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Admitted in: MA, RI, CT (Fed)

February 3, 2016

Luly E. Massaro, Clerk
Division of Public Utilities and Carriers
89 Jefferson Blvd.
Warwick, Rhode Island 02888

Re: Covanta Maine, LLC - Docket No. 4497

CONTAINS PRIVILEGED INFORMATION – DO NOT RELEASE

Dear Ms. Massaro:

Enclosed please find an original and nine redacted copies of the Covanta Maine, LLC's Request for Evidentiary Hearing and Relief from Order in response to the Rhode Island Public Utilities Commission's October 2, 2015 Order concerning Docket No. 4497.

Pursuant to the Rhode Island Public Utilities Commission's Rules of Practice and Procedure 1.9(g) and the Rhode Island Access to Public Records Act, R.I. Gen. Laws § 38-2-2(4)(B) (the "APRA"), certain information appended to the Affidavit of Kenneth Nydam constitutes trade secrets and/or commercial or financial information that is confidential in nature and not subject to disclosure under the APRA. Specifically, Exhibits E & F include descriptions of the operating practices relating to the Jonesboro Plant and its recent improvements. Covanta would not customarily release this information to the public. Indeed, the release of this information would have a detrimental impact on Covanta's competitive position and vitality within its industry.

Please call me if you require further assistance with respect to this matter. Thank you for your consideration.

Very truly yours,

Ronald M. LaRocca

Enclosure

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATION
PUBLIC UTILITIES COMMISSION

IN RE: APPLICATION FOR STANDARD CERTIFICATION	:	DOCKET NO. 4497
AS ELIGIBLE RENEWABLE ENERGY RESOURCE	:	
FILED BY COVANTA MAINE, LLC	:	
NEW AND EXISTING GENERATION	:	

COVANATA MAINE, LLC'S REQUEST FOR EVIDENTIARY HEARING & RELIEF FROM ORDER

Pursuant to (1) the Public Utilities Commission's October 2, 2015 Order (the "Order") concerning Covanta Maine, LLC's ("Covanta") application seeking certification of its Jonesboro, Maine electric generating plant as an Renewable Energy Resource; and (2) RI PUC Rules of Practice and Procedure 1.28(b)(1), Covanta requests an evidentiary hearing and relief from the Order. In support of Covanta's request, it submits the Affidavit of Kenneth Nydam, attached as Exhibit 1. Mr. Nydam's Affidavit provides (1) a description of the procedural background (including the Commission's findings and specific indication that it would be amenable to reconsidering its decision); (2) updated factual representations regarding the "Jonesboro Plant" which is the subject of this proceeding and the recent capital enhancements at such facility; and (3) a specific attestation by Mr. Nydam so that the Affidavit could be considered as evidence by the Commission. Covanta would be pleased to provide the Commission with any further information relevant to this request and/or to provide additional testimony.

Covanta certifies that no request for concurrence concerning this filing because no other party has entered this matter.

Respectfully submitted,

COVANTA MAINE, LLC

By:_____

Ronald M. LaRocca, RI Bar #7982
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Dated: February 3, 2016

EXHIBIT 1

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: APPLICATION FOR STANDARD CERTIFICATION AS ELIGIBLE RENEWABLE ENERGY RESOURCE FILED BY COVANTA MAINE, LLC NEW AND EXISTING GENERATION	: : : :	DOCKET NO. 4497

AFFIDAVIT OF KENNETH NYDAM

A. INTRODUCTION

1. I, Kenneth Nydam, am the Director of Covanta Maine, LLC ("Covanta"). My business address is 100 Recovery Way, Haverhill, Massachusetts 01835.

2. Covanta is the owner and operator of a 27.5 MW biomass energy generation facility located in Jonesboro, Maine ("Jonesboro Plant").

3. On March 31, 2014, Covanta filed an application with the Public Utilities Commission ("Commission") seeking certification as an eligible "Renewable Energy Resource" consistent with the Commission's Rules and Regulations Governing the Implementation of a Renewable Energy Standard ("RES Regulation") and R.I. Gen. Laws §39-26-1. Covanta's application claimed that the Jonesboro Plant qualified as between 96-97% as a New Renewable Energy Resource as a result of the material capital improvements made by Covanta at the Jonesboro Plant.

4. Thereafter, the Commission's consultant initiated a review of Covanta's application. In September of 2014, the Consultant requested certain hypothetical information with respect to the Jonesboro Plant's operation during the baseline period applied in calculating the Jonesboro Plant's "Historical Generation Baseline." Covanta believed that such request was beyond the proper scope of the Commission's RES Regulations.

5. On April 3, 2015, Covanta submitted a Request for Declaratory Judgment requesting that the Commission complete a "prospective review" or "preliminary determination"

that the Consultant's information requests were beyond the proper scope of the RES Regulations and, further, that the Commission issue a final "statement of qualification" as to the "New" percentage of the Jonesboro Plant.

6. After conducting discovery and certain good-faith efforts with the Consultant, the Commission, after initial deliberations at a May 20, 2015 Open Meeting, issued an Order dated October 2, 2015. The Commission held that 58.7% of the Generation from the Jonesboro Plant "meets the requirements for eligibility as a New, Eligible Biomass Renewable Energy Resource" as a result of the "numerous and extensive capital improvements performed on the facility since 1997, principally after 2003 . . . ." Order, pp. 9-10. The Commission's decision was based upon specific findings that the Jonesboro Plant operated pursuant to "different operational statuses" during the Historical Generation Baseline period that "were based on economic decisions." Order, p. 7 (emphasis added). The Commission cited to page 4 of Covanta's original application, which implied that there were "operational" changes whereby the Jonesboro Plant's operator elected or chose to vary the plant's operation between "base-load" and "peaking." Order, p. 7, n. 4,5 (citing Application, at p. 4). The Commission's Order also noted that "it appeared that the heat rate/conversion was unchanged." Order, p. 3.

7. The Commission's Order noted that it would be open and amendable to reconsidering its findings if Covanta "believes that the relative percentages (i.e., "New" versus "Existing") should be different and if Applicant has additional or actual evidence to show that its availability during the Historical Generation Baseline was due primarily or almost exclusively to actual availability and not a decision not to operate or run the facility based on economic reasons." Order, p. 9. The Order indicated that the Commission would in fact consider further evidence that supported a finding that the Jonesboro Plant "should be certified to be greater than 58.7% New." Id.

8. The Commissioner's Order further posited that if the Jonesboro Plant had "undergone sufficient capital investment for purposes of Rule 3.23(v) and could have operated during the Historical Generation Baseline period as much as it does now . . . but the operator chose not to," that "choice" would be excluded from the "percentage of output post-investment that qualifies as "New" because such change would be an "operational." Order, p. 4 (emphasis added).

9. The characterization of the operation of the Jonesboro Plant during the Historical Generation Baseline period requires clarification. First, there is no dispute that the Jonesboro Plant was out of service during 1996. See Order, p. 7. My choice of language in the initial application, however, may have caused some confusion with respect to how the Jonesboro Plant was operated. The application's reference to the operation of the Jonesboro Plant as a "peaker" during certain periods was not a matter of "choice" but rather an after-the-fact description. The Jonesboro Plant was designed, constructed and contracted to operate as a base-load plant. The fact is that, despite every intention and the express contractual obligations of the Jonesboro Plant's operator, the facility was only available to operate during limited periods in a manner that made it appear to be a "peaker." Indeed, the design and construction of the facility is wholly inconsistent with that of a "peaker" facility. In fact, the Jonesboro Plant's poor operating record during the Historical Generation Baseline period is due to the Jonesboro Plant's design, construction and operating conditions, all of which have been addressed by recent, substantial capital investment.

10. The Jonesboro Plant operator not only sought to, but was contractually obligated to, operate the facility as a base-load unit. In fact, the Amendment Agreement between Bangor Hydro-Electric Company and Babcock-Ultrapower West Enfield & Babcock-Ultrapower Jonesboro dated November 3, 1988 (see Attachment A hereto; "1998 Agreement") obligated the Jonesboro Plant to operate as a base-load unit with a required minimum output and a standby obligation to increase its capacity above a stated minimum figure after a 10-minute notice (when

such unit was designated for spinning reserve). 1988 Agreement, §9.D. While peaking units may be the size of the Plant, they are not operated in this manner but rather in an "off-line" state with start time ability measured in minutes and a ramp rate to full load of a half-hour or less. Conversely, the Jonesboro Plant has a 12-hour start time. Once synchronized to the grid at 6 MW, the unit can be brought to 10 MW within two hours where it must "sit" for two hours before it can continue to full load at a ramp of rate of 2 MW per hour. Once de-energized, the Plant takes at least two days to cool down, two days to remove old reactor sand and place new reactor sand in the boiler and then, as described, another 12 hours to start up and 10 more hours to bring to full load. Moreover, in order to comply with NOx and Opacity emissions standards, these time allotments may actually need to be increased. Peaking plants are designed and operated in order to be able to accomplish a shutdown then a start-up, ramping to full load in a little over four hours. Thus, any failure to operate the Jonesboro Plant as a base-load unit was, in fact, contrary to then-effective contractual obligations and wholly inconsistent with the actual design and related operational requirements of the plant.

11. In early 1997, a Power Purchase Agreement between the owner of the Jonesboro Plant and NEPOOL was executed (see Attachment B). Several aspects of this agreement demonstrate that the Jonesboro Plant was expected to operate as a "base load" unit. Its limited operations in 1997 was not because it was now somehow a "peaker." First, Section 2 of the 1997 Agreement required that any call to operate the Jonesboro Plant was required to be for "not less than seven (7) continuous days" and, further, that NEPOOL would provide "no less than seven (7) days' notice" prior to any extended availability period. These are hardly limits associated with a "peaker." Second, the 1997 Agreement has a "call price" for energy of $31/MWh, or approximately equal to the Jonesboro Plant's cost of fuel at the time (see below). Again, the Jonesboro Plant's fuel costs were not consistent with a "peaker" and, absent plant conditions, the Jonesboro Plant would have been expected to operate substantially more hours.

12. Covanta has not been able to secure all of the actual operating data for the Historical Generation Baseline period. For example, records for the NOx emissions for the Historical Generation Baseline period could neither be located nor reconstituted from other operating data. Nonetheless, Covanta has developed an analysis that fully explains and justifies the Jonesboro Plant's operational history during this period, including improvements that raised plant efficiency or reduced emissions. First, it is important to note that, despite the Order's findings to the contrary, the recent capital investments at the Jonesboro Plant: (i) resulted in an 11.8% decrease in its heat rate (specifically, the observed heat rate decreased from 15,516 BTU/KWh during the Historical Generation Period to 13,683 BTU/KWh) and (ii) a 41.6% drop in sand usage (sand usage fell from 62.45 pounds per MWh during the Historical Generation Period to 36.46 pounds per MWh for the period of September 1, 2009 through September 12, 2010, as compared to the Historical Generation Period). If one uses the 62 month period of July 1, 2005 through September 12, 2010, the observed heat rate was 13,823 BTU/KWh while the sand usage fell to 21.66 pounds per MWh. These are reductions of 10.9% in heat rate and 65.3% in sand usage (see Attachment C). These "efficiency" improvements were a direct result of improvements to the boiler at the Jonesboro Plant. More important, each is more than a 10% improvement in efficiency.

13. I have worked with our consultant to prepare an analysis of market conditions in 1997 to provide a greater understanding of how market conditions would have driven or affected the Jonesboro Plant's operation. My analysis is provided as Attachment D. First, we applied EIA monthly fuel prices for 1997. I compared historic fuel costs for units likely to be "base-load" (natural gas or oil) as well as alternative fuels typically applied to peaking units (diesel and kerosene). I also adjusted for delivery cost, energy content and typical heat rates for relevant vintage power plants of that time. This analysis demonstrated that steam plants had an average bus-bar price of between $30 and $35 per MWh in the summer of 1997, while diesel prices were

in the range of $53-$54. Simple-cycle peaking units operating with kerosene would have been the most expensive to operate at $65-$67 per MWh. A detailed estimate of fuel costs for the Jonesboro Plant indicated an expected bus-bar price of approximately $32 per MWh. These costs were in line with other base-load units and not the least bit like peaking plant fuels. Thus, there would have been strong economic incentives to operate the Jonesboro Plant as "base-load unit," which incentive was only frustrated by the design and condition at the facility during the Historical Generation Baseline period. There was no "choice" involved in the Jonesboro Plant's limited hours of operation. The recent capital investments changed such condition and such investments should therefore be treated as "New."

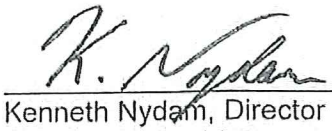
14. I also believe that the Jonesboro Plant should be accorded "New" treatment in a similar manner as the Indeck Alexandria plant, a similar biomass generation facility. Indeck Alexandria, while shut down completely during the Historical Generation Baseline period, involved similar enhancements (i.e., a rebuilt boiler but not a complete replacement). While the Jonesboro Plant has the same capacity pre- and post-improvement, the "New" Indeck Alexandria capacity was approximately 5% smaller than the "Old" plant's capacity. See GDS Team Recommendation, Docket #4434, September 20, 2013; Order, Docket #4423, October 1, 2013. The investment in the boiler at the Jonesboro Plant was at least as substantial, which equipment is, importantly, the one element that must improve in order to obtain "New" RPS treatment (see Attachment E). Well over $4 million was spent on boiler improvements and another $3 million on the balance of Jonesboro Plant improvements for a total of approximately $7.5 million spent on plant improvements. This compares to the appropriately $7 million spent by Indeck on its Alexandria plant, of which only $1.3 million was directly spent on the boiler (see Attachment F). In addition, the Alexandria cost of improvements include several items not included in the Jonesboro Plant cost, such as overhead, travel, interest, etc. Excluding these costs, the costs of Alexandria's

improvement appears to be less than the cost of Jonesboro's improvements. While Alexandria did not have valid operating permits in the late 2008, it most likely had them during the Historical Generation Period and, thus, could have operated had it so "chosen." In fact, I understand that Alexandria sold back its above-market power sales contract to Public Service of New Hampshire in 1994 and ceased operations until late 2008. Operating permits would most likely have continued for several more years until they expired due to non-activity. In summary, it appears that Jonesboro Plant is somehow being penalized unjustly for its operation during the Historical Generation Period, while the Alexandria plan was in a comparable position in terms of its ability to operate.

15. Covanta's original and supplemental filings have presented all the requisite information necessary for the Commission to complete its determination. The Jonesboro Plant's Historical Generation Baseline average output is 7,884 MWh. The Application demonstrates that as a result of the extensive capital investments at the plant, approximately 97% of the Jonesboro Plant's recent production should qualify as "New" production with the balance qualifying as "Existing" production. The Petitioner presented calculations that the theoretical annual output at the Jonesboro Plant was between 213,216 MWh and 223,668 MWh. (The average annual generation for the five-year period of September 2005 through August 2010 was 166,538 MWh. This information was conveyed to the Commission's Consultant prior to his September 11, 2014 e-mail (Attachment D to Covanta's April 3, 2015 Request for Declaratory Judgement).) Applying the Historical Generation Baseline of 7,884 MWh results in "New" production between 96% ((213,216 MWh – 7,884 MWh) ÷ 213,216 MWh) and 97% ((223,668 MWh – 7,884 MWh) ÷ 223,668 MWh). See Petition Letter, p. 2.3. (Using the requisite formula but with the average annual generation for the five-year period of September 2005 through August 2010 results in a "New" percentage of 95% ((166,538 MWh – 7,884 MWh) ÷ 166,538 MWh). See Attachment D to

Covanta's April 3, 2015 Request for Declaratory Judgement. A proper calculation of the Jonesboro Plant's "New" capacity will also provide important economic benefits to the operation including enhanced economics such that it may help the plant to remain in operation and possibly preventing the shutdown of the Jonesboro Plant at the end of March 2016 (see Attachment G).

I, Kenneth Nydam, hereby certify under pains and penalties of perjury that the information with respect to the above entity is true and accurate or reflects my best knowledge.



Kenneth Nydam, Director
Covanta Maine LLC
100 Recovery Way
Haverhill, Massachusetts 01835
Phone: 978.241.3030

Dated: January 29, 2016

ATTACHMENT A

1988 Agreement

AGREEMENT FOR THE SALE AND PURCHASE OF ELECTRICITY BETWEEN ULTRAPOWER INCORPORATED AND BANGOR HYDRO-ELECTRIC COMPANY

JONESBORO, MAINE

Amendment Agreement

between

Bangor Hydro-Electric Company

and

Babcock-Ultrapower West Enfield

&

Babcock-Ultrapower Jonesboro

dated

November 3, 1988

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AGREEMENT

AGREEMENT made this 3rd day of November, 1988 by and between Bangor Hydro-Electric Company, a Maine public utility, with offices at 33 State Street, P.O. Box 932, Bangor, Maine 04401 ("Buyer") and Babcock-Ultrapower West Enfield and Babcock-Ultrapower Jonesboro, two California general partnerships whose mailing addresses are 16845 Von Karman Avenue, Irvine, California 92714 (collectively "Seller");

WHEREAS, Seller is the assignee pursuant to Assignment dated October 30, 1984 of two certain Agreements for the purchase and sale of electricity both dated August 13, 1984 between Buyer and Ultrapower Incorporated ("the Purchase Agreements");

WHEREAS, pursuant to the Purchase Agreements Seller has begun to deliver and Buyer has begun to accept delivery of Firm Energy from certain electrical generation facilities built by Seller in West Enfield and Jonesboro, Maine ("The Facilities");

WHEREAS, certain disputes have arisen between Buyer and Seller regarding the meaning and intent of the Purchase Agreements which disputes are reflected in part in Buyer's Notice of Default to Seller dated January 11, 1988 and Seller's Notice of Default to Buyer dated January 12, 1988 (collectively the "Notices of Default") and in Buyer's letter to Seller of February 2, 1988, and Seller's letter to

Buyer of February 10, 1988, (collectively the "Dispute Letters");

WHEREAS, the parties now wish to settle all of their disputes and withdraw and extinguish the Notices of Default in accordance with the terms and conditions set forth below; and

WHEREAS, this agreement constitutes an amendment to the Purchase Agreements;

NOW THEREFORE, for one dollar ($1.00) and other valuable consideration, and in consideration of the mutual covenants and agreements set forth herein, each to the other given, the receipt and sufficiency of which is hereby acknowledged by each party, Buyer and Seller agree as follows:

1. Appraisal. Seller agrees to provide to Buyer within sixty (60) days of the effective date hereof, an appraisal undertaken by Arthur D. Little Valuation, Inc., setting forth an Estimated Useful Life of each of the Facilities as of the Service Date. The Estimated Useful Life set forth in such appraisal shall conclusively be deemed to be the Estimated Useful Life of each Facility as of the Service Date for purposes of Article XXVII(b) of the Purchase Agreements if it provides an Estimated Useful Life of at least 35 years for each Facility.

2. Purchase and Lease Option. The parties agree to amend Article XXVII B, by restating the first sentence of such article in its entirety as follows:

> "In the alternative, during the Option Period, Buyer shall have the option to lease the Facility on a triple net basis at the annual lease rate of the lesser of $2.5 million, or the fair market lease value, payable in equal quarterly installments on the first day of January, April, July, and October, provided, however, that such lease shall be made pursuant to a separate writing executed at the time of Buyer's exercise of its option to lease, which writing includes, in addition to the terms specified herein, such other reasonable terms and conditions as shall be agreed upon at the time, and which are not inconsistent with establishing the lease as a true lease for federal income tax purposes."

The parties also amend said Article XXVII B, by adding to the end the following: "The fair market lease value shall be determined by appraisal valuation made no later than the beginning of the Option Period. Such appraisal shall assume that there is no option to purchase the Facility and that any funds existing in any bond, letter of credit or other security established pursuant to Paragraph 3 hereof will be available to the purchaser".

3. Design, Construction and Installation. Buyer withdraws and extinguishes its Notices of Default to Seller dated January 11, 1988. Additionally Buyer states that to its current knowledge it has no reason to believe that the Facilities have not been designed, constructed and installed in accordance with all the requirements of the Purchase Agreements including, but not limited to, having an expected useful life equivalent to comparable utility installations and in accordance with Prudent Electrical Practice.

Notwithstanding any other provision of this Agreement, it is expressly agreed that a failure of Seller to design, construct and install a Facility in accordance with Prudent

Electrical Practice and with an expected useful life equivalent to comparable utility installations will not be deemed, and will in no event constitute, an event of default pursuant to Article XV of the Purchase Agreements, and such failure will not entitle Buyer to terminate the Agreement due to such failure. Rather, the following procedure shall apply.

If Buyer believes at any time during the term hereof that the Seller has committed such a failure in that a Facility was not designed, constructed or installed in accordance with the requirements of the Purchase Agreements including, but not limited to, Prudent Electrical Practice and having a useful life equivalent to comparable utility installations, it may notify Seller of its belief and the reason therefor. If Seller disagrees with Buyer's belief, the dispute shall be referred to arbitration pursuant to Article XXIX of the Purchase Agreements. Should the final arbitration award specify that Seller committed such a failure in that it did not design, construct, or install a Facility in accordance with the requirements of the Purchase Agreements including, but not limited to, Prudent Electrical Practice and having a useful life equivalent to comparable utility installations, (which Practice and installations were in existence at the time the Facility was designed, constructed or installed), the arbitrator will also identify, if any, the added maintenance, operating or capital costs which are a direct result of such failure which are in

excess of the maintenance, operating or capital costs which a Facility would have incurred had the design, installation or construction been in accordance with Prudent Electrical Practice and having a useful life equivalent to comparable utility installations.

The arbitrator shall determine what the present value (at a discount rate of 10%) of such added maintenance, operating or capital costs are likely to be through the remainder of the term of the Purchase Agreements ("Costs"). Seller shall place in effect within 90 days after the arbitration award becomes final and unappealable a letter of credit, surety bond or other equivalent security for said present value of the amount of the Costs. Should Seller fail to post said security within said 90 days Buyer will permit any bank or other financial institution which is an assignee of the Purchase Agreements ("Bank") an additional thirty (30) day period to post such security. Such letter of credit, surety bond or other equivalent security shall be renewed and kept in effect so long as any amount of the present value of the Costs as determined by the arbitrator remains to be incurred. The amount of such security which must be kept in effect will diminish by the amount of drawdowns made, and by the amount of the Costs expended by Seller. Such letter of credit, surety bond or other equivalent security shall provide that Buyer may drawdown upon such security for its full amount fifteen (15) days prior to the time such security is due to expire, unless Seller or

Bank shall have renewed such security, or replaced it at a time prior to the fifteenth day before such expiration. Buyer may retain the funds so drawn until such time as Seller or Bank renews such security at which time Buyer shall pay the entire amount of such funds to Seller or to Bank if Bank posted such security.

Such letter of credit, surety bond or other equivalent security may be drawn by Buyer if Buyer should, 1) purchase either or both of the Facilities either pursuant to Article XXVII of the Purchase Agreements or otherwise and operate such Facility, or 2) lease either or both of the Facilities pursuant to Article XXVII of the Purchase Agreements or otherwise and operate such Facility. Should Buyer purchase a Facility it may assign its rights to draw against said surety as provided for herein to any purchaser or lessee of such Facility from Buyer. Buyer's draws regarding a Facility may begin only after Buyer commences operation of such Facility, and may continue only so long as Buyer or its lessee or assigned continues to operate such Facility. Buyer's draws against such security shall be in an amount each year which will pay down the present value of the Costs as of the date Buyer commences its operation of a Facility in equal annual payments over the number of years between the commencement of Buyer's operation and November 1, 2017 at an interest rate of 10%. As of November 1, 2017 any amount of the bond, letter of credit or other security shall be released to Seller.

The arbitrator shall also identify any modifications which if made will correct the failure to design, construct and install the Facility in accordance with Prudent Electrical Practice and with a useful life equivalent to comparable utility installations. Seller at its option may make such corrections in lieu of posting such security. If Seller fails to post or maintain any security required by this Agreement, and Bank does not post such security in lieu of Seller, within the times permitted the Seller and Bank to do so, Seller shall be deemed to be in default of the Agreement with the same effect as any other event of default in Article XV of the Purchase Agreements.

4. Operations and Maintenance. Seller at all times retains the sole and exclusive right to operate and maintain the Facilities pursuant to Article VII of the Purchase Agreements. However, in order to demonstrate on an on-going basis that Seller is operating and maintaining the Facilities in accordance with Prudent Electrical Practice, the parties have agreed that Buyer will, during the term of the Purchase Agreements (or until Buyer purchases or leases the Facility), prior to April 1 of each Calendar Year, be provided with a report by Seller of results of inspections of the Facilities and maintenance activities conducted by Seller during the preceding Calendar Year. It is agreed that the reports will contain the information outlined on Exhibit A attached hereto which will be deemed acceptable by Buyer for purposes of its review. Seller shall also, on two

days each year, which days at option of Buyer shall be during a scheduled outage for maintenance and shall be mutually agreed upon, permit Buyer to visit each Site to conduct visual inspections of the Facilities. Buyer may employ independent consultants (so long as they are not in competition with the Owners of Seller in the design or construction of boilers, or in the development of power production facilities which consultants have otherwise also been approved in advance by Seller, which approval shall not be unreasonably withheld), to assist it in its annual inspection and its annual review of reports. Buyer agrees that it and such consultants and each of their employees and agents who shall conduct the inspection and have access to the information regarding the Facilities provided by Seller will execute the attached confidentiality agreement (Exhibit B), and in the case of persons going on site of either of the Facilities, the attached release (Exhibit C).

Should Buyer determine on the basis of its review of such reports that it needs further operating or maintenance data on any issue raised in such reports or which it believes should be reviewed regarding the operation and maintenance of the Facilities, relating to the issue of whether the operation and maintenance of the Facilities is in accordance with Prudent Electrical Practice, it may request that Seller provide such back-up operating and maintenance data relating to such issue or issues. If Buyer does not believe Seller has provided sufficient back-up data

on such issues, it may request, with regard to such identified issues, that Seller provide reasonable access to the relevant operation and maintenance records except that Seller will not be required to provide information about any and all supply or service contracts, or data which cannot be disclosed to Buyer due to any provision of law.

The costs to Seller of compiling such data and making Buyer copies shall be borne by Buyer. Should the parties dispute any issue in arbitration regarding such data, the sufficiency of such data, or what data Buyer has access to, it is agreed that the party which prevails shall be entitled to reimbursement of all Costs of such arbitration, including attorney's fees and witness fees, by the party which does not prevail.

Within 90 days after delivery of the annual operation and maintenance reports Seller and Buyer will schedule and hold any meetings Buyer requests in order for Seller or its representatives to respond to questions raised by Buyer arising out of such reports or subsequently provided data. At the conclusion of such 90 day period Buyer will provide Seller with its comments, if any, on operation and maintenance of the Facilities, including specifically how each comment relates to whether the Facilities are being operated and maintained in accordance with Prudent Electrical Practice.

Should Buyer believe Seller is violating the operation and maintenance requirements of Article VII of the Purchase

Agreements Buyer must include such alleged violations within the written comments it provides to Seller. Buyer retains the right to bring the matter to arbitration and take any other action available under the Purchase Agreements as to such a belief regarding operation and maintenance requirements of Article VII as if this Amendment had not been entered into provided, however, that if Buyer believes that Seller has not been maintaining or operating either or both of the Facilities in accordance with the relevant standards of the Purchase Agreements, and Seller disagrees, the matter will not constitute a default under Article XV of the Purchase Agreements, and Buyer may not terminate the Purchase Agreements due to such failures. Buyer may, however, initiate arbitration in accordance with the Purchase Agreements to determine whether Seller had failed to comply with the operation and maintenance requirements of the Purchase Agreements. During the pendency of such arbitration Buyer will continue to buy and pay for any Firm Energy delivered by Seller in accordance with the Purchase Agreements. The costs of such arbitration including attorney's and witness fees, shall be borne by the party against which an award is issued. Buyer may terminate the Purchase Agreements if Seller fails to initiate a cure of the failures (including a cure of any physical damage to a Facility which may have resulted from the failure to meet such operation and maintenance requirements) within 30 days after entry of a final non-appealable arbitration award, or court order determining

any challenge to such award, holding that Seller had committed such a failure of such operation and maintenance requirements.

5. Surety Bond. Buyer acknowledges that it has been delivered a Surety Bond which is acceptable to it and which meets all requirements of Article XIII B(2) of the Purchase Agreements.

6. Voltage Variations. To resolve the parties' disputes regarding voltage variations the parties have agreed that Seller will install, and maintain in good operating condition at its cost, the following (or comparable) equipment at its Jonesboro facility:

A. F.D. Fan Fluid Clutch
One Voith Fluid Coupling with single delay chamber and related equipment.

B. F.D. Fan Soft Start
F.D. Fan (1500 H.P.) starter including the following parts: 400A air break contactor, current transformers, control power transformer, primary fuses, low voltage panel, and programmable motor protector.

C. I.D. Fan Soft Start
I.D. Fan (900 H.P.) starter including the following parts: 400A air break contactor, current transformers, control power transformer, primary fuses, low voltage panel and programmable motor protector.

It is agreed, however, that Seller may choose to start its forced draft fan motor without use of the fluid clutch installed in accord with Subparagraph 6 A. above. If start-up of the forced draft fan motor causes a voltage variation on Buyer's system in excess of standards promulgated from time to time by the Maine Public Utilities

Commission, Buyer may require Seller, upon reasonable notice not to exceed sixty (60) days, to reinstall such fluid clutch. Buyer's dispatcher will use all reasonable efforts to assist Seller in starting its fan motors in such a way as to reduce or eliminate the effect on other electric customers. Provided that Seller complies with this paragraph Seller shall have no contractual responsibility or liability to Buyer for voltage variations on Buyer's system and any such variations shall conclusively be deemed not to be a violation of Seller's obligations under the Purchase Agreements.

Buyer acknowledges that the equipment specified above has been installed at the Jonesboro Facility and that voltage variations in excess of 3 percent have not occurred on Buyer's system due to start-up of Seller's forced draft and induced draft fans when such equipment is operating.

7. NEPOOL Forecasts. Pursuant to Article VII, Buyer has claimed Seller's capacity as part of Buyer's NEPOOL capability responsibility and has turned the dispatch of Seller's Facilities over to the dispatch of NEPOOL. In order to assist Seller in accommodating such dispatch, Buyer agrees to provide Seller, within 5 working days of the date they become available to Buyer, the annual schedule and 8 week and monthly forecasts which it receives from NEPOOL regarding the dispatch for the Facilities. It will provide the weekly forecasts within 2 working days of the day that they become available to Buyer. NEPOOL optimized daily forecasts

and final dispatch orders for the Facilities will be communicated by voice and data communications as soon as they are known by Buyer's dispatcher. Such communications will include facsimile transmission to Seller of any written optimized daily forecast or final dispatch order affecting the Seller's Facilities. Buyer will use its best efforts to insure that NEPOOL provides forecasts specifically listing each of the Facilities, and not as part of a block. If any such NEPOOL forecast includes the Facilities in a block with other units, Buyer will use its best efforts to predict, and inform Seller of the dispatch of the individual units of Seller at the time the forecast is transmitted to Seller. Buyer will confirm in writing by facsimile transmission any final dispatch orders communicated verbally on the working day (Monday through Friday) next following the date on which the final dispatch order was received.

Should Buyer no longer be a member of NEPOOL it will nevertheless provide forecasts of its own dispatch plans or those of any power pool of which it is a member which will be dispatching the Facilities, on the same schedule and under the same conditions set forth above for NEPOOL dispatch forecasts.

8. Excess Power. Contemporaneously with the execution of this agreement, the parties have entered into a wheeling agreement by which Buyer agrees 1) to provide firm transmission service to another interconnected utility for any capacity and energy associated with any such capacity, in

excess of 24.5 megawatts net delivery to Buyer up to a maximum of 4 MW from Seller's Facilities in all hours, and 2) to provide non-firm transmission service to another interconnected utility for any amount of capacity and energy associated with such capacity in any amount above the amount being transmitted pursuant to 1) above from each of Seller's Facilities. For all purposes under this Agreement, such additional capacity and associated energy above 24.5 MW net delivery to Buyer from each of Seller's Facilities shall be deemed "Excess". Seller agrees that if Buyer should subsequently wish to sell firm transmission capacity or make sales of energy and/or capacity from its utility system to other utility systems which could only be sold if Seller limits the amount of Excess for which firm transmission is to be provided from each Facility, Seller will allocate the 4 MW quantity between each of the Facilities during the time period Buyer is making such a sale and there continues to be a constraint which requires Seller to fix the allocation of the Excess. Seller may return to allocation of the Excess between the Facilities at its discretion once such constraint on Buyer's sale of transmission capacity or of energy and/or capacity no longer exists.

It is agreed that the charge for transmission will initially be based upon an imbedded cost of service formula which will be approved by the Federal Energy Regulatory Commission ("FERC"). Buyer may alter such basis from time to time if it receives approval from FERC. Payment for firm

transmission service shall be based on a Power Year payment basis, payments to begin at the time Seller first seeks firm transmission service (prorated on a per day basis for commencement at a time during a Power Year). Power Year means the period November 1 through October 31 or such other period that NEPOOL, or some other power pool Buyer may later be a member of, may use as a contracting year for power sales. Payment for non-firm transmission service shall be prorated on a daily basis and charged according to actual use. Should Buyer prior to commencement of such payment intend to grant any third party firm transmission service which would limit or eliminate its capacity to provide Seller the firm transmission service provided for herein, it will notify Seller in writing of such intent. Seller shall have sixty (60) days after receipt of such notice to commence payments for firm transmission. If it does not commence such payments, Seller shall be subject to loss of its firm transmission rights to the extent Buyer can no longer provide them, but Seller shall nevertheless be entitled to have any Excess treated as part of its non-firm transmission rights.

In addition to such Wheeling Agreement, Buyer agrees to assist Seller in obtaining firm transmission rights over other utility systems in order to provide firm transmission service for the Excess to an ultimate purchaser. Such efforts shall be limited to negotiation of transmission rights for Seller at the same time Buyer is negotiating any

transmission rights for itself. It is agreed that the transmission rights Buyer presently has negotiated with Central Maine Power Company will not be required to be used for transmission of Seller's Excess. In the event that the availability of firm transmission service is limited at the time of such negotiations, Buyer retains the sole discretion to allocate such transmission rights between Buyer and Seller during such negotiations.

It is agreed by Buyer that the generation, delivery, sale and transmission from the Facilities of the Excess will not be a violation of the Purchase Agreements, will be deemed governed by the Purchase Agreements as amended, and that the Excess will not be deemed a part of Firm Energy.

Buyer also confirms that notwithstanding the existence of the Purchase Agreements, Seller may at any time deliver to Buyer its Excess from each Facility as such energy is deemed by Seller to be available and to the extent it is not selling such Excess to a third party. In such event Buyer will purchase and pay for such energy at the short term (energy only) avoided cost for the first decrement at the on peak or off peak rate (depending upon when the delivery was made) then in final effect as determined by the Maine Public Utilities Commission.

Buyer agrees to enter into good faith negotiations from time to time as Seller requests during the term of the Purchase Agreements to discuss the purchase by Buyer of the Excess from each Facility, or any portion thereof.

9. NEPOOL NX12-A Information. Seller has provided to Buyer certain information about the Facilities in a format which Buyer normally reports to NEPOOL on the so-called NX12-A form. In order to resolve the parties' disputes as to whether Seller is required to provide such information and as to whether information previously provided by Seller reflects a failure by Seller to meet its obligations under the Purchase Agreements, the parties agree, in addition to and not in limitation of Paragraph 3 hereof, as follows:

A. Seller will allow Buyer to use and Buyer will use Seller's stated values regarding the response rates of the Facilities as shown on Exhibit D when Buyer files an NX12-A with NEPOOL as part of Buyer's claim of the Facilities as part of its capability responsibility. Buyer acknowledges that such rates are consistent in all respects with Prudent Electrical Practice and the requirements of the Purchase Agreements.

B. Seller understands that it will be dispatched by NEPOOL in accord with the provisions of Article XI of the Purchase Agreements and with the values given to Buyer. Buyer will provide Seller with a copy of all NX12-A data it submits to NEPOOL as well as copies of all other information submitted to NEPOOL regarding the Facilities, within 5 days of such submission.

C. Subject to the requirements of Paragraph 11 herein, Seller may at any time alter or amend such values given to Buyer based upon changes in the

characteristics of the Facilities due to normal aging, demonstrated performance levels or other reasonable cause and Buyer agrees to adjust the values on the NX12-A form it has submitted to NEPOOL for the Facilities to precisely account for such changes. Both parties understand that such values may be changed whenever required by NEPOOL as a result of an audit conducted fully in accord with NEPOOL CRS4, Uniform Rating and Periodic Audit of Generating Capability rules. Seller shall not be in default or otherwise incur liability under the Purchase Agreements solely as a result of such changed values.

D. Buyer agrees to accept the response rates provided and to be provided by Seller for purposes of dispatch and for all other purposes relating to the Purchase Agreements and as provided herein. Seller agrees to operate the Facilities so that their power level can be increased from 17.2 MW to 24.5 MW within 10 minutes on instruction to do so whenever the dispatcher has notified the Seller at least one hour in advance that the Facilities should be made available for spinning reserve. In the event the Facilities are operating at other than 17.2 MW at the time the notice is given to Seller that the Facilities should be available for spinning reserve, the one hour time period shall be extended by the amount of time it would take the Facilities to reach 17.2 MW under response rates, and

minimum down time, listed on the NX12-A form then in effect.

10. Curtailment and Reduction. In order to resolve the parties' disagreement concerning the parties' rights and obligations with respect to Curtailment and Reduction of deliveries, the parties agree as follows:

A. Buyer shall provide to NEPOOL minimum shut down time data as provided to it by Seller in accordance with Paragraph 9 hereof. Buyer also agrees to insert in the NX-4 form for the Facilities under the "fuel costs" heading an amount equal to the Fixed Component plus the Variable Component, minus the rate for Decremental Energy, as those rates are then in effect under the Purchase Agreements. Buyer agrees to take all action necessary to assure that final NEPEX dispatch orders for the Facilities are based upon the values provided by Seller to Buyer for submission on Buyer's NX-4 form for the Facilities and in accordance with the "fuel costs" specified above.

B. Buyer agrees that it will utilize the same values listed in A above as part of its own load dispatch used to determine NEPOOL billing or, if Buyer is no longer part of NEPOOL or is dispatching the units directly or dispatching as part of some other power pool of which Buyer is a member, to use such values to determine the Facilities' dispatch order.

C. Since Seller may be delivering energy or energy and capacity to Buyer for sale as, 1) Firm Energy under the Purchase Agreements, 2) short term energy only, and 3) for transmission as Excess to a third party Purchaser, and the capacity and associated energy transmitted to a third party purchaser may be sold under one of three possible options at the sole discretion of Seller as either:

(i) A must run block of capacity and actual energy generated, or

(ii) A dispatchable block of capacity and associated energy (part of the third party's energy would be generated in actual dispatch and the remainder would be economy interchange from NEPOOL), or

(iii) A unit entitlement or percentage of the unit sale, (as with option #ii above, part of the third party's energy would be generated in actual dispatch and the remainder would be economy interchange from NEPOOL),

Buyer and Seller agree that deliveries shall be allocated between Firm Energy, short term energy only and the Excess as set forth below, except as otherwise mutually agreed.

Once the Facilities have established by use of the method established in NEPOOL Rules (whether Buyer is still a member of NEPOOL or not) the demonstrated

capability ("Demonstrated Capability") to generate and deliver net to Buyer at a level above 24.5 MW, as to capacity, 24.5 MW shall be deemed Firm Energy, and the difference between any amount of Demonstrated Capability and 24.5 MW shall be deemed Excess. Any energy generated above the Demonstrated Capability will be considered short term energy only.

As to block sales (must run or dispatchable) of capacity and actual energy generated, allocation under these two options (subparagraph C(i) and C(ii) above) when Excess is being transmitted to a third party is as follows:

1) When the Facilities are delivering to Buyer at 24.5 MW per hour due to load limitations, all of such deliveries of energy shall be deemed Firm Energy.

2) When the Facilities are delivering at greater than 24.5 MW per hour, such deliveries of energy shall be deemed Firm Energy as to 24.5 MW per hour, and Excess for the amount up to the Demonstrated Capability, and any amounts of MW per hour above the Demonstrated Capability shall be considered short term energy.

3) Whenever the Facilities are delivering at a level below 24.5 MW per hour for reasons other than Reduction and Curtailment, the entire amount of delivery of energy shall be deemed Firm Energy.

4) Whenever the Facilities are delivering at below 24.5 MW per hour due to a Reduction or Curtailment,

Firm Energy shall be deemed the amount of actual delivery, less the amount of block sales then being sold to third parties. The amount being sold to third parties shall be Excess. The amount of Decremental Energy shall be 24.5 MW less the amount of Firm Energy.

As examples of the operation of this subsection C, the following is provided:

Assume the Facility has a Demonstrated Capability of 25.5 MW, 24.5 MW of such capacity shall be Firm Energy, 1 MW of capacity shall be Excess.

Option #1. Must Run Block Sale of Capacity

1) If the Facility is delivering at 24.5 MW per hour, 24.5 MW per hour of energy is Firm Energy; as to energy there is no Excess.

2) If the Facility is delivering at 25.5 MW per hour, 24.5 MW of energy is Firm Energy, 1 MW of energy is Excess.

3) If the Facility is delivering at 14 MW per hour due to a reason other than Reduction or Curtailment (including load limitations), 14 MW of energy is Firm Energy.

4) If the Facility is Reduced to 6 MW per hour and 1 MW of energy is being sold to a third party, 5 MW of energy is Firm Energy, 1 MW of energy is Excess. The amount of Decremental Energy would be 24.5 MW less 5 MW, or 19.5 MW.

5) If the Facility Generates 26.0 MW per hour, then 24.5 MW is Firm Energy, 1 MW is Excess, and .5 MW is short term energy.

Option #2. Dispatchable Block Sales of Capacity

1) If the Facility is delivering at 24.5 MW per hour, 24.5 MW per hour of Energy is Firm Energy, as to energy there is no Excess.

2) If the Facility is delivering at 14 MW per hour due to a reason other than Reduction or Curtailment (including load limitations), 14 MW per hour is Firm Energy.

3) If the Facility is delivering at 25.5 MW per hour, 24.5 MW per hour is Firm Energy, 1 MW of energy is Excess.

4) If the Facility is Reduced to 6 MW per hour and 1 MW is being sold to a third party, 6 MW of energy is Firm Energy, 1 MW of energy is Excess. The amount of Decremental Energy would be 24.5 MW less 6 MW, or 18.5 MW. NEPOOL Economy Interchange would be providing 1 MW to the third party buyer.

5) If the Facility generates 26.0 MW, then 24.5 MW is Firm Energy, 1 MW is Excess Capacity, and 0.5 MW is short term energy.

Option #3. Entitlement

If Option #3 is utilized and sales are on a unit entitlement or percentage of a unit basis consistent with NEPOOL rules, actual generation is proportioned according to

the percentages of Entitlements. Under this option allocation would follow the examples set forth below.

1) If the Facility is delivering at 24.5 MW per hour, 23.5 MW per hour of energy is Firm Energy, 1 MW is Excess.

2) If the Facility is delivering at 14 MW per hour due to a reason other than Reduction or Curtailment (including load limitations), 13.5 MW of energy is Firm Energy, 0.5 MW is Excess.

3) If the Facility is delivering at 25.5 MW per hour, 24.5 MW per hour is Firm Energy, 1 MW of energy is Excess.

4) If the Facility is Reduced to 6 MW per hour, 5.8 MW of energy is Firm Energy, 0.2 MW of energy is Excess. The amount of Decremental Energy would be 24.5 MW less 5.8 MW or 18.7 MW.

5) If the Facility generates 26.0 MW, then Buyer's share would be (24.5/25.5)(26.0) or approximately 25 MW. 24.5 MW of Buyer's 25 MW share is Firm Energy, and 0.5 MW is short term energy, 1 MW would be Excess Capacity to the third party buyer.

D. Seller agrees to use reasonable efforts to reduce its minimum power level below 40% of the Facilities' Designated Capacity during times that Seller has no purchaser for Excess energy. Buyer will, notwithstanding the provisions of the Purchase Agreements be able to request Reduction of Deliveries to a percentage

of each Facility's Designated Capacity below 40% to the minimum load specified in the most recent NX12-A data on file with NEPOOL for the Facility only when Seller has no purchaser for Excess energy. Seller shall retain sole discretion as to the minimum load it will specify to Buyer or achieve but in no case will it be higher than 9.8 MW. At any time and from time to time the minimum power level specified to Seller by Buyer as such, shall be known herein as the "Minimum Power Level".

E. Buyer agrees to pay Seller for Decremental Energy during any hour or part thereof it has been Curtailed by Buyer. Should Seller be requested to return to load after Curtailment and fail to do so within 32 hours after the commencement of Curtailment, Buyer may cease to pay Decremental Energy upon the expiration of the 32nd hour and need not begin to pay Decremental Energy until deliveries of Firm Energy next commence. Should Buyer's dispatcher not notify Seller of the need to return to load by notice given at a time prior to the time the Facility is asked to return to load at least as long in duration as Seller's minimum start-up time then in effect on the NX12-A form, Seller's minimum shut-down time shall be extended minute by minute for each minute that the such notice failed to meet Seller's minimum shut-down time.

F. Seller will also be paid Decremental Energy for each hour or part thereof that the Facility is being ramped up from a Curtailment or Reduction. If at any time the Facility fails to meet the ramp rates set forth in the NX12-A form then in effect, due to what is agreed by Seller and Buyer, or is deemed by NEPOOL to be, a forced reduction or outage, Buyer may cease to pay Decremental Energy until termination of the forced reduction or outage. Once the forced outage or reduction is terminated, Decremental Energy will again be paid.

Seller will also be paid Decremental Energy for each hour or part thereof that the Facility is being ramped down to a Curtailment or Reduction. If the Facilities do not reach such Curtailment or Reduction level within such applicable ramp times, then the Firm Energy delivered at any time thereafter will be used for purposes of determining the average minimum load in subparagraph G. hereof.

G. Buyer, or NEPOOL, as part of the actual dispatch of the Facilities, may Reduce deliveries to the Minimum Power Level then in effect or such lower level as Seller can actually achieve in accordance with Article XI of the Purchase Agreements as amended hereby (except that Buyer may request a level lower than 40% of Designated Capacity, only if Seller has Specified a minimum load below 40%).

For that part of the Calendar Year remaining after April 1, 1988 and for each full Calendar Year thereafter during the term of the Purchase Agreements up through and including the Calendar Year ending on December 31, 2001, Buyer shall compute from its dispatch records prior to January 30 of the succeeding Calendar Year what the "average minimum load" of Firm Energy achieved by each Facility was during such Calendar Year by averaging the minimum load level of Firm Energy each Facility actually attains when properly requested by Buyer's dispatcher (or any power pool dispatcher if in direct communication) to Reduce to the minimum load or to Curtail ("Average Minimum Load"). Such calculation will be done as follows:

i) Buyer will calculate the total number of clock hours each Calendar Year (or in the case of the initial Calendar Year of this Agreement, remaining part of the Calendar Year after April 1, 1988 that Seller's Facility was ordered by the dispatcher to be at minimum load or at Curtailment. (In accordance with subparagraph E. hereof such hours will include only those hours after the Facility was able to reach minimum load or Curtailment and before the Facility power level begins to increase to return to a higher power level requested by the dispatcher, provided that the ramp time to Curtailment or Reduction is

within the ramp rates set in Exhibit D.) The beginning of the minimum load period will be the time the dispatcher requests the Facility be at minimum load, unless the dispatcher has not provided notice of at least the full ramp time required to reach the minimum load level or Curtailment under the Ramp rates in Exhibit D in which case the minimum load period begins at such later time after actual notice as would allow Seller notice of at least the ramp rates in Exhibit D. By example, if the ramp time to Curtailment is one hour, and notice is given at 11:30 p.m. to go to Curtailment by midnight, the beginning of the minimum load period would be 12:30 a.m.

ii) Buyer will calculate the Firm Energy which the Facility delivered for each clock hour identified in i) above or Firm Energy deemed to be delivered when Excess is being sold.

iii) Buyer will add all Firm Energy calculated in ii) above and divide that sum by the number of clock hours calculated in i).

iv) The result will be the Average Minimum Load for the Calendar Year.

Such Average Minimum Load level shall only be computed if each Facility is so Reduced to minimum load or Curtailed on at least 30 separate days during the Calendar Year in

question. The minimum load designated on the NX12-A form then in effect for each Facility (or the prorata average thereof if changed during the Calendar Year) will otherwise be used as the "Average Minimum Load" for purposes of the calculations set forth in this paragraph.

H. Once the Average Minimum Load for the Calendar Year is determined, Buyer will calculate a rebate due to it from Seller on payments made during such Calendar Year ("Rebate"). The amount of the Rebate shall be calculated as follows:

(i) For each MW of Average Minimum Load or portion thereof (rounded to the nearest 10th of a MW) up to 4.9, the amount of $7,250 multiplied by the number of such MW (or portion thereof) up to 4.9 MW, plus

(ii) For each MW or portion thereof (rounded to the nearest tenth of a MW) by which the Average Minimum Load exceeds 4.9 MW (if any), the amount of $24,000 multiplied by the number such MW or portion thereof exceed 4.9 MW.

As examples of the formula's application the following are provided:

Example #1.

If the Average Minimum Load is 6 MW, Seller would pay

4.9 X $ 7,250	= $35,525
plus	
(6-4.9) X $24,000	= $26,400
Total Rebate	= $61,925

Example #2.

If the Average Minimum Load is 4 MW, Seller would pay

4 X $7,250	=	$29,000
plus		
0 X $24,000	=	0
Total Rebate	=	$29,000

I. Payment of a rebate in years 2002 through 2015 shall be subject to negotiation. The amount paid per megawatt of Average Minimum Load shall not exceed amounts calculated as follows:

The Net Present Value (NPV) at a 9% discount rate of the difference between the decremental dispatch price projected for years 2002 through 2015 and the Buyer's off-peak avoided cost approved by the Maine Public Utilities Commission for years 2002 through 2015 shall be calculated in a manner similar to the calculation in Exhibit E. The amounts per megawatt of Average Minimum Load specified in Section 8.G shall be multiplied by the NPV of the above difference for years 2002 through 2015 and divided by the NPV of that difference for years 1988 through 2001 calculated in Exhibit E i.e., $70.30 per megawatt hour. In any year that the decremental dispatch price is equal to or less than the Buyer's off-peak avoided cost approved by the Maine Public Utilities Commission, there shall be no rebate payment.

J. Buyer shall submit an invoice to Seller by January 15 of each Calendar Year for the amount of the Rebate due for the previous Calendar Year.

K. Seller shall have access to all records of Buyer from which Buyer claims to have calculated the Average Minimum Load, and the Rebate, as well as any other records reasonably necessary for Seller to verify the accuracy of said calculations, as if such information were meter tapes under Article IV (G) of the Purchase Agreements, and the provisions thereof will apply to any disputes on the amount due from Seller unless inconsistent with the provisions of this agreement.

By February 15 of each Calendar Year Seller will pay the Rebate invoice.

11. Failure to Meet NX12-A Operating Characteristics. The parties agree that the failure of the Facilities to meet any ramp rates, spinning reserve requirements, minimum down time or other operating characteristics set forth on the NX12-A form for the Facilities, as they presently exist, or as they are hereinafter revised, will not be deemed and will not constitute an event of default pursuant to Article XV of the Purchase Agreements, and any such failure will not entitle Buyer to terminate the Agreement due to such failure.

If a Facility fails to meet the ramp rates, spinning reserve, minimum down time or other operating characteristics set forth in any NX12-A then in effect, the Facility will not be charged any penalty except as set forth below.

Should Buyer be required to alter the ramp rates downward, lose any spinning reserve credit, increase the minimum down time, or change other operating characteristics from those specified in Exhibit D due to the requirements of NEPOOL/NEPEX rules, after Buyer has exhausted all requests for waivers to the NEPOOL Operating Committee as allowed by such rules, the parties agree that Buyer may incur added costs above those incurred under Seller's current NX12-A values. The parties agree to negotiate in good faith payment to Buyer by Seller of any such costs in such event. For purposes of determining such costs, Buyer shall be assumed to have retained full entitlement in the Facilities, notwithstanding any actual sale of any part of such entitlements to a third party. During such negotiations Seller will be given access to all of Buyer's NEPOOL/NEPEX own load dispatch data. If the parties have not agreed to the amount of such payments within 60 days (or such longer period as the parties mutually agree) from the date the revised NX12-A values are put into effect, they agree to select an independent analyst familiar with NEPEX/NEPOOL dispatch to establish such costs. The parties agree to abide by the decision of such analyst. Should the parties be unable to agree to selection of such analyst within 90 days of the date the revised NX12-A values are put into effect, the American Arbitration Association will select such analyst.

12. Acknowledgement Regarding Buyer's Default Notices. Buyer agrees that, with the execution of the Agreement, it

presently has no information which justifies any claim by it of a Default by Seller for any reason or on any issue specified in such Default Notices.

13. Acknowledgement of Withdrawal of Notice of Default. Buyer and Seller each agree to execute at the request of the other, a statement acknowledging the withdrawal of their respective Notices of Default. The parties further agree to sign all other documents which are reasonably necessary to confirm resolution of all of the disputes listed in the Notices of Default to confirm that the Purchase Agreements are in full force and effect, and to confirm that no Notice of Default thereof is pending. Nothing in this paragraph shall be construed to prevent Buyer or Seller from asserting at a later date any new claim which is based upon information of which they or their agents were not aware as of the date of this Agreement.

14. Escrowed Amounts. Buyer will, upon the signing of this agreement, execute and deliver to Seller withdrawal drafts for all amounts then on deposit in that certain escrow account established pursuant to the Interim Payment Procedure letter agreement between the parties dated January 29, 1988, and shall provide for full payment of the amount in such account, including accrued interest, to Seller. Upon such delivery of withdrawal drafts by Buyer to Seller, Seller's Default Notice to Buyer dated January 12, 1988 shall be withdrawn.

15. Definitions. All terms used herein which are defined in the Purchase Agreements shall have the same meaning as in the Purchase Agreements.

16. Applicability. To the extent provisions hereof are inconsistent with provisions of the Purchase Agreements, the provisions of this agreement shall be controlling and shall be deemed to be an amendment of each of the Purchase Agreements. The terms of this agreement are intended to apply to the operator of Seller's Facility at Jonesboro, and to Seller's Facility at West Enfield independently and not collectively and all terms hereof will be deemed to so apply.

17. Captions. The captions in this Agreement are inserted for ease of reference only and shall not affect the construction or interpretation hereof.

18. Complete Agreement. The terms and provisions contained in this Agreement and the Purchase Agreements as amended, together with the appendices and exhibits attached hereto, between the Seller and Buyer constitute the entire Agreement between the Seller and Buyer and shall supersede all previous communications, representations, or agreements, either verbal or written, between the Seller and Buyer with respect to the subject matter hereof.

BANGOR HYDRO-ELECTRIC COMPANY

By: Darrell R. Le
Title: Vice President

BABCOCK-ULTRAPOWER JONESBORO,
a California Joint Venture

By: ULTRAPOWER 6 INCORPORATED,
as general partner

By: Eric L Werlberg
Name:
Title: President

By: SANTA RITA JONESBORO,
INC.,
as general partner

By: K Davis
Name:
Title: Sr VP

By: BABCOCK & WILCOX
JONESBORO POWER, INC.,
as general partner

By: John E Warde
Name:
Title: VICE PRESIDENT

BABCOCK-ULTRAPOWER WEST ENFIELD,
a California Joint Venture

By: ULTRAPOWER 5 INCORPORATED,
as general partner

By: Eric L Werlberg
Name:
Title: President

By: SANTA RITA WEST ENFIELD,
INC.,
as general partner

By: K Davis
Name:
Title: Sr VP

By: BABCOCK & WILCOX WEST
ENFIELD POWER, INC.,
as general partner

By: John E Warde
Name:
Title: VICE PRESIDENT

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EXHIBITS

Exhibit A.....Maintenance Report

Exhibit B.....Non-Disclosure and Release Agreement

Exhibit C.....Release Agreement

Exhibit D.....Unit Generating Data

Exhibit E.....Rebate Calculation 2002-2015

OTHER DOCUMENTS

Transmission Agreement

Appraisal of A.D. Little Valuation, Inc.

HDR Letter/Certification

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10/03/88

EXHIBIT A

Babcock-Ultrapower Annual
Maintenance Report for Bangor Hydro-Electric

1. Plant Maintenance Schedules
   a. Preventive maintenance schedule
   b. IRD maintenance schedule
   c. Annual inspection and overhaul schedule

2. Annual Plant Inspection Reports
   a. Preventive maintenance report
   b. IRD maintenance report
   c. Forced outage maintenance report
   d. Annual inspection and overhaul report
   e. Annual boiler and machinery insurance reports
   f. Report on OEM inspections
   g. Report on results of NDT program

3. Annual Electrical Inspection Reports
   a. Electrical testing (doble, hi-pot, megga) report
   b. Relay testing report
   c. Unit trip test verification report

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EXHIBIT B

NON-DISCLOSURE & USE AGREEMENT

This Agreement is effective as of the ___ day of _____, 198__, by and between _____, (hereinafter "Disclosee"), and Babcock-Ultrapower Jonesboro and Babcock-Ultrapower West Enfield, two California partnerships (hereinafter collectively "Babcock-Ultrapower").

WHEREAS, Bangor Hydro-Electric Company is party to agreements for the sale and purchase of electricity dated August 13, 1984 with Babcock-Ultrapower governing the purchase of electricity from two wood fired power generating plants located at Jonesboro and West Enfield, Maine owned by Babcock-Ultrapower; and

WHEREAS, Babcock-Ultrapower has been asked by Bangor Hydro-Electric Company to provide certain information to Disclosee regarding the plants which Babcock-Ultrapower has agreed to do subject to this non-disclosure and use agreement; and

WHEREAS, Babcock-Ultrapower and Disclosee wish to establish a non-disclosure and use agreement which will apply to exchanges of information between the parties hereunder and serve as a basis for future agreements concerning any future exchanges of information between the parties;

NOW, THEREFORE, in consideration of the premises and of the covenants, conditions and limitations herein contained, the parties do agree as follows:

Disclosee shall maintain in confidence from the date hereof all information of whatever nature, including but not limited to operating and maintenance data, know-how and drawings, which Babcock-Ultrapower discloses to Disclosee either orally or in writing pursuant to the provisions of Paragraph 4 of the Amendment Agreement between Babcock-Ultrapower and Bangor Hydro-Electric Company dated October 5, 1988 ("Amendment Agreement"), and shall not disclose such information to any third party other than Bangor Hydro-Electric Company or its consultants who have executed a non-disclosure and use agreement reasonably satisfactory to Babcock-Ultrapower or its outside counsel, without the written consent of Babcock-Ultrapower, except as follows:

This Agreement does not apply to information which:

1. At the time of disclosure is in the public domain, or after disclosure becomes, through no act of Disclosee, part of the public domain as evidenced by publicly available documents or publications;
2. Is disclosed to Disclosee without secrecy restriction by a third party who has the right to so disclose; or
3. At the time of disclosure is in the Disclosee possession and was not received pursuant to any other agreement between the parties hereto.
4. Is used by Bangor Hydro-Electric Company in any arbitration proceeding involving

Babcock-Ultrapower permitted pursuant to the Amendment Agreement so long as the arbitrators and all persons receiving such information execute a non-disclosure and use agreement satisfactory to Babcock-Ultrapower.

Notwithstanding the above, Disclosee may disclose such information to its counsel where such disclosure is subject to the attorney/client privilege.

Disclosee shall not use information furnished by Babcock-Ultrapower under this agreement except in connection with providing advice to Bangor Hydro-Electric Company in relation to the Babcock-Ultrapower power purchase contracts identified herein.

Neither this agreement nor the transfer of information hereunder shall be construed as granting any right or license to any information provided by Babcock-Ultrapower. All such information shall remain the property of Babcock-Ultrapower.

DISCLOSEE

By:_____

Title:_____

BABCOCK-ULTRAPOWER JONESBORO

By:_____

Title:_____

BABCOCK-ULTRAPOWER WEST ENFIELD

By:_____

Title:_____

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EXHIBIT C
RELEASE AGREEMENT

1. In consideration of the payment to the undersigned of the sum of ONE DOLLAR ($1.00) and other valuable considerations, I, _____, (hereinafter "Releasor") being of lawful age, do for myself, my heirs, executors, administrators and assigns, release, acquit and forever discharge Babcock-Ultrapower Jonesboro, and Babcock Ultra-Power West Enfield, and each of its partners, their predecessor partnerships, their affiliated partnerships or corporations, past or present, their successor partnerships or corporations, whether actual or alleged, their successors and assigns and the officers, agents, servants and employees, past and present, of all such partnerships and their partners, their insurers (only to the extent that they insure any of the foregoing entities) (hereinafter "Releasees") of and from any and all actions, claims, costs, or expenses, which I now have or which may hereafter accrue to me on account of, or in any way growing out of, any and all known and unknown personal injury, whether developed or undeveloped, whether manifested or latent, and anticipated and unanticipated consequences of such personal injuries, death, or damages of whatever kind, including but not limited to cancer, resulting or to result from my inspection of any kind of the Facilities of Releasees located in West Enfield, Maine and/or Jonesboro, Maine ("Facilities"), including but not limited to my entry onto the real property owned by Releasees in such places, my walking through, in,

and about the Facilities, and my taking a tour of the Facilities. In consideration of the payment to the undersigned spouse of _____ of the sum of ONE DOLLAR ($1.00) and other valuable considerations, I, _____, (hereinafter also "Releasor") spouse of _____, do for myself, release, acquit and forever discharge Releasees of and from all actions, claims or demands for damages for loss of consortium which I now have or which may hereafter accrue to me on account of or in any way growing out of any and all known and unknown personal injury, whether developed or undeveloped, whether manifested or latent, and anticipated and unanticipated consequences of such personal injuries, death, or damages or whatever kind, including but not limited to cancer, resulting or to result from my spouse, _____'s, actions at the Facilities.

2. The undersigned hereby acknowledge and assume all risk, chance, or hazard that undeveloped or unmanifested injuries or damages, including but not limited to cancer, may occur or that any existing injury or damage may be or become permanent, progressive, greater, or more extensive than is now known, anticipated or expected as a result of Releasors visit to the Facilities. Releasor assumes all risk of injury arising out of, and relating to his visit to the Facilities, and hereby releases Releasees from any and all claims, demands, suits, liability and causes of action, including claims relating to Releasees own negligence, which

Releasor may have as a result of having entered into the Facilities, or onto the real property on which they are located. No promise or inducement which is not herein expressed has been made to the undersigned and in executing this Release, the undersigned do not rely upon any statement or representation made by Releasees, or any agent, or any other person representing the Releasees, or any of them, concerning the nature, extent or duration of said damage or losses or the legal liability therefor.

3. This agreement is governed by the laws of the State of Maine, not including any conflict of law provisions thereof.

4. This Release contains the ENTIRE AGREEMENT between the parties hereto and the terms of this Release are contractual and not a mere recital. If more than one Releasor executes this agreement, then their obligations hereunder are joint and several.

5. RELEASORS FURTHER STATE THAT THEY HAVE CAREFULLY READ THE FOREGOING RELEASE AGREEMENT AND KNOW THE CONTENTS THEREOF: THAT THEY HAVE HAD THE ADVICE OF COUNSEL IN REVIEWING THIS RELEASE AGREEMENT: THAT THEY UNDERSTAND EACH AND EVERY TERM OF THIS RELEASE AGREEMENT AND THAT THEY SIGN IT AS THEIR OWN FREE ACT AND DEED.

WITNESS our hands and seals this day of 198_.

WITNESSES:

RELEASORS:

_____ _____

_____ _____

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EXHIBIT D

UNIT GENERATING DATA
BABCOCK-ULTRAPOWER FACILITIES

Oct 1 - May 31st

		Summer	Winter
1.	Minimum Run Time	8 hours	8 hours
2.	Minimum Shutdown Time	32 hours	32 hours
3.	Startup Time Cold (1)	36 hours	48 hours
4.	Startup time Hot	30 hours	30 hours
5.	Shutdown Time Cold Start Applies	15 hours	
6.	Response Rate (2)		

Load	Response Rate
0 - 9.8 MW	0.10 MW/Min.
9.8 MW	1 Hour Hold
9.8 MW to 17.2 MW	0.4 MW/Min.
17.2 MW	15 Minute Hold
17.2 MW to 22.1 MW	0.5 MW/Min.
22.1 MW to 24.5 MW	0.76 MW/Min.

(1) If more than 30 days, 48 hours summer, 72 hours winter. Summer and winter shall encompass the periods designated as such by NEPOOL.

(2) This is of the 24.5 MW sold to BHE.

(3) Upon the notice required pursuant to Paragraph 9(D) of the Amendment Agreement each Facility will be capable of increasing load from 17.2 MW to 24.5 MW in ten (10) minutes.

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10/03/88

EXHIBIT E

CALCULATION OF COST OF DISPATCH RESTRICTIONS

	Decremental Dispatch Price $/MW hr	Off-Peak Avoided Cost $/MW hr	Difference $/MW hr	Discount Factor At 9%	Present Value Of Difference $/MW hr
1988	26	23	3	.92	2.8
1989	28	24	4	.84	3.4
1990	29	26	3	.77	2.3
1991	31	28	3	.71	2.1
1992	32	29	3	.65	2.0
1993	34	20	14	.6	8.4
1994	35	22	13	.54	7.0
1995	38	20	18	.5	9.0
1996	39	21	18	.46	8.3
1997	41	24	17	.42	7.1
1998	42	26	16	.39	6.2
1999	43	29	14	.36	5.0
2000	45	33	12	.33	4.0
2001	46	35	9	.30	2.7
				Net Present Value	70.3
				Levelized Payment at 9%	9.03

(a) Decremental Dispatch price = (1 - Constant term) X Price from Article III-2.

(b) Number of off-peak hours per year seller desires curtailment = 1,150 hrs.

(c) Cost of Restriction = 9 X 1,150 = $10,350/MW hr.

(d) Assumed minimum power = 6 MW

(e) Rebate $ 7,250/MW up to 4.9 MW
$24,000/MW above 4.9 MW

(f) Rebate at 6 MW average minimum load

$$\frac{(7,250)(4.9) + (24,000)(1.1)}{6} = \$10,320/MW$$

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THIS AGREEMENT is entered into as of the 13th day of August, 1984 between ULTRAPOWER INCORPORATED, a California corporation with offices in Irvine, California, (hereinafter referred to as "Seller"), and BANGOR HYDRO-ELECTRIC COMPANY, a Maine corporation with offices in Bangor, Maine (hereinafter referred to as "Buyer").

WHEREAS, this Agreement is intended to be a service contract for federal income tax purposes;

WHEREAS, Seller intends to design, construct, own and operate a plant for the conversion of wood to the generation of electric power (the "Facility") at Jonesboro, Maine in Buyer's service territory; and

WHEREAS, Seller's ability to finance, construct, or continuously operate said plant will be greatly facilitated by a secure contractual commitment by Buyer to purchase the electrical output of the plant for an extended term of years; and

WHEREAS, a long-term power purchase from Seller's plant will provide substantial benefits to Buyer by enabling Buyer to more closely match load requirements than might otherwise be possible, by diversifying Buyer's mix of generation sources and thereby reducing Buyer's risk of power shortages, by reducing administrative and legal expenses of regulatory compliance, and by eliminating risks of cost overruns and construction delays in the procurement of new generation capacity, all of which benefits will continue to accrue to Buyer over the entire term of this Agreement; and

WHEREAS, Seller is willing to provide electric power to Buyer at a price which is generally designed to remain below the cost Buyer would otherwise incur to generate the power itself or purchase it from other sources, including other non-utility sources; and

WHEREAS, Seller wishes to sell and Buyer wishes to buy said electric power.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

ARTICLE I: DEFINITIONS

The following terms shall have the following meanings under this Agreement and the Appendices and Exhibits hereto.

Average Accuracy has the same meaning as the term is defined in Chapter 32, Section 3.B.5, of the Rules and Regulations of the Maine Public Utilities Commission, as now in effect or as subsequently modified or amended, or any successor rule or regulation.

Calendar Year means twelve (12) months ending midnight, December 31.

Curtailment of Deliveries (Curtail, Curtailment) means a decrease in deliveries of electricity to Buyer from the Facility to zero kilowatt hours for any period of time.

Decremental Energy shall mean, for any period of Curtailment or Reduction of Deliveries from the Facility in a Calendar Year at Buyer's request pursuant to Article XI.C. hereof, the amount of Firm Energy which would have been delivered to Buyer if the Facility had been generating electricity at the Facility's Designated Capacity during each hour of such period less, in the case of Reduction, the rate at which Firm Energy actually was delivered during each hour of such period, rounded to the nearest one hundred (100) kilowatt hours per hour.

In the event the Facility is not capable of generating electricity at the Facility's Designated Capacity at the time of Buyer's request under Article XI. C. hereof, the rate at which Seller shall certify the Facility is then capable of generating electricity, rounded to the nearest one hundred (100) kilowatts, shall be substituted for the Facility's Designated Capacity for purposes of calculating an amount of Decremental Energy. If, at any time during a period of Curtailment or Reduction of Deliveries from the Facility pursuant to Buyer's request, the Facility's capability to generate electricity shall increase or

decrease from the rate at which Seller shall have certified to Buyer that it was capable of generating at the time of Buyer's request, Seller, at its option may, by notice to Buyer, recertify such increased or decreased capability to Buyer and such recertified capability shall thereafter be substituted for the Facility's Designated Capacity for purposes of calculating an amount of Decremental Energy.

Designated Capacity unless otherwise provided herein, means 22,500 kW plus or minus up to 2,000 kW, to be designated in writing by Seller to Buyer prior to the Initial Date of Delivery. If Seller does not so designate prior to the Initial Date of Delivery, Designated Capacity means 22,500 kW. In the event that Seller notifies Buyer, prior to the Initial Date of Delivery, that the Facility's capability to generate electricity is less than the Designated Capacity, then such capability to generate electricity shall be substituted for the Designated Capacity for purposes of Articles III.B, XI and XIII.

Facility includes all of Seller's plant and equipment located or to be located in Jonesboro, Maine needed to generate electric energy and electric generating capacity for sale to Buyer.

Firm Energy is electric energy and electric generating capacity, expressed in kWh, to be sold by Seller to Buyer. Firm Energy does not include (a) any transformer losses or any other losses between the Point of Metering and the Point of Interconnection or (b) any generator station service.

Initial Date of Delivery is the first day of the calendar month following the day during which Seller first completes delivery of Firm Energy to Buyer for a period of three consecutive days (or 72 consecutive hours) at an average output of at least 20,000 kW, or at an eighty-five (85) percent capacity factor, whichever is less.

kW means kilowatts, and vice versa.

kWh means kilowatt hours, and vice versa.

Lease Date means the commencement date of a lease of the Facility as provided for in Article XXVII.B.

Marginal Energy Costs means the incremental costs of generating electricity on Buyer's electrical system, including any associated energy line losses, calculated as the weighted average incremental heat rate of generating sources owned by Buyer, or available to Buyer under Buyer's power contract (other than economy purchases) then in effect, which would have been on the margin during any Calendar Year after dispatching Buyer's system according to principles of economic dispatch and assuming no deliveries from Seller's Facility for such Calendar Year, multiplied by the weighted average cost of fuel for Buyer's such sources during such Calendar Year, plus the weighted average variable operating and maintenance costs associated with generating electricity with Buyer's such sources during the period such sources would have been on the margin during such Calendar Year. Weighting shall be according to the number of hours each generation source would have been on the margin during the Calendar Year, rather than according to the capacity of the sources or some other measure of availability. Marginal Energy Costs shall be expressed in cents per kilowatt hour. The Parties agree that if a computer model is to be used to calculate Marginal Energy Costs, prior to its use for these purposes upon request of either Party such model shall be validated by a mutually acceptable independent expert using assumptions which are mutually acceptable to the Parties, to verify the model's accurate reflection of Buyer's system and available generating sources and consistency with the principles set forth above.

Meter means meters and metering devices of every sort used to measure Firm Energy supplied by Seller to Buyer.

3.4.

Party means Ultrapower Incorporated or Bangor Hydro-Electric Company.

Parties means Ultrapower Incorporated and Bangor Hydro-Electric Company.

Point of Delivery is the location where Seller's Interconnection Equipment and the Special Facilities are connected as indicated on Appendix B attached hereto.

33rd AMENDMENT
30 yr. PEGWR I.D.

Point of Interconnection is the location where the Special Facilities and Buyer's system are connected, as indicated on Appendix B attached hereto. The location of the Point of Interconnection may be changed from time to time by agreement of the Parties by preparation of a new Appendix B to this Agreement.

Point of Metering is the location of the Meter(s) used to determine the amount to be billed to Buyer for the actual delivery of Firm Energy, as indicated on Appendix B attached hereto.

Prime Rate means the rate of interest charged by Bank of America's San Francisco Office for 90-day loans to the most credit-worthy corporate borrowers.

Prudent Electrical Practice means those practices, methods and equipment, as changed from time to time, that are commonly used in prudent electrical engineering and operations to operate equipment for the generation, transmission, distribution and delivery of electricity lawfully and with efficiency and dependability, and in accordance with the National Electrical Safety Code or the National Electric Code or any other applicable code dealing with electrical engineering or the safe production, use or distribution of electricity.

Reduction of Deliveries (also Reduce, Reduction) means a decrease in deliveries of electricity to Buyer from the Facility for any period of time to a rate greater than zero kilowatt hours per hour.

Seller's Interconnection Equipment is all equipment and facilities owned, operated and maintained by Seller and located on Seller's side of the Point of Delivery, including but not limited to connection, transformation, safety, switching and protective relay equipment, required to be installed solely to interconnect the Facility and Buyer's System.

Service Date means the date the Facility is first placed in service by Seller (as determined for federal income tax purposes).

Special Facilities means any equipment or rights-of-way which the Parties agree are necessary to interconnect Seller's Facility with Buyer's system, including metering equipment required under Article VI hereof, which equipment or rights-of-way shall be paid for by Seller but shall be owned, operated and maintained by Buyer. The location of such Special Facilities is indicated on Appendix B attached hereto.

System Emergency means a condition on Buyer's system which is likely to result in imminent significant disruption of service to customers or is imminently likely to endanger life or property.

ARTICLE II: TERM

A. This Agreement will commence on the date first above mentioned and will terminate on the last day of the three hundred and sixtieth (360th) full calendar month following the Initial Date of Delivery. Initial Date of Delivery is anticipated to be approximately twenty-four (24) months from receipt of permits required for construction of the Facility. For purposes of this Agreement, June 1, 1988 shall be known as the "Final Delivery Date." If the Initial Date of Delivery does not occur prior to the Final Delivery Date, Seller's obligations shall be determined in accordance with Article XIII.A.2 hereof except as provided in the next two sentences. If the Initial Date of Delivery does not occur prior to a Final Delivery Date due to a Force Majeure as defined in this Agreement, then the Final Delivery Date shall be extended for a period commensurate with the duration of the Force Majeure. If the Initial Date of Delivery does not occur prior to the Final Delivery Date due to the fault, negligence or unreasonable delay of Buyer, including without limitation Buyer's failure to inspect and approve Seller's Interconnection Equipment in accordance with Article VIII.B. hereof, then the Final Delivery Date shall have no effect and Seller shall have no liability under this Agreement for failure to deliver Firm Energy prior thereto.

B. Seller may terminate this Agreement without any liability to Buyer under this Agreement, upon and by giving notice to Buyer of such intent to terminate, under the following circumstances:

1. When termination is effected during the first two hundred forty (240) days following the date this Agreement commences because of Seller's inability to obtain environmental permits, licenses, approvals or authorizations acceptable to Seller;

2. When termination is effected during the first two hundred forty (240) days following the date this Agreement commences because of Seller's inability to obtain complete non-recourse floating rate project financing for the Facility on terms, including interest rates, substantially similar to those offered for financing similar projects, which inability arises from any extraordinary financial risk that may occur due to Buyer's having participated in Seabrook Nuclear Generating Station Units 1 or 2. For purposes of this paragraph, terms offered for financing the Facility will be deemed to be not substantially similar to those offered for financing similar projects only if such terms include a requirement to pay an interest rate greater than the Prime Rate plus one percent, or a requirement that Ultrasystems Incorporated or any affiliate or subsidiary thereof guarantee repayment of any portion of any loan necessary for such financing.

The existence of such extraordinary risk or of the effect of such risk upon Seller's ability to finance the Facility shall be sufficiently demonstrated if Seller provides a letter to that effect from one major financial institution.

C. Seller also may terminate this Agreement with no liability to Buyer under this Agreement (other than for any obligations of Seller to Buyer that accrued under this Agreement prior to such termination as set forth in Article XV.E. hereof) in accordance with Article XV hereof.

D. Without limiting Seller's rights under Article II.B and C and Article XV hereof, Seller may terminate this Agreement at any time until the Initial Date of Delivery upon and by giving notice to Buyer of such intent to terminate, in which event, unless Seller terminates pursuant to its rights as provided in Article II.B or C or Article XV, Seller's obligations shall be determined in accordance with Article XIII hereof.

ARTICLE III: SALE OF POWER

Seller agrees to deliver and sell and Buyer agrees to accept and purchase Firm Energy from Seller's Facility at prices determined in accordance with the Payment Schedule set forth below. The Parties agree that they will make all determinations called for herein, and carry out all obligations herein, in good faith and in a reasonable and timely manner.

A. PAYMENT SCHEDULE

1. Commencing on the Initial Date of Delivery, through Calendar Year 2001, inclusive, Buyer shall purchase Firm Energy delivered from the Facility at a price equal to the sum of a Fixed Component and a Variable Component in accordance with the following schedule:

Fixed Component:

Through 1988	3.3¢/kWh
1989 - 1990	4.0¢/kWh
1991 - 1992	4.3¢/kWh
1993 - 1994	4.6¢/kWh
1995 - 1996	5.3¢/kWh
1997 - 2001	5.6¢/kWh

Variable Component:

Through 1986	4.7¢/kWh
1987 - 2001	For each Calendar Year the Variable Component shall be the Variable Component as of the end of the preceding Calendar Year increased by 5% per annum unless general inflation for said preceding Calendar Year was greater than 7% or less than 3%. General inflation for these purposes shall be determined by changes in the Gross National Product Implicit Price Deflator ("GNP Deflator") as published by the United States Department of Commerce, or, if the GNP Deflator is discontinued, then by its successor index published by the U.S. Department of Commerce, or if no successor is published, by such other authoritative reference to National inflation rates as the Parties agree to use. If the Parties do not so agree, the 5% annual increase in the Variable Component shall be the only inflation adjustment until agreement is reached, and then adjustment shall only be made prospectively. If general inflation was greater than 7%, the Variable Component as of the end of the said preceding Calendar Year shall be increased by 5% plus said general inflation, minus 7%. If said general inflation was less than 3%, the Variable Component as of the end of said preceding Calendar Year shall be increased (or decreased) by the sum of 5% plus general inflation (which may be positive or negative) minus 3%.

2. During Calendar Years 2002 through the end of the term of the Agreement, Buyer shall purchase Firm Energy at a price per kWh equal to the sum of a Variable Component and a Savings Component in accordance with the following schedule:

Variable Component: The Variable Component shall be equal to the Variable Component paid for Firm Energy during Calendar Year 2001, increased or decreased for general inflation in the same manner as set forth under Article III.A.1 above.

Savings Component: The Savings Component shall be equal in any Calendar Year to 1.75 cents. If, during any Calendar Year, one-half the algebraic difference between Buyer's Marginal Energy Costs for such Calendar Year and the Variable Component for such Calendar Year exceeds 1.75 cents the Savings Component shall be adjusted by the Savings Increase Payment for such Calendar Year, which shall be equal to an amount calculated as follows, and such amount shall be paid by Buyer to Seller in accordance with Article IV.D. hereof:

SIP = (A - 1.75¢ per kWh) Y

Where:

SIP = Savings Increase Payment payable by Buyer to Seller for such Calendar Year.

A = One-half the difference between Buyer's Marginal Energy Cost for such Calendar Year and the Variable Component for such Calendar Year, expressed in cents per kWh; but A shall not exceed 3.0¢ per kWh.

Y = Total kilowatt hours which were, during such Calendar Year, actually delivered to Buyer and deemed to have been delivered to Buyer by operation of Article XI.C. hereof.

If, during any Calendar Year, one-half the algebraic difference between Buyer's Marginal Energy Costs for such Calendar Year and the Variable Component for such Calendar Year is less than 1.75 cents per kWh, the Savings Component shall be adjusted by the Savings Decrease Payment for such Calendar Year, which shall be equal to an amount calculated as follows, and such amount shall be paid by Seller to Buyer in accordance with Article IV.D. hereof:

SDP = (1.75¢ per kWh - B) Y

Where:

SDP = Savings Decrease Payment payable by Seller to Buyer for such Calendar Year.

B = One-half the difference between Buyer's Marginal Energy Costs for such Calendar Year and the Variable Component for such Calendar Year, expressed in cents per kWh; but B shall not be less than 0.5¢ per kWh.

4.7-3.2
1.5

Y = Total kilowatt hours which were, during such Calendar Year, actually delivered to Buyer and deemed to have been delivered to Buyer by operation of Article XI.C. hereof.

3. For electricity delivered from the Facility to Buyer prior to the Initial Date of Delivery, Buyer shall pay Seller 5.5¢/kWh.

B. PERFORMANCE PENALTY/BONUS

1. Penalty Provisions

a. Except as provided below, commencing at the Initial Date of Delivery, if Seller shall fail to deliver at least 118,260,000 kWh of Firm Energy to Buyer during any full Calendar Year, then Seller shall pay Buyer at the rate of $4,000.00 per 1,000,000 kWh that the amount of Firm Energy actually delivered to Buyer and deemed to have been delivered to Buyer by operation of Article III.B.1.d hereof shall fall below 118,260,000 kWh. The amount payable to Buyer under this paragraph shall be determined by multiplying $4,000.00 times a fraction the denominator of which shall be 1,000,000 and the numerator of which shall be the total kilowatt hours by which the amount of Firm Energy actually delivered to Buyer and deemed to have been delivered to Buyer by operation of Article III.B.1.d. hereof shall fall below 118,260,000 kWh in any Calendar Year.

b. For purposes of this Agreement, the one hundred eighty (180) days following the Initial Date of Delivery shall be known as the "Grace Period." For purposes of Article III.B.1. hereof, during any Calendar Year in which falls the Initial Date of Delivery or any portion of the Grace Period, a number of kilowatt hours shall

be substituted for 118,260,000 kWh, which number shall be calculated as the product of 118,260,000 kWh multiplied by a fraction the denominator of which is 365 and the numerator of which is 365 less the number of days of Grace Period which fall within such Calendar Year, and less the number of days in such Calendar Year prior to and through the Initial Date of Delivery, inclusive.

c. Provided, however, that Seller's liability to pay any amount to Buyer under Article III.B.1.a. hereof shall be reduced in proportion to the extent to which Seller would have been capable of delivering at least 118,260,000 kWh during any full Calendar Year but for Buyer's fault or negligence, or but for a Force Majeure as defined in this Agreement.

d. Provided further, that for purposes of Article III.B.1.a hereof during hours of Curtailment or Reduction of Deliveries at Buyer's request pursuant to Articles VII or XI hereof, for each period during which deliveries shall have been so Curtailed Seller shall be deemed to have delivered Firm Energy to Buyer, in addition to Firm Energy actually delivered by Seller to Buyer, at the Facility's Designated Capacity, and for each period during which deliveries shall have been so Reduced Seller shall be deemed to have delivered Firm Energy to Buyer, in addition to Firm Energy actually delivered by Seller to Buyer, at the Facility's Designated Capacity less the rate in kilowatt hours per hour to which deliveries shall actually have been so Reduced.

e. In the event that, because of a mechanical or operating condition of the Facility, the Facility is not capable of generating electricity at the Facility's Designated Capacity when Buyer requests Curtailment or Reduction of Deliveries pursuant to Article XI hereof Seller shall notify Buyer of such condition at the time of Buyer's request for Curtailment or Reduction, and the rate at

which Seller shall certify to Buyer that the Facility is then capable of generating electricity shall be substituted for the Facility's Designated Capacity for purposes of Article III.B.1.d. hereof. If, at any time during a period of Curtailment or Reduction of Deliveries from the Facility at Buyer's request, the Facility's capability to generate electricity shall increase or decrease from the rate at which Seller shall have certified to Buyer that it was capable of generating at the time of Buyer's request, Seller, at its option may, by notice to Buyer, recertify such increased or decreased capability to Buyer and such recertified capability shall then be substituted for the Facility's Designated Capacity for purposes of Article III.B.1.d. hereof.

2. Bonus Provisions

a. Except as provided below, commencing at the Initial Date of Delivery, if Seller delivers more than 157,680,000 kWh of Firm Energy to Buyer during any full Calendar Year, then Buyer shall pay Seller at the rate of $4,000.00 per 1,000,000 kWh that the amount of Firm Energy actually delivered to Buyer and deemed to have been delivered to Buyer by operation of Article III.B.2.c. hereof shall exceed 157,680,000 kWh. The amount payable to Seller under this paragraph shall be determined by multiplying $4,000.00 times a fraction the denominator of which shall be 1,000,000 and the numerator of which shall be the total kilowatt hours by which the amount of Firm Energy actually delivered to Buyer and deemed to have been delivered to Buyer by operation of Article III.B.2.c. hereof shall exceed 157,680,000 kWh in any Calendar Year.

b. For purposes of Article III.B.2. hereof, during any Calendar Year in which falls the Initial Date of Delivery or any portion of the Grace Period described above, a number of kilowatt hours shall be

substituted for 157,680,000 kWh, which number shall be calculated as the product of 157,680,000 kWh multiplied by a fraction the denominator of which is 365 and the numerator of which is 365 less the number of days of Grace Period, as described above, which fall within such Calendar Year, and less the number of days in such Calendar Year prior to and through the Initial Date of Delivery, inclusive.

c. Provided, however, that for purposes of Article III.B.2.a. hereof, during periods of Curtailment or Reduction of Deliveries at Buyer's request in any Calendar Year pursuant to Articles VII or XI hereof, or resulting from Buyer's fault or negligence, for each period during which deliveries shall have been so Curtailed Seller shall be deemed to have delivered Firm Energy to Buyer, in addition to Firm Energy actually delivered by Seller to Buyer, at the Facility's Designated Capacity, and for each period during which deliveries shall have been so Reduced Seller shall be deemed to have delivered Firm Energy to Buyer, in addition to Firm Energy actually delivered by Seller to Buyer, at the Facility's Designated Capacity less the rate in kilowatt hours per hour to which deliveries shall actually have been so Reduced.

d. In the event that, because of a mechanical or operating condition of the Facility, the Facility is not capable of generating electricity at the Facility's Designated Capacity when Buyer requests Curtailment or Reduction of Deliveries pursuant to Article XI hereof Seller shall notify Buyer of such condition at the time of Buyer's request for Curtailment or Reduction and the rate at which Seller shall certify to Buyer that the Facility is then capable of generating electricity shall be substituted for the Facility's Designated Capacity for purposes of Article III.B.2.c. hereof. If, at any time during a period of Curtailment or Reduction of Deliveries from the Facility at Buyer's request, the

Facility's capability to generate electricity shall increase or decrease from the rate at which Seller shall have certified to Buyer that it was capable of generating at the time of Buyer's request, Seller, at its option may, by notice to Buyer, recertify such increased or decreased capability to Buyer and such recertified capability shall then be substituted for the Facility's Designated Capacity for purposes of Article III.B.2.c. hereof.

3. In the event that Designated Capacity is other than 22,500 kW, the minimum number of kWh upon which Bonus and Penalty payments depend (157,680,000 kWh and 118,260,000 kWh respectively) shall be adjusted upward or downward as applicable to reflect the same directly proportional relationship between the adjusted minimums and the new Designated Capacity as between the foregoing minimums and 22,500 kW.

ARTICLE IV: BILLING AND PAYMENT

A. Not later than the tenth day of each month, Seller shall send Buyer a bill for Firm Energy actually delivered during the preceding month and Firm Energy deemed to have been delivered during such preceding month by operation of Article XI.C. hereof. Buyer shall, within thirty days of receipt of Seller's bill, send Seller a check in payment thereof.

B. Not later than January 10 of each Calendar Year, a bill for any payment due pursuant to Article III.B.1 or 2 hereof shall be sent by the Party owed to the other Party. Such bills shall be paid by the owing Party within thirty days of receipt thereof.

C. Not later than January 21 of each Calendar Year beginning with Calendar Year 2003, Buyer shall provide Seller with proper documentation of the results of Buyer's calculation of Marginal Energy Costs for the immediately preceding Calendar Year, in detail sufficient to permit Seller's calculation of the Savings Increase Payment or Savings Decrease Payment, as applicable.

D. Not later than January 31 of each Calendar Year Seller shall send Buyer a bill for the amount of the Savings Increase Payment, if applicable, for the preceding Calendar Year, calculated in accordance with Article III.A.2 hereof. Any such bill shall be paid by Buyer within thirty days of receipt thereof.

E. Not later than January 31 of each Calendar Year Buyer shall send Seller a bill for the amount of the Savings Decrease Payment, if applicable, for the preceding Calendar Year, calculated in accordance with Article III.A.2 hereof. Any such bill shall be paid by Seller within thirty days of receipt thereof.

F. Monthly payments for Firm Energy calculated pursuant to Article III.A.1 or 2 hereof in any year, which are made prior to the publication of an adjusted GNP Deflator (or other index as determined pursuant to Article III.A.1. hereof) for the preceding Calendar Year, shall be based upon estimates of general inflation for such preceding Calendar Year; provided, however, that an adjustment for any difference between actual general inflation during such preceding Calendar Year and general inflation as so estimated shall be made, without payment of interest to either Party, in the first monthly payment following publication of an adjusted GNP Deflator (or other index as hereinabove provided).

G. Seller shall, upon reasonable notice to Buyer and during normal business hours, be given access by Buyer to all meter readings and meter tapes related to the billings made under this Agreement. In addition, upon reasonable notice and during normal business hours, Seller will meet with Buyer's representatives and explain and verify Seller's payment calculations and shall prepare such documentation as may be reasonably necessary to confirm that such payment calculations accurately reflect the amount payable for Firm Energy actually delivered and deemed to have been delivered by Seller to Buyer pursuant to this Agreement. Provided, however, that such meetings, explanations and document preparation shall not toll or suspend the obligation of any Party to pay a tendered bill.

H. In the event adjustments to bills are required as a result of corrected measurements made with respect to inaccurate Meters, the Parties shall use the corrected measurements described in Article VI to recompute the amounts due from or to Buyer for the Firm Energy delivered under this Agreement during the period of inaccuracy.

If the total amount, as recomputed, due from a Party for the period of inaccuracy varies from the total amount due as previously computed, whether because of correction of inaccurate meter readings or otherwise, and payment of the previously computed amount has been made, the difference in the amounts, together with interest on such difference at a rate per month equal to one-twelfth of the sum of the Prime Rate at the time of recomputation plus one percent, compounded monthly, shall be paid to the Party entitled to receive such difference within thirty days after the Party required to pay such difference is notified of the recomputation.

I. For any amount properly billed under this Agreement which is not paid within thirty days of receipt of such bill, interest shall accrue and be payable by the billed Party at a rate per month equal to one-twelfth of the sum of the Prime Rate at the time of recomputation plus one percent compounded monthly.

All interest payable under this Article IV shall accrue until the principal amount upon which such interest is computed is paid.

ARTICLE V: NOTICES

Unless actual notice is specifically required by this Agreement, all notices under this Agreement shall be deemed to have been given and shall otherwise be sufficient when personally delivered or five days after mailing if sent by U.S. mail, first class, postage prepaid, as follows:

To Seller:

President
Ultrapower Incorporated
16845 Von Karman Avenue
Irvine, California 92714

To Buyer:

President
Bangor Hydro-Electric Company
33 State Street
P.O. Box 932
Bangor, Maine 04401

Monthly billing statements shall be sent to:

Assistant Treasurer
Bangor Hydro-Electric Company
33 State Street
P.O. Box 932
Bangor, Maine 04401

It is agreed that if a Bank or a Trustee, or both, is designated by Seller, Buyer will also send notices to said Bank and/or Trustee in all cases where notice to Seller is required.

ARTICLE VI: METERING

The metering of Firm Energy which is being supplied to Buyer shall be by Meters paid for by Seller and owned and maintained by Buyer.

Buyer and Seller shall, during the last five business days of each month, together read the Meters necessary to calculate bills pursuant to Article IV hereof for Firm Energy delivered under this Agreement.

All Meters used to determine the billing hereunder shall be sealed and the seals shall be broken only by Buyer upon reasonable notice to Seller and upon occasions when the meters are to be inspected, tested or adjusted. To the extent possible, Buyer will coordinate all Meter maintenance with Seller.

Seller shall provide access for a representative of Buyer to the billing Meters at reasonable times for the purposes of reading, inspecting, maintaining, testing and adjusting the same, provided that such access shall not interfere with Seller's normal business operations.

Buyer shall make annual tests of the aforesaid Meters, at no cost to Seller. Upon request of Seller, Buyer will make additional tests. If a Meter is determined to be inaccurate such Meter shall be corrected as closely as practicable to zero error by Buyer. When Seller requests a test to be made within twelve months of a previous test, such test shall be at the expense of Seller if the Meter proves accurate within 2% Average Accuracy. In the event errors greater than 2% Average Accuracy are discovered, the test shall be at the expense of Buyer. Billing adjustment for any error found as a result of any test shall be made for the actual period of inaccuracy, if such period can reasonably be estimated by reference to objective data, or, if not, for a period equal to one-half of the time elapsed since the last previous test, but not to exceed six months. All retroactive billing adjustments for errors found as a result of any test shall be calculated to reflect the difference between the actual condition of the Meter as tested and zero error.

Seller shall be notified prior to all Metering tests and shall have the right to observe the test. If a Meter is found to be inaccurate or defective it shall be adjusted, repaired or replaced at Buyer's expense, in order to provide accurate measurement at all times hereunder.

ARTICLE VII: FACILITY DESIGN, CONSTRUCTION AND OPERATION

As between Seller and Buyer, Seller has the sole and exclusive right to design, construct, install, operate and maintain the Facility, or to cause the Facility to be designed, constructed, installed, operated and maintained, provided, however, that such design, construction, installation, operation and maintenance shall be in accordance with Prudent Electrical Practice, and with an expected useful life equivalent to comparable utility installations.

Seller shall, promptly after Seller's receipt of all permits required for construction of the Facility, provide notice to Buyer of the then-anticipated Initial Date of Delivery, and shall at least quarterly thereafter give Buyer notice of any change in the anticipated Initial Date of Delivery.

Seller shall, at all times during the term of this Agreement, generate electricity at its Facility in a manner consistent with Prudent Electrical Practice.

Seller shall employ three phase, sixty Hertz synchronous generators and shall furnish, install, and maintain equipment necessary to establish and maintain sychronism with Buyer's system.

Seller shall at all times during the term of this Agreement, provide operating communications with Buyer's dispatch center for the purpose of voice and data communications in accordance with NEPOOL standards.

No more than a 3% instantaneous variation in voltage at the Point of Delivery shall occur when connecting or disconnecting the generators from the line. At Buyer's request and to the extent practicable, Seller shall provide reactive area support to Buyer's system outside the range of 85% lagging power factor or 95% leading power factor; provided, however, that during such times Firm Energy shall be deemed to have been delivered to Buyer at the rate at which it would otherwise have been delivered at such times if the Facility were generating at 85% lagging power factor.

The Parties agree that should Buyer claim Seller's capacity as part of Buyer's NEPOOL capability responsibility, Seller will make the Facility available for periodic audits conducted under NEPOOL CRS4, Uniform Rating and Periodic Audit of Generating Capability Rules.

ARTICLE VIII: INTERCONNECTION EQUIPMENT: DESIGN, OPERATION, MAINTENANCE, INSPECTION, AND APPROVAL

A. All Seller's Interconnection Equipment, including the equipment specified in Appendix A hereof, shall meet Buyer's reasonable construction and safety requirements effective at the time of installation and construction, including requirements of applicable national, state and local electrical codes and standards of Prudent Electrical Practice.

A protective relay system required to detect faults on Buyer's system and to disconnect Seller's generator must be approved by Buyer in accordance with Article VIII.B. below. Buyer will provide relay settings and recommendations for design, equipment selection, and routine maintenance. Seller will purchase, install, and maintain the protective relay system. The protective relay system shall be given a functional test that is witnessed and approved by a Buyer representative before the generator is first connected to Buyer's system. Seller will reimburse Buyer for the actual direct cost of this witnessing and testing before and after the system is made operational.

B. Buyer shall not be required to accept electricity from Seller's Facility until Buyer has approved Seller's Interconnection Equipment, which approval shall not unreasonably be withheld.

When Seller has determined that it has completed installation of Seller's Interconnection Equipment in conformance with Buyer's reasonable construction and safety requirements and standards of Prudent Electrical Practice, Seller shall notify Buyer of the installation's readiness for inspection. At any time prior to that time Seller may request a statement in writing from Buyer as to what requirements remain to be met and Buyer shall provide said statement within ten working days of receipt of such request.

Within two weeks of any Seller's notice of readiness for inspection Buyer shall inspect Seller's Interconnection Equipment and either approve the Interconnection Equipment or disapprove it by giving Seller written notice thereof including, in the case of disapproval, an itemized statement of requirements which remain to be met.

C. In addition to the initial functional testing and intertie inspection, Seller shall arrange for an annual visual inspection of all Seller's Interconnection Equipment and associated maintenance records. On the second annual inspection and every two years thereafter, a relay calibration test and functional test of Seller's Interconnection Equipment shall be arranged by Seller. The relay calibration tests may be performed, at Seller's option, either by qualified personnel approved by Buyer, or by Buyer's personnel. The relay system functional test shall be performed by Buyer's personnel after the relay calibration tests have been completed. The Seller will reimburse Buyer for the actual direct cost of this testing and any other related assistance that may be requested of Buyer before and after the system is made operational.

D. If Seller plans any additions, modifications or replacements to Seller's Interconnection Equipment which affect, pertain or relate to the safety, reliability or performance of said Seller's Interconnection Equipment Seller shall give Buyer written notice of such planned additions, modifications or replacements. Except for replacement of minor parts during maintenance, or during emergencies, Seller shall obtain Buyer's approval in writing before any such additions, modifications or replacements are made, which approval shall not be unreasonably withheld. All such future additions, modifications or replacements shall be at Seller's expense and must meet Buyer's reasonable construction and safety requirements effective at the time of such addition, modification or replacement, including requirements of applicable National, State and Local Electrical Codes and standards of Prudent Electrical Practice. Seller agrees to modify Seller's Interconnection Equipment as may be reasonably required to meet such changing requirements of Prudent Electrical Practice as may be mutually agreed upon by the Parties.

E. Buyer's approval of Seller's Interconnection Equipment, including the protective relay equipment, shall not be construed as any confirmation or endorsement of the design or as any warranty of safety, durability or reliability of the Facility, or any portion thereof, or any of Seller's Interconnection Equipment, including the protective relay equipment. Buyer shall not be responsible for strength, safety, details of design, adequacy or capacity of Seller's Interconnection Equipment.

F. Seller will maintain and make available to Buyer maintenance records and test records for the protective relay settings. If Buyer determines that any of Seller's protective relay equipment, metering or other Seller's Interconnection Equipment as initially installed, or as subsequently modified, fails to perform as designed, or that Seller has failed to provide testing or maintenance of such equipment in accordance with Prudent Electrical Practice, Buyer shall notify Seller to take corrective action. If Seller fails to initiate corrective action promptly, Buyer may, after giving as much actual notice as is practicable to Seller's representative designated to receive such notice, open the interconnection between Seller and Buyer until corrective action is accomplished.

ARTICLE IX: DELIVERIES

At all times during the term of this Agreement when Seller's Facility is operating in a synchronous mode with Buyer's electrical system all Firm Energy delivered to Buyer from the Facility shall be in the form of three-phase, 34,500 volts sixty Hertz electricity up to a maximum of 28,824 kVA at a power factor of .85. Delivery of such Firm Energy shall be complete and title shall pass to Buyer at the Point of Delivery.

ARTICLE X: SCHEDULED MAINTENANCE

A. On the first day of September of each Calendar Year, Seller shall provide to Buyer a list of four dates, three of which shall fall within the period April 1 - June 30 and September 1 - November 30, upon which Seller desires to commence a two-week scheduled outage for maintenance of the Facility during the next Calendar Year. Within thirty days thereafter, Seller and Buyer shall agree upon one of the dates provided to Buyer hereunder as the commencement date for a two-week scheduled outage for maintenance of the Facility for such Calendar Year. Provided, however, that at Seller's discretion and upon notice as required by this paragraph, the two-week scheduled outage may be extended to a four-week scheduled outage.

B. In addition to scheduled outages for maintenance provided in Article X.A above Seller shall be entitled to a cumulative total of one hundred sixty eight (168) hours of scheduled outage each Calendar Year. Seller shall give Buyer adequate notice of any such additional outage periods. Notice for this purpose shall be adequate if it conforms with the requirements of Article V and, except for emergency maintenance, is delivered in advance by the same number of hours as the number of consecutive hours of outage for maintenance that Seller desires, but not less than twenty-four hours in advance. For example, a sixteen-hour maintenance period will require at least twenty-four hours prior notice, a three-day maintenance period will require three days prior notice, etc. Emergency maintenance of the Facility or Interconnection Equipment may be performed at the sole discretion of Seller, and notice of outages for such emergency maintenance shall be given by Seller to Buyer as promptly as practicable under the circumstances.

C. The scheduled outages for maintenance of the Facility, as determined in accordance with A and B above, shall not exceed a cumulative five hundred four (504) hours in any Calendar Year, or, if applicable, eight hundred forty (840) hours in any Calendar Year in which Seller elects a four-week scheduled outage.

D. During any scheduled outage for maintenance of the Facility Buyer shall be liable to pay Seller only for Firm Energy actually delivered at a price equal to the Variable Component as described in Article III. A. hereof.

ARTICLE XI: CURTAILMENT OR REDUCTION OF DELIVERIES

Seller shall, at Buyer's request to Seller's representative designated to receive such request, initiate Curtailment or Reduction of Deliveries from the Facility at the following times and under the conditions specified hereinbelow. Provided, however, that all requests for Curtailment and Reduction under this Agreement shall be made in accordance with Prudent Electrical Practice. Provided, further that at no time under this Agreement shall Buyer require Reduction of Deliveries, as that term is defined under Article I hereof, to less than forty percent of the Facility's Designated Capacity.

Any request from Buyer for Curtailment or Reduction of Deliveries under this Article XI shall be made by giving written notice thereof prior to the period of requested Curtailment or Reduction; provided, however that if a prior written request is impracticable under the circumstances a verbal request to the on-site Facility supervisor will be adequate if confirmed in writing prior to the next monthly billing pursuant to Article IV.A.

A. System Emergency Periods

Seller shall, at Buyer's request and upon as much prior notice as possible from Buyer in light of conditions existing at the time, initiate Curtailment or Reduction of Deliveries of Firm Energy from the Facility if such Curtailment or Reduction is necessary because continued delivery would cause or contribute to a System Emergency. If Seller shall fail to initiate Curtailment or Reduction of Deliveries from the Facility at Buyer's request for a System Emergency Buyer may, after giving as much notice as practicable to Seller's representative designated to receive such notice, open the interconnection between Seller's facility and Buyer's system for the

duration of the System Emergency. Such opening shall constitute Curtailment of Deliveries. During such Curtailment or Reduction for a System Emergency Buyer shall pay Seller only for Firm Energy actually delivered to Buyer. During Curtailments or Reductions of Deliveries under this paragraph Buyer shall be subject to the notice and other requirements of a nonperforming party claiming Force Majeure under Article XIX hereof.

B. Allowed Work Period

Any periods in a Calendar Year which are coincident with Seller's scheduled outages for such Calendar Year, as determined in accordance with Article X.C. hereof, during which, at Buyer's request, Seller maintains Curtailment or Reduction of Deliveries so that Buyer may conduct Work, as defined herein, shall be known cumulatively as Buyer's Allowed Work Period. For purposes of this paragraph "Work" shall include, but not necessarily be limited to the following: any construction, installation, maintenance, repair, replacement, removal, investigation, or inspection of any of Buyer's equipment or any part of its system, necessary for Buyer to accept, transmit or distribute deliveries from the Facility.

Seller shall, at Buyer's request and upon adequate notice thereof from Buyer, initiate Curtailment or Reduction of Deliveries from the Facility so that Buyer may conduct Work. Notice for this purpose shall be adequate if it conforms with the requirements of Article V and is delivered in advance of the requested Curtailment or Reduction of Deliveries by the same number of hours as the number or consecutive hours of Work that Buyer desires to conduct, but not less than twenty-four hours in advance. Any such request shall specify the number of hours for which Curtailment or Reduction is being requested, and, in the case of Reduction, the level to which deliveries are to be Reduced.

During Buyer's Allowed Work Period in any Calendar Year Buyer shall pay Seller only for Firm Energy actually delivered to Buyer, at prices determined in accordance with Article III.A.1 or 2 hereof.

Curtailment or Reduction in Excess of Allowed Work Period

1. For any period in any Calendar Year except during Buyer's Allowed Work Period or System Emergency Periods for such Calendar Year, during which at Buyer's request, Seller maintains Curtailment of Deliveries from the Facility, for purposes of determining the number of kilowatt hours delivered during such period, Seller shall be deemed to have delivered Decremental Energy to Buyer, in addition to Firm Energy actually delivered to Buyer. For any period in any Calendar Year other than Buyer's Allowed Work Period or System Emergency Periods, for such Calendar Year, during which at Buyer's request, Seller maintains Reduction of Deliveries from the Facility, for purposes of determining the number of kilowatt hours delivered during such period, Seller shall be deemed to have delivered Decremental Energy to Buyer, in addition to Firm Energy actually delivered by Seller to Buyer.

2. In the event that, because of a mechanical or operating condition of the Facility, the Facility is not capable of generating electricity at the Facility's Designated Capacity when Buyer requests Curtailment or Reduction under this paragraph Seller shall notify Buyer of such condition at the time of Buyer's request for Curtailment or Reduction, and the rate at which Seller shall certify to Buyer that the Facility is then capable of generating electricity shall be substituted for the Facility's Designated Capacity for purposes of determining the Decremental Energy deemed to have been delivered to Buyer during such period of Curtailment or Reduction. If, at any time during a period of Curtailment or Reduction of Deliveries from the Facility at Buyer's request, the Facility's capability to generate electricity shall increase or decrease from the rate of which Seller shall have certified to Buyer that it was capable of generating at the time of Buyer's request, Seller, at its option may, by notice to Buyer, recertify such increased or decreased capability to Buyer and such recertified

capability, rounded to the nearest 100 kilowatts, shall then be substituted for the Facility's Designated Capacity for purposes of determining the Decremental Energy deemed to have been delivered to Buyer during such period of Curtailment or Reduction.

3. During periods in any Calendar Year of Curtailment or Reduction of Deliveries from the Facility at Buyer's request other than during Buyer's Allowed Work Period for such Calendar Year Buyer shall pay Seller for Firm Energy actually delivered to Buyer and deemed to have been delivered to Buyer by operation of Article XI.C.1 and 2 hereof, at prices determined in accordance with Appendix C hereof.

ARTICLE XII: LAND RIGHTS

Seller hereby grants, without cost to Buyer for the term of this Agreement, a n-exclusive right of way for reasonable ingress and egress over property owned y Seller in order to install, operate, inspect, maintain, replace, and remove Buyer's Meters or other Special Facilities, including adequate access rights on the property of Seller; provided that such right-of-way and the use thereof shall not disrupt or otherwise interfere with the normal operations of Seller's business. Seller agrees to execute such other documents as Buyer may reasonably require to perfect such right of way.

ARTICLE XIII: LIQUIDATED DAMAGES; SECURITY

If Seller terminates this Agreement at any time until the Initial Date of Delivery, other than for reasons as provided under Article II.B or C or Article XV hereof, or if Buyer terminates this Agreement pursuant to and in accordance with Article XV hereof, or if Seller delays the Initial Date of Delivery beyond the applicable date determined pursuant to Article XIII.A.2a or b hereof, or if, rior to the Initial Date of Delivery, the Facility's capability to generate

ectricity is less than the Designated Capacity, Buyer and Seller agree that Buyer would be likely to suffer damages as the result of Buyer's dependency upon Seller's Facility as part of Buyer's anticipated future generation capacity. Buyer and Seller further agree that the amount of the actual damages suffered by Buyer would be difficult or impossible to measure. Therefore, Buyer and Seller agree that in the event of such termination, or in the event Seller delays the Initial Date of Delivery beyond the applicable date determined pursuant to Article XIII.A.2.a or b, or in the event that the Facility's capability to generate electricity does not reach the Designated Capacity, Seller shall be liable to pay Buyer for Liquidated Damages in lieu of all other damages whatsoever, including without limitation actual, direct, indirect, incidental, consequential or special damages, in the amounts calculated in accordance with Exhibit A hereto, as applicable. Buyer and Seller agree that the methodologies set forth in Exhibit A for computing Liquidated Damages will result in amounts which reasonably forecast the damages Buyer will suffer in such events.

A.1. If Seller terminates this Agreement at any time from the date this Agreement commences until the Initial Date of Delivery other than for reasons as set forth in Article II.B or C or Article XV hereof, or if during such time Buyer terminates this Agreement pursuant to and in accordance with Article XV hereof, or if during such time Seller notifies Buyer that the Facility's capability to generate electricity is less than the Designated Capacity, Seller shall pay Buyer Liquidated Damages in accordance with this Article XIII and Exhibit A. If Seller shall fail to pay Buyer such Liquidated Damages, payment of the amount of such Liquidated Damages shall be made to Buyer in accordance with the terms of the security agreement required by Article XIII.A.3. hereof.

2. If the Initial Date of Delivery does not occur prior to the Final Delivery Date for reasons other than a Force Majeure as defined in this Agreement and other than Buyer's fault, negligence or unreasonable delay, including Buyer's failure to inspect and approve Seller's Interconnection Equipment in accordance with Article VIII.B. hereof:

a. Seller, at its option may terminate this Agreement on the Final Delivery Date, in which case Seller shall pay Buyer an amount of Liquidated Damages calculated pursuant to Exhibit A. If Seller shall fail to pay Buyer such Liquidated Damages, payment of the amount of such Liquidated Damages shall be made to Buyer in accordance with the terms of the Security Agreement required by Article XIII.A.3 hereof.

b. If Seller chooses not to terminate this Agreement under Article XIII.A.2.a. hereof, Seller's liability to pay Buyer Liquidated Damages under Article XIII.A.2.a. shall be postponed for twelve months from the Final Delivery Date. If after Seller's liability to pay Liquidated Damages under Article XIII.A.2.a. has been so postponed, the Initial Date of Delivery does not occur prior to the date twelve months after the Final Delivery Date, Seller shall be liable to pay Buyer at such later date an amount of Liquidated Damages calculated pursuant to Exhibit A, and Seller may terminate this Agreement at such date without any further liability to Buyer under this Agreement.

3. Seller shall, from the date this Agreement commences until the Initial Date of Delivery, carry a surety bond reasonably acceptable to Buyer, or other form of security reasonably acceptable to Buyer, in the amount of Liquidated Damages for which Seller could be liable at such time, as determined in accordance with Exhibit A hereto.

B.1. If at any time after the Initial Date of Delivery has occurred, and through the Bond Expiration Date as defined in paragraph XIII B.2. below, Seller terminates this Agreement other than for reasons as provided in Article II.C or Article XV, or fails to deliver at least 95,550,000 kWh to Buyer during any period of two consecutive Calendar Years (provided that any such period shall not begin until after the Initial Date of Delivery has occurred), or Buyer terminates this Agreement pursuant to and in accordance with Article XV hereof, Seller shall pay Buyer an amount pursuant to this Article XIII and Exhibit B. If Seller shall fail to pay

Buyer such amount, payment of such amount shall be made to Buyer in accordance with the terms of the Security Agreement required by Article XIII.B.2 hereof. Any failure on Seller's part to deliver at least 95,550,000 kWh in any two consecutive Calendar Years shall be deemed to occur on the last day of such two consecutive Calendar Years for purposes of determining the amounts payable under Exhibit B at the time of such failure.

2. Seller shall, from the Initial Date of Delivery until the Bond Expiration Date as defined herein, carry a surety bond reasonably acceptable to Buyer, or other form of security reasonably acceptable to Buyer, to secure the amount for which Seller could be liable for at that time, as determined in accordance with Exhibit B. The Bond Expiration Date for purposes of this paragraph shall be the date of the first day after December 31, 1990 upon which, beginning with the first kWh delivered on January 1, 1991, a cumulative 474,537,037 kWh shall have been delivered to Buyer from the Facility.

3. Provided, however, that for purposes of this Article XIII.B. when Seller shall initiate Curtailment or Reduction of Deliveries at Buyer's request during any Calendar Year pursuant to Article XI hereof and during periods of Curtailment or Reduction of Deliveries for a Force Majeure claimed by Buyer, for each hour during which deliveries shall have been so Curtailed, Seller shall be deemed to have delivered Firm Energy to Buyer, in addition to Firm Energy actually delivered by Seller to Buyer, at the Facility's Designated Capacity, and for each hour during which deliveries shall have been so Reduced Seller shall be deemed to have delivered Firm Energy to Buyer, in addition to Firm Energy actually delivered to Buyer, at the Facility's Designated Capacity less the rate in kilowatts to which deliveries shall actually have been so Reduced.

4. In the event that, because of a mechanical or operating condition of the Facility, the Facility is not capable of generating electricity at the Facility's Designated Capacity when Buyer requests Curtailment or Reduction of Deliveries pursuant to Article XI hereof Seller shall notify Buyer of such condition at the time of Buyer's request and the rate at which Seller shall certify to Buyer that the Facility is then capable of generating electricity shall be substituted for the Facility's Designated Capacity for purposes of this Article XIII.B. If, at any time during a period of Curtailment or Reduction of Deliveries from the Facility pursuant to Buyer's request, the Facility's capability to generate electricity shall increase or decrease from the rate at which Seller shall have certified to Buyer that it was capable of generating at the time of Buyer's request, Seller at its option may, by notice to Buyer, recertify such increased or decreased capability to Buyer and such recertified capability shall then be substituted for the Facility's Designated Capacity for purposes of Article XIII.B.3. hereof.

5. Provided further that if Seller's failure, during any period of two consecutive Calendar Years, to deliver at least 95,550,000 kWh to Buyer is the result of an operating or mechanical condition of the Facility, upon notice of such condition from Seller, the period over which Seller is required to deliver 95,550,000 kWh to Buyer under this Article XIII.B. shall be extended by one Calendar Year.

6. In the event that Designated Capacity is other than 22,500 kW, the 95,550,000 kWh and 474,537,037 kWh referred to in this Article XIII.B. shall be adjusted upward or downward as applicable, to reflect a directly proportional relationship between these numbers and the Designated Capacity.

ARTICLE XIV: ASSIGNMENT

Seller may, without consent, assign this Agreement to an affiliate. An affiliate for the purposes of this Article shall be an entity which directly or indirectly controls, is controlled by, or is under common control with Seller.

Seller or Seller's permitted successor, assign, pledgee or transferee may, without consent, assign this Agreement for the purpose of facilitating debt and/or equity financing of the Facility.

If any assignment, pledge, or grant of this Agreement is made to a Trustee or Bank for purposes of facilitating financing of the Facility, then no amendment of this Agreement shall be valid except by consent of such Trustee or Bank for so long as said assignment, pledge, or grant is still in effect. Any provision of this Agreement allowing a party to cure a breach or other deficiency will be exercisable by any Trustee or Bank or other party to which this Agreement has been assigned.

Assignment of this Agreement by either Party for any other reason may not be made without prior written consent of the other Party, or its successor, assign, pledgee, or transferee, which consent shall not be unreasonably withheld. This Agreement shall be binding upon and shall inure to the benefit of, or may be performed by, the successors and assigns of the Parties, except that no assignment, pledge or other transfer of this Agreement by any Party shall operate to release the assignor, pledgor or transferor from any of its obligations under this Agreement. (i) unless consent (which consent shall not be unreasonably withheld) to the release is given in writing by (a) the other Party, or (b) if the other Party has theretofore assigned, pledged, or otherwise transferred its interest in this Agreement with the written consent of the other Party, then by such Party's assignee, pledgee or transferee, or (ii) unless such transfer is incident to a merger or consolidation with, or transfer of all or substantially all of the assets of the transferor located at Seller's Facility to, another person or business entity which shall, as part of such succession, assume all the obligations of the transferor under this Agreement.

ARTICLE XV: TERMINATION; MODIFICATION

A. The occurrence of any of the following events will constitute an event of default under this Agreement, and the Party not in default may terminate this Agreement with no liability to the defaulting Party under

this Agreement except as set forth in Article XV.E. hereof, upon notice to the defaulting Party:

1. If either Party fails to make any payment due hereunder and such failure continues for twenty (20) days after notice demanding payment;

2. If either Party fails to observe or perform any other material term, covenant, condition or agreement contained in this Agreement and such failure continues for thirty (30) days after receipt of notice specifying such failure and demanding that it be remedied.

B. The Parties understand and agree that either Party may, unless it consents thereto, be excused from rendering performance to or accepting performance from a person other than the signatory to this Agreement by operation of the Federal Power Act, by the laws and regulations of the State of Maine regulating public utilities, by the Public Utility Regulatory Policies Act of 1978 and by regulations of the Federal Energy Regulatory Commission related thereto, and further agree, therefore, that the following provisions of this Article XV.B, which are mutually protective in nature, shall be given full force and effect by the Parties or by a debtor in possession, trustee, receiver, or custodian.

If either Party becomes bankrupt or insolvent or a voluntary or involuntary proceeding is initiated against a Party under the Bankruptcy or insolvency laws, or a Party fails to meet its debts in the ordinary course of its business, such Party shall be in default of this Agreement, and the Party not in default may terminate this Agreement with no liability to the defaulting Party under this Agreement except as set forth in Article XV.E hereof, upon notice to the defaulting Party; provided, however, that this Agreement shall not be terminated due to a default under this Article XV.B. if, within ten (10) days after receipt of a termination notice from the non-defaulting Party pursuant to this Article XV.B., the Party in default affirms in writing its obligations under this Agreement.

C. Either Party shall, upon request of the other Party at any time, affirm in writing its obligations under this Agreement within ten (10) days of receipt of such request. If a Party fails to affirm this Agreement, the other Party may terminate the Agreement with no liability to the defaulting Party under this Agreement except as set forth in Article XV.E hereof, by giving notice of its intent to do so.

D. If Seller obtains a right to terminate this Agreement under any provision of this Article XV, Seller may transmit electricity on Buyer's system to any electric utility Seller may designate from among the entities interconnected with Buyer, to the extent such transmission does not jeopardize the reliability of Buyer's system and is not inconsistent with Buyer's obligations under Maine and federal law. Buyer will provide such transmission under rate and service conditions that may be reasonable under the circumstances, subject to the approval of the regulatory agencies having jurisdiction over such wheeling transactions.

E. The termination of this Agreement will not discharge either Party from any obligations it owes to the other Party under this Agreement by reason of any transaction, loss, cost, damage, expense or liability which occurred or arose (or the circumstances, events or basis of which occurred or arose) prior to such termination. It is the intent of the Parties that any such obligations owed (whether the same shall be known or unknown at the termination of this Agreement) shall survive the termination of this Agreement.

F. Notwithstanding any other provisions of this Agreement, Seller's notice to Buyer of Buyer's default pursuant to this Article XV shall suspend and toll any obligation of Seller for the Initial Date of Delivery to occur prior to the Final Delivery Date or twelve (12) months thereafter, as the case may be, as set forth in Articles II.A and XIII.A.2. hereof.

G. Buyer may terminate this Agreement upon thirty (30) days notice to Seller if the Initial Date of Delivery has not occurred by June 1, 1989, provided, however, that Buyer may not so terminate this Agreement after the Initial Date of Delivery.

H. No modification of this Agreement will be valid unless it is in writing and signed by both Parties hereto.

ARTICLE XVI: INDEMNITY

Each Party shall indemnify the other Party, its officers, agents, and employees against all loss, damage, expenses, and liability to third persons for injury to or death of persons or injury to property, proximately caused by the indemnifying Party's negligent construction, ownership, operation, or maintenance of any of such Party's equipment or facilities used in connection with this Agreement.

Promptly after receipt by Seller of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this Article XVI above may apply, Seller will notify Buyer in writing of such fact. Buyer will assume the defense thereof with counsel designated by Buyer and satisfactory to the Seller, provided, however, that if the defendants in any such action include both the indemnified Party and the indemnifying Party and the indemnified Party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified Parties which are different from or additional to those available to the indemnifying Party, the indemnified Party or Parties shall have the right to select separate counsel to assert such legal defenses and otherwise to participate in the defense of such action on behalf of such indemnified Party or Parties.

If Seller is entitled to indemnification under this Article XVI as a result of a claim by a third party, and Buyer fails to assume the defense of such claim, Seller will at the expense of Buyer contest (or, with the prior written consent of Buyer settle) such claim, provided that no such contest need be made, and settlement or full payment of any such claim may be made without consent of Buyer (with Buyer being obligated to indemnify Seller under this Article XVI) if, in the opinion of Seller's counsel, such claim is meritorious.

Seller's obligations hereunder, and the requirements as to notices and assumptions of defense, shall be identical to Buyer's obligations to the Seller set forth and more particularly described in this Article XVI.

The amount owing to a Party entitled to indemnification will be the amount of such Party's actual out-of-pocket loss, including attorneys' fees in a reasonable amount, other reasonable costs of defense, and all other reasonable costs that may be incurred by such Party in enforcing this indemnity, net of any insurance (other than self-insurance) or other recovery.

ARTICLE XVII: LIABILITY, DEDICATION

A. Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to or any liability to any person not a Party or a permitted successor or assign to this Agreement.

B. No undertaking by one Party to the other under any provision of this Agreement shall constitute the dedication of that Party's facilities, equipment, or system or any portion thereof to the other Party or to the public, or affect the status of Buyer as an independent public utility corporation, or Seller as an independent entity.

ARTICLE XVIII: INSURANCE

Seller and Buyer shall continuously carry with reputable insurance companies or, with the other Party's consent, self-insure in such reasonable amounts as are customary with other companies operating similar facilities, the following insurance coverage:

1. Bodily injury and property damage liability, including but not limited to Comprehensive General Liability, including premises operations and blanket contractual liability, Comprehensive Automobile Liability and Employer's Liability (hereinafter collectively "Liability Insurance"), and

2. Workers' Compensation and Occupational Disease Insurance.

Liability Insurance shall include: provisions or endorsements naming the other Party, its directors, officers and employees as additional insured; cross-liability or severability of insurance interest clause; and provisions that such policies shall not be cancelled or their limits of liability reduced without thirty days prior written notice to the other Party. A certificate certifying to the issuance of such insurance shall be furnished to the other Party. Initial limits of liability shall be at least $5,000,000 single limit Comprehensive General Liability, $1,000,000 single limit Comprehensive Automobile Liability, and $500,000 limit Employer's Liability.

ARTICLE XIX: FORCE MAJEURE

As used in this Agreement, "Force Majeure" means any cause beyond the reasonable control of and without the fault or negligence of the Party claiming Force Majeure. It shall include, without limitation, sabotage, strikes or other labor difficulties, riots or civil disturbance, acts of God, act of public enemy, drought, earthquake, flood, explosion, fire, lightning, landslide, or similarly cataclysmic occurrence, or appropriation or diversion of electricity by rule or order of any governmental authority having jurisdiction thereof. Economic hardship of either Party shall not constitute a Force Majeure under this Agreement.

If either Party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure as defined above, that Party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected provided that:

The non-performing Party, promptly but in no case longer than five working days after the occurrence of the Force Majeure, gives the other Party written notice describing the particulars of the occurrence;

B. The suspension of performance shall be of no greater scope and of no longer duration than is reasonably required by the Force Majeure;

C. No particular obligations of either Party which arose before the occurrence causing the suspension of performance shall be excused as a result of the occurrence;

D. Seller's obligation to pay Buyer an amount determined pursuant to Exhibit B shall not be excused for Force Majeure claimed by Seller.

E. If any of Buyer's equipment, or any part of its system which is necessary to allow Buyer to accept, transmit or distribute deliveries from Seller's Facility, is damaged because of a Force Majeure as defined above, the Force Majeure shall terminate at such time as Buyer is able to repair, replace, or reconstruct that portion of Buyer's system, including, without limitation, possession of all necessary materials, equipment, permits, authorizations, and licenses.

F. Nothing herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved.

ARTICLE XX: REPRESENTATIONS AND WARRANTIES OF THE PARTIES

A. Seller represents and warrants that it is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority and all necessary governmental permission or authorization to carry on the business presently conducted by it and to enter into this Agreement. The execution and delivery of this Agreement and the performance of Seller's

obligations hereunder have been duly authorized by Seller and all necessary corporate action to consummate the transactions contemplated hereunder has been taken.

Seller further represents and warrants that its Facility will, on the Initial Date of Delivery, be a "qualifying facility" within the meaning of the Public Utility Regulatory Policies Act of 1978, 92 Stat. 3117, and any rules and regulations of the Federal Energy Regulatory Commission promulgated thereunder, and of the Small Power Production Facilities Act, Title 35, Maine Revised Statues, Chapter 172, and any rules and regulations of the Maine Public Utilities Commission promulgated thereunder, and that it will make no modifications, alterations or other changes to its Facility or in the operation of its Facility which would cause such facility to fail to meet the criteria for such qualification.

B. Buyer represents and warrants that it is a corporation duly organized, validly existing and in good standing under the laws of the State of Maine and has all requisite corporate power and authority and all necessary governmental permission or authorization to carry on the business presently conducted by it and to enter into this Agreement. The execution and delivery of this Agreement and the performance of Buyer's obligations hereunder have been duly authorized by Buyer and all necessary corporate action to consummate the transactions contemplated hereunder has been taken.

ARTICLE XXI: SEVERAL OBLIGATIONS

Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership, or joint venture or impose a trust or partnership duty, obligation, or liability or agency relationship, on, or with regard to, either Party.

ARTICLE XXII: WAIVER

Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter.

ARTICLE XXIII: CAPTIONS; COUNTERPARTS

All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be exclusive or definitive or to affect the meaning of the content or scope of this Agreement. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ARTICLE XXIV: CHOICE OF LAWS

This Agreement shall be construed and interpreted in accordance with the laws of the State of Maine notwithstanding any choice of law rules which may direct the application of the laws of another jurisdiction.

ARTICLE XXV: INTEGRATION

The terms and provisions contained in this Agreement, together with the appendices and exhibits attached hereto, between the Seller and Buyer constitute the entire Agreement between the Seller and Buyer and shall supersede all previous communications, representations, or agreements, either verbal or written, between the Seller and Buyer with respect to the subject matter hereof.

ARTICLE XXVI: OFFERING STATEMENT

The Parties agree that this Agreement may be attached to and summarized in any offering statement used by Seller to finance the Facility.

ARTICLE XXVII: PURCHASE AND LEASE OPTIONS

A. During the period from the fifteenth (15) anniversary to the sixteenth (16) anniversary of the Initial Date of Delivery, inclusive (the "Option Period"), Buyer shall have the option to purchase the Facility for its then fair market value as determined by appraisal at that time. Buyer shall give notice to Seller no later than twelve months prior to the commencement of the Option Period of its non-binding preliminary intention with regard to such option, and no later than six months prior to the commencement of the Option Period of its binding, definitive intention with regard to such option. After notice of intention to exercise the option, Buyer may exercise the option on any date (the "Closing Date") during the Option Period upon ninety days prior notice. On the Closing Date, Buyer shall deliver to Seller, in cash, wire transfer, certified check or other immediately available funds, an amount equal to the option price. In addition the Parties shall adjust as of the Closing Date and shall pay to one another at the Closing Date, any prepaid or accrued accounts with respect to the Facility, including, without limitation, real estate taxes. Seller shall deliver to Buyer any and all duly executed and acknowledged deeds, bills of sale or other instruments and documents sufficient, in the opinion of counsel to Buyer, to convey the Facility to Buyer. Conveyance in the case of real property shall be by good and sufficient deed, and in the case of other property shall be by appropriate instrument warranting title to such property against the claims and demands of all persons. The title to the Facility at the time of conveyance to Buyer shall be good and merchantable, free and clear of all encumbrances to merchantability.

Seller shall, within sixty (60) days prior to the Closing Date, furnish Buyer with such documents and information as Buyer may reasonably request in order to conduct such investigation as may be necessary in order to verify the status of the title to the Facility including any title insurance policy or policies in existence. On the Closing Date, the Parties shall furnish such certificates, opinions and other documents and instruments as may be reasonably required in order to evidence the appropriate ability and authority to consummate the transaction. In the event of a defect in the status of the title to the Facility as of the Closing Date, the Closing Date (and, if necessary, the Option Period) shall (unless Buyer elects to waive such defect) be continued or extended for such time as may reasonably be necessary in order to cure such defect.

B. In the alternative, during the Option Period, Buyer shall have the option to lease the Facility on a triple net basis at the annual lease rate of $2.5 million, payable in equal quarterly installments on the first day of January, April, July, and October, provided, however, that such lease shall be made pursuant to a separate writing executed at the time of Buyer's exercise of its option to lease, which writing includes, in addition to the terms specified herein, such other reasonable terms and conditions as shall be agreed upon at the time, and which are not inconsistent with establishing the lease as a true lease for federal income tax purposes. The lease of the Facility shall be for a term which is equal to 74.9% of the Estimated Useful Life, provided, however, that the term shall not extend beyond the earlier of the date on which the estimated residual fair market value (determined without regard to inflation or deflation) of the Facility (a) will equal 20% of its original cost, such date and fair market value being determined by an appraisal as of the Service Date; or (b) will equal 20% of its fair market value as of the Lease Date, such date and fair market value being determined by an appraisal as of the Lease Date. The Estimated Useful Life shall be the remaining useful life of the Facility at the Lease Date as determined by appraisals as of the Lease Date and as of the Service Date, whichever is less. Buyer shall give notice to Seller of its preliminary intention, definitive intention, and exercise thereof of the option to lease the

Facility in the same manner as hereinabove provided with respect to the option to purchase, and on the Closing Date with respect to the exercise of the option to lease the Parties shall furnish such certificates, opinions and other documents and instruments as may be reasonably required in order to establish the lease as a true lease, and to evidence the appropriate ability and authority of the Parties to consummate the transaction. If the lease term as described above extends beyond nine years, Buyer may terminate the lease at the end of the ninth year, by giving six months' prior notice of its intent to terminate.

C. In the event of the exercise by the Buyer of the option to purchase or lease the Facility, this Agreement shall terminate.

D. Seller shall permit Buyer to enter the Facility to the extent reasonably requested or required to inspect the Facility for the purpose of determining whether to exercise any of the options contained in this Article XXVII.

E. If Buyer exercises the option to lease the Facility pursuant to Article XXVII.B., Buyer shall, during the lease term, operate the Facility in accordance with Prudent Electrical Practice, and shall keep and maintain the Facility, and at the termination of any such lease shall surrender the Facility to the Seller, in at least as good condition and repair as at the time of the exercise of the option to lease, reasonable wear and tear excepted.

ARTICLE XXVIII: SEVERABILITY

If and to the extent that any term or provision hereof or the application thereof to any circumstances shall be held invalid or unenforceable, such term or provision shall be ineffective but no such invalidity or unenforceability shall be construed to affect the validity or enforceability of the remainder of this Agreement.

ARTICLE XXIX: ARBITRATION

All differences, claims, demands, actions and causes of action relating to this Agreement arising between the Parties hereto shall be finally settled under the rules of the American Arbitration Association (hereinafter referred to as the "AAA") as amended and in effect as of the date of this Agreement, except as otherwise provided in this Article XXIX. If the Parties are unable to agree upon a single arbitrator, the arbitral tribunal shall consist of three arbitrators, one selected by each of the Parties within thirty days after the filing of the demand for arbitration and a third selected by the first two arbitrators. Should either Party fail to select an arbitrator within thirty days after the filing of the demand for arbitration, a replacement arbitrator shall be appointed by the AAA, and, failing selection of the third arbitrator within twenty days after time has expired for selection of the first two arbitrators, the third arbitrator shall be appointed by the AAA. Any arbitrator appointed by the AAA shall be a person having substantial experience and recognized expertise in the field or fields of the matter(s) in dispute. The Party demanding arbitration shall, after the arbitral tribunal has been selected or appointed, fix a time for hearing and submission of the matter to the arbitral tribunal, to be not less than twenty days nor more than forty-five days from delivery of notice of such hearing. The arbitral tribunal shall issue its decision within ten days after the final submission of the matter has been completed. Any arbitration proceedings hereunder, including the rendering of the award, shall take place in Bangor, Maine, or in such other location or locations as the Parties may agree. Decisions of the arbitral tribunal shall be in accordance with the laws of the State of Maine (excluding any conflict of laws rules which require the application of any other law). The arbitral tribunal shall state the reasons for its award. The award of the arbitral tribunal shall be final (except as otherwise provided by applicable law). Judgment upon such award may be entered by the prevailing Party in any court having jurisdiction thereof, or application may be made by such Party to any such court for judicial acceptance of such award and an order of enforcement. Each Party shall be responsible for its own costs and expenses of the arbitration, and the costs and fees of the arbitral tribunal shall be borne equally by the Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this instrument to be signed and sealed as of the day and year first above written.

Witnesses:

BANGOR HYDRO-ELECTRIC COMPANY

By: _____
Thomas A. Greenquist
President

ULTRAPOWER INCORPORATED

By: _____
T. L. Ogletree, President

L. S. Folks, Chief Financial Officer

APPENDIX A

EQUIPMENT LIST

1. A lockable main disconnect switch which allows isolation of Seller's generator from Buyer's system;

2. Automatic circuit breakers, activated by power sources independent of both Buyer's and Seller's AC voltage sources, which will be triggered by the protective relay system and all fault conditions. One of the circuit breakers shall also be suitable for use in synchronizing the Seller's generator to the Buyer's system;

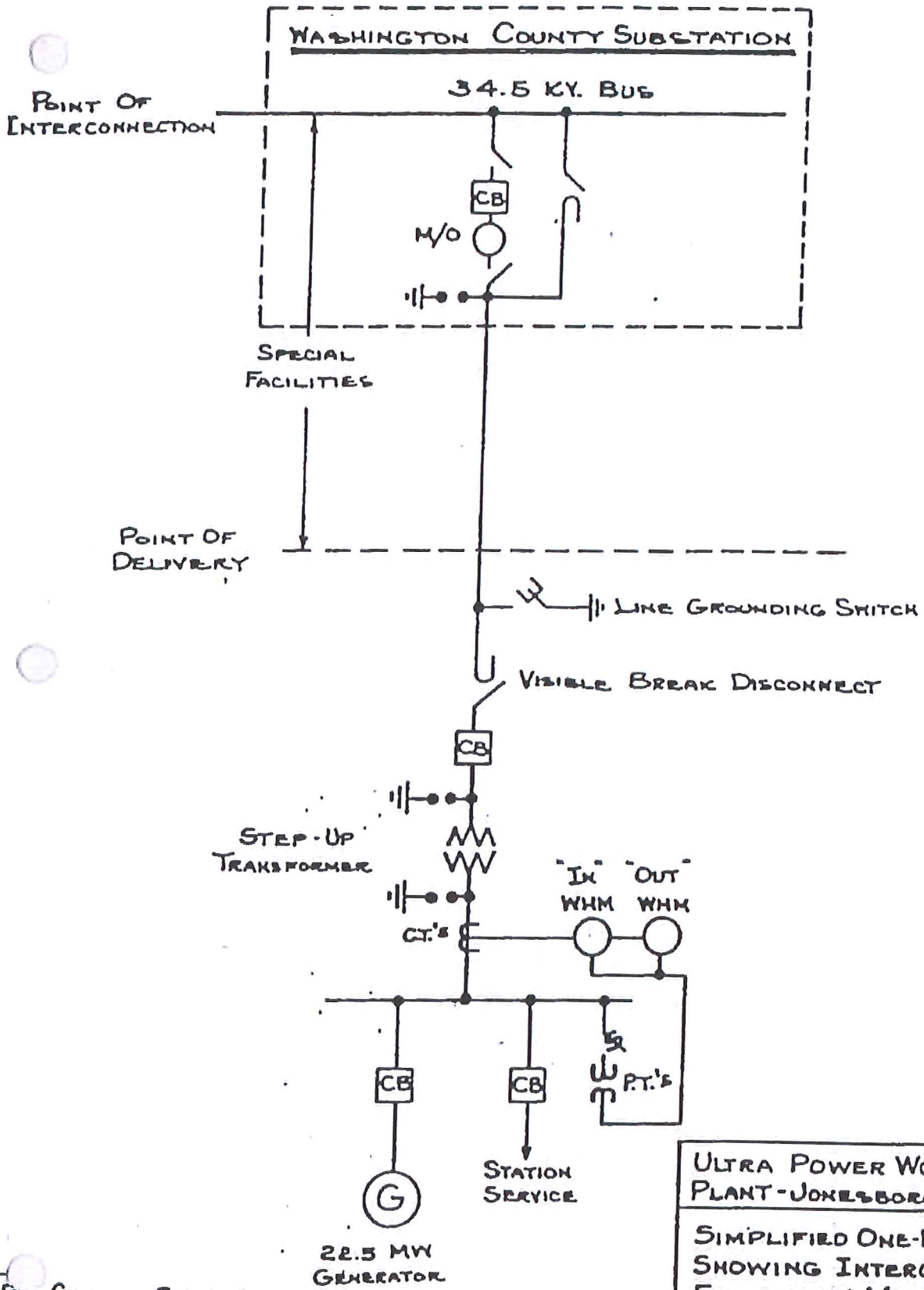
3. Underfrequency and overfrequency protective relays to be used in conjunction with one of the automatic circuit breakers required under paragraph 2 above;

4. Undervoltage and overvoltage protective relays to be used in conjunction with one of the automatic circuit breakers required under paragraph 2 above;

5. Potential and current transformers to be used for the above relaying, sized, connected and approved by Buyer in accordance with Article VIII hereof; and

6. Such other equipment as may be reasonably required by Buyer for the protection of Buyer's electrical system and timely specified in writing to Seller in accordance with Article VIII hereof.

APPENDIX B



CB - CIRCUIT BREAKER

M/O - METERING OUTFIT

ULTRA POWER WOOD BURNING PLANT - JONESBORO, MAINE

SIMPLIFIED ONE-LINE DIAGRAM SHOWING INTERCONNECTION EQUIPMENT, METERING, AND SPECIAL FACILITIES.

APPENDIX C

PAYMENT FOR FIRM ENERGY ACTUALLY DELIVERED AND
DEEMED TO HAVE BEEN DELIVERED UNDER ARTICLE XI.C.

1. During any period of Curtailment or Reduction described in Article XI.C. above Buyer shall pay for Firm Energy actually delivered to Buyer at prices determined in accordance with Article III.A.1 or 2 hereof. During any such period Buyer shall also pay Seller for Decremental Energy, as defined under Article I above, at prices determined in accordance with paragraph 2. below.

2. Buyer shall pay Seller for each kilowatt hour of Decremental Energy at a price calculated, for each period of Curtailment or Reduction described in Article XI C. hereof as follows:

$$DP = [A + B] \times (.688)$$

Where:

DP = Price for Decremental Energy, expressed in ¢/kWh

A = For calendar years 1986 through 2001 inclusive, shall be the Fixed Component payable for such period as determined under Article III.A.1 hereof, and for calendar years 2002 and thereafter, shall be the Savings Component payable for such period as determined under Article III.A.2 hereof.

B = The Variable Component payable for such period as determined under Article III.A.1 or 2.

3. The Parties agree that, if there is a material change in the dispatching philosophy of the Facility by Buyer (e.g. frequent shutdowns), or in the decremental costs of the Seller either Party will have the right to request to renegotiate the price formula stated in paragraph 2 above to change the constant term to more accurately reflect Seller's decremental costs, that is, Seller's variable costs which are actually avoided as the result of not running, or the result of reducing the generating level of the generating unit. The Party receiving such request to renegotiate will not unreasonably refuse such a request.

EXHIBIT A

AMOUNTS PAYABLE UNDER ARTICLE XIII.A.

If, at any time prior to the Initial Date of Delivery, Seller terminates this Agreement other than as provided under Articles II.B.1. or 2, II.C., or XV hereof, or if, during such time, Buyer terminates this Agreement pursuant to and in accordance with Article XV hereof, or if the Initial Date of Delivery is delayed beyond the applicable date determined pursuant to Article XIII.A.2.a or b, or if the Facility's capability to generate electricity is less than the Designated Capacity, Buyer and Seller agree that Buyer would be likely to suffer damages as the result of Buyer's dependency upon Seller's Facility as part of Buyer's anticipated future generation capacity. Buyer and Seller agree that the amount of the actual damages suffered by Buyer would be difficult or impossible to measure, but such damages would be greater the later the termination or the later the Initial Date of Delivery. Therefore, Buyer and Seller agree that in the event of such termination or in the event the Initial Date of Delivery is delayed beyond the applicable date determined pursuant to Article XIII.A.2.a or b, Seller shall be liable to pay Buyer for Liquidated Damages, in lieu of all other damages whatsoever, including, without limitation, actual, direct, indirect, incidental, consequential or special damages, in the amount shown below.

If termination occurs or if Seller notifies Buyer that the Facility's capability to generate electricity is less than the Designated Capacity:	Then liquidated damages for Designated Capacity (in the event of termination) or for the difference (in kW) between the Facility's capability to generate electricity and the Designated Capacity shall be:
Prior to the 36th month preceding the Final Delivery Date (viz., prior to June 1, 1985)	$ 3,000/1,000 kW
After the beginning of the 36th month but prior to the 30th month preceding Final Delivery Date (viz., after June 1, 1985 but prior to December 1, 1985)	$ 4,000/1,000 kW

' termination occurs or if Seller ..otifies Buyer that the Facility's capability to generate electricity is less than the Designated Capacity:	Then liquidated damages for Designated Capacity (in the event of termination) or for the difference (in kW) between the Facility's capability to generate electricity and the Designated Capacity shall be:
After the beginning of the 30th month but prior to the 24th month preceding Final Delivery Date	$ 5,000/1,000 kW
After the beginning of the 24th month but prior to the 18th month preceding Final Delivery Date	$ 6,000/1,000 kW
After the beginning of the 18th month but prior to the 12th month preceding Final Delivery Date	$10,000/1,000 kW
After the beginning of the 12th month but prior to the 6th month preceding Final Delivery Date	$15,000/1,000 kW
After the beginning of the 6th month preceding, and up to or on, the Final Delivery Date	$20,000/1,000 kW

If The Initial Date of Delivery occurs more than twelve (12) months after Final Delivery Date (viz., June 1, 1989), or if termination occurs after the Final Delivery Date, then liquidated damages shall be $40,000 per 1,000 kW of Designated Capacity, or, if liquidated damages have been paid due to the Facility's failure to achieve Designated Capacity, then liquidated damages after the Final Delivery Date shall be $40,000 per 1,000 kW of the Facility's capability to generate electricity.

EXHIBIT B

AMOUNTS PAYABLE UNDER ARTICLE XIII B.

If, at any time after the Initial Date of Delivery through the Bond Expiration Date as defined in Article XIII B.2. hereof, Seller terminates this Agreement other than as provided under Articles II.B.1. or 2, II.C, or XV hereof, or fails to deliver a minimum amount of power to Buyer during a period of two consecutive Calendar Years as provided in Article XIII.B.1 hereof, or if, during such time, Buyer terminates this Agreement pursuant to and in accordance with Article XV hereof, Seller shall pay Buyer an amount to be determined by the formula set forth below:

$$X = PY + [A\ (\$.0072)] - [B\ (\$.0108)]$$

WHERE

X = Dollar amount to be secured in such Calendar Year.

PY = Total dollar amount secured during the immediately preceding Calendar Year pursuant to this Exhibit B.

A = Total kilowatt hours delivered to Buyer and deemed to have been delivered to Buyer by operation of Article XI.C. hereof during such Calendar Year, for each Calendar Year 1986 through 1990, inclusive.

B = Total kilowatt hours delivered to Buyer and deemed to have been delivered to Buyer by operation of Article XI.C. hereof during such Calendar Year, for each Calendar Year 1991 and thereafter.

ATTACHMENT B

1997 Agreement

PETE LEPAGE

NEPOOL

RECEIVED

MAY - 5 1997

INDECK ENERGY SERVICES, INC.

NEPEX

RECEIVED
MAY 12 1997

May 2, 1997

Mr. Allan Waskin
Assistant General Counsel
Indeck Power Overseas, Ltd.
11 South Willis Avenue
Wheeling, FL 60090

Dear Mr. Waskin:

Subject: Power Purchase Agreement Between Indeck and NEPOOL

Enclosed are two copies of the subject agreement for your signature. This Agreement reflects the changes we agreed to during our telephone conversation on May 2, 1997. Please return a signed copy to me by May 9, 1997.

Sincerely,

Peter K. Wong, Manager
Operations Planning & Procedures

Enclosures (2)
cc: Merily Gere - Day, Berry & Howard w/o enclosures
NEPOOL Capacity Situation Task Force w/o enclosures

AGREEMENT

Agreement made as of May __, 1997 by and between INDECK MAINE ENERGY L.L.C., a limited liability company organized under the laws of Illinois, (hereinafter called "Indeck") and the corporate entities that are participants in the New England Power Pool pursuant to the Restated New England Power Pool Agreement, as amended and filed with the Federal Energy Regulatory Commission. Those entities which are the participants in the New England Power Pool as of the date of this Agreement are shown on Schedule A and are acting individually and collectively herein by and through the NEPOOL Management Committee, (or the NEPOOL Executive Committee on behalf of the Management Committee); which committees have been granted authority to act on behalf of and bind each individual NEPOOL participant, such participants are hereinafter called the "NEPOOL Participants."

WHEREAS, the NEPOOL Participants anticipate that the generating resources available to provide electric power service may be insufficient to meet the electric power needs of the New England region during portions of the Summer period of 1997 and that a regional power shortage may therefore occur during portions of the Summer of 1997; and

WHEREAS, the NEPOOL Participants have determined to implement a program to secure additional capacity and associated energy from generating resources situated in New England controlled by NEPOOL Participants and other entities during specified periods of the Summer of 1997; and

WHEREAS, Indeck is not a participant in the New England Power Pool, but is the owner and operator of two currently inactive generating units, one situated at West Enfield, Maine and

the other situated at Jonesboro, Maine; such units being more fully described in Schedule B and are hereinafter called the "West Enfield Unit and the Jonesboro Unit"; and

WHEREAS, the NEPOOL Participants and Indeck have agreed to the terms and conditions set forth in this Agreement, whereby the West Enfield Unit and the Jonesboro Unit will be reactivated and supply power to the NEPOOL Participants during specified portions of the Summer period of 1997.

NOW THEREFORE, in consideration of the mutual provisions contained herein, Indeck and the NEPOOL Participants agree as follows:

1. That Indeck will take all steps necessary to reactivate the West Enfield Unit and the Jonesboro Unit in a manner, and on a schedule, that will permit operation of such units at the respective capacities shown on Schedule B, at the direction of the NEPOOL Participants, during the period from June 15, 1997 through August 31, 1997.

2. The NEPOOL Participants shall have the option to extend the period beyond August 31, 1997 during which the West Enfield Unit and the Jonesboro Unit (or either one of such units) continue to be available to NEPOOL; provided: (a) that Indeck shall not have any obligation to make available the West Enfield Unit and the Jonesboro Unit and furnish energy to the NEPOOL Participants from such units during any period following September 30, 1997, (b) that the period that the NEPOOL Participants may call upon the West Enfield Unit and the Jonesboro Unit to be available to operate shall be no less than seven (7) continuous days, (c) that the NEPOOL Participants will provide no less than seven (7) days' notice to Indeck prior to the commencement of any period of availability following August 31 1997; and (d) that any period of availability during September, 1997 shall be contiguous to a preceding period during which Indeck was obligated to make the units available pursuant to this Agreement (i.e., the NEPOOL

Participants will have no right to exercise the option described in this section in a manner that will result in a gap in the period during which Indeck is obligated to make the units available).

3. Indeck will prepare and submit to the NEPOOL Participants within five (5) business days of the execution of this Agreement a schedule of reactivation activities that will permit operation of the West Enfield Unit and the Jonesboro Unit on June 15, 1997 at the capacities shown on Schedule B. On or before June 15, 1997 but in any event no later than July 1, 1997, NEPOOL will verify that the West Enfield Unit and the Jonesboro Unit reactivation activities have been completed and that the units are operable at the capacities shown on Schedule B. Subject to such verification, the NEPOOL Participants will make payment to Indeck of the following Readiness Fee amounts on June 15, 1997 or such date between June 15, 1997 and July 1, 1997 upon which the conditions in this Section 3 are satisfied:

West Enfield Unit	Jonesboro Unit
$128,172.00	$128,172.00

4. Indeck will reactivate the West Enfield Unit and the Jonesboro Unit and operate such units during the period covered by this Agreement in accordance with good utility practice and will use its best efforts to keep such units operable at the capacities shown on Schedule B during the period from June 15, 1997 through August 31, 1997 and during any extended period of operation pursuant to Section 2.

5. During the period from June 15, 1997 through August 31, 1997 and during any extended period of operation pursuant to Section 2, the NEPOOL Participants shall make the following payments to Indeck:

	West Enfield Unit	Jonesboro Unit
Capacity Charge	$7.98/kW/mo	$7.98/kW/mo
Energy Charge	$0.02090/kWh	$0.03130/kWh

NEPOOL's obligation to make the monthly Capacity Charge specified above shall be proportionately reduced if 1) the units are only required by this Agreement to be available for a portion of a month or 2) if the units are not operational as required in Section 3 (e.g., for the last fifteen (15) days of June, Indeck shall be entitled to one-half of the monthly Capacity Charge if the units are operational for those fifteen (15) days).

6. Indeck will render bills to the NEPOOL Participants promptly following the last day of June, July, August and September for service rendered during the prior month pursuant to this Agreement, and the NEPOOL Participants will make payment of such bills within fifteen (15) days following their receipt.

7. Energy will be furnished to the NEPOOL Participants from the West Enfield Unit and the Jonesboro Unit utilizing the interconnection facilities and metering equipment described in Schedule B. Energy deliveries by Indeck shall be in the form of three-phase sixty hertz alternating current at a nominal voltage of 34.5kV at the Jonesboro Unit and a nominal voltage of 115kV at the West Enfield Unit.

Metering equipment may be tested by the NEPOOL Participants at any time, provided that such testing is done at the expense of the NEPOOL Participants and follows notice to Indeck by the NEPOOL Participants at least twenty-four (24) hours prior to the test. If the metering equipment is found to be inaccurate by more than two percent (2%): (1) Indeck shall reimburse the NEPOOL Participants for the costs of testing and the metering equipment shall be made accurate or replaced by Indeck at its expense, and (2) meter readings shall be adjusted insofar as

the same can be reasonably ascertained, but no adjustment prior to the beginning of the preceding month shall be made without agreement by Indeck and the NEPOOL Participants.

8. The NEPOOL Participants will supply, without cost to Indeck, sufficient station service energy to permit reactivation and operation of the West Enfield Unit and the Jonesboro Unit and any station service energy required by the units during periods when the units are not operating. The amount of station service energy the NEPOOL Participants will be responsible for under this Section 8 is only the amount by which the station service for each unit exceeds $7,000.00 in a calender month.

9. The NEPOOL Participants will purchase from Indeck any test energy produced as part of reactivation activities by the West Enfield Unit and the Jonesboro Unit. Payment for such test energy will be at the Energy Charge rates specified in Section 5.

10. The NEPOOL Participants will secure, without charge to Indeck, any transmission service needed to transmit energy from the West Enfield Unit and the Jonesboro Unit to the NEPOOL Participants.

11. Indeck and the NEPOOL Satellite operated by Central Maine Power Company shall each notify the other in writing of the telephone communication protocol required for operational communications, including dispatch instructions.

Any notice, demand or request required or authorized by this Agreement (other than operational communications) shall be given by one party to the other party in writing. Any such notice shall either be personally delivered or mailed, postage prepaid, to the representative of the other party designated in this section. Any such notice, demand or request so delivered or mailed shall be deemed to be given when so delivered or mailed.

Written notices and other communications by the NEPOOL Participants to Indeck shall be addressed to:

Mr. Thomas M. Campone, President
Indeck Maine Energy, L.L.C.
1130 Lake Cook Road, Suite 300
Buffalo Grove, IL 60089

Written notices and other communications by Indeck to the NEPOOL Participants shall be addressed to:

Chief Executive
New England Power Pool
One Sullivan Road
Holyoke, MA 01040-2841

Either party may change its representative by written notice to the other.

12. The parties' representatives designated in Section 11 to receive written notices shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement; however, they shall not have authority to amend, modify, or waive any provision of this Agreement.

13. Neither Indeck nor the NEPOOL Participants, nor their respective officers, directors, agents, employees, parent or affiliates, or their respective officers, directors, agents or employees shall be liable to any other party to this Agreement or to such party's parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns, for claims for incidental, indirect or consequential damages connected with or resulting from performance or non-performance of this Agreement, including, without limitation, claims in the nature of lost

revenues, income or profits irrespective of whether such claims are based upon warranty, negligence, strict liability, contract, operation of law or otherwise.

14. Indeck shall defend, indemnify and save the NEPOOL Participants, their officers, directors, employees, agents and affiliates and their officers, directors, employees and agents harmless from and against any and all claims, suits, actions or causes of action for damage by reason of bodily injury, death or damage to property caused by, or resulting from, the negligence or willful misconduct of, Indeck, its officers, directors, employees, agents or affiliates or caused by or sustained on Indeck's facilities, except to the extent caused by an act of negligence or willful misconduct by an officer, director, agent, employee or affiliate or the NEPOOL Participants, their successors or assigns.

15. Nothing in this Agreement shall be construed as creating any relationship between the parties other than that of independent contractors.

16. The provisions of this Agreement shall be binding upon and inure to the benefit of the respective representatives, successors and permitted assigns of the parties hereto. Notwithstanding the foregoing, this Agreement shall not be assignable in whole or in part by either party, except for (i) an assignment with the prior written consent of the other party or (ii) an assignment in whole of this Agreement by a party to an Affiliate of the party in connection with a sale of substantially all of the assets or capital stock of the party to such Affiliate or in connection with a merger of the party into such Affiliate.

"Affiliate" means, with respect to any party (i) any person or entity directly or indirectly controlling, controlled by or under common control with such party, (ii) any officer, director, general partner, member or trustee of such party, or (iii) any person who is an officer, director, general partner, member or trustee of any person or entity described in clauses (i) or (ii) of this

sentence. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a party to this Agreement, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general partners, or persons exercising similar authority with respect to such party.

17. The parties shall be excused from performing their respective obligations under this Agreement and shall not be liable in damages or otherwise, if and only to the extent that they are unable to so perform or are prevented from performing by an event of force majeure. An event of force majeure includes, without limitation, storm, flood, lightning, drought, earthquake, fire, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, or any other cause beyond their control, including, without limitation, shutdown of, or limited operation of, West Enfield Unit and the Jonesboro Unit due to breakdown or unscheduled repair or maintenance.

No event caused by or resulting from any party's failure to operate and maintain its facilities in accordance with good utility practice, shall be deemed to be an event of force majeure, unless such failure is the result of an event beyond such party's reasonable control.

18. If either party shall rely on the occurrence of an event or condition described in Section 17 as a basis for being excused from performance of its obligations under this Agreement, then the party relying on the event or condition shall:

(i) provide prompt notice to the other parties of the occurrence of the event or condition giving an estimation of its expected duration and the probable impact on the performance of its obligations hereunder,

(ii) exercise all reasonable efforts to continue to perform its obligations hereunder,

(iii) expeditiously take action to correct or cure the event or condition excusing performance,

(iv) exercise all reasonable efforts to mitigate or limit damages to the other party to the extent such action will not adversely affect its own interests, and

(v) provide prompt notice to the other parties of the cessation of the event or condition giving rise to its excusal from performance.

19. The failure of any party to insist in any one or more instance upon strict performance of any of the provisions of this Agreement or to take advantage of any right under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, but the same shall continue and remain in full force and effect, except with respect to the particular instance or instances.

20. This Agreement and all rights, obligations, and performances of the parties hereunder, are subject to all applicable state and Federal laws, and to all duly promulgated orders and other duly authorized actions of governmental authorities having jurisdiction.

Each of the parties shall secure any license or other governmental approval or acceptance required to permit full and timely performance of that party's obligations under this Agreement.

21. Any dispute between the parties with respect to this Agreement shall be submitted to arbitration upon the request of either party. Copies of any such request shall be served on the other party and such request shall specify the issues in dispute and summarize the complaining party's claim with respect thereto.

Within ten (10) days after the receipt of such request, authorized representatives of the parties shall confer and attempt to agree upon appointment of a single arbitrator. If such agreement is not accomplished within twenty (20) days after receipt of such request, either party may request the American Arbitration Association to appoint an arbitrator in accordance with its Commercial Arbitration Rules, which rules shall govern the conduct of the arbitration in the absence of contrary agreement by the parties. The arbitrator shall conduct a hearing and within thirty (30) days thereafter, unless such time is extended by agreement of the parties, shall notify the parties in writing of the decision. Such notification shall include a statement of the reasons for such decision and shall separately list findings of fact and conclusions of law. The arbitrator shall have no power to amend or add to this Agreement or any part hereof, but shall have the right to interpret its language and make findings of fact. Subject to such limitation, the decision of the arbitrator shall be final and binding, except that either party may petition a court of competent jurisdiction of review or errors of law. The decision of the arbitrator shall determine and specify how the expenses of the arbitration shall be borne.

22. Interpretation and performance of this Agreement shall be in accordance with and controlled by the law of Maine and, except as provided in Section 21, the state or Federal courts of Maine shall have jurisdiction over cases and controversies arising hereunder.

23. If any provision or provisions of this Agreement shall be held invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

24. No modification to this Agreement shall be binding on either party unless it shall be in writing and signed by the authorized representatives of each of the parties.

25. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and its execution supersedes all previous agreements, discussions, communications and correspondence with respect to such subject matter.

26. This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

The parties have caused their duly authorized representatives to execute this Agreement on their behalf as of the date first above written.

INDECK MAINE ENERGY L.L.C.

By: Thomas M. Campone

Title: PRESIDENT

NEPOOL PARTICIPANTS

PKW By: Robert E. Chamberlain

Title: NEPOOL CEO

SCHEDULE A

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SCHEDULE B

(technical description of the West Enfield Unit and the Jonesboro Unit and related metering and interconnection facilities)

The West Enfield Unit is located in West Enfield, Maine and has a net capacity of 24,500 kW. Its electric power delivery point is the connection to Line 64 at the Enfield 115 kV Substation. Subsequently, this interconnects with the 115 kV main and transfer lines at Chester Substation.

The Jonesboro Unit is located in Jonesboro, Maine and has a net capacity of 24,500 kW. Its electric power delivery point is the connection to the 34.5 kV main and transfer lines as the Washington County Substation.

The plants both include a fuel handling system, a Babcock & Wilcox circulating fluid bed boiler, and a Mitsubishi single-flow, condensing steam turbine-generator. The plants include cooling towers for heat rejection from the steam cycle.

The boilers can burn a variety of fuels including wood (chips, sawdust, and bark) and paper mill waste. Propane is used as a start-up fuel. The fluid bed boilers burn fuel at relatively low temperature, minimizing formation of nitrous oxides. An electrostatic precipitator removes particulate from the boiler exhaust before discharge to the atmosphere.

Both generators operate at 12.4 kV which is stepped up to match the electric system voltage. At West Enfield, voltage is stepped up through a transformer to 115 kV for delivery through a transmission line one mile in length. At Jonesboro, voltage is stepped up through a transformer to 34.5 kV for delivery through a transmission line approximately 3/8 of a mile in length. Both facilities include the required protective devices, visible break disconnects, line grounding switches, metering, etc.

The metering facilities for the purpose of registering the net electrical output produced by the West Enfield Unit and the Jonesboro Unit are owned by Bangor Hydro Electric Company ("BHE") and are located on the BHE side of the 115 kV point of interconnection. The metering equipment is solid state bi-directional "Quantum" type, manufactured by Schlumberger Industries, Inc. The meters will be remotely accessed and read via SCADA on an hourly basis by BHE from the BHE Control Center.

ATTACHMENT C

Sand Usage and Heat Rate Analysis

Jonesboro Plant
Heat Rate
(1995-2010)

DATE	WOOD BURNED (GREEN TONS)
Jan-95	0
Feb-95	877
Mar-95	0
Apr-95	0
May-95	4,213
Jun-95	7,213
Jul-95	0
Aug-95	0
Sep-95	0
Oct-95	0
Nov-95	0
Dec-95	0
TOTALS	12,928

DATE	WOOD BURNED (GREEN TONS)
Jan-96	0
Feb-96	0
Mar-96	0
Apr-96	0
May-96	0
Jun-96	0
Jul-96	0
Aug-96	0
Sep-96	0
Oct-96	0
Nov-96	0
Dec-96	0
TOTALS	0

DATE	WOOD BURNED (GREEN TONS)
Jan-97	23
Feb-97	0
Mar-97	0
Apr-97	0
May-97	0
Jun-97	5,431
Jul-97	6,336
Aug-97	3,251
Sep-97	0
Oct-97	6,681
Nov-97	6,202
Dec-97	0
TOTALS	29,935

DATE	WOOD BURNED (GREEN TONS)
Jan-98	23
Feb-98	0
Mar-98	0
Apr-98	0
May-98	0
Jun-98	0
Jul-98	2,423
Aug-98	41
Sep-98	0
Oct-98	418
Nov-98	0
Dec-98	0
TOTALS	2,908

DATE	WOOD BURNED (GREEN TONS)
Jan-99	2,036
Feb-99	0
Mar-99	0
Apr-99	0
May-99	1,804
Jun-99	1,272
Jul-99	2,777
Aug-99	0
Sep-99	0
Oct-99	676
Nov-99	0
Dec-99	0
TOTALS	8,606

DATE	WOOD BURNED (GREEN TONS)
Jan-00	0
Feb-00	2,054
Mar-00	475
Apr-00	0
May-00	0
Jun-00	0
Jul-00	0
Aug-00	0
Sep-00	567
Oct-00	0
Nov-00	0
Dec-00	0
TOTALS	3,101

DATE	WOOD BURNED (GREEN TONS)
Jan-01	351
Feb-01	592
Mar-01	0
Apr-01	0
May-01	0
Jun-01	0
Jul-01	0
Aug-01	0
Sep-01	2,752
Oct-01	50
Nov-01	442
Dec-01	0
TOTALS	4,187

DATE	WOOD BURNED (GREEN TONS)
Jan-02	0
Feb-02	0
Mar-02	0
Apr-02	0
May-02	0
Jun-02	0
Jul-02	0
Aug-02	0
Sep-02	1,147
Oct-02	0
Nov-02	0
Dec-02	0
TOTALS	1,147

DATE	WOOD BURNED (GREEN TONS)
Jan-03	0
Feb-03	0
Mar-03	0
Apr-03	0
May-03	0
Jun-03	0
Jul-03	0
Aug-03	0
Sep-03	0
Oct-03	0
Nov-03	0
Dec-03	0
TOTALS	0

DATE	WOOD BURNED (GREEN TONS)
Jan-04	0
Feb-04	0
Mar-04	0
Apr-04	0
May-04	11,152
Jun-04	9,976
Jul-04	673
Aug-04	13,542
Sep-04	5,075
Oct-04	9,761
Nov-04	14,463
Dec-04	15,795
TOTALS	79,517

DATE	WOOD BURNED (GREEN TONS)
Jan-05	19,896
Feb-05	19,759
Mar-05	19,819
Apr-05	20,036
May-05	17,750
Jun-05	7,412
Jul-05	19,219
Aug-05	22,868
Sep-05	22,866
Oct-05	17,707
Nov-05	23,719
Dec-05	23,355
TOTALS	217,462

DATE	WOOD BURNED (GREEN TONS)
Jan-06	23,572
Feb-06	20,564
Mar-06	22,517
Apr-06	21,613
May-06	14,208
Jun-06	18,582
Jul-06	24,911
Aug-06	21,709
Sep-06	23,647
Oct-06	23,587
Nov-06	18,717
Dec-06	25,476
TOTALS	259,342

DATE	WOOD BURNED (GREEN TONS)
Jan-2007	24,985
Feb-2007	21,439
Mar-2007	22,774
Apr-2007	21,928
May-2007	8,248
Jun-2007	21,018
Jul-2007	20,906
Aug-2007	14,704
Sep-2007	19,169
Oct-2007	21,825
Nov-2007	24,207
Dec-2007	22,805
TOTALS	244,548

DATE	WOOD BURNED (GREEN TONS)
Jan-2008	23,902
Feb-2008	22,910
Mar-2008	11,185
Apr-2008	21,834
May-2008	17,762
Jun-2008	18,354
Jul-2008	18,115
Aug-2008	25,209
Sep-2008	21,797
Oct-2008	11,886
Nov-2008	21,661
Dec-2008	25,260
TOTALS	243,923

DATE	WOOD BURNED (GREEN TONS)
Jan-2009	19,613
Feb-2009	19,705
Mar-2009	22,078
Apr-2009	16,913
May-2009	21,161
Jun-2009	19,961
Jul-2009	18,601
Aug-2009	25,516
Sep-2009	21,986
Oct-2009	9,490
Nov-2009	23,213
Dec-2009	20,805
TOTALS	231,254

DATE	WOOD BURNED (GREEN TONS)
Jan-2010	24,273
Feb-2010	21,443
Mar-2010	25,944
Apr-2010	11,796
May-2010	24,869
Jun-2010	17,009
Jul-2010	24,982
Aug-2010	25,901
Sep-2010	7,788
Oct-2010	0
Nov-2010	0
Dec-2010	0
TOTALS	179,438

Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)		Generation (MWh)	
0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	1255	1.65	0	#DIV/0!	211	1.66	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	11,345	1.83	16,858	1.54	16,858	1.51	17,160	1.45	13,443	1.46	16,570	1.46
554	1.58	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	368	1.60	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	11,375	1.58	13,542	1.54	15,493	1.51	15,793	1.45	13,530	1.48	14,430	1.48
0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	1,261	1.65	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	11,660	1.36	14,606	1.54	14,603	1.56	7,638	1.49	15,687	1.46	16,087	1.47
0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	299	1.59	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	15,141	1.32	14,033	1.54	15,353	1.45	16,381	1.45	10,909	1.43	7,895	1.48
2,226	2.14	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	1,351	1.65	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	6,946	1.61	9,931	1.38	9,280	1.54	5,681	1.45	12,370	1.46	14,913	1.47
2,815	2.02	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	757	1.64	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	5,905	1.62	12,247	1.52	16,556	1.45	12,550	1.46	13,439	1.49	12,206	1.47
0	#DIV/0!	0	#DIV/0!	1,935	1.62	1,586	1.53	1,696	1.64	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	435	1.55	14,254	1.35	16,298	1.53	14,333	1.46	12,356	1.47	10,338	1.55	17,069	1.46
0	#DIV/0!	0	#DIV/0!	1,993	1.63	24	1.79	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	8,270	1.64	14,758	1.55	14,123	1.54	9,567	1.50	17,225	1.46	15,684	1.49	15,429	1.48
0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	346	1.66	1,774	1.54	691	1.66	0	#DIV/0!	0	#DIV/0!	3,270	1.55	15,579	1.52	10,337	1.47	14,682	1.46	14,839	1.48	5,182	1.51
0	#DIV/0!	0	#DIV/0!	4,601	1.45	248	1.69	175	1.81	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	5,499	1.62	12,147	1.55	15,606	1.51	14,966	1.46	8,329	1.46	6,368	1.49	0	#DIV/0!
0	#DIV/0!	0	#DIV/0!	4,295	1.57	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	328	1.52	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	8,458	1.71	15,196	1.53	12,272	1.52	16,617	1.46	14,711	1.47	16,073	1.44	0	#DIV/0!
0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	0	#DIV/0!	9,246	1.62	15,132	1.55	26,815	1.51	15,702	1.45	12,227	1.46	14,336	1.46	0	#DIV/0!
5,595	2.01	0	#DIV/0!	12,859	1.56	1,858	1.57	5,234	1.66	1,896	1.64	2,672	1.57	691	1.66	0	#DIV/0!	0	#DIV/0!	118,734	1.61	167,579	1.47	169,720	1.53	165,338	1.48	166,312	1.46	158,461	1.47	221,726	1.47

Tons of Wood/MWh from 1/2/1995 through 12/31/1997	1.47	9.30	MMBTU/Ton	13.52	MMBTU/MWh	19.516	BTU/kWh
Tons of Wood/MWh from 1/1/1995 through 4/30/2004	1.65	9.30	MMBTU/Ton	15.37	MMBTU/MWh	15.369	BTU/kWh
Tons of Wood/MWh from 5/1/2004 through 6/30/2005	1.51	9.30	MMBTU/Ton	14.09	MMBTU/MWh	14.085	BTU/kWh
Tons of Wood/MWh from 7/1/2005 through 9/12/2010	1.49	9.30	MMBTU/Ton	13.82	MMBTU/MWh	13.821	BTU/kWh
Tons of Wood/MWh from 9/1/2009 through 9/12/2010	1.49	9.30	MMBTU/Ton	13.68	MMBTU/MWh	13.685	BTU/kWh

No Improvement Period
Improvement Periods --
Early Improvement Period
Late Improvement Period
Latest Improvement Period
Post Steam Drum Failure Period

Jonesboro Plant
Sand Usage
(1995-2010)

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-95	[illegible]	0	#####
Feb-95	[illegible]	554	#####
Mar-95	[illegible]	0	#####
Apr-95	[illegible]	0	#####
May-95	[illegible]	2,226	#####
Jun-95	[illegible]	2,615	#####
Jul-95	[illegible]	0	#####
Aug-95	[illegible]	0	#####
Sep-95	[illegible]	0	#####
Oct-95	[illegible]	0	#####
Nov-95	[illegible]	0	#####
Dec-95	[illegible]	0	#####
TOTALS	[illegible]	5,395	#####

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-96	[illegible]	0	#DIV/0!
Feb-96	[illegible]	0	#DIV/0!
Mar-96	[illegible]	0	#DIV/0!
Apr-96	[illegible]	0	#DIV/0!
May-96	[illegible]	0	#DIV/0!
Jun-96	[illegible]	0	#DIV/0!
Jul-96	[illegible]	0	#DIV/0!
Aug-96	[illegible]	0	#DIV/0!
Sep-96	[illegible]	0	#DIV/0!
Oct-96	[illegible]	0	#DIV/0!
Nov-96	[illegible]	0	#DIV/0!
Dec-96	[illegible]	0	#DIV/0!
TOTALS	[illegible]	0	#DIV/0!

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-97	[illegible]	0	#DIV/0!
Feb-97	[illegible]	0	#DIV/0!
Mar-97	[illegible]	0	#DIV/0!
Apr-97	[illegible]	0	#DIV/0!
May-97	[illegible]	0	#DIV/0!
Jun-97	85	3,434	0.0248
Jul-97	70	3,936	0.0178
Aug-97	73	1,993	0.0366
Sep-97	[illegible]	0	#DIV/0!
Oct-97	109	4,601	0.0217
Nov-97	100	4,295	0.0233
Dec-97	[illegible]	0	#DIV/0!
TOTALS	437	18,259	0.0239

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-98	[illegible]	0	#DIV/0!
Feb-98	[illegible]	0	#DIV/0!
Mar-98	[illegible]	0	#DIV/0!
Apr-98	[illegible]	0	#DIV/0!
May-98	[illegible]	0	#DIV/0!
Jun-98	[illegible]	0	#DIV/0!
Jul-98	[illegible]	1,506	0.0290
Aug-98	[illegible]	24	0.0000
Sep-98	[illegible]	0	#DIV/0!
Oct-98	[illegible]	248	0.0363
Nov-98	[illegible]	0	#DIV/0!
Dec-98	[illegible]	0	#DIV/0!
TOTALS	[illegible]	1,858	0.0371

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-99	[illegible]	1255	0.0183
Feb-99	[illegible]	0	#DIV/0!
Mar-99	[illegible]	0	#DIV/0!
Apr-99	[illegible]	0	#DIV/0!
May-99	[illegible]	1,151	0.0217
Jun-99	[illegible]	757	0.0634
Jul-99	[illegible]	1,696	0.0201
Aug-99	[illegible]	0	#DIV/0!
Sep-99	[illegible]	0	#DIV/0!
Oct-99	[illegible]	375	0.0613
Nov-99	[illegible]	0	#DIV/0!
Dec-99	[illegible]	0	#DIV/0!
TOTALS	[illegible]	5,234	0.0292

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-00	[illegible]	0	#DIV/0!
Feb-00	[illegible]	0	#DIV/0!
Mar-00	[illegible]	1,251	0.0224
Apr-00	[illegible]	299	0.0100
May-00	[illegible]	0	#DIV/0!
Jun-00	[illegible]	0	#DIV/0!
Jul-00	[illegible]	0	#DIV/0!
Aug-00	[illegible]	0	#DIV/0!
Sep-00	[illegible]	346	0.0434
Oct-00	[illegible]	0	#DIV/0!
Nov-00	[illegible]	0	#DIV/0!
Dec-00	[illegible]	0	#DIV/0!
TOTALS	[illegible]	1,896	0.0241

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-01	[illegible]	211.262	0.0000
Feb-01	[illegible]	169	0.0000
Mar-01	[illegible]	0	#DIV/0!
Apr-01	[illegible]	0	#DIV/0!
May-01	[illegible]	0	#DIV/0!
Jun-01	[illegible]	0	#DIV/0!
Jul-01	[illegible]	0	#DIV/0!
Aug-01	[illegible]	0	#DIV/0!
Sep-01	[illegible]	1,774	0.0214
Oct-01	[illegible]	0	#DIV/0!
Nov-01	[illegible]	914	0.0472
Dec-01	[illegible]	0	#DIV/0!
TOTALS	[illegible]	2,672	0.0240

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-02	[illegible]	0	#DIV/0!
Feb-02	[illegible]	0	#DIV/0!
Mar-02	[illegible]	0	#DIV/0!
Apr-02	[illegible]	0	#DIV/0!
May-02	[illegible]	0	#DIV/0!
Jun-02	[illegible]	0	#DIV/0!
Jul-02	[illegible]	0	#DIV/0!
Aug-02	[illegible]	0	#DIV/0!
Sep-02	[illegible]	691	0.0162
Oct-02	[illegible]	0	#DIV/0!
Nov-02	[illegible]	0	#DIV/0!
Dec-02	[illegible]	0	#DIV/0!
TOTALS	[illegible]	691	0.0162

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-03	[illegible]	0	#DIV/0!
Feb-03	[illegible]	0	#DIV/0!
Mar-03	[illegible]	0	#DIV/0!
Apr-03	[illegible]	0	#DIV/0!
May-03	[illegible]	0	#DIV/0!
Jun-03	[illegible]	0	#DIV/0!
Jul-03	[illegible]	0	#DIV/0!
Aug-03	[illegible]	0	#DIV/0!
Sep-03	[illegible]	0	#DIV/0!
Oct-03	[illegible]	0	#DIV/0!
Nov-03	[illegible]	0	#DIV/0!
Dec-03	[illegible]	0	#DIV/0!
TOTALS	[illegible]	0	#DIV/0!

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-04	[illegible]	0	#DIV/0!
Feb-04	[illegible]	0	#DIV/0!
Mar-04	[illegible]	0	#DIV/0!
Apr-04	[illegible]	0	#DIV/0!
May-04	[illegible]	6,546	0.0066
Jun-04	[illegible]	5,909	0.0047
Jul-04	[illegible]	435	0.0138
Aug-04	[illegible]	4,270	0.0036
Sep-04	[illegible]	3,270	0.0000
Oct-04	[illegible]	5,697	0.0060
Nov-04	[illegible]	8,458	0.0037
Dec-04	[illegible]	9,746	0.0114
TOTALS	[illegible]	45,734	0.0059

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-05	[illegible]	11,945	0.0036
Feb-05	[illegible]	11,375	0.0021
Mar-05	[illegible]	11,660	0.0086
Apr-05	[illegible]	15,141	0.0043
May-05	[illegible]	9,971	0.0042
Jun-05	[illegible]	2,831	0.0169
Jul-05	[illegible]	14,254	0.0054
Aug-05	[illegible]	14,758	0.0074
Sep-05	[illegible]	14,831	0.0020
Oct-05	[illegible]	11,142	0.0062
Nov-05	[illegible]	16,196	0.0034
Dec-05	[illegible]	15,112	0.0034
TOTALS	[illegible]	147,578	0.0049

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-06	[illegible]	15,310	0.0026
Feb-06	[illegible]	13,542	0.0063
Mar-06	[illegible]	14,606	0.0043
Apr-06	[illegible]	14,073	0.0063
May-06	[illegible]	9,160	0.0028
Jun-06	[illegible]	12,247	0.0045
Jul-06	[illegible]	16,288	0.0053
Aug-06	[illegible]	14,123	0.0117
Sep-06	[illegible]	15,529	0.0077
Oct-06	[illegible]	15,606	0.0096
Nov-06	[illegible]	12,272	0.0116
Dec-06	[illegible]	16,815	0.0078
TOTALS	[illegible]	169,720	0.0067

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-2007	[illegible]	14,304	0.0062
Feb-2007	[illegible]	15,491	0.0077
Mar-2007	[illegible]	14,603	0.0080
Apr-2007	[illegible]	15,163	0.0060
May-2007	[illegible]	5,681	0.0120
Jun-2007	[illegible]	16,558	0.0129
Jul-2007	[illegible]	14,335	0.0181
Aug-2007	[illegible]	9,567	0.0120
Sep-2007	[illegible]	10,337	0.0157
Oct-2007	[illegible]	14,960	0.0128
Nov-2007	[illegible]	16,637	0.0086
Dec-2007	[illegible]	15,272	0.0135
TOTALS	[illegible]	165,316	0.0109

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-2008	[illegible]	17,163	0.0112
Feb-2008	[illegible]	15,793	0.0095
Mar-2008	[illegible]	7,618	0.0156
Apr-2008	[illegible]	16,361	0.0082
May-2008	[illegible]	13,170	0.0114
Jun-2008	[illegible]	12,550	0.0128
Jul-2008	[illegible]	12,356	0.0121
Aug-2008	[illegible]	17,228	0.0071
Sep-2008	[illegible]	14,884	0.0068
Oct-2008	[illegible]	8,120	0.0087
Nov-2008	[illegible]	14,713	0.0099
Dec-2008	[illegible]	17,327	0.0092
TOTALS	[illegible]	166,312	0.0099

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-2009	[illegible]	13,440	0.0120
Feb-2009	[illegible]	13,510	0.0129
Mar-2009	[illegible]	13,687	0.0123
Apr-2009	[illegible]	13,909	0.0214
May-2009	[illegible]	14,450	0.0144
Jun-2009	[illegible]	13,419	0.0087
Jul-2009	[illegible]	10,318	0.0090
Aug-2009	[illegible]	15,064	0.0068
Sep-2009	[illegible]	14,809	0.0093
Oct-2009	[illegible]	6,380	0.0132
Nov-2009	[illegible]	16,078	0.0155
Dec-2009	[illegible]	14,318	0.0214
TOTALS	[illegible]	158,461	0.0128

DATE	Bed Sand (TONS)	Generation (MWh)	
Jan-2010	[illegible]	16,570	0.0260
Feb-2010	[illegible]	14,490	0.0211
Mar-2010	[illegible]	16,062	0.0207
Apr-2010	[illegible]	7,899	0.0176
May-2010	[illegible]	16,914	0.0122
Jun-2010	[illegible]	12,206	0.0205
Jul-2010	[illegible]	17,069	0.0210
Aug-2010	[illegible]	11,429	0.0196
Sep-2010	[illegible]	5,147	0.0115
Oct-2010	[illegible]	0	#DIV/0!
Nov-2010	[illegible]	0	#DIV/0!
Dec-2010	[illegible]	0	#DIV/0!
TOTALS	[illegible]	121,726	0.0196

Tons of Sand/MWh from 3/2/1995 through 12/31/1997	0.0313	2,000.00	Lbs/Ton	62.63	Lbs of Sand/MWh
Tons of Sand/MWh from 1/1/1995 through 4/30/2004	0.0302	2,000.00	Lbs/Ton	60.49	Lbs of Sand/MWh
Tons of Sand/MWh from 5/1/2004 through 6/30/2005	0.0055	2,000.00	Lbs/Ton	10.95	Lbs of Sand/MWh
Tons of Sand/MWh from 7/1/2005 through 9/12/2010	0.0108	2,000.00	Lbs/Ton	21.66	Lbs of Sand/MWh
Tons of Sand/MWh from 9/1/2009 through 9/17/2010	0.0182	2,000.00	Lbs/Ton	36.46	Lbs of Sand/MWh

No Improvement Period
Improvement Periods –
Early Improvement Period
Late Improvement Period
Latest Improvement Period
Post Steam Drum Failure Period

ATTACHMENT D

1997 Fuel Costs Analysis

1997 Base Fuel Prices

	Crude Oil [1]	Natural Gas [2]	No. 2 Oil [3]	Kerosene [4]	Wood [5] Jonesboro	Wood [5] West Enfiel
January	25.18	3.067	0.733	0.887	20.00	16.00
February	22.17	2.065	0.713	0.848	20.00	16.00
March	20.97	1.899	0.658	-	20.00	16.00
April	19.73	2.005	0.647	0.698	20.00	16.00
May	20.87	2.253	0.637	0.685	20.00	16.00
June	19.22	2.161	0.606	0.645	20.00	16.00
July	19.66	2.134	0.591	0.631	20.00	16.00
August	19.95	2.462	0.615	0.649	20.00	16.00
September	19.78	2.873	0.604	0.634	20.00	16.00
October	21.28	3.243	0.643	0.729	20.00	16.00
November	20.22	3.092	0.650	0.779	20.00	16.00
December	18.32	2.406	0.601	0.751	20.00	16.00
Average	20.61	2.472	0.642	0.721	20.00	16.00

[1] Priced in dollars per barrel
[2] Priced in dollars per MMBTU
[3] Priced in dollars per gallon
[4] Priced in dollars per gallon
[5] Priced in dollars per ton of green wood

1997 Burner Tip Fuel Prices
($/MMBTU)

	Crude Oil [1]	Natural Gas [2]	No. 2 Oil [3]	Kerosene [4]	Wood [5] Jonesboro	Wood [5] West Enfield
January	4.363	4.067	5.278	6.570	2.151	1.720
February	3.862	3.065	5.134	6.281	2.151	1.720
March	3.662	2.899	4.738	----	2.151	1.720
April	3.455	3.005	4.659	5.170	2.151	1.720
May	3.645	3.253	4.587	5.074	2.151	1.720
June	3.370	3.161	4.364	4.778	2.151	1.720
July	3.443	3.134	4.256	4.674	2.151	1.720
August	3.492	3.462	4.428	4.807	2.151	1.720
September	3.463	3.873	4.349	4.696	2.151	1.720
October	3.713	4.243	4.630	5.400	2.151	1.720
November	3.537	4.092	4.680	5.770	2.151	1.720
December	3.220	3.406	4.328	5.563	2.151	1.720
Average	3.602	3.472	4.619	5.344	2.151	1.720

[1] Initially priced in dollars per barrel
1.00 delivery cost per barrel
6.00 MMBTU per barrel

[2] Initially priced in dollars per MMBTU
1.00 delivery cost per MMBTU

[3] Initially priced in dollars per gallon
0.00 delivery cost per gallon
7.20 gallons per MMBTU

[4] Initially priced in dollars per gallon
0.00 delivery cost per gallon
7.41 gallons per MMBTU

[5] Priced in dollars per ton of green wood
9.30 MMBTU per green ton of wood

1997 Bus Bar Power Prices
($/MWh)

	Crude Oil [1]	Natural Gas [2]	No. 2 Oil [3]	Kerosene [4]	Wood [5] Jonesboro	Wood [5] West Enfield
January	43.633	38.637	65.977	91.980	32.200	26.600
February	38.617	29.118	64.177	87.936	32.200	26.600
March	36.617	27.541	59.226	----	32.200	26.600
April	34.550	28.548	58.236	72.381	32.200	26.600
May	36.450	30.904	57.336	71.033	32.200	26.600
June	33.700	30.030	54.546	66.885	32.200	26.600
July	34.433	29.773	53.196	65.433	32.200	26.600
August	34.917	32.889	55.356	67.300	32.200	26.600
September	34.633	36.794	54.366	65.745	32.200	26.600
October	37.133	40.309	57.876	75.596	32.200	26.600
November	35.367	38.874	58.506	80.781	32.200	26.600
December	32.200	32.357	54.096	77.877	32.200	26.600
Average	36.021	32.981	57.741	74.813	32.200	26.600

[1] Initially priced in dollars per barrel
- 1.00 delivery cost per barrel
- 6.00 MMBTU per barrel
- 10,000 BTU per KWh (heat rate of steam plant)

[2] Initially priced in dollars per MMBTU
- 1.00 delivery cost per MMBTU
- 9,500 BTU per KWh (heat rate of steam plant)

[3] Initially priced in dollars per gallon
- 0.00 delivery cost per gallon
- 7.20 gallons per MMBTU
- 12,500 BTU per KWh (heat rate of diesel)

[4] Initially priced in dollars per gallon
- 0.00 delivery cost per gallon
- 7.41 gallons per MMBTU
- 14,000 BTU per KWh (heat rate of simple cycle combustion turbine)

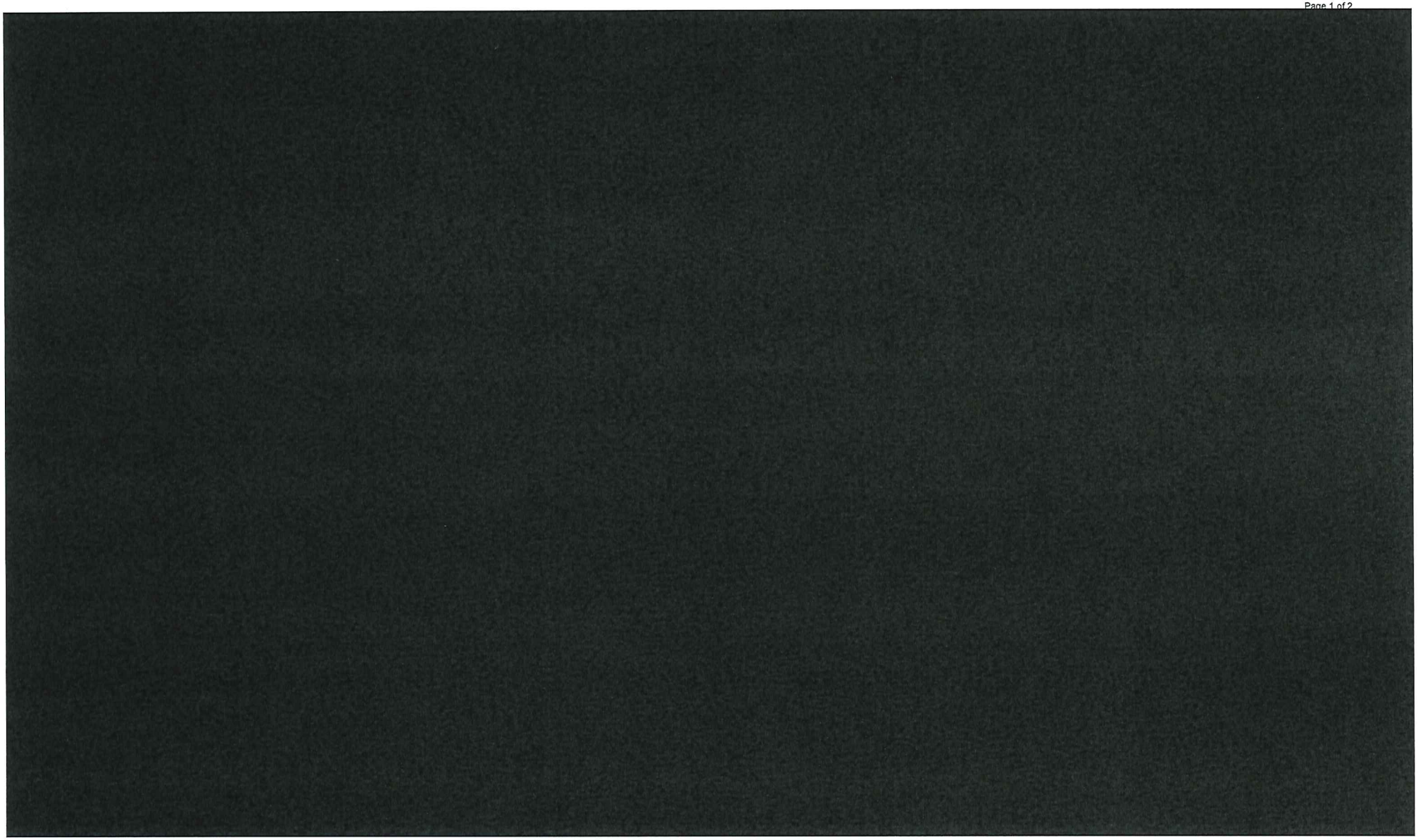
[5] Priced in dollars per ton of green wood
- 9.30 MMBTU per green ton of wood
- 3.00 Dollars per ton added to biomasss to account for sand and comate cost
- 14,000 BTU per KWh (heat rate of biomass plant)

ATTACHMENT E

Complete List of Jonesboro Improvements and Their Costs

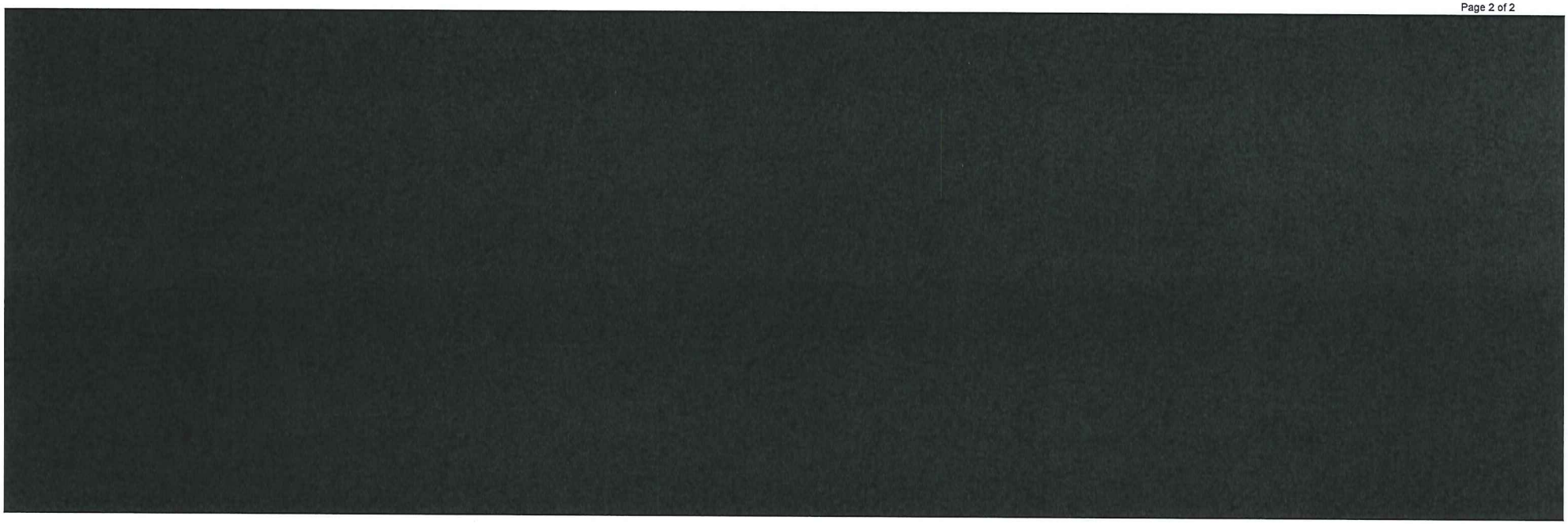
REDACTED

Covanta Jonesboro
Plant Availability Improvements
(2006-2013)



REDACTED

Covanta Jonesboro
Plant Availability Improvements
(2006-2013)



ATTACHMENT F

Comparison of the Costs of Jonesboro Versus Alexandria Improvements

REDACTED

Covanta Maine, LLC
Docket No. 4497
Attachment F

Comparison of Capital Expenditures of Indeck Alexandria to those of Covanta Jonesboro

Number	System	Description	Alexandria Cost	Jonesboro Cost
[redacted]				

ATTACHMENT G

Article in Bangor Daily News Article Announcing Closure of Biomass Plants

BANGOR DAILY NEWS (http://bangordailynews.com/)

Biomass plants in West Enfield, Jonesboro to close (https://bangordailynews.com/2016/01/07/business/biomass-plants-in-west-enfield-jonesboro-to-close/)

BDN File

The biomass facility is seen in Jonesboro. *Buy Photo* (http://store.bangordailynews.com/Other/Week-of-January-4-2016/i-XMv4DJ5)

By Nok-Noi Ricker (https://bangordailynews.com/author/nok-noi-ricker/), BDN Staff
Posted Jan. 07, 2016, at 1:42 p.m.

WEST ENFIELD, Maine — Two biomass energy plants in Maine owned by Morristown, New Jersey-based Covanta Holding Corp. are closing in March because of low energy prices, company spokesman James F. Regan said in a statement released Thursday.

"At the end of March, Covanta is planning to take the operations of our Jonesboro and West Enfield, Maine, biomass facilities offline," Regan said. "Unfortunately, this happens with some frequency in the biomass industry, when energy prices are not sufficient to cover the costs of operation and fuel supply. We have experienced similar situations in the past and resumed operations when the economics improved. We will continue to evaluate the future of the facilities."

West Enfield Power Station and the Jonesboro plant began commercial operation in November 1987 and were acquired by Covanta in 2008. Both facilities take wood waste from forest operations, thinnings and sawmills and burn it in specially designed boilers to generate electricity, according to covanta.com (https://www.google.com/url?q=http://covanta.com&sa=D&usg=AFQjCNGPpwA-9L4YHw4f51pYevIuafw37w). The electricity is sold to ISO New England, the region's bulk power system.

The closings will have no impact on Covanta's plans to invest with Fiberight (https://www.google.com/url?q=http%3A%2F%2Fbangordailynews.com%2F2015%2F12%2F16%2Fnews%2Fpenobscot%2Ffiberight-announces-major-investor-during-trash-groups-meeting%2F&sa=D&usg=AFQjCNFq5MV7HpjXYXooIdUWCBKpRChq-A&ref=inline), a Maryland-based company working with the Municipal Review Committee, to create a solid waste recycling and biofuels processing facility in Hampden (https://www.google.com/url?q=http%3A%2F%2Fbangordailynews.com%2F2015%2F02%2F04%2Fnews%2Fpenobscot%2Fgroup-representing-187-maine-municipalities-inks-development-deal-for-hampden-waste-handling-facility%2F%3Fref%3DrelatedBox&sa=D&usg=AFQjCNFzP2JlhCB3Tss4dkLiwSgAo-mS-w&ref=inline), Regan said.

Covanta Energy Corp. plant manager Bryan Osgood in West Enfield said 24 employees at his plant and 20 at the Covanta Jonesboro Power Station were told the news of the closing Monday. All have been offered severance packages and the option to apply for other jobs with Covanta, which operates more than 40 other waste-to-energy plants across the country, he said.

"The energy market, the warm weather" have contributed to the closure, said Osgood, who estimates energy prices are "30 percent below normal" for this time of year.

"All energy prices are down," Osgood said. "December was the warmest I can ever remember. That really doesn't help, especially since the energy price is predicted [this year] to be lower than last year."

Control room operator Chris St. Peter, who has worked at the West Enfield plant for 10 years, said he was pretty upset, "just like everyone else," when he heard the news.

"It kind of took us off guard," St. Peter said while sitting in the control room Thursday. "Most jobs in this area are hard to come by."

He said with all the " mills closing everywhere (https://www.google.com/url?q=http%3A%2F%2Fbangordailynews.com%2F2015%2F12%2F28%2Fbusiness%2Fpaper-industry-troubles-cast-long-shadow-in-2015%2F&sa=D&usg=AFQjCNFkRZBZsvSnBAeLFC4AqfL5ttz7sg&ref=inline)" it is going to be difficult to find a new job "without possibly traveling a long ways."

Paper and pulp mills in Bucksport, Lincoln and Old Town have closed in the past 13 months.

"Covanta is working with us with job relocation offers," St. Peter said.

The company knows the local employees are hard workers, Osgood said.

"They definitely are all good employees and make this plant go," the plant manager said.

The ripple effect will be felt in the logging, trucking and other industries that supply the plants with resources, Osgood said.

"We pay a dollar out and it probably goes through six or eight hands," the plant manager said.

"We pay the wood suppliers, and the wood drivers, and the wood driver stops and pays for coffee," Osgood said, giving an example of how people outside of Covanta will be affected by the closures.

The Professional Logging Contractors of Maine issued a statement Thursday urging Gov. Paul LePage and legislative leaders "to take action to sustain Maine biomass electricity production" in the wake of the Covanta closings announcement.

The logging group says the closure will affect "more than 2,500 jobs in the state's logging industry."

"This announcement should serve as a wake-up call to both the LePage administration and Maine legislators about the dangers of inaction when it comes to formulating energy policies that will benefit our state's economy, environment, and future," said Dana Doran, executive director for the Professional Logging Contractors of Maine. "This is a perfect example of an area where common sense needs to be applied to policy to consider the true cost of our energy, not just the price per kilowatt hour."

Biomass is responsible for 25 percent of Maine's overall power supply and represents 60 percent of the state's renewable energy, according to Biomass Magazine. (https://www.google.com/url?q=http://biomassmagazine.com/articles/11733/proving-biomass-power-economics&sa=D&usg=AFQjCNFdwSbwXnZyPKYLg4pKdtKJ_nzxgQ)

"State policies that encourage greater use of biomass in Maine and neighboring states will support local jobs, ensure greater energy security, and reduce fossil fuel emissions," the logging group's statement says. "The economic value of a strong Maine biomass industry and the direct and indirect jobs, payroll, and tax revenue it generates will more than offset the current higher cost per kilowatt hour of such energy, while preserving the industry for the day when fossil fuel prices inevitably rise again."

Osgood echoed the loggers' concern.

"We were one of the last ones to take a large volume of [wood] product," the plant manager said, adding the nearest other plant that takes biofuels is in Aroostook County.

There are between 15 and 20 trucking companies that deliver wood products to the plant in West Enfield, St. Peter said.

Fiberight announced in December that Covanta would be a major equity investor (https://www.google.com/url?q=http%3A%2F%2Fbangordailynews.com%2F2015%2F12%2F16%2Fnews%2Fpenobscot%2Ffiberight-announces-major-investor-during-trash-groups-meeting%2F&sa=D&usg=AFQjCNFq5MV7HpjXYXooIdUWCBKpRChq-A&ref=inline) in its plan to build a $69 million facility in Hampden that would turn trash into biofuel and recycle other materials. Craig Stuart-Paul, chief executive of Fiberight, said by phone Thursday that nothing has changed.

"Covanta is partnering with Fiberight on the project and Covanta is a major investor," Stuart-Paul said.

Fiberight has negotiated a 15-year deal with Covanta, which would construct and operate the Hampden plant.

"It will not impact that project in any way," Regan said.

https://bangordailynews.com/2016/01/07/business/biomass-plants-in-west-enfield-jonesboro-to-close/ (https://bangordailynews.com/2016/01/07/business/biomass-plants-in-west-enfield-jonesboro-to-close/) printed on January 14, 2016