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March 12, 2010

**VIA ELECTRONIC MAIL AND U.S. MAIL**

S. Derek Phelps  
Executive Director  
Connecticut Siting Council  
10 Franklin Sq.  
New Britain, CT 06051

**Re: Kleen Energy Systems, LLC**

Dear Mr. Phelps:

As you are aware, on February 7, 2010, the facility being constructed by Kleen Energy Systems, LLC ("Kleen Energy") in Middletown, Connecticut suffered an explosion, the cause of which is still being actively investigated by local, state and federal authorities. We are writing to you to provide the Siting Council with an update concerning these investigations and Kleen Energy's ability to access portions of the project site.

Access to the project site was restricted by local and state law enforcement personnel during the time which those agencies were conducting an active investigation at the site. On February 26, 2010, the local and state law enforcement agencies formally ended their on-site investigation, however, the site was then subject to immediate control by the U.S. Chemical Safety Board ("CSB") and OSHA so that those agencies could pursue their respective investigations. The site is currently subject to a federal warrant, however, Kleen Energy and its EPC contractor, O&G Industries, Inc. have entered into a site access agreement with the CSB and OSHA. Through this agreement, the agencies can release portions of the site back to Kleen Energy and O&G Industries as the agencies complete their investigations of those portions.

Kleen Energy and its construction contractors will continue to cooperate with the investigative agencies. Although portions of the site will be made available to Kleen Energy and its contractors, we anticipate that active investigations by the federal authorities will conclude by the end of the month, and that the entire site will be not be returned to the care, custody and control of Kleen Energy and/or its contractors until that time.

In addition, several individuals have filed a Bill of Discovery in Superior Court for the Judicial District of Middletown, requesting that the Court grant them access to the Kleen Energy site before the site is altered by investigations or repairs. A hearing on that Bill of Discovery is currently scheduled to be heard by the Court on March 22, 2010. Representatives of Kleen Energy and O&G Industries have contacted the lawyers for various plaintiffs in an effort to

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fashion a site access agreement that will allow the plaintiffs access to the site but that will not hamper federal investigative efforts. Between the Bill of Discovery and the presence of federal investigators, it is not anticipated that Kleen Energy will have full access to the facility until at least the end of March, if not later.

As a result of the foregoing, Kleen has been unable to perform a detailed damage assessment of its facility. Limited visual observations of the facility from the perimeter of the restricted site appear to indicate a preliminary damage assessment consistent with Kleen Energy's expectations to manage restoration of the facility and completion of the construction of the facility, however, the time frame for such construction is not known at this time. Kleen Energy is exercising due diligence in undertaking various steps to address the situation, including without limitation Kleen's continued cooperation with the various investigative authorities and coordination with Beecher Carlson (its insurance broker), the insurance carriers' adjuster, E3 (an independent engineer) and O&G Industries.

It is anticipated that the next step for the project is for O&G Industries to apply to the City of Middletown for permits related to demolition and repair of various structures at the facility. We do not expect the work to commence until the federal investigations are concluded and the Bill of Discovery issues are resolved. However, we will begin to secure the necessary permits so that when events allow for the repair of the facility to begin, the securing of permits will not result in any delays.

At this time, Kleen Energy cannot presently provide a definitive and dispositive report regarding the occurrence, the condition of the facility or the anticipated construction schedule for the facility. As Kleen Energy obtains additional information, we will provide the Siting Council with appropriate updates, including the steps Kleen Energy will be taking to repair and/or restore the facility.

We thank you for your understanding in this matter. Please contact me if you have any questions concerning this submittal.

Respectfully submitted  
KLEEN ENERGY SYSTEMS, LLC

By:   
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Lee D. Hoffman  
Its Attorney