

**CONNECTICUT RESOURCES RECOVERY AUTHORITY**

**THREE HUNDRED FIFTY-FOURTH MEETING**

**FEBRUARY 10, 2003**

A special meeting of the Connecticut Resources Recovery Authority Board of Directors was held on Monday, February 10, 2003 via telephone conference. Members of the public were invited to attend the meeting at 100 Constitution Plaza, Hartford. Those present were:

Chairman Michael A. Pace

Directors:     Benson Cohn  
                  Stephen Cassano  
                  Catherine Boone (delegate for Director Nappier)  
                  James Francis  
                  Mark Cooper  
                  John Mengacci (delegate for Director Ryan)  
                  R. Christopher Blake  
                  Marc Ryan  
                  Alex Knopp

Directors Martland, Rifkin, Lauretti, Sullivan, O'Brien and Nappier did not attend.

Present from the CRRA staff at 100 Constitution Plaza, Hartford:

James Bolduc, Finance Division Head  
Bettina Bronisz, Assistant Treasurer & Director of Finance  
John Clark, Operations Division Head (present by telephone)  
Brian Flaherty, Communications Coordinator  
Thomas Kirk, President  
Angelica Mattschi, Executive Assistant & Corporate Secretary  
Ann Stravalle-Schmidt, Director of Legal Services

Others in attendance at 100 Constitution Plaza, Hartford was: Peter Boucher of Halloran & Sage.

Chairman Pace called the meeting to order at 10:02 a.m. and noted that a quorum was present.

## **CL&P'S RELEASE OF \$1.6 MILLION TO CRRA**

Chairman Pace requested a motion on the referenced topic. Director Knopp made the following motion:

**RESOLVED: WHEREAS**, CRRA delivered (on a net basis) 53,364,648 kWh of electricity (the "Power") to CL&P and CL&P accepted delivery of the Power from CRRA, during the period commencing on December 12, 2002 and ending on January 28, 2003 (the "Period"); and

**WHEREAS**, CRRA issued Mid-Connecticut Project Invoice to CL&P #15 Revision 1, dated January 31, 2003, and Invoice #16 dated January 29, 2003 to CL&P (collectively, the "Invoices"; attached hereto as **Exhibit A**), and CL&P is agreeable to paying for the Power at a rate of \$0.031 per kWh, for that portion of the Power delivered under Invoice #15 Revision 1, and a rate of \$0.032 per kWh for that portion of the Power delivered under Invoice #16, for a total of \$1,681,090.27 (the "Requested Payment"); and

**WHEREAS**, on October 21, 2002, CRRA and CL&P entered into a Standstill Agreement relating, among other things, to CL&P's obligations with respect to such Power; and

**WHEREAS**, CL&P and CRRA having agreed that CL&P shall make the Requested Payment to CRRA for the Power delivered during the Period; and

**WHEREAS**, as additional consideration for the Payment, CRRA has agreed to grant this Release to CL&P; and

**WHEREAS**, CRRA represents that it has full power and authority to accept the Requested Payment and deliver this Release; and

**WHEREAS**, CL&P represents that to its knowledge CL&P knows of no claim which has been asserted that carries the risk of CL&P being required to pay Enron Power Marketing, Inc. or any party claiming by, through or on account thereof (collectively, "EPMI") any portion of the Requested Payment.

**NOW THEREFORE**, in consideration of the foregoing, and for other good and valuable consideration (the amount and sufficiency of which is hereby acknowledged), CL&P and CRRA agree as follows.

Director Cassano seconded the motion.

Mr. Boucher said that the release was given to CL&P in consideration of CRRA being paid \$1.6 million, which was the payment for energy delivered to CL&P from and after December 12, 2002 to January 28, 2003. The issues which came up in terms with CL&P being comfortable paying the \$1.6 million to CRRA were primarily due to CL&P's concern that once it paid CRRA, either Enron or its creditors may demand that CL&P release payments to them as well. Mr. Boucher said that those concerns were asserted by CL&P even though Enron rejected its own contract on December 12, 2002 and that rejection has not been contested. CL&P and Enron has both signed off on a stipulation which may already have been filed in court to the effect that Enron agreed to cease delivering and performing under its contract with CL&P from the date that Enron filed its bankruptcy petition. Notwithstanding those events, Mr. Boucher said, CL&P was still demanding protection against Enron or its creditors from demanding payment or CRRA's receipt of the payment. Mr. Boucher said that the release stated that by CL&P tendering the payment and by CRRA accepting it, CL&P would not be required to pay Enron or any party for additional compensation for the energy that CRRA was getting paid for in the release. Mr. Boucher said that CRRA would indemnify CL&P against any claims for having made the payment. Instead of the indemnification, both parties agreed that CL&P would accept a simple promise that CRRA repay CL&P in case any portion of the money being paid to CRRA was subject to a claim against CL&P.

Director Boone asked why the language in the release stated, "from the beginning of time to the day of the date of this release" since CRRA was making a policy decision not to seek any past additional payments on the power delivered to CL&P in lieu of delivering it to Enron. Mr. Boucher responded that the key word in the paragraph was the term "period," which was a defined term. It limited CRRA from claiming any more money from CL&P for the delivery of energy from that period. It did not limit CRRA from any other claims other than receiving more money for the same energy. Mr. Boucher continued that the language "from the beginning of time to the day of this release" referred to the contingency that a possible claim by CRRA could have originated prior in time to the date of the release. Mr. Clark added that not only was the period defined but the power was also defined.

Chairman Pace asked what other claims CL&P may have against CRRA in reference to page 2, second paragraph of the release. Mr. Boucher responded that potential claims could not be identified, but that CL&P would not allow itself to enter into an agreement without that reservation.

Chairman Pace asked what the language meant at the bottom of the invoices in Exhibit A. Mr. Boucher replied that the language made it abundantly clear that, in rendering the invoice, CRRA should not be deemed to have assumed Enron's contract with CL&P. Chairman Pace asked whether there was any language in that section that was contrary to the language within the release. Mr. Boucher replied that there was not. The two documents were consistent with each other in that CRRA did assume Enron's obligations.

Mr. Boucher commented that the release was provided because it was more conservative and safer for CRRA to issue a release than to purport to assume Enron's obligations but only for the limited purpose of billed energy from December 12, 2002 to January 28, 2003.

Chairman Pace asked whether CL&P was ready to sign the release. Mr. Boucher responded that CL&P signed the release on February 7, 2003. Chairman Pace said it was important for the Board to hold the special meeting because of CRRA's cash flow situation. He wanted to make sure that the Board had the opportunity to review the language of the release.

Mr. Kirk said the release provided that CRRA be in the driver seat as oppose to CL&P should there be any legal issues. Mr. Kirk said that CRRA was uncomfortable with allowing CL&P to essentially represent a defense of CRRA's money. The release allowed CRRA to defend itself against any creditor making a claim on the payment, instead of CL&P.

Chairman Pace asked whether any member of the Board had comments. Seeing none, Chairman Pace asked each member to the Board to vote on the motion. Chairman Pace voted "aye" and Directors Blake, Cohn, Ryan, Boone, Cassano, Francis, Knopp and Cooper voted "aye." Director Mengacci did not vote, as he was a delegate for Director Ryan who was present at the meeting.

The motion previously made and seconded was approved unanimously.

### **OTHER BUSINESS**

Chairman Pace wanted to inform the Board that he received a phone call from General Cugno, the Adjutant General of the National Guard, concerning the state of alert that the United States was under and that he referred the call to Mr. Clark, specifically in reference to CRRA's power block and jets. Chairman Pace had asked Mr. Kirk to work with Mr. Clark in those types of alert.

### **AJOURNMENT**

Chairman Pace requested a motion to adjourn the meeting. The motion to adjourn made by Director Knopp and seconded by Director Cooper and was approved unanimously.

There being no other business to discuss, the meeting was adjourned at 10:29 a.m.

Respectfully submitted,

Angelica Mattschi  
Corporate Secretary to the Board