any document provided by the initiating Party shall not relieve the initiating Party of its responsibility for the correctness and adequacy of the work to be performed.

4.13 Compliance with the Town's Requests. Owner shall be obligated to carry out or comply with requests, orders, or directives of the Town only to the extent that such requests, orders and directives are reasonably necessary for the Town to operate the Interconnection Facilities and the Transmission System safely, reliably, and effectively, or to conduct the necessary inspection, testing, repair, maintenance, modification, or replacement of the Interconnection Facilities or the Transmission System facilities.

4.14 Auditing of Accounts and Records. For the two (2) year period following each December 31 prior to the expiration or termination of this Agreement, Owner and the Town shall have the right to audit each other's accounts and records pertaining to the transactions under this Agreement during the calendar year ending on

such December 31. Such audits shall take place at the offices where such accounts and records are maintained during normal business hours, provided that appropriate notice under Section 15.3 shall be given prior to any such audit. The Party being audited shall be entitled to review the audit report and any supporting materials. In the event that any information in the books and records of any Party being audited pursuant to this Section 4.14 are confidential, such Party may require the execution by the auditing Party of a confidentiality agreement in form and substance satisfactory to both Parties as a condition to the auditing of such information.

~~5. Environmental Compliance and Procedures~~

~~During the Term of this Agreement, each Party shall notify the other Party first orally and then in writing of any Releases or other requirements for or commencement of Remediation activities, promptly and in any event within twenty-four (24) hours of discovery or initiation, or sooner when necessary to permit the other Party to comply with applicable laws or regulations. The Party responsible for the Release, including Releases on the property or facilities of the other Party, shall be responsible for performing any Remediation activities and submitting reports or filings required by Environmental Laws. Except as required by law or any federal or state agency or in emergency situations, the Town or Owner shall not knowingly take any action referred to in the preceding sentence which might reasonably be expected to have an adverse effect upon the operations of the Project or the Interconnection Facilities and the Transmission System respectively without prior written notification of such action to the other Party and obtaining the prior agreement of the other Party regarding the same. Neither Party shall require the other to modify any physical structures, including containment systems, for purposes of environmental compliance unless required by law. The Parties agree to coordinate with each other concerning any regulatory required plans for the Construction Site, the Site or the site of the Interconnection Facilities and the Transmission System, as the case may be. To the extent necessary, the Parties shall cooperate with respect to all compliance and filings under Environmental Laws.~~

~~Each Party (the "Indemnifying Party") shall indemnify, hold harmless and defend the other Party (the "Indemnified Party") and its Affiliates and their respective officers, directors, trustees, employees, contractors, subcontractors and agents, from and against any claims or liability for damage to property, injury to or death of any Person or any other liability, including all expenses and reasonable attorney's fees, incurred by such Indemnified Party, to the extent caused by any act or omission of the Indemnifying Party or its Affiliates and their respective officers, directors, trustees, employees, contractors, subcontractors or agents that results in an Environmental Claim or violates the Indemnifying Party's undertakings under this Section 5. The indemnification procedures set forth in Section 9.2 shall also be applicable to this Section 5.~~

~~6.~~ Billing and Payment

~~6.1~~ 5.1 Billing and Payment Procedures. At any time when a payment becomes due from one Party to the other under this Agreement, the payee Party shall prepare an invoice for such amounts becoming due and payable to it by the other Party, including such amounts payable to it for services rendered to the other Party pursuant to this Agreement. Each invoice shall be itemized to specifically reflect the services or items for which payment is due, shall state the time at which the services or items were rendered, and shall fully describe the services or items rendered. Each invoice shall be accompanied by sufficient information to enable the paying Party to determine the accuracy of the invoice. Each invoice shall be paid by the paying Party within thirty (30) days of receipt. All payments shall be made in immediately available funds payable to the payee Party, or by wire transfer to a bank named by such Party.

When payments are made by mail, invoices shall be deemed paid on the date payment is received by the payee Party. Payment of an invoice shall not relieve the paying Party from any responsibilities or obligations it has under this Agreement, nor shall it constitute a waiver of any claims arising hereunder.

~~6.2~~ 5.2 Billing Disputes; Interest on Unpaid Balance. In the event of a billing dispute between the Town and Owner with respect to amounts due under this Agreement, each Party shall continue to perform its obligations hereunder as long as the other Party (i) continues to make all payments not in dispute, and (ii) pays into an escrow account the amount of the invoice in dispute, pending resolution of such dispute. Interest shall accrue on any unpaid amounts hereunder (including amounts placed in escrow) at the Default Rate. Interest on delinquent amounts shall be calculated from the due date for payment set forth in Section ~~6.1~~ 5.1 to the date of payment.

~~7~~ 6. Governmental Approvals

Each Party shall, in a timely manner, obtain, pay for and maintain all Governmental Approvals necessary for the performance of its obligations under this Agreement; provided, however, that Owner shall at its own cost prepare applications for the Governmental Approvals required to be obtained and maintained by the Town; and provided, further, that the Town shall provide reasonable cooperation and assistance to Owner in preparing such applications. Other than as set forth in the preceding sentence, each Party shall provide reasonable cooperation and assistance to the other Party in obtaining and maintaining the Governmental Approvals it is required to obtain and maintain for the performance of its obligations under this Agreement. Each Party shall

perform its obligations under this Agreement in compliance with all of the terms and conditions of each of the foregoing Governmental Approvals.

~~8~~ 7. Personal Injury and Property Damage

As between the Parties, each Party shall be liable for any physical damage to or destruction of equipment, facilities or property owned solely by it, and for any claims for personal injury or death asserted against it arising out of equipment, facilities or property owned by it, regardless of whether the other Party is responsible in whole or in part for the event which caused the damage, injury or death, except to the extent caused by the other Party's negligence or willful or wanton acts or omissions to act. The obligations under this Section ~~8~~ 7 shall not be limited in any way by any limitation on either Party's insurance.

~~9~~ 8. Indemnification

~~9.1~~ 8.1 General. Each Party (the "Indemnifying Party") shall indemnify, hold harmless and defend the other Party (the "Indemnified Party"), its Affiliates and their respective officers, directors, trustees, employees, contractors, subcontractors and agents, from and against any claims or liability for damage to property, injury to or death of any person or any other liability, including all expenses and reasonable attorneys' fees incurred by such Indemnified Party, to the extent caused by the negligence or willful or wanton acts or omissions to act of the Indemnifying Party, its Affiliates and their respective officers, directors, trustees, employees, contractors, subcontractors, or agents, arising out of or connected with the operation of the Indemnifying Party's or its Affiliates' facilities, equipment or properties, or arising out of or connected with the Indemnifying Party's performance or breach under this Agreement; provided, however that the Indemnifying Party shall not have any liability for damages or losses arising out of negligence or willful misconduct by the Indemnified Party, its Affiliates and their respective officers, directors, trustees, employees, contractors, subcontractors or agents.

~~9.2~~ 8.2 Indemnification Procedures. If either Party intends to seek indemnification under this Section ~~9~~ 8 from the other Party with respect to any claim or action, the Party seeking indemnification shall give the other Party notice of such claim within fifteen (15) days of the commencement or actual knowledge of such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the claim that has been or may be sustained by such Party. To the extent that the other Party is actually and materially prejudiced as a result of failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the indemnification provisions of this Agreement. Neither Party may settle or compromise any claim that is subject to an indemnification obligation

hereunder without the prior written consent of the other Party; provided, however, that such consent shall not be unreasonably withheld. The indemnification obligations of each Party under this Agreement shall continue in full force and effect regardless of whether this Agreement has expired or been terminated or canceled and shall not be limited in any way by any limitation on insurance, on the amount or types of damages, or by any compensation or benefits payable by the Parties under Worker's Compensation Acts, disability benefit acts or other employee acts.

~~10~~9. **Insurance**

From and after the Commercial Operation Commencement Date, each Party agrees to maintain, at its own cost and expense, the types and amounts of insurance relating to its property and facilities as described in the Lease. The Parties shall be required to maintain tail coverage for five (5) years on all policies written on a "claims made" basis. Each Party shall be named as an additional insured on the general liability insurance policies as regards liability under this Agreement, and each Party shall waive its rights of recovery against the other Party for any loss covered by such policy. ~~[NOTE: May need to address insurance requirements for Town; Town to get back on insurances it presently has.]~~

Every contract of insurance to be obtained by either Party providing the coverages referenced above shall, to the extent obtainable, contain an agreement by the insurer that such policy shall not be canceled without at least thirty (30) days prior written notice to the other Party. Upon receipt of any notice of reduction, cancellation or expiration, each Party shall immediately notify the other Party in accordance with Section 15.3.

Insurance provided for in this Section shall be effected under standard form policies issued by insurers of recognized responsibility which are authorized to insure risks in the State of Connecticut. Each Party shall have the right to self-insure all, or a portion, of the required insurances, to the same amount or extent that it does so in its other insurance programs.

Within ten (10) days after the Commercial Operation Commencement Date and thereafter not less than thirty (30) days prior to the expiration dates of the expiring policies theretofore furnished pursuant to this Section, originals or duplicate originals or certified copies of the policies, bearing notations evidencing the payment of premiums or accompanied by other evidence reasonably satisfactory to the Party not obtaining such policy of such payment, shall be delivered by the Party obtaining such policy to the other Party.

Failure of either Party to comply with the foregoing insurance requirements, or the complete or partial failure of an insurance carrier to fully protect and indemnify the other Party or its Affiliates or the inadequacy of the insurance, shall not in any way lessen or affect the obligations or liabilities of each Party to the other. The Parties on behalf of themselves and their Affiliates, each waive any right of subrogation under their respective insurance policies for any liability each has agreed to assume under this Agreement. Evidence of this requirement shall be noted on all certificates of insurance.

~~11~~ 10. **Force Majeure**

Notwithstanding any provision in this Agreement to the contrary, neither the Town nor Owner shall be liable in damages or otherwise, or be responsible to the other Party, for failure to carry out any of its obligations under this Agreement (other than any payment obligations) if and only to the extent that it is unable to so perform or is prevented from performing such obligation by an event of Force Majeure.

11. **Assignment**

11.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by either Party (other than by operation of law) without the prior written consent of the other Party, such consent not to be unreasonably withheld. Any assignment of this Agreement in violation of the foregoing shall be void at the option of the non-assigning Party. Notwithstanding the foregoing, Owner may assign its rights and interests hereunder to any entity that is a successor in interest to Owner with respect to the Project, and the Town may assign its rights and obligations hereunder to an entity that is a successor in function to the Town with respect to its obligations under this Agreement. Moreover, Owner or its permitted assignee may assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to a trustee or lending institution(s) for the purposes of financing or refinancing the Project, including upon or pursuant to the exercise of remedies under such financing or refinancing, or by way of assignments, transfers, conveyances or dispositions in lieu thereof. The Town and Owner mutually agree to execute and deliver such documents as may be reasonably necessary in connection with any such assignment, transfer, conveyance, pledge or disposition of rights hereunder for purposes of the financing or refinancing of the Project by the other Party.

11.2 Assumption. Except as set forth in Section 12.1 above, no assignment or transfer of rights or obligations under this Agreement by either Owner or the Town

shall relieve such Party from full liability and financial responsibility for the performance thereof after any such transfer or assignment unless and until the transferee or assignee shall agree in writing to assume the obligations and duties of the assigning or transferring Party under this Agreement.

12. **Contractors and Subcontractors**

Nothing in this Agreement shall prevent either Party from utilizing the services of such qualified contractors or subcontractors as it deems appropriate; provided, however, that all such contractors or subcontractors shall comply with the terms and conditions of this Agreement. The creation of any contract or subcontract relationship shall not relieve the Party retaining the contractor or subcontractor of any of its obligations under this Agreement. Any obligation imposed by this Agreement upon either Party, where applicable, shall be equally binding upon and shall be construed as having application to any contractor or subcontractor retained by such Party. No contractor or subcontractor is intended to be deemed a third party beneficiary of this Agreement.

13. **Limitation of Liability**

To the fullest extent permitted by law and unless otherwise expressly provided in any other provision of this Agreement, neither the Town nor Owner, nor their respective officers, directors, trustees, agents, employees, Affiliates, successors or assigns, or their respective officers, directors, trustees, agents or employees shall be liable to the other Party or its Affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action for incidental, punitive, special, indirect, multiple or consequential damages (including attorneys' fees or litigation costs) connected with or resulting from performance or non-performance of this Agreement, or any actions undertaken in connection with or related to this Agreement, including without limitation any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability or any other theory of recovery. The provisions of this Section 13 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

14. **Governing Law and Dispute Resolution**

14.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut without giving effect to the conflict of law principles thereof.

14.2 Amicable Resolution. Any disagreement between the Parties as to their rights and obligations under this Agreement shall first be referred to their respective senior management, and neither Party shall commence any legal action or proceeding against the other Party in connection with any such disagreement until and unless, after using their Reasonable Efforts to resolve the dispute, the senior management of the Town and Owner are unable in good faith to satisfactorily resolve the dispute within thirty (30) days of the date such dispute is referred to them. Notwithstanding the foregoing, either Party may forego referring a matter to senior management when time is of the essence.

14.3 Consent to Jurisdiction and Service of Process. The Town hereby generally consents to any suit, legal action or other proceeding in a federal court of appropriate jurisdiction in the State of Connecticut or in any Connecticut state court of appropriate jurisdiction relating to Owner's enforcement of its rights under this Agreement, to the giving of any relief (including equitable relief) or the issue of any process in connection with such suit, legal action or other proceeding including, without limitation, any order or judgment which may be made or given in such suit, legal action or other proceeding. The Town also consents to service of process for any such suit, legal action or other proceeding in accordance with applicable law.

14.4 Waiver of Jury Trial. The Parties hereby mutually waive their right to trial by jury in any action, proceeding or counterclaim brought by either Party against the other Party, or any matters whatsoever arising out of or in any way connected with this Agreement.

15. **Miscellaneous**

15.1 Labor Relations. Each Party agrees to immediately notify the other Party, orally and then in writing, of any labor dispute or anticipated labor dispute or job action which may reasonably be expected to affect the performance of its obligations hereunder or the operations of the other Party.

15.2 Independent Contractor Status. Nothing in this Agreement shall be construed as creating any relationship between the Town and Owner other than that of independent contractors.

15.3 Notices. Unless otherwise specified in this Agreement, all notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and will be deemed to have been duly given if so given) by hand delivery, telecopy (confirmed in writing), United States mail (certified, return receipt requested

and postage prepaid) or overnight courier service (postage or delivery charges prepaid) to the respective Parties as follows:

If to the Town:	Town of Wallingford Director - Public Utilities 100 John Street Wallingford, CT 06492 Facsimile No: (203)294-2267
If to Owner:	Wallingford Energy LLC c/o PPL Global, Inc. 11350 Random Hills Road Suite 400 Fairfax, VA 22030 Attn: *President* Facsimile No: (703)293-2659

or such other address as is furnished in writing by such Party. Each notice, demand, request or communication to either Party in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes hereunder on the second day after the mailing thereof at any regularly maintained office of the United States Postal Service if mailed by registered or certified mail, when delivered by courier or personally and receipted for, and when sent (on receipt of a written confirmation to the correct telecopy number) if sent by telecopy.

15.4 Designation of Contact Person. On or prior to the Commercial Operation Commencement Date, each Party shall notify the other Party as to the appropriate person during each eight-hour work shift to contact in the event of an emergency, a scheduled or forced interruption or reduction in services, or Routine Inspections and Maintenance as provided in Section 4.2.3. The notice last received by a Party as required under this Section 15.4 shall be effective until modified in writing by the other Party.

15.5 Survival. Notwithstanding any other provision of this Agreement, the liabilities and obligations assumed in Sections ~~5~~, 7, 8, ~~9, 14~~ 13 and ~~15~~ 14 of this Agreement with respect to events which occur during the Term of this Agreement shall survive the termination of this Agreement.

15.6 Headings. The headings of the sections of this Agreement are descriptive and inserted for convenience only and do not affect the meaning or interpretation of this Agreement.

15.7 Waiver. Except as otherwise provided in this Agreement, any failure of any Party to comply with any obligation, covenant, agreement, or condition herein may be waived by the Party entitled to the benefits hereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any preceding, subsequent or other failure.

15.8 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same Agreement and each of which shall be deemed an original.

15.9 Severability. In the event any one or more of the provisions of this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions and with a view towards effecting the purpose of this Agreement.

15.10 Amendments. This Agreement may be amended, modified, or supplemented only by written agreement signed by the Parties hereto.

15.11 Further Assurances. Each Party shall execute and deliver any and all additional documents or instruments, in recordable form (if necessary), and provide other assurances, obtain any additional approvals required, and shall do any and all acts and things reasonably necessary to carry out the intent of the Parties and to confirm the continued effectiveness of this Agreement.

15.12 Execution. This Agreement shall be executed on behalf of the Town by the Mayor of the Town of Wallingford, and on behalf of Owner by an authorized officer.

15.13 Entire Agreement. This Agreement, together with the Host Community Agreement and the other Project Agreements, and the Schedules attached hereto and thereto, constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof and thereof, and supersedes any and all previous understandings, oral or written, which pertain to the subject matter contained herein or therein including, without limitation, the Exclusivity Agreement, dated as of April 7, 1998, among the Town, Stone & Webster Development Corporation and PMDC USA, Incorporated.

15.14 Representations and Warranties. The representations and warranties of the Town and Owner set forth in Sections 10 and 11 of the Host Community Agreement respectively are, to the extent related to this Agreement, incorporated herein by reference.

15.15 No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each of the parties hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the Town and Owner have caused this Interconnection Agreement to be signed by their respective duly authorized officers or personnel as of the date first above written.

WALLINGFORD ENERGY LLC

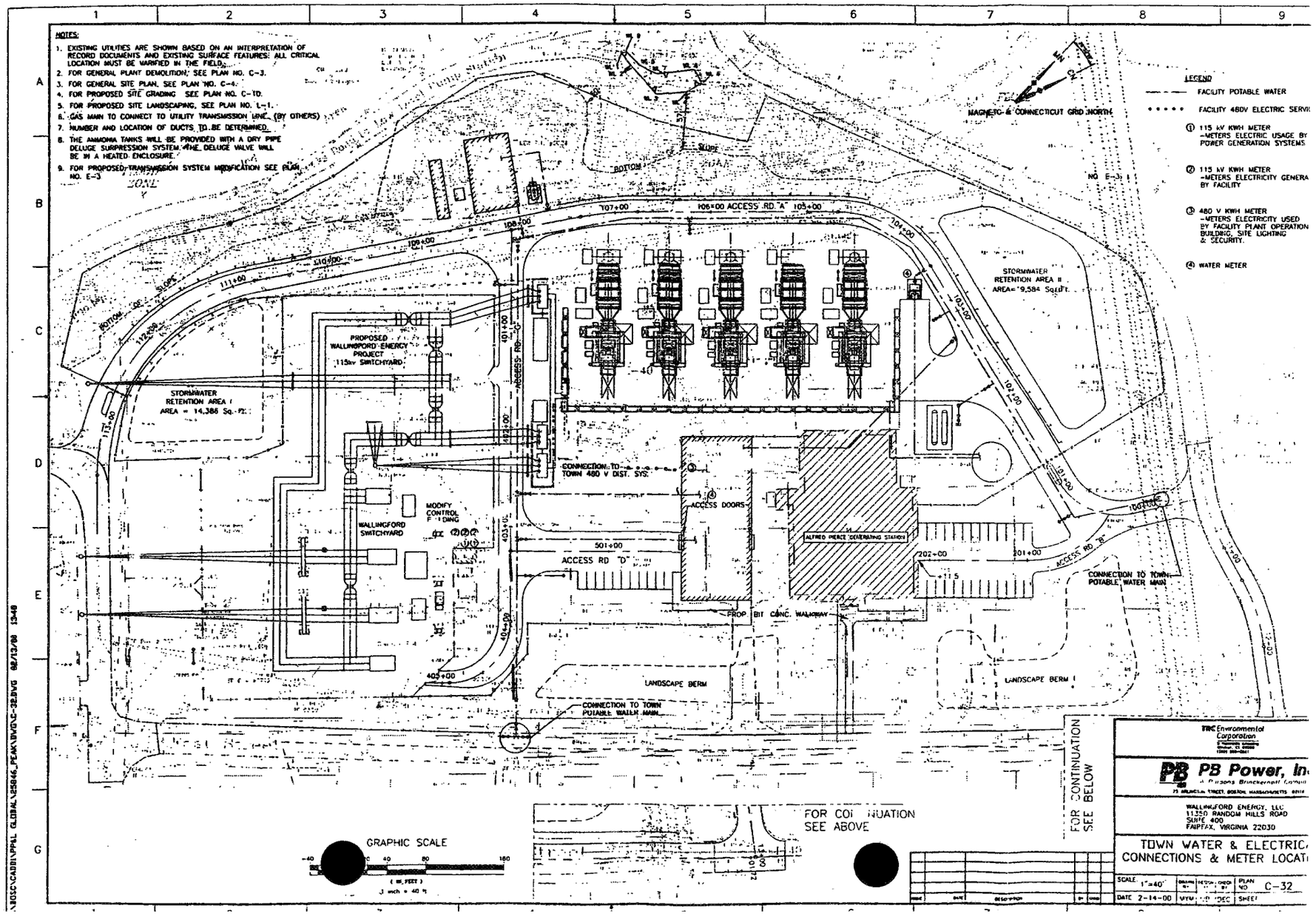
By: _____
Name: _____
Title: _____

TOWN OF WALLINGFORD, CONNECTICUT

By: _____
Name: _____
Title: _____

SCHEDULE 4

INTERCONNECTION FACILITIES
&
INTERCONNECTION POINTS


NOTES:
1. EXISTING UTILITIES ARE SHOWN BASED ON AN INTERPRETATION OF RECORD DOCUMENTS AND EXISTING SURFACE FEATURES. ALL CRITICAL LOCATION MUST BE VARIFIED IN THE FIELD.
2. FOR GENERAL PLANT DEMOLITION, SEE PLAN NO. C-3.
3. FOR GENERAL SITE PLAN, SEE PLAN NO. C-4.
4. FOR PROPOSED SITE GRADING SEE PLAN NO. C-10.
5. FOR PROPOSED SITE LANDSCAPING, SEE PLAN NO. L-1.
6. GAS MAIN TO CONNECT TO UTILITY TRANSMISSION LINE. (BY OTHERS)
7. NUMBER AND LOCATION OF DUCTS TO BE DETERMINED.
8. THE AMMONIA TANKS WILL BE PROVIDED WITH A DRY PIPE DELUGE SUPPRESSION SYSTEM. THE DELUGE VALVE WILL BE IN A HEATED ENCLOSURE.
9. FOR PROPOSED TRANSMISSION SYSTEM MODIFICATION SEE PLAN NO. E-3
LEGEND
FACILITY POTABLE WATER
FACILITY 480V ELECTRIC SERVI
① 115 kV KWH METER -METERS ELECTRIC USAGE BY POWER GENERATION SYSTEMS
② 115 kV KWH METER -METERS ELECTRICITY GENERA BY FACILITY
③ 480 V KWH METER -METERS ELECTRICITY USED BY FACILITY PLANT OPERATION BUILDING, SITE LIGHTING & SECURITY.
④ WATER METER
MAGNETIC & CONNECTICUT GRID NORTH
NO E-3
STORMWATER RETENTION AREA II AREA= 9,584 Sq.Ft.
STORMWATER RETENTION AREA I AREA = 14,386 Sq. Ft.
PROPOSED WALLINGFORD ENERGY PROJECT 115kv SWITCHYARD
WALLINGFORD SWITCHYARD
MODIFY CONTROL PANEL
CONNECTION TO TOWN 480 V DIST. SYS.
ACCESS DOORS
ALFRED PIERCE GENERATING STATION
ACCESS RD "A"
ACCESS RD "B"
ACCESS RD "D"
PROP. BIT CONC. WALKWAY
CONNECTION TO TOWN POTABLE WATER MAIN
LANDSCAPE BERM
FOR CONTINUATION SEE BELOW
GRAPHIC SCALE
TRC Environmental Corporation
PB Power, Inc.
WALLINGFORD ENERGY, LLC
11350 RANDOM HILLS ROAD
SUITE 400
FAIRFAX, VIRGINIA 22030
TOWN WATER & ELECTRIC CONNECTIONS & METER LOCATI
SCALE 1"=40'
DATE 2-14-00
PLAN NO C-32
SHEET

EMERGENCY POWER AGREEMENT

This Emergency Power Agreement (this "Agreement"), dated as of February ___, 2000, is entered into by and between the TOWN OF WALLINGFORD, a municipal corporation existing under and by virtue of the laws of the State of Connecticut (the "Town"), and WALLINGFORD ENERGY LLC, a Connecticut limited liability company ("Owner").

WITNESSETH:

WHEREAS, Owner intends to develop, own and operate a 250 MW natural gas-fired electric power generating facility (the "Project") on a site located within the Town's municipal boundaries and which is to be leased to Owner by the Town;

WHEREAS, the Town and Owner are entering into a Host Community Agreement, dated as of the date hereof (the "Host Community Agreement"), establishing the framework upon which the Town and Owner will proceed with the development, construction and operation of the Project;

WHEREAS, the Parties have agreed in the Host Community Agreement to enter into various other agreements relating to the development, construction and operation of the Project, including this Emergency Power Agreement; and

WHEREAS, the Parties are entering into this Emergency Power Agreement to provide for the terms and conditions under which Owner shall deliver and sell, and the Town shall receive and purchase Emergency Power (as defined hereinafter) generated by the Project.

NOW THEREFORE, in consideration of the promises, covenants, terms and conditions hereinafter set forth, the Town and Owner, intending to be legally bound hereby, agree as follows:

1. Definitions. Other than as specifically defined in this Section 1, capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in Appendix A to the Host Community Agreement.

"Emergency" means any event, circumstance or condition that results in the interruption of the 115 KV transmission system serving the substation located on East

Street in the Town of Wallingford, Connecticut or that makes such transmission system incapable of supplying electricity to the Town of Wallingford Department of Public Utilities at the East Street substation. An Emergency shall be deemed to continue until such time as the 115 KV interconnection to the East Street substation is reestablished and determined to be reasonably reliable.

"Emergency Power" means the electricity generated by the Project to be delivered by Owner to the Town during the occurrence and continuation of an Emergency.

"Transaction" means the sale and purchase of Emergency Power to be delivered by Owner to the Town during the occurrence and continuation of each separate Emergency pursuant to Section 3.1.

2. Term of Agreement.

2.1 Term. The obligations of the Parties under this Agreement shall commence on the Commercial Operation Commencement Date and shall remain in effect until such time as the Lease expires or is terminated pursuant to the terms thereof.

2.2 Rights and Liabilities upon Expiration or Early Termination. Upon expiration or early termination of this Agreement by either Party pursuant to Section 2.1, the Parties shall have no further liability to each other under this Agreement other than as provided in Section 11.

3. Sale of Emergency Power.

3.1 Transactions. Beginning on the Commercial Operation Commencement Date of the Project and until such time as this Agreement expires or is terminated in accordance with the terms hereof, Owner shall deliver from the Project and sell, and the Town shall receive and purchase at the Interconnection Points identified in the Interconnection Agreement (each such sale and purchase, a "Transaction"), Emergency Power in the quantities and for the periods of time requested by the Town; provided, however, that Owner shall not be required to deliver and sell Emergency Power to the Town if Owner determines, in its sole discretion, that the delivery and sale of such Emergency Power would not be safe or consistent with Good Utility Practices.

3.2 Price. The price of Emergency Power delivered to the Town by Owner shall be equal to Owner's cost of fuel required for generating such Emergency Power at the Project, plus $10 per MWh of Emergency Power delivered to the Town by Owner. Notwithstanding the foregoing, the Town shall pay for the cost of all equipment

and facilities that are specially needed to provide it with Emergency Power, and any taxes, fees, levies, penalties, licenses or charges imposed by any Governmental Authority ("Taxes") on or with respect to the generation, transmission, delivery and sale of such Emergency Power to the Town by Owner.

3.3 Confirmation. Following the Town's request for the delivery and sale of Emergency Power by Owner, the Parties shall as soon as reasonably practicable agree upon the terms of such Transaction. A Transaction agreed to orally and specifying at least the quantity and period of delivery of Emergency Power shall be binding and enforceable as of the time of such oral agreement and shall be confirmed in writing by the Parties as soon as reasonably practical thereafter.

3.4 Interruptions. If for a particular Transaction, Owner determines that Emergency Power cannot continue to be delivered as required for such Transaction, it shall use its Reasonable Efforts promptly to so notify the Town by telephone. Likewise, the Town shall use its Reasonable Efforts promptly to notify Owner by telephone of any interruption or impairment of its ability to receive Emergency Power as provided for each Transaction. All such notices shall be confirmed in writing by facsimile on the same date such notice is given.

4. Billing and Payment. Within five (5) Business Days after the last day of each month during which Owner delivers Emergency Power from the Project to the Town , Owner shall prepare and submit to the Town an invoice for those amounts due and payable to it by the Town through and as of the last day of such month for Emergency Power delivered to the Town from the Project during such month pursuant to this Agreement. Each invoice shall be accompanied by sufficient information to enable the Town to determine the accuracy of the invoice. Each invoice shall be paid by the Town within thirty (30) days of receipt. Notwithstanding any other provision of this Agreement, in the event of the Town's failure to pay any amount required to be paid by the Town hereunder when due and its failure to cure such payment default within thirty (30) days of receiving notice of such non-payment from Owner, Owner shall have the right, at its election, to suspend its performance under this Agreement, by providing a written notice of such suspension to the Town, until such time as the Town pays any overdue amounts to Owner in full.

5. Indemnification. The Town shall indemnify and hold harmless Owner from any third party liabilities which may arise from Owner's provision of, or failure to provide, Emergency Power from the Project to the Town as provided in this Agreement, except to the extent such liability is caused by the gross negligence or willful or wanton acts or omissions to act of Owner.

6. Limitation of Liability. Neither the Town nor Owner shall be liable to the other Party for claims, suits, actions or causes of action for incidental, punitive, special, indirect, multiple or consequential damages (including attorneys' fees or litigation costs) connected with or resulting from performance or non-performance of this Agreement, or any actions undertaken in connection with or related to this Agreement.

7. Force Majeure. Notwithstanding any provision in this Agreement to the contrary, neither Party shall be liable in damages or otherwise, or be responsible to the other Party, for failure to carry out any of its obligations under this Agreement (other than any payment obligations) if and only to the extent that it is unable to so perform or is prevented from performing such obligation by an event of Force Majeure.

8. Assignment. The assignment provisions set forth in Section 11 of the Utility Services Agreement are incorporated herein by reference and shall apply to this Agreement as though such provisions were set forth herein.

9. Governing Law and Dispute Resolution. The governing law and dispute resolution provisions set forth in Section 12 of the Utility Services Agreement are incorporated herein by reference and shall apply to this Agreement as though such provisions were set forth herein.

10. Representations and Warranties. The representations and warranties of the Town and Owner set forth in Sections 10 and 11 of the Host Community Agreement respectively are, to the extent related to this Agreement, incorporated herein by reference.

11. Survival. Notwithstanding any other provision of this Agreement, the liabilities and obligations assumed in Sections 4, 5, 6 and 9 of this Agreement with respect to events which occur during the term of this Agreement shall survive the termination of this Agreement.

12. Protocol. Prior to the Commercial Operation Commencement Date, the parties shall work together in good faith to delineate appropriate procedures and protocol to implement this Agreement, it being understood that such procedures and protocol shall be consistent with Good Utility Practices.

13. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each of the parties hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

14. Miscellaneous. The miscellaneous provisions set forth in Section 13 of the Utility Services Agreement (other than Section 13.3) are incorporated herein by reference and shall apply to this Agreement as though such provisions were set forth herein.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the Town and Owner have caused this Emergency Power Agreement to be signed by their respective duly authorized officers or personnel as of the date first above written.

WALLINGFORD ENERGY LLC

By: _____
Name: _____
Title: _____

TOWN OF WALLINGFORD, CONNECTICUT

By: _____
Name: _____
Title: _____

TRANSMISSION SYSTEM UPGRADE UNDERTAKING

This Transmission System Upgrade Undertaking (this "Agreement") is entered into as of the ___ day of February, 2000, by PPL GLOBAL, INC., a Pennsylvania corporation ("PPL Global"), and the TOWN OF WALLINGFORD, a municipal corporation existing under and by virtue of the laws of the State of Connecticut (the "Town"). The Town and PP&L are each referred to herein as a "Party," and collectively as the "Parties."

WITNESSETH:

WHEREAS, PPL Global owns, directly or indirectly, all of the ownership interest in Wallingford Energy LLC, a Connecticut limited liability company ("Owner");

WHEREAS, the Town and Owner are entering into a Host Community Agreement, dated as of the date hereof (the "Host Community Agreement"), and a Lease, dated as of the date hereof (the "Lease", and together with the Host Community Agreement, the "Project Agreements") relating to the development, construction and operation of a 250 MW natural gas-fired electric power generating facility by Owner on a site located within the Town's municipal boundaries;

WHEREAS, the Town is willing to enter into the Project Agreements on the condition that PPL Global enter into this Agreement;

WHEREAS, PPL Global will benefit from the transactions contemplated by the Project Agreements; and

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Lease.

NOW, THEREFORE, PPL Global, in consideration of the foregoing, agrees as follows:

1. Undertaking. In the event that Owner terminates the Lease pursuant to Section 2.2(b) thereof without having been relieved of its obligation to commence the Upgrade and Construction Work as a result of conditions precedent to such commencement as set forth in Section 4.2 of the Lease not having been met by ~~June 1, 2001~~ sixteen (16) calendar months from the date of this Agreement, and, as of the

date of such termination, the Transmission System Upgrades have not achieved Final Completion, PPL Global shall be obligated (i) to pay to the Town all reasonable and documented costs of completing the Upgrade and Construction Work (not including portions thereof that are required solely for interconnecting the Project) substantially in accordance with the Specifications, or (ii) at PPL Global Global's option, to complete or cause to be completed the Upgrade and Construction Work substantially in accordance with the Specifications; provided, however, that the total aggregate payment obligation of PPL Global under this Section 1 shall in no event exceed $3,000,000.

2. Billing and Payment. At any time when a payment becomes due from PPL Global to the Town under this Agreement, the Town shall prepare an invoice for such amounts becoming due and payable. Each invoice shall be itemized to specifically reflect the services or items for which payment is due, shall state the time at which the services or items were rendered, and shall fully describe the services or items rendered. Each invoice shall be accompanied by sufficient information to enable PPL Global to determine the accuracy of the invoice. Each invoice shall be paid by PPL Global within thirty (30) days of receipt. All payments shall be made in immediately available funds payable to the Town, or by wire transfer to a bank named by the Town.

3. Assignment. Each of PPL Global and the Town may, at any time and from time to time, directly or indirectly, assign, in whole or in part, each of their rights and obligations hereunder to any Person to whom Owner and the Town may respectively assign all or any of their rights or obligations under the Project Agreements, whereupon such assignee shall succeed to all rights of such Party hereunder; provided, however, that notwithstanding the foregoing, PPL Global may assign, directly or indirectly, its rights and obligations hereunder to any affiliate of PPL Global as long as such affiliate has net assets (total assets less total liabilities) of not less than $10,000,000 or such affiliate otherwise procures an irrevocable letter of credit in favor of the Town in the amount of $3,000,000 to satisfy the obligations hereunder. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

4. Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Lease and if to PPL Global, at the address specified below the space for its execution of this Agreement.

5. Governing Law. This Agreement shall be governed by the laws of the State of Connecticut, without regard to principles of conflicts of laws.

6. Waiver. Any failure of any Party to comply with any obligation, covenant, agreement, or condition herein may be waived by the Party entitled to the benefits hereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any preceding, subsequent or other failure.

7. Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same Agreement and each of which shall be deemed an original.

8. Severability. In the event any one or more of the provisions of this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction).

9. Amendments. This Agreement may be amended, modified, or supplemented only by written agreement signed by the Parties hereto.

10. Waiver of Jury Trial. PPL Global and the Town hereby mutually waive their right to trial by jury in any action, proceeding or counterclaim brought by either Party against the other Party under, or any matters whatsoever arising out of or in any way connected with, this Agreement.

11. Entire Agreement. This Agreement contains the complete agreement of PPL Global and the Town with respect to the matters contained herein and supersedes all other negotiations or agreements, whether written or oral, with respect to the subject matter hereof.

12. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each of the Parties hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the Town and PPL Global have caused this Agreement to be signed by their respective duly authorized officer or personnel as of the date first above written.

PPL GLOBAL, INC.

By: _____
Name: _____
Title: _____

ACCEPTED:

TOWN OF WALLINGFORD,
CONNECTICUT

By: _____
Name: _____
Title: _____

---------- COMPARISON OF FOOTERS ----------

-FOOTER 1-

~~255640.04~~ 255640.05-D.C. Server 2A Draft February ~~17,~~ 21, 2000 - ~~1:50~~ 3:32 PM

CORPORATE REMOVAL GUARANTY

This Corporate Removal Guaranty (the "Guaranty") is given as of the ___ day of February, 2000, by PPL GLOBAL, INC., a Pennsylvania corporation (the "Guarantor"), to the TOWN OF WALLINGFORD, a municipal corporation existing under and by virtue of the laws of the State of Connecticut (the "Town").

WITNESSETH:

WHEREAS, the Guarantor owns, directly or indirectly, all of the ownership interest in Wallingford Energy LLC, a Connecticut limited liability company ("Owner");

WHEREAS, the Town and Owner are entering into a Host Community Agreement, dated the date hereof (the "Host Community Agreement"), and a Lease, dated the date hereof (the "Lease", and together with the Host Community Agreement, the "Agreements") relating to the development, construction and operation of a 250 MW natural gas-fired electric power generating facility by Owner on a site located within the Town's municipal boundaries;

WHEREAS, the Town is willing to enter into the Agreements on the condition that the Guarantor enter into this Guaranty;

WHEREAS, the Guarantor will benefit from the transactions contemplated by the Agreements; and

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Lease.

NOW, THEREFORE, the Guarantor, in consideration of the foregoing, agrees as follows:

1. Guaranty. The Guarantor hereby guarantees to the Town, as primary obligor and not merely as a surety, the complete performance by Owner of all its obligations with respect to (i) the removal of Improvements pursuant to Section 6.2 of the Lease and (ii) the restoration of the Site pursuant to Section 7 of the Host Community Agreement, all as and when required to be performed under said sections of the Agreements and in all respects strictly in accordance with the terms, conditions and limitations contained therein, or at the Guarantor's option, the full payment of all

costs of such removal or restoration, as the case may be (the "Obligations"). This Guaranty is an absolute, unconditional, irrevocable and continuing guarantee of the full payment and performance of the Obligations and is in no way conditioned upon any requirement that the Town first attempt to enforce any of the Obligations against Owner or any other Person or resort to any other means of obtaining performance of any of the Obligations. In the event of a default in performance of any of the Obligations by Owner under the Agreements, the Guarantor shall promptly perform or cause to be performed such Obligations upon receipt of written notice of such default from the Town. The liability of the Guarantor under this Guaranty is a guaranty of performance and payment and not of collection.

2. Guaranty Absolute; Waivers. This Guaranty shall continue in full force and effect until Owner or the Guarantor shall have performed or discharged all of the Obligations in full. Further, this Guaranty shall remain in full force and effect without regard to, and shall not be affected or impaired by any of the following:

(a) the occurrence or continuance of any event of bankruptcy, reorganization or insolvency with respect to Owner or any other Person, or the dissolution, liquidation or winding up of Owner or any other Person;

(b) any amendment, supplement, reformation or other modification of the Agreements;

(c) the exercise, non-exercise or delay in exercising by the Town of any of its rights and remedies under this Guaranty or the Agreements;

(d) any permitted assignment or other transfer of this Guaranty by the Town, or any permitted assignment or other transfer of the Agreements in whole or in part;

(e) any sale, transfer or other disposition by the Guarantor of any direct or indirect interest it may have in Owner;

(f) the absence of any notice to, or knowledge by, the Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing clauses; or

(g) any other event, occurrence or circumstance that might otherwise constitute or give rise to a defense to performance by a surety or a guarantor.

3. Waivers by Guarantor. In addition to waiving any defenses to which clauses (a) through (g) of Section 2 may refer, the Guarantor hereby unconditionally and irrevocably waives, as a condition precedent to the performance of its obligations hereunder, (a) notice of acceptance hereof, (b) notice of any action taken or omitted to be taken by the Town in reliance hereon, (c) any requirement that the Town be diligent or prompt in making demands hereunder or giving notice to the Guarantor of any default by Owner, (d) any requirement that the Town exhaust any right, power or remedy or proceed against Owner under the Agreements or any other agreement or instrument referred to therein, and (e) any event, occurrence or other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder:

(i) at any time or from time to time, without notice to the Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of the Agreements or any other agreement or instrument referred to therein shall be done or omitted; or

(iii) any of the Obligations shall be modified, supplemented or amended in any respect in accordance with the terms of the Agreements with or without notice to the Guarantor.

4. Underlying Obligations Not Affected. Nothing herein shall be so construed as to limit, negate or otherwise affect Owner's rights under the Agreements, and the Guarantor's undertakings and obligations hereunder are derivative, and not in excess, of Owner's Obligations under the Agreements and the Guarantor shall have the full benefit of all of the rights and remedies of Owner under the Agreements.

5. Bankruptcy; Reinstatement.

(a) The Guarantor shall not commence or join with any other party in commencing any bankruptcy, reorganization or insolvency proceedings of or against Owner. The Guarantor understands and acknowledges that by virtue of this Guaranty, the Guarantor has specifically assumed any and all risks of a bankruptcy or reorganization case or similar proceeding with respect to Owner. As an example and not in any way a limitation, a subsequent modification of the Obligations or any rejection or disaffirmance thereof by any trustee, receiver or liquidating agency of Owner

or of any of their respective properties, or any settlement or compromise of any claim made in any such case, in any reorganization case concerning Owner, shall not affect the obligation of the Guarantor to pay and perform the Obligations in accordance with their original terms.

(b) The obligations of the Guarantor under this Guaranty shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Owner in respect of the Obligations is rescinded and shall be restored if any other entity ~~became~~ becomes a holder of the Obligations~~(except in accordance with Section 11 hereof)~~, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

6. Subrogation. The Guarantor hereby agrees that until the payment and satisfaction in full of all Obligations and the expiration and termination of all Obligations, it shall not exercise any right or remedy arising by reason of the performance of any of its obligations under this Guaranty, whether by subrogation or otherwise, against Owner or any other guarantor of any of the Obligations, or any security for any of the Obligations.

7. Independent and Separate Obligations. The obligations of the Guarantor hereunder are independent of the obligations of Owner with respect to all or any part of the Obligations and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against the Guarantor whether or not any other such obligations exist, whether or not the Guarantor is the alter ego of Owner and whether or not Owner is joined therein or a separate action or actions are brought against Owner.

8. Payment. Any and all payments made by the Guarantor hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, or any set-off or counterclaim.

9. Amendments; Waivers; Etc. Neither this Guaranty nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Town and the Guarantor. No delay or failure by the Town to exercise any remedy against Owner or the Guarantor will be construed as a waiver of that right or remedy. No failure on the part of the Town to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by any applicable law.

10. Severability. In the event that the provisions of this Guaranty are claimed or held to be inconsistent with any other instrument evidencing or securing the Obligations, the terms of this Guaranty shall remain fully valid and effective. If any one or more of the provisions of this Guaranty should be determined to be illegal or unenforceable, all other provisions shall remain effective.

11. Assignment. Each of the Guarantor and the Town may, at any time and from time to time, assign, in whole or in part, directly or indirectly, each of their rights and obligations hereunder to any Person to whom Owner and the Town may respectively assign all or any of their rights or obligations under the Project Agreements, whereupon such assignee shall succeed to all rights of such Party hereunder; provided, however, that notwithstanding the foregoing, the Guarantor may assign, directly or indirectly, its rights and obligations hereunder to any affiliate of the Guarantor as long as such affiliate has net assets (total assets less total liabilities) of not less than $10,000,000 or such affiliate otherwise procures an irrevocable letter of credit in favor of the Town to satisfy the obligations hereunder. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

12. Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Lease and if to the Guarantor, at the address specified below the space for its execution of this Guaranty.

13. Governing Law. This Guaranty shall be governed by the laws of the State of Connecticut, without regard to principles of conflicts of laws.

14. Waiver of Jury Trial. The Guarantor and the Town hereby mutually waive their right to trial by jury in any action, proceeding or counterclaim brought by either party against the other party under, or any matters whatsoever arising out of or in any way connected with, this Guaranty.

15. Entire Agreement. This Guaranty contains the complete agreement of the Guarantor and the Town with respect to the matters contained herein and supersedes all other negotiations or agreements, whether written or oral, with respect to the subject matter hereof.

16. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of each of the parties hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

IN WITNESS WHEREOF, the Guarantor has duly executed and delivered this Guaranty and the Town has executed its acceptance of this Guaranty effective as of the date first-above written.

PPL GLOBAL, INC.

By: _____
Name: _____
Title: _____

ACCEPTED:

TOWN OF WALLINGFORD,
CONNECTICUT

By: _____
Name: _____
Title: _____

---------- COMPARISON OF FOOTERS

-FOOTER 1-
~~255364.05~~ 255364.06-D.C. Server 2A Draft February ~~17,~~ 21, 2000 - ~~1:48~~ 3:35 PM

UTILITY SERVICES AGREEMENT

This Utility Services Agreement (this "Agreement"), dated as of February __, 2000, is entered into by and between the TOWN OF WALLINGFORD, a municipal corporation existing under and by virtue of the laws of the State of Connecticut (the "Town"), and WALLINGFORD ENERGY LLC, a Connecticut limited liability company ("Owner"). The Town and Owner are each referred to herein as a "Party," and collectively as the "Parties."

WITNESSETH:

WHEREAS, Owner intends to develop, own and operate a 250 MW natural gas-fired electric power generating facility (the "Project") on a site (the "Site") located near the existing Alfred L. Pierce Generation Station, which Site is located within the Town's municipal boundaries and is to be leased to Owner by the Town;

WHEREAS, the Town has determined that the development of the Project is an appropriate use of the Site, and accordingly the Town and Owner are entering into a Host Community Agreement, dated as of the date hereof (the "Host Community Agreement"), establishing the framework upon which the Town and Owner will proceed with the development, construction and operation of the Project;

WHEREAS, the Parties have agreed in the Host Community Agreement to enter into various agreements relating to the development, construction and operation of the Project (as more specifically defined in the Host Community Agreement, the "Project Agreements"), including this Utility Services Agreement; and

WHEREAS, the Parties are entering into this Utility Services Agreement to provide for the terms and conditions under which the Town shall provide electrical power, water and waste water treatment services to Owner in connection with the Project.

NOW, THEREFORE, in order to carry out the transactions contemplated by the Host Community Agreement and this Agreement, and in consideration of the promises, covenants, terms and conditions hereinafter set forth, the Town and Owner, intending to be legally bound hereby, agree as follows:

1. Definitions.

For all purposes of this Agreement, capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in Appendix A to the Host Community Agreement. Whenever used in this Agreement as capitalized terms, the following terms shall have the meanings specified in this Section 1.

"Delivery Facilities" means facilities or portions of facilities that are part of the Project or the Town's facilities, as the case may be, and that are necessary for the delivery by the Town of electricity and water to the Project or the delivery by Owner of the domestic waste water produced by the Project to the Town, each as more specifically identified in Schedule 4 to the Interconnection Agreement.

"Delivery Points" means the points at which electricity and water requirements of the Project are delivered to the Delivery Facilities of Owner by the Town, and the point at which the domestic waste water produced by the Project is delivered to the Delivery Facilities of Town for purposes of treatment at its domestic waste water treatment system, each as more specifically identified and described in Schedule 6 to this Agreement.

"Effective Date" means the date of this Agreement.

"Host Community Agreement" means that certain Host Community Agreement, dated as of February ___, 2000, between Owner and the Town.

"Meters" means all metering instrumentation required to measure the quantity of electricity, water and domestic waste water delivered to or from the Project.

"Specifications" means the design and technical specifications and criteria with respect to the construction of the Delivery Facilities as set forth in Schedule 6 attached hereto, as the same may be amended from time to time in accordance with the provisions of Section 6.2.3.

"Term" has the meaning given thereto in Section 2.1.

2. Term of Agreement.

2.1 Term. The obligations of the Parties under this Agreement shall commence on the Effective Date and shall remain in effect until such time as the Lease expires or is terminated pursuant to the terms thereof (the "Term").

2.2 Rights and Liabilities upon Expiration or Early Termination. Upon expiration or early termination of this Agreement by either Party pursuant to Section 2.1, the Parties shall have no further liability to each other under this Agreement other than as provided in Section 13.3.

3. Sale of Electricity.

3.1 Sale of Electricity. Beginning on the date of commencement of the Project's construction and until such time as this Agreement expires or is terminated in accordance with the provisions hereof, the Town shall supply and sell, and Owner shall receive and purchase, all the electricity required for use at the Project as station power during periods when the Project is not operating in synchronization with the Transmission System, as well as all construction power required in connection with the Project; provided, however, that when and if Owner is otherwise eligible to purchase the electricity required for use at the Project in a competitive market for the sale of electricity, it shall be entitled, in its sole discretion, to purchase any or all of the Project's electricity requirements from any utility or retail seller of electricity other than the Town; and provided, further, that in the event that Owner elects to purchase all or any portion of the electricity required for use at the Project from such seller of electricity other than the Town and without in any way affecting the Town's obligations under the Interconnection Agreement in connection with the transmission of the Project's electricity requirements thereto, the Town shall no longer be obligated to supply and sell such amount of electricity required for use at the Project. In the event that the Town is at any time during the Term of this Agreement no longer obligated under applicable law or regulations to function as a utility supplying electricity to its retail customers including Owner, the Town shall be relieved of its obligation to supply electricity to Owner under this Agreement.

3.2 Price. The amounts payable to the Town by Owner in connection with the total amount of electricity supplied by the Town to the Project during each normal billing cycle of the Town shall be computed on the basis of the Town's Tariff for the sale of electricity to its customers having similar loads, as such rates may be modified from time to time by the Town pursuant to its normal rate setting procedures.

4. Sale of Water.

4.1 Sale of Water. Beginning on the date of commencement of the Project's construction (as notified in writing by Owner or its designated representatives to the Town at least thirty (30) days in advance thereof) and until such time as this Agreement expires or is terminated in accordance with the provisions hereof, the Town shall supply for the use and benefit of Owner and the Project's construction contractor or operator, as the case may be, at the Project, the entire water requirement for the construction, operation and maintenance of the Project. Notwithstanding the foregoing, the Town's obligation to supply water to the Project pursuant to this Section 4.1 shall not exceed 250 gallons per minute, 350,000 gallons per day, or 60,000,000 gallons per year; provided, however, that if at any time the water requirement for the construction, operation and maintenance of the Project exceeds the levels set forth above, Owner shall promptly notify the Town of its best estimate of such excess requirement and the Town shall use its Reasonable Efforts to supply the Project which such excess amounts of water. The Town hereby represents and warrants that it is capable of supplying the Project with the maximum rate or amounts of water set forth above without requiring any additions or upgrades to its facilities, including its Delivery Facilities, as they exist as of the Effective Date. Owner agrees that during times of water shortage as such may be declared by the Town from time to time, Owner shall comply with limitations on water use that are imposed by Town on industrial customers on a non-discriminatory basis.

4.2 Price. The amounts payable to the Town by Owner in connection with the total amount of water supplied by the Town to the Project during each normal billing cycle of the Town shall be computed on the basis of the Tariff rates for the sale of water, as may be modified from time to time by the Town pursuant to its normal rate setting procedures.

4.3 Water Quality. The water supplied to the Project by the Town shall comply with the standard quality of potable water required to be provided by municipalities such as the Town. The Town shall provide as much advance notice as reasonably practicable of any material deviations of the quality of water to be supplied to the Project from the quality standards referenced above.

5. Waste Water Disposal.

5.1 Provision of Waste Water Disposal. Beginning on the date of commencement of the Project's construction and until such time as this Agreement expires or is terminated in accordance with the provisions hereof, the Town shall for

the benefit of Owner and the Project's construction contractor or operator, as the case may be, permit Owner to interconnect with the Town's domestic waste water collection system located adjacent to the Site, and the Town shall accept delivery and treat and dispose of all domestic waste water produced by the Project.

5.2 Price. The amounts payable to the Town by Owner in connection with the acceptance, treatment and disposal of domestic waste water from the Project by the Town during each normal billing cycle of the Town shall be computed on the basis of the Town's Tariff rates for the acceptance, treatment and disposal of domestic waste water at its domestic waste water collection system, as may be modified from time to time by the Town pursuant to its normal rate setting procedures. Notwithstanding the foregoing, if the annual average daily domestic waste water flow from the Project to the Town's domestic waste water collection system is in excess of 25,000 gallons per day, Owner shall also pay the cost of removing inflow and infiltration equivalent to such excess.

5.3 Quality Specifications. The Project's domestic waste water that is delivered to the Town by Owner at the applicable Delivery Point shall meet minimum quality specifications under the Tariff.

6. Delivery.

6.1 Points of Delivery. All electricity and water delivered by the Town to Owner, and all domestic waste water produced by the Project and delivered by Owner to the Town, shall be delivered at the applicable Delivery Points.

6.2 Delivery Facilities.

6.2.1 Construction. To the extent necessary and unless otherwise expressly set forth in this Agreement, the Host Community Agreement or any other Project Agreement, each Party shall at its cost perform, or cause to be performed, the design, engineering, procurement, construction and testing of the Delivery Facilities on its side of the Delivery Points in accordance with Good Utility Practices, standards of professional care, skill, diligence and competence applicable to good engineering, construction and project management practices, all Governmental Approvals, applicable laws, the Specifications and other requirements of this Agreement. The construction and testing of the Delivery Facilities shall be completed prior to the Commercial Operation Commencement Date of the Project. The Parties shall cooperate in good faith to coordinate the start and performance of construction work required to be performed by each Party under this Section 6.2.1.

6.2.2 Inspection of Construction. In addition to the rights and obligations set forth in the Tariffs, each Party shall have the right to inspect or observe, at its own expense, the construction of the Delivery Facilities on the other Party's side of the Delivery Points during the course of such construction in order to ensure that such facilities are constructed in accordance with the Specifications. The Party desiring to inspect or observe shall notify the other Party in advance in accordance with the notification procedures set forth herein. If the Party inspecting the Delivery Facilities being constructed observes any deviations from the Specifications or other material defects, such Party shall notify the other Party, and such other Party shall make any corrections as may be necessary to bring the Delivery Facilities into compliance with the Specifications.

6.2.3 Modifications. In the event that Owner requests any additions or modifications to the Town's facilities, or requests service in excess of that provided in this Agreement which additional service would require additions or modifications to the Town's facilities, Owner shall, at the Town's option, either (i) pay the costs to be incurred by the Town for making such additions or modifications, or (ii) design, engineer and construct such additions or modifications in accordance with plans that have been approved by the Town. In the event that Owner requests such additions or modifications to the Town's facilities or requests additional service, as the case may be, the Town may require that such additions or modifications be designed, engineered or constructed to accommodate requirements in excess of the Project's requirements; provided, however, that the Town shall bear the incremental costs associated with the portion of such additions or modifications that are attributable to such excess requirements. In the event that the Town has constructed additions or modifications to its facilities pursuant to this Section 6.2.3, or has approved the design of such additions or modifications to be constructed by Owner and owned by the Town, in either case to meet the Project's requirements, and such additions or modifications are when completed found inadequate to meet their intended purpose, the Town shall be responsible for the cost of any further additions or modifications required to permit the Town's facilities to meet such intended purpose.

6.2.4 Operation and Maintenance. The Town and Owner shall respectively operate and Maintain the Delivery Facilities on its side of the Delivery Points.

6.2.5 Access. Owner shall grant the Town, and the Town shall grant Owner, such access as is reasonably necessary for the maintenance, operation, or repair of the Delivery Facilities on the respective Party's side of the Delivery Points.

7. Metering.

7.1 Main Meters. The Town shall own, Maintain and operate proper Meters for the determination of the quantity of electricity and water delivered to Owner by the Town in accordance with the Town's prevailing rules and regulations. The Town shall also determine the quantity of domestic waste water delivered to the Town's domestic waste water collection system located adjacent to the Site by Owner in accordance with the Town's prevailing rules and regulations.

7.2 Check Meters. Owner may install its own check metering instrumentation for maintaining information on the electricity and water delivered to and domestic waste water delivered from the Project, but, except as otherwise provided in this Agreement, the measurement of the amounts of such deliveries shall be made by the Meters provided in Section 7.1 for billing and other record keeping purposes. The Parties hereby agree that the design and construction of the Delivery Facilities, the Delivery Points and the Meters will allow the installation and operation of check meters provided in this Section 7.2.

7.3 Meter Readings. The Town shall read the Meters in accordance with the Tariffs and shall promptly report to Owner all Meter readings and the total quantity of electricity, water and domestic waste water delivered to or from the Project during each normal billing cycle of the Town.

7.4 Meter Inaccuracy. If for any reason any of the Meters is out of service or out of repair and the amount of electricity, water or domestic waste water, as the case may be, delivered to or from the Project cannot be ascertained or computed by the reading thereof, the quantity of electricity, water and domestic waste water delivered during such period shall be estimated and determined by the Town based on the best data available. In this regard, information from the check meters provided for in Section 7.2 shall be deemed the best data available if the check meters have been subjected to the accuracy measurements provided in the Town's prevailing rules and regulations and if monthly check meter readings have been consistently provided to the Town by Owner. If no information from check meters is available, the Town's estimate shall be final and conclusive. The Town shall replace any Meter that is inoperative for forty-five (45) consecutive days.

8. Billing And Payment.

The parties shall abide by and adhere to the billing and payment procedures set forth in the Tariffs for services rendered by the Town pursuant to this Agreement.

9. Governmental Approvals.

Each Party shall, in a timely manner, obtain, pay for and maintain all Governmental Approvals necessary for the performance of its obligations under this Agreement; provided, however, that Owner shall at its own cost prepare applications for the Governmental Approvals required to be obtained and maintained by the Town; and provided, further, that the Town shall provide reasonable cooperation and assistance to Owner in preparing such applications. Other than as set forth in the preceding sentence, each Party shall provide reasonable cooperation and assistance to the other Party in obtaining and maintaining the Governmental Approvals it is required to obtain and maintain for the performance of its obligations under this Agreement. Each Party shall perform its obligations under this Agreement in compliance with all of the terms and conditions of each of the foregoing Governmental Approvals.

Without limiting the generality of the foregoing, Owner shall be obligated to comply with the terms of the Governmental Approvals issued in connection with the Project by DEP regarding, among other things, discharge temperatures, pollutants and PH of the domestic waste water, and copies of such Governmental Approvals shall be submitted to the Town by Owner within thirty (30) days of their issuance. Owner shall also provide the Town with copies of applications for amendments of any Governmental Approvals obtained by Owner in connection with the Project from DEP, and any such amendment granted by DEP, within 5 Business Days of the date of such application or amendment.

10. Risk of Loss And Title.

The Town and Owner shall have care, custody and control of, and shall bear the risk of loss with respect to, all electricity and water delivered to the Project by the Town and all domestic waste water delivered to the Town from the Project on their respective sides of the Delivery Points; provided, however, that nothing herein shall limit the Town's right to recover through its Tariff rates costs associated with its utility operations, including costs associated with any losses referred to in this Section 10.

11. Assignment.

11.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by either Party (other than by operation of law) without the prior written consent of the other Party, such consent not to be unreasonably withheld. Any assignment of this Agreement in violation of the foregoing shall be void at the option of the non-assigning Party. Notwithstanding the foregoing, Owner may assign, directly or indirectly, its rights and interests hereunder to any entity that is a successor in interest to Owner with respect to the Project, and the Town may assign its rights and obligations hereunder to an entity that is a successor in function to the Town with respect to its obligations under this Agreement. Moreover, Owner or its permitted assignee may, directly or indirectly, assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to a trustee or lending institution(s) for the purposes of financing or refinancing the Project, or by way of assignments, transfers, conveyances or dispositions in lieu thereof. The Town and Owner mutually agree to execute and deliver such documents as may be reasonably necessary in connection with any such assignment, transfer, conveyance, pledge or disposition of rights hereunder for purposes of the financing or refinancing of the Project by the other Party.

11.2 Assumption. Except as set forth in Section 11.1 above, no assignment or transfer of rights or obligations under this Agreement by either Owner or the Town shall relieve such Party from full liability and financial responsibility for the performance thereof after any such transfer or assignment unless and until the transferee or assignee shall agree in writing to assume the obligations and duties of the assigning or transferring Party under this Agreement.

12. Governing Law And Dispute Resolution.

12.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut without giving effect to the conflict of law principles thereof.

12.2 Amicable Resolution. Any disagreement between the Parties as to their rights and obligations under this Agreement shall first be referred to their respective senior management, and neither Party shall commence any legal action or proceeding against the other Party in connection with any such disagreement until and unless, after using their Reasonable Efforts to resolve the dispute, the senior manage-

ment of the Town and Owner are unable in good faith to satisfactorily resolve the dispute within thirty (30) days of the date such dispute is referred to them.

12.3 Consent to Jurisdiction and Service of Process. The Town hereby generally consents to any suit, legal action or other proceeding in a federal court of appropriate jurisdiction in the state of Connecticut or in any Connecticut state court of appropriate jurisdiction relating to Owner's enforcement of its rights under this Agreement, to the giving of any relief (including equitable relief) or the issue of any process in connection with such suit, legal action or other proceeding including, without limitation, any order or judgment which may be made or given in such suit, legal action or other proceeding. The Town also consents to service of process for any such suit, legal action or other proceeding in accordance with applicable law.

12.4 Waiver of Jury Trial. The Parties hereby mutually waive their right to trial by jury in any action, proceeding or counterclaim brought by either Party against the other Party, or any matters whatsoever arising out of or in any way connected with this Agreement.

13. Miscellaneous.

13.1 Independent Contractor Status. Nothing in this Agreement shall be construed as creating any relationship between the Town and Owner other than that of independent contractors.

13.2 Notices. Unless otherwise specified in this Agreement, all notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and will be deemed to have been duly given if so given) by hand delivery, telecopy (confirmed in writing), United States mail (certified, return receipt requested and postage prepaid) or overnight courier service (postage or delivery charges prepaid) to the respective Parties as follows:

If to the Town:

Town of Wallingford
Director - Public Utilities
100 John Street
Wallingford, CT 06492
Facsimile No: (203)294-2267

If to Owner:

Wallingford Energy LLC
c/o PPL Global, Inc.
11350 Random Hills Road
Suite 400
Fairfax, VA 22030
Attn: *President*
Facsimile No: (703)293-2659

or such other address as is furnished in writing by such Party. Each notice, demand, request or communication to either Party in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes hereunder on the second day after the mailing thereof at any regularly maintained office of the United States Postal Service if mailed by registered or certified mail, when delivered by courier or personally and receipted for, and when sent (on receipt of a written confirmation to the correct telecopy number) if sent by telecopy.

13.3 Survival. Notwithstanding any other provision of this Agreement, the liabilities and obligations assumed in Section 12 of this Agreement with respect to events which occur during the term of this Agreement shall survive the termination of this Agreement.

13.4 Headings. The headings of the sections of this Agreement are descriptive and inserted for convenience only and do not affect the meaning or interpretation of this Agreement.

13.5 Waiver. Except as otherwise provided in this Agreement, any failure of any Party to comply with any obligation, covenant, agreement, or condition herein may be waived by the Party entitled to the benefits hereof only by a written instrument signed by the Party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any preceding, subsequent or other failure.

13.6 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same Agreement and each of which shall be deemed an original.

13.7 Severability. In the event any one or more of the provisions of this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The Parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions and with a view towards effecting the purpose of this Agreement.

13.8 Amendments. This Agreement may be amended, modified, or supplemented only by written agreement signed by the Parties hereto.

13.9 Further Assurances. Each Party shall execute and deliver any and all additional documents or instruments, in recordable form (if necessary), and provide other assurances, obtain any additional approvals required, and shall do any and all acts and things reasonably necessary to carry out the intent of the Parties and to confirm the continued effectiveness of this Agreement.

13.10 Execution. This Agreement shall be executed on behalf of the Town by the Mayor of the Town of Wallingford, and on behalf of Owner by an authorized officer.

13.11 Entire Agreement. This Agreement, together with the Host Community Agreement and the other Project Agreements, and the Schedules attached hereto and thereto, constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof and thereof, and supersedes any and all previous understandings, oral or written, which pertain to the subject matter contained herein or therein including, without limitation, the Exclusivity Agreement, dated as of April 7, 1998, among the Town, Stone & Webster Development Corporation and PMDC USA, Incorporated.

13.12 Representations and Warranties. The representations and warranties of the Town and Owner set forth in Sections 10 and 11 of the Host Community Agreement respectively are, to the extent related to this Agreement, incorporated herein by reference.

13.13 Conflicts With Tariff. In the event of any conflict between this Agreement and the Tariff, the Tariff shall govern.

[THE NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the Town and Owner have caused this Utility Services Agreement to be signed by their respective duly authorized officers or personnel as of the date first above written.

WALLINGFORD ENERGY LLC

By: _____
Name: _____
Title: _____

TOWN OF WALLINGFORD, CONNECTICUT

By: _____
Name: _____
Title: _____

APPENDIX A
DEFINED TERMS

"**Affiliate**" shall mean an entity which (x) directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the specified entity; (y) is an entity in which the specified entity serves as a general partner or controlling stockholder; or (z) is a general partner or controlling shareholder of the specified entity. For purposes of this definition, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any such entity, whether through the ownership of voting securities or by contract.

"**Business Day**" shall mean any day excluding Saturday, Sunday and any day which in the State of Connecticut is a legal holiday.

"**Commercial Operation Commencement Date**" shall mean the first day on which the Project produces power for commercial sale, which shall not include test power.

"**Construction Site**" means those areas specifically identified in Exhibit I to the Lease (i) where the Transmission System Upgrades are to be performed or located, and (ii) the areas adjacent thereto access to which will be required for Owner or its contractors' performance of the Upgrade and Construction Work. [Florence to confirm that this is all Town-owned land.]

"**Corporate Removal Guaranty**" means the guarantee made for the benefit of the Town by PPL Global, Inc., or any permitted successor or assign thereto, a copy of which is attached as Exhibit ___ to the Lease, the purpose of which is to assure payment of the costs of removal of Improvements and restoration of the Site as required by the Lease.

"**CPI**" shall mean the index known as the United States Bureau of Statistics, Consumer Price Index for Urban Wage Earners and Clerical Workers - All Items for New York - Northeastern New Jersey (1982 - 1984 = 100) and shall be calculated for the immediately previous twelve-month period wherever used.

"**Default Rate**" means the "prime rate" as published from time to time in 'The Money Rates' Section of The Wall Street Journal (U.S. Edition); provided that in no event shall the Default Rate exceed the maximum rate permitted by applicable law.

"DEP" means the Department of Environmental Protection of the State of Connecticut.

"Emergency Power Agreement" means the Emergency Power Agreement entered into between the Town and the Owner, on the date hereof.

"Environmental Laws" shall mean all laws and regulations relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), including, without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, recycling, reporting or handling of Materials of Environmental Concern.

"Final Completion" means completion of the Upgrade and Construction Work and transfer of the Transmission System Upgrades by Owner to the Town pursuant to Section 4.10 of the Lease.

"Force Majeure" means those causes beyond the reasonable control of the party affected (except for obligations to pay money), which by the exercise of reasonable diligence and the exercise of Good Utility Practice that party is unable to prevent, avoid, mitigate, or overcome, including the following: any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, actions or inactions of any Governmental Authority having jurisdiction, including but not limited to regulatory or permitting actions, or any other cause of a similar nature beyond a party's reasonable control (it being understood that a claim of Force Majeure for delays by ~~the EPC~~ a Contractor shall require the occurrence of force majeure event under the ~~EPC~~ Contract); provided that:

(i) the non-performing party gives the other party written notice within forty-eight (48) hours after learning of the Force Majeure with details to be supplied within five (5) days further describing the particulars of the occurrence;

(ii) the suspension of performance is of no greater scope and of no longer duration than is attributable to the Force Majeure;

(iii) the non-performing party uses its best efforts to remedy its inability to perform; and

(iv) when the non-performing party is able to resume performance of its obligations under this Agreement, the party shall give the other party written notice to that effect.

"Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in the New England region during the relevant time period which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

"Governmental Approval" means any authorization, consent, approval, license, ruling, permit, tariff, certification, exemption, filing, variance, order, judgment, decree, declaration or publication of, notices to, or registration by or with any Governmental Authority relating to the performance of the Parties' respective obligations under this Agreement.

"Governmental Authority" means any Federal, national, state, municipal, local, territorial, or other governmental or quasi-governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, including but not limited to any department of buildings, fire, labor or health, and any arbitral tribunal.

"Host Community Agreement" means the Host Community Agreement, dated as of February ___, 2000, by and between the Town and the Owner.

"Interconnection Agreement" means the Interconnection Agreement, dated as of February ___, 2000, entered into by and between the Town and the Owner.

"Lease" means the lease agreement dated as of February ___, 2000, entered into by and between the Town and the Owner.

"Maintain" means construct, reconstruct, install, inspect, repair, replace, operate, patrol, maintain, use, modernize, expand, upgrade, or other similar activities.

"Materials of Environmental Concern" means any substance that is defined by, regulated under, listed pursuant to, or as to which there may be liability under any Environmental Law, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. § 9601, et seq., the Solid Waste Disposal Act, as amended, 42 U.S.C. § 6901, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq., the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq., the Toxic Substance Control Act, as amended, 15 U.S.C. § 2601, et seq., the Federal Insecticide, Fungicide and Rodenticide Act, as amended, 7 U.S.C. § 136, et seq., the Oil Pollution Act of 1990, 33 U.S.C. 2701, et seq., the Safe Drinking Water Act, as amended, 33 U.S.C. § 1401, et seq., the Atomic Energy Act of 1954, 42 U.S.C. § 2014, et seq., the Environmental Laws of the state of Connecticut, and all regulations promulgated to implement Environmental Laws.

"NEPOOL" means the New England Power Pool, established by the NEPOOL Agreement, or its successor.

"NEPOOL Agreement" means the Composite Restated New England Power Pool Agreement, dated March 5, 1999, as amended through the date hereof.

"Northeast Utilities" means Northeast Utilities, a utility company organized under the laws of the State of Massachusetts.

"Owner" means Wallingford Energy LLC, a Connecticut limited liability company.

"Person" shall mean any individual, partnership, firm, corporation, association, joint venture, trust, or other entity, or any Governmental Authority.

"Pool Transmission Facilities" or **"PTF"** means the transmission facilities as defined by the NEPOOL Agreement.

"Project" means the nominal 250 megawatt natural gas-fired electric power generating facility to be constructed by the Owner on the Demised Land (as defined in the Lease) and all appurtenant facilities thereto.

"Project Agreements" means the Lease, the Host Community Agreement, the Emergency Power Agreement, the Interconnection Agreement, and the Utility Services Agreement.

"Reasonable Efforts" shall mean, with respect to any purchase or sale or other action required to be made, attempted or taken by a party, the purpose of which is to benefit or mitigate adverse consequences on another party, such efforts as a reasonably prudent business would undertake if it was acting to benefit or mitigate the adverse consequences to its own interests under the conditions affecting such purchase or sale or other action, including without limitation, the amount of notice of the need to take such action, the duration and type of the purchase or sale or other action, the competitive environment in which such purchase or sale or other action occurs and the risk to the party taking such action; provided, however, that such term shall not be interpreted to require the exercise by the Town of the power of eminent domain.

"Release" means any actual, threatened or alleged spilling, leaking, pumping, pouring, emitting, dispersing, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of any Materials of Environmental Concern into the environment that may cause an Interconnection Environmental Claim or Lease Environmental Claim (including the disposal or abandonment of barrels, containers, tanks or other receptacles containing or previously containing any Materials of Environmental Concern).

"Remediation" means any or all of the following activities to the extent required to address the presence or Release of Materials of Environmental Concern: (a) monitoring, investigation, assessment, treatment, cleanup, abatement, containment, removal, mitigation, response or restoration work as well as obtaining any Governmental Approvals necessary to conduct any such activity; (b) preparing and implementing any plans or studies for any such activity; (c) obtaining a written notice from a Governmental Authority with competent jurisdiction under Environmental Laws, or a written opinion of (i) a Licensed Environmental Professional (as defined in C.G.S. § 22a-133v) or (ii) a Licensed Site Professional (as defined in M.G.L. c21A § 19 et seq.), as contemplated by the relevant Environmental Laws and in lieu of a written notice from a Governmental Authority, in each case that no material additional work is required; and (d) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Laws.

"Site" shall have the same meaning as Demised Land.

"Site Investigation" shall mean that certain site investigation to be undertaken at Owner's sole cost and expense by an independent environmental consultant to be selected by Owner. The Site Investigation shall include an examination of the Demised Land for any condition that would make the Demised Land unsuitable for the Facility (as defined in the Lease).

"Tariffs" shall mean duly promulgated rates, rules and regulations and policies of the Department of Public Utilities of the Town of Wallingford, Connecticut, for water, wastewater or electric service.

"Town" means the Town of Wallingford, a municipal corporation existing under and by virtue of the laws of the State of Connecticut.

"Town Direct Costs" means all out-of-pocket costs and allocated payroll and overhead costs, excluding such costs relating to work performed by the Wallingford Director of Utilities, incurred by the Town in connection with a request for the Town's assistance by the Owner.

"Transmission Service" means all of the services necessary for the purpose of transmitting the electricity output of the Project over the Town's Transmission System.

"Transmission System" means the facilities owned, controlled or operated by the Town for purposes of providing transmission services under the NEPOOL Open Access Transmission Tariff, as such facilities are modified and supplemented by the Upgrade and Construction Work to be performed by Owner as required under and in accordance with the Lease.

"Transmission System Upgrades" means such additions, upgrades and modifications to the Transmission System that will enhance the reliability of the Transmission System and allow for the more reliable transmission of the electricity generated by the Project to the NE Grid, which additions, upgrades or modifications are more specifically identified and described in the Specifications (as defined in the Lease).

"Transmission System Upgrade Undertaking" means the agreement between the Town and PPL Global, Inc., or any permitted successor or assign thereto, a copy of which is attached as Exhibit ___ to the Lease, the purpose of which is to assure payment of the costs of completing the Upgrade and Construction Work not including portions thereof that are required solely for interconnecting the Project.

"Upgrade and Construction Work" means the design, procurement, engineering, construction, testing and completion of the Transmission System Upgrades, the scope of which work is more specifically identified in the Specifications (as defined in the Lease).

"Utility Services Agreement" means the Utility Services Agreement dated as of February ___, 2000, entered into by and between the Town and the Owner.

* * * *