

EXHIBIT 12

HANDBACK REQUIREMENTS RESERVE ELEMENTS AND RESERVE FUNDING MECHANISM

1. Developer shall make deposits to the Handback Requirements Reserve by the last day of each calendar quarter, commencing with the first calendar quarter of the fifth full calendar year before the end of the Term, and continuing thereafter.
2. Developer shall make quarterly deposits into the Handback Requirements Reserve so that by the *beginning* of each of the last four full calendar years during the Term the Handback Requirements Reserve will contain an amount equal to:
 - (a) For all Elements having a Required Residual Life equal to or less than 20 years for which the Developer has validly exercised its option under Section 8.10.1.2 of the Agreement, the summation across all such Elements of the following factors, as set forth in the most recent Renewal Work Schedule (as it may be revised pursuant to the Handback Requirements): the estimated cost to perform the Renewal Work on such Element (including all associated costs and fees) at the end of its Residual Life multiplied by a fraction the numerator of which is the Required Residual Life minus the Residual Life at Handback and the denominator of which is the Required Residual Life thereof, multiplied by a fraction the numerator of which is four minus the number of full calendar years until the beginning of the last full calendar year of the Term and the denominator of which is four, plus
 - (b) For all other Elements (i.e. those Elements that have a Required Residual Life exceeding 20 years and those Elements having a Required Residual Life equal to or less than 20 years for which the Developer has not exercised its option pursuant to Section 8.10.1.2), the summation across all such Elements of the estimated cost to perform the Renewal Work on each such Element prior to expiration of the Term in accordance with the Handback Requirements multiplied by a fraction the numerator of which is four minus the number of full calendar years until the year in which the Renewal Work is scheduled to be performed pursuant to the Renewal Work Schedule (as it may be revised pursuant to the Handback Requirements) and the denominator of which is four; plus
 - (c) 10% of the amounts under clauses (a) and (b) above as a contingency.
3. Developer's quarterly deposits in a year shall equal one-fourth of the amount required to be deposited in such year as described in Section 2 above, provided that if Developer's aggregate actual draws during the current calendar year exceed the planned draws by more than 10% (including draws to fund Safety Compliance work allowed under Section 8.11.3.1 of the Agreement), Developer shall adjust its quarterly deposits for the remainder of the calendar year in order to make up the excess draws.
4. In determining the amount of Developer's deposits to be made in the current calendar year, the Parties shall take into account the total amount in the Handback Requirements Reserve at the end of the immediately preceding calendar year and Developer's planned draws from the Handback Requirements Reserve during the current calendar year.

5. If at any time during the course of Renewal Work on an Element the actual incurred costs thereof are such that the balance in the Handback Requirements Reserve for such Element is less than the total amount required to be funded to the Handback Requirements Reserve for such Element, Developer shall promptly increase its deposits in order to fully make up the difference.
6. If after completion of and payment in full for Renewal Work on an Element there remains an unused balance in the Handback Requirements Reserve for such Element during the Term, the unused balance shall be reallocated and credited toward required balances in the Handback Requirements Reserve for other Elements.