

EXHIBIT 1

December 28, 2021

Dear Town Manager Welch and Members of the Ashland NH Select Board;

The Ashland Select Board and Town Manager have failed to respond to previous overtures to address the cancellation of purchased power from, and erroneous tax assessment of, the Ashland Paper Mill Hydroelectric Project. Most recently, this includes the Town's non-compliance to Items 1 and 2 of a Right to Know Request under RSA-91A received by the Town on January 11, 2022, though various evidence suggests that the Town Office is in possession of records relative to these items.

Attached is the text of a July 22, 2021 email to Town Manager Welch requesting response to a packet distributed to, and received by, the Ashland Select Board and Mr. Welch on June 12, 2021. The Transmittal Letter accompanying that packet is also attached. In neither case did the Town respond.

The lack of response by the Town has placed Northwoods Renewables in the undesired position of utilizing other authorities to rule on these matters.

Relative to this authority and the Ashland Electric Department's responsibility to purchase power from Qualifying Facilities, the **2018 Electric Interconnection and Transmission Agreement** (contract through 2048) between the Town of Ashland and Northwoods Renewables states in Section 12. (b):

Pursuant to (NH) **PUC Supplemental Order No. 14,797** dated March 20, 1981, the parties further agree that, as to any and all issues which, upon dispute, cannot be resolved by and between the AED and QF (Qualifying Facility), the same shall be submitted to and bound by arbitration as provided by said **(NH Public Utilities Commission)** Supplemental Order at Paragraph F .1-3 inclusive;

["F. 1. The commission will provide both formal and informal arbitration on issues which cannot be resolved by utilities and QF's; such arbitration shall be provided to the extent consistent with commission authority pursuant to PURPA, LEEPA, and other provisions of this order"...]

NHPUC ruling and precedent state that, in the case of unjustified cessation of power purchase, payment will be required to all affected producers that otherwise would have been made from the utility.¹

The NHPUC issues rulings pursuant to **The Public Utility Regulatory Policies Act of 1978 (PURPA)** and **Federal Energy Regulatory Commission (FERC)** regulations in cases such as this.

FERC recently clarified in a July 16, 2020 Ruling that, to be relieved of its obligation to purchase, a utility must prove the Qualifying Facility (QF) has nondiscriminatory access to wholesale markets (and that) QF's smaller than 5 mw do not have this access.²

The Ashland Paper mill Project has a nameplate capacity of 0.1 mw.

Though AED is a municipal utility, it is not exempted from oversight by NHPUC or its obligation to purchase under PURPA as established by precedent in the ISO New England market region.^{3 4 5}

¹ DE 80-246, Supplemental Order No. 14,797 NH Public Utilities Commission March 20, 1981

² 172 FERC ¶ 61,041 FERC 18 CFR Parts 292 and 375 [Docket Nos. RM19-15-000 and AD16-16-000; Order No. 872] (QF) Rates and Requirements Implementation Issues Under (PURPA) Issued July 16, 2020, Paragraph 64 et al.

³ Appeal of Ashland Elect. Dep't, Supreme Court of NH, Sept 25, 1996, Decided, No. 95-260, Concluding ¶'s

⁴ 145 FERC ¶ 61,121 Docket No. QM13-4-000 [Burlington] Issued November 13, 2013

⁵ 131 FERC ¶ 61,027 Docket Nos. QM10-4-000, QM10-4-001, QM10-4-002, QM10-4-003, [PSNH] Issued April 15, 2010

Excepting that the Town responds to this letter within 15 days with overtures towards settlement, Northwoods Renewables LLC will file a petition for arbitration with the NH PUC regarding this matter.

Further, a petition will also be filed with FERC, which will also issue a ruling. Following, a civil case will be begun to thoroughly recover all damages to Northwoods Renewables LLC

Northwoods would consider the following as amenable settlement:

- Reinstatement of power purchase by the town according to rates established by federal law under PURPA
- Based on the site's *average* production from 2013-2019, utilizing PURPA rates (~5¢ /kWh) and lost REC income; payment of 50% of lost income from the date of power purchase cancellation to present, which amounts to roughly \$28,000 as of February 1, 2022. *Please note that, if the case goes to arbitration and court, the Town may be responsible to pay the full production potential for the site for this period, which would amount to approximately \$110,000 in addition to current and future legal costs, loss of property value, time and expenses.
- Recalculation of taxes including 2018 to present, utilizing the \$70,000 assessment arrived at by the town's hired Utility Tax Appraiser. Interest and penalties for this period would be abated. Discrepancy between unpaid taxes, paid taxes, interest and penalties will be paid by either Northwoods or the Town. Please note that even the \$70,000 assessment is still based on several basic over-estimations of the site's capacity etc.

Additionally, the courtesy of a response to the July 22, 2021 email within 15 days of this letter is requested. In particular, an explanation of why the Village continues to assess property taxes based on an April 1, 2018 valuation utilizing the income approach after the village canceled the Power Purchase Agreement that was used as the basis for the income valuation.

An explanation of why the Village uses the April 1, 2018 valuation, which is based on an assumed installed capacity of 130 kW when the Project's federal exemption only authorizes an installed capacity of 100 kW. The November 2018 Valuation Report inaccurately relates a 'conversation' stating that the existing equipment was pulled to install larger equipment. The Town should note that the Utility Assessor which they chose has a history of being disallowed as an expert witness in NH courts.

Last, it would be appropriate for the Village to explain why it did not avail itself of VPSSA's willingness to 'blend and extend' the Town's over-purchase of power. The Town justified cancelling its purchasing obligation to the Qualifying Facilities in its jurisdiction based on the premise that it represented excess purchase. Three weeks after issuing these cancellation notices, the Ashland Select Board then voted to have VPPSA bid for 2023 and 2024 power purchases, without any production from the town's hydro facilities calculated in. It seems that

Respectfully,
James World

Encl.; Text of July 22, 2021 email.
June _ Transmittal letter.

July, 2021 Email Requesting Response from Town Manager Frederick Welch

James World <northwoods.renewables@gmail.com>

Jul 22, 2021,
2:32 PM

To: townadmin@ashland.nh.gov

Dear Mr. Welch,

I am writing to respectfully request the status of the subject matter addressed in a packet mailed by Northwoods Renewables LLC and received by the Town of Ashland Select Board and yourself on June 12 of this year.

Specifically, the subjects being:

1. The Town's Breach of Contract and Federal Law regarding the cancellation of its Power Purchase agreements with the hydroelectric facilities in town, specifically the Ashland Paper Mill Hydroelectric Project (FERC Project # 5638).
2. The contested tax assessment for the Ashland Paper Mill Hydroelectric Project, directly linked to the Project's ability to produce and sell power in a viable market.
3. Remediation of the financial consequences to Northwoods Renewables of these actions taken by the town.

As it has been six weeks since the petition was received by the Town and the Town Select Board has met at least on July 12th and 19th since then, Northwoods Renewables respectfully requests communication regarding the status of how these issues are being addressed by the Town of Ashland.

Thank you,

James World

Northwoods Renewables LLC

June 2021 Transmittal Letter Accompanying Packet Sent to Frederick Welch, Eli Badger, Robert Letourneau, Ann-Marie Barney, Alan Cilley and Andy Fitch

Frederick Welch, Ashland Town Manager
Selectmen, Ashland Board of Selectmen
20 Highland St.
Ashland NH 03217

June 10, 2021

Letter of Transmittal Re: Ashland Paper Mill Hydroelectric Project P-5638

Dear Manager Welch and Select Board Members,

Enclosed are two letters, with attachments, concerning actions by the Town of Ashland (Town) relating to the Paper Mill Hydroelectric Project (Project) located on Mill Pond Lane in Ashland. Your timely consideration of these matters is respectfully requested.

The first letter addresses the Town's 2019 cancellation of its 2013 Power Purchase Agreement with Northwoods Renewables LLC (Northwoods) and subsequent refusal to purchase the Project's power or enter discussion on the matter. These actions are shown to be in violation of the Town's obligation under federal law to purchase power from facilities within its borders. Further, the Town is shown to be in Breach of the 2018 superseding Electric Interconnection and Transmission Agreement signed between The Town and Northwoods.

Northwoods attempted communications with the Town in 2019 and 2020 to address these obligations and was unprofessionally rebuffed by Town Manager Charles Smith.

The Town's actions have removed the Project's ability to sell its power in any market. Due to its location within the Ashland Electric Department's borders, other utilities are not obligated under law to buy the project's power. This has directly resulted in 18 months lost income to date and has left the project with no resale value at all.

The second letter is a Legal Opinion addressing Project tax assessment disparities concurrent with the above mentioned matter. In 2018 the Town hired a professional utility tax appraiser to assess the hydroelectric facilities in town. Their final report, though using flawed Project capacity and production estimates 55% higher than actual, assessed the Project's value at \$42,150 for land and \$27,850 for 'Improvements'; a total of \$70,000. The Town then used the \$70,000 *total* from the report as a value for 'Buildings' only and added to it \$86,300 as 'Land' for a total of \$156,300 on its 2018 2nd

issue taxes. It then applied this change in retrospect to the 2018 1st issue. Northwoods filed a timely abatement application with the town and received no response.

The appraisal report relies heavily on the Project's ability to sell power as well as its resale value. The Town removed both from the Project one year later. The inflated 2018 Town appraisal remains in effect.

From the onset of these issues, it has not been the desire of Northwoods Renewables to enter contention over them. The purpose and spirit of the attached materials are to clearly present the situation in order to find resolve. It is our belief that the accumulating costs of this matter can be mitigated apart from the added time and expense of litigation.

If you have any questions or comments, please contact me via email at northwoods.renewables@gmail.com. I look forward to working together to find a resolution.

Thank you for your time and consideration in this matter.

Sincerely,

James World
Managing Member
Northwoods Renewables, LLC

Enclosures (2):

1. Letter Regarding Termination of Power Purchase w/ Attachments
2. Disparity of Real Property Assessments w/ Attachments

CC: Ashland Select Board Members Eli Badger, Robert Letourneau,
Ann-Marie Barney, Alan Cilley, Andy Fitch

EXHIBIT 2