

SPECIAL TOWN COUNCIL MEETING

JANUARY 18, 2000

6:30 P.M.

AGENDA

1. Pledge of Allegiance and Roll Call
2. Discussion and Possible Action Regarding a Presentation by Wallingford Energy L.L.C. Concerning their Application for a Proposed Power Plant at the Pierce Station Site

SPECIAL TOWN COUNCIL MEETING

JANUARY 18, 2000

6:30 P.M.

A special meeting of the Wallingford Town Council was held on Tuesday, January 18, 2000 in the Robert Earley Auditorium of the Wallingford Town Hall and called to Order by Chairman Robert F. Parisi at 6:36 P.M. Councilors Brodinsky, Centner, Farrell, Knight, Papale, Parisi, Rys, Vumbaco & Zappala answered present to the Roll called by Town Clerk Rosemary A. Rascati. Mayor William W. Dickinson, Jr. and Town Attorney Janis M. Small were also present. Comptroller Thomas A. Myers was absent from the meeting.

The Pledge of Allegiance was given to the Flag.

ITEM #2 Discussion and Possible Action Regarding a Presentation by Wallingford Energy L.L.C. Concerning their Application for a Proposed Power Plant at the Pierce Station Site

David Gessert, Chairman of the Public Utilities Commission stated that Raymond Smith, Director of Public Utilities has been heavily involved in negotiations and discussions with PP&L (Pennsylvania Power and Light) over the recent months on a wide variety of topics from interconnection to transmission to the dollars and cents of the plan. It is my understanding that it is coming along very well and we are moving toward fruition. He turned the meeting over to Mr. Parisi at this time.

Chairman Parisi reminded everyone to identify themselves and their company prior to speaking on any topic this evening.

Mark Lyons, Project Mgr., Wlfd. Energy Group, LLC stated that this is the final presentation of the project and its local and environmental impacts. Tonight the complete project, which has been defined in virtually every aspect with the exception of the fact that we have not completely defined the route for the natural gas line, will be presented.

Mr. Lyons stated, it is our hope to file for Siting Council approval at the beginning of February. We are nearly complete with our negotiations on town agreements, including a site lease, emergency power agreement and ancillary agreements dealing with town utility services. We hope to be complete with those negotiations over the next week and we will be submitting to the Town Council and the Planning & Zoning Commission, Inland Wetlands Commission and the Public Utilities Commission a revised report dealing with

the land use and environmental impacts in the report; essentially a revised version of the thick report that we provided the Council over the summer. Along with filing for our approval at the Siting Council we will be a filing for location approval with the town Planning & Zoning Commission and Wetlands Commission. That process, under state law, will take sixty-five (65) days from when we file so there will be undoubtedly a hearing or more than one hearing over the course of that process. The hearing will be based on the report that we file. We hope to provide an advance copy of that report to all the Council and commission members sometime early next week.

At this time Mr. Lyons proceeded with his presentation.

On display in Council chambers was a rendering of the project site (Pierce site).

Electrical Interconnection Routes

Presently, there are two 315kV lines owned by the Town. A third 315kV line will be designed, built and owned by the Town as well. The third line will run south out of the plant site, over towards the Pent Road area, interconnecting with the CL&P 115kV system at the existing right-of-way that crosses South Cherry Street.

Natural Gas Interconnection

There exists two possible options for interconnecting with the Algonquin natural gas line that runs to the west and south of the project property. One option is to directionally-drill a pipeline under the Quinnipiac River, Merit Parkway and Turnpike Road and interconnect at an existing station up on Cook Hill Road. The second option is to run south along John Street, down South Cherry Street onto the Cytec property and interconnect with the Algonquin line on the Cytec property. This route has been selected to avoid any wetlands. Either option will involve directional drilling so as to eliminate any impact on the river or wetlands. Directional-drilling is performed by placing a drill horizontally under the ground. The drill, itself, would not surface until it passed Turnpike Road.

Site Plan

Plantings have been chosen to achieve the best possible results with screening the plant from the street year-round; evergreens are utilized to accomplish this. Computer renderings show what the site will look like in five years' time and ten years' time as the

trees become more mature. In ten years' time, from the street level, it will be difficult to see any of the project's components beyond the existing Pierce building.

With regards to noise mitigation; a wall will be constructed to reduce the noise from the five turbines. The wall will be very instrumental in helping the project to achieve its noise standard of 51dba at the front property line. The land to be leased from the Town will not include the switchyard nor the existing Pierce building. The Pierce building will not be used at all; the town will reserve the building for its own use in what ever compatible way it wants to use the building. Previous presentations made to the Council have exhibited two switchyards; one owned by the Town and one constructed and owned by the project. The plan has been changed to combine the switchyards to one which will be owned by the Town. The project will pay for the upgrades to the switchyard but it will be owned by the Town. The facility will not have an entrance off of East Street during operation. The plan is to close the existing driveway off of East Street and direct traffic to use the road which Therma-spas uses.

Project Benefits - Town

- property tax revenues will be paid to the Town.
- site lease revenues
 - o lease payment agreement yet to be finalized
- improvement of an existing industrial site in town
- substantial improvements to the local electric system with regards to the East Street yard in terms of adding a third 315kV line
- provide emergency electrical service to the East Street yard when 115kV system is down
- providing some level of town utility revenues
- committed to supporting the Quinnipiac Linear Trail project (ancillary benefit)
- construction and full-time jobs provided
 - o 8-10 people to be employed full-time
 - o 100 construction workers (maximum at any given time)
- electric system improvements to be made are estimated to cost \$350,000.
 - o improvements are over and above what the project needs for its own transmission
- switchyard upgrades

Town Utility Services

Mr. Lyons stated, this proposed plant will use far less water than the combined cycle plant that was originally proposed. The estimated annual use will be on the order of 28.2 million gallons based on the project's expected 1,800 hours per year operating profile, 16 hours per day. Based on that level, under current Town water tariffs, that would equate to about \$77,000 in annual revenues to the Wallingford Department of Public Utilities. The project will also, at times, be an electricity customer for standby power at the plant as well as a wastewater discharge customer. These two items are going to be minimal; the amount of wastewater that will be discharged to the town will be marginal and it is anticipated that the project will not be buying much power from the town.

Project Benefits – State

This plant will be the first state-of-the-art peaking facility on the east coast. It will provide state-of-the-art quick start clean and efficient capacity; peaking power. The plant will be available for the summer of 2001 to meet the state peak demand during that period. The plant will reduce emissions from electric generation and will use an existing power site.

Project Mitigation Measures

A traffic construction plan will call for workers to park in the Cytec parking lot and be transported to the site by shuttle bus. There are not enough spaces available in the State D.O.T. commuter lot on Route 5 to make a difference, therefore Cytec's lot will be designated for construction parking. An agreement will be worked out with Cytec for the use of their lot for not only parking but also for transporting heavy equipment through the south end of the property. A new gate will be constructed at a location to be determined by the P&Z Commission. If temporary storage needs arise the Cytec property will be used for such purpose. All of the measures listed above will help to reduce construction-phase traffic in the neighborhood. Any traffic related to the project will come in through the John Street entrance to the facility.

Substantial noise control measures will be taken. The project will meet the state noise requirements. The primary mitigation measure that will be utilized is the sound wall that surrounds the turbines. There is also a number of other noise abatement measures that are built into the turbines, an added project cost to assure that the manufacturer and construction company will be able to guarantee the sound levels. Substantial pollution control systems have been added to the turbines as well as select catalytic reduction. The project is meeting very stringent standards on air emissions.

Mr. Lyons felt certain that everyone will see that an attractive site with unobtrusive buildings will be the end result.

The electric transmission and gas lines are the subject of separate environmental proceedings but they will be strictly regulated for environmental impact as well. We are going to comfortably meet the electromagnetic field (e.m.f.) standards; impacts of the transmission lines. All applicable standards will be comfortably met with regards to e.m.f.

Mr. Lyons stated, a lot of money is being spent to mitigate the impacts of this project from a sound and visual perspective. These are amounts that will be spent to make this project acceptable to the neighborhood and to the Town of Wallingford over and above what we have to spend on air quality; air pollution control, to satisfy very stringent state standards. Just in terms of site specific, project mitigation measures in which I would include sound reduction measures, architectural treatment and landscaping, we are spending close to \$5 million on those items just to make it acceptable to the neighborhood; it is an estimated \$4.7 million for those three items.

Project Schedule

- Complete negotiations of project/ Town agreements	1/2000
- File for Declaratory Ruling at Siting Council	2/2000
- File Application for P&Z, Wetlands location approval	2/2000
- Apply for D.E.P. Air Permit	2/2000
- Receive Siting Council approval	4/2000
- Receive D.E.P. Air Permit	7/2000
- Begin Construction	7/2000
- On-line date	6/2001

Council Questions/Comments

Mr. Centner asked Mr. Lyons to please detail the noise control measures that will be employed in this current plan.

Tony Aresti, TRC Environmental responded, a very detailed noise model of the plant was put together. A noise barrier will be constructed on three sides of the turbine; east, north and south sides. Noise barriers were added to the three main transformers located to the south of the turbines. Many components were housed in small buildings; pumps, ejection skids, air compressors. In addition to that the exhaust noise that comes from the turbines,

through what is called an S.R.C. system; that system acts as a building attenuator; in addition to that we are requiring the manufacturer to meet a specified level. When the noise coming out of the stack propagates out to the residential area, it will meet the specified limit. When we add all the sources together, we meet that 51dba level. The turbine exhausts are the loudest sources; they have the most power in them. What we had to do was go back and look at each octiband frequency to make sure that each one was reduced a sufficient amount such that, when added together, we would meet the standards. Also, low frequency noise was a concern so we wanted to make sure that we got that level low enough that it would not cause any impact. That is one of those specifications that is going to the equipment manufacturer to make sure that we meet that level.

Mr. Centner asked, does that particular manufacturer have experience through a history of sales that they can meet numbers like that?

Mr. Aresti answered, yes, we presented that specification to them and they did not say that it would be a problem to meet that level.

Mr. Centner stated that he appreciated the amount of effort that has gone into the noise control and the methods that have been used. He was satisfied.

Mr. Brodinsky asked, regarding the estimated annual water use; I am looking at the chart that says you are going to use, annually, about 28.2 million gallons but the wastewater discharge is minimal. Does that mean that you will be evaporating roughly 28 million gallons?

Mr. Lyons answered, roughly, yes. I should say about 93% of that will be used in the turbines for pollution control and cooling in the turbines. The bulk of the remainder will be used for irrigation.

Mr. Brodinsky asked, how many gallons would be evaporated, roughly?

Mr. Lyons answered, 93% of 28 million gallons. About 2 million gallons per year will be used for irrigation.

Mr. Brodinsky asked, are the turbines going to be running every day or not?

Mr. Lyons answered, no. We expect that they will be running for 1,800 hours a year; 16 hours a day. That is about 100 days a year. That is our expected operating profile.

Mr. Brodinsky asked, on the heaviest day, with respect to water evaporation, what would be the maximum that you would expect would have to be evaporated in one day?

Mr. Lyons answered, about 47,000 gallons per day; roughly 93% of that would be evaporated per day.

Mr. Brodinsky asked, is there any way that the residents would detect the affects of that process; evaporating that many gallons?

Mr. Lyons answered, the only way they would detect it is by seeing a plume from the stack which we think would happen rarely. We don't know exactly what the hours of a visible plume from the stack would be. The most recent data I have from our expert on that is that we might see a plume for hours of the year. That is not a final number and we are refining that analysis now.

Mr. Brodinsky asked, can you promise us that there will be no fogging, no icing.....

Mr. Lyons answered yes, certainly, because the fogging and icing tends to come from a cooling tower much lower to the ground. These stacks will be 100 feet tall and I don't think there is any chance of any fogging or icing. The only question is, would we see a plume at all? We think that will rarely happen because the meteorological conditions for plume visibility won't exist most of the time. We are going to be operating, most of the time, in the summer. We will have a firm answer on how many hours a year you would expect to see a plume from a 100 foot stack when we file our report. But there will be no fogging or icing.

Mr. Farrell asked the P.U.C. members, one of the significant changes we see in the plan this evening was the fact that the actual Pierce building is not going to be part of this. What is the net result of that, for us; what is its status; does it continue as its own plant or are we de-commissioning it and, if so, is there an expense to that?

Mr. Gessert answered, as part of this plan PP&L intends to remove the current stack and there will be some adjustments to the back of the building. There have been ongoing discussions on how much of that there will be. My understanding is, at this point, that we will still have a building there that we can use for other purposes. If we decide down the road to take the turbines out there will be a cost involved in that. What the value of those turbines would be versus what the cost is to remove them, I am not sure. My understanding is that we will have a building that will be useable if we decide to use it for some purpose.

Raymond Smith, Director of Public Utilities added, this week we did understand whether exactly or not any portion of the Pierce building would be used; we just got information today. We have, on file, a study that was commissioned by us several years ago that

looked at de-commissioning the Pierce Plant. It will be de-commissioned; our date right now is to operate it until June 30th of this fiscal year. You will note in the budget when it is presented this year that there will be some changes. We have some equipment that has to be taken out of there. We are looking into firms that do that type of work to see whether or not there is some value to offset some of the expense. When Black & Veetch did that study several years ago, I think the cost of dismantling the major components of that plant were somewhere in the order of \$2-\$2.5 million dollars. A portion of that will be taken care of because of some of the work they are going to be doing out in the yard; the cooling tower, the stack, some of the breeching and some of the ductwork up into the back. Beyond that, it will be our responsibility. The Town and/or the Electric Division would continue to use that building. Our plans are that when we consolidate the Electric Division, that the people who man the phones in the dispatch center will be coming over to John Street so we will be ultimately vacating the building. We have no specific plans beyond that what the building can be used for.

Mr. Vumbaco asked Mr. Lyons, in following up on the water use issues; according to your presentation you are planning on operating about 1,800 hours per year. Is it true that your application is for 4,000 hours per year?

Mr. Lyons answered, yes.

Mr. Vumbaco stated, if granted that, you could operate up to 4,000 hours per year?

Mr. Lyons answered, yes. If it were economic, we could operate up to 4,000 hours per year.

Mr. Vumbaco asked, if you do operate 4,000 hours per year you would be more than doubling the gallon usage from the Town?

Mr. Lyons replied, the annual usage, yes, that is correct.

Mr. Vumbaco asked the P.U.C. members, do we have the capabilities to supply them the water needed if, in fact, they do decide to run 4,000 hours and what guarantees do we have that that water is going to be first available to Wallingford citizens before we turn it over to the power plant in case of severe drought conditions which we all know for the last few years we have had some severe drought conditions?

Mr. Gessert answered, we have been assured by Roger Dann, General Manager of the Water & Sewer Division, that this amount of usage would have negligible impact on the utility and their reserves. Even at double that number, I do not see a significant problem. We have been assured by Mr. Dann that there is adequate capacity to address it, not only

to take care of the needs of that plant and our industrial customers but also our residential customers.

Mr. Vumbaco asked, did Mr. Dann run some kind of modeling based on capacity? I am concerned that if we go through a severe drought as we have in the past few years.....and this power company has the ability to generate 4,000 hours which is more than double what they are telling us they are planning on operating, that we are going to have enough to protect the citizens. What if we get into a situation where our projections, during that time period, that we don't have enough water? What will be our obligation to supply the power company the water?

Mr. Smith answered, at this point, similar to your facility or many other facilities, we go to those facilities and ask them to cut back usage wherever possible. Our goal is not to interrupt business, commerce or industry. There has to be a cooperation effort recognizing the needs of the citizens and recognizing the needs of the community and its commerce. There will be an offset to this; when the Pierce Station runs it uses up to 400,000 – 500,000 gallons per day. There are some water usages that would be a trade-off; this plant, at peak, uses less than the Pierce station actually uses when it is functioning, even though Pierce may run only 10-15 days per year.

Mr. Vumbaco asked, why are you applying for 4,000 hours if you are only planning on running 1,800 hours?

Mr. Lyons answered, to provide the flexibility to be able to operate for that extended time if the market-clearing price in the market is high enough. Most hours during the year, the price of electricity is fairly low. This plant has been designed and will be built and operated to capture the peak periods. It's running costs are higher than most base load plants so we would not run during the periods when the price was so low we would lose money. We have the ability to turn it on and off, it is a quick start unit. If there was a substantial increase in a market-clearing price of power such that we could make money during those additional hours, then we would want to run during those hours. The competition in New England will work to keep the price of electricity low, so we don't foresee any probability at all of running 1,800 hours. We did want to provide that flexibility.

Mr. Vumbaco asked, if the usage was increased, would you run more than 16 hours per day?

Mr. Lyons answered, we may. It would be highly unlikely under current assumptions. The 4,000 hours...our goal was to get the maximum operating flexibility in case we were needed. We would have gone higher (in the number of maximum hours) but we wanted to

stay below the level of total annual emissions for a major source. We are not going to be a major source of pollution and that is how we determine the 4,000 hours.

Mr. Vumbaco asked, is the design of the plant to meet the 1,800 hours or 4,000 hours?

Mr. Lyons answered, it does not have any impact on the plant except for its pollution control, that is the limiting factor.

Mayor Dickinson stated, I wanted to make sure that the answers to the questions regarding water usage were all had in mind the 4,000 hours vs. 1,800. The answers regarding the water availability was based upon the maximum number of hours of 4,000.

Mr. Smith stated, we would plan for the worst case scenario.

Mayor Dickinson added, I just wanted to make sure that the answers that were on behalf of the Water & Sewer Offices were reflecting what that maximum is and not the 1,800.

Mr. Smith answered, we know that. We have looked at that in terms of our projections and our usage and our system availability.

Mr. Lyons added, the information we provided to Mr. Smith and Roger Dann provides for worst case scenarios in two regards; one is total annual consumption but we also provided information on a twenty-four hour operating day which we never plan to operate for.

Mr. Knight stated, you are going to have one switchyard owned by the Town but it will have your equipment on it, is that correct?

Mr. Lyons answered, we will not own the equipment. We are just designing and paying for the equipment and installing it but it will be owned by the Town.

Mr. Knight asked, this is equipment that you are going to need in order to send the electricity out onto the system, is that correct?

Mr. Lyons answered, yes.

Mr. Knight continued, so we are entering into an agreement that the Town is going to own and maintain equipment that is going to be used exclusively by your project or jointly used?

Mr. Lyons answered, jointly used.

Mr. Knight asked Mr. Lyons to elaborate on that relationship.

Mr. Smith explained, the transmission system is 115,000 volts. We currently have two lines coming into our yard and then it gets stepped down to distribution voltages and then we supply the rest of the customers. In essence, the yard will be expanded, the 115kV yard will become a three terminal system with a lot more breakers so that you can have a lot of options; it is called a ring bus. If one line is out, two lines serve any combination which really increases our reliability. We are a transmission supplies; they are just a generation entity. They're ownership will end at the terminals or switch at the high side of the output transformers. The generate and then step it up to the high voltage; that will be the demarcation point. Everything out in the yard will then become our ownership; our responsibility. The equipment match ours; it will have to meet all the standards of our needs and Northeast Utilities' to integrate into the transmission system.

Mr. Knight asked, is there much of a maintenance factor as a result of this plant existing?

Mr. Smith answered, we don't expect so. The current maintenance budget on a transmission system is somewhere in the order of \$20,000 a year. It will probably go up because you will need to exercise and there will be more pieces. We are working on the details of that right now; if some of this equipment needs maintenance, whose responsibility will it be? There will be a share spread out to the user. They are only generating 1,800 hours. We will be using the station for 8,760 hours.

Mr. Zappala asked, who has been negotiating what the revenue to the Town is going to be?

Mayor Dickinson answered, there has been no conclusion as yet on the negotiating. We are hoping that it will soon come to a conclusion so we can share contracts with the Council. Given the tight schedule offered this evening by PP&L, it is a very tight turnaround. The benefits to the Town have been outlined here. There are lease payments, tax payments, enhancements to the electric distribution system. There is the addition of the emergency power capabilities so if there is not power in the grid the Town would be able to receive power from this plant; or at least 70% of the town. Those are primary significant benefits that have been identified here.

Mr. Smith added, the water revenues, estimated at \$77,000; the sewer revenues are diminimus, we haven't even calculated it because they are not going to be discharging large volumes. The transmission system is a significant enhancement towards distribution.

Mayor Dickinson commented, essentially it comes down to an approximately \$125 million investment; a new business in the community with a location on Town land resulting in taxes and lease payments and the enhancement/improvement of our electric system.

Mr. Gessert added, Ray Smith has been the point man negotiating this project along with legal staff that the P.U.C. has retained to work on these contracts and put the whole thing together.

Mr. Zappala stated, I think it is great; the Town could certainly use the revenue. On December 8, 1998 a motion was made to hire someone who would give us knowledgeable advice on what revenues the Town would be able to get from this project. Has anyone been hired by the Town or P.U.C. outside of the lawyer?

Mayor Dickinson answered, outside of the lawyer, we have the environmental consulting firm. They are not dealing with values but we hired E.R.L. (Environmental Risk Limited) to assist us on this as well. On the revenue side, no. Shelby Jackson, Town Assessor, has been working in the last few days with the list of personal property and investment improvements. He has taken that list and is working on developing figures and what that would mean in taxes. We have asked him if he needs additional help on that; he has indicated "no" at this point. It is not unlike evaluation for other businesses and ultimately this plant will have to submit a list of personal property and the valuation that occurs will be similar to other businesses in town. Mr. Jackson is here; at this point everything is estimated on a \$125 million investment. He has told us that he is comfortable with telling us, based upon the values represented, what that would result in taxes to the community.

Mr. Zappala stated, I would think that the license to generate electricity would have some value to it. Besides the personal property, I would think that the license to generate electricity should have some value to it. Does anyone know the value of having that plant there; how do you establish the value (other than tax values) of leasing out the Pierce Plant site?

Mayor Dickinson replied, that would fall more in the range of Mr. O'Neill and those who are more familiar with projects of this kind. It comes down to what additional money we are trying to get out of this project over and above what we would normally be entitled to in the way of taxes or lease payment for use of the property. This would not be dollars that you would identify on an annual basis based upon any other taxpayer business.

Mr. Zappala replied, that (establishing the value other than tax values) was the intent of the motion made in 1998. I think anyone who sells any property and/or a license to sell a

particular good or service, that license has some value and the taxpayers should have some revenue from leasing the property.

Mayor Dickinson answered, in reading the motion, the motion indicated action on hiring an outside professional appraiser to evaluate potential tax revenue to the Town should the proposed power plant be constructed on the Pierce Generating site. That is tax revenue and that is what our appraiser deals with. He (appraiser) feels entirely confident, at this point, to deal with the subject. If there is something beyond that, it wasn't the subject of the motion on December 8th because that indicated tax revenue.

Mr. Zappala asked, don't we have a right to get something for having the license to generate electricity? Does it have any value to it? That is what I am trying to figure out.

Mr. Gessert explained, the value comes in the value of the property being a useable site to generate electricity and being a brown site in the fact that it is zoned in an industrial area and has been used for industrial purposes and for a power plant in the past. That makes that piece of ground much more valuable than a piece out in east Wallingford that is green grass. It is a lot easier to site it where you have an existing power plant and you don't have to change the zoning or anything of that sort. Could we lease that property to Stop & Shop, Home Depot, etc., and what could we get for it? What is the market for that piece of property? That is what we must keep in mind and what Mr. Smith has been working on in negotiations. I don't know that the community has the power to tax someone on their ability to produce. We can't charge Bristol-Myers Squibb a surcharge on each pill they produce because we have allowed them to come to Wallingford to produce pills. We can only tax the property. We are limited as a taxing entity as to how far we can go.

Mr. Zappala stated, regardless of how the motion was written, my intent was to get what ever revenue can be generated from leasing the property. I think that has to have a value. Property taxes are one thing but a license to operate and generate electricity on that particular piece of property has to have value. We don't know that. We haven't found out have we?

Mr. Gessert answered, we are discussing a lease payment.

Mr. Smith explained, there is no automatic carry-over of the license. If we go out of business, we cannot convey to them our license. What ever permits we had to operate does not transcend. The fact, though, that it has been an operating plant makes it a little more easier to site it. There is no guarantee that they are going to get approval.

Mr. Zappala commented, I am not knowledgeable enough to know, that is the reason why I think we should consult someone who could give us these answers. That was the intent of my motion, to hire someone who is able to tell us how much we could get for the property. I have nothing against you, Mr. Smith, I feel confident with your abilities, of course. But I think, for the best interest of the Town, we should have someone who would be able to give us those answers.

Mr. Smith replied, we will bring back a package to you to consider. If you find that the lease payments are not satisfactory, if they don't meet with your expectations, then you have a right to reject it. This whole process started because we knew we were going to de-commission Pierce. We went out and said, "how can we replace the value that Pierce provides to our ratepayers, currently?" Through the CMEEC agreement we are getting \$656,000 worth of credit. We said that we had to shut Pierce down; there were some costs that go along with maintaining Pierce that would be eliminated; budget savings. We went out to various individuals. We had nineteen people who showed an interest; six firms actually submitted a bid. We evaluated those; we pared it down to three and picked one party who seemed to provide the best package. We have been working from that. The package has changed. I always thought it was a very ambitious plan to try and squeeze a 540 megawatts on the facility. There were the transmission issues; water issues. Some of these became insurmountable hurdles and now we have scaled back the project and has, to a large degree, had a lot of better things that have happened; the reduction of the water quantity, the less worry about the plumes from the cooling tower. Bottom line is, now with this project... what is a fair return? What are our expectations? What is the market value? I don't know. You could probably just sell the property, that is probably the easiest way; carve out the substation and sell. They offered that at one time. We said no, because we wanted to have control. I think the Council said that, ultimately you wanted to still have some hook into the developer and that is what we have been working on. I don't want to tell you the numbers that we are negotiating because I don't think they (PP&L) would like it.

Mr. Lyons stated, Ray (Smith) is absolutely correct about the license, if you will, to generate electricity. It is specific to the company, it does not run with the land. If your question is on the points of reference for looking at the issue, there are. There are comparable sales, there are other lease agreements with other power plants and we have talked about all of those in the course of our negotiation. As Ray also pointed out, in the course of the R.F.P. process, in fact we looked at two possible designs; one is 540 megawatt and the other would be a half-size project which is essentially what we have now. We made a representation in the course of responding to the R.F.P. that we would pay lease payments of \$100,000 a year plus 3% of the cash the project would distribute to provide the town with, and this is all a matter of public record, with an ability to share in the profitability in the project. The other side of profitability is risk. I am here to tell you

that we are willing to honor that commitment in the R.F.P. process and we have talked about that in the course of our negotiations. We have also noted in the course of those discussions that the Town may not want to share in the profit risk of this project. It is risky business. We don't have a contract to sell this power in the open market. Early on Ray (Smith) asked if we would be willing to pay a fixed lease payment that way the town knows what it is going to get every year. We said, "fine" and we have been discussing it. I can tell you that all of those numbers have been well north of any comparable sales for like-industrial real estate in this, or any neighboring towns. He (Ray Smith) is doing a very good job for you and I think it is premature to talk about. We are doing a good job to the point that we are honoring the commitment we made in the R.F.P. which was not legally binding but we have honored that. Those are substantial amounts of money to lease this piece of land. We could probably buy many sites like this for the amount of lease payments that we are talking about. There are points of reference and when we present the agreement, hopefully next week, you will be able to see that it is certainly a fair deal for the town and it does tract the representations we made early on in the process. It is well in excess of comparable sales certainly.

Mr. Zappala stated, I am very happy that we have finally come to an agreement. You know how much I was against this project at first. I was very happy that you minimized the project so that it acceptable to all of us. I am happy because I think this would be good for the town. No one is questioning the fact, the lease. I felt that maybe now it is time to think about what revenue the town can get from it. I don't feel right now that the negotiation process has occurred the way, I personally felt, it should have. I am not satisfied at this point.

Mr. Lyons replied, you may want to examine the result before you reach that conclusion.

Mr. Zappala asked, what am I going to compare it with? How am I going to compare it?

Mr. Lyons answered, I have done my homework on comparable sales and I have the Bridgeport lease payment. The Bridgeport facility is leasing their site for \$140,000 per year. We are well above that regardless of whose number we finally adopt. There are objective reference points out there and it is just what you would get if you spent the money on an independent consultant. We are happy to share that with you.

Mr. Zappala replied, I am sure you do know because that is your business. I am sure Mr. Smith knows what he is doing because he is in the business also but nothing has been presented to us.

Mr. Lyons added, based on the lease payment alone, we can find much cheaper sites, probably within the Town of Wallingford that would be privately-owned. We took this

site because we responded to this R.F.P. If it comes down to the lease payment alone, we wouldn't be building the project on this site at these prices. You may want to keep that in mind.

Mr. Zappala stated, it is a lot easier to operate in a location that is already existing.

Mr. Lyons answered, that remains to be seen; that is not entirely self-evident. It has to do with your proximity to power lines and gas lines and there are several other sites in town where that would be possible.

Mr. Rys asked, regarding construction, you have indicated that you will set up a staging area over at Cytex for the transportation of equipment and workers. In the process of doing so, what type of equipment are we talking about in the construction phase? Is this going to be heavy machinery at all?

Mr. Lyons answered, yes; primarily the five turbine generator sets.

Don Cecich, Project Manager for Engineering at Parsons-Brinckerhoff Power, Inc. Brinckerhoff explained, we will have some earthwork to be done, some demolition work to take the stack down. For the heavy lifts when the gas turbine and the generators arrive on site, we will have a large crane to lift them off the truck and place them on their foundations. Overall we are not moving a lot of earth around. We have some retention ponds that we have to dig out and they are not terribly deep. We have some foundations that we have to put in for all of the equipment that we have to do some excavation for. Overall the construction schedule is going to be about ten (10) months. It is a fairly short-duration schedule for this plant and we are able to do that because of the type of equipment that we are installing; it is package equipment, it is modular, it is much simpler than the 540 megawatt combined-cycle plant where we had a lot of big pieces that had to all be put together on huge foundations. This is a much easier plant to build.

Mr. Rys asked what the operating hours will be?

Mr. Cecich answered, there are periods during the construction schedule where there will be more work activity going on than other periods. We will start work probably July/August and that work initially will be to prepare the site for the foundations for arrival of the equipment. There will be a scurry of work initially to get the foundations in and then when equipment starts arriving after the first of the year 2001 in January or February, there will be a lot of workers on site and the activity then will be placing the equipment on the foundations and making all of the interconnections.

Mr. Rys asked, what hours will you be operating?

Mr. Cecich answered, during the peak periods we will be working at least two shifts a day probably starting, we haven't finalized this with the town yet but, 7:30 a.m. and finishing in the early evening with a second shift.

Mr. Rys asked, there won't be anything (work) beyond nightfall?

Mr. Cecich answered, when we are in the final run to complete the construction, we might have a third shift working but this would be interconnection of wire, plumbing, it wouldn't be a lot of noisy, bothersome work to the residents. I can't say that we won't have work going on at night but if we did it would be during the period of time that it wouldn't be noisy work and we would try to schedule that type of work only to be done at night so that it didn't bother the community.

Mr. Rys asked, any type of construction equipment that will be used will be in that general area, not running up and down our streets?

Mr. Cecich replied, all of the access off the site will be off of John Street. We will vigorously enforce our promise to keep construction workers and any deliveries to the site off of East Street. All entrance to and from the plant will be off of the John Street entrance. After the plant is up and operating, that entrance that you see coming off of the Thermo-spa access road, that will only be used on an emergency basis. If there is an event that happened that required the fire department to send a truck in, they would enter through that gate. Otherwise that gate would not be used.

Mr. Rys asked, is there going to be any heavy illumination left on during the evening?

Mr. Cecich answered, we have talked to Ray Smith's people about the level of illumination that they would like to have. There will be a schematic drawing of the lighting levels and the impact on the neighborhood in the package that will be provided to the Council.

Mr. Rys asked, during construction will there be any heavy lighting or anything that will create illumination in the neighborhood?

Mr. Cecich answered, if we do have illumination out there it will be directed away from the houses and again, it would not be late into the evening that the work would be going on. Towards the end of construction the sound wall will be up; it is a fifty-foot wall. We will be working on the other side. There is lighting inside the sound wall that illuminates only what is inside that area. Our lighting is designed so that we don't have night pollution; nothing is directed up to the sky.

Mr. Rys asked, as far as any construction or anything, we are not going to be creating dirt on the streets that is going to require sweeping or anything?

Mr. Cecich answered, we are going to prepare a construction plan that would be part of the submittal. We will have a program in place to mitigate noise and dirt and mud on the roadway. We are fortunate in that the site is really sandy and we won't have a lot of mud to track all over the place, even if it is wet.

Mr. Rys stated, I know in some other communities, during construction dust plumes are created which coat houses and cars, etc. We don't want to be in that situation here.

Ms. Papale stated, sitting up here, having to make this decision is very frustrating for me and I am sure it is for all of us. It is frustrating when people approach you and they want to know what you think the project benefits will be for the town. We can't give them any idea what the tax revenues or lease payments will be and that is frustrating us. With the benefits I have listed before me and a project schedule that says "complete negotiation of project/town agreements 1/00", the question I have is, is this (negotiated lease payments and tax revenues) what is going to be told to us a week from tonight (1/25) at our regular meeting? There is an item we are going to be putting on the agenda, a report out by you, my concern is, will we be told a week from tonight what we will get?

Raymond Smith, Director of Public Utilities answered, if we finalize the negotiations, we are probably 85% there, there is a lot of legalese that is going back and forth; there is still parts of the business deal that have not been consummated, business deal being the dollars. But it takes a lot of legal effort back and forth to make sure that when you agree on something that the documents reflect the intention of both parties in the agreement. We have committed to one day this week, perhaps two, to bring a lot of details to closure. There are still some details that have to be flushed out yet. Could I give you all the answers next Tuesday? Yes. Is that a guarantee? No. If we don't finish and certain details are not worked out yet then it would not be appropriate to share them with you. The Tax Assessor has looked at this project and has a handle on the range of cost now in the range of tax expectations. Unfortunately, it is based on the developer's number of being a \$125 million project; they don't know if it will cost \$125 million, it is an estimate at this point. The tax on a project of that size would be somewhere in the order of \$1 million+ dollars.

Ms. Papale stated, within approximately ten (10) days from tonight, we may be ready to sit down to discuss the price. We often get things "thrown" at us last minute on the table at a Council meeting and a project this large that has a lot of people in this town concerned. I

don't know that I can vote on the matter if the monetary values are presented to me on short notice.

Mr. Smith answered, we have spent a great deal of hours at a good deal of meetings on this project. Respectfully, we have extended a heck of a lot of time educating the Council on what the range of possibilities were with this program; what the options were, what things are going to look like. They, in turn, are going out and have done probably ten or twelve or how many iterations of the project; changes. As we have come through the process we have put certain restrictions on it and they have responded to that, i.e., traffic during construction, prohibition against using fuel oil, and add-ons such as landscaping, sound wall, etc. You are right, we are getting down to the nitty-gritty of lease payments and tax payments and all that which is really the final stage. Presuming all the other issues are covered satisfactorily, yes, you will be getting the numbers now and you will be given my recommendation. It is remotely possible that the project could fall through within the next week also. I think we will bring back a fair package. (Atty.) Bob O'Neill will be here to explain to you what we feel is a fair package for the town. The developer is in a high-risk business. We are choosing to get out of this business because there is too much risk. It is my recommendation that we don't build this power plant. Again, we have to go back to what the goal was; we have to shut Pierce down, how can we replace the value as far as the electric users are concerned? I will give credit to Councilman Zandri, he talked about this initially; that the Town needs to be compensated in taxes. That was his (Councilor Zandri's) concern; that the Town should be entitled to look at this as an economic development project since the taxpayer of the Town is going to pick up. The Pierce Plant never paid taxes. The Town has those benefits; the taxes, what ever lease payments we derive, the improvements to the Electric Division to the customers, to the system and the possibility of emergency generation. I think that is big; it is a plus; it is a very big plus.

Ms. Papale asked, what benefit does the new 115 kV line bring to the Town?

Mr. Smith answered, if you recall April of 1994, there was a major snowstorm and both lines to the town went down and all of the electricity was off at one point or another to the town for at least five hours. If we lose connection to the outside world, we have an ability to start up, in an emergency, one of the generators and supply us. The lights will be back on in 15 or 20 minutes; half hour. It will be an access; another point of electricity. We will break up the two lines that are serving us so that the chances of all three lines going down will be less. It does not mean that it will never happen.....but it just increases the likelihood that the lights will stay on or the supply will be there to the East Street substation.

Mr. Parisi asked, has there been any change in the fuel usage plans?

Mr. Lyons answered, no. It was always going to be gas, and it still is. We will not be using fuel oil. There is a minor exception to that; we are going to have what is called a "black start" generator. This is a generator which actually starts up the facility and it runs on diesel oil. It uses about a bucket of oil to start this thing. That is all the oil we are ever going to use. This is part of our site lease agreement with the Town.

Mr. Parisi asked, without going into too deep of an explanation, how does this work? You are there with your plant; does someone call you up and say, "we would like you to start generating?"

Mr. Lyons answered, the independent system operator in the power market will post a price; a market clearing price. It is basically a day-ahead auction for what the price of electricity will be for the next day. If the price is high enough, we will run. It will be a price for every hour of the next day. We have done exhaustive studies on this and forecasts and projections and the peak period is a period when the price is higher, that is the way the rates are set. It is a sixteen hour day, five day a week phenomenon. There is no peak on the weekends or at night. The average price over that peak period, five times sixteen hours a week, in the summer and for a couple of weeks in the winter and very little at all in the Spring and Fall, is when the price will be right for us to start up and run. Could the state suggest that you generate power if there was a situation, perhaps bordering on an emergency?

Mr. Lyons answered, yes, I suppose they could. If the emergency is that a number of other power plants have been forced out for some reason or coincidentally they all went off line then that order to us would come in the form of a price signal. The message is, "we need power therefore the price is high" so we follow the price signal when we operate. It is always possible for the Governor or the President of the United States to order us, notwithstanding the price, to run....I don't know how that works legally but I know it is a remote possibility.

Mr. Centner asked, how long of a lease life does this version have to be viable?

Mr. Lyons answered, twenty-four and one-half years.

Mr. Centner asked, do we have any protective measures? If we are a couple of years along in this arrangement and one hundred other people also came on board and now there is a power glut and the plant is no longer viable, do we have any protective measures in the contract for what we might have contributed? Would it just fold; just stops; walk away from it? How would that work in the event of that?

Mr. Lyons answered, yes, there are protective measures. Let's wait until next week, if we could, when we have completed negotiations and then we can go through the protective measures in detail. There are protective measures and we have been through this aspect of the agreement and I don't think there are any disagreements about this. When we present the contract, in detail, we can tell you all about those.

Mr. Centner asked, what is the useful life of this configuration of a plant?

Mr. Lyons answered, thirty years.

Mr. Brodinsky asked, how much time would you think the Council would have to consider the contract from the time you get it to us until the time you would want us to vote?

Mr. Lyons answered, no more than two weeks. It has been my goal all along; to be frank, we are behind the original schedule. We have pushed the schedule out as far as we can go. We need to get before the Siting Council and we need to file our air permit both of which require that we have an interest in the property and we sign the site lease, essentially. We think it is in everyone's best interest that we agree on all the business terms at the same time.

Mr. Brodinsky asked, if you had to, you could live with longer than two weeks I would assume?

Mr. Lyons answered, I would rather not say that. I don't see how that is possible.

Mr. Brodinsky asked, what are the consequences of your not getting to the Siting Council exactly when you want to, other than you are in a hurry to make some money, and I can understand that; that you are in a rush to get going. But other than the desire on your part to start the process of making some profits, what are the objective consequences of not making the deadline that you have in your schedule?

Mr. Lyons answered, I think the objective consequences go beyond simply a desire to make money. If we don't meet the summer peak of 2001, our economics are essentially delayed a whole year and I think it is fair to say that this project dies. If it doesn't appear highly likely that we are going to make that schedule...it is very seasonal-specific and it is, in my view, more a matter of, are we going to be there to meet the peak demand when that supply is critically needed and when are we going to capture those revenues. If we miss 2001, we have missed a critical year and my understanding is from the people I work for is that this project does not go forward.

Mr. Brodinsky stated, I think that what you are suggesting is, if you don't make that deadline, you've missed the 2001 year, you would collect your stakes, leave, go somewhere else and you would still miss 2001, wouldn't you?

Mr. Lyons answered, yes....

Mr. Brodinsky asked, so for a couple of weeks more than your deadline you could probably live with it rather than...?

Mr. Lyons answered, yes, we would certainly miss making the summer peak of 2001 from this site. I don't want to dwell on that too much but, obviously, there are other places in the country that have peak demands that are even more serious than they are in New England and there are other places in New England where this plant might be built.

Mr. Brodinsky replied, my concern, and I think it is the concern of some others on the Council, and Mr. Zappala and Ms. Papale echoed that, and that was, does the Town Council have the right and the opportunity to use due diligence to assess and analyze the proposal that you are going to make to us? You have mentioned that you have comparables and you have a lot of technical data upon which some decisions have been made, and then the question is, if we have the opportunity or do we have the opportunity and do we have the right to take a look at that stuff, to get someone to help us assess it and analyze it or does the deadline you impose foreclose the Council from protecting the Town's interests by looking at those things very carefully and that is why I was asking you to maybe attempt to partner with the Council a little more strongly and increase your flexibility on your time frame so we do have more time and that we don't feel rushed to a judgment and that we don't have to go to the town and say that we were cut short because of some deadline that is really economic-based on your part. If you don't make the 2001 market here, you are not going to make it anywhere else, either. So why don't we get together, you and the Town Council, and find a time frame that all nine of us are comfortable with? Any problem with that?

Mr. Parisi interjected, I don't want to mislead anyone; that is not the opinion of this Council.

Mr. Brodinsky answered, I didn't say it was.

Mr. Parisi stated, for clarification purposes, before you respond (Mr. Lyons), I want to make that clear.

Mr. Lyons explained, this schedule is being dictated to us, essentially. We have had some flexibility in the past but we are running through that flexibility and no one on this team

has had an idle day over the course of this process and Ray and Bob O'Neil have been working very hard on this, too. It certainly is an ambitious schedule but it is a critical schedule. Within the bounds of that schedule, I am willing to spend as much time as I can with the Town Council once we have reached an agreement which should be soon. We made a commitment in the R.F.P. early on, that is a reference point. My time is your time, to help within the schedule that is dictated to us, to make you comfortable with the result.

Mr. Brodinsky stated, my comment before, and I also want to answer Mr. Parisi's question; when I said a time frame that all nine members of the Council can be comfortable with, my intent was, I think all of us, every one of us, would like to feel comfortable with the time frame so that if there is any one person that does not, for the sake of a week or ten days or two weeks or three weeks, is it also important that you get to the Siting Council exactly when you want? That was my point, Mr. Parisi. Thank you very much, Mr. Chairman.

Mr. Vumbaco referred to the shuttling of employees from Cytec as well as the storage of equipment at the location and asked Mr. Lyons to expound upon that issue a bit further. He is concerned with the amount of traffic that exists presently in the area that is generated by several trucking firms besides Cytec's employee traffic. He wanted to be sure that a plan will be presented to the Town that addresses the traffic issues in the area, such as the congestion that occurs at the John Street intersection.

Mr. Lyons replied, there will be a very limited number of deliveries of major equipment; essentially five of the turbines, themselves. There may be 12-15 deliveries of lesser equipment to the site which will be scheduled in such a way as to avoid significant impact on the traffic in the area. A thorough traffic analysis has been performed and will be part of the report to the Council.

Mr. Knight referred to the declaratory ruling PP&L is hoping to get from the Siting Council and asked what the odds are for obtaining approval?

Mr. Lyons answered that he is confident that PP&L will be approved by declaratory ruling for two reasons; the primary one being that it is believed that there will be no substantial adverse environmental impact from the project. The legal reason why they know that that procedural vehicle applies to PP&L is because the State legislature, two years ago, specifically provided that power plants built on existing power plant sites are an appropriate subject for approval by declaratory ruling. This project fits the legal and environmental tests.

Mr. Knight asked when PP&L is planning on appearing before the Siting Council or at least making application to them?

Mr. Lyons answered, the first week of February, give or take a day or two.

Mr. Zappala asked if the Town is still party to a contract with CMEEC for five or six more years?

Mr. Smith answered, there remains four years, eleven months and thirteen days to the contract.

Mr. Zappala stated, we receive approximately \$600,000 from CMEEC each year as part of that contract. Is that being considered in this new contract with PP&L?

Mr. Smith answered, it is being considered, yes. The exact payment we receive for the Pierce Plant currently is \$656,000. That amount diminishes once we shut down Pierce and CMEEC has to buy replacement capacity. It won't go down to zero, but it will be some lesser number. There will be some revenue stream which will depend on what our peak is this summer and what ever power CMEEC has to buy. It is my expectation that the amount will be several hundreds of thousands of dollars continued to the end of the contract. I view the lease payment from PP&L as the primary replacement.

Mr. Rys asked, is there any vibration from the turbines?

Mr. Lyons answered, I don't believe so. I think any vibration will be dampened. The turbines will be properly mounted on their concrete pads and appropriately dampened for vibrations. We will be getting guarantees from every one of our equipment vendors that the equipment will meet the specifications, including noise. We will also be getting a guarantee from the construction company that it will meet noise levels as well.

Mr. Rys referred to the sound wall that will mitigate the turbine noise and asked, the exhaust from the jet engines...is that open behind them?

Mr. Lyons answered that it goes right up the stack.

Ms. Papale asked, about the dispatch center at Pierce Plant and its employees.

Mr. Smith explained that they envision moving the dispatch center over to John Street if they enlarge the building, as they are proposing. The Pierce building would be vacated.

Ms. Papale asked, that was all the Pierce building was used for, for the dispatch center? Where was the peaking power done?

Mr. Smith answered, inside the building there are three 7 ½ megawatt turbines. PP&L will build in the back of the building. We have an obligation to de-commission the plant which means that we need to remove a lot of the parts and other things left inside. It will take a couple of years to phase out the radio towers and other equipment that is housed at the Pierce plant. Could the building be used for storage of some sort? Anything is possible; the former electric plant on Washington Street is presently our Senior Center.

Mr. Parisi asked, didn't the generating plant act as a switching station also?

Mr. Smith answered, currently it is tied into the switch yard out there but the changes we are making currently will disconnect that; that is why the June 30 date because, electrically, we will no longer be connected out to the yard.

Mr. Parisi asked, with the modifications being made, should there be a power failure, will the entire town be supplied with power?

Mr. Smith answered, with the new system, no. We have three major substations. Two of those substations are on lines that are coming to the north, they tie into the East Meriden and eventually go over to Haddam. They are on different circuits. We cannot generate here and feed those two substations. If the whole transmission grid in New England or Connecticut went down, we could only restore power to the East Street substation and that is why we talked about 70% of the town could be restored. Normally we have about 50-60% of the load on the station. We could do switching out there but there will be remote customers who will not probably be able to be served.

Mr. Parisi asked, not at all? I thought we said perhaps...

Mr. Smith answered, there are some remote customers who we probably will not be able to get to. For example, Bristol Myers. We would have to haul about 7 ½ megawatts if Bristol Myers is not self-generating up there and that may be too much for our circuits. If they are generating with their own internal generator, then we might be able to supply the supplemental power.

Mr. Parisi stated, to be honest, in a severe power outage I am concerned about the residents first.

Mr. Smith explained, even if you shut down every business, we couldn't haul power from East Street and provide power for that brown-out on the upper end of the system.

Mr. Parisi asked, there will never be 100%?

Mr. Smith answered, not from this particular source. It only can supply East Street substation, I am sorry to say.

Mr. Parisi stated, I was led to believe, at least I thought I was led to believe that we would eventually be able to supply 100%. I am disappointed about that.

Mr. Smith replied that it has always been stated that 70% of the town can be covered. There is a possibility that it can go beyond that but not to 100% because it is not electrically possible.

Mr. Centner referred to the earlier comments by Mr. Smith pertaining to the CMEEC payments and asked, what is the current budgeted costs for the payroll at the Pierce Plant currently?

Mr. Smith answered, about \$250,000.

Mr. Centner asked, would the current workforce at Pierce qualify to work in the new plant or would there be lay-offs or new hires? Is there training?

Mr. Smith answered, we have suggested to the developer that they might want to consider that. We still have a requirement for assistant dispatchers day and night. Whether there is an arrangement between the two of us, it has not been worked out. As far as lay-offs, they will be minimized. We only have six people and need five to do the shift work day in and day out. We are talking about one individual who may be involved. The employees we have are trained in steam power plants. The new plant will be combustion turbines. Could they move over to the new plant, possibly.

Mr. Centner asked, what is the estimated total workforce for the new plant when it is up and running? Is it going to be a permanent staff or one that is dynamic?

Mr. Lyons answered, it is year-round.

Mr. Centner asked, do you intend to provide the employees or is that still under contract?

Mr. Lyons answered, we intend to hire the people and, as we have said before, if you have people who qualify, we will consider them for hires.

Mr. Centner was pleased to hear that the town is looking out for its local working staff.

With regards to the water supply Mr. Brodinsky stated, from a layman's perspective, 28 million gallons per year sounds like a lot and if the plant runs more than 1,800 hours it

could be close to 40 million gallons per year. Mr. Smith stated that Mr. Dann assured us that the water was available. What tests were run; what data is out there; what detail can you give us? How do you measure water supply?

Mr. Smith answered, we have looked at this project and our system availability. We have looked at whether the demand will require system upgrades. We just got the fire flow information from the Fire Marshal so we haven't finished that evaluation; are there pressure or system improvements that have to be made to accommodate that?

Mr. Brodinsky asked, how do we know the water supply is there, underground? How do we know if the water table will sustain us over ten years?

Roger Dann, General Manager of the Water & Sewer Divisions explained, when we look at the volumes that are being proposed here, 28 million gallons sound like a lot of water. To put that into some perspective, that volume represents about 1.5% of what we maintain in our reservoir storage when they are full. Even if their usage were to be twice that, you are still looking at 3% of our total storage volume when full. It is about an equal percentage of what our normal average daily production is. Their draw represents about 1.5-3% maximum of what our average daily production is. In that context, although they are a larger customer, it is not a huge percentage of our total. They are not our largest customer by any means. When we look at the impact or how we can assess whether or not that volume poses any risk to our system overall, we go back and look at some of our planning documents. For example, we look at our combined reservoir and well systems and those are analyzed in terms of what they can safely provide under drought conditions. We determined what our total system available safe yield is, which is modeled under drought conditions. In our case our total system yield is a little bit over 9 million gallons per day. We also look at what our average daily need is based upon our historical usage and that has been averaging, in recent years, about 5.5 million gallons per day. In that, you can see that there is a gap between what our system requirements are today and what the available system yield is for the future. For planning purposes you always want to maintain some level of margin between what is available and what you have committed to provide. Typically, you want that to be at least 15% and, at this point, we are well in excess of that sort of percentage. On that basis, we have a margin that we can work with in our system. Going back and looking at our system draw historically, if you go back in the range of seven or eight years ago we, in fact, were producing at that time, more in the order of six or slightly above six million gallons per day so we have actually experienced somewhat of a decline in the past five to eight year time frame. We have seen our system operating up to higher levels and that was before we completed the modifications with our treatment plant and new raw water pump stations which effectively did provide some increase in system safe yield. From that perspective we can safely say that the project volumes that are proposed here don't pose any sort of concern for us for our long term

supply capabilities. The only other aspect we look at is the instantaneous delivery, that gets into the hydraulics of our distribution system, the ability to deliver the volume that they request and a flow rate that they need it in through our distribution system without adversely affecting other users of the system. Once again, we looked at that, we have modeled that found that the volumes they are proposing don't pose any problems for us. A lone exception to that that we are looking at right now is the fire flow that they have estimated they may need. We do need to analyze that further to determine whether we can deliver that fire flow to the site and if, for some reason we can't, what modifications to our system might be required in order to guarantee that fire flow can be delivered.

Regarding the noise barrier, Mr. Knight asked, how high is it?

Mr. Lyons answered, it is 50 feet high.

Mr. Knight stated, with Wallingford being in a valley and your plant being located in the lowest part of it, will the noise be a factor above that 50 foot wall?

Mr. Lyons answered, from a noise point of view, you are right. Obviously the plant is in a valley but we have taken all of that into consideration in our noise modeling analysis and we have determined that, in fact, we have designed the project so that it meets the 51dba limit at the front property boundary. At any point beyond that, uphill, the noise will be less. When we make our full presentation and file our full report on environmental impacts, you will see in there a chart called a "noise contour map" and it will show you just how much the sound will diminish as you move farther away from the plant. It will not be increased by not going up the hill. The 50 foot barrier is enough to ensure that we have met the requirement at the property line and it will continue to diminish as you go up the hill going east. It will be less than 51dba and, in fact, it will be less than any ambient noise level that we have measured as a base line matter that exists there now.

Mr. Vumbaco stated, the Council is being asked to consider a pretty-substantial project. It is pretty concise but it is a substantial project and there is a lot to do with it. If, in fact, in the future, you see that the economics become more viable to your organization and you have to go in front of any other governing bodies to either increase the size, change a fuel source, any of those issues that are beyond just a normal tweaking of the plant, does your company have any adversity to coming back to this Council for approval of that prior to you going further permitting? If you have to put in an additional generator or add an additional jet engine or maybe gas has gone up to the point where you want to swap over fuel sources; all of that is viable economic decisions but we are approving a plan that you are presenting to us today. If there are going to be any changes in the future.....in the lease agreements are you going to be bound to have to come back to the Council?

Mr. Lyons answered, we are going to be bound and, as a practical matter, the site does not allow for a substantial retro-fit of this project. Some specifics of the design like the fact that we won't be using fuel oil are explicitly laid out in the contract. I don't have it in front of me right now to quote from the agreement that we are negotiating but, yes, any material changes, if we would ever want to do them, would be subject to a re-negotiation of the lease. Frankly, any material changes, we would have to go back to the Siting Council as well.

Mr. Vumbaco reiterated how the Council is voting on a very specific project and wanted to make sure that if there are going to be any substantial changes PP&L would come back before the Council for approval of them before going forward.

Mr. Lyons explained, most of the impacts that we know are of concern to the town and neighborhood...are either governed by law and regulation, i.e., sound. The state noise limitations cannot be exceeded with what ever plant we are talking about. The fact that we are not going to burn oil is explicitly prohibited in the lease. That lease would have to be re-negotiated to burn oil. We would be happy to address any impacts that you want to focus on when we present the agreements that you might feel to be material changes. The short answer is, yes, we would need to, for virtually anything that would have an increased impact on the town, we would have to re-negotiate our agreement. But I don't think the site would allow for those changes.

Mr. Knight asked, with the previous proposal there was a great deal of discussion regarding alternative water sources specifically, gray water from the Sewage Treatment Plant. This technology would not allow for those kind of alternative water sources?

Mr. Lyons answered, it would have to be cleaned up substantially. We are going to take the town drinking water and clean it up a little bit more than that due to sensitive technology. The Town would be better off with another water customer to help defray the cost of the current system rather than us re-inventing the wheel.

Mr. Vumbaco asked, regarding the (landscaping treatments) screening of the plant, what guarantee do we have that you are going to maintain that so that those trees do end up growing ten years from now to the point of maintaining the barriers, etc.?

Mr. Lyons answered, you have what ever guarantees exist in the site lease, in our agreement with the town.

Mr. Parisi called for a ten minute recess.

Mayor Dickinson asked that the record reflect the question, at what point will we have the environmental impact so that Environmental Risk, our consultant, will be able to take a look at it? He is here tonight and I want to have that explained so that everyone is aware that there is that component still to occur.

Mr. Lyons answered, the answer to that is, we are going to file a report that is about that (motions in a manner to show substantial thickness) thick with the Siting Council and the local commissions the first week of February. About 80% of that deals directly with local and environmental impacts and I think is the part that is of interest to your consultant. We are doing everything we can to complete that core piece of the report so that you (Mayor) and the Councilors and other decision-makers and your consultant can have an advanced look at that. I want to say by Friday or early next week.

Mayor Dickinson stated, we will want that report reviewed by our consultant prior to any vote on the project.

Mr. Lyons answered, we are making every effort to accelerate the process for those core sections that have to do with local environmental impacts.

Mayor Dickinson stated, the Health Director is present and I think the Health Department would want to take a look at the report as well.

Linda Bush, Town Planner stated, I would like to remind the Council that this project does not have to comply with local zoning. Anything at all that you want has to be in the lease because after it gets approved by the Siting Council, if someone does not like something out there, my office cannot cite anything at all for zoning violations. It doesn't have to comply. As far as the noise issue; that is not covered under zoning. They keep referring to state standard. There is no one employed in the State Department of Environmental Protection Noise section so there is no enforcement personnel up at the state level. Enforcement should be covered somehow in the lease but not depending on the state to do it.

Mr. Smith stated, Mitchell Wurmbrand is here from Environmental Risk Ltd., our environmental consultant. This was be the time for him to ask questions that have come to him during this presentation.

Mr. Lyons stated, the Siting Council will require us to have a Plan of Development and Management (D&M Plan) as it does with all of these facilities. In that plan it will require ongoing compliance with noise limitations as well as all the other aspects of the approval.

Mr. Wurmbrand asked Mr. Lyons, at the last meeting when you first introduced this project concept, you were considering plans to install chillers to boost summer power production and associated cooling tower. Is that no longer being considered?

Mr. Lyons answered, that is no longer being considered. At that time, in the interest of full disclosure, we said that was a possibility and that is no longer part of the design.

Mr. Wurmbrand asked, at the last meeting you had indicated that the estimated sewer discharge would be on the order of approximately 100,000 per day; is that still pretty much the case?

Mr. Lyons answered, no. The wastewater discharge estimate at that time was based on the use of equipment that we are no longer considering. The actual wastewater discharge at this point will be literally bathrooms and sinks; domestic-type water use, 20,000 gallons a year.

Mr. Wurmbrand asked, you still have plans to use SCR with aqueous ammonia, is that correct?

Mike Anderson, TRC answered, that is correct.

Mr. Wurmbrand explained, as you may be aware, the vendor of SCONOx Equipment, Goline Technology and their Licensee A.B.B. have stated that SCONOx technology is now commercially available. They have even said that it is commercially available in a high-temperature environment which this facility would have. It appears as though the D.E.P. has bought into this and has agreed that the technology is commercially available. Would you be evaluating that technology in your environmental impact statement and in your air permit application? And if that technology is more expensive than what you are now considering, would you still be willing to install that technology?

Mike Anderson, TRC answered, the evaluation of the SCONOx technology will take place as part of the environmental effects report and as part of the air permit. The viability of the technology is subject to a considerable amount of debate among the various experts and I have my own personal opinions about it. As far as the developer's acceptance of the technology, I think that that technology acceptability would be based on a lot of technical issues as to whether it would be acceptable if it works. If it achieves the emission levels that it is supposed to, it can be maintained to continue to function through the life of the project. All the various issues have to be part of the analysis that you spoke of.

Don Cecich, Parkson Brinkerhoff added, yes, the technology is available for high temperature application but its high temperature application in a combined cycle project.

which we are not. The SCR in a combined cycle project is located in a specific temperature range of the heat recovery steam generator, the device that makes the steam for the steam turbine. It is a different temperature range than the Goline SCONOX system can use. Right now it is limited to about 700-750 degrees Fahrenheit. Our temperature is just below 1000 degrees Fahrenheit out of the back of the gas turbine and right now I am not aware that their technology can operate at that high level. We don't have a heat recovery steam generator that removes the heat from the exhaust gas of the gas turbine by making steam, we just have the hot exhaust gas just like a jet engine that is blowing through the SCR and up the stack. There is very little heat removed by the operation of the SCR system. Right now the technology, they are so busy pushing this technology for the combined cycle projects right now that, to the best of my knowledge, they have not looked at singly cycle-type operation such as we have here, right now.

Mr. Wurmbrand asked, for the sake of trying to maintain your schedule, make sure you do address that issue completely because the D.E.P. will expect for you to address it, including using that technology in a single cycle motor. Based upon what I saw from my seat over here on the drawing of the site layout, I take it there is no enclosure for the turbines themselves?

Mr. Lyons answered, that is correct. It is a three-walled structure without a roof. Each of the turbine generator sets will be individually enclosed and they will be behind the sound wall.

Mr. Vumbaco stated, in light of what Ms. Bush informed us as far as the need to have everything in place prior to going to the Siting Council as well as some of the questions that have gone unanswered tonight because of the ongoing negotiations, I just want to stress my feeling that we need to have this document as soon as possible and have some time prior to the meeting that you are going to ask us to vote on this issue so that at least we can assure ourselves that some of our questions have been answered as well as some potential issues that might arise that night.

Mr. Parisi asked, how many questions were there?

Mr. Vumbaco answered, I am not sure but I know I had at least...

Mr. Parisi asked, who raised? Do you mean the questions that...

Mr. Vumbaco answered, there have been some unanswered questions because of the ongoing lease negotiations; when I asked about the architectural guarantees, you said we can discuss them that night. Things like that as well as just to ensure the fact that that is what is best for the town.

Mr. Parisi asked, wouldn't it be the questions that Ms. Bush had raised?

Mr. Vumbaco answered, that is some of them, yes. All I am saying is that I think we should have the document in our hands as soon as possible prior to the meeting so that we have a chance to look at those issues.

Mr. Parisi answered, I agree with you and I think that is one thing I am sure we are all thinking about.

Mayor Dickinson stated, we are looking to get a document to you prior to any meeting; days prior, not hours prior.

Mr. Parisi stated, you will not find it on the table the night of the meeting, I will guarantee that.

This concluded the questions from ERL, the Town's consultant, at this time.

Mr. Parisi declared a ten minute recess at this time.

Upon re-convening the meeting, Chairman Parisi opened the public question period to those residents who live in the immediate area of the proposed plant.

Ed Marcantonio, 226 East Street asked is the chief fuel source of the plant will be natural gas and, what impact will it have on those residents nearby who are also natural gas customers?

Mr. Lyons stated that the plant will have its own private connection to the Algonquin Gas line. It will not have any impact on the gas company's ability to supply gas to any other customers.

Mr. Marcantonio asked for a copy of the booklet that was handed out to everyone this evening (power point overhead reproductions).

No other residents living in the immediate area of the power plant came forward with questions at this time.

Wes Lube, 15 Montowese Trail pointed out how, when the size of the plant was reduced from what was originally proposed, many features and by-products were relatively reduced. For instance, the plume was reduced; the stack was reduced, etc.

The water usage, however, was not. It is estimated that the plant is going to be using 60,000 gallons of water per day, per turbine if the plant is operating 16 hours a day. That figures out to be 5 turbines using 200,000 gallons of water per day. Divide the 200,000 gallons per day into the 28.2 million gallons, contrary to what the Mayor said, that works out to 140 days of operating 16 hours per day. PP&L have applied to run 4,000 hours per year which figures out to be 250 days. The decision which will be made by the Council will impact the Town for 24 ½ years. No one, including Mr. Lyons or anyone with him, has the ability to look down that long a tunnel. If the plant ran 16 hours a day, 250 days a year, we are talking about some 50 million gallons of water. It is a major impact on our present available water supply. We don't know 24 years down the road what our water reservoir capabilities will be. They may be greater than what they are now but, for now, we have to deal with what we have. If you look at the problems that we had last Fall when we were an inch or so from having to ration water in town, according to one of the P.U.C. commissioners, we ought to know what the impact would be if we had such a drought repeated for a two or three year period and our reservoirs were drawn down. Is this subject being addressed in the contract? Will the contract indicate that, despite the plant's needs, if the water is not there for the citizens, it is not there for the power plant?

Mr. Smith answered, we are addressing water usage in the contract.

Mr. Lubee asked if the contract will address water rationing?

Mr. Smith replied, it has not yet been finalized, that area, but I will take your comments into consideration.

Mr. Lyons addressed Mr. Lubee's comments that, in contrast to all other aspects of the plant which have shrunk, the water usage has gone in the other direction. He stated, with the bigger plant we were looking for approximately 400,000 gallons of water plus an additional 3.5 million gallons to be used as cooling water.

Mr. Lubee pointed out how other sources of water were being explored to meet those needs of the bigger plant.

Mr. Lyons explained, that portion of water that PP&L was looking to the town to supply was greater on the big plant. With regard to PP&L's use of this limited amount of water if, in the remote instance, that the town could not supply water to all of its customers, the plant will be treated like any other customer.

Mr. Lubee asked, you are willing to be rationed?

Mr. Lyons answered, yes, we will be treated like any other customer.

Mr. Lube asked, will that be in the contract?

An unidentified individual responded, off microphone, yes.

Mr. Lube stated how there are approximately 28 pollution permits in the Town of Wallingford, which is one of the largest (number in one city) in the state. Will the environmental advisory report include a study of what the collective impact of pollutants will be on the town, including the new power plant? Wallingford has already been identified by an independent environmental concern as being one of the towns in the state with the highest amount of total pollutants. He asked, has anything be done by our consultant, Environmental Risk Limited, in that regard?

Mr. Smith answered, we have not performed any, no. The developer has performed some studies on the environmental impacts.

Mayor Dickinson stated, we have a consultant here who is evaluating the plant and the design to inform us as to possible or probable environmental impacts. Perhaps he should speak to the collective concerns.

Mitchell Wurmbrand, Environmental Risk Limited explained, the developer will be doing an environmental impact analysis of their facility. As part of my review, I will review their analysis. I will also, in my review, consider how that facility fits in with the overall environmental picture of the town. I am very familiar with many of the facilities in the town and I will be able to get a big picture of what is happening environmentally, in the town. I will address that.

Mr. Lube asked if Roger Dann, General Manager of the Water & Sewer Divisions, has provided the Council with charts and graphs showing what the water consumption has been in recent years as well as during drought periods in those years, what our present reserve capacity is, and how much it will be reduced by this new consumption?

Mr. Parisi answered, no, we have not received them.

Mr. Lube asked if such supportive evidence is available to the Council?

Mr. Dann answered, if the Council were to request further information, that could be provided to them.

Mr. Lube referred to statements made earlier by Town Planner, Ms. Bush and asked if the Council might want to incorporate in the contract some of the enforcement protections that

you would normally have with P&Z but don't in this case, such as noise concerns, landscaping? Is it possible to bond that work so that if it is not done the Town would have the bond to see to it that it is done? That would assure the residents in the area that the noise pollution would be mitigated.

Mr. Parisi felt that the noise restriction guidelines were stringent enough and the plant has to meet those guidelines and is prepared to do so.

Mr. Lyons stated, it is important to clarify for the record the fact that the Planning & Zoning Commission has a great deal of authority in this area under the State Siting Law, as well as the Siting Council itself who requires that we comply with the Development and Management Plan for continuing compliance. Larry Golden, our regulatory counsel; legal counsel on the project, can summarize the extent of authority that the P&Z Commission has.

Attorney Lawrence Golden, Pullman & Comley in Hartford, CT. stated, we have to make an application to the Inland Wetlands and Planning & Zoning Commissions who will have sixty-five days to review it. They sit not as zoning agencies or wetland agencies, per say, but as special agencies of the State. They do have, by statute, the authority to make orders regulating and restricting the location of the facility. Ms. Bush was trying to explain that P&Z would not be acting as a zoning commission per say but, under the state law, they do have the authority to issue orders which are enforceable by them. In addition, the Siting Council has independent enforcement authority independent of the D.E.P. They (Siting Council) can require compliance with noise standards and undoubtedly will. That is enforceable by the Siting Council. There are a number of State agencies with enforcement authority, besides your local commissions that also have some authority in this area.

Andy Kapi, 14 N. Turnpike Road stated how back in July, at a previous project update presentation, he had asked for data on emissions; background contextual information for the area surrounding the plant site, similar to what has been provided for other types of permitting and usage in the area by the same players. Has any of that information been forthcoming?

Mike Anderson, TRC answered that he was puzzled as to why the department (of Environmental Protection) took so long to provide some of that information. His latest inquiries to get some additional information were met with silence and he has learned that the individual who was supposed to do them had gone out on surgery. He did not get as much information as he wanted, as soon as he wanted, but he is willing to supply some information tonight. He displayed a graphs which depict the sulfur dioxide emission rates; the permitted, annual allowable sulfur dioxide emission rates for three facilities in Wallingford; PP&L, CRRA and Allegheny Ludlum and a graph which depicted the nitrous

oxide emissions for the same three facilities. This facility (proposed power plant) has minimal emissions compared to other facilities, largely because it is exclusively a natural gas-fired facility. The other facilities can burn residual oil.

Mr. Lyons wanted it made clear for the record that the plant will emit far less than any other sources in the neighborhood and will add very little to the total. What has been displayed tonight very well illustrates the conclusion that PP&L will provide much more detail in the appropriate regulatory proceedings, which is the air permit. How does the plant stack up against other sources at the permitted levels in Wallingford? Far, far cleaner. With respect to the relevant region for these air pollutants, at any given level of electricity demand, this plant will literally clean up the air by displacing dirtier sources.

Mr. Kapi asked, is the fact that PP&L is going for a declaratory ruling before the Siting Council changing the equation somewhat, or are we meaning to say something different than what has been said at a previously meeting, about there being an actual requirement to have the signed Community Host Agreement in place prior to submitting the application to the Siting Council?

Mr. Lyons replied, we are the applicant to the Siting Council and we need to have an interest in the land and that interest will be as a lessee so we need to have our lease signed. This is based on our most recent legal research. Whatever I may have said about that point at some time in the past, notwithstanding, we need to have an interest in the land, and that is our lease, before we go to the Siting Council.

Atty. Golden explained, there is a doctrine called "Standing" which we have looked at. It applies for land use approvals and we believe that it might apply to Siting Council also which is somewhat analogous and in order to have standing to go before a land use commission, you have to have some interest in the land; the owner, the lessee, but you have to have some interest in the land. That is our reasoning for delaying any Siting Council application, whether it is declaratory ruling or certification, it doesn't matter until we have a legal interest in the property.

Mr. Kapi asked if it is PP&L's theory that the Siting Council would fail to move the application forward?

Atty. Golden answered that he was not sure but it is his belief that it is legally required that PP&L have an interest in the property.

Mr. Kapi did not appreciate the mechanism of proceeding forward with a declaratory ruling and did not want to see that avenue pursued since this is only the second meeting held on the scaled-back proposal and there remains many unanswered issues.

Mr. Kapi asked Mr. Smith if he would consider negotiating profit-sharing opportunities in the agreement for the scaled-back project since the plant will be demand-driven rather than efficiency-driven.

Mr. Smith answered, this is still speculative. Even with a larger plant there was no guarantee of a market. You are correct about the efficiency in that the plant would have been trying to beat other plants out in the marketplace. It will be the same condition with this proposed peaking plant. They expect, by their forecast, to be able to generate enough revenues in a shorter time frame to support the cost of the project, pay the gas bills and all of the expenses. There was a profit-sharing mechanism that was proposed originally however, I am not in favor of the option. I think that we will want to nail them down to what our specific number is going to be and if the plant and project can support it in their estimate, then we will get our payment. One of the problems with profit-sharing is that PP&L will control the books. That is always a risk. What they expense, what they charge before we get into the cash available for disbursement, subject to audits and things like that.

Mr. Lyons replied, with regard to the competitiveness of this plant and the risk, I want to clarify that we need to compete on an efficiency basis. Efficiency equals production cost. That is how we compete in the power market. If anything, the level of risk is elevated because we have fewer kilowatt hours over which to make our money so every kilowatt hour counts. But we still have to compete for efficiency, we are just competing against other peakers. Another point made that needs to be clarified for the record because it comes up over and over again is, the 1,800/4,000 hour operation time. The 4,000 hours is the permitting limit. We have no expectation of running that level. The only way we would is if the need for power got to the level where the price went up. We fully expect that there is going to be a hearing on the declaratory ruling. Our decision to go with the declaratory ruling has no impact on our filing date schedule. It will be the same regardless of which vehicle we used at the Siting Council and there will be a hearing at the Siting Council so the public will have the opportunity to be heard by the Siting Council. It is up to the Siting Council, they may decide to schedule two hearings. It is not as if it is going to be done behind closed doors.

Mr. Kapi stated, back in September he had asked PP&L if they would be willing to come back before the Town Council for "re-approval" if PP&L were making operating changes that would have to be taken to the next level, whether it be D.E.P. or the Siting Council. In September PP&L's position was that there were not willing to come back before the Council. Earlier tonight discussion moved in the direction that gave one the impression that it was something that may be considered. He asked for clarification on PP&L's position on that matter.

Mr. Lyons answered, with all due respect, it is not wise or fair to either party to negotiate the contract in public. PP&L's commitments will be agreed to and documented in the agreement. The Town will see that document soon enough.

Mr. Kapi asked if the full document will be available for perusal?

Mr. Parisi answered, we did say that a short time ago that the document will be made available to the Council before the meeting.

Mr. Kapi asked, will it be made publicly available?

Mr. Parisi answered, it will be given to the Councilors.

Mayor Dickinson added, we are going to make sure Council members have the contract and have a chance to review it. Ultimately, it will be available to the members of the public.

Geno Zandri, 37 Hallmark Drive stated, it was mentioned earlier that there is going to be an expansion to the East Street Substation plus the addition of one 115kV line. It is also my understanding that this project will pick up the costs for any additions to the station even though it will ultimately be owned by the Town, is that true?

Mr. Smith answered, yes.

Mr. Zandri stated, I also heard Mr. Dann mention that there is potential situation where there could be additional work needed on our water mains. If there is any work that is required because of this project, will the cost of that work also be picked up by this project?

Mr. Smith answered, yes, just as we would require of any developer.

Mr. Zandri asked if the emission rates chart displayed earlier comparing PP&L, CRRA and Allegheny Ludlum were based on megawatt comparison?

Mr. Anderson answered, yes, it was compared on a megawatt basis.

Mr. Zandri pointed out that the charts show that the proposed facility, on a megawatt basis, produced less.

Mr. Anderson replied, it also says that our facility is a lot smaller.

Mr. Zandri stated, I want to emphasize the fact that if you are going to make comparisons on a megawatt basis, the Pierce Plant is not even close to the number of megawatts that the proposed plant has. The chart is somewhat deceiving.

Mr. Anderson would not characterize it as deceiving but admitted that he did say the comparison was on a megawatt basis and that it illustrates that an old, inefficient plant such as Pierce, compared to modern technology and because of the fuels, it appears to emit twice as much carbon dioxide on a megawatt basis, roughly than the new plant will. I also said that other facilities, the disparity between the proposed new facility and other facilities would not be as great for the more efficient facilities; the ones that are more efficient than the Pierce Plant.

Mr. Zandri asked, with regards to contract negotiations, are all of the numbers referred to here, tonight, based on the plant operating 1,800 hours?

Mr. Lyons answered, the lease payment is not based on that.

Mr. Zandri stated, it must be as far as your firm's calculation. You must be calculating that if you are assuming that the plant is going to be running 1,800 hours, you will be able to make all the payments, including the lease. So I would think that is the figure that you would use to base your whole operation of this facility.

Mr. Lyons answered, that is true. All of our economics are based on an expected 1,800 hours a year.

Mr. Zandri suggested adding language to the contract which allows for additional monies to be paid to the Town if the plant operates more than 1,800 hours per year.

Philip Wright, Sr., 160 Cedar Street stated that he is also concerned about the water usage. Although Mr. Dann has tried to reassure everyone that the system is capable of supplying the new draw needed, Mr. Wright will not be satisfied until the Council has, in its hands, a document that provides all the technical information, to the last dotted "i", which takes the Town out at least twenty-five years in the plan of development so the Council will be satisfied when the Town is out of water and has to spend money to increase the size of our facilities. The Council has the responsibility to see that all that information is before you to provide to the public before this is approved by the public. You have to face the fact that if the public is not satisfied with it, it may go to referendum and cause further delays. Get the information; satisfy the public. I am not happy with the Mayor's way of expressing that the Council has the documents and did not say that the public would get them at the same time. I think the public has a right to it and a need for it.

Pasquale Melillo, 15 Haller Place, Yalesville asked if the plant was a fuel cell, gas/electric generation-type?

Mr. Lyons answered, no. It is gas fueled generation.

Mr. Melillo asked, if it comes to pass that the fuel cell, gas/electrical generation technology becomes the preferred method of generating electricity, will it make this plant obsolete? If so, would you be able to construct your facility to give you the flexibility to switch over to the other method of generation?

Mr. Lyons answered, right now, based on our cost estimates, our technology is going to cost \$500 a kilowatt to install. Fuel cells are about \$3,000 a kilowatt, today. If it did happen and rendered our project non-competitive, I don't think anyone has plans to build fuel cell peaking plants. If and when fuel cells did become so competitive with our peaking technology that it warranted a look to retro-fit the fuel cells, we will probably take a hard look at that. It is a very environmentally-benign technology and I would be happy to take such a proposal before the Town Council. Yes, you can put fuel cells virtually anywhere you have a flat space and we would have the natural gas hookup. Theoretically, a fuel cell facility could be powered at the Pierce site.

Mr. Melillo suggested that there be an inflation clause of some sort added to the contract relative to taxes and revenues. Twenty-five years is a long time and an inflation factor should be added in. He also wanted language in the contract that water will be provided to town residents first and businesses second should drought conditions prevail.

Mr. Lyons reminded Mr. Melillo that it's the Town's water.

Mr. Parisi reminded Mr. Melillo that Mr. Lyons stated earlier that he expects to be treated the same as any other water customer. That means that if there is a rationing, they are rationed the same way anyone else is.

Mr. Smith acknowledged Mr. Melillo's comments.

Mr. Melillo warned the Council that it is impossible to foresee what will happen over twenty-five years with regards to technology and/or politics. He thinks the Town should keep the Pierce plant and have PP&L upgrade the plant like Northeast Utilities did a few years ago, contribute money to its upgrade. He asked if the Town will own all of the transmission lines?

Mr. Smith answered, yes.

Mr. Melillo passed a newspaper article on for the secretary to make copies for the Councilors. The article addressed the topic of power demands and the loss of coordination of capabilities due to utility deregulation.

Mr. Zappala left the meeting at 10:20 P.M.

Vincent Avallone, 1 Ashford Court asked Mr. Smith, during negotiations, were you able to estimate or talk to someone else involved in these businesses as to what the potential profits of PP&L would be?

Mr. Smith answered, we have made some guesstimates. We have talked to certain people. Everyone else is going with the combined cycle or base load plant which is a little more speculative. CMEEC is trying to glean some range of expectations for us. There is no guaranteed contracts for the output of these plants. Whose crystal ball is best at this point for the year 2003? It is highly speculative. If all the other plants come to fruition in Connecticut, there may be less opportunities for everyone. It is really speculative at this time. The Bridgeport arrangement has been looked at; United Illuminating and Duke Energy. I have also obtained some information on the Killingly project. They give us some ranges, locally, but, again, it is how much money are they going to make? If I thought I could make a lot of money, I would side on the risk element and say that we should get involved in profit-sharing. I am more conservative; I just assume have a firm payment. If they are successful, good for them. If they do well and use a lot, that means the system is not in great shape because a peaking plant runs only because all other sources have been utilized and certain customers may even be interrupted.

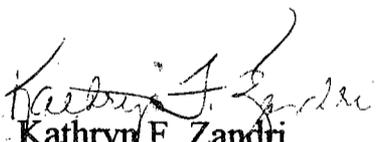
Mr. Avallone stated, I would hope that we could squeeze every penny we could out of the deal for the Town. He hoped PP&L's venture was successful.

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

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

There being no further business the meeting adjourned at 10:26 P.M.

Meeting recorded and transcribed by:


Kathryn F. Zandri
Town Council Secretary

Approved: Robert F. Parisi by ee
Robert F. Parisi, Chairman

2-22-2000
Date

Rosemary A. Rascati
Rosemary A. Rascati, Town Clerk

2-22-2000
Date

(These minutes are filed late due to preparation's restrictions - J. Connel Spivey)

RECEIVED FOR RECORD 2-10-00
AT 3:50 P.M. AND RECORDED BY
Rosemary A. Rascati TOWN CLERK