

PAY FOR PERFORMANCE PROGRAM
Draft Proposal for discussion 6/30/09

This is a compensation program based upon the SEMASS operations achieving certain goals in the areas of production, Safety, Health, and Environmental Performance. Under this program, the achievement of the defined goals will trigger a specified annual performance payment. (PP)

There is a potential for each eligible full-time employee to earn up to 4% of hourly wages in performance payments during each year of the program. The Performance payment will be paid annually in March based on the performance during the prior calendar year.

The performance goals and associated payments are set forth below:

Goals:

Production Goal

To qualify for performance payment the SEMASS facility must

- generate a minimum of 7,200,000 klbs of steam during the calendar year.

Safety and Health

To qualify for the safety performance payment the SEMSS facility must:

- Continue to participate in the OSHA VPP “Star” Program
- Not incur any OSHA citations or enforcement action

Performance Goal

- Performance payment is based on the following incident index:

15	6	0	Incident Index (II)
0%	1%	2%	PP earned

Environmental Compliance

To qualify for the environmental performance payment the SEMSS facility must

- Maintain full compliance with all permits (ie the facility must not incur any enforcement action or NOV by any regulatory body including MADEP or EPA enforcement)
- Successfully pass all Stack Tests
- Not incur more than one reportable event

Performance Goal

Each reportable event = 6 points

Each reportable exempt event = 1 point

16 or higher	15 to 5	5 or lower	points
0%	0.5%	1%	PP earned

25 or less	26 to 50%	50% or more	Emissions Index reduction
0%	0.5%	1%	PP earned

SEMASS Emission Reduction Bonus Calculations

	Units	3-YR AVG ⁽¹⁾	Bench-mark ⁽²⁾	Emissions Index (3)
Dioxin	ng/dscm @ 7% O ₂	3.0	15	20
Mercury	ug/dscm @ 7%O ₂	2.8	50	6
Particulate	mg/dscm @ 7% O ₂	3.2	25	13
HCl	ppm	13.1	29	34
SOx	ppm	37.7	29	130
NOx	ppm	138.6	205	68

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- 1 Average of last 3 stack tests
- 2 Emission limits based on 2006 MACT
- 3 SEMASS Benchmark
- 4 NOx and SOx will be based on the actual emissions recorded by the CEMs system rather than the stack test.