

OPERATING AGREEMENT
BETWEEN NSTAR STEAM CORPORATION
AND PRESIDENT AND FELLOWS OF HARVARD COLLEGE

THIS AGREEMENT for operation and maintenance services is entered into as of this 1st day of August, 2002, by and between NSTAR STEAM CORPORATION, a Massachusetts corporation having its principal place of business at 800 Boylston Street, Boston, Massachusetts ("NSTAR Steam"); and PRESIDENT AND FELLOWS OF HARVARD COLLEGE, a charitable and educational corporation established under Harvard Charter 1650 from the General Courts of the Massachusetts Bay Colony, and ratified by the Constitution of Massachusetts in 1780, having its principal place of business at 1350 Massachusetts Avenue, Cambridge, Massachusetts ("Harvard").

WHEREAS, Harvard has, as of the date hereof, entered into a purchase and sale agreement with NSTAR Steam's affiliate, Cambridge Electric Light Company ("CELCo") (the "CELCo Purchase and Sale Agreement"), pursuant to which Harvard will purchase from CELCo the real property and improvements known as Blackstone Station and the tangible personal property used to produce steam at Blackstone Station (the "Generating Facility");

WHEREAS, Harvard has as of the date hereof entered into a purchase and sale agreement with NSTAR Steam (the "NSTAR Steam Purchase and Sale Agreement"), pursuant to which Harvard will purchase from NSTAR Steam certain steam lines used by NSTAR Steam for the distribution of steam, and certain agreements for steam service, defined in the NSTAR Steam Purchase and Sale Agreement as the Steam Lines and Steam Contracts (which are identified in section 1.3 hereof), respectively;

WHEREAS, Harvard desires to retain NSTAR Steam to operate and maintain the Generating Facility and the Steam Equipment (collectively, the "Blackstone Station Steam Production Facility" or the "Facility") during the term hereof, in order to perform the obligations of the seller of steam under the Steam Contracts; all in accordance with the terms and conditions set forth in this Agreement; and

WHEREAS, NSTAR Steam desires to perform such obligations under the Steam Contracts and to perform such operation and maintenance services for Harvard, all in accordance with the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Harvard and NSTAR Steam hereby mutually agree as follows.

ARTICLE 1. Definitions; Services to be Performed Hereunder; Term of this Agreement

1.1 Capitalized terms not defined herein shall be given the meaning ascribed to them in the CELCo Purchase and Sale Agreement and the NSTAR Steam Purchase and Sale Agreement.

1.2 The Effective Date of this Agreement shall be the Closing Date under the NSTAR Steam Purchase and Sale Agreement. Except as specifically provided for in this Agreement, the obligations of the parties hereunder shall commence as of such Effective Date hereof and shall continue for a period of one (1) year, unless extended by mutual agreement of the parties or sooner terminated in accordance with the terms hereof. To the extent necessary, applicable provisions of this Agreement shall remain in effect following its expiration or termination to provide for final billing, billing adjustments, payments, accounting, and dispute resolution.

1.3 During the term hereof, NSTAR Steam shall perform the obligations of the seller with respect to the production and delivery of steam under the Steam Contracts, which are listed below:

1.3.1 Agreement for Steam Service dated February 5, 1993, as amended, by and between COM/Energy Steam Company and Harvard;

1.3.2 Agreement for Steam Service dated August 25, 1992 by and between COM/Energy Steam Company and Genzyme Corporation.

1.4 During the term of this Agreement and in accordance with the provisions of Article 2, NSTAR Steam shall operate and maintain the Blackstone Station Steam Production Facility substantially as operated and maintained heretofore, but in no event less than in accordance with Prudent Industry Practice and as required in order to perform the obligations to produce and deliver steam under the Steam Contracts. In performing its obligations hereunder, NSTAR Steam shall duly care for and protect the Blackstone Steam Production Facility and the Site consistent with Prudent Industry Practice. Subject to the foregoing, NSTAR Steam shall not cause, permit, or suffer (i) the emission of objectionable odors, fumes, noise or vibration therefrom; (ii) any destruction thereof, except by casualty or force majeure, or the destruction of any books or records related thereto; (iii) any nuisance or waste, or any unlawful, improper or offensive use thereof, or the accumulation of trash or debris thereon; or (iv) any occupancy thereof that is noxious or injurious to any person or property. At the expiration of the term hereof or upon its earlier termination, NSTAR Steam shall (i) remove all of NSTAR Steam's personal property and effects; (ii) remove any alterations and additions made to the Blackstone Steam Production Facility by NSTAR Steam, unless such alterations or additions were requested or approved by Harvard; (iii) repair any damage caused by such removal; (iv) return all possession and control of the Blackstone Steam Production Facility to Harvard as it was as of the date of this Agreement, deterioration due to use, wear and tear, and casualty or other event of force majeure only excepted.

1.5 During the term of this Agreement and in accordance with the provisions of Article 3, Harvard shall pay to NSTAR Steam the amounts set forth in such Article.

- 1.6 NSTAR Steam's Affiliate, NSTAR Electric & Gas Corporation ("NSTAR E&G"), currently employs twenty-six (26) employees (the "Employees") in connection with the operation of the Blackstone Station Steam Production Facility. The Employees are identified in Schedule 1 hereto. Certain of the Employees are employed under the terms of existing Labor Agreements, which are also identified in Schedule 1 hereto (the "Labor Agreements"). If during the term of this Agreement any Employee ceases to be employed in connection with such operation, NSTAR Steam and NSTAR E&G shall consult with Harvard prior to replacing such Employee. During the final sixty (60) days of the term of this Agreement, such an Employee shall not be replaced without the approval of Harvard, unless such lack of replacement would result in fewer than twenty-four (24) Employees being employed. At the expiration or earlier termination of the term hereof, Harvard may offer to some or all of the Employees to continue their employment. Harvard shall pay to NSTAR Steam the sum of one hundred thousand dollars (\$100,000) for each of such Employees (or their replacements) who remains employed by NSTAR E&G at the conclusion of such term and either (i) is not offered employment by Harvard or by Harvard's agent or contractor retained to operate the Blackstone Station Steam Production Facility, or (ii) is offered employment by Harvard or such agent or contractor, but does not accept such offer. In addition, should Harvard or Harvard's agent or contractor retained to operate the Blackstone Station Steam Production Facility choose to employ any Employees covered by the terms of the Labor Agreements, Harvard or such agent or contractor shall be deemed to be a successor employer with respect to those Employees and will assume all such Labor Agreements. During the term hereof, NSTAR E&G shall be the employer of the Employees. In no event shall Harvard be considered, construed or regarded as the employer of the Employees or as a joint employer of the Employees.
- 1.7 NSTAR STEAM and NSTAR E&G represent that the Employees number fewer than fifty (50). NSTAR STEAM and NSTAR E&G agree that in the event that Harvard or Harvard's agent or contractor retained to operate the Blackstone Station Steam Production Facility does assume the Labor Agreements, that NSTAR STEAM and NSTAR E&G shall represent to Harvard at the time of such assumption that there are at that time no pending grievances, arbitration awards, agency orders, or judgments concerning the Employees or their bargaining representative for which Harvard could be liable, except for such grievances, awards, orders, and judgments as had been disclosed to Harvard.

ARTICLE 2. Operation and maintenance of the steam facilities; performance of Steam Contracts

2.1. NSTAR Steam shall perform all the obligations with respect to the production and delivery of the steam required to be undertaken by Harvard in the performance of the Steam Contracts. NSTAR Steam shall exercise its reasonable discretion as to the manner and time of operation and maintenance of the Blackstone Station Steam Production Facility in order to produce the quantity and quality of steam required under such agreements. Operation and maintenance of the Blackstone Station Steam Production Facility shall be performed in accordance with an approved plan as described in sections 2.2 and 2.3 and with generally accepted industry standards, consistent generally with the past practices and staffing levels of

NSTAR Steam. NSTAR Steam shall not enter into any oral or written contracts with respect to the operation or maintenance of the Blackstone Station Steam Production Facility, and shall not terminate, modify, or amend any such contracts, except as contemplated under an approved plan as described in sections 2.2 and 2.3 or otherwise with the prior written approval of Harvard.

2.2 NSTAR Steam shall develop an operating and maintenance plan and budget for the Blackstone Station Steam Production Facility. NSTAR Steam and Harvard shall consult in good faith with respect to such plan and budget, sufficiently timely to permit modification and ultimate approval thereof by Harvard by no later than the Effective Date. Such plan and budget shall include the requirements of, and be consistent with, the following:

- 2.2.1 The Blackstone Station Steam Production Facility's operation manuals;
- 2.2.2 The applicable manufacturers' and vendors' warranties with respect to the Blackstone Station Steam Production Facility or any component thereof;
- 2.2.3 All applicable federal, state, and local laws, permits, licenses, approvals, certifications, regulations, ordinances, bylaws and requirements;
- 2.2.4 All requirements of the insurance policies applicable to the Blackstone Station Steam Production Facility;
- 2.2.5 The requirements of the Massachusetts Department of Public Safety and the Occupational Safety and Health Administration;
- 2.2.6 Prudent Industry Practice; and
- 2.2.7 Reasonable and practical efforts to optimize the useful life of the Blackstone Station Steam Production Facility, and to minimize fuel consumption, Facility downtime, and costs.

The expenditure of funds in excess of the amounts included therefor in an approved budget shall require the further approval of Harvard. In the event that NSTAR Steam determines that certain maintenance becomes necessary that would require additional, unbudgeted funds, NSTAR Steam shall promptly consult with Harvard concerning such matter. NSTAR Steam shall not be liable for the consequences of Harvard's failure to approve any such proposed additional expenditure.

2.3 NSTAR Steam shall develop a fuel procurement plan for the Blackstone Station Steam Production Facility. NSTAR Steam and Harvard shall consult in good faith with respect to such fuel procurement plan, sufficiently timely to permit modification and ultimate approval thereof by Harvard by no later than the Effective Date. NSTAR Steam shall not be liable for the consequences of Harvard's failure to approve a reasonable and timely-developed fuel procurement plan.

2.4 NSTAR Steam and Harvard shall each designate authorized representatives with respect to Facility operation and maintenance. Such representatives shall meet at least weekly in order

to discuss recent developments and potential changes to operations or usage, to coordinate the review of maintenance performed, and otherwise to develop appropriate plans for operation and maintenance of the Facility, including, but not limited to, an environmental safety and management plan. NSTAR Steam shall prepare and deliver to Harvard each month a report specifying with respect to the month just ended (i) the net thermal output produced by the Blackstone Station Steam Production Facility during such period, (ii) the quantity of fuel oil and natural gas consumed by the Facility during such period, (iii) routine and preventive/predictive maintenance performed, (iv) capital improvements, (v) labor relations, (vi) a summary of major activities planned for the next two reporting periods, (vii) any material information concerning new or significant aspects of the Facility's operations, and (viii) metering data for steam sales.

2.5 NSTAR Steam shall promptly notify Harvard in advance of any scheduled visits or inspections of the Blackstone Station Steam Production Facility by any representative of any Governmental Authority, including, without limitation, the local boiler inspector. NSTAR Steam shall provide a report to Harvard summarizing such representative's visit and any actions required to be undertaken as a result of such visit.

2.6 Prior to the Effective Date, Harvard and NSTAR Steam shall develop a joint emergency response plan. In the event of an emergency affecting the operation or maintenance of the Facility, the party with knowledge thereof shall immediately communicate with the other. The parties, through their authorized representatives, shall coordinate their response to the emergency. In the event of an unscheduled outage, NSTAR Steam shall take such action as may be reasonable and necessary to prevent, avoid, mitigate, or minimize such outage or any injury, damage, or loss, and shall promptly inform Harvard of the unscheduled outage and of NSTAR Steam's response.

2.7 During the term of this Agreement, Harvard shall be responsible for the ordinary maintenance and repair of all other portions of the Site, including, without limitation, all buildings and structures. Harvard shall be responsible for Site security, and NSTAR Steam shall fully comply with Harvard's Site security requirements. Nothing contained in this Agreement shall diminish Harvard's right of access to the Site, or to inspect the Blackstone Station Steam Production Facility.

2.8 NSTAR Steam and Harvard shall develop a protocol governing access to the Blackstone Station Steam Production Facility. NSTAR Steam shall have full access to the Facility in order to perform its obligations hereunder. Other than in exercise of its rights under Article 5, to the extent that access by Harvard to the Facility would involve activity that could interfere with the operation or maintenance of the Facility, the parties shall determine after mutual consultation the best time to conduct such activity.

2.9 During the term hereof, NSTAR Steam shall compile all relevant data and records concerning operation, maintenance, inventory, environmental monitoring and compliance, and administration of the Blackstone Station Steam Production Facility. NSTAR Steam shall provide such data and records to Harvard contemporaneously with its submission to any Governmental Authority and upon request by Harvard during the term hereof. NSTAR Steam shall also provide the complete set of such data and records, including historical data and

records, to Harvard upon completion of such term. In addition, NSTAR Steam shall submit written notice of any of the following to Harvard promptly upon NSTAR Steam becoming aware thereof: (i) any refusal or threatened refusal by any Governmental Authority to grant, renew, or extend any license, permit, approval, authorization, or consent; (ii) any dispute with any Government Authority relating to the operation of the Facility or the provision of services hereunder; (iii) any actual or proposed penalties or notices of alleged or actual violation issued by a Government Authority relating to the operation of the Facility or the provision of services hereunder; and (iv) any oral or written inquiry by any Governmental Authority, including but not limited to, any request for information issued by any Governmental Authority under any Environmental Law.

2.10 To the extent necessary to allow NSTAR Steam to perform its obligations hereunder, and to the extent assignable, Harvard shall assign to NSTAR Steam for the term of this Agreement such licenses, permits, and approvals as Harvard may hold that are required to be held by the operator of the Blackstone Station Steam Production Facility; provided, (i) that NSTAR Steam shall indemnify, defend, and save Harvard harmless from and against all actions, charges, claims, costs, damages, judgments, expenses, fines, orders, penalties and liabilities whatsoever arising or resulting from NSTAR Steam's violation or alleged violation of any such assigned license, permit, or approval; and (ii) that NSTAR Steam shall re-assign such assigned licenses, permits, and approvals back to Harvard at the completion of the term hereof. NSTAR Steam shall be responsible for obtaining, maintaining, and complying with any licenses, permits or approvals necessary for the operation of the Facility that are not held by Harvard or that are not, or cannot, be assigned by Harvard to NSTAR Steam.

2.11 Notwithstanding the limitation on liability contained in Section 6.1 below, NSTAR Steam shall indemnify, defend, and save Harvard harmless from and against all actions, charges, claims, costs, damages, judgments, expenses, fines, orders, penalties and liabilities whatsoever arising or resulting from NSTAR Steam's violation or alleged violation, during the term hereof, of any Environmental Law or any license, permit, or approval governing the operation of the Blackstone Station Steam Production Facility.

2.12 Environmental Matters. NSTAR Steam shall not release or discharge, or permit the release or discharge, of any oil or hazardous materials, or hazardous or toxic waste (as those terms may be now or hereafter defined under applicable law) (collectively, "OHM") at the Site, including but not limited to, the Blackstone Station Steam Production Facility. NSTAR Steam shall not keep, store or use OHM at the Site, including but not limited to, the Blackstone Station Steam Production Facility except such OHM as has been stored and used at the Blackstone Station Steam Production Facility by NSTAR Steam prior to the Effective Date in the course of normal operations. NSTAR Steam shall be liable for any release or threat of release of OHM at, on, under or from the Site or the Blackstone Station Steam Production Facility during the Term (i) caused or permitted after the Effective Date by NSTAR Steam or its employees, agents, contractors or invitees; and/or (ii) caused after the Effective Date by third parties, to the extent NSTAR Steam either permitted or, having the opportunity, failed to prevent such release or threat of release. In no event shall NSTAR Steam be responsible for any other release or threat of release, including, without limitation, (i) any release, threat of release, or discharge caused by Harvard, its agents, contractors, employees or invitees, or (ii) any OHM existing at, on, under, or

migrating from the Site or the Blackstone Station Steam Production Facility as of the Effective Date. In any situation requiring an immediate response, NSTAR Steam shall take all actions required by applicable law and regulations, and shall notify Harvard immediately. NSTAR Steam shall, as soon as practical, inform Harvard of all communications made by NSTAR Steam to any Governmental Authority concerning the release or threat of release of OHM at the Site and provide Harvard with copies of all such written communications. NSTAR Steam shall be considered the "generator" of all oil and hazardous materials, or hazardous or toxic waste, generated as a result of its activities at the Blackstone Station Steam Production Facility from and after the Effective Date and during the Term, for purposes of all applicable environmental laws and regulations. NSTAR Steam shall perform the duties and responsibilities of the "generator" in compliance with all applicable laws and regulations, including without limitation, identifying, packaging, manifesting, reporting, recordkeeping, handling, transporting and disposing of all OHM from the Blackstone Station Steam Production Facility from and after the Effective Date and during the Term, as well as non-hazardous wastes generated at the Blackstone Station Steam Production Facility. NSTAR Steam shall indemnify, defend (with counsel acceptable to Harvard) and save Harvard harmless from all actions, charges, claims, costs, damages, expenses, fines, and liabilities whatsoever arising or resulting from NSTAR Steam's obligations under this Section 2.10 or NSTAR Steam's breach of those obligations. Harvard shall indemnify, defend (with counsel acceptable to NSTAR Steam) and save NSTAR Steam harmless from all actions, charges, claims, costs, damages, expenses, fines, and liabilities whatsoever arising or resulting from Harvard's obligations under this Section 2.10 or Harvard's breach of those obligations. Nothing herein shall amend, modify, supersede or otherwise affect the respective rights and obligations of the parties to the CELCo Purchase and Sale Agreement or the NSTAR Steam Purchase and Sale Agreement.

ARTICLE 3. Payment for Services.

3.1 For and in consideration of the performance by NSTAR Steam of its obligations hereunder, Harvard shall pay to NSTAR Steam an Operating Fee of one hundred four thousand, one hundred sixty-six dollars and sixty-seven cents (\$104,166.67) per month. In addition, Harvard shall reimburse NSTAR Steam for any and all actual, direct, and verifiable costs and expenses authorized by Harvard under sections 2.2 and 2.3 and incurred by NSTAR Steam in performance of its obligations under this Agreement, it being the parties' agreement and understanding that all costs and expenses of operating the Blackstone Station Steam Production Facility and fulfilling Harvard's obligations under the Steam Contracts, including but not limited to employee cost (including an allowance for overhead and administrative/allocation costs of two hundred thousand dollars (\$200,000) per year) and the cost of fuel, and specifically excluding any other allowance for administration, profit, or overhead, shall be paid directly by Harvard and/or fully reimbursed to NSTAR Steam, and that the aforementioned Operating Fee shall be in addition to such reimbursement and/or direct payment by Harvard of such actual costs and expenses. Nothing contained in this Agreement shall impose on NSTAR Steam any responsibility for billing, collection, or the settlement of billing disputes under the Steam Contracts other than providing metering data to Harvard pursuant to section 2.4 above. In no event shall NSTAR Steam be entitled to any revenues due or received under the Steam Contracts.

3.2 NSTAR Steam shall invoice Harvard for all amounts due as Operating Fees or as reimbursement for expenses as described in section 3.1. Such amounts shall be payable within thirty (30) days of the date of Harvard's receipt of the invoice. If Harvard fails to pay any invoice within such period, a monthly late payment charge shall be assessed against the unpaid portion of such invoice amount at a rate equal to one-twelfth of the prime rate charged for commercial loans by Fleet Bank in effect on the date of issuance of the invoice.

3.3 NSTAR Steam shall retain copies of all documentation necessary in order to verify its claims for reimbursement made under section 3.1. Harvard shall have the right to inspect such documentation, as well as all books and records pertaining to NSTAR Steam's performance of its obligations hereunder. Harvard shall be entitled to challenge any amount invoiced to it and paid under section 3.2, other than the Operating Fee, up to one year following the date of such invoice.

ARTICLE 4. Force Majeure: Curtailment of Capacity

4.1 Neither Harvard nor NSTAR Steam shall be liable in damages or otherwise for any delays in performance of its respective obligations hereunder (other than the obligation to make payments) caused by or arising out of any Event of Force Majeure; provided that the party claiming the occurrence of such an event (i) promptly notified the other party of the event, describing, to the extent ascertainable, its expected duration and relevant effect, and (ii) promptly took such measures as were necessary and consistent with Prudent Industry Practice to overcome the effect of such event.

4.2 Event of Force Majeure means an event (i) that was not within the control of the party claiming its occurrence; (ii) that could not have been prevented or avoided by such party through the exercise of due diligence, consistent with Prudent Industry Practice; and (iii) that prohibits or prevents such party from performing its obligations under this Agreement. Events that subject to the foregoing may give rise to a claim of Force Majeure include, without limitation:

4.2.1 Acts of God, including earthquakes, epidemics, fires, floods, landslides, lightning, storms, washouts, weather related events such as hurricanes and other similar, unusual and severe natural calamities;

4.2.2 Acts of the public enemy, wars, blockage, insurrections, terrorism, riots, civil disturbances and arrests;

4.2.3 Strikes, lockouts or other industrial disturbances;

4.2.4 Explosions, breakage, accidents to equipment, facilities or lines of pipe used to supply steam or explosions, breakage or accidents to equipment used in the performance of this Agreement.

ARTICLE 5. Default, Termination

Failure of either Harvard or NSTAR Steam to perform its obligations hereunder shall (subject in each case to the provisions of Section 4.1) constitute a default hereunder. In addition to any other rights the parties may have hereunder, at law, or in equity:

5.1 Harvard shall be entitled without further notice to terminate this Agreement and operate the Blackstone Station Steam Production Facility in the event that NSTAR Steam fails to produce steam therefrom in sufficient quality or quantity to perform the obligations under the Steam Contracts for a period that would give rise to a breach of either of the Steam Contracts;

5.2 This Agreement may be terminated by the giving of written notice by the non-defaulting party to the defaulting party of the failure of the defaulting party to cure any other material default within a period of thirty (30) days after notice of such material default has been given, or within such additional reasonable time as may be necessary to cure such material default, provided the defaulting party has promptly commenced, and thereafter diligently continues to effect a cure to completion; and

5.3 Harvard shall be entitled without further notice to terminate this Agreement at any time for its own convenience, upon (i) payment by Harvard to NSTAR Steam of the remaining Operating Fees that would be due to NSTAR Steam under section 3.1 through the date one (1) year following the Effective Date, and (ii) compliance with the provisions of section 1.6 hereof.

ARTICLE 6. Liability, Indemnification, Insurance.

6.1 NSTAR Steam shall indemnify Harvard and hold Harvard and its officers, agents, employees, and affiliates harmless from and against any claim, demand, action, loss, liability, damage or expense, including third-party claims, to the extent attributable to the negligence or reckless or willful misconduct of NSTAR Steam or its officers, agents, employees, or affiliates. Harvard shall indemnify NSTAR Steam and hold NSTAR Steam and its officers, agents, employees, and affiliates harmless from and against any claim, demand, action, loss, liability, damage or expense, including third-party claims, to the extent attributable to the negligence or reckless or willful misconduct of Harvard or its officers, agents, employees, or affiliates. Notwithstanding the foregoing, neither party shall be liable to the other for indirect, special, punitive or consequential damages.

6.2 NSTAR Steam shall at its sole cost and expense obtain and maintain throughout the term hereof the following insurance:

6.2.1 Comprehensive general liability insurance indemnifying Harvard and NSTAR Steam against all claims and demands for any injury to person (including death) or property which may occur or be claimed to have occurred at the Blackstone Station Steam Production Facility or at the Site as a result of the use of such Facility by NSTAR Steam or its agents or contractors, in amounts not less than ten million dollars

(\$10,000,000) per occurrence and twenty million dollars (\$20,000,000) annual aggregate, with Harvard designated as an additional insured;

6.2.2 To the extent possible at commercially reasonable cost, such boiler and machinery insurance as is currently maintained, with Harvard designated as an additional insured to the extent possible.

6.2.3 Worker's compensation and any other insurance required by law or the nature of NSTAR Steam's duties as operator; and

6.2.4 Such automobile or motor vehicle liability insurance as is currently maintained.

NSTAR Steam shall furnish Harvard with certificates or policies of all such insurance prior to the Effective Date and of each renewal policy, if any, at least thirty (30) days prior to the expiration of the policy being renewed.

6.3 Harvard shall maintain such insurance coverages with respect to the Blackstone Station Steam Production Facility, and with such limits, as are customary and usual.

ARTICLE 7 Miscellaneous Provisions

7.1 Entire agreement; modification. This Operating Agreement constitutes the entire agreement between NSTAR Steam and Harvard and shall govern the rights and obligations of the parties with respect to the subject matter hereof, beginning with the effective date of this Operating Agreement as hereinbefore set forth, and expressly supersedes (as of such effective date) any prior agreements, whether written or oral, between NSTAR Steam and Harvard with respect to the specific matters which are the subject of this Operating Agreement, but expressly does not supersede any continuing obligations under the CELCo Purchase and Sale Agreement or the NSTAR Steam Purchase and Sale Agreement. No amendment or modification of this Operating Agreement shall be permitted or effective unless made in writing, making express reference to this Operating Agreement and the intention of the parties to amend or modify this Operating Agreement, and executed on behalf of both parties by their duly authorized representatives.

7.2 Successors and assigns. The benefits and obligations of this Operating Agreement shall be binding upon, may be performed by, and shall inure to both parties hereto and their respective successors and assigns for the full term of this Operating Agreement; provided, however, that neither party hereto shall assign or transfer, by operation of law or otherwise, its benefits and obligations hereunder in whole or in part without the express written consent of the other party hereto, which consent shall not be unreasonably withheld or delayed.

7.3 Notices. Any notice required or permitted to be given by one party to the other by any provision of this Operating Agreement shall be in writing and signed by the party (or the party's attorney) giving same, unless otherwise specifically allowed, and shall be deemed to have been properly given when delivered to the addressee by hand or deposited in the U.S. mail, first class

postage prepaid, addressed as follows, or to such other person or address as may be designated by a party (or the party's attorney) at any time and from time to time, in accordance herewith:

If to Harvard:

Associate Vice President for Facilities
and Environmental Services
Harvard University, Holyoke Ctr. Suite 761
1350 Massachusetts Avenue
Cambridge, MA 02138

With a copy to:

Office of the General Counsel
Att'n: Robert E. McGaw
Harvard University, Holyoke Ctr., Suite 980
1350 Massachusetts Avenue
Cambridge, MA 02138

If to NSTAR Steam:

President
NSTAR Steam Corporation
800 Boylston Street
Boston, MA 02199

With a copy to:


NSTAR Electric & Gas Corporation
800 Boylston Street
Boston, MA 02199
Att'n: Richard J. Morrison

7.4 Laws and Regulations. This Operating Agreement shall be subject to all Federal, State and municipal laws and regulations which are in effect from time to time. The interpretation of and performance of this Agreement shall be in accordance with and controlled by the laws of the Commonwealth of Massachusetts.

7.5 No Third-Party Beneficiaries; No Joint Venture. Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than Harvard, NSTAR Steam, and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third persons to any party hereto, nor give any third persons any right of subrogation or action against any party hereto. Nothing in this Agreement is intended to create an association, trust, partnership, or joint venture between the parties hereto, or impose a trust, partnership, or fiduciary duty, obligation, or liability on or with respect to either party.

IN WITNESS WHEREOF, NSTAR Steam and Harvard have caused this Agreement to be executed in duplicate by their respective officers thereto duly authorized on the day and year first above written.

NSTAR STEAM CORPORATION



By: RICHARD S. HAHN

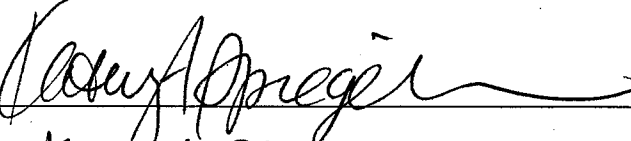
Its: PRESIDENT

PRESIDENT AND FELLOWS OF HARVARD COLLEGE



By: SALLY ZECKHAUSER

Its: VICE PRESIDENT FOR ADMINISTRATION



By: KATHY A. SPIEGELMAN

Its: AUTHORIZED SIGNER



By: THOMAS E. VAUTIN

Its: ASSOC. VICE PRESIDENT - FACILITIES & ENVIRONMENTAL SERVICES

Schedule 1

OPERATING AGREEMENT
BETWEEN NSTAR STEAM CORPORATION
AND PRESIDENT AND FELLOWS OF HARVARD COLLEGE

Abbott, Robert E
Abbott, Scott D
Barry, Robert A
Bartlett, David M
Bedrick, Robert G
Camara, Teofilo D
Capone, Francis E
Caulfield, Cynthia A
Cogliano, Michael
Costa Jr, Anthony J
Davidson, Scott R
Doucet, Michael L
Gotimer, John E
Graham, Sean R
Grazulis, William F
Hamilton, Kenneth R
Harless, Lester
Hathaway, Brian A
Maharaj, Judishtir G
O'Mara, Donald J
Peters, Nicholas T
Schuler, Carl F
Stegall Jr, Joseph T
Thibodeau, Phillip E
Tran, Hai
Tran, Si T