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**SECOND AMENDMENT  
TO  
POWER PURCHASE AND OPERATING AGREEMENT  
BETWEEN  
PUERTO RICO ELECTRIC POWER AUTHORITY  
AND  
AES PUERTO RICO, L.P.**

AS FIRST PARTY: The Puerto Rico Electric Power Authority, hereinafter referred to as "PREPA", a public corporation and government instrumentality of the Commonwealth of Puerto Rico, created by Act No. 83 of May 2, 1941, as amended, represented in this act by its Acting Executive Director, Eng. Carlos J. Castro Montalvo, of legal age, married, and resident of Guaynabo, Puerto Rico, who is legally authorized to sign this Agreement on its behalf.


AS SECOND PARTY: AES Puerto Rico, L.P., hereinafter referred to as "Operator", a limited partnership organized in accordance with the laws of the state of Delaware, whose principal place of business is located at Guayama, Puerto Rico, and authorized to do business in Puerto Rico, represented in this act by its President, Mr. Manuel Mata, of legal age, married, and resident of San Juan, who is duly authorized to sign this Agreement on its behalf, as certified by the Corporate Resolution dated June 15, 2015, which is hereby included.



All capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Power Purchase and Operating Agreement, as amended by the First Amendment thereto, referred to below.

**RECITALS**

Whereas, Operator and PREPA entered into a Power Purchase and Operating Agreement (PPOA) dated and effective as of October 11, 1994, as amended by the First Amendment dated as of November 16, 1999 (as so amended, the "Existing Agreement"), for the sale of energy and capacity to PREPA from a 454.3 megawatt



(MW) Qualifying Facility consisting of two circulating fluidized bed (CFB) boilers, two steam turbine generators and its respective Interconnection Facilities in the vicinity of Guayama, Puerto Rico, as more fully defined in the Existing Agreement, the "Facility".

Whereas, under Article 6.6 of the Existing Agreement the Operator warrants that any combustion waste or by-product produced by the operation of the Facility which cannot be used for beneficial commercial uses ("Non-Beneficially Used Combustion By-Products") will not be stored anywhere in the Commonwealth of Puerto Rico for a period in excess of one hundred and eighty (180) Days and that it will not be disposed anywhere in the Commonwealth of Puerto Rico or its neighboring waters.

Whereas, on May 14, 2014, a meeting was held between PREPA, Operator, United States Environmental Protection Agency ("EPA") and Puerto Rico Environmental Quality Board ("EQB") representatives to discuss the coal combustion residuals ("CCR") management and disposal issues, as related to Operator's Facility and to the federal government national rulemaking effort.

Whereas, EPA issued a letter dated August 14, 2014, in which it addresses CCR and disposal issues related to Operator's Facility. Copy of this letter is included as Annex A of this Amendment.

Whereas, EPA acknowledged in the above-mentioned communication, and referring to the storage and disposal prohibition established in Article 6.6 of the Existing Agreement, that it "believes that such a prohibition is not necessary". EPA also affirms that "[A]n appropriate disposal option needs to be available for the material".

Whereas, PREPA sent a letter to EQB dated August 26, 2014, asking for an official determination regarding the CCR management and disposal issue.

Whereas, on August 27, 2014, EQB issued Resolution R-14-27-20 establishing its determination and administrative steps to allow Operator to dispose CCR material in

Puerto Rico. EQB concluded that CCR material disposal should be allowed in permitted landfills in full compliance with 40 CFR Part 258 under Subtitle D of the Resource Conservation and Recovery Act (RCRA) 42 USC §6901. Copy of the Resolution is included as Annex B of this Amendment

Whereas, Operator sent to PREPA a letter dated September 10, 2014, requesting the expeditious resolution of this important matter by means of an amendment to the Existing Agreement, as suggested by EPA in its letter. Operator also provided a list of all the landfills in Puerto Rico that provide disposal cells in compliance with RCRA Subtitle D, 40 CFR Part 258.

Whereas, the EPA has published a final rule to regulate the disposal of CCR as solid waste under Subtitle D of the RCRA.

Whereas, this rule establishes nationally applicable minimum criteria for the safe disposal of CCR in landfills and surface impoundments.

Whereas, Operator and PREPA agreed to amend the Existing Agreement as provided herein;

Therefore, in consideration of the premises and of the mutual covenants and agreements set forth herein and for other good and valuable considerations the receipt of which are hereby acknowledged, Operator and PREPA, intending to be legally bound, hereby agree as follows:

1. Section 6.6 of the Existing Agreement is hereby deleted in its entirety and replaced by the following:

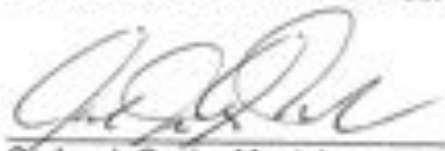
"6.6 Operator warrants that any combustion waste or by product produced by the operation of the Facility, which cannot be used for beneficial commercial uses, will not be stored anywhere in the Commonwealth of

Puerto Rico for a period in excess of one hundred eighty (180) Days and that it will not be disposed anywhere in the Commonwealth of Puerto Rico or its neighboring waters, except as provided or authorized by any applicable environmental law, rule, resolution, regulation or ordinances governing the handling, storage, transportation, disposal and use of any CCR and/or CCR based product (combustion waste, by-product, manufactured aggregate or Agremax) produced by the operation of the Facility.

The Parties agree that, all other terms, conditions, specifications and requirements established in the Existing Agreement shall remain unaltered and fully enforceable and the parties reaffirm their respective obligations under the Existing Agreement as amended hereby.

IN WITNESS WHEREOF, the parties hereto have agreed to execute this Second Amendment in San Juan, Puerto Rico, on this 17<sup>th</sup> day of July, 2015.

Puerto Rico Electric Power Authority



Carlos J. Castro Montalvo  
Acting, Executive Director  
Social Security

AES Puerto Rico, L.P.



Manuel Mata  
President  
Social Security