

Thomas E Lauria
 State Bar No. 11998025
 WHITE & CASE LLP
 Wachovia Financial Center
 200 South Biscayne Blvd.
 Miami, FL 33131
 Telephone: (305) 371-2700
 Facsimile: (305) 358-5744

Robin Phelan
 State Bar No. 15903000
 Judith Elkin
 State Bar No. 06522200
 HAYNES AND BOONE, LLP
 901 Main Street
 Suite 3100
 Dallas, TX 75202
 Telephone: (214) 651-5000
 Facsimile: (214) 651-5940

ATTORNEYS FOR THE DEBTORS AND DEBTORS-IN-POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE NORTHERN DISTRICT OF TEXAS**

)	
In re)	Chapter 11 Case
MIRANT CORPORATION, <u>et al.</u> ,)	Case No. 03-46590(DML)11
Debtors.)	Jointly Administered
)	Hearing Date and Time: April 7, 2004;
)	12:00 p.m.

**DEBTORS' MOTION UNDER BANKRUPTCY CODE SECTIONS 105
 AND 363 AND FEDERAL RULES OF BANKRUPTCY PROCEDURE 9019
 FOR ENTRY OF AN ORDER (I) AUTHORIZING THE DEBTORS TO
 (A) ENTER INTO A SUBSTATION AGREEMENT WITH CAMBRIDGE
 ELECTRIC LIGHT COMPANY, (B) GRANT AN EASEMENT AND
 TRANSFER TITLE TO THE SUBSTATION SITE TO
 CAMBRIDGE ELECTRIC LIGHT COMPANY FREE AND CLEAR OF
 CERTAIN LIENS, INTERESTS, CLAIMS AND ENCUMBRANCES,
 AND (C) SETTLE CERTAIN CLAIMS ARISING FROM THE KENDALL
INTERCONNECTION AGREEMENT, AND (II) GRANTING RELATED RELIEF**

TO THE HONORABLE D. MICHAEL LYNN, UNITED STATES BANKRUPTCY JUDGE:

Mirant Corporation (“Mirant”) and its affiliated debtors (collectively, the
 “Debtors”), as debtors and debtors-in-possession, file this motion (the “Motion”) under sections
 105(a) and 363(b), (f) and (m) of chapter 11 of title 11 of the United States Code, 11 U.S.C. §§

101-1330, as amended (the “Bankruptcy Code”), and Rule 9019(a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for entry of an Order (I) authorizing the Debtors to (A) enter into a Substation Agreement (as defined below) with Cambridge Electric Light Company (“Cambridge Electric”), (B) grant an easement and transfer title to the Substation Site (as defined below) to Cambridge Electric in connection with the Substation Agreement free and clear of certain liens, interests, claims and encumbrances, and (C) settle certain claims arising from the Kendall IA (as defined below), and (II) granting related relief. In support of the foregoing, the Debtors respectfully state as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

PROCEDURAL BACKGROUND

2. The Cases. On July 14, 2003 and various dates thereafter (collectively, the “Petition Date”), Mirant Corporation and 82 of its direct and indirect subsidiaries (collectively, the “Debtors”) filed voluntary chapter 11 petitions. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of title 11 of the United States Code (the “Bankruptcy Code”).

3. The Cases are Jointly Administered. This Court has entered orders approving the joint administration of the Debtors’ chapter 11 cases.

4. The Committees. The Office of the United States Trustee for the Northern District of Texas in these administratively consolidated cases appointed an official committee of

equity security holders and two official unsecured creditors' committees (collectively, the "Committees").

FACTUAL BACKGROUND

5. Mirant Kendall LLC ("Mirant Kendall"), an indirect wholly owned subsidiary of Mirant, owns and operates an electric power and steam generating facility (the "Kendall Facility") located at 265 First Street, Cambridge, Massachusetts (the "Kendall Property"). Mirant Kendall acquired the Kendall Facility and the Kendall Property in 1998 from Cambridge Electric.¹

6. In December 2001, Mirant Kendall completed the construction of a new gas-fired electric generator at the Kendall Facility, which required, among other things, the installation of a new 115 kV transmission line to interconnect the Kendall Facility to Cambridge Electric's Putnam Substation (the "Putnam Substation"). The financing, construction, ownership, operation and maintenance of the 115 kV transmission line is governed by that certain Interconnection Agreement between Mirant Kendall and Cambridge Electric, dated October 9, 2001 (the "Kendall IA"). The 115 kV transmission line (hereafter, the "Interconnection Facilities") is dedicated to Mirant Kendall's sole use as a direct assignment facility, but is owned and maintained by Cambridge Electric. The Interconnection Facilities have been in operation for more than a year.

7. Pursuant to the terms of the Kendall IA, Mirant Kendall is responsible for the costs of constructing the Interconnection Facilities and for an annual facilities charge

¹ NSTAR, Cambridge Electric's parent company, is Massachusetts's largest investor-owned electric and gas utility, serving nearly 1.4 million residential and business customers.

("AFC") associated therewith. The Kendall IA also provides, however, that should Cambridge Electric build a substation and place it in service in a manner that shares the use of the Interconnection Facilities (the "Linkage Event"), Cambridge Electric is required to reimburse Mirant Kendall a portion of the total construction cost of the Interconnection Facilities, (the "Linkage Payment").² Based upon total Interconnection Facilities construction costs, which totaled \$19,853,162, the Linkage Payment calculated under the Kendall IA would have been \$9,926,581. As of the Petition Date, however, Mirant Kendall owed Cambridge Electric \$4,650,059 (the "Cure Amount"), representing \$4,355,683 of past due Interconnection Facilities construction costs and \$294,376 of past due AFCs. Thus, upon the Linkage Event under the Kendall IA, Mirant Kendall would have been owed \$5,276,522, which equals the difference between the Linkage Payment (\$9,926, 581) and the Cure Amount (\$4,650,059).

8. The Kendall Facility is also interconnected with Cambridge Electric's 13.8 kV transmission system (the "Cambridge System"). Under the Kendall IA, Mirant Kendall was obligated to provide Cambridge Electric with local voltage and load support until December 1, 2003. In 2002, Cambridge Electric began reviewing potential sites for the construction of a substation in East Cambridge (the "East Cambridge Substation"), which would provide Cambridge Electric with, among other things, local voltage and load support after Mirant Kendall's obligations expired in December 2003.

9. Prior to the Petition Date, the parties had substantially negotiated an agreement for the possible construction of the East Cambridge Substation on a portion of the

² The Linkage Payment is calculated pursuant to a formula set forth in Schedule 4 of the Kendall IA entitled "Cost Sharing Agreement."

Kendall Property (the “Substation Agreement”) and, in anticipation thereof, began work on the construction of transformer facilities on the Kendall Property to interconnect the Kendall Line to the Cambridge System (the “Interconnection Project”). As a result of Mirant Kendall’s bankruptcy and disagreements between the parties, however, construction of the Interconnection Project and the negotiation of the Substation Agreement were suspended. At the time of the suspension, the Interconnection Project was close to completion.

10. After a brief suspension, the Debtors and Cambridge Electric decided to reinstate discussions. Initially, to alleviate certain immediate concerns that Cambridge Electric possessed with respect to system reliability, the Debtors and Cambridge Electric entered into that certain Tie Agreement, dated December 23, 2003, as amended and restated on March 10, 2004 (the “Tie Agreement”), in the ordinary course of business. The Tie Agreement provides an interim solution for providing Cambridge Electric voltage support pending Cambridge Electric’s final decision regarding the construction of the East Cambridge Substation. Although the parties anticipate that the Tie Agreement will be superseded in full upon approval and consummation of the Substation Agreement, certain aspects of the Tie Agreement provide a backstop for Cambridge Electric’s long-term reliability needs in the event that Cambridge Electric is unable to build the East Cambridge Substation. If such an event were to occur, the Linkage Event would be triggered.³

³ Although the transactions contemplated by the Tie Agreement are ordinary course transactions, the Linkage Payment, if triggered through the Tie Agreement, includes the settlement of certain prepetition amounts owing under the Kendall IA, which would require this Court’s approval. In the event this Court does not approve the Substation Agreement and the Linkage Payment is triggered under the Tie Agreement, the Debtors will seek this Court’s approval to the extent such payment is triggered under the Tie Agreement.

11. On March 10, 2004, the Debtors and Cambridge Electric finalized and executed the Substation Agreement, which remains subject to this Court's approval. The Debtors determined that it would be beneficial to preserve the option to assume or reject the Kendall IA pending further analysis of their strategic alternatives. Accordingly, the Debtors successfully negotiated the proposed transaction in a manner that preserves the Debtors' ability to recognize the Linkage Payment, net of the Cure Amount, without having to assume the Kendall IA.

12. Under the proposed transaction, the Debtors have provided Cambridge Electric with an option to build the East Cambridge Substation on the Kendall Property. Upon exercise of the option, the Debtors will grant an easement in gross to Cambridge Electric (the "Easement") on a portion of the Kendall Property free and clear of liens, interests, claims and encumbrances upon which the substation could be built (the "Substation Site") and Cambridge Electric will be obligated to pay the Linkage Payment less the Cure Amount. The Debtors have also committed to transfer the title to the underlying Substation Site to Cambridge Electric, subject to receiving the necessary approvals to subdivide the Kendall Property.⁴ Under the Substation Agreement and the Tie Agreement, the Linkage Payment will be calculated as if the Debtors had assumed the Kendall IA. Accordingly, the Linkage Payment to be received by the

⁴ The Debtors are presently unable to convey outright the underlying title to the Substation Site due to restrictions on subdividing the property. Accordingly, the Substation Agreement contemplates an immediate grant of the Easement upon exercise of the Option (as defined below) to provide necessary certainty to permit the substation project to move forward. After exercise of the Option, the parties will work cooperatively to gain the necessary approvals to subdivide the property. The Debtors believe that it is in the best interest of their estates to convey the underlying title to provide greater certainty with respect to the limitation of any future liabilities that could arise regarding the Substation Site.

Debtors will be net of the Cure Amount.⁵ The Linkage Payment also will be net of a portion of the amount Cambridge Electric paid or will pay Mirant Kendall in connection with Mirant Kendall's construction of the Interconnection Project (the "Rebate").⁶ The Debtors estimate the gross Linkage Payment to be approximately \$9,926,581 and the Linkage Payment net of the Cure Amount and Rebate to be approximately \$4,704,776.⁷ The receipt of the Linkage Payment net of such amounts will result in all prepetition amounts owed by Debtors to Cambridge Electric under the Kendall IA to be deemed satisfied finally and in full.

13. Although the Debtors have preserved their option to assume or reject the Kendall IA, the Debtors believe that it is likely that they will ultimately assume the Kendall IA. Absent the relief requested herein, however, Cambridge Electric has indicated that it will likely find an alternative site for its substation. Under such circumstances, the Debtors would likely lose not only the Linkage Payment under the Kendall IA, but also would have to cure unpaid prepetition amounts upon assumption of the Kendall IA.

⁵ As discussed above, the Cure Amount is the total prepetition amount due from the Debtors to Cambridge Electric under the Kendall IA, which is \$4,650,059.

⁶ The Rebate reflects Mirant Kendall's scope of work on the Interconnection Project and is currently estimated to be \$571,746. The cost of the Interconnection Project is estimated to be \$930,496 and is to be paid by Cambridge Electric. The Rebate recognizes that Mirant Kendall will also benefit from the Interconnection Project; however, Mirant Kendall has agreed to pay for such benefit solely in the form of a credit to the Linkage Payment. Thus, Mirant Kendall believes that the Rebate provides another incentive for Cambridge Electric to commit to building the East Cambridge Substation at the Kendall Property and paying the Linkage Payment net of the Rebate and Cure Amount.

⁷ In the event that Cambridge Electric were to receive a distribution on account of the Cure Amount prior to the receipt of the Linkage Payment, the Substation Agreement provides that the amount owing by Cambridge Electric will be increased by the value of the distribution received by Cambridge Electric.

14. The Debtors will derive other substantial benefits from consummating the proposed transaction, including (a) the grant of wheeling rights (transmission service) from Cambridge Electric to the Debtors, which the Debtors have valued between approximately \$5 and \$12 million (dependent upon Mirant Kendall's generation output), and (b) the settlement of certain pending disputes between the parties and other consideration, each of which is more fully set forth herein.

15. After extensive investigation, analysis, and consultation with their advisors, the Debtors determined that entering into the proposed transaction with Cambridge Electric is beneficial to the Debtors' estates. This transaction represents a unique opportunity for the Debtors to recover a substantial portion of the costs the Debtors have already incurred in connection with the construction of the Interconnection Facilities. The Debtors have determined that, absent the relief requested herein, Cambridge Electric likely will seek to construct the East Cambridge Substation on an alternative site, which would result in a substantial and permanent lost opportunity for Mirant Kendall. Furthermore, in the event that Cambridge Electric seeks an alternative substation site, the Debtors will forfeit certain other benefits to be derived from the proposed transaction that would be realized regardless of whether the Linkage Event is triggered. Finally, the Debtors will derive substantial benefits from the Kendall Wheeling Privileges (as defined below), which will enhance the value of the Kendall Facility by providing additional outlets at no cost for Mirant Kendall's own generation.

16. In contrast, the Debtors have determined that they will incur little or no detriment by entering into the proposed transaction. The Debtors have determined that there is no other better use for the proposed Substation Site (which represents approximately six percent

of the Kendall Property). Except with respect to moving certain equipment, granting the Easement and transfer of title to the Substation Site will not result in any adverse impact on the current or any foreseeable future use of the site.⁸ Finally, the Substation Agreement will not require the Debtors to incur any incremental costs, including those contemplated under any practical mothball scenario.

17. Cambridge Electric has expressed that it must address certain concerns with respect to serving the greater East Cambridge community and is evaluating alternative sites. Absent certainty that it may proceed toward construction of the substation on the Substation Site, Cambridge Electric will be compelled to further explore alternative sites. In light of the foregoing and given the substantial benefits that the Debtors will derive under the proposed transaction, the Debtors seek this Court's prompt approval of the Motion.

THE PROPOSED TRANSACTIONS

A. The Substation Agreement.

18. To help facilitate the construction of the East Cambridge Substation on the Kendall Property, Cambridge Electric and Mirant Kendall have entered into the Substation Agreement, dated March 10, 2004, the effectiveness of which is subject to this Court's approval.

⁸ One of Mirant Kendall's electric-generating jets is presently located on the Substation Site. As more fully set forth herein, Cambridge Electric will reimburse Mirant Kendall for the costs of moving the jet if Cambridge Electric exercises its Option (as defined below). Based upon current projections, the Debtors have determined that the highest and best use for the jet is at an alternative site provided that the Debtors can mitigate the costs of moving the jet. If Cambridge Electric exercises its Option, Mirant Kendall is confident that it would be able to move the jet to an alternative location where its revenue generation will be at least equal to or higher than the revenue generated at its current location.

A copy of the Substation Agreement is attached hereto as Exhibit A.⁹ The pertinent terms are as follows:

- Mirant Kendall will allow Cambridge Electric to share the use of the Interconnection Facilities by allowing it to use the Interconnection Project under certain circumstances until July 1, 2005¹⁰ (the “Cambridge Electric Operating Privileges”);
- Mirant Kendall will provide Cambridge Electric an option to continue its use of the Cambridge Electric Operating Privileges beyond July 1, 2005 and obtain the Substation Site (the “Option”). Cambridge Electric must exercise the Option by July 1, 2005;
- Upon completion of the Interconnection Project, Cambridge Electric will provide Mirant Kendall with transmission service under Cambridge Electric’s open access transmission tariff across certain transmission lines owned by Cambridge Electric (the “Kendall Wheeling Privileges”) until July 1, 2005. The Debtors estimate that the Kendall Wheeling Privileges for the period commencing on April 1, 2004 until July 1, 2005, are worth approximately \$480,000;
- Mirant Kendall will receive the Other Benefits (as defined below) whether or not Cambridge Electric exercises the Option. The Other Benefits include a reimbursement of approximately \$620,000 of costs associated with the Interconnection Project, plus approximately \$300,000 in other consideration and the avoidance of likely litigation costs and risks related to certain on going disputes;
- Upon exercise of the Option by Cambridge Electric, Mirant Kendall will transfer the Substation Site (by way of easement and/or transfer of title) to Cambridge Electric free and clear of certain liens, interests, claims and

⁹ The description of the proposed transaction herein is for summary purposes only. Parties are encouraged to refer to the Substation Agreement for the precise terms of the transaction. To the extent that there is any inconsistency between the terms of the Substation Agreement and this Motion, the Substation Agreement shall expressly control.

¹⁰ As set forth in the Tie Agreement (which will be superseded by the Substation Agreement, if approved), the Cambridge Electric Operating Privileges terminate on July 1, 2005. The privileges may be extended, however, to January 1, 2006, if the Court does not approve the Substation Agreement.

encumbrances and extend the Cambridge Electric Operating Privileges in perpetuity;

- Upon exercise of the Option, Cambridge Electric will be committed to pay Mirant Kendall the Linkage Payment, net of the Rebate and the Cure Amount, and extend certain of the Kendall Wheeling Privileges in perpetuity.¹¹ The Debtors estimate the value of the extended Kendall Wheeling Privileges to be between approximately \$5 to \$12 million (dependent upon Mirant Kendall's generation output); and
- Cambridge Electric will pay Mirant Kendall up to \$525,000 for the cost of relocating a jet turbine that is currently located on the Substation Site.

19. The Substation Agreement incorporates the provisions of the Tie Agreement regarding the Interconnection Project, including the provisions with respect to the Cambridge Electric Operating Privileges and the Kendall Wheeling Privileges, as well as the payment of the Linkage Payment net of the Rebate and Cure Amount. If the Court approves Mirant Kendall's entry into the Substation Agreement, the Substation Agreement will supersede the Tie Agreement, and the Tie Agreement will become null and void.

20. Pursuant to the terms of the Substation Agreement, Cambridge Electric's opportunity to exercise the Option will expire on July 1, 2005 (the "Commitment Date"). In the event Cambridge Electric does not exercise the Option on or before the Commitment Date, the Substation Agreement will be deemed terminated.

B. The Tie Agreement.

21. The parties anticipate that the Substation Agreement, if approved, will supersede the Tie Agreement. The Tie Agreement provides Cambridge Electric a short-term

¹¹ Within fifteen (15) days after the Linkage Event is triggered, but in no event earlier than January 15, 2005, Cambridge Electric will pay Mirant Kendall the Linkage Payment net of the Rebate and Cure Amount.

solution to address its immediate concerns and a possible long-term solution if it is unable to build a substation for any reason. To address its short-term concerns, the Tie Agreement provides Cambridge Electric the Cambridge Electric Operating Privileges until July 1, 2005 (the “Initial Operating Term”). If, however, the Court does not approve the Substation Agreement, the Initial Operating Term may be extended to January 1, 2006. To address its long-term needs if Cambridge Electric is unable to build its substation, Cambridge Electric may notify Mirant Kendall under the Tie Agreement of its intention to use the Interconnection Facilities or to continue using the Cambridge Electric Operating Privileges beyond the Initial Operating Term. Should it exercise the Option, Cambridge Electric will pay Mirant Kendall the Linkage Payment in the same manner that it would otherwise pay it under the Substation Agreement. As payment of the Linkage Payment includes the netting and satisfaction of amounts owing by the Debtors under the Kendall IA, the Debtors will seek this Court’s authority to receive the Linkage Payment as contemplated by the Tie Agreement to the extent the Substation Agreement is not approved.

C. Kendall IA.

22. Upon receipt of the net Linkage Payment under the Substation Agreement, Cambridge Electric shall irrevocably waive and release any claims or rights it may have to receive any amounts due from Mirant Kendall for services rendered on or prior to the Petition Date under the Kendall IA, and Mirant Kendall shall irrevocably waive and release its right to be reimbursed for costs incurred in connection with the construction of the Interconnection Facilities.

23. The Substation Agreement provides that in the event the Debtors assume the Kendall IA on or prior to July 1, 2005, Mirant Kendall will not be required to satisfy the Cure Amount until after July 2, 2005, but no later than August 2, 2005; provided, however, that in the event Cambridge Electric pays the Linkage Payment on or prior to July 16, 2005, the Cure Amount will be deemed to be satisfied finally and in full as a deduction from the Linkage Payment. In the event Cambridge Electric receives a distribution, if any, on account of the Cure Amount prior to paying the Linkage Payment, whether as a result of (a) Mirant's assumption of the Kendall IA, or (b) a distribution through a plan of reorganization or otherwise the cash value of such distribution, as determined on the date of the Linkage Payment, shall be added to the amount of the Linkage Payment to be paid by Cambridge Electric.

D. Settlement of Pending Issues between the Parties and Other Benefits.

24. The proposed transaction includes the settlement of certain pending disputes between the parties (the "Pending Issues") and other consideration for the benefit of Mirant Kendall (the "Other Benefits"). The pertinent terms are as follows:

- Cambridge Electric has asserted a right to recover amounts from Mirant Kendall for past wheeling services. Cambridge Electric (a) will provide Mirant Kendall, at no charge, any wheeling (i.e. transmission) services that Mirant Kendall may have been provided prior to the date the Interconnection Project was completed and (b) forever waives and discharges any such prior wheeling charges that may be owed by Mirant Kendall that have not been paid prior to the execution of the Substation Agreement. Cambridge Electric estimates that the amount it is entitled to receive for past wheeling charges to be approximately \$5,000,000;
- Mirant Kendall has asserted a right to receive \$159,000 from Cambridge Electric as a result of past metering and billing disputes. Cambridge Electric will pay the full \$159,000 to Mirant Kendall within 30 days after the Interconnection Project is completed to settle all metering and billing issues raised by Mirant Kendall;

- Cambridge Electric has agreed to address certain outstanding metering and billing issues involving Advanced Energy Systems (“AES”), such that from and after April 30, 2003, Mirant Kendall shall not be billed for any energy charges and/or demand charges associated with the supply of electricity to AES’s facilities at the Kendall Facility, and the AES energy and/or demand shall not be deducted from the Kendall Facility’s generation output for any purpose;
- Cambridge Electric agrees, upon completion of the Interconnection Project, to reduce by \$20,000 a year the annual facilities charges of approximately \$518,000 that Mirant Kendall is obligated to pay Cambridge Electric to maintain the Interconnection Facilities under Section 5.6 of the Kendall IA entitled “Annual Facility Charges.” (This credit will expire when and if Cambridge Electric’s Operating Privileges terminate for any reason and Mirant Kendall requires removal of the Interconnection Project.);
- Cambridge Electric has asserted that certain aspects of the Kendall Facility are not in compliance with the Kendall IA. Cambridge Electric will agree that the design, construction and operation of the new generation at the Kendall Facility are in full compliance with the terms and conditions of the Kendall IA and will waive and forever release Mirant Kendall from any claims that the design, construction and operation of the new and existing generation at the Kendall Facility are not in compliance with the terms and conditions of the Kendall IA. (Such waiver and release becomes null and void if the Interconnection Project is not completed because of a material breach by Mirant Kendall under the Substation Agreement.);
- As additional consideration for entry into the Substation Agreement, Cambridge Electric agrees to pay the cost to (a) file any applications required to be made to ISO New England Inc. and perform any associated system impact studies (i) for the Interconnection Project or (ii) to interconnect Mirant Kendall’s existing generators to Cambridge Electric’s 115 kV system from the Putnam Station to a pool transmission facility, and (b) perform any impact study necessary for interconnection or wheeling services to be provided under Substation Agreement. The Debtors estimate the value of such consideration to be approximately \$100,000; and
- As the Tie Agreement will be superseded upon approval of the Substation Agreement, the Substation Agreement provides (as the Tie Agreement does) that Cambridge Electric will reimburse Mirant Kendall for costs Mirant Kendall incurred in connection with the construction of the Interconnection Project. The amount of such reimbursement is approximately \$618,896.

RELIEF REQUESTED

25. By this Motion, the Debtors request that this Court enter an order:
- a. approving the terms and conditions of the Substation Agreement;
 - b. authorizing the Debtors to enter into the Substation Agreement;
 - c. authorizing the Debtors to grant the Easement and transfer title to the Substation Site free and clear of all liens, interest, claims and encumbrances other than the Permitted Encumbrances (as defined in the Substation Agreement);
 - d. authorizing the full and final satisfaction of the Cure Amount upon triggering of the Linkage Event as a reduction of the Linkage Payment;
 - e. authorizing settlement of the Pending Issues; and
 - f. granting related relief.

APPLICABLE AUTHORITY

26. In an exercise of the Debtors' sound business judgment, the Debtors have determined that it is in the best interest of their estates, their creditors and all parties in interest for the Debtors to enter into the proposed transaction.

A. Authorization to Enter into the Substation Agreement Under Section 363 of the Bankruptcy Code.

27. Section 363(b) of the Bankruptcy Code provides, in pertinent part, that a debtor after notice and hearing, may "use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b). See also Cajun Electric Power Cooperative, Inc. v. Official Comm. of Unsecured Creditors (In re Cajun Electric Power Cooperative, Inc.), 119 F.3d 349, 354 (5th Cir. 1997); Institutional Creditors of Continental Airlines, Inc. v. Continental Air Lines, Inc. (In re Continental Air Lines, Inc.), 780 F.2d 1223, 1226 (5th Cir. 1986).

28. Transactions outside the ordinary course of business must be justified by a sound business purpose to obtain bankruptcy court approval. See Continental Air Lines, 780 F.2d at 1226 (“implicit in § 363(b) is the . . . requirement of justifying the proposed transaction . . . there must be some articulated business justification” for transactions outside the ordinary course of business); see also In re North American Royalties, Inc., 276 B.R. 587, 593 (Bankr. E.D. Tenn. 2002) (Courts may approve transactions outside the ordinary course of business if the debtor proves that it is justified by a sound business purpose.).

29. The negotiation of the Substation Agreement between the Debtors and Cambridge Electric was undertaken in good faith and on an arms’ length basis. The recovery of the Linkage Payment, the use of the Kendall Wheeling Privileges, and the recognition of the Other Benefits provides a substantial benefit to the Debtors’ estate, and is beneficial to Mirant Kendall’s continued operations. In this instance, the Debtors have been able to negotiate terms for the recognition of the Linkage Payment that are significantly more favorable than under the Kendall IA, and will allow the Debtors to retain their option to assume or reject the Kendall IA until a later date. In addition, the Debtors were able to negotiate the use of the Kendall Wheeling Privilege, which they will retain in perpetuity if Cambridge Electric exercises the Option.

30. In agreeing to enter into the Substation Agreement, the Debtors, in the exercise of their business judgment, have provided Cambridge Electric with an option that would require the Debtors to transfer the Substation Site to Cambridge Electric. The transfer of the Substation Site to Cambridge Electric, however, is in the best interest of the Debtors’ estates and the estates’ creditors because of the benefits to be derived from the receipt of the Linkage Payment, the use of the Kendall Wheeling Privileges, and recognition of the Other Benefits.

31. In fact, the Debtors will realize further benefits if Cambridge Electric chooses to build the East Cambridge Substation on the Substation Site because it will provide a point of access to distribute Mirant Kendall's own generation. As stated above, the Substation Site only encompasses approximately six percent of the Kendall Property, and is of relatively little value and will not impact the Debtors' use of the Kendall Property now or in the future. Thus, the Debtors believe a sound business reason exists for the execution of the Substation Agreement and the transfer of the Substation Site.

**B. The Easement and Title to the Substation Site
Should be Granted Free and Clear of Certain Liens,
Interests, Claims and Encumbrances.**

32. Under section 363(f) of the Bankruptcy Code, a debtor may sell property "under subsection (b) and (c) free and clear of any interest in such property of an entity other than the estate." In particular, 363(f) authorizes a debtor to sell property free and clear if

- (1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

33. An easement on land of which a debtor holds possession and title is property of a debtor's estate. An easement is defined as:

[a]n interest in land owned by another person, consisting in the right to use or control the land, or an area above or below it, for a specific limited purpose. . . .

BLACK'S LAW DICTIONARY (7th ed. 1999). Because an easement is an interest in property, it is included as property of the debtor's bankruptcy estate under section 541(a)(1). Cf. River Production Co. v. Webb (In re Topco, Inc.), 894 F.2d 727, 740 n.17 (5th Cir. 1990) (noting in dicta that a debtor's right to obtain oil and gas from a parcel of land not owned by the debtor is property of the estate because that right is an interest in property under Texas law).

34. As an easement is property of the estate, a debtor may sell an easement in property free and clear of all interests under section 363 of the Bankruptcy Code. See Eads v. Probasco (In re Eads), 69 B.R. 730 (9th Cir. B.A.P. 1986), aff'd in part and rev'd in part on other grounds, 839 F.2d 1352 (9th Cir. 1988) (holding that a debtor could sell its one half interest in a sewer easement free and clear of all other interests); cf. In re Partners Oil Co., 216 B.R. 399 (Bankr. S.D. Tex. 1998) (holding that a debtor could sell its operating interest in an oil well free and clear of an entity's right to 50% of the oil produced).

35. The Kendall Property is currently encumbered by approximately \$58 million in asserted mechanics' liens, inclusive of duplicative liens filed by general contractors and their subcontractors. The Debtors dispute the validity, enforceability and amount of such liens on the Kendall Property. Nevertheless, the Debtors believe the granting of the Easement and transferring of title to the Substation Site free and clear of these asserted interests will not materially diminish the value of the Kendall Property, which exceeds the estimated allowed amount of all of the liens. As stated above, the Substation Site is a small, unused portion of the

Kendall Property, the transfer of which is unlikely to diminish the overall value of the Kendall Property or Kendall Facilities. In fact, if Cambridge Electric constructs the East Cambridge Substation on the Kendall Property, the Debtors believe the value of the Kendall Facilities will be enhanced because the substation will provide additional outlets for Mirant Kendall's own generation.

36. Accordingly, the Debtors believe that the holders of such asserted mechanics' liens, and any other potential parties asserting liens, claims, interests or encumbrances on the Kendall Property, are adequately protected as the building of the substation will likely increase – not diminish – the value of their collateral. Nevertheless, the proposed order provides that any liens will attach to the proceeds derived from the transfer of the Substation Site in the same validity, force and effect that such liens, interests, claims and encumbrances have now against the Substation Site.¹² Similarly, the proposed order further provides that any asserted liens, except to the extent released or subordinated with respect to the Easement, shall remain attached to the Kendall Property in order of their priority and with the same validity, force and effect as they have now against the Kendall Property.

37. The Debtors have notified their debtor in possession lender (the “DIP Lender”) of the proposed transaction and anticipate receiving its approval shortly. As the

¹² Although the Substation Agreement contemplates a nominal charge for the grant of the Easement, for the purposes of determining the value of the underlying collateral, the Debtors have not allocated the portion of the total proceeds that represent proceeds derived from the grant of the Easement. The Debtors believe that the value of the remainder of the Kendall Property exceeds what the estimated allowed amount of all of the liens would otherwise be, and therefore, such an allocation is not necessary at this time. Nevertheless, to the extent that it is later determined that an allocation is necessary, the Debtors believe that such allocation may be appropriately reserved for a future determination by the Court.

Substation Agreement is expressly conditioned upon receiving the DIP Lender's approval, the Debtors submit that the granting of the Easement and transfer of title to the Substation Site free and clear satisfies the statutory prerequisites of section 363(f) of the Bankruptcy Code.

C. Cambridge Electric Should be Afforded all Protections Under the Bankruptcy Code as a Good Faith Purchaser.

38. Section 363(m) of the Bankruptcy Code provides that “[t]he reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith. . . .” 11 U.S.C § 363(m).

39. The terms of the Substation Agreement have been negotiated without collusion, at arms' length and in good faith. In fact, the proposed transaction is the fruit of months of negotiations whereby there has been a substantial give and take by both parties. Accordingly, the Debtors request the Court determine that Cambridge Electric has acted in good faith and, upon consummation of the transaction, is entitled to the protection of a good faith purchaser pursuant to 363(m) of the Bankruptcy Code.

D. The Court Should Approve the Settlement with Cambridge Electric Pursuant to Rule 9019.

40. Bankruptcy Rule 9019(a) provides, in part, that “[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a). Bankruptcy Rule 9019(a) empowers a bankruptcy court to approve compromises and settlements if they are “fair and equitable and in the best interest of the estate.” In re Cajun Electric Power Cooperative, Inc., 119 F.3d 349, 355 (5th Cir. 1997) (quoting In re Foster Mortgage Corp., 688 F.3d 914, 917 (5th Cir. 1995) (citation omitted)); see

also In re Zale Corp., 62 F.3d 746, 754 (5th Cir. 1995) (stating that “the ‘fair and equitable’ determination does not give the bankruptcy court jurisdiction over settlement conditions that do not bear on the court’s duties to preserve the estate and protect creditors.”).

41. A decision to accept or reject a compromise or settlement is within the sound discretion of the Court. See 9 COLLIER ON BANKRUPTCY 9019.02 (15th ed. Rev. 2001). “Compromises are favored in bankruptcy” because they minimize the costs of litigation and further the parties’ interest in expediting administration of a bankruptcy estate. In re Martin, 91 F.3d 389, 393 (3d Cir. 1996) (quoting 9 COLLIER ON BANKRUPTCY 9019.03[1] (15th ed. Rev. 1993)). The settlement need not result in the best possible outcome for the debtor, but must not “fall below the lowest point in the range of reasonableness.” In re Drexel Burnham Lambert Group, Inc., 134 B.R. 499, 505 (Bankr. S.D.N.Y. 1991) (quoting In re W.T. Grant Co., 699 F.2d 599, 608 (2nd Cir. 1983)). Basic to the process of evaluating proposed settlements, then, “is the need to compare the terms of the compromise with the likely rewards of litigation.” Protective Comm. for Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson, 390 U.S. 414, 425 (1968).

42. To determine whether a settlement is fair and equitable, this Court should consider and evaluate the following factors: (i) the probability of success in the litigation, with due consideration for uncertainty in fact and law; (ii) the complexity and likely duration of the litigation and any attendant expense, inconvenience and delay, and (iii) all other factors bearing on the wisdom of the compromise. See Cajun Electric, 119 F.3d at 356 (citations omitted).

43. The Debtors have determined in their business judgment that the settlements embodied in the Substation Agreement are fair and reasonable and benefit the

Debtors' estates. Although no litigation currently exists between the parties, the threat of litigation exists in light of the contentions by Cambridge Electric that it would assert a claim against the Debtors for (a) amounts Cambridge Electric claims it is owed under the Kendall IA for the construction of the Interconnection Facility, (b) certain wheeling services that Mirant Kendall may have been provided prior to the completion of the Interconnection Project, (c) certain outstanding metering and billing issues and (d) certain aspects of the Kendall Facility that Cambridge Electric claims are not in compliance with the Kendall IA. Although the Debtors dispute the validity and/or amount of these claims, and believe they may ultimately prevail if these claims were litigated, the uncertainties and costs of associated with litigating Cambridge Electric's claims will outweigh the substantial benefits to be derived under the Substation Agreement.

44. The Substation Agreement also resolves other pending issues between the parties related to (a) annual facilities charges, (b) the filing of applications and impact studies with ISO New England and (c) reimbursement of costs incurred in connection with the Interconnection Project.

45. Accordingly, given the uncertainties associated with litigating Cambridge Electric's claims and resolution of the pending issues, and the benefits inuring to the Debtors' estates, as well as the strong potential for the receipt of the Linkage Payment, use of the Kendall Wheeling Privileges and the recognition of the Other Benefits, the proposed compromise is in the best interest of the estates.

CONCLUSION

WHEREFORE, based upon the foregoing, the Debtors request that this Court enter an order, substantially in the form submitted herewith, granting the relief requested herein, and any further relief that is necessary and proper.

Dated: Fort Worth, Texas
March 15, 2004

HAYNES & BOONE, LLP
901 Main Street
Suite 3100
Dallas, TX 75202
(214) 651-5000

By: /s/ Robin Phelan
Robin Phelan
State Bar No. 15903000
Judith Elkin
State Bar No. 06522200

-and-

Thomas E Lauria
State Bar No. 11998025
Craig H. Averch
State Bar No. 01451020
WHITE & CASE LLP
Wachovia Financial Center
200 South Biscayne Boulevard
Miami, Florida 33131
(305) 371-2700

ATTORNEYS TO THE DEBTORS
AND DEBTORS-IN-POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he has authorized BSI as service agent to cause to serve a true and correct copy of the foregoing Motion upon all parties listed below and on the Debtors' Limited Service List via United States first class mail, postage prepaid, on the 15th day of March 2004 in accordance with the Federal Rules of Bankruptcy Procedure.

/s/ Ian T. Peck

United Steel Structures, Inc.
Attn: Wesley Schaffran
16000 Barkers Point Lane
Houston, TX 77079

United Steel Structures, Inc.
c/o Howard N. Gorney, Esq.
Nixon Peabody LLP
101 Federal Street
Boston, MA 02110-1832

Dick Corporation
Attn: Michael T. Ambroso, Esq.
Office of General Counsel
P. O. Box 10896
Pittsburgh, PA 15236

Dick Corporation
c/o Bennett D. Greenburg, Esq.
Jeffery M. Hummel, Esq.
Seyfarth Shaw
815 Connecticut Avenue, NW, Suite 500
Washington, D.C. 20006-4004

Dick Corporation
c/o Kent D. B. Sinclair, Esq.
James P. Gamerman, Esq.
Seyfarth Shaw
World Trade Center East
Two Seaport Lane, Suite 300
Boston MA 0221

The Salem Glass Co.
Lois G. Miller, President
3 Technology Way
Salem, MA 01970

Harding and Smith
Attn: Joel Lewin, Esq.
27 Remar Avenue
Walpole, MA 02081

St. Paul Mercury Insurance Company
c/o Peter B. McGlynn, Esq.
Richard E. Briansky, Esq.
Bernkopf, Goodman & Baseman LLP
125 Summer Street, 13th Floor
Boston, MA 02110
Re: Harding and Smith

Brand Scaffold Rental and Erection, Inc.
Attn: Michael E. Coghlan
100 Newark Street
Haverhill, MA 01832

Quality Air Metals, Inc.
283 B Centre Street
Holbrook, MA 02343

Huntington Controls, Inc.
Michael Huntington, President
80 Independence Avenue
Quincy, MA 02169

Huntington Controls, Inc.
c/o Edwin J. Fremder, Esq.
Corwin & Corwin LLP
One Washington Mall
Boston, MA 02108

A. C. Dellovade, Inc.
c/o L. M. Krulewich, Esq.
Krulewich Casher, PC
50 Standford Street
Boston, MA 02114

Atlantic Contracting & Specialties, LLC
Attn: Michael C. Brown, Esq.
Authorized Agent
120 North Lime Street
P. O. Box 1579
Lancaster, PA 17608

Matrix Service Mid Continent, Inc.
c/o Elizabeth A. Bradley, Esq.
Knapp, Ohl & Green
22 Ginger Creek Parkway
P.O. Box 760
Glen Carbon, IL 62034

Matrix Service Mid Continent, Inc.
Attn: Vance Davis
202 Hansen Court
Newark, DE 19713

Mass. Electric Construction Company
Attn: Lewis R. Lear, Esq.
180 Guest Street
Boston, MA 02135-2046

Bond Brothers, Inc.
Attn: Thomas C. Baillie, Esq.
145 Spring Street
Everett, MA 02149

Foster Wheeler Energy Corporation
Attn: Robin McDonald
509 Glendale Avenue East, Box No. 1
Niagara-on-the-Lake (St. Catharines)
Ontario, Canada L0S 1J0

Massachusetts Department of Telecommunications
and Energy
One South Station, 2nd Floor
Boston, MA 02110

Massachusetts Attorney General
200 Portland Street
Boston, MA 02114

Massachusetts Department of Revenue
51 Sleeper Street, 8th Floor
PO Box 55494
Boston, MA 02205-9494

City of Cambridge
Attn: Tax Collector
795 Massachusetts Avenue
Cambridge, MA 02139

Kendall SQ. LLC
c/o Lyme Properties
101 Main Street
Cambridge, MA 02142

KS Parcel A/D, LLC
c/o Lyme Properties LLC
101 Main Street
Cambridge, MA 02142

BP-Riverview / 245 First St., LLC
P.O. Box #A-3879
Chicago, IL 60690-3879

Mary E. Grover
Assistant General Counsel
NSTAR Electric & Gas Corporation
800 Boylston Street, P1700
Boston, MA 02199-8003

Cambridge Electric Light Company
c/o Alex M. Rodolakis
Hanify & King, PC
One Beacon Street
Boston, MA 02108

EXHIBIT A

“Substation Agreement”

SUBSTATION AGREEMENT

This Agreement, dated this 10th day of March, 2004, is by and between Mirant Kendall, LLC, having a place of business at 265 First Street, Cambridge, Massachusetts ("Mirant") and Cambridge Electric Light Company, having a place of business at 800 Boylston Street, Boston, Massachusetts (the "Company"). Mirant and the Company may be referred to herein collectively as the "Parties" or individually as a "Party."

Recitals

This Agreement regards certain aspects of the proposed siting by the Company of a new electric distribution substation (the "East Cambridge Substation") on property owned by Mirant at 265 First Street, in Cambridge, Massachusetts (the "Kendall Station") and the provision of certain transmission services by each Party to the other, among other matters.

The Company and Mirant are parties to a certain Amended and Restated Tie Agreement, dated March 10, 2004 (the "Tie Agreement") regarding the design, engineering, construction and operation of certain interconnection facilities at Kendall Station between the Company's 13.8 kV system at Kendall Station and Mirant's 115 kV on-site equipment (the "Interconnection Project").

The Company and Mirant are also parties to a certain Interconnection Agreement dated October 9, 2001 (the "Interconnection Agreement") regarding the construction of certain transmission facilities required to allow Mirant's New Generator (having the meaning given the "Customer's New Generator" in the Interconnection Agreement), at the Kendall Station to interconnect with the New England transmission grid.

NOW, THEREFORE, the Parties agree as follows:

I. Conveyance of Property Interests

1.1 Grant of Easement. Upon Mirant's receipt of the Commitment Notice, described in Section 7.1, the Parties shall execute, deliver and record the Grant of Easement attached hereto as Exhibit A, under which the Company will be granted an exclusive easement allowing the permitting, construction, operation and maintenance of its proposed East Cambridge Substation on a portion of Kendall Station described on that certain site plan attached hereto as Exhibit B, such portion being referred to on the site plan as the "Proposed Transformer Yard" (the "Substation Site").

1.2 Transfer of Title. In addition to the Grant of Easement and subsequent to Mirant's receipt of the Commitment Notice, Mirant shall, subject to all applicable law and subject to Mirant's receipt of all necessary or required waivers, variances or approvals, if any, from applicable governmental and quasi-governmental authorities, without additional consideration from the Company, convey and transfer to the Company

all of Mirant's right, title and interest in and to that portion of the Substation Site other than the Non-Exclusive Area, which shall remain subject to the Grant of Easement. Upon such conveyance, the Company shall accept all of Mirant's right, title and interest in and to the Substation Site pursuant to a Massachusetts quitclaim deed. The Company shall, to the extent necessary and requested by Mirant, assist Mirant to obtain such waivers, variances or approvals, if any, from applicable governmental and quasi-governmental authorities as may be necessary to enable Mirant to subdivide the Substation Site from the remaining Kendall Station for the purpose of so deeding the Substation Site to the Company. Each Party shall be responsible for its own internal costs and any consultant costs it incurs, at its sole discretion, in connection with such subdivision process. Mirant shall reimburse the Company for any other reasonable out-of-pocket costs incurred by the Company with regard to such subdivision process.

1.3 Encumbrances. Mirant shall seek approval from the United States Bankruptcy Court for the Northern District of Texas Fort Worth Division ("Bankruptcy Court"), by the Effective Date, to convey, pursuant to Sections 1.1 and 1.2, the Grant of Easement and, if applicable, the Substation Site free and clear of all claims, liens, interests and encumbrances, excluding (a) those matters specifically identified in Schedule B II (Exceptions) of the Fidelity National Title Commitment for Title Insurance, a copy of which is attached to the Grant of Easement as Exhibit C, and (b) any claims, liens, interests and encumbrances that may arise on the Substation Site as a result of the Company's activities (together, the "Permitted Encumbrances"), existing as of the date of such Bankruptcy Court order. Mirant's failure or inability to convey the Grant of Easement or fee interest in the Substation Site to the Company free and clear of any liens, interests and encumbrances, including any new liens, interests or encumbrances that may arise with respect to the Substation Site after the date of the Bankruptcy Court order and prior to the date on which the Grant of Easement or fee interest in the Substation Site is conveyed to the Company, but excluding the Permitted Encumbrances, shall entitle the Company to terminate this Agreement in its entirety. In the event the Company accepts the Grant of Easement or the quitclaim deed with knowledge of liens, interests or encumbrances other than the Permitted Encumbrances, the Company waives its right to terminate this Agreement pursuant to this Section.

II. Effective Date

This Agreement shall become effective upon the later of (a) approval of the Bankruptcy Court and (b) approval in writing of Mirant's debtor-in-possession lender ("DIP Lender") (the "Effective Date"). The Company shall have the right to provide notice of termination to Mirant if the Bankruptcy Court and the DIP Lender do not provide such approval on or before April 7, 2004; provided, however, that this right shall expire if the Company has not exercised such termination rights on or before the Effective Date.

III. Construction of East Cambridge Substation

3.1 Removal of Jet. Mirant will hire such contractors as it deems necessary, to dismantle, disconnect, remove appurtenances to, ship, and unload the 21 MW jet turbine

("Jet") currently located on the Substation Site to a destination to be designated by Mirant (collectively, the "Removal Services"). Prior to executing any contract for Removal Services, Mirant shall obtain the approval of the Company, not to be unreasonably withheld, delayed or conditioned, for the scope of the Removal Services to be performed pursuant to any such contract. The Parties shall use good-faith efforts to manage the costs associated with the Removal Services. All costs and expenses, including insurance costs, but excluding storage costs, associated with the Removal Services, shall be paid for by the Company; provided, however, that in no event shall the Company's liability for third-party costs and expenses associated with the Removal Services exceed Five Hundred and Twenty-Five Thousand Dollars (\$525,000). Mirant will be responsible for any costs and expenses that exceed the cap amount in the preceding sentence. Provided the Company has given the Commitment Notice, the removal of the Jet shall commence on the later of (a) September 15, 2004 and (b) fifteen (15) days after all necessary approvals for the removal thereof have been obtained. Such removal activity shall be completed no later than thirty (30) days thereafter. The Parties will work cooperatively to secure permission from the appropriate regulatory bodies, including ISO New England, Inc. ("ISO-NE") and NEPOOL, if any, to remove the Jet from service.

3.2 Removal of Other Facilities. In addition to the Removal Services, Mirant shall, at its own cost and expense, remove or have removed any other facilities not included in the Removal Services and existing on the Substation Site as of the date of the Grant of Easement that it deems necessary to retain for its own purposes. The Company shall be responsible, at its own cost and expense, for the removal of any other facilities.

3.3 Coordination and Cooperation. The Parties shall, at all times during the term of this Agreement, work to expedite (a) removal of the facilities in Sections 3.1 and 3.2, and (b) construction of the East Cambridge Substation. This obligation shall extend to securing necessary permits and approvals from appropriate governmental and other authorities. Each Party shall be responsible for its own internal costs and any consultant costs it incurs, at its sole discretion, in connection with securing such necessary permits and approvals. Mirant shall reimburse the Company for any other reasonable out-of-pocket costs incurred by the Company in connection with securing necessary permits and approvals required of Mirant. Likewise, the Company shall reimburse Mirant for any other reasonable out-of-pocket costs incurred by Mirant in connection with securing permits and approvals required of the Company.

IV. The Interconnection Project

4.1 Scope of Work. Attachment A, attached hereto and made a part hereof, sets forth the scope of work and the respective responsibilities of Mirant and the Company for the Interconnection Project (the "Mirant Scope of Work" and the "Company Scope of Work," respectively). Mirant and the Company will provide resources and work cooperatively toward an in-service date for the Interconnection Project by as soon as practicable. The Company and Mirant agree that the Interconnection Project shall not require an outage of all or a part of the Kendall Station generation, and that all work on the Interconnection Project shall be scheduled in a manner which does not adversely impact the operation of the Kendall Station.

4.2 Required Easements. The Parties agree to grant non-exclusive perpetual easements or other necessary rights for all of the required equipment directly related to the Interconnection Project including access for operations and maintenance of said equipment under mutually acceptable terms and conditions, to the extent not covered by existing easements. Specifically, upon completion of the Interconnection Project, the Parties shall execute the Equipment Access and Maintenance Agreement, attached hereto as Attachment C, regarding Mirant-owned equipment directly associated with the Interconnection Project located within the Company-owned "S-Bus" building.

4.3 Maintenance of Equipment. The Parties will maintain equipment supplied for the Interconnection Project based on ownership. The "Zig-Zag" transformer, the reactor and the metering will be owned and maintained by the Company and Mirant will maintain all of the associated Mirant owned cables and breakers.

4.4 Cost of Interconnection Project.

4.4.1 All of the costs and expenses of the Interconnection Project shall be paid by the Company, subject to the limitations and credits described below.

Attachment B, attached hereto and made a part hereof, sets forth the incurred and estimated costs of the Mirant Scope of Work and the Company Scope of Work. The costs and expenses associated with the Interconnection Project shall include any third-party costs and expenses incurred or paid by Mirant in the design, engineering, procurement (including any cancellation charges incurred or paid, if any, on materials and equipment procured by Mirant for the Interconnection Project) and construction of the Interconnection Project.

4.4.2 Notwithstanding anything to the contrary contained herein, the amount that the Company shall be required to pay for the Mirant Scope of Work (the "Rebate") shall not exceed Seven Hundred Thousand Dollars (\$700,000) (the "Cap"); provided, however, that (a) all costs and expenses incurred or paid by the Company or Mirant in connection with the Company Scope of Work, including the Company's use of Mirant's outside engineers or construction contractors to perform work associated with the Company Scope of Work, shall not be subject to the Cap and, to the extent incurred or paid by Mirant, shall be reimbursed by the Company, and (b) all costs and expenses incurred or paid by Mirant due to Company non-performance, missed appointments, Company caused delays, or overtime and/or special shifts required to remedy any of the aforesaid shall not be subject to the Cap and shall be reimbursed by the Company. On the other hand, any third-party charges incurred by Mirant or the Company due to Mirant's non-performance, missed appointments, Mirant originated delays, or overtime of special shifts required to remedy any of the aforesaid shall be considered as costs related to Mirant's Scope of Work (Mirant and the Company acknowledge that as of the date hereof there have been no such charges). All reimbursement payments due Mirant under this Agreement shall be paid by the Company in accordance with Sections 4.4.5 and 4.4.6 below.

4.4.3 The Parties shall work cooperatively to manage the costs of the Interconnection Project. Mirant shall provide the Company with backup data for all costs and expenses for which Mirant seeks reimbursement pursuant to this Agreement.

4.4.4 Mirant acknowledges that pursuant to the Tie Agreement, the Company has paid Mirant Ninety Thousand Three Hundred Dollars (\$90,300), which represented the estimated costs (as of December 23, 2003) to complete the Mirant Scope of Work and the Company Scope of Work, plus Fifty Thousand Dollars (\$50,000), which represented a portion of the third-party costs incurred by Mirant as of December 23, 2003 with regard to the Interconnection Project.

4.4.5 Within five (5) days of Mirant's notice of completion of the Interconnection Project, the Company shall pay Six Hundred Eighteen Thousand Eight Hundred and Ninety Six Dollars (\$618,896), which represents the estimated remaining portion of the third-party costs incurred by Mirant with regard to the Interconnection Project. Mirant agrees that immediately upon its receipt of such payment by the Company, it shall make available to the Company the facilities which comprise the Interconnection Project.

4.4.6 Within five (5) days of Mirant's notice of completion of the Interconnection Project, Mirant shall provide to the Company a reconciliation report for all costs associated with the Mirant Scope of Work and the Company Scope of Work for which Mirant is entitled to reimbursement pursuant to this Agreement ("Reconciliation Report"). If the total amount Mirant is entitled to be reimbursed for the Mirant Scope of Work and the Company Scope of Work is less than the Company payments made pursuant to Sections 4.4.4 and 4.4.5, Mirant shall refund any such overpayment to the Company within fifteen (15) days of its issuance of the Reconciliation Report. If the total amount Mirant is entitled to be reimbursed for the Mirant Scope of Work and the Company Scope of Work is greater than the Company payments made pursuant to Sections 4.4.4 and 4.4.5, the Company shall forward any underpayment to Mirant within fifteen (15) days of its receipt of the Reconciliation Report.

V. Mirant's Wheeling Rights

5.1 115 kV Transmission System. Upon completion of the Interconnection Project and the Company's access to the Interconnection Project, the Company shall provide Mirant with firm point-to-point transmission service, pursuant to a Service Agreement for Firm Point-to-Point Transmission Service between the Company and Mirant's affiliate, Mirant Americas Energy Marketing, LP ("115 kV Service Agreement") under the Company's open access transmission tariff ("Tariff"), across the Company's 115 kV transmission system from Putnam Station to Boston Edison Company's Station #509 ("PTF Delivery Point") in perpetuity for generation originating at Kendall Station at a maximum of 294 MW. In the event Station 509 is no longer classified PTF, as defined under the Restated NEPOOL Agreement (or the equivalent of such definition as may be

adopted under successor documents governing the regional transmission system in New England), the Company shall provide firm point-to-point transmission service for generation originating at Kendall Station from Putnam Station to an alternate PTF point on the Company's transmission system ("Alternate PTF Delivery Point"); provided, however, in the event upgrades to the transmission system are required to provide such service, the cost of these upgrades shall be borne by Mirant. Mirant shall have the option to decrease the requested firm point-to-point transmission service if any system impact study reveals the need for system upgrades. The Company shall not assess a transmission wheeling charge to Mirant for the transmission service being described herein. To the extent it has not otherwise done so, Mirant shall request service on the Company's OASIS, as required for the services described herein.

5.2 13.8 kV Transmission System. Upon completion of the Interconnection Project and the Company's access to the Interconnection Project, the Company shall provide Mirant with firm point-to-point transmission service, pursuant to a Service Agreement for Firm Point-to-Point Transmission Service between the Company and Mirant's affiliate, Mirant Americas Energy Marketing, LP ("13.8 kV Service Agreement") under the Company's Tariff, across the Company's 13.8 kV transmission system from the Kendall Station to the Company's 115 kV transmission system at Putnam Station for a maximum of 133 MW. The Company shall not assess a wheeling charge to Mirant for this transmission service. Except for 25 MW from the remaining jet turbine at Kendall Station ("Remaining Jet"), this service shall terminate upon the happening of (a) the placement into service of the East Cambridge Substation and (b) Mirant's receipt of all third party approvals, if any, and third party actions, if any, necessary to move Mirant's Existing Generators, (having the meaning given the "Customer's Existing Generators" in the Interconnection Agreement), except for the Remaining Jet, to the Company's 115 kV transmission system. With respect to the 25 MW from the Remaining Jet, the transmission service shall continue, without charge, in perpetuity. Upon termination of the transmission service as provided in this paragraph, except for transmission service for 25 MW from the Remaining Jet, the bus ties between Mirant's generation (other than the Remaining Jet) and the Company's 13.8 kV transmission system shall be operated in a normally open manner; provided, however, that if, at any time after the in-service date of the East Cambridge Substation, either (i) the Company requests closure of the bus ties between Mirant's generation and the Company's 13.8 kV transmission system; or (ii) Mirant requests closure of the bus ties between Mirant's 13.8 kV generation and the Company's 13.8 kV transmission system because Mirant's normal station service facilities are unavailable for use, the Company shall not assess a wheeling charge to Mirant for any of Mirant's Kendall Station generation wheeled across the Company's 13.8 kV transmission system as a result of the happening of such event. With respect to a request by Mirant to close the ties between Mirant's 13.8 kV generation and the Company's 13.8 kV transmission system, to the extent the Company maintains such tie points, the Company will accommodate such a request. To the extent it has not otherwise done so, Mirant shall request this service on the Company's OASIS. Further, the Company shall not invoice or otherwise charge Mirant for any wheeling services prior to the date of the completion of the Interconnection Project, and the Company hereby

forever waives and discharges any such prior charges for wheeling services that have not been paid as of the date of this Agreement.

VI. Company's Operating Privileges

6.1 Use of Interconnection Facilities and Interconnection Project. Subject to the Operating Procedures described in Section 6.2 below and the satisfaction of the conditions subsequent set forth in Section 8.12 below, Mirant agrees that immediately upon its receipt of the payment in Section 4.4.5 it will allow the Company, at no additional cost, to use the Interconnection Facilities and to direct the operation of the Interconnection Project as provided in Section 6.2 below (the "Company's Operating Privileges").

6.2 Operating Procedures.

6.2.1 The Company may direct Mirant to close the Interconnection Project's circuit breaker(s) which interconnect the Company's Kendall 13.8 kV system to the Company's 115 kV system, in accordance with the operating procedures set forth in Attachment D, attached hereto and made a part hereof (the "Operating Procedures"). If so directed in accordance with the Operating Procedures, Mirant shall close such circuit breaker(s) in accordance with the Operating Procedures.

6.2.2 It is the intention of the Parties that the fundamental principle upon which the Operating Procedures are based is that the aforesaid circuit breakers shall only be closed (a) in the event that (i) Mirant's Existing Generators that are available to be on line are on line or have been called on line or suddenly become unavailable, and (ii) the Company requires more generation than such operating Existing Generators are able to provide to support the reliability of the Company's local distribution system or (b) in response to or in reasonable anticipation of a Company system emergency; provided, however, that the Company shall call the available Existing Generator(s) on line to address such emergency and once such Existing Generator(s) ramp up, the Company shall direct that the aforesaid circuit breakers may be reopened in accordance with the Operating Procedures. To the extent that anything in the Operating Procedures conflicts with this fundamental principle, the Operating Procedures shall be amended to correct the inconsistency.

6.2.3 The Operating Procedures shall be modified only upon the mutual written agreement of the Parties. Upon energization of the proposed East Cambridge Substation, these Operating Procedures and this Section 6.2.3 of this Agreement shall be revised by mutual agreement of the Parties.

6.2.4 Mirant represents as of the date hereof, that its existing permits, licenses and other approvals from governmental authorities do not limit the hours that the Jet or the Remaining Jet may operate.

VII. Payment and Other Obligations of the Company

7.1 Commitment. On or before July 1, 2005, the Company shall provide written notification to Mirant ("Commitment Notice") that it desires to build its proposed East Cambridge Substation on the Substation Site. In the event the Company does not provide the Commitment Notice by July 1, 2005, this Agreement shall become null and void.

7.2 Payment. Within fifteen (15) days after the Company provides the Commitment Notice, but in no event earlier than January 15, 2005, the Company shall pay Four Million Seven Hundred and Four Thousand Seven Hundred Seventy-Six Dollars (\$4,704,776) ("Payment"), which includes a credit of Five Hundred Seventy-One Thousand Seven Hundred Forty-Six Dollars (\$571,746) for the Rebate. Such credit shall be subject to the Reconciliation described in Section 4.4.6.

The Parties agree and stipulate that (a) pursuant to the Interconnection Agreement, Mirant owes the Company Four Million Six Hundred and Fifty Thousand Fifty-Nine Dollars (\$4,650,059) (the "Cure Amount"), which represents all amounts owing by Mirant to the Company under the Interconnection Agreement on or prior to July 15, 2003, (b) the Payment includes a credit for the Cure Amount, (c) in the event Mirant assumes the Interconnection Agreement pursuant to Section 365 of the Bankruptcy Code on or prior to July 1, 2005, Mirant shall not be required to satisfy the Cure Amount until after July 2, 2005, but no later than August 2, 2005; provided, however, that in the event the Company pays the Payment on or prior to July 16, 2005, the Cure Amount shall be deemed to be satisfied finally and in full. In the event the Company receives a distribution, if any, on account of the Cure Amount, whether as a result of Mirant's assumption of the Interconnection Agreement, a distribution through a plan of reorganization or otherwise, prior to paying the Payment, the cash value of such distribution, as determined on the date of the Payment, shall be added to the amount of the Payment to be paid by the Company.

7.3 Metering and Billing Issues. In consideration of settling all metering and billing issues raised by Mirant, the Company agrees to make a payment of One Hundred Fifty-Nine Thousand Dollars (\$159,000) to Mirant within thirty (30) days of completion of the Interconnection Project. The Company shall immediately address the metering and billing issues involving AES, such that from and after April 30, 2003, Mirant shall not be billed for any energy charges and/or demand charges associated with the supply of electricity to AES at its facilities at Kendall Station and the AES energy and/or demand shall not be deducted from Kendall's generation output for any purpose.

7.4 Annual Facilities Charge Credit. The Company agrees that Mirant's obligation under Section 5.6 of the Interconnection Agreement regarding Annual Facilities Charges shall be reduced by Twenty Thousand Dollars (\$20,000) per year upon completion of the Interconnection Project; provided, however, that such credit shall expire when and if the Company determines and notifies Mirant that the Company will no longer use the Interconnection Project. In the event the Company's Operating Privileges terminate for

any reason and Mirant requires removal of the Interconnection Project, then this credit shall terminate.

7.5 System Impact Studies. The Company agrees that any application required to be made to ISO-NE pursuant to Section 18.4 of the Restated NEPOOL Agreement (or the equivalent provisions of successor documents governing the regional transmission system in New England) and associated system impact studies for the Interconnection Project or to interconnect Mirant's Existing Generators to the Company's 115kV system from the Putnam Station to the PTF shall be filed and performed by the Company. No costs will be assessed to Mirant by the Company for such application. Further, any system impact study necessary for any of the interconnections or wheeling services to be provided hereunder, shall be performed at the Company's sole cost, and in a manner which appropriately reflects the operation of Kendall Station, the Interconnection Project, the operation of the East Cambridge Substation and the operation of the Company's transmission system, and shall be performed in a manner which would minimize the upgrade costs, if any, to Mirant to interconnect Mirant's Existing Generators to the Company's 115 kV system from the Putnam Station to the PTF. Notwithstanding any other provision in this Agreement to the contrary, any upgrades resulting from the removal of the Jet or the construction or operation of the Interconnection Project or East Cambridge Substation shall be at the Company's sole cost and expense.

7.6 Compliance with Interconnection Agreement. Except as provided below, the Company hereby agrees that the design, construction and operation of the New Generation are in full compliance with the terms and conditions of the Interconnection Agreement. The Company hereby waives and forever releases Mirant from any claims that the design, construction and operation of Mirant's New Generator or Mirant's Existing Generators are not in compliance with the terms and conditions of the Interconnection Agreement. Notwithstanding the foregoing, in the event that the Interconnection Project is not completed because of Mirant's failure to perform any of its obligations hereunder, the foregoing waiver and release shall be null and void and of no further force or effect, and the Company shall have all of its rights and remedies against Mirant under the Interconnection Agreement; provided, however, that nothing herein shall be deemed to be an admission by Mirant that it is not in compliance with the Interconnection Agreement.

VIII. Miscellaneous

8.1 Mothball of Generation. The Parties hereby agree that in the event Mirant mothballs its Generators (having the meaning given the "Customer's Generators" in the Interconnection Agreement), such event is not and shall not be deemed to be the cessation of commercial operations as contemplated by the Interconnection Agreement.

8.2 Waiver of Rights. Upon the Company's payment to Mirant pursuant to Section 7.2 above, the Company shall irrevocably waive and release any claims or rights it may have to receive any amounts due from Mirant for services rendered on or before July 15, 2003 under the Interconnection Agreement and Mirant shall irrevocably waive and

release any claims or rights to receive any reimbursement under Section 5.1(b) of the Interconnection Agreement.

8.3 References. References in this Agreement to other documents, including, but not limited to, the Interconnection agreement, the Tie Agreement, the 115 kV Service Agreement and the 13.8 kV Service Agreement, are for definitional and reference purposes only and shall not in any way diminish or alter the Parties rights and obligations under this Agreement.

8.4 Assignment. This Agreement shall inure to the benefit of and bind the respective successors and assigns and successors in title of the Parties hereto. No assignment by any Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case being obtained, which consent shall not be unreasonably withheld or delayed, except that this Agreement may be assigned without such consent to an affiliate or successor of either Party, or to a person acquiring all or a controlling interest in the business assets of such Party. No assignment or transfer of rights shall relieve the assigning Party from full liability and financial responsibility for performance unless both the assignee or transferee and the other Party have so consented in writing. Upon assignment of this Agreement, the Parties and the assignee of this Agreement shall execute an Assignment and Assumption Agreement.

In addition to the foregoing, Mirant shall be entitled in its discretion to assign its interests in this Agreement collaterally as security to the party or parties providing long-term financing for its Generators without the Company's prior written consent, but Mirant shall provide the Company with written notice of such collateral assignment within seven (7) days following such collateral assignment. The Company shall execute any documentation required by such financing parties in connection therewith, so long as such documentation does not diminish the Company's rights or increase the Company's liabilities under this Agreement.

Mirant Americas Energy Marketing, LP shall be afforded all rights and shall comply with all obligations under this Section 8.4.

8.5 Subcontractors. Nothing in this Agreement shall prevent a Party from utilizing the services of such subcontractors as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor. Except as may be specifically set forth to the contrary herein, no subcontractor is intended to be, nor will it be deemed to be, a third-party beneficiary of this Agreement.

The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. Each Party shall be fully responsible to the other Party for acts or omissions of any subcontractor it hires as if no subcontract has been made. Any applicable obligation imposed by this Agreement upon a Party shall be equally

binding upon, and shall be construed as having application to, any subcontractor of such Party.

The obligations under this Section 8.5 will not be limited in any way by any limitation of subcontractor's insurance.

8.6 State and Federal Laws. This Agreement and all rights and obligations of the Parties hereto are subject to all applicable state and federal laws and regulations and all duly promulgated orders and duly authorized actions of governmental authorities. The interpretation and performance of this Agreement shall be subject to and determined in accordance with the laws of the Commonwealth of Massachusetts, exclusive of its conflicts of law rules.

8.7 Amendments. No modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of each of the Parties hereto.

8.8 No Third Party Beneficiaries. This Agreement is for the benefit of the Parties hereto and the Parties, by execution of this Agreement, do not intend to create any rights for the benefit of, or grant any remedies to, any third party, except for those rights expressly given hereunder to Mirant Americas Energy Marketing, LP.

8.9 Waiver of Performance. The failure of either Party to require compliance with any term, condition or provision of this Agreement shall not affect that Party's right to later enforce the same. It is agreed that the waiver by either Party of performance of any of the terms of this Agreement or of any breach thereof shall not be held or deemed to be a waiver by that Party of any subsequent failure to perform the same or any other term or condition of this Agreement or of any breach thereof.

8.10 Notices. Any notice, bill, demand, or request permitted or required under this Agreement shall be delivered in person against receipt, transmitted by electronic means with appropriate confirmation, or mailed by certified mail, postage prepaid, return receipt requested, or otherwise confirmed receipt to:

To the Company:
NSTAR Electric & Gas Corporation
800 Boylston Street, P1700
Boston, MA 02199-8003
Attention: Legal Department
Facsimile: (781) 424-2733

To Mirant:

Mirant Kendall, LLC
265 First Street
Cambridge, MA 02142
Attention: Tom Herlihy, Plant Manager
Facsimile: (617) 354-1301

With a copy to:

Mirant Corporation
1155 Perimeter Center West
Atlanta, GA 30338
Attention: Sonnet Edmonds, Assistant General Counsel
Facsimile: (678) 579-5890

The Parties may change the name and address of the individual to whom notices are to be given by giving the other Party written notice of such change.

8.11 Rights under Interconnection Agreement. Except as specifically stated herein, nothing in this Agreement is intended, nor shall it be deemed, to affect the Parties' rights and obligations under the Interconnection Agreement.

8.12 Conditions Subsequent.

8.12.1 The acceptance for filing, without material modifications or subject to conditions unacceptable to either Party, by the Federal Energy Regulatory Commission ("FERC") pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824e (the "Federal Power Act"), shall be a condition subsequent to the continuing effectiveness of this Agreement and the continuing obligations of the Parties under the Tie Agreement, including, but not limited to, Mirant's obligations under Sections 5 and 6 of the Tie Agreement. Without limitation, it shall be deemed to be a material modification and/or a condition reasonably unacceptable to the Company if, in connection with the filing of this Agreement and the Tie Agreement, FERC orders that the Company make any payments to Mirant other than those already expressly required by this Agreement and the Tie Agreement. Mirant shall be responsible for filing this Agreement with FERC no later than five (5) days following execution of this Agreement. The Company agrees to support such filing.

8.12.2 The acceptance for filing of the 115 kV Service Agreement and the 13.8 kV Service Agreement, without material modifications or subject to conditions unacceptable to either Party, by FERC pursuant to Section 205 of the Federal Power Act, shall be a condition subsequent to the continuing effectiveness of this Agreement. Without limitation, it shall be deemed to be a material modification and/or a condition reasonably unacceptable to Mirant if, in connection with the filing of the 115 kV Service Agreement, FERC orders that Mirant make

additional payments to the Company with respect to past or future transmission across the Company's 115 kV transmission system from Putnam Station to the PTF Delivery Point or any Alternate PTF Delivery Point. The Company shall be responsible for filing the 115 kV Service Agreement and the 13.8 kV Service Agreement with FERC within five (5) days of the Effective Date of this Agreement. Mirant agrees to support such filings.

8.13 Supercession. Upon the Effective Date, this Agreement shall supercede, in its entirety, the Site Access Agreement between the Parties, dated February 27, 2004.

8.14 Release of Easement. In the event this Agreement terminates pursuant to Section 1.3, 8.12.1, or 8.12.2, the Company shall release the Grant of Easement to Mirant.

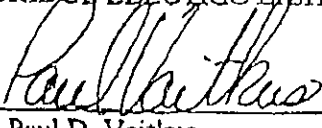
8.15 Nonwaiver of Claims. Except with respect to (i) the waiver and discharge of prior wheeling service charges described in Section 5.2, (ii) the metering and billing issues described in Section 7.3, and (iii) the waiver and release of claims described in Section 7.6, in the event this Agreement terminates and becomes null and void, neither Party shall be deemed, by having entered into this Substation Agreement, to have waived any legal position or argument, or any claim, counterclaim, demand, action or cause of action each Party may have against the other, and all such legal positions, arguments, claims and disputes, and all rights and defenses in respect thereof, shall be expressly preserved. Notwithstanding anything to the contrary herein, in the event Mirant assumes the Interconnection Agreement and this Agreement subsequently terminates and becomes null and void, neither Party shall be deemed, by having entered into this Agreement, to have waived any legal position or argument or claim, counterclaim, demand, action or cause of action with respect to the Cure Amount each Party may have otherwise had against the other Party at the time of Mirant's assumption of the Interconnection Agreement and had this Agreement not been entered into.

[Signatures follow on the next page.]

IN WITNESS WHEREOF, Mirant and the Company have caused this Agreement to be executed by and through their respective duly authorized representatives as of the day and year first above written.

CAMBRIDGE ELECTRIC LIGHT COMPANY

MIRANT KENDALL, LLC

By: 
Name: Paul D. Vaitkus
Title: Vice President

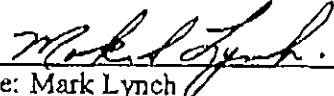
By: 
Name: Mark Lynch
Title: President

EXHIBIT A

Grant of Easement

GRANT OF EASEMENT

This Grant of Easement ("Agreement") is entered into by and between MIRANT KENDALL, LLC, a Delaware limited liability company, having an address at 265 First Street, Cambridge, Massachusetts 02142, hereinafter called the Grantor, and CAMBRIDGE ELECTRIC LIGHT COMPANY, a Massachusetts corporation and electric company, having its principal place of business at 800 Boylston Street, Boston, Massachusetts 02199, hereinafter called the Grantee.

Recitals:

- A. Grantor is the owner of certain property in the City of Cambridge, Middlesex County, Massachusetts, commonly known as "Kendall Station" and more specifically described on Exhibit A attached hereto ("Grantor's Land");
- B. Grantee is an electric transmission and distribution company and desires to construct and operate an electric substation on a portion of Grantor's Land;
- C. Grantee is the holder of certain easement rights in Grantor's Land pursuant to that certain Grant of Easements dated as of December 30, 1998, recorded with the Middlesex South District Registry of Deeds in Book 29606, Page 95 (the "Existing Easements"); and
- D. Grantor is willing to provide Grantee with the necessary additional rights and easements to permit the construction and operation of such a substation on a portion of Grantor's Land, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing, the payment of Ten Dollars (\$10.00) by Grantee to Grantor and other, non-monetary consideration consisting of the provision of certain transmission and related services by each party to the other pursuant to separate agreements, the receipt and sufficiency of which is hereby acknowledged by Grantor and Grantee, the parties hereby agree as follows:

- 1. Grant of Easements.
- 1.1 Substation Easement.

(a) Grantor hereby grants to Grantee, its successors and assigns, with quitclaim covenants, a perpetual, exclusive easement in gross upon that portion of Grantor's Land (the "Easement Area") referenced as the "Proposed Transformer Yard" on the plan captioned "Mirant Kendall Plant - Permit Plan of Land in Cambridge, Massachusetts,

Middlesex County”, prepared for NSTAR Electric & Gas Corporation, dated June 16, 2003, prepared by Gunther Engineering, Inc. and attached hereto as Exhibit B (the “Easement Plan”) for all purposes now or in the future useful or necessary for the construction, use and operation of an electric bulk power substation, it being the intention of the Grantor to grant to Grantee the exclusive use of the surface, subsurface and air space of the Easement Area (the “Easement”), including, without limitation, but subject to all applicable laws and the issuance of all necessary governmental approvals, the right, at Grantee’s sole cost and expense, except as provided herein, to erect, install, construct, reconstruct, replace, repair, maintain, inspect, use, and operate the substation, consisting of (i) one or more lines for the transmission of high and low voltage electric current, which lines may consist of towers, poles or pole structures, or conduits, pipes or ducts and manholes, with wires, cable and ground wires strung upon and from or installed within the same, or of wires, cables and ground wires buried in the ground, or of combinations of all or any of the same, (ii) switchgear and telecommunications equipment, (iii) one or more transformers, (iv) all necessary foundations, anchors, guys, braces, insulators, hardware, fittings, equipment and appurtenances for all of the foregoing; and (v) lines for telecommunications, relay, signal and control purposes (collectively, (i) through (v) are referred to as the “Facilities”).

(b) Notwithstanding anything else to the contrary herein, with respect to the portion of the Easement Area described as the “Non-exclusive Area” on the Easement Plan, the rights granted under this Agreement shall be non-exclusive, but shall be exercised in common with Grantor, and neither party shall unreasonably interfere with the operations of the other party within the Easement Area or Grantor’s Land. The parties hereby agree that the surface of the Non-exclusive Area shall be used solely for access and that no part of the Facilities shall be constructed thereon, but that Grantee may, without unreasonable interference with the Grantor’s activities, install, construct, maintain, use and operate underground conduit and duct banks for electric transmission and distribution lines and appurtenances within the subsurface of the Non-exclusive Area. The parties shall also, by mutual written agreement and without unreasonable interference with the activities of the Grantor, provide for temporary construction lay-down areas on Grantor’s Land in the vicinity of the Easement Area during the period of substation construction.

(c) Pursuant to the order (the “Order”) of the bankruptcy court having jurisdiction over Grantor’s Land, which Order is attached hereto as Exhibit C, this Grant of Easement has priority over any and all interests, liens and encumbrances affecting the Grantor’s Land as of the date of such Order other than those matters specifically identified in Schedule B II (Exceptions) of the Fidelity National Title Commitment for Title Insurance dated _____, 2004, a copy of which is attached hereto as Exhibit D (the “Permitted Encumbrances”), and all such matters existing as of the date of such Order, other than the Permitted Encumbrances, are subordinated to this Easement.

(d) In the event that additional claims, liens, interests or encumbrances, not caused by Grantee and which affect the Easement Area, arise after the date of such Order and prior to the recording of this Agreement, Grantor shall use commercially reasonable efforts to remove such, liens, interests or encumbrances (provided, however, that Grantor

shall not have the obligation to expend any sums to remove such encumbrances) and if Grantor shall not remove or cure such, liens, interests or encumbrances, then Grantor shall promptly notify Grantee in writing thereof and Grantee shall have the right, exercisable on or before the date which is ten (10) days following receipt of Grantor's notice, to either (i) terminate this Agreement upon written notice to Grantor received on or before the end of such ten (10) day period, or (ii) waive its rights to object to such additional liens, interests or encumbrances.

(e) In the event that additional liens, interests or encumbrances, not caused by Grantee and which affect the Easement Area, arise after the recording of the Grant of Easement but prior to the date of conveyance of the Exclusive Area of the Easement Area to Grantee as described in that certain Substation Agreement of even date hereof, entered into by and between Grantor and Grantee, Grantor shall use commercially reasonable efforts to remove such liens, interests and encumbrances (provided, however, that Grantor shall not have the obligation to expend any sums to remove such liens, interests or encumbrances) and if Grantor shall not remove or cure such liens, interests or encumbrances, then Grantor shall promptly notify Grantee in writing thereof and Grantee shall have the right, exercisable on or before the date which is ten (10) days following receipt of Grantor's notice, to either (i) decline the conveyance upon written notice to Grantor received on or before the end of such ten (10) day period, or (ii) waive its rights to object to such additional liens, interests or encumbrances.

(f) In the event that Grantee fails to terminate this Agreement or decline the conveyance as set forth in subparagraphs (d) and (e) above, Grantee shall be deemed to have waived its objections to such additional liens, interests or encumbrances.

1.2 Ancillary Easements. In addition, Grantee shall have the right, at Grantee's sole cost and expense, except as provided herein, and subject to all applicable laws and the issuance of all necessary governmental approvals, (a) to construct the Facilities, or any of them, at any time hereafter and at the same or different times and to renew, add to, replace, remove and otherwise change the Facilities and each and every part thereof and the location thereof within the Exclusive Area of the Easement Area; (b) to connect the Facilities to facilities of Grantor or Grantee located on Grantor's property adjoining the Easement Area, through easement corridors to be determined by mutual agreement of Grantor and Grantee, consistent with the Existing Easements; (c) to clear and keep clear by physical, chemical or other means the Exclusive Area of the Easement Area, or any part thereof, of trees, underbrush, buildings or other surface or underground structures or facilities; (d) to trim at any time trees in said Easement Area which in the judgment of the Grantee may endanger said Facilities or the operation thereof; and (e) to enter upon said Easement Areas, on foot and with vehicles, as required, to and from Grantor's Land (using, in common with Grantor and others, such curb cuts, gates, service roads, ways and passages as may exist on Grantor's Land from time to time) for all of the above purposes, and to enclose, fence in, secure the Exclusive Area of the Easement Area, excavate and grade the Exclusive Area of the Easement Area as required for the foregoing purposes (the "Ancillary Easements"). Each party agrees to abide by any applicable security or access requirements of the other party, including, if applicable, any

required use of escorts to access the Exclusive Area of the Easement Area or Grantor's Land, as the case may be.

2. Location of Easement. The Easement Area comprises an area of approximately 13,846 square feet, which includes an area of approximately 12,779 square feet (the "Exclusive Area") and a strip of land containing approximately 1,067 square feet which is designated by cross-hatching on the Easement Plan and labeled "Non-exclusive Area" thereon.

3. Grantor's Covenants. The Grantor, for itself and its successors, assigns and successors in title to the premises, covenants and agrees with the Grantee, its successors and assigns and successors in title, that neither the Grantor nor any of said parties will (a) use, alter, disturb or otherwise directly or indirectly adversely affect the Easement Area, by change in the grade or ground level of the surface of adjoining areas by construction, excavation, filling or otherwise in any manner that may unreasonably interfere with the operation or maintenance of the Facilities; or (b) do any other act which may be inconsistent with, or unreasonably interfere with the rights and easements herein granted.

4. Taxes. The parties agree that the Facilities and the structures and appurtenances comprising the same, whether or not attached to the realty, shall be and remain the property of the Grantee and that the Grantee shall pay all taxes assessed thereon. In addition, Grantee shall be responsible, and shall reimburse Grantor upon presentation of appropriate documentation, for six and fifteen hundredths percent (6.15 %) of the real property taxes assessed on the land value of the assessor's parcel(s) of which the Easement Area forms a part. Such percentage shall not be affected by any future subdivision or consolidation of lots involving the assessor's parcel(s) of which the Easement Area forms a part. Grantee's obligations under this Section 4 shall cease upon a determination by the City of Cambridge Assessors Department to treat the Easement Area as a separate tax parcel. Grantee shall undertake to obtain such determination as soon as practicable under the normal process provided by the City of Cambridge, and Grantor shall reasonably cooperate with Grantee in such effort, to the extent required to obtain such determination. Each party shall be responsible for its own internal costs and any consultant costs it incurs, at its sole discretion, in connection with such determination.

5. Construction Activities. Grantee hereby agrees that any construction or other activities conducted by Grantee, its employees, agents, contractors and invitees within the Easement Area pursuant to this Agreement shall be conducted in a workmanlike, safe and efficient manner, in accordance with good utility practices and in compliance with all applicable laws, ordinances or regulations, including all environmental laws and regulations, and that Grantee shall obtain all licenses and permits required by applicable governmental authorities for the exercise of any rights granted hereunder with respect to the Easement Area, and upon request, shall provide copies of the same to Grantor. Grantor shall, at its cost, expeditiously remove or relocate any of its facilities located on, within or under the Exclusive Area of the Easement Area that may interfere with the construction, operation or maintenance of the substation, except for the existing combustion turbine, the existing guard shack and the existing water

hydrant, which will be removed, relocated or reconstructed (as applicable) by Grantee as part of its substation construction.

6. No Interference. In exercising its rights granted hereunder, Grantee shall not unreasonably interfere with Grantor's operations on Grantor's Land or in the Non-exclusive Area.

7. Indemnity. (a) Grantee shall indemnify, defend (with counsel reasonably acceptable to Grantor), and hold Grantor harmless from and against any and all administrative proceedings, costs (including reasonable attorney's and consultant's fees and expenses, and court costs), damages, claims, fines, judgments, liabilities, losses, penalties, suits and expenses incurred by or claimed against Grantor, in any way arising out of or relating to (a) the negligence or willful misconduct of Grantee, its employees, agents, contractors and invitees (collectively, the "Grantee Parties") with respect to (i) the activities of the Grantee Parties on the Easement Area or Grantor's Land, and (ii) the exercise by the Grantee Parties of Grantee's rights or obligations under this Grant of Easement whether located on the Easement Area or on Grantor's Land, and (b) any remediation requirement under applicable environmental laws and regulations, whether pertaining to a historical or current release of any hazardous substance on or within the Easement Area. The scope of Grantee's obligation under clause (b) above shall in all instances be limited to the perimeter of the Easement Area only, except with respect to any releases requiring remediation and first occurring after the date hereof, whether on the Easement Area or on the Grantor's Land. This provision shall survive the termination of this Agreement, or the conveyance of the Exclusive Area to Grantee.

(b) Grantor shall indemnify, defend (with counsel reasonably acceptable to Grantee), and hold Grantee harmless from and against any and all administrative proceedings, costs (including reasonable attorney's and consultant's fees and expenses, and court costs), damages, claims, fines, judgments, liabilities, losses, penalties, suits and expenses incurred by or claimed against Grantee, in any way arising out of or relating to (a) the negligence or willful misconduct of Grantor, its employees, agents, contractors and invitees (collectively, the "Grantor Parties") with respect to the (x) the activities of the Grantor Parties on the Grantor's Land and on the Non-exclusive Area, and (y) the exercise by the Grantor Parties of Grantor's rights and obligations under this Grant of Easement, and (b) any remediation requirement under applicable environmental laws and regulations, whether pertaining to (i) a historical or current release of any hazardous substance on or within the Grantor's Land (excluding the Easement Area), or (ii) any current release within the Easement Area, including the Non-exclusive Area, by Grantor Parties first occurring after the date hereof. This provision shall survive the termination of this Agreement, or the conveyance of the Exclusive Area to Grantee.

(c) Nothing in this document is intended to modify, alter, diminish, suspend, supersede, terminate or otherwise affect in any way any release, indemnity or other provision in any other document or instrument between the parties or their respective affiliates concerning the Grantor's Land.

8. Insurance. Before entering upon the Easement Area, Grantee shall furnish Grantor with a certificate of public liability insurance in an amount not less than \$3,000,000 per individual and \$5,000,000 per occurrence (or, at the reasonable request of Grantor, such larger amounts as may be carried by prudent utility property owners in similar situations), which may be under a blanket or umbrella policy or policies, with such commercially reasonable deductibles or self-insured amounts, and with such carriers as Grantee maintains with respect to its other facilities. Such certificate shall designate Grantor, and (if requested by Grantor) any lender of Grantor, as an additional insured and shall specifically insure the liability of Grantee under Section 7 hereof. Such insurance coverage shall remain in full force and effect for so long as the substation, or any portion thereof, shall exist on the Exclusive Area of the Easement Area. This obligation shall terminate upon any conveyance of the fee interest in the Easement Area to Grantee.

9. Remedies. Each party shall have the right to prosecute any proceedings at law or in equity if the other party violates any provision of this Agreement, and to recover damages for any such violation or default. All of the remedies permitted or available to either party under this Agreement or at law or in equity shall be cumulative, and the election of any such right or remedy shall not constitute a waiver of any other available right or remedy.

10. No Liens. Grantee shall not permit, in connection with the construction, use, operation or maintenance of the Facilities or the substation, or any rights granted under this Easement, any mechanic's or materialman's lien to be filed against the Easement Area or Grantor's Land. Any mechanic's lien filed against the Easement Area or Grantor's Land for work claimed to have been done for, or materials claimed to have been furnished to, Grantee shall be discharged by Grantee within ten (10) business days thereafter, at Grantee's expense by filing the bond required by law or otherwise. If Grantee fails so to discharge any lien, Grantor may do so at Grantee's expense and Grantee shall reimburse Grantor for any expense or cost incurred by Grantor in so doing, within ten (10) days after receipt of an invoice therefor.

11. Notices. All notices required or permitted under this Agreement shall be effective only if made in writing and only if delivered by hand with provision for a receipt, or transmitted by telecopier with written confirmation receipt, or sent by overnight mail by a commercial overnight carrier with provision for a receipt, or mailed by registered or certified U.S. mail with return receipt requested, postage and delivery charges prepaid to the addresses set forth below or to such other addresses as the parties may from time to time designate in writing. Such notices shall be effective on the date of delivery or refusal of delivery, as reflected by the receipt.

To Grantor:

Mirant Kendall, LLC
265 First Street,
Cambridge, MA 02142
Attention: Tom Herlihy, Plant Manager
Fax: 617.354.1301

with a copy to:

Mirant Corporation
1155 Perimeter Center West
Atlanta, GA 30338
Attention: Sonnet Edmonds, Assistant General Counsel
Fax: 678.579.5890

To Grantee: Cambridge Electric Light Company
C/o NSTAR Electric & Gas Corporation
800 Boylston Street, 17th Floor
Boston, MA 02199
Attn: Legal Department

With a copy to: Cambridge Electric Light Company
One NSTAR Way
Westwood, MA 02090
Attn: Vice President, Engineering

12. Easements Run With Land. The rights, duties, easements and agreements herein contained shall be binding on and inure to the benefit of Grantor and Grantee, and their respective successors and assigns, and successors in title.

13. Negation of Partnership. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the parties hereto in their respective businesses or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise. Each party shall be considered a separate party, and neither Grantor nor Grantee shall have the right to act as an agent for the other, unless expressly authorized to do so herein or by separate written instrument signed by the party to be charged.

14. Governing Law. This Agreement and the performance hereof shall be subject to and governed by the laws of the Commonwealth of Massachusetts.

15. Cooperation and Further Assurances. The parties hereto agree that each shall reasonably cooperate with the other to the extent necessary to give effect to the terms and conditions of this Agreement.

16. Amendment. This Agreement may be amended or terminated only by the execution and recording with the Middlesex County Registry of Deeds of a written instrument signed by the parties hereto.

17. AUL. All activities of either party pursuant to this instrument shall be subject to a Notice of Activity and Use Limitation dated November 20, 1998, recorded on November 24, 1998 at Book 29415, Page 515, as affected by Amendment and Ratification of Notice of

Activity and Use Limitation, dated as of April 28, 2003, recorded May 9, 2003 as Instrument 1245.

18. Counterparts. This Agreement may be executed in any number of counterparts, which together shall constitute one instrument.

IN WITNESS WHEREOF, the undersigned have executed this grant of easement under seal by and through their respective duly authorized representatives, as of the date first written above.

GRANTOR:

MIRANT KENDALL, LLC

By: _____
Name:
Title:

GRANTEE:

CAMBRIDGE ELECTRIC LIGHT COMPANY

By: _____
Name:
Title:

COMMONWEALTH OF MASSACHUSETTS

On this ____ day of _____, 2004, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding document, and acknowledged to me that s/he signed it voluntarily for its stated purpose, as an officer of Mirant Kendall, LLC, a limited liability company.

Notary Public
My Commission Expires: _____

COMMONWEALTH OF MASSACHUSETTS

On this ____ day of _____, 2004, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding document, and acknowledged to me that s/he signed it voluntarily for its stated purpose, as an officer of Cambridge Electric Light Company, a corporation.

Notary Public
My Commission Expires: _____

EXHIBIT A

Legal Description of Grantor's Land

[unavailable]

EXHIBIT B

Easement Plan of Land

[unavailable]

EXHIBIT C ¹

Bankruptcy Court Order

[unavailable]

EXHIBIT D

Permitted Encumbrances

Schedule B II of Title Commitment

Fidelity National Title
INSURANCE COMPANY OF NEW YORK

File No. 98-BOS-0019MA/EASE

COMMITMENT FOR TITLE INSURANCE

Schedule B II
(Exceptions)

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the Proposed Insured acquired for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Easements or claims of easements not shown by the public records, boundary-line disputes, overlaps, encroachments and any matters not of record arising subsequent to December 31, 1998, which would be disclosed by an accurate survey and inspection of the premises.
3. Such matters as would be disclosed by a current certificate of municipal liens.

Note (i): Item 2 will be deleted upon receipt of a satisfactory survey and surveyor's report. Item 3 to be revised upon receipt of certificate of municipal liens.

4. Survey entitled ALTA/ACSM Land Title Survey in Cambridge, Massachusetts, dated 21 October 1998, by Gunthier Engineering, Inc. (the Survey), discloses the following:
 - a. concrete pad with transformer encroaches into land n/f COM/Energy to the north;
 - b. chain link fence along COM/Energy's land to the west.
5. Easement granted by Cambridge Electric Light Company to Com/Energy Steam Company and Commonwealth Gas Company, dated August 16, 1982, and recorded in Book 14698, Page 288, as affected by Release, Amendment and Grant of Easements, dated as of July 12, 2002, recorded July 19, 2002 as Instrument 979.
6. Easement granted by Cambridge Electric Light Company to Com/Energy Steam Company and Commonwealth Gas Company, dated August 16, 1982, and recorded in Book 14698, Page 291.
7. License to fill issued by the Commonwealth of Massachusetts, Harbor Commissioners's Office, dated July 8, 1874, recorded at Book 1320, Page 219.
8. Grant of Easement from Cambridge Electric Light Company to Commonwealth Gas Company, dated December 30, 1998, recorded December 31, 1998 at Book 29606, Page 82.
9. Grant of Easements from Southern Energy Kendall, L.L.C. to Cambridge Electric Light Company, dated December 30, 1998, recorded December 31, 1998 at Book 29606, Page 95.

Fidelity National Title
INSURANCE COMPANY OF NEW YORK

File No. 98-BOS-0019MA/EASE

COMMITMENT FOR TITLE INSURANCE

10. Notice of Activity and Use Limitation, dated November 20, 1998, recorded November 24, 1998 at Book 29415, Page 515, as affected by Amendment and Ratification of Notice of Activity and Use Limitation, dated as of April 28, 2003, recorded May 9, 2003 as Instrument 1245.
11. License Agreement by and between Southern Energy Kendall LLC and Kendall Square LLC, dated September 12, 2000, recorded at Book 31913, Page 420.
12. License issued by the Massachusetts Department of Environmental Protection, No. 8772, dated March 15, 2001, recorded at Book 32549, Page 285.

NOTE: Although excluded from coverage, the following items 13 - 15 are noted for informational purposes only:

13. Cambridge Board of Appeal Variance, Case No. 8218, recorded at Book 32125, Page 467.
14. Order of Conditions issued by the Cambridge Conservation Commission, DEP File 123-150, recorded at Book 32143, Page 178.
15. Notice of Decision, Cambridge Board of Zoning Appeal, Case No. 8775, filed with the City Clerk December 19, 2003, recorded at Book 41820, Page 62.

EXHIBIT B

Site Plan

[available upon request]

ATTACHMENT A

Interconnection Project Scope of Work

ATTACHMENT A

**Interconnection Project
Scope of Work**

**13.8kV SYSTEM UPGRADE
ORDER OF MAGNITUDE COST ESTIMATE**

<u>MIRANT SCOPE OF WORK DESCRIPTION</u>		<u>QUANTITY</u>	<u>ESTIMATED COST</u>	<u>Cancellation Charge</u>
1	MATERIALS			
a	Transformer T2 termination enclosure including flexible disconnect links	1		
b	24" Galv Stl Cable Tray including supports - Transformer T2 to Trenwa trench, Trenwa trench up S Bus building wall into S Bus building to CLR, CLR to existing building using existing tray supports to Long Bus.	300'		
c	24", H-20 loading Trenwa concrete trench from Transformer T2 firewall to S Bus building wall.	50'		
d	Long Bus Termination Enclosure	1		
e	Current Transformers	9		
f	Zero sequence traps, lockout relays, test switches, amd terminal blocks	Lot		
g	Misc conduit and supports	Lot		
h	Misc cable, grounding materials, bollards etc.	Lot		
	SUBTOTAL		\$80,000	
2	LABOR			
a	Install items 1a through 1h above	Lot		
b	Install and terminate 2500 MCM 13.8kV cable	2,100'		
	SUBTOTAL	Lot	\$300,000	
3	ENGINEERING AND DESIGN			
	<u>Stone & Webster (items a - g)</u>		\$125,000	
a	Electrical Engineering including protection specialist			
b	Controls Engineering Three Lines Schematics Relay Panel Modifications			
c	Electrical Design - Cable Tray and Conduit Plans Trench Plan and Details Cable Schedules and Routing Grounding Plan Revision Station One Line Revisions Relay Panel Outline Revisions Wiring Diagram Revisions			
d	Civil Engineering and Design - Wall Penetrations			
e	Mechanical Engineering			
f	Mechanical Design Deluge Piping Plan Modification			
g	Project Engineer			
h	Mirant Contracted Engineering/Station support		\$50,000	
	SUBTOTAL		\$175,000	
	TOTAL Mirant Scope of Work		\$555,000	
	AFI - 15%		\$638,250	

COMPANY SCOPE OF WORK DESCRIPTION

a	Material cost and shipping to site of zig-zag transformer	1		
b	Modification to S Bus building to accommodate zig-zag transformer	Lot		
c	Installation of zig-zag transformer in S Bus building	Lot		
d	Material cost of current limiting reactor	1		
e	Material cost and shipping to site of 2500 MCM cable and terminations	Lot		
f	Disconnection of Long Bus from K and Q Buses	Lot		
g	Disconnection, rerouting and splicing of 13.8kV cables and raceway at existing CLR	Lot		
h	Revenue metering additions/modifications as a result of this change including meters, CTs, PTs, and wiring, etc."	Lot		
i	Operating procedures for new configuration	Lot		
j	Any subsequent modifications/removal of zig-zag and CLR	Lot		

ASSUMPTIONS

a	CLR in S Bus building can be used
b	Short circuit study results are acceptable
c	Acceptable space for zig-zag transformer in S Bus building can be found
d	S2 (115kV side of station service transformer) can be remotely operated from control room.
e	No required outage on either 13.8 kV generation or 115 kV generation in order to perform modifications, testing or place in service.
f	Does not include expedited material cost or overtime labor. In addition, assumes no schedule delays for switching postponements due to system conditions or any other NSTAR requests.

ATTACHMENT B

Estimated Costs of Interconnection Project Scope of Work

ATTACHMENT B

**Interconnection Project
Cost Breakdown**

	Total	Mirant Scope of Work	Company Scope of Work
	\$	\$	\$
Mirant Supplied Labor & Material Billed as of 6/25/03 for work thru 6/9/03	540,149.48	329,264.02	210,885.46
Est Mirant Supplied Labor 6/10 - 6/25 (Est. requires Mirant Verification)	<u>128,746.21</u>	<u>81,381.71</u>	<u>47,364.50</u>
Total Cost through 6/25/03	668,895.69	410,645.73	258,249.96
Est to go cost	<u>90,300.00</u>	<u>54,200.00</u>	<u>36,100.00</u>
Total Est Cost Mirant Supplied Labor & Material	\$759,195.69	\$464,845.73	\$294,349.96
Company Supplied Material	131,300.00	86,900.00	44,400.00
Est Labor for Future Meter Installation	40,000.00	20,000.00	20,000.00
Total Project Est. Cost	\$930,495.69	\$571,745.73	\$358,749.96

ATTACHMENT C

Equipment Access and Maintenance Agreement

EQUIPMENT ACCESS AND MAINTENANCE AGREEMENT

THIS EQUIPMENT ACCESS AND MAINTENANCE AGREEMENT (“Agreement”), dated _____, 2004, is entered into by and between MIRANT KENDALL, LLC, a Delaware limited liability company, having an address at 265 First Street, Cambridge, MA 02142, hereinafter called Mirant, and CAMBRIDGE ELECTRIC LIGHT COMPANY, a Massachusetts corporation and electric company, having its principal place of business at 800 Boylston Street, Boston, Massachusetts 02199, hereinafter called the Company.

Recitals:

- A. Mirant is the owner of certain property in the City of Cambridge, Middlesex County, Massachusetts, commonly known as “Kendall Station” and more specifically described on Exhibit A attached hereto (“Mirant’s Land”);
- B. The Company is the holder of certain easement rights in Mirant’s Land pursuant to that certain Grant of Easements dated as of December 30, 1998, recorded with the Middlesex South District Registry of Deeds in Book 29606, Page 95 (the “Existing Easements”), which Existing Easements include the perpetual and exclusive right to construct, maintain and operate electrical substation equipment within an area designated as “Electric Station Service Easement K” (“Easement Area K”) on the plan captioned “Easement Plan of Land in Cambridge, Massachusetts, Middlesex County”, dated December 15, 1998, prepared for Cambridge Electric Light Company by Gunther Engineering, Inc. (the “Plan”);
- C. Pursuant to the terms of a separate agreement between the parties, Mirant has constructed certain electric facilities, more specifically described on Exhibit B attached hereto (the “Intertie Facilities”) within Easement Area K, for the use of both Mirant and the Company; and
- D. The parties desire to memorialize their agreement concerning Mirant’s right to access, maintain and operate the Intertie Facilities within Easement Area K.

NOW, THEREFORE, in consideration of the foregoing, the payment of Ten Dollars (\$10.00) by Mirant to the Company, and other, non-monetary consideration consisting of the provision of certain transmission and related services by each party to the other pursuant to separate agreements, the receipt and sufficiency of which is hereby acknowledged by the Company and Mirant, the parties hereby agree as follows:

1. Notwithstanding the exclusive nature of the Company’s easement rights in Easement Area K, Mirant shall have the perpetual, non-exclusive right, for as long as the Intertie Facilities remain within Easement Area K, to access the Intertie Facilities for the purpose of maintaining, repairing and operating such facilities within the Company-owned “S-Bus” Building located within Easement Area K, subject to reasonable operating procedures and other written agreements between the parties, including without

limitation, security and safety procedures of both parties, as in effect from time to time (“Mirant’s Access Rights”).

2. Mirant shall exercise Mirant’s Access Rights in a manner that is not inconsistent with, and shall not unreasonably interfere with the rights of the Company in Easement Area K.

3. Mirant shall indemnify, defend (with counsel reasonably acceptable to the Company), and hold the Company harmless from and against any and all administrative proceedings, costs (including reasonable attorney’s and consultant’s fees and expenses, and court costs), damages, claims, fines, judgments, liabilities, losses, penalties, suits and expenses incurred by or claimed against the Company, in any way arising out of or relating to the negligence or willful misconduct of Mirant, its employees, agents, contractors and invitees (collectively, the “Mirant Parties”) with respect to (i) the activities of the Mirant Parties on Easement Area K, and (ii) the exercise by the Mirant Parties of Mirant’s Access Rights, including any remediation requirement under applicable environmental laws and regulations arising from the exercise of Mirant’s Access Rights.

4. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, assigns and successors in title.

5. Except to the extent expressly provided herein, the Existing Easements, including the rights of the Company within Easement Area K, are not altered, amended or modified hereby, and shall remain in full force and effect.

6. This Agreement and the performance hereof shall be subject to and governed by the laws of the Commonwealth of Massachusetts.

IN WITNESS WHEREOF, the undersigned have executed this Agreement under seal by and through their respective duly authorized representatives, as of the date first written above.

MIRANT KENDALL, LLC

By: _____
Name:
Title:

CAMBRIDGE ELECTRIC LIGHT
COMPANY

By: _____
Name:
Title:

COMMONWEALTH OF MASSACHUSETTS

On this ____ day of _____, 2004, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding document, and acknowledged to me that s/he signed it voluntarily for its stated purpose, as an officer of Mirant Kendall, LLC, a limited liability company.

Notary Public
My Commission Expires: _____

COMMONWEALTH OF MASSACHUSETTS

On this ____ day of _____, 2004, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding document, and acknowledged to me that s/he signed it voluntarily for its stated purpose, as an officer of Cambridge Electric Light Company, a corporation.

Notary Public
My Commission Expires: _____

ATTACHMENT D

Operating Procedures

Final Oct. 23, 2003



Attachment D
to
Substation Agreement
dated March 10, 2004

Operating Procedures
For
NSTAR Station #850 and the
Mirant Kendall Generating Station

Prepared by:
System Planning
NSTAR Electric
October 23, 2003

PURPOSE

This Operating Procedure is intended to provide NSTAR system operators and Mirant's Kendall plant operators guidance concerning the Kendall Station equipment operating procedures associated with insuring the adequacy and reliability of supply for loads served by Kendall Station. These procedures specifically address the use of the Interconnection Project at Kendall Station (the "Kendall Inter-tie") as defined below.

Upon energization of the proposed East Cambridge Substation, the Parties agree that these operating procedures shall be revised by mutual agreement of the Parties.

BACKGROUND

Until December 1, 2003, Kendall Station was obligated, pursuant to Section 12.4 of the Interconnection Agreement, to provide generation support for the Company's electric system in accordance with the Operating Conditions for Support of Transmission System set forth in Schedule 6 of the Interconnection Agreement, which states in part:

"1. Customer [Mirant] shall provide electric generation reasonable within the operating parameters of Customer's Existing Generators or equivalent capacity on demand as required to relieve operating constraints on the Company Transmission System due to load level, contingency conditions or other unforeseen circumstances."

The term Emergency is defined in Section 1.11 of the Interconnection Agreement as:

"1.11 Emergency. Any abnormal system condition that requires automatic or immediate manual action to prevent or limit loss of transmission facilities or generation supply that could adversely affect the reliability of the Company Transmission System or the systems to which the Company is directly or indirectly connected. Company's inability to meet load because of insufficient generation shall not constitute an Emergency for purposes of this Agreement."

The Company may direct Mirant to close the circuit breaker(s) which interconnect the Kendall 13.8 kV NSTAR supply busses to the Mirant 115 kV system, in accordance with these operating procedures. If so directed in accordance with these operating procedures, Mirant shall close the circuit breaker(s) which interconnect the Kendall 13.8 kV NSTAR supply busses to the Mirant 115 kV system, in accordance with these operating procedures. It is the intention of the Parties that the fundamental principle upon which the Operating Procedures are based is that the aforesaid circuit breakers shall only be closed (1) in the event that (i) Mirant's Existing Generators (having the meaning given "Customer's Existing Generators" in the Interconnection Agreement) that are available to be on line are on line or have been called on line or suddenly become unavailable, and (ii) the Company requires more generation than such operating Existing Generators are able to provide to support the reliability of the Company's local distribution system or (2) in response to or in reasonable anticipation of a Company system emergency; provided, however, that the Company shall call one or more of the available Existing Generators on line to address such emergency and once such Existing Generator(s) ramp up, the Company shall direct that the aforesaid circuit breakers may be reopened in accordance with these operating procedures. To the extent that anything in the Operating Procedures conflicts with this fundamental principle, the Operating Procedures shall be amended to correct the inconsistency. Further, such Operating Procedures shall be modified only upon the mutual written agreement of the Parties.

DEFINITIONS

The Kendall Inter-tie is defined here as encompassing the Kendall 13.8 kV Long Bus (LDKQR Bus Tie) as modified for the Interconnection Project including 1) the original Long Bus and an electrical extension along with associated cables, connecting links at terminals, a 0.5 Ohm series reactor, a solidly grounded zig-zag grounding transformer, protective relaying modifications, and other associated bus equipment and 2) the Kendall 117/13.8 kV transformer T43 (T2), rated H:60/80/100/112, X:30/40/50/56, Y:30/40/50/56 MVA OA/FA/FA at 55C/65C encompassing the connection of the Y winding through normally closed disconnect links to the cable terminations of the Long Bus, protective relaying modifications, and other associated bus equipment.

The Kendall Inter-tie is defined as "Operable" if all of the components are connected and either energized or readily energized subject only to the closure of one or more circuit breakers.

If the Kendall Inter-tie is Operable, it is further defined as "Connected" if at least one of the essential combinations of circuit breakers (including necessary normally closed disconnect switches) is or can be closed to complete the circuit allowing power flow between the 115 kV system and the NSTAR 13.8 kV electric system. It should be noted that the SS4014 breaker being closed on the 115 kV side of T43 is essential to all combinations, and additionally, at least one of the following 13.8 kV breaker configurations are required to complete the circuit:

1. NSTAR's Breaker #QDKLR2 is closed
2. NSTAR's Breaker #KDLQR2 is closed

Final Oct. 23, 2003

3. Mirant's Breaker #RQ2 and Breaker #RDKLQR2 are closed
4. Mirant's Breaker #LDKQR2 and Breaker #LKN2 are closed
5. Mirant's Breaker #DLQR2 and Breaker #DHK2 are closed

Kendall Inter-tie "Closed" is defined as follows: 1) the Long Bus is energized, 2) the 115/13.8 kV transformer T43 is energized, 3) the 115 kV breaker SS4014 is closed, 4) the 115 kV line side of breaker SS4014 is energized, 5) either configuration 1 or 2 shown above is met and, 6) at least one of the configuration 3, 4 or 5 shown above are met.

Kendall Inter-tie "Open" is defined as follows: 1) the Long Bus is energized, 2) all five of the Long Bus 13.8 kV breakers are Normally Closed, however individual breakers may be open, 3) the 115/13.8 kV transformer T43 is energized, 4) the 115 kV breaker SS4014 is open, and 5) the 115 kV line side of breaker SS4014 is energized. This is intended to be the normal state.

Kendall Inter-tie "Out of Service" is defined as follows: 1) the Long Bus is not energized, with all five of the Long Bus 13.8 kV breakers are open, or 2) the 115/13.8 kV transformer T43 is not energized with the 115 kV breaker SS4014 not closed, or 3) the 115 kV line side of breaker SS4014 is not energized.

Normal Rating – The continuous load carrying capability of equipment.

Long Term Emergency Rating (LTE) – The longer term limited duration carrying capability of equipment as constrained by thermal characteristics of the equipment. Generally considered an abnormal condition that needs to be alleviated.

Steam Turbine Generator (STG) – Are the existing steam driven generators connected to the Kendall 13.8 kV system

Combustion Turbine Generator (CTG) - Is the new generator that will provide steam to the existing Kendall steam generators (STG).

Jet(s) - Is(are) the existing jet engine driven generators connected to the Kendall 13.8 kV system.

PROTECTIVE RELAY NOTE

The trip functions of protective relays for the Long Bus, transformer T43, and zig-zag grounding transformer, and related breaker failure scheme generally trip Lockout relays to trip the entire Kendall Inter-tie. This sends trip signals to all seven breakers. The Lockout relays also block the closure of those breakers until the Lockout relays are reset. Subject relays are in both the original switchboard room of the Steam plant as well as the new switchboard room of the Unit 4 CT.

COMMUNICATIONS

Final Oct. 23, 2003

NSTAR will initiate a request for a change of state of the Kendall generation by notifying ISO-NE and REMVEC of the amount of generation necessary to support the Cambridge system load. NSTAR will also direct a change of state of the Kendall Inter-tie necessary to meet system reliability requirements to Mirant's Kendall plant operator. The Kendall Plant operator will promptly notify ISO-NE of any known or expected changes to the state of Kendall generation. The Kendall Plant operator will promptly notify NSTAR of any known or expected changes to the state of the Kendall Inter-tie.

OPERATING PROCEDURES

The following procedures cover the various conditions for operation of generation at Mirant's Kendall Station. These conditions consider 1) normal system conditions with Inter-tie Open, Inter-tie Closed, and Inter-tie Out of Service, and 2) start up conditions.

SYSTEM CONDITION 1: NORMAL OPERATION

Normal Condition: Provides for the normal level of Company system reliability during non-stressed or normal conditions on the Company system with all transmission and distribution system elements in service and with Kendall Inter-tie Open.

Normal Criteria:

1. Maintain generation and transmission to supply projected load while covering reasonably foreseeable Contingencies.
2. Pre-contingency loadings should not exceed NORMAL ratings.

Contingency Conditions:

1. Loss of any single element, such as a: generator, transformer, breaker, or bus section.
2. Acceptable post-contingency loadings are limited to the LTE ratings of equipment.
3. Contingency conditions should not cause instability, unacceptably high or low voltage, voltage collapse or unacceptable thermal loadings.

Specific Switching Procedures:

Procedure 1.A: Kendall Inter-tie Open, Loss of generation unit

Assumed conditions: Kendall Inter-tie Open, and one or more generators operating

Event: Sudden loss of one or more of the units that are operating

Switching Procedure:

1. Mirant plant operators close breaker SS4014 before any other action.
2. Mirant plant operators notify NSTAR system operators of events.
3. NSTAR system operators will immediately make a request to ISO-NE/REMVEC for dispatch of 13.8 kV generation to a level required to assure system reliability.
4. NSTAR system operators will coordinate with Mirant Kendall plant operators to open breaker SS4014 once needed generation level or pre-contingency level is attained by Kendall Generation.

Procedure 1.B: Kendall Inter-tie Open, Loss of system element

Assumed conditions: Kendall Inter-tie Open

Final Oct. 23, 2003

Event: Sudden loss of a distribution supply system element supporting local area loads

Switching Procedure:

1. NSTAR system operators will analyze the system condition
2. NSTAR system operators will coordinate with Kendall plant operators to close breaker SS4014, and make an ISO-NE/REMVEC request to ramp up STG, and/or start jets which ever is available and able to be dispatched to assure that the remaining elements in the system that are overloaded will be relieved and returned to their normal rating.
3. NSTAR system operators will coordinate with Mirant Kendall plant operators to open breaker SS4014 once needed generation level is attained by Kendall Generation.

Procedure 1.C: Kendall Inter-tie Open, Insufficient Kendall Generation

Assumed conditions: Kendall Inter-tie Open, and all available generating units are dispatched to full output

Event: Combined output of all available generation is not sufficient to meet projected system load supply requirements

Switching Procedure:

1. NSTAR system operators will analyze the system condition.
2. NSTAR system operators will coordinate with Kendall plant operators to close breaker SS4014.
3. NSTAR system operators will coordinate with Mirant Kendall plant operators to open breaker SS4014 once available generation is sufficient to meet projected system load supply requirements.

Procedure 1.D: Kendall Inter-tie Out of Service, Loss of generation unit

Assumed conditions: Kendall Inter-tie is Out of Service, and one or more generators operating

Event: Sudden loss of one or more of the units that are operating

Switching Procedure:

1. Mirant plant operators notify NSTAR system operators of events.
2. NSTAR system operators will immediately make a request to ISO-NE/REMVEC for dispatch of 13.8 kV generation to a level required to assure system reliability.

Final Oct. 23, 2003

3. NSTAR system operators will coordinate with Mirant Kendall plant operators to restore Kendall Inter-tie to Available.

Procedure 1.E: Kendall Inter-tie Out of Service, Loss of system element

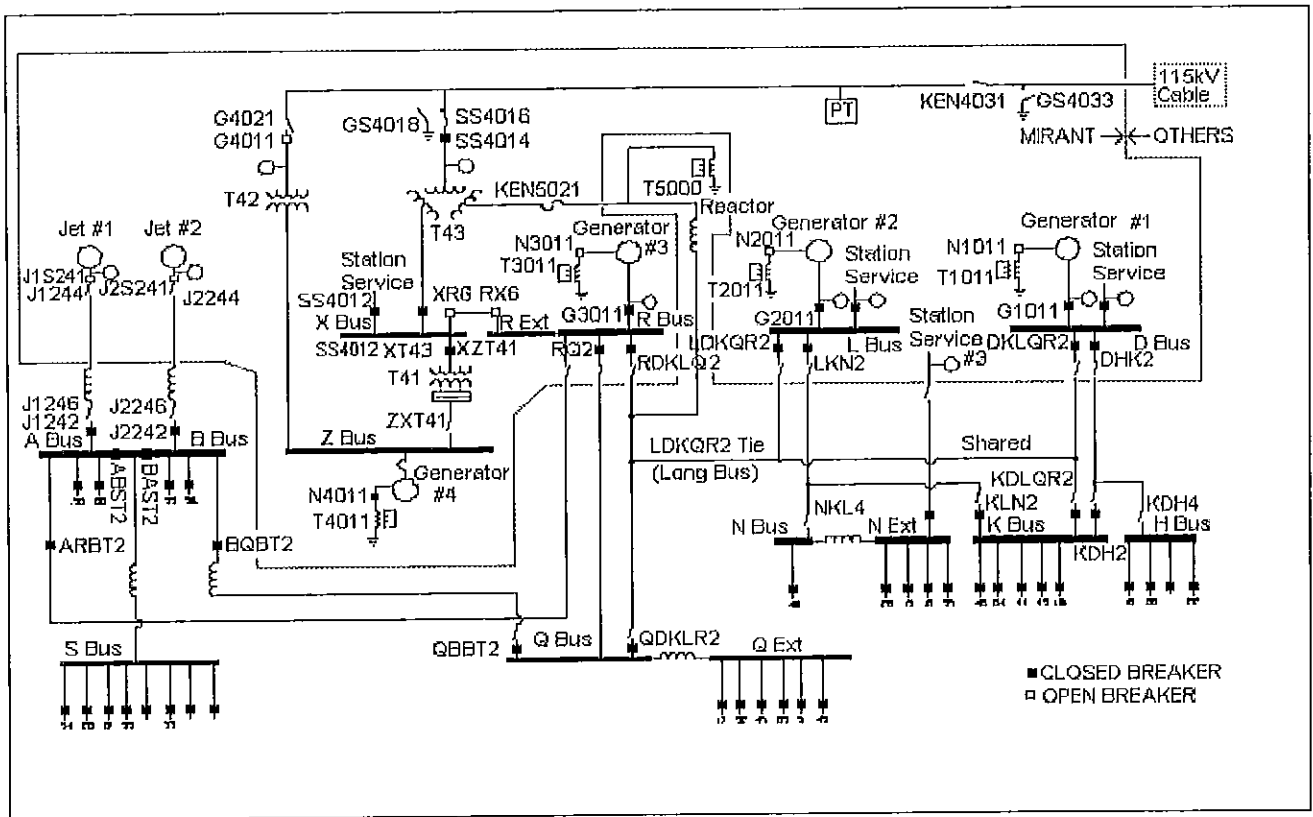
Assumed conditions: Kendall Inter-tie is Out of Service

Event: Sudden loss of a distribution supply system element supporting local area loads

Switching Procedure:

1. NSTAR system operators will analyze the system condition
2. NSTAR system operators make an ISO-NE/REMVEC request to ramp up STG, and/or start jets which ever is available and able to be dispatched to assure that the remaining elements in the system that are overloaded will be relieved and returned to their normal rating.
3. NSTAR system operators will coordinate with Mirant Kendall plant operators to restore Kendall Inter-tie to Available.

Procedure 2.A: Start Up Of CTG with SS4014 Closed



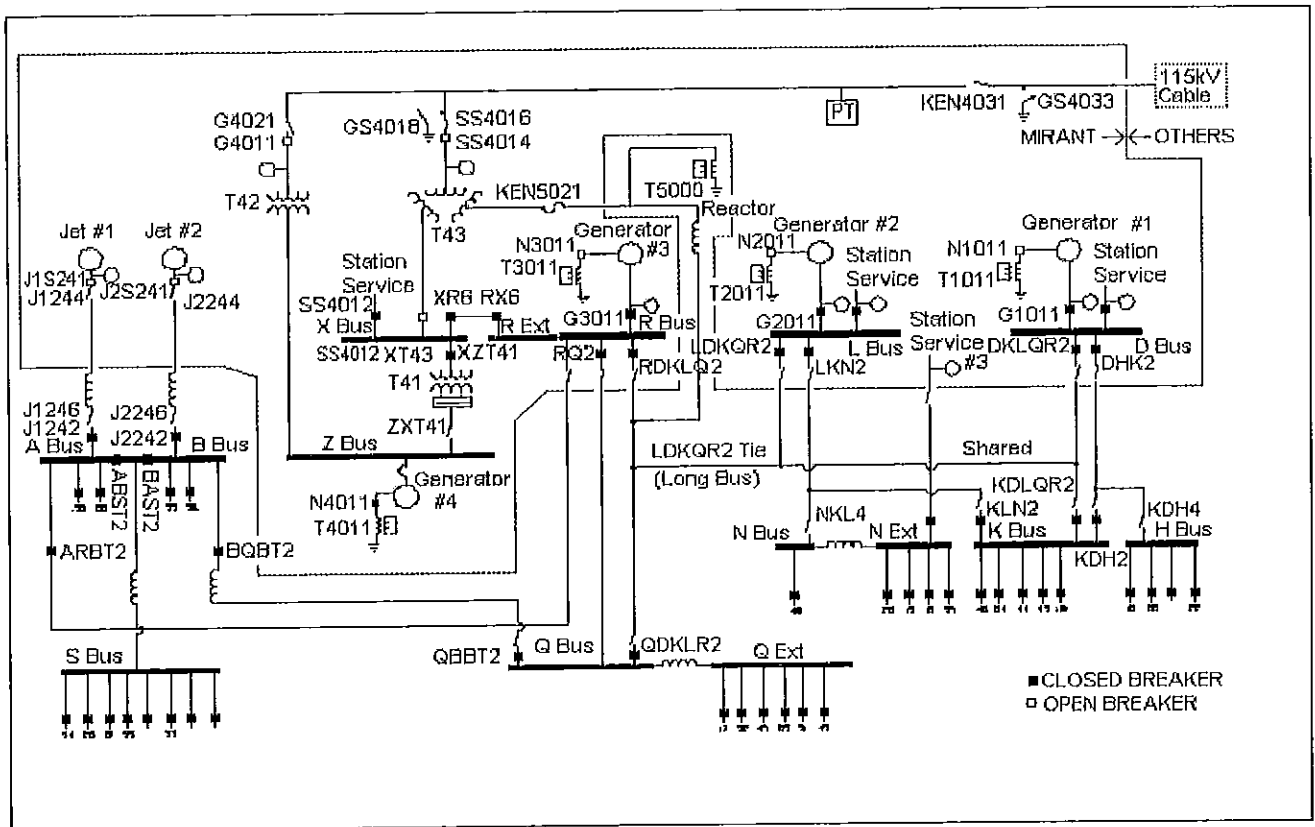
Description:

Start-up of the CTG will be off the 115kV system via transformer T43 and the X bus. Both the Kendall S Bus supply and the T43 transformer are feeding The Cambridge Kendall Station #850 busses: D, H, K, L, N, N-Ext, Q, Q-Ext, R, and R-Ext. This procedure is the preferred procedure during heavy load conditions.

Procedure:

1. Kendall plant operators will confirm with NSTAR operators the availability of capacity to start the CTG unit and the closure of the Kendall Inter-Tie
2. Kendall plant operators will start the CTG per their normal procedures and in accordance with good utility practice.
3. The STG units will be started per Kendall plant generator operating procedures.
4. Upon startup and closure of the generator breakers the Kendall plant operators may synchronize across breaker R6X and close the breaker.
5. The breaker SS4014 may be opened after the CTG has started.

Procedure 2.B: Start Up of CTG with SS4014 Open



Description:

Start-up of the CTG off the 13.8kV system via the X bus is possible but not recommended unless T43 is not available. Kendall Station #850 busses; D, H, K, L, N, N-Ext, Q, Q-Ext, R, and R-Ext are being supplied by the STGs and by the S Bus supply. This procedure can be employed under moderate to light load conditions.

Procedure:

1. Kendall plant operators will confirm with NSTAR operators the availability of capacity to start the CTG unit without closure of the Kendall Inter-Tie
2. Alternatively one or more of the STGs may be running and are fed by the steam produced by the backup steam boilers
3. Kendall plant operators will start CTG per their procedures and processes in accordance with good utility practice
4. Close the generator breaker
5. Reconfigure the station breakers for normal operation

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re))))	Chapter 11 Case
MIRANT CORPORATION, et al.,))))	Case No. 03-46590 (DML)
Debtors.))))	Jointly Administered

**ORDER PURSUANT TO SECTIONS 105 AND 363 OF THE
BANKRUPTCY CODE AND RULE 9019 OF THE FEDERAL
RULES OF BANKRUPTCY PROCEDURE (I) AUTHORIZING THE
DEBTORS TO (A) ENTER INTO A SUBSTATION AGREEMENT
WITH CAMBRIDGE ELECTRIC LIGHT COMPANY,
(B) GRANT AN EASEMENT AND TRANSFER TITLE TO THE
SUBSTATION SITE TO CAMBRIDGE ELECTRIC LIGHT COMPANY
FREE AND CLEAR OF CERTAIN LIENS, INTERESTS, CLAIMS
AND ENCUMBRANCES, AND (C) SETTLE CERTAIN CLAIMS
ARISING FROM THE KENDALL INTERCONNECTION
AGREEMENT, AND (II) GRANTING RELATED RELIEF**

Upon the Motion, dated March 15, 2004 (the "Motion"), of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), pursuant to sections 105 and 363 of title 11 of the United States Code (the "Bankruptcy Code") and Rule 9019 of the Federal Rules of Bankruptcy Procedures (the "Bankruptcy Rules"), for entry of an order (the "Order") (I) authorizing the Debtors to (A) enter into a Substation Agreement, dated March 10, 2004 (the "Substation Agreement"), with Cambridge Electric Light Company ("Cambridge Electric"), (B) grant an easement and transfer of title to the Substation Site (as defined in the Substation Agreement) to Cambridge Electric in connection with the Substation Agreement free and clear of certain liens, interests, claims and encumbrances, and (C) settle certain claims arising from that certain Interconnection Agreement, dated October 9, 2001 (the "Kendall IA"), and certain other matters, and (II) granting related relief; and upon the Court's review of the Motion and having

heard statements in support of the relief requested herein at the hearing before the Court on April 7, 2004 (the "Hearing"); and upon the Court's determination that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The Court has jurisdiction to consider the Motion and the relief requested therein as it pertains to this Order pursuant to 28 U.S.C. §§ 157 and 1334.

B. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

C. As evidenced by the certification of service filed with the Court, and based on the representations of counsel at the Hearing, (A) proper, timely, adequate, and sufficient notice of the Motion has been provided in accordance with sections 105 and 363 of the Bankruptcy Code and Bankruptcy Rule 9019 by serving (i) all parties entitled to receive notice pursuant to the Court's Order Granting Complex Chapter 11 Bankruptcy Case Treatment, dated July 16, 2003, (ii) counsel to Cambridge Electric; and (iii) all entities known to the Debtors and Cambridge Electric to have, or to have asserted, any and all liens, interests, claims and encumbrances on the Kendall Property (as defined below), (B) such notice was good and sufficient and appropriate under the particular circumstances, and (C) no other further notice of the Motion, this Order, the Substation Agreement or the Grant of Easement (as hereinafter defined) is required.

D. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein and this Order has been afforded to all those parties listed in paragraph C above.

E. Mirant Kendall LLC (“Mirant Kendall”), an indirect wholly owned subsidiary of Mirant, owns and operates an electric power and steam generating facility (the “Kendall Facility”) located at 265 First Street, Cambridge, Massachusetts (the “Kendall Property”). The Kendall Property is currently encumbered by certain purported liens, interests, claims and encumbrances, including certain mechanics’ and construction liens asserted under the laws of the Commonwealth of Massachusetts.

F. Pursuant to the Substation Agreement, a copy of which is annexed to the Motion as Exhibit “A,” Cambridge Electric intends to obtain permits to construct and operate a new electric distribution substation (the “East Cambridge Substation”) on a portion of the Kendall Property. In furtherance of the construction of the East Cambridge Substation, and as provided under the Substation Agreement, Cambridge Electric requires a grant of an easement (the “Easement”) on the Kendall Property from the Debtors free and clear of liens, interests, claims and encumbrances other than the Permitted Encumbrances (as defined in the Substation Agreement). The Easement will be granted pursuant to the Grant of Easement, attached hereto as Exhibit A.

G. Sound business reasons exist for the grant of the Easement pursuant and subject to the Substation Agreement. Entry into the Substation Agreement and consummation of the transactions contemplated thereby constitute the exercise by the Debtors of sound business judgment, and such acts are in the best interests of the Debtors, their estates and creditors. The Debtors have articulated good and sufficient business reasons justifying the entry into the

Substation Agreement and granting of the Easement pursuant to sections 105 and 363 of the Bankruptcy Code.

H. The Debtors have full corporate power and authority to execute the Substation Agreement and all other documents contemplated thereby. No consents or approvals, other than those expressly provided for in the Substation Agreement are required for the Debtors to consummate such transactions.

I. Approval of the Motion and consummation of the transactions contemplated thereby at this time are in the best interests of the Debtors, their creditors, their estates, and other parties in interest.

J. The Debtors have demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the Motion prior to, and outside of, a plan of reorganization.

K. The Substation Agreement was negotiated, proposed and entered into by the Debtors and Cambridge Electric without collusion, in good faith, and at arm's length.

L. The consideration provided by Cambridge Electric pursuant to the Substation Agreement: (i) is fair and reasonable and (ii) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, and any state, territory, or possession.

M. Cambridge Electric has acted in good faith with respect to the entry into the Substation Agreement and is entitled to all of the protections afforded under section 363(m) of the Bankruptcy Code.

N. Cambridge Electric is not an "insider" of any of the Debtors, as that term is defined in section 101 of the Bankruptcy Code.

O. All requirements of section 363(b) and (f) of the Bankruptcy Code and any other applicable law relating to the granting of the Easement have been satisfied. Those parties asserting liens, interests, claims and encumbrances to the Substation Site who did not object to the grant of the Easement, or who have withdrawn their objections, are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.

ACCORDINGLY, IT IS HEREBY ORDERED THAT:

1. The Motion is granted.
2. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.
3. The Debtors are authorized to enter into the Substation Agreement and documents ancillary thereto, and all of the terms and conditions thereof, including, but not limited to, instruments and documents to effectuate the granting of the Easement.
4. Pursuant to Section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, the Debtors are authorized to perform their obligations under and comply with the terms of the Substation Agreement and to settle and compromise the claims and disputes as set forth therein including, but not limited to, the agreement as to the Cure Amount, Linkage Payment and the netting and satisfaction of amounts owing by and between the Debtors and Cambridge Electric under the Kendall IA.
5. Subject to the Debtors receipt of the Commitment Notice (as defined in the Substation Agreement), the Debtors are authorized to grant the Easement and transfer title to the Substation Site to Cambridge Electric as set forth in the Substation Agreement, free and clear of all liens, interests, claims and encumbrances, except for the Permitted Encumbrances (as defined in the Substation Agreement) and all such liens, interests, claims and encumbrances shall, subject to the rights and defenses of the Debtors, (a) attach to the proceeds derived by the Debtors from

the grant of the Easement and/or transfer of title to the Substation Site in order of their priority and with the same validity, force and effect that such liens, interests, claims and encumbrances have now against the Easement and/or Substation Site, as the case may be, and (b) except to the extent released or subordinated with respect to the Easement, remain attached to the Kendall Property in order of their priority and with the same validity, force and effect that such liens, interests, claims and encumbrances have now against the Kendall Property.

6. The grant of the Easement to Cambridge Electric will be a legal, valid, and effective transfer of a real property interest by the Debtors and will, among other things, vest Cambridge Electric with certain rights and interests in the Kendall Property, as set forth in the Grant of Easement, and, except for the Permitted Encumbrances, such Easement shall be senior to any and all liens, claims, interests or encumbrances against the Kendall Property, including, but not limited to: (i) those that purport to give to any party a right or option to effect any forfeiture, modification, right of first refusal, or termination of the Debtors' or Cambridge Electric's interest in the Easement, or any similar rights; and (ii) (a) those arising under all mortgages, deeds of trust, security interests, conditional sale or other title retention agreements, pledges, liens, judgments, demands, encumbrances, rights of first refusal or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership and (b) all debts arising in any way in connection with any agreements, acts, or failures to act, of any of the Debtors or any of the Debtors' predecessors or affiliates, claims, obligations, liabilities, demands, guaranties, options, rights, contractual or other commitments, indemnities and indemnity obligations, restrictions, interests and matters of any kind and nature, whether known or unknown, contingent or otherwise, whether arising prior to or subsequent to the commencement of these bankruptcy

cases, and whether imposed by agreement, understanding, law, equity or otherwise.

7. The transfer of title to the Substation Site will be a legal, valid, and effective transfer of a real property interest by the Debtors and will, among other things, vest Cambridge Electric with fee simple title to the Substation Site, as set forth in the Substation Agreement, which conveyance of title, except for the Permitted Encumbrances, shall be senior to any and all liens, claims, interests or encumbrances against the Kendall Property, including, but not limited to: (i) those that purport to give to any party a right or option to effect any forfeiture, modification, right of first refusal, or termination of the Debtors' or Cambridge Electric's interest in the Substation Site, or any similar rights; and (ii) (a) those arising under all mortgages, deeds of trust, security interests, conditional sale or other title retention agreements, pledges, liens, judgments, demands, encumbrances, rights of first refusal or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership and (b) all debts arising in any way in connection with any agreements, acts, or failures to act, of any of the Debtors or any of the Debtors' predecessors or affiliates, claims, obligations, liabilities, demands, guaranties, options, rights, contractual or other commitments, indemnities and indemnity obligations, restrictions, interests and matters of any kind and nature, whether known or unknown, contingent or otherwise, whether arising prior to or subsequent to the commencement of these bankruptcy cases, and whether imposed by agreement, understanding, law, equity or otherwise.

8. The Debtors are authorized to execute and deliver, and empowered to perform under, consummate and implement, the Substation Agreement, together with all additional instruments and documents that the Debtors or Cambridge Electric deem necessary or appropriate to implement the Substation Agreement and effectuate the Grant of Easement and

the transfer of title to the Substation Site, and to take all further actions as may be requested by Cambridge Electric, or as may be necessary or appropriate to the performance of the obligations as contemplated by the Substation Agreement.

9. Except for the Permitted Encumbrances, no person shall be granted or permitted to obtain by any order of this Court or otherwise a lien or interest that is equal or senior to the Easement granted or the title transferred to Cambridge Electric. The Easement granted to Cambridge Electric shall be an exclusive, perpetual easement over the area referred to as the “Exclusive Area” and a non-exclusive perpetual easement over the area referred to as the “Non-exclusive Area” (as such terms are defined in the Grant of Easement) for all purposes now or in the future useful or necessary for the construction, use and operation of the East Cambridge Substation. Any transfer of title to the Substation Site to Cambridge Electric shall include only the property referred to as the “Exclusive Area”.

10. Subject to the Debtors’ receipt of the Commitment Notice, this Order shall be sufficient and conclusive evidence of the priority, perfection and validity of the Easement in and upon the Kendall Property granted to Cambridge Electric as set forth herein without the necessity of filing, recording or serving any other documents which may otherwise be required under federal or state law in any jurisdiction or the taking of any other action to validate or perfect the Easement granted to Cambridge Electric in this Order. Subject to the Debtors receipt of the Commitment Notice, Cambridge Electric may, in its sole discretion, file a certified copy of this Order, or the Easement or instruments evidencing the transfer of the Substation Site in any filing or recording office in any county or other jurisdiction in which the Debtors have an interest in real or personal property and, in such event, the subject filing or recording office is authorized to file or record such certified copy of this Order in accordance with applicable law.

11. Any person or entity that has filed financing statements, mortgages, mechanic's liens, lis pendens, or other documents or agreements evidencing interests in the Kendall Property (other than the Permitted Encumbrances) shall deliver to the Debtors within thirty (30) days of notice of delivery by Cambridge Electric to the Debtors of the Commitment Notice, an agreement, in proper form for filing and executed by the appropriate parties, to subordinate to the Easement all interests which the person or entity has with respect to the Kendall Property. In the event that a person or entity fails to deliver an agreement as set forth in the preceding sentence, the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Kendall Property. Cambridge Electric is hereby authorized to file, register, or otherwise record a certified copy of this Order, which shall constitute conclusive evidence of the subordination to the Easement of all interests in the Kendall Property of any kind or nature whatsoever (other than the Permitted Encumbrances).

12. The terms and provisions of the Substation Agreement and this Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates, and their creditors, Cambridge Electric and its respective affiliates, successors, and assigns, and any affected third parties including, but not limited to, all persons asserting an interest in or liens or claims against, the Kendall Property, notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding.

13. Cambridge Electric is hereby determined to be a good faith purchaser under section 363(m) of the Bankruptcy Code and is entitled to the protections afforded to a good faith purchaser.

14. The failure specifically to include any particular provisions of the Substation Agreement or related agreements in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Substation Agreement be authorized and approved in its entirety.

15. The Substation Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment, or supplement does not have a material adverse effect on the Debtors' estates.

16. The automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary to permit Cambridge Electric implement the terms of this Order.

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17. The provisions of this Order are non-severable and mutually dependent.

Dated: Fort Worth, Texas
April __, 2004.

HONORABLE D. MICHAEL LYNN
UNITED STATES BANKRUPTCY JUDGE

PREPARED BY:

Robin Phelan
State Bar No. 15903000
Judith Elkin
State Bar No. 06522200
HAYNES AND BOONE, LLP
901 Main Street
Suite 3100
Dallas, TX 75202
(214) 651-5000

-and-

Thomas E Lauria
State Bar No. 11998025
WHITE & CASE LLP
Wachovia Financial Center
200 South Biscayne Blvd.
Miami, Florida 33131
(305) 371-2700

EXHIBIT A

Grant of Easement

GRANT OF EASEMENT

This Grant of Easement ("Agreement") is entered into by and between MIRANT KENDALL, LLC, a Delaware limited liability company, having an address at 265 First Street, Cambridge, Massachusetts 02142, hereinafter called the Grantor, and CAMBRIDGE ELECTRIC LIGHT COMPANY, a Massachusetts corporation and electric company, having its principal place of business at 800 Boylston Street, Boston, Massachusetts 02199, hereinafter called the Grantee.

Recitals:

- A. Grantor is the owner of certain property in the City of Cambridge, Middlesex County, Massachusetts, commonly known as "Kendall Station" and more specifically described on Exhibit A attached hereto ("Grantor's Land");
- B. Grantee is an electric transmission and distribution company and desires to construct and operate an electric substation on a portion of Grantor's Land;
- C. Grantee is the holder of certain easement rights in Grantor's Land pursuant to that certain Grant of Easements dated as of December 30, 1998, recorded with the Middlesex South District Registry of Deeds in Book 29606, Page 95 (the "Existing Easements"); and
- D. Grantor is willing to provide Grantee with the necessary additional rights and easements to permit the construction and operation of such a substation on a portion of Grantor's Land, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing, the payment of Ten Dollars (\$10.00) by Grantee to Grantor and other, non-monetary consideration consisting of the provision of certain transmission and related services by each party to the other pursuant to separate agreements, the receipt and sufficiency of which is hereby acknowledged by Grantor and Grantee, the parties hereby agree as follows:

- 1. Grant of Easements.
- 1.1 Substation Easement.

(a) Grantor hereby grants to Grantee, its successors and assigns, with quitclaim covenants, a perpetual, exclusive easement in gross upon that portion of Grantor's Land (the "Easement Area") referenced as the "Proposed Transformer Yard" on the plan captioned "Mirant Kendall Plant - Permit Plan of Land in Cambridge, Massachusetts,

Middlesex County”, prepared for NSTAR Electric & Gas Corporation, dated June 16, 2003, prepared by Gunther Engineering, Inc. and attached hereto as Exhibit B (the “Easement Plan”) for all purposes now or in the future useful or necessary for the construction, use and operation of an electric bulk power substation, it being the intention of the Grantor to grant to Grantee the exclusive use of the surface, subsurface and air space of the Easement Area (the “Easement”), including, without limitation, but subject to all applicable laws and the issuance of all necessary governmental approvals, the right, at Grantee’s sole cost and expense, except as provided herein, to erect, install, construct, reconstruct, replace, repair, maintain, inspect, use, and operate the substation, consisting of (i) one or more lines for the transmission of high and low voltage electric current, which lines may consist of towers, poles or pole structures, or conduits, pipes or ducts and manholes, with wires, cable and ground wires strung upon and from or installed within the same, or of wires, cables and ground wires buried in the ground, or of combinations of all or any of the same, (ii) switchgear and telecommunications equipment, (iii) one or more transformers, (iv) all necessary foundations, anchors, guys, braces, insulators, hardware, fittings, equipment and appurtenances for all of the foregoing; and (v) lines for telecommunications, relay, signal and control purposes (collectively, (i) through (v) are referred to as the “Facilities”).

(b) Notwithstanding anything else to the contrary herein, with respect to the portion of the Easement Area described as the “Non-exclusive Area” on the Easement Plan, the rights granted under this Agreement shall be non-exclusive, but shall be exercised in common with Grantor, and neither party shall unreasonably interfere with the operations of the other party within the Easement Area or Grantor’s Land. The parties hereby agree that the surface of the Non-exclusive Area shall be used solely for access and that no part of the Facilities shall be constructed thereon, but that Grantee may, without unreasonable interference with the Grantor’s activities, install, construct, maintain, use and operate underground conduit and duct banks for electric transmission and distribution lines and appurtenances within the subsurface of the Non-exclusive Area. The parties shall also, by mutual written agreement and without unreasonable interference with the activities of the Grantor, provide for temporary construction lay-down areas on Grantor’s Land in the vicinity of the Easement Area during the period of substation construction.

(c) Pursuant to the order (the “Order”) of the bankruptcy court having jurisdiction over Grantor’s Land, which Order is attached hereto as Exhibit C, this Grant of Easement has priority over any and all interests, liens and encumbrances affecting the Grantor’s Land as of the date of such Order other than those matters specifically identified in Schedule B II (Exceptions) of the Fidelity National Title Commitment for Title Insurance dated _____, 2004, a copy of which is attached hereto as Exhibit D (the “Permitted Encumbrances”), and all such matters existing as of the date of such Order, other than the Permitted Encumbrances, are subordinated to this Easement.

(d) In the event that additional claims, liens, interests or encumbrances, not caused by Grantee and which affect the Easement Area, arise after the date of such Order and prior to the recording of this Agreement, Grantor shall use commercially reasonable efforts to remove such, liens, interests or encumbrances (provided, however, that Grantor

shall not have the obligation to expend any sums to remove such encumbrances) and if Grantor shall not remove or cure such, liens, interests or encumbrances, then Grantor shall promptly notify Grantee in writing thereof and Grantee shall have the right, exercisable on or before the date which is ten (10) days following receipt of Grantor's notice, to either (i) terminate this Agreement upon written notice to Grantor received on or before the end of such ten (10) day period, or (ii) waive its rights to object to such additional liens, interests or encumbrances.

(e) In the event that additional liens, interests or encumbrances, not caused by Grantee and which affect the Easement Area, arise after the recording of the Grant of Easement but prior to the date of conveyance of the Exclusive Area of the Easement Area to Grantee as described in that certain Substation Agreement of even date hereof, entered into by and between Grantor and Grantee, Grantor shall use commercially reasonable efforts to remove such liens, interests and encumbrances (provided, however, that Grantor shall not have the obligation to expend any sums to remove such liens, interests or encumbrances) and if Grantor shall not remove or cure such liens, interests or encumbrances, then Grantor shall promptly notify Grantee in writing thereof and Grantee shall have the right, exercisable on or before the date which is ten (10) days following receipt of Grantor's notice, to either (i) decline the conveyance upon written notice to Grantor received on or before the end of such ten (10) day period, or (ii) waive its rights to object to such additional liens, interests or encumbrances.

(f) In the event that Grantee fails to terminate this Agreement or decline the conveyance as set forth in subparagraphs (d) and (e) above, Grantee shall be deemed to have waived its objections to such additional liens, interests or encumbrances.

1.2 Ancillary Easements. In addition, Grantee shall have the right, at Grantee's sole cost and expense, except as provided herein, and subject to all applicable laws and the issuance of all necessary governmental approvals, (a) to construct the Facilities, or any of them, at any time hereafter and at the same or different times and to renew, add to, replace, remove and otherwise change the Facilities and each and every part thereof and the location thereof within the Exclusive Area of the Easement Area; (b) to connect the Facilities to facilities of Grantor or Grantee located on Grantor's property adjoining the Easement Area, through easement corridors to be determined by mutual agreement of Grantor and Grantee, consistent with the Existing Easements; (c) to clear and keep clear by physical, chemical or other means the Exclusive Area of the Easement Area, or any part thereof, of trees, underbrush, buildings or other surface or underground structures or facilities; (d) to trim at any time trees in said Easement Area which in the judgment of the Grantee may endanger said Facilities or the operation thereof; and (e) to enter upon said Easement Areas, on foot and with vehicles, as required, to and from Grantor's Land (using, in common with Grantor and others, such curb cuts, gates, service roads, ways and passages as may exist on Grantor's Land from time to time) for all of the above purposes, and to enclose, fence in, secure the Exclusive Area of the Easement Area, excavate and grade the Exclusive Area of the Easement Area as required for the foregoing purposes (the "Ancillary Easements"). Each party agrees to abide by any applicable security or access requirements of the other party, including, if applicable, any

required use of escorts to access the Exclusive Area of the Easement Area or Grantor's Land, as the case may be.

2. Location of Easement. The Easement Area comprises an area of approximately 13,846 square feet, which includes an area of approximately 12,779 square feet (the "Exclusive Area") and a strip of land containing approximately 1,067 square feet which is designated by cross-hatching on the Easement Plan and labeled "Non-exclusive Area" thereon.

3. Grantor's Covenants. The Grantor, for itself and its successors, assigns and successors in title to the premises, covenants and agrees with the Grantee, its successors and assigns and successors in title, that neither the Grantor nor any of said parties will (a) use, alter, disturb or otherwise directly or indirectly adversely affect the Easement Area, by change in the grade or ground level of the surface of adjoining areas by construction, excavation, filling or otherwise in any manner that may unreasonably interfere with the operation or maintenance of the Facilities; or (b) do any other act which may be inconsistent with, or unreasonably interfere with the rights and easements herein granted.

4. Taxes. The parties agree that the Facilities and the structures and appurtenances comprising the same, whether or not attached to the realty, shall be and remain the property of the Grantee and that the Grantee shall pay all taxes assessed thereon. In addition, Grantee shall be responsible, and shall reimburse Grantor upon presentation of appropriate documentation, for six and fifteen hundredths percent (6.15 %) of the real property taxes assessed on the land value of the assessor's parcel(s) of which the Easement Area forms a part. Such percentage shall not be affected by any future subdivision or consolidation of lots involving the assessor's parcel(s) of which the Easement Area forms a part. Grantee's obligations under this Section 4 shall cease upon a determination by the City of Cambridge Assessors Department to treat the Easement Area as a separate tax parcel. Grantee shall undertake to obtain such determination as soon as practicable under the normal process provided by the City of Cambridge, and Grantor shall reasonably cooperate with Grantee in such effort, to the extent required to obtain such determination. Each party shall be responsible for its own internal costs and any consultant costs it incurs, at its sole discretion, in connection with such determination.

5. Construction Activities. Grantee hereby agrees that any construction or other activities conducted by Grantee, its employees, agents, contractors and invitees within the Easement Area pursuant to this Agreement shall be conducted in a workmanlike, safe and efficient manner, in accordance with good utility practices and in compliance with all applicable laws, ordinances or regulations, including all environmental laws and regulations, and that Grantee shall obtain all licenses and permits required by applicable governmental authorities for the exercise of any rights granted hereunder with respect to the Easement Area, and upon request, shall provide copies of the same to Grantor. Grantor shall, at its cost, expeditiously remove or relocate any of its facilities located on, within or under the Exclusive Area of the Easement Area that may interfere with the construction, operation or maintenance of the substation, except for the existing combustion turbine, the existing guard shack and the existing water

hydrant, which will be removed, relocated or reconstructed (as applicable) by Grantee as part of its substation construction.

6. No Interference. In exercising its rights granted hereunder, Grantee shall not unreasonably interfere with Grantor's operations on Grantor's Land or in the Non-exclusive Area.

7. Indemnity. (a) Grantee shall indemnify, defend (with counsel reasonably acceptable to Grantor), and hold Grantor harmless from and against any and all administrative proceedings, costs (including reasonable attorney's and consultant's fees and expenses, and court costs), damages, claims, fines, judgments, liabilities, losses, penalties, suits and expenses incurred by or claimed against Grantor, in any way arising out of or relating to (a) the negligence or willful misconduct of Grantee, its employees, agents, contractors and invitees (collectively, the "Grantee Parties") with respect to (i) the activities of the Grantee Parties on the Easement Area or Grantor's Land, and (ii) the exercise by the Grantee Parties of Grantee's rights or obligations under this Grant of Easement whether located on the Easement Area or on Grantor's Land, and (b) any remediation requirement under applicable environmental laws and regulations, whether pertaining to a historical or current release of any hazardous substance on or within the Easement Area. The scope of Grantee's obligation under clause (b) above shall in all instances be limited to the perimeter of the Easement Area only, except with respect to any releases requiring remediation and first occurring after the date hereof, whether on the Easement Area or on the Grantor's Land. This provision shall survive the termination of this Agreement, or the conveyance of the Exclusive Area to Grantee.

(b) Grantor shall indemnify, defend (with counsel reasonably acceptable to Grantee), and hold Grantee harmless from and against any and all administrative proceedings, costs (including reasonable attorney's and consultant's fees and expenses, and court costs), damages, claims, fines, judgments, liabilities, losses, penalties, suits and expenses incurred by or claimed against Grantee, in any way arising out of or relating to (a) the negligence or willful misconduct of Grantor, its employees, agents, contractors and invitees (collectively, the "Grantor Parties") with respect to the (x) the activities of the Grantor Parties on the Grantor's Land and on the Non-exclusive Area, and (y) the exercise by the Grantor Parties of Grantor's rights and obligations under this Grant of Easement, and (b) any remediation requirement under applicable environmental laws and regulations, whether pertaining to (i) a historical or current release of any hazardous substance on or within the Grantor's Land (excluding the Easement Area), or (ii) any current release within the Easement Area, including the Non-exclusive Area, by Grantor Parties first occurring after the date hereof. This provision shall survive the termination of this Agreement, or the conveyance of the Exclusive Area to Grantee.

(c) Nothing in this document is intended to modify, alter, diminish, suspend, supersede, terminate or otherwise affect in any way any release, indemnity or other provision in any other document or instrument between the parties or their respective affiliates concerning the Grantor's Land.

8. Insurance. Before entering upon the Easement Area, Grantee shall furnish Grantor with a certificate of public liability insurance in an amount not less than \$3,000,000 per individual and \$5,000,000 per occurrence (or, at the reasonable request of Grantor, such larger amounts as may be carried by prudent utility property owners in similar situations), which may be under a blanket or umbrella policy or policies, with such commercially reasonable deductibles or self-insured amounts, and with such carriers as Grantee maintains with respect to its other facilities. Such certificate shall designate Grantor, and (if requested by Grantor) any lender of Grantor, as an additional insured and shall specifically insure the liability of Grantee under Section 7 hereof. Such insurance coverage shall remain in full force and effect for so long as the substation, or any portion thereof, shall exist on the Exclusive Area of the Easement Area. This obligation shall terminate upon any conveyance of the fee interest in the Easement Area to Grantee.

9. Remedies. Each party shall have the right to prosecute any proceedings at law or in equity if the other party violates any provision of this Agreement, and to recover damages for any such violation or default. All of the remedies permitted or available to either party under this Agreement or at law or in equity shall be cumulative, and the election of any such right or remedy shall not constitute a waiver of any other available right or remedy.

10. No Liens. Grantee shall not permit, in connection with the construction, use, operation or maintenance of the Facilities or the substation, or any rights granted under this Easement, any mechanic's or materialman's lien to be filed against the Easement Area or Grantor's Land. Any mechanic's lien filed against the Easement Area or Grantor's Land for work claimed to have been done for, or materials claimed to have been furnished to, Grantee shall be discharged by Grantee within ten (10) business days thereafter, at Grantee's expense by filing the bond required by law or otherwise. If Grantee fails so to discharge any lien, Grantor may do so at Grantee's expense and Grantee shall reimburse Grantor for any expense or cost incurred by Grantor in so doing, within ten (10) days after receipt of an invoice therefor.

11. Notices. All notices required or permitted under this Agreement shall be effective only if made in writing and only if delivered by hand with provision for a receipt, or transmitted by telecopier with written confirmation receipt, or sent by overnight mail by a commercial overnight carrier with provision for a receipt, or mailed by registered or certified U.S. mail with return receipt requested, postage and delivery charges prepaid to the addresses set forth below or to such other addresses as the parties may from time to time designate in writing. Such notices shall be effective on the date of delivery or refusal of delivery, as reflected by the receipt.

To Grantor:

Mirant Kendall, LLC
265 First Street,
Cambridge, MA 02142
Attention: Tom Herlihy, Plant Manager
Fax: 617.354.1301

with a copy to:

Mirant Corporation
1155 Perimeter Center West
Atlanta, GA 30338
Attention: Sonnet Edmonds, Assistant General Counsel
Fax: 678.579.5890

To Grantee: Cambridge Electric Light Company
C/o NSTAR Electric & Gas Corporation
800 Boylston Street, 17th Floor
Boston, MA 02199
Attn: Legal Department

With a copy to: Cambridge Electric Light Company
One NSTAR Way
Westwood, MA 02090
Attn: Vice President, Engineering

12. Easements Run With Land. The rights, duties, easements and agreements herein contained shall be binding on and inure to the benefit of Grantor and Grantee, and their respective successors and assigns, and successors in title.

13. Negation of Partnership. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the parties hereto in their respective businesses or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise. Each party shall be considered a separate party, and neither Grantor nor Grantee shall have the right to act as an agent for the other, unless expressly authorized to do so herein or by separate written instrument signed by the party to be charged.

14. Governing Law. This Agreement and the performance hereof shall be subject to and governed by the laws of the Commonwealth of Massachusetts.

15. Cooperation and Further Assurances. The parties hereto agree that each shall reasonably cooperate with the other to the extent necessary to give effect to the terms and conditions of this Agreement.

16. Amendment. This Agreement may be amended or terminated only by the execution and recording with the Middlesex County Registry of Deeds of a written instrument signed by the parties hereto.

17. AUL. All activities of either party pursuant to this instrument shall be subject to a Notice of Activity and Use Limitation dated November 20, 1998, recorded on November 24, 1998 at Book 29415, Page 515, as affected by Amendment and Ratification of Notice of

Activity and Use Limitation, dated as of April 28, 2003, recorded May 9, 2003 as Instrument 1245.

18. Counterparts. This Agreement may be executed in any number of counterparts, which together shall constitute one instrument.

IN WITNESS WHEREOF, the undersigned have executed this grant of easement under seal by and through their respective duly authorized representatives, as of the date first written above.

GRANTOR:

MIRANT KENDALL, LLC

By: _____
Name:
Title:

GRANTEE:

CAMBRIDGE ELECTRIC LIGHT COMPANY

By: _____
Name:
Title:

COMMONWEALTH OF MASSACHUSETTS

On this ____ day of _____, 2004, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding document, and acknowledged to me that s/he signed it voluntarily for its stated purpose, as an officer of Mirant Kendall, LLC, a limited liability company.

Notary Public
My Commission Expires: _____

COMMONWEALTH OF MASSACHUSETTS

On this ____ day of _____, 2004, before me, the undersigned notary public, personally appeared _____, proved to me through satisfactory evidence of identification, which was _____, to be the person whose name is signed on the preceding document, and acknowledged to me that s/he signed it voluntarily for its stated purpose, as an officer of Cambridge Electric Light Company, a corporation.

Notary Public
My Commission Expires: _____

EXHIBIT A

Legal Description of Grantor's Land

[unavailable]

EXHIBIT B

Easement Plan of Land

[unavailable]

EXHIBIT C ¹

Bankruptcy Court Order

[unavailable]

EXHIBIT D

Permitted Encumbrances

Schedule B II of Title Commitment

Fidelity National Title
INSURANCE COMPANY OF NEW YORK

File No. 98-BOS-0019MA/EASE

COMMITMENT FOR TITLE INSURANCE

Schedule B II
(Exceptions)

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company.

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the Proposed Insured acquired for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Easements or claims of easements not shown by the public records, boundary-line disputes, overlaps, encroachments and any matters not of record arising subsequent to December 31, 1998, which would be disclosed by an accurate survey and inspection of the premises.
3. Such matters as would be disclosed by a current certificate of municipal liens.

Note (i): Item 2 will be deleted upon receipt of a satisfactory survey and surveyor's report. Item 3 to be revised upon receipt of certificate of municipal liens.

4. Survey entitled ALTA/ACSM Land Title Survey in Cambridge, Massachusetts, dated 21 October 1998, by Gunthier Engineering, Inc. (the Survey), discloses the following:
 - a. concrete pad with transformer encroaches into land n/f COM/Energy to the north;
 - b. chain link fence along COM/Energy's land to the west.
5. Easement granted by Cambridge Electric Light Company to Com/Energy Steam Company and Commonwealth Gas Company, dated August 16, 1982, and recorded in Book 14698, Page 288, as affected by Release, Amendment and Grant of Easements, dated as of July 12, 2002, recorded July 19, 2002 as Instrument 979.
6. Easement granted by Cambridge Electric Light Company to Com/Energy Steam Company and Commonwealth Gas Company, dated August 16, 1982, and recorded in Book 14698, Page 291.
7. License to fill issued by the Commonwealth of Massachusetts, Harbor Commissioners's Office, dated July 8, 1874, recorded at Book 1320, Page 219.
8. Grant of Easement from Cambridge Electric Light Company to Commonwealth Gas Company, dated December 30, 1998, recorded December 31, 1998 at Book 29606, Page 82.
9. Grant of Easements from Southern Energy Kendall, L.L.C. to Cambridge Electric Light Company, dated December 30, 1998, recorded December 31, 1998 at Book 29606, Page 95.

Fidelity National Title
INSURANCE COMPANY OF NEW YORK

File No. 98-BOS-0019MA/EASE

COMMITMENT FOR TITLE INSURANCE

10. Notice of Activity and Use Limitation, dated November 20, 1998, recorded November 24, 1998 at Book 29415, Page 515, as affected by Amendment and Ratification of Notice of Activity and Use Limitation, dated as of April 28, 2003, recorded May 9, 2003 as Instrument 1245.
11. License Agreement by and between Southern Energy Kendall LLC and Kendall Square LLC, dated September 12, 2000, recorded at Book 31913, Page 420.
12. License issued by the Massachusetts Department of Environmental Protection, No. 8772, dated March 15, 2001, recorded at Book 32549, Page 285.

NOTE: Although excluded from coverage, the following items 13 - 15 are noted for informational purposes only:

13. Cambridge Board of Appeal Variance, Case No. 8218, recorded at Book 32125, Page 467.
14. Order of Conditions issued by the Cambridge Conservation Commission, DEP File 123-150, recorded at Book 32143, Page 178.
15. Notice of Decision, Cambridge Board of Zoning Appeal, Case No. 8775, filed with the City Clerk December 19, 2003, recorded at Book 41820, Page 62.