

Howard M. Moffett
hmoffett@orr-reno.com
Direct Dial 603.223.9132
Direct Fax 603.223.9032

Orr&Reno
Professional Association

One Eagle Square, P.O. Box 3550
Concord, NH 03302-3550
Telephone 603.224.2381
Facsimile 603.224.2318
www.orr-reno.com

ORIGINAL	
N.H.P.U.C. Case No.	<i>DE 09-174</i>
Exhibit No.	<i>#8</i>
Witness	<i>R. Norman</i>
DO NOT REMOVE FROM FILE	

June 14, 2010

BY HAND DELIVERY

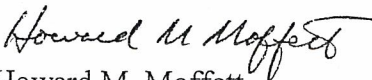
Debra A. Howland, Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

RE: DE 09-174
PSNH Petition for Declaratory Ruling re Penacook Lower Falls Pricing

Dear Secretary Howland:

Enclosed please find an original and six copies of the Pre-filed Testimony of Richard A. Norman (please note that because of their bulk, only two hard copies of Exhibit 2, Items 2-1 through 2-38 have been included in this package). Electronic PDF copies of the entire filing, including Exhibit 2, Items 2-1 through 2-38, are being provided to PSNH and the Service list.

Sincerely,


Howard M. Moffett

cc: Gerald M. Eaton, PSNH
Service List
Richard A. Norman, Briar Hydro Associates

encs
664488_1.DOC

1 **State of New Hampshire**

2 **before the**

3 **New Hampshire Public Utilities Commission**

4
5 Public Service Company of New Hampshire

6 Petition for Declaratory Ruling Re: Penacook Lower Falls Pricing

7 Docket No. DE 09-174

8
9 **Pre-filed Testimony of Richard A. Norman**

10 **on Behalf of Briar Hydro Associates**

11
12 **Q. Please state your name, position and business address.**

13 A. My name is Richard A. Norman. I am the President of Essex Hydro Associates, LLC, one
14 of the general partners of Briar Hydro Associates. My business address is Briar Hydro
15 Associates, % Essex Hydro Associates, 55 Union Street, 4th floor. Boston, MA.

16
17 **Q. In what capacity are you employed and what are your responsibilities?**

18 A. I am the President of Essex Hydro Associates, LLC (EHA), a developer and operator of and
19 investor in small power producer (SPP) hydroelectric facilities. In that capacity I am
20 responsible for overseeing and participating in all legal, financial, technical and operational
21 aspects of EHA's business. EHA serves as the general partner or manager of nine entities
22 that own and operate small hydroelectric facilities. With respect to this proceeding, EHA is
23 the entity responsible for the management, administration and operation of Briar Hydro

1 Associates. I was involved in the negotiations that resulted in the contract that is the subject
2 of this proceeding.

3
4 **Q. What is your educational background?**

5 A. I received a Bachelor of Science degree in general science from the United States Naval
6 Academy in 1961 and in 1970 a Masters Degree in Business Administration from the
7 Harvard Graduate School of Business Administration. I also am a graduate of the Navy's
8 Nuclear Power training program.

9
10 **Q. Please summarize your professional background.**

11 A. In 1983, as a founding partner, I formed EHA, a company that now directly or indirectly
12 operates and manages thirteen hydroelectric projects located in the northeastern part of the
13 United States. EHA and several affiliated companies were responsible for all activities
14 necessary to develop six of these hydroelectric projects (including the Penacook Lower Falls
15 Project), including permitting, design, construction, legal, organization and financing.
16 Seven of the EHA projects were purchased from other companies. A description of my
17 other business experience is attached as Exhibit 1 to my testimony.

18
19 **Q. Have you testified previously before the New Hampshire Public Utilities Commission
20 or other regulatory bodies?**

21 A. Yes, I have testified on several occasions before the New Hampshire Public Utilities
22 Commission ("NHPUC"). I also have testified before the Federal Energy Regulatory
23 Commission on behalf of the United States Maritime Administration, the Vermont Public

1 Service Board and the Oregon Water Resources Board. In addition, I served as a member of
2 the unsecured creditors' committee in the Public Service Company of New Hampshire
3 ("PSNH") bankruptcy proceeding.
4

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to explain Briar Hydro Associates' ("Briar's") position with
7 regard to the pricing issues raised in PSNH's Petition for Declaratory Ruling.
8

9 The Contract for the Purchase and Sale of Electric Energy with Public Service Company of
10 New Hampshire dated April 28, 1982 (the "Contract"¹) that is the subject of this proceeding
11 was negotiated and executed by New Hampshire Hydro Associates ("NHHA"). Briar later
12 succeeded to NHHA's rights and obligations under the Contract. For the sake of simplicity,
13 I will use Briar to refer to either or both NHHA and Briar in this testimony.
14

15 **Q. Please describe the circumstances that led to PSNH filing its Request for Declaratory
16 Ruling.**

17 A. The Contract was signed on April 28, 1982 and has been in effect since then. Until 2006,
18 there had been no controversy over the administration of the Contract. However, in late
19 2006 a dispute arose concerning the entitlement to capacity payments to be paid by ISO-
20 New England for the account of the Penacook Lower Falls Project under the ISO-NE
21 Forward Capacity Market. That dispute was the subject of a recent NHPUC proceeding

¹ The Contract was attached to the Petition for Declaratory Ruling filed by PSNH on September 21, 2009

1 which is now on appeal at the New Hampshire Supreme Court. Then, in early 2009, during
2 an informal meeting between a representative of PSNH and me, the PSNH representative
3 made the comment that PSNH expected that it would have recovered all payments in excess
4 of the "Index Price" two to three years before the end of the Contract's term, and that at that
5 point Briar could expect the Contract price would be increased. As a result of that
6 comment, Briar reviewed the terms of the Contract and did a detailed analysis of the pricing
7 provisions. Following completion of that analysis, Briar requested a meeting with PSNH to
8 discuss and seek resolution of the matter (i.e., the recovery by PSNH of excess payments).
9 The parties were unable to agree upon a resolution. PSNH then filed its Petition for
10 Declaratory Ruling with the NHPUC on September 21, 2009.

11
12 **Q. Before turning to the specifics of the Contract, would you please provide a summary**
13 **of the negotiations that led to the signing of the Contract?**

14 A. Briar began development efforts for the Penacook Lower Falls project in 1980. In mid-1981
15 Briar approached PSNH to obtain a power contract to provide financial support for its
16 development efforts. From August through December 1981, there were a number of
17 meetings and exchanges of correspondence relating to the rate structure that would be
18 incorporated into the power purchase agreement. Although it does not appear in the record,
19 I assume that in late 1981 PSNH provided a generic draft power contract to Briar for the
20 Penacook Lower Falls project. From that time through April 1982 there were a number of
21 further meetings and exchanges of correspondence that led to the signing of the Contract on
22 April 28, 1982.

1 **Q. Are the exchanges of correspondence that document the course of the negotiations**
2 **included in the record?**

3 A. Yes. On Monday, June 7, 2010, PSNH, in response to a data request from Briar, provided
4 copies of all such correspondence and internal memoranda in its records that relate to this
5 matter. For convenience, the documents produced by PSNH are attached in a package as
6 Exhibit 2, items 2-1 through 2-38.

7 **Q. Would you describe the issues that were in contention during those negotiations?**

8 A. The negotiations were based on a "standard contract" PSNH was using for SPP contracts,
9 based upon an "Index Price" of 9.0 ¢/KWH, subject to adjustment during the contract term.
10 The only significant issue was the price provision. From August 1981 until late December
11 1981, the parties exchanged information that related to the pricing provisions to be
12 incorporated into the contract. Due to the requirements of Briar's lenders, Briar had told
13 PSNH that it needed payments in excess of the Index Price during the early contract years,
14 and that it would repay those "excess payments" in later contract years. PSNH agreed at an
15 early stage in the negotiations to adjust the price provisions to meet Briar's requirements.
16 The negotiations then focused on how the price provisions were to be modified. As shown
17 in a PSNH hand-written memorandum dated 14 Dec. 81, "RVP-1" (Exhibit 2-8), PSNH had
18 established a discount formula that it used in calculating the recovery method for excess
19 payments. This methodology was consistently used by both PSNH and Briar throughout the
20 course of the negotiations.

1 As the negotiations progressed to addressing a specific form of contract, Briar sent a marked
2 copy of the PSNH standard contract to PSNH in a letter on January 7, 1982² (Exhibit 2-12).
3 Rider A to that marked up contract contained proposed revised pricing provisions to the
4 "Standard Contract." Significantly, the recovery methodology was set forth in very specific
5 detail *and followed the methodology established by PSNH in Exhibit 2-8*. In all of the
6 pricing negotiations that followed, this formula never changed. Both parties accepted it as
7 an equitable methodology by which Briar could accomplish its objective, i.e., payments
8 higher than the Index Price in early contract years, and PSNH could accomplish its
9 objective, i.e., recovery of those payments in excess of the Index Price in later years with
10 recognition given to the time value of money.

11
12 **Q. Is that the basis upon which the final Contract was signed on April 28, 1982?**

13 A. Yes. That was the basic quid pro quo.

14
15 **Q. Turning to the specifics of the Contract, what do you believe to be the principal issues**
16 **raised in this filing?**

17 A. I believe there are two major issues in this case.

18
19 The first is whether the 5.47¢/KWH deduction in the "Contract Rate" (the price Briar
20 receives for energy sold to PSNH under the Contract) ceases when PSNH has recovered the
21 payments it made to Briar in excess of the 9.0¢/KWH "Index Price" during the first eight

² I believe the January 7, 1981 date is in error and should have been January 7, 1982 as evidenced by the date stamp, November 19, 1981, of the attached contract and the "January 21, 1982" receipt stamp from RVP at PSNH.

1 contract years, or whether the 5.47¢/KWH deduction continues for the duration of the
2 Contract, even after PSNH has fully recovered payments in excess of the Index Price.

3
4 The second issue is whether the 5.47¢ figure used for the “recovery amount” deduction in
5 Section 3.D.1 has any legitimate basis, given the fact that it was apparently based on the
6 erroneous assumption that PSNH made “excess payments” of 2.0¢/KWH during the first
7 eight Contract years, when in fact, PSNH’s excess payments during that period amounted to
8 only 1.0¢/KWH.

9
10 **Q. Would you please explain Briar’s position regarding the first issue arising from the**
11 **pricing provisions in Article 3 of the Contract?**

12 A. Article 3 is two and a half pages long, complicated, and confusing, but the only sections
13 relevant to this issue are Sections A and D. Section B does not change the operation of
14 Section A and D. Section C can be disregarded because it never came into play, since 96%
15 of PSNH’s “incremental energy cost” never exceeded the 9.0¢ Index Price.

16
17 Article 3, Section A states, in relevant part:

18
19 “For the first eight (8) years of the Contract, the Contract rate shall be
20 11.00 cents per KWH. This rate exceeds the index price by 2.00 cents per
21 KWH; and *all payments made by PSNH to SELLER which exceed the*
22 *index price must be recovered by PSNH, during later Contract years, in*
23 *accordance with Section D.1., Article 3 (emphasis added). This rate is*
24 *subject to the adjustment provided for under Section D.2., Article 3...”*

25
26 Article 3, Section D.1. states:

27
28 “Beginning with the ninth Contract year, and continuing for the term of
29 the Contract, a *recovery amount* equal to 5.47 cents per KWH shall be

1 deducted from the Contract rate. *This deduction allows PSNH to recover*
2 *payments made under Section A, Article 3, which exceeded the index*
3 *price”(emphasis added).*
4

5 Article 3, Section D.2 states:
6

7 *“For the first eight Contract years, the Contract rate shall be adjusted by*
8 *subtracting 1.00 cents per KWH from the rate (emphasis added).* For the
9 ninth through the twentieth Contract Years, the Contract rate shall be
10 adjusted by adding 0.67 cents per KWH to the rate. The total of said
11 additional payments, for any given year, shall not exceed one-twelfth
12 (1/12) of the money subtracted during the first eight Contract years.”
13

14 Briar believes that Sections A and D, fairly read, provide that the 5.47¢/KWH deduction
15 from the Contract Rate is effective until PSNH has recovered payments that it made to Briar
16 during Contract years 1-8 that exceeded the Index Price. Briar believes the purpose of
17 Section 3.D.1 is solely to provide a recovery mechanism for those excess payments and that
18 once payments in excess of the Index Price made during years 1 through 8 have been
19 recovered by PSNH, the 5.47¢ deduction in Section 3.D.1 ends.
20

21 **Q. Does PSNH agree with this interpretation?**

22 A. No. PSNH believes the 5.47¢/KWH deduction from the Contract Rate is effective until the
23 term of the Contract has expired, notwithstanding the fact that PSNH would have recovered
24 all payments in excess of the Index Price years before the end of the Contract term.
25

26 **Q. Why does PSNH believe the 5.47¢/KWH adjustment continues to be applied to the**
27 **Contract Rate even after all excess payments have been received?**

1 A. PSNH points to the provision of Section 3.D.1 that states “Beginning with the ninth
2 Contract year, and continuing for the term of the contract, a recovery amount equal to 5.47
3 cents per KWH shall be deducted from the Contract rate.”
4

5 **Q. Why do you disagree with the PSNH contract interpretation?**

6 A.. PSNH ignores the language of Sections 3.A and 3.D.1 regarding the intent of the recovery
7 of excess payments. Specifically, PSNH’s interpretation ignores the sentence in Section
8 3.D.1 that states, “This deduction allows PSNH to recover payments made under Section A,
9 Article 3, which exceeded the Index Price.”
10

11 **Q. Assuming that Briar’s interpretation of its repayment obligation is correct, has PSNH
12 recovered the excess payments that it made during the first eight Contract years?**

13 A. Yes. On January 26, 2010 Briar submitted to the NHPUC Staff its “Revised Analysis of
14 PSNH Excess Payment Recovery Under 1982 Contract,” attached for convenience as
15 Exhibit 3. That analysis showed that PSNH had fully recovered the payments it made during
16 the first eight contract years in excess of the 9.0¢ Index Price by as early as July 1996. In a
17 December 18, 2009 submission to the NHPUC Staff, PSNH has presented its own analysis
18 of its recovery of the excess payments (Exhibit 4), which showed PSNH had fully recovered
19 its excess payments by October 2009.
20

21 **Q. Why is there such a substantial difference between Briar’s and PSNH’s calculations as
22 to the date by which PSNH had recovered the excess payments?**

1 A. This is the second issue raised by PSNH's filing. Briar and PSNH make substantially
2 different assumptions as to the amount of excess payments made by PSNH during the first
3 eight contract years. PSNH assumes it paid Briar 11.0¢/KWH, or 2.0¢/KWH in excess of
4 the 9.0¢ Index Price. Briar holds that PSNH paid Briar only 10.0¢/KWH, or 1.0¢/KWH in
5 excess of the Index Price.

6
7 **Q. Why does Briar believe PSNH only paid 1.0¢/KWH in excess of the Index Price for
8 the energy sold to PSNH during the first eight Contract years?**

9 A. Because it is very clear as a factual matter that during the first eight Contract years,
10 payments in excess of the Index Price amounted to 1.0¢/KWH, not 2.0¢/KWH, and the
11 language of the Contract provides that the 5.47¢/KWH adjustment is intended to *“recover*
12 *the payments made...which exceeded the index price”* (emphasis added). The introductory
13 language in Article 3 states that the price charged by Seller to PSNH for the sale of
14 electrical energy shall be based upon an Index Price of 9.00¢/KWH. Section 3.A then
15 establishes a **“Contract Rate”** (emphasis added) for the first eight years of the Contract.
16 The **Contract Rate** is set at 11.00¢/KWH, *“subject to the adjustment provided for under*
17 *Section D.2., Article 3.”* Section D.2 states that *“For the first eight Contract years, the*
18 *Contract rate shall be adjusted by subtracting 1.00 ¢/KWH from the rate.”* Therefore, the
19 adjusted Contract Rate for the first eight contract years was 10.0¢/KWH. This is the amount
20 that Briar received as payment and it exceeded the Index Price by 1.00¢/KWH. As
21 evidence that both Briar and PSNH used the 10.0¢/KWH adjusted **Contract Rate** as a
22 basis for their business dealings, I have attached a representative invoice dated July 31,

1 1990, prepared by New Hampshire Hydro Associates which shows that the adjusted
2 Contract Rate upon which PSNH payments were based was 10.0¢/KWH (Exhibit 5). During
3 the term of the Contract PSNH never disputed this adjusted Contract Rate and paid for all
4 generation during the first eight contract years based upon that adjusted Contract Rate. The
5 Contract Pricing Provisions exhibit to Mr. Labrecque's testimony also clearly shows that
6 PSNH used an "estimated payments" rate of 10.0¢/KWH for contract administration. Both
7 parties understood that the amount actually paid by PSNH was 10.0¢/KWH, not
8 11.0¢/KWH.

9
10 **Q. Are there any Contract terms that support PSNH's assertion that Briar's repayment**
11 **obligation should be based upon 2.0¢/KWH?**

12 A. No. Section 3.A plainly states that the 11.0¢/KWH Contract Rate is to be adjusted pursuant
13 to the terms of both Section 3.D.1 and Section 3.D.2. At page 2, lines 11-12, and throughout
14 his pre-filed testimony of May 14, 2010, Mr. Labrecque refers to a "2.00 cents per KWH
15 adder applied to the index rate of 9.00 cents per KWH during the first eight years of the
16 contract," as if the 2.00 cent adder in Section 3.A were the only adjustment to be made in
17 the Contract Rate for the first eight years. But Section 3.A also plainly states that "this
18 [Contract] rate is subject to the adjustment provided for under Section D.2, Article 3."
19 Section 3.D.2 provides for two adjustments: (1) a 1.00¢ deduction from the Contract Rate
20 during the first eight Contract years, and (2) a 0.67¢ adder to the Contract Rate during
21 Contract years 9 through 20. On the last page of his testimony, at lines 4-10, Mr. Labrecque
22 discusses these two adjustments as if they had nothing to do with the Contract Rate during
23 the first eight years of the Contract, but this interpretation simply cannot withstand a careful

1 reading of Sections 3.A and 3.D.2. Read together, as Section 3.A requires them to be, these
2 provisions make it very clear that PSNH was to pay an adjusted Contract Rate of
3 10.0¢/KWH (not 11.0¢/KWH) during the first eight Contract years. And as Exhibit 5
4 shows, 10.0¢/KWH is what PSNH actually paid. The “2.00¢/KWH adder” is twice the
5 amount of front-loaded “excess payments” actually received by Briar during the first eight
6 Contract years, as PSNH’s own calculations set forth in Exhibit 2-21 clearly demonstrate.

7
8 **Q. If the 1.00¢/KWH deduction in Section 3.D.2 is applied to reduce the Contract Rate in**
9 **Section 3.A from 11.00¢/KWH to 10.00¢/KWH, what happens to the 0.67¢/KWH**
10 **adder in Section 3.D.2?**

11 A. The 0.67¢/KWH adder in Section 3.D.2 also becomes an adjustment to the Contract Rate,
12 but not until Contract years 9 through 20. Starting in Contract year 9, the adjusted Contract
13 Rate is reduced by the 5.47 cent deduction in Section 3.D.1 and simultaneously increased by
14 the 0.67 cent adder in Section 3.D.2, for a net adjusted Contract Rate of 4.2¢/KWH. In
15 Contract year 21, the 0.67 cent adder no longer applies, so the adjusted Contract Rate
16 becomes 3.53¢/KWH (the 9.0 cent Index Price less the 5.47 cent deduction) until such time
17 as the recovery amount due to PSNH has been fully repaid. At that point, under the
18 Contract, the Contract Rate should become the Index Price.

19
20 **Q. Has PSNH provided you with any repayment calculations other than Exhibit 4?**

21 A. Not until Monday, June 7, 2010, a week before this Testimony was filed. Two of the
22 discovery documents produced by PSNH relate to earlier payback calculations that were
23 forwarded by PSNH to Briar on May 14, 1990 and September 14, 1990 (seven years into the

1 Contract) at a time when PSNH and Briar were discussing a potential contract buyout (see
2 Exhibits 2-34 and 2-35). Although these exhibits did not refer to the specific terms of the
3 Contract, they show that PSNH was then using a discounted cash flow methodology to
4 calculate Briar's repayment obligation. This methodology is generally consistent with the
5 methodology used by PSNH and Briar in the contract negotiations. However, those
6 calculations also clearly show that PSNH accepted that the actual payment received by
7 Briar in Contract years 1-8 was 10.0¢/KWH, not 11.0¢/KWH.

8
9 **Q. Has PSNH provided any repayment calculations that are more recent?**

10 A. No. Given that the PSNH representative told me early in 2009 that Briar's recovery
11 payment obligation would be fulfilled prior to the end of the Contract term, I believe it is
12 reasonable to assume that at some time prior to or during early 2009, PSNH prepared
13 recovery calculations that served as the basis for the statement about Briar's fulfillment of
14 its repayment obligation. However, other than the PSNH recovery calculation that was
15 submitted to the NHPUC (Exhibit 4), no such additional calculations have been provided to
16 Briar or introduced into the record.

17
18 **Q. Assuming that PSNH has recovered all amounts in excess of the Index Price that were**
19 **paid to Briar, what Contract Rate should be paid by PSNH for the remaining term of**
20 **the Contract?**

21 A. Briar should be paid a Contract Rate of 9.0¢/KWH. Article 3 Section B states that if
22 PSNH's incremental energy costs have not exceeded the Index Price (9.0¢/KWH), "*the*
23 *Contract rate beginning with the ninth contract year shall be the index price of 9.0 cents*

1 *per KWH; and this rate shall remain in effect until superceded by the provisions of*
2 *Section C, Article 3.”* (emphasis added). Section C deals with circumstances under which
3 96% of PSNH’s incremental energy rate would exceed the Index Price, which did not
4 happen.

5
6 **Q. Are there any others matter to which you would like to offer testimony?**

7 A. Yes, I would like to respond to the testimony of Mr. Labrecque concerning the derivation of
8 the 5.47¢/KWH deduction in Section 3.D.1. Mr. Labrecque has introduced a March 19,
9 1982 letter that includes an Exhibit 1 entitled “Contract Pricing Provisions, Penacook
10 Lower Falls Hydro” (Exhibit 2-21). He argues that if an 11.0¢/KWH front-end rate is paid
11 for Contract years 1 to 8, then it is necessary to have a 5.47¢/KWH recovery rate for the
12 remaining 22 years of the Contract term in order to recover the 2.0¢/KWH front-loaded
13 excess payments, assuming a 17.62 % discount rate is used. He states that the present value
14 of the 5.47¢/KWH recovery rate is equal to the 2.0¢/KWH adder in the first 8 years.

15
16 **Q. Do you understand why Mr. Labrecque might make such an argument?**

17 A. I believe so. As Mr. Labrecque has testified, he was not personally involved in the
18 negotiation of the contract. Thus, in his testimony he offers an arithmetic calculation that
19 shows that if Briar received excess payments of 2.0¢/KWH during the first eight contract
20 years, then Briar would have to make a 5.47¢/KWH repayment for the remaining 22 years
21 of the contract, based on PSNH’s generation assumptions.

22
23 **Q. Do you agree with Mr. Labrecque’s argument?**

1 A. No. Mr. Labrecque would be mathematically correct regarding the present value
2 equivalence of the adjustments over a 30-year term at a discount rate of 17.62%, based on
3 PSNH's generation assumptions, if Briar had in fact "borrowed" 2.0¢/KWH from PSNH
4 during the first eight contract years. However, this calculation is completely misleading
5 because, as I have noted above, Briar "borrowed" only 1.0¢/KWH, not 2.0¢/KWH, during
6 the first eight Contract years.

7
8 As explained previously, Sections 3.A and 3.D.2 together establish an adjusted Contract
9 Rate of 10.0¢/KWH for contract years 1-8 and therefore establish that PSNH's recovery
10 right should be based on 1.0¢/KWH, not 2.0¢/KWH. A present value equivalence
11 calculation based upon a 2.0¢/KWH excess payment does not comport with the plain
12 language of the Contract or the payments received by Briar.

13
14 **Q. You note that Mr. Labrecque based the 5.47 cent deduction on a 17.62% discount**
15 **rate. Does Briar agree with the discount rate?**

16 A. Yes, we accept a discount rate of 17.62%.

17
18 **Q. Do you have any further comment regarding the 5.47¢/KWH adjustment?**

19 A. Yes. Although I was personally involved in the negotiations, I have no specific recollection
20 of how the 5.47¢/KWH adjustment was added to the form of contract that had been the
21 basis of the negotiations. However, in reviewing the documents PSNH has now provided, I
22 believe I understand how the 5.47 cent deduction was introduced into the negotiations.

23

1 **Q. Please explain.**

2 A. As the early items in Exhibit 2 show, all negotiations that occurred in 1981 and were
3 included in the mark-up of the standard contract contained in the January 7, 1982 letter
4 (Exhibit 2-12) assumed that the Contract Rate for the first eight contract years would be
5 10.0¢/KWH. The form of contract at that time did not include adjustments now contained in
6 Section 3.D.2. However, a PSNH letter dated March 2, 1982 to Briar (Exhibit 2-16),
7 incorporating the substance of an internal PSNH memorandum from "RVP" dated March 2,
8 1982 (Exhibit 2-18) outlined two significant changes to Article 3. First, PSNH changed the
9 basic "Contract Rate" from 10.0¢/KWH to 11.0¢/KWH. Second, PSNH then added the
10 1.0¢/KWH and 0.67¢/KWH adjustments that are now incorporated into Section 3.D.2 of the
11 Contract.

12 **Q. What effect did those changes have on the recovery rate?**

13 A. The "recovery amount" necessary to recover front-end excess payments based upon
14 11.0¢/KWH rather than 10.0¢/KWH increased substantially—doubled, in fact. As shown in
15 a PSNH letter dated December 21, 1981 (Exhibit 2-9), PSNH previously had calculated that
16 a recovery amount of only 2.77¢/KWH would be necessary to recover the front-end loaded
17 payments if the Contract Rate was 10.0¢/KWH for the first 8 contract years. After March 2,
18 1982, the recovery rate became 5.47¢/KWH.

19
20 **Q. If PSNH calculated that a recovery rate of 2.77¢/KWH was necessary to recover a**
21 **front end "excess payment" of 1.0¢/KWH for eight years, how then was the Contract**
22 **changed to include a payback obligation of 5.47¢/KWH?**

1 A. Because PSNH controlled the drafting of the Contract, I can only speculate, based on the
2 documents provided by PSNH. A March 5, 1982 PSNH letter to Briar (Exhibit 2-20)
3 includes a calculation that shows that receiving 2.0¢/KWH in excess of the Index Price for
4 the first eight years contract years would be offset by a recovery adjustment of 5.54¢/KWH
5 for the next 22 years on a present value equivalence basis. Apparently, on the basis of a
6 similar calculation, on March 19, 1982, PSNH changed the required recovery amount to
7 5.47¢/KWH, added Section 3.D.2 to the draft contract and modified the language of Section
8 3.A to reference and incorporate adjustments to the Contract Rate provided in Sections
9 3.D.1 and 3.D.2 of the Contract. (Exhibit 2-21).

10
11 **Q. Does the addition of Section 3.D.2 have any significance in terms of the operation of**
12 **the Contract language?**

13
14 A. Yes. It was at this point in the negotiations that PSNH introduced a substantial
15 inconsistency between the contract language and the methodology used to calculate the
16 recovery adjustment. On the one hand, PSNH increased the recovery amount (from
17 2.77¢/KWH to 5.47¢/KWH) by assuming that the excess payment would be 2.0¢/KWH.
18 However, at the same time, it added Section 3.D.2, which reduced the “excess payment”
19 from 2.0¢/KWH to 1.0¢/KWH. It also added language to Section 3.D.1 that stated that the
20 recovery amount of 5.47¢/KWH would be deducted for the term of the Contract. If the
21 recovery amount had remained at 2.77¢/KWH, the phrase “for the term of the contract”
22 would at least have made sense under PSNH’s construction of the Contract pricing
23 provisions. However, even under PSNH’s construction, the Contract, as it ended up,

1 provides for an over recovery by PSNH, since Briar never received the 2.0¢/KWH excess
2 payment.

3
4 **Q. What was the origin and purpose of the adjustments contained in Section 3.D.2?**

5 A. I did not understand the purpose of the adjustment when the Contract was being negotiated
6 and do not, to this day, understand its purpose. The only document in the record that
7 addresses this point is a hand-written draft of a letter to N. H. Hydro Associates dated
8 March 2, 1982. (Exhibit 2-17). Paragraph 5 of that letter initially described the rate
9 adjustments as an "incentive." The word "incentive" subsequently was struck from the
10 contract language forwarded to Briar in a letter dated March 2, 1982 (Exhibit 2-16). I do
11 not understand how a 1.0¢/KWH reduction in the Contract rate could be considered an
12 incentive.

13
14 **Q. How does PSNH explain the Section 3.D.2 adjustments?**

15 A. Mr. Labrecque implies on the last page of his testimony that the Section 3.D.2 adjustments
16 should be treated independently from the "2.00¢/KWH adder" in Section 3.A and should
17 not be considered as adjustments to the Contract Rate. He contends that Briar's recovery
18 payment obligation should be based upon a front-end Contract Rate of 11.0¢/KWH and a
19 recovery rate of 5.47¢/KWH, referencing Exhibit 1 of the March 19, 1982 letter from
20 PSNH (Exhibit 2-21) as the basis for this position.

21
22 **Q. Do you agree with this interpretation?**

1 A. No. First of all, PSNH ignores the plain language of Section 3.A that states that
2 adjustments specified in Section 3.D.1 and 3.D.2 are to be made to the Contract Rate. They
3 are not to be treated separately. Second, as I will discuss in more detail below, PSNH was
4 inflexible with regard to changes in “standard” contract language. If PSNH intended that
5 the recovery amount calculation be based upon the unadjusted 11.0¢/KWH “Contract Rate”
6 rather than the adjusted Contract Rate (the actual *payments* made during the first eight
7 Contract years), it had ample opportunity to make that clear in the language of Section 3.A.

8
9 **Q. What do you mean?**

10 A. PSNH could have drafted the Contract to say what it meant. For example, if PSNH’s
11 interpretation is correct, then the second to the last sentence of Section 3.A, which states
12 “This rate is subject to the adjustment provided for under Section D.2,” should not have
13 been included in the Contract. PSNH also should have used consistent language with
14 regard to the Contract Rate. Paragraph 3.A states, “...and all *payments* (emphasis added)
15 made by PUBLIC SERVICE to SELLER which exceed the index price must be recovered
16 by PUBLIC SERVICE...” PSNH made payments of 10.0¢/KWH, of which only
17 1.0¢/KWH exceeded the 9.0¢/KWH Index Price. If PSNH wanted to use a Contract Rate of
18 11.0 cents (i.e. 2.0¢/KWH above the Index Price) as the basis for the recovery amount, it
19 should have referred to “Contract Rate” rather than “payments” in the second clause of the
20 second sentence of Section 3.A.

21
22 **Q. Do you think this was merely an oversight on the part of PSNH?**

1 A. I can only speculate. The internal PSNH hand-written spreadsheet dated 2 Mar 82, attached
2 to Exhibit 2-20, shows in detail the payment and adjustment provisions of the Contract.
3 This spreadsheet contained a final column entitled "Contract Rate" which was struck out
4 and changed to "Estimated Payment." It would appear that PSNH at that time in the
5 negotiations recognized the difference between the unadjusted "Contract Rate" of
6 11.0¢/KWH that Briar never received and the 10.0¢/KWH "payment" (the adjusted
7 Contract Rate) that it actually received. However, if PSNH intended to base its recovery
8 upon a 2.0¢/KWH excess payment, then it should not have added the adjustments provided
9 in Section 3.D.2. As it stands, PSNH should have retained an adjustment of 2.77¢/KWH in
10 Section 3.D.1 rather than increasing the adjustment to 5.47¢/KWH. The sum effect of
11 increasing the Section 3.D.1 deduction to 5.47¢/KWH while at the same time reducing the
12 front-end payment from 11.0¢ to 10.0¢ totally changed the basis upon which PSNH and
13 Briar were negotiating. The intent of the recovery adjustment was to recover front-end
14 excess payments, not enrich PSNH in the bargain.

15
16 **Q. Has PSNH presented any evidence that shows the Section 3.D.2 adjustments should be**
17 **made independently of the "Contract Rate"?**

18 A. No. Given that the language of Section 3.A stated that PSNH was entitled to recover only
19 "payments made by Public Service to Seller which exceed the index price;" given that the
20 adjusted Contract Rate was established at 10.0¢/KWH pursuant to the provisions of
21 Sections 3.A and 3.D.2; and given that Briar only received 1.0¢/KWH in excess payments, I
22 can find no evidence that contains mathematical calculations to support an adjustment of
23 5.47¢/KWH.

1 **Q. Under your understanding of the Contract, at what point in the Contract term did**
2 **PSNH recover the excess payments that it made and how should the provisions of**
3 **Section 3.D.1 apply thereafter?**

4 A. As I previously stated, our computations show that PSNH recovered all payments in excess
5 of the Index Price by Contract year 13 (1996). From that point on, I believe Section 3.D.1
6 no longer applies. Section 3.A states simply that "... all payments made by PSNH to Seller
7 which exceed the Index Price must be recovered by PSNH, during later Contract years, in
8 accordance with Section D.1, Article 3." If all excess payments have been recovered, no
9 further adjustments are necessary or appropriate. Secondly, language within Section 3.D.1
10 itself also clarifies and limits the intent of the paragraph. The language states "... This
11 deduction allows PSNH to recover the payments made under Section A, Article 3, which
12 exceeded the index price." The Contract does not entitle PSNH to recover any additional
13 payments beyond the excess payments actually made to Briar.

14
15 **Q. On the second-to-last page of his testimony, Mr. Labrecque addresses Article 3,**
16 **Section C, which would apply should 96% of PSNH's incremental energy cost ever**
17 **exceed the Index Price of 9.00¢/KWH. Is that testimony relevant to this proceeding?**

18 A. No. In my opinion the only aspect of the Contract that is relevant to this proceeding is the
19 amount of payments made by PSNH to Briar that exceeded the Index Price and the recovery
20 amounts received by PSNH.

21
22 **Q. Do you have anything further you would like to add to your testimony?**

1 A. Yes. I'd also like to comment on the conduct of the negotiations between PSNH and Briar
2 and the formulation of the contract language.

3
4 **Q. Please elaborate.**

5 A. The Contract contains internally inconsistent language and confusing pricing terms. I have
6 testified that I do not have specific recall regarding the final development of the pricing
7 terms of the Contract. However, I do have a specific recollection of the general conduct of
8 the negotiations.

9
10 This Contract was negotiated at an early point in the development of SPP contracts. Rate
11 Orders were not yet available to SPP developers. Although PSNH was supportive of SPP
12 development, their negotiator was very inflexible when it came to the formulation of
13 contract language. In many instances, when Briar would suggest alternative language, Briar
14 was told that the language provided by PSNH was the "standard language" and that PSNH
15 would not make a change. In particular, during the negotiations, Briar questioned why the
16 adjustment provisions contained in Section 3.D.2 could not be incorporated into a plain
17 statement of the net rate that would be paid to Briar. Their negotiator was unyielding on
18 that point. In essence, Briar was presented with a "take it or leave it" situation.

19
20 Thus, if the language is inconsistent or confusing (and it clearly is both), I believe it is
21 PSNH, the drafter of the inconsistent Contract language, against which any inconsistency
22 should be resolved.

23

1 **Q. Can you give me a specific example of such language inconsistency?**

2 A. Yes. As I've noted, Briar and PSNH have both submitted exhibits that show that PSNH has
3 recovered all payments that it made during Contract years 1-8 in excess of the Index Price.
4 Yet PSNH argues that it should continue to receive a recovery amount of 5.47¢/KWH for
5 the remaining term of the Contract. PSNH relies upon only one sentence in Section 3.D.1 to
6 argue that the 5.47¢/KWH adjustment should continue for the term of the Contract. Yet
7 PSNH ignores the Contract language in Sections 3.A and 3.D.1 that limits this adjustment to
8 the recovery of "payments made under Section A, Article 3 which exceeded the index
9 price." Given the confusing and inconsistent language in Section 3.A and Section 3.D.1,
10 recognition should be given to the fact that regardless of whether one accepts PSNH's
11 calculations or Briar's, PSNH has already fully recovered all payments that it made during
12 Contract years 1-8 in excess of the Index Price.

13
14 **Q. Do you have anything further to say about the evidence that has been presented in this
15 case?**

16 A. Yes. The record now contains a number of documents that show the conduct of the
17 negotiations over an eight month period. I believe the record clearly establishes that the
18 basis of the negotiations between PSNH and Briar was founded upon one premise: that in
19 return for front-end-loaded payments in excess of an Index Price of 9.0¢/KWH, PSNH
20 would have the right to recover those excess payments, taking into account the time value of
21 money at the agreed discount rate of 17.62%. The methodology used by PSNH and Briar
22 throughout those negotiations never changed. Absent the front-end loading, the Contract
23 provided that Briar had the right to receive an Index Price of 9.0¢/KWH.

1 Briar has shown that PSNH has recovered those excess payments under any reasonable set
2 of assumptions. PSNH ignores the plain language of the Contract regarding adjustments to
3 the Contract Rate. It ignores the fact that it controlled the negotiations and could have
4 modified the Contract to read as it now would like it to read.
5
6

7 **Q. How do you believe this matter should be resolved?**

8 A. The bargain that was struck has more than been fulfilled. Long ago PSNH and its
9 ratepayers recovered payments made in excess of the Index Price. Since then they have
10 received electricity at a significant discount. I believe, given the Contract language, that
11 Briar has more than fulfilled its contractual obligation. I believe an equitable resolution of
12 this Contract dispute is called for. Briar is not seeking retroactive payments for electricity
13 delivered subsequent to recovery by PSNH of its excess payments and prior to PSNH's
14 filing in this case. I believe Briar should either receive the Index Price of 9.0¢/KWH,
15 effective as of the date of the filing in this case, for the remaining term of the Contract, or
16 receive authorization to terminate the Contract, effective within 30 days of an NHPUC
17 decision, with provision for a payment adjustment to the Index Price for any electricity
18 delivered from the date of the PSNH NHPUC filing to the termination date of the Contract.
19

20 **Q. Does this conclude your testimony?**

21 A. Yes.
22
23

1 Exhibit 1
2
3
4

5 **ADDITIONAL BUSINESS EXPERIENCE OF RICHARD A. NORMAN**
6

7
8
9
10 PRIOR WORK POSITIONS AND EXPERIENCE
11

12 In addition to my responsibilities as President of EHA I have been active in other energy related
13 business and activities. I have served as President of the Granite State Hydropower Association for
14 more than 10 years. For the past 34 years I have served as Treasurer and Vice President of
15 Honeoye Storage Corporation (HSC), an underground natural gas storage company located in
16 upstate New York. The Federal Energy Regulatory Commission (FERC) regulates HSC's
17 operations. From 1989-1990 I served as a Senior Vice President of Oxford Energy Company, a
18 developer of tire fired waste plants.
19

20 Prior to founding EHA I was Senior Vice President of J. Makowski Associates, Inc. (JMAI), an
21 energy development company located in Boston, Massachusetts. While at JMAI I acted both as a
22 consultant for and developer of several natural gas, hydroelectric and other energy projects. In that
23 capacity I held offices in several related companies including that as President of Essex Company,
24 developer of the Lawrence Hydroelectric project in Lawrence, MA. Upon leaving JMAI in 1983 I
25 obtained the development rights held by JMAI to several hydroelectric projects that led to the
26 formation of EHA.
27

28 Prior to joining JMAI in 1975, I served as a Special Assistant to the head of the U.S. Maritime
29 Administration. In that capacity I was responsible for encouraging the construction of liquefied

1 natural gas (LNG) tankers in the United States. From 1970 to 1972 I was employed as Assistant to
2 the President of Distrigas Corporation, an importer of LNG. Prior to 1968 I served in a variety of
3 seagoing billets in the United States Navy nuclear submarine force.

4

5 664458_1.DOC



**Public Service
of New Hampshire**

Cover Letter for
Exhibits 2-1 thru 2-38

PSNH Energy Park
780 North Commercial Street, Manchester, NH 03101

Public Service Company of New Hampshire
P.O. Box 330
Manchester, NH 03105-0330
(603) 669-4000
www.psnh.com

The Northeast Utilities System

June 7, 2010

Mrs. Susan Geiger
Orr & Reno PC
One Eagle Square, PO Box 3550
Concord, NH 03302-3550

Re: Docket No. DE 09-174 - Penacook Lower Falls Pricing

Dear Mrs. Geiger:

This letter provides the response to requests for the information listed below.

Response to BRIAR-01 Interrogatories dated 05/21/2010
BRIAR-001*, 002

Very truly yours,

A handwritten signature in black ink, appearing to read "R. Labrecque".

Richard C. Labrecque
Mng, Supp Energy Services
Supplemental Energy Sources

cc: Service List

* Bulk material provided to NHPUC and requesting party only.

Service List
Docket DE 09-174

Mrs. Susan Geiger
Orr & Reno PC
One Eagle Square, PO Box 3550
Concord, NH 03302-3550

Mr. Steve Mullen
Assistant Director - Electric Division
State of New Hampshire
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Atty. Matthew J. Fossum
Staff Attorney
State of New Hampshire
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Atty. Robert A. Bersak
Assistant General Counsel
Public Service of New Hampshire
780 N. Commercial Street
Manchester, NH 03101

Ms. Jody M. Carmody
State of New Hampshire
Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Atty. Gerald M. Eaton
Senior Counsel
Public Service of New Hampshire
780 No. Commercial Street
Manchester, NH 03101

Mr. Stephen R. Hall
Manager
Public Service of New Hampshire
780 N. Commercial Street
Manchester, NH 03101

Mr. Richard C. Labrecque
Manager, Supp Energy Sources
Public Service of New Hampshire
780 N. Commercial Street
Manchester, NH 03101

Atty. Howard M. Moffett
Orr & Reno
1 Eagle Square
P. O. Box 3550
Concord, NH 03302-3550

Ms. K'LaRae Nolin
Admin Support
Public Service of New Hampshire
780 N. Commercial Street
Manchester, NH 03101

Ms. Melissa L. Price
Administrative Assistant
Public Service of New Hampshire
780 No Commercial Street
PO Box 330
Manchester, NH 03105

Public Service Company of New Hampshire
Docket No. DE 09-174

Data Request BRIAR-01
Dated: 05/21/2010
Q-BRIAR-001
Page 1 of 1

Witness: Richard C. Labrecque
Request from: Briar Hydro Associates

Question:

Please provide a copy of each document or other piece of evidence in PSNH's possession (whether authored by PSNH, New Hampshire Hydro Associates, or any other person or party) that in any way relates to, bears on, or reflects the intent of either or both contracting parties in negotiating the 1982 Contract.

Response:

Requested material is being provided in hard copy form.

* Bulk material provided to NHPUC and requesting party only.

Public Service Company of New Hampshire
Docket No. DE 09-174

Data Request BRIAR-01
Dated: 05/21/2010
Q-BRIAR-002
Page 1 of 1

Witness: Richard C. Labrecque
Request from: Briar Hydro Associates

Question:

To the extent not already provided in the answer to Data Request 1-1 above, please provide a copy of each document or other piece of evidence in PSNH's possession that supports Mr. Labrecque's interpretation of the Article 3 pricing provisions in the 1982 Contract, as contained in his pre-filed testimony, and in particular his suggestion that the pricing adjustments set forth in Article 3.A and Article 3.D.1 of the 1982 Contract should be read separately from the pricing adjustments set forth in Article 3.D.2 of the 1982 Contract.

Response:

All material was provided in response to Data Request 1-1.

To: MOC
TIME 12:30 A.M. P.M. DATE 8-31-81

WHILE YOU WERE OUT

(NAME) Warren Mack

OF
TEL. No. 15-1-617-451-1103

TELEPHONED

CALLED TO SEE YOU

PLEASE CALL BACK

WILL CALL AGAIN

*Incompletely
ass*

LEFT FOLLOWING MESSAGE: _____

BY: R _____

PENNYCOOK

W & W/6 GAP CREDIT

1.57 MW CAP CREDIT

FISH LADDERS @ 125 CFS IN 1987

1-4.6 MW UNIT ONLY

NO LADDERS = 15545 MWH/YEAR 1983-1986

WITH LADDERS FOR SALMON P SHED = 14875 MWH/YR 1987 & BEYOND

✓ START 1/83

✓ 40 YR LIFE (IC THRU 2022)

COST OF ALTERNATE #1 TO PENN (10¢ @ 9¢)

1983-1986	1554.5 K
1987	1487.5 K
1988 → 2022	1338.75 K

CAP CREDIT @ ²¹⁰ / ₂₀₀₀	
\$130.57/kw YR IN 199	
1982	109.9 K
1984	18.3 K
1991 → 2015	205.6 K
2016 → 2022	1403.9 K

COST OF ALTERNATE #2 TO PENN (AUG COST @ 0.1¢)

#x10 ³					
1983	74	1150.3	2003	98.5	1465.2
1984	80.2	1246.7	2004	105.5	1569.3
1985	84.4	1312	2005	113	1680.9
1986	85.7	1332.2	2006	121	1799.9
1987	83.2	1237.6	2007	129.5	1926.3
1988	85	1264.4	2008	138.5	2060.2
1989	87.6	1303.1	2009	148	2201.5
1990	88.6	1317.9	2010	158.5	2357.7
1991	96.8	1439.9	2011	169.5	2521.3
1992	103.8	1544	2012	181.5	2699.8
1993	103	1532.1	2013	194	2885.8
1994	114	1695.8	2014	207.5	3086.6
1995	117	1740.4	2015	222	3302.3
1996	123.3	1834.1	2016	237.5	3532.8
1997	109.6	1630.3	2017	254.5	3785.7
1998	111.8	1663	2018	272	4046
1999	113.3	1685.3	2019	291	4328.6
2000	104.7	1557.4	2020	311.5	4633.6
2001	103.2	1535.1	2021	333.5	4960.8
2002	101.2	1505.4	2022	356.5	5302.9

*Warren Check
617-451-1103
cannot go thru PBX*

August 25, 1981

PENACOOK POWER PRICING PROPOSAL

Price:

The greater of the following:

- 1. 10.0 cents per KWH (1983 through 1987).
9.0 cents per KWH (thereafter).
Based upon 125% coverage of project cash expenses (O&M, principal payment, and interest expenses).

OR

- 2. The following schedule:

<u>Year</u>	<u>Price Formula</u>
1983	Equivalent cost of base-load oil fired generation (Oil)
1984	PSNH Avoided Fuel Cost (AFC) + 90% (Oil - AFC)
1985	AFC + 80% (Oil - AFC)
1986	AFC + 70% (Oil - AFC)
1987	AFC + 60% (Oil - AFC)
1988	AFC + 50% (Oil - AFC)
1989	AFC + 40% (Oil - AFC)
1990	AFC + 30% (Oil - AFC)
1991	AFC + 20% (Oil - AFC)
1992	AFC + 10% (Oil - AFC)
1993	AFC
1994	95% of AFC
1995	90% of AFC
1996	85% of AFC
1997	80% of AFC
1998	75% of AFC
1999	70% of AFC
2000	65% of AFC
2001	60% of AFC
2002	55% of AFC
2003 and on:	50% of AFC

*my choice
but substituted
(price + last rate)*



Term of Contract:

40 years.

Other Terms of Contract:

Essentially as per the Moore's Falls Project proposal to PSNH dated May 11, 1981, with the above term and power price revisions.

*all points of concern open for discussion
per Warren Brock 8/26/81 telephone conversation
with MDC R.*

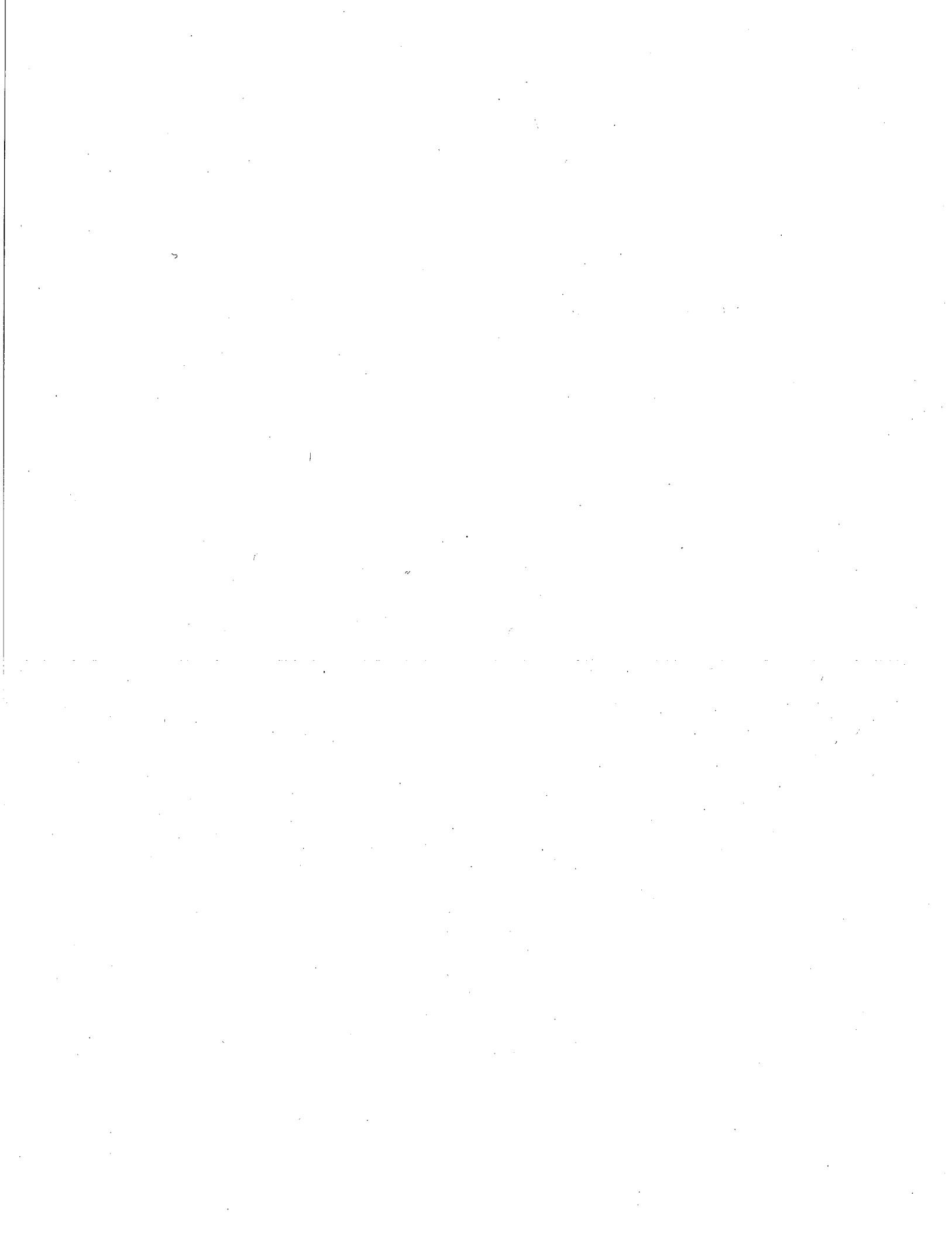
PWH LATE 80 FORECAST

oil \$/BBL Buy Price

\$/MWH

- 83	44	74	
84	48.5	82	
P.-	53	89	
86	58.1	98	
87	63.1	106	
88	68.2	115	
89	73.2	123	
90	78.3	132	
90% {	91	85.4	144
	92	93	156

Mercedes Del rate 10,500 BTU/KWH
6.24 x 10⁶ BTU/BBL



PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

TELEPHONE CONVERSATION MEMORANDUM

CONVERSATION WITH: Warren Mack

OF (FIRM): Essex Development DATE: 8/31/81


AT (ADDRESS): _____ TIME: 1:00 p.m.

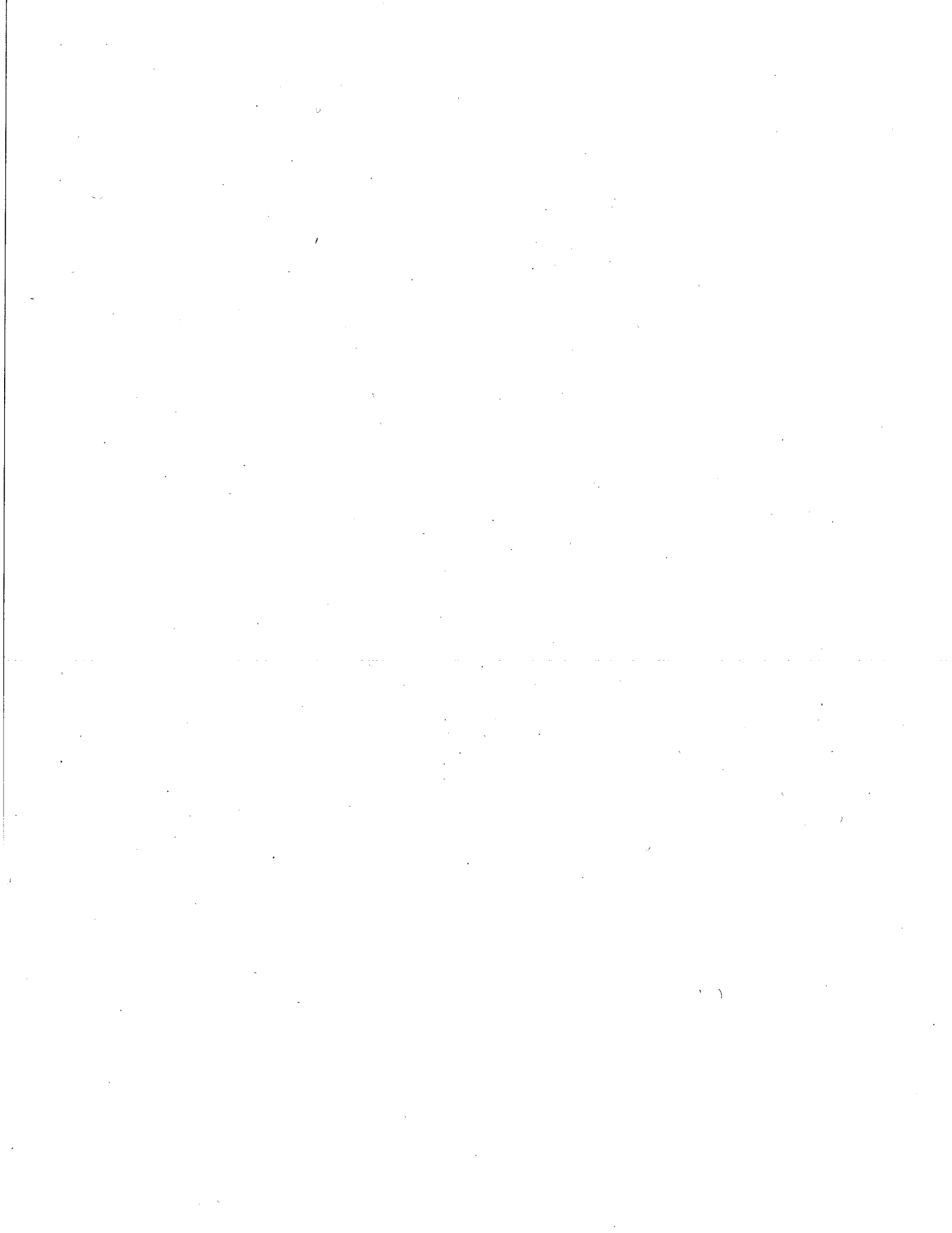
SUBJECT: Penacook Lower Falls ORIGINATED BY: WM

Warren called to see if any more information was required for the analysis. I responded no. He was curious as to what was being used for energy available etc. I told him that I was using numbers (close to theirs) which allowed for lost energy due to fish passage facilities.

He appeared quite anxious to get a preliminary scan of results. I indicated that the earliest might be the week of September 14 as HJE was on vacation next week and the analysis would not be done prior to that time.

cc: H. J. Ellis

SIGNED: 
 Michael D. Cannata, Jr.



PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

TELEPHONE CONVERSATION MEMORANDUM

NOTED SEP 10 1981 J.E.L.

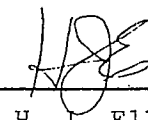
CONVERSATION WITH: Warren Mack
OF (FIRM): Essex Development DATE: August 31, 1981
AT (ADDRESS): _____ TIME: _____
SUBJECT: Pennacook Hydroelectric Project ORIGINATED BY: W.Mack

Warren Mack called me this date to discuss the pricing proposal he submitted last week concerning their Pennacook Project. Mack was interested in whether we had yet analyzed it and wished to learn what our initial reaction was.

I advised him that we had looked at it and it looked as though it was a more attractive proposition than the Moore's Falls offer. I told him we were developing a somewhat different approach of our own that might produce results somewhat similar to those proposed by Essex Hydro. I further stated we would not be in a position to discuss the proposition more meaningfully until about the middle of September, but that if they intended to retain the other features of the Moore's Falls proposal we had no further interest.

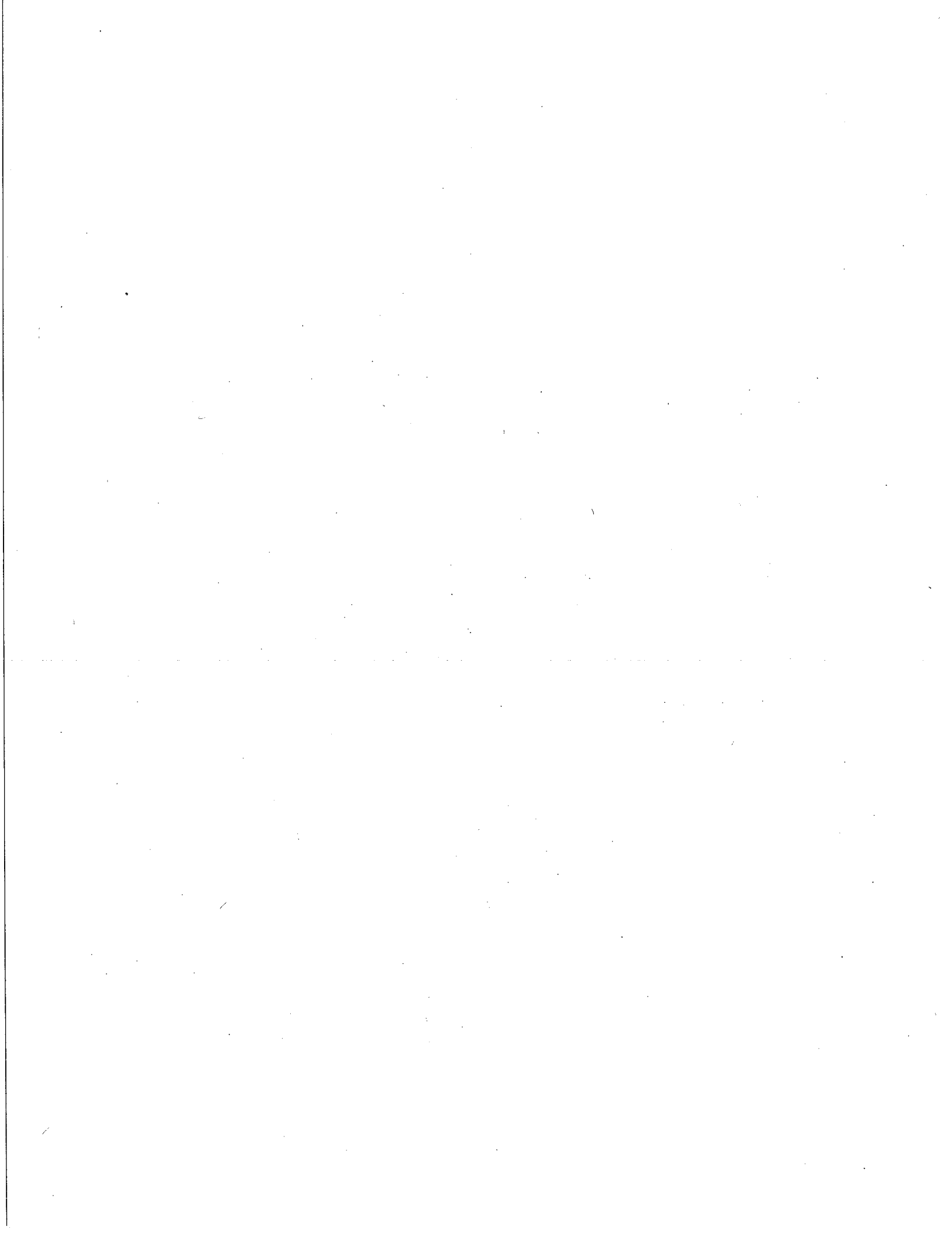
Mack stated that they would be willing to eliminate the features we objected to in the Moore's Falls proposal and that he would submit a revised draft for our consideration during the week of September 6th. I suggested he send the revision to my attention and I would see that it got appropriate review by the time I returned on September 14th.

SIGNED: _____



H. J. Ellis

HJE:p



NOTED SEP 18 1981 R.V.P.



INTRA-COMPANY BUSINESS MEMO

Subject Economic Review of Essex Development Associates, Inc. Penacook Lower Falls Hydroelectric Project per 8/25/81 Power Pricing Proposal

From M. D. Cannata, Jr. District Date September 9, 1981

To H. J. Ellis Reference

The Penacook Lower Falls Hydroelectric Redevelopment Proposal has been evaluated. Many of the assumptions utilized were a result of the review performed to assess the reasonableness of energy projections (my memo dated July 31, 1981). Study parameters were:

- a. Plant Size: 1-4.0 MW Unit
- b. Commercial Operation: 1/1/83
- c. Contract Term: 40 years
- d. Project Energy: 15,545 MWH 1983-1986 (w/o fish ladders)
14,875 MWH 1987-2022 (w/ fish ladders)
- e. Fish Ladder Operation: 125 CFS commencing in 1987
- f. Dependable Capacity: 1.57 MW
- g. Capacity Credit: \$70/KW year 1/83-2/84
\$130.57/KW year levelized 1991-2015
\$894.21/KW year levelized 2016-2022
- h. Project Energy Cost: Alternate #1 flat rate
Alternate #2 oil and avoided costs
(EDAI proposals, attached)
- i. Present Worth Factor: 13.54% and 15.56%
- j. Avoided Energy Worth: Per latest production simulation runs
(recent softness in oil prices neglected)

The attached table shows that both EDAI proposals:

- 1. Do not provide sufficient payback for the front end penalties incurred.
- 2. Are sensitive to the PSNH weighted cost of capital.
- 3. Would fluctuate in terms of financial viability due to changes in water conditions, fuel prices, load forecasts and in-service dates of future generation.

In short, my opinion is that both EDAI proposals are not financially attractive to PSNH. Modification to the proposals could however alter the economics considerably.

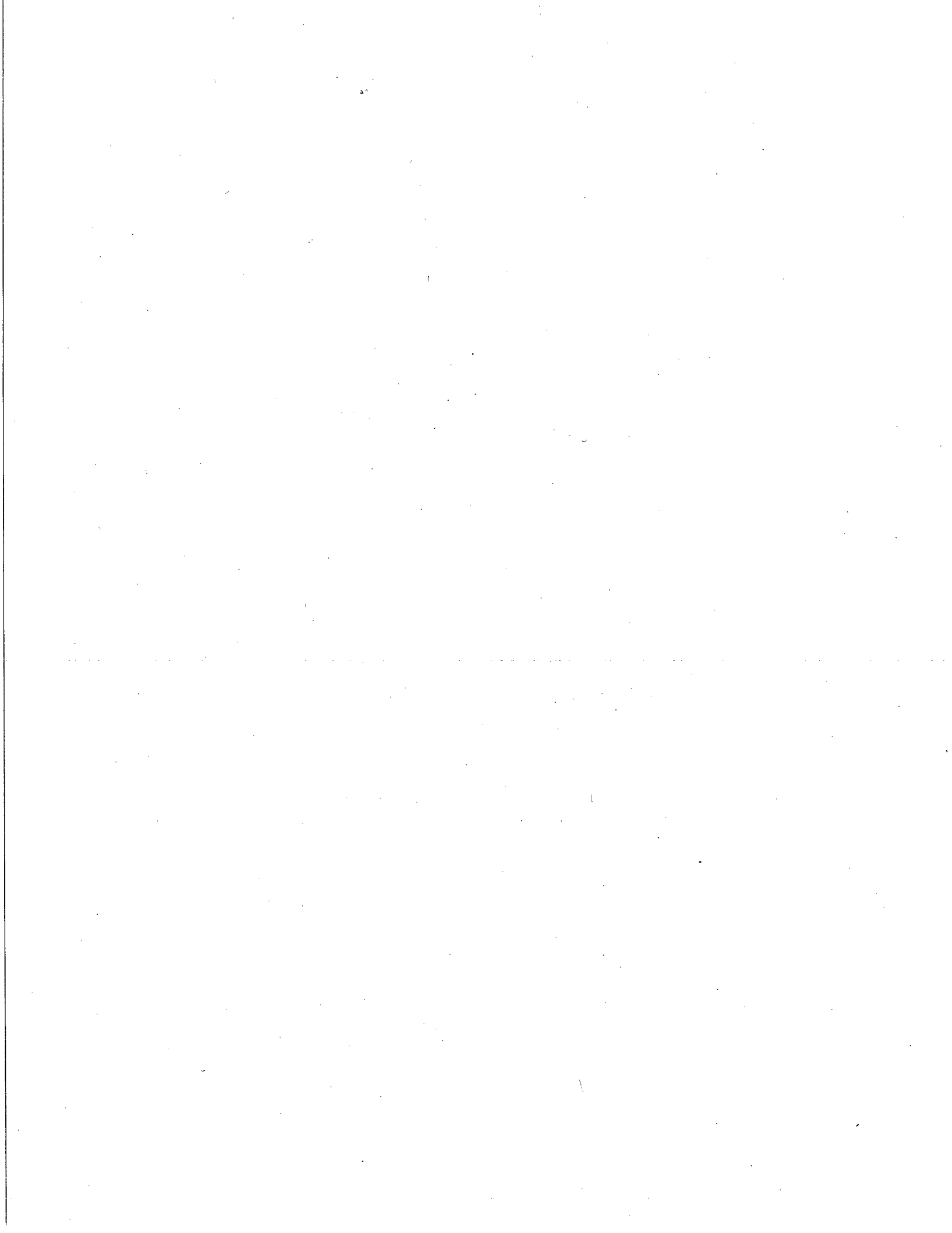
M. D. Cannata, Jr.

MDCJR:rtl
Attachment

ESSEX DEVELOPMENT ASSOCIATES INC.
PENACOOK-LOWER FALLS HYDROELECTRIC REDEVELOPMENT PROPOSAL

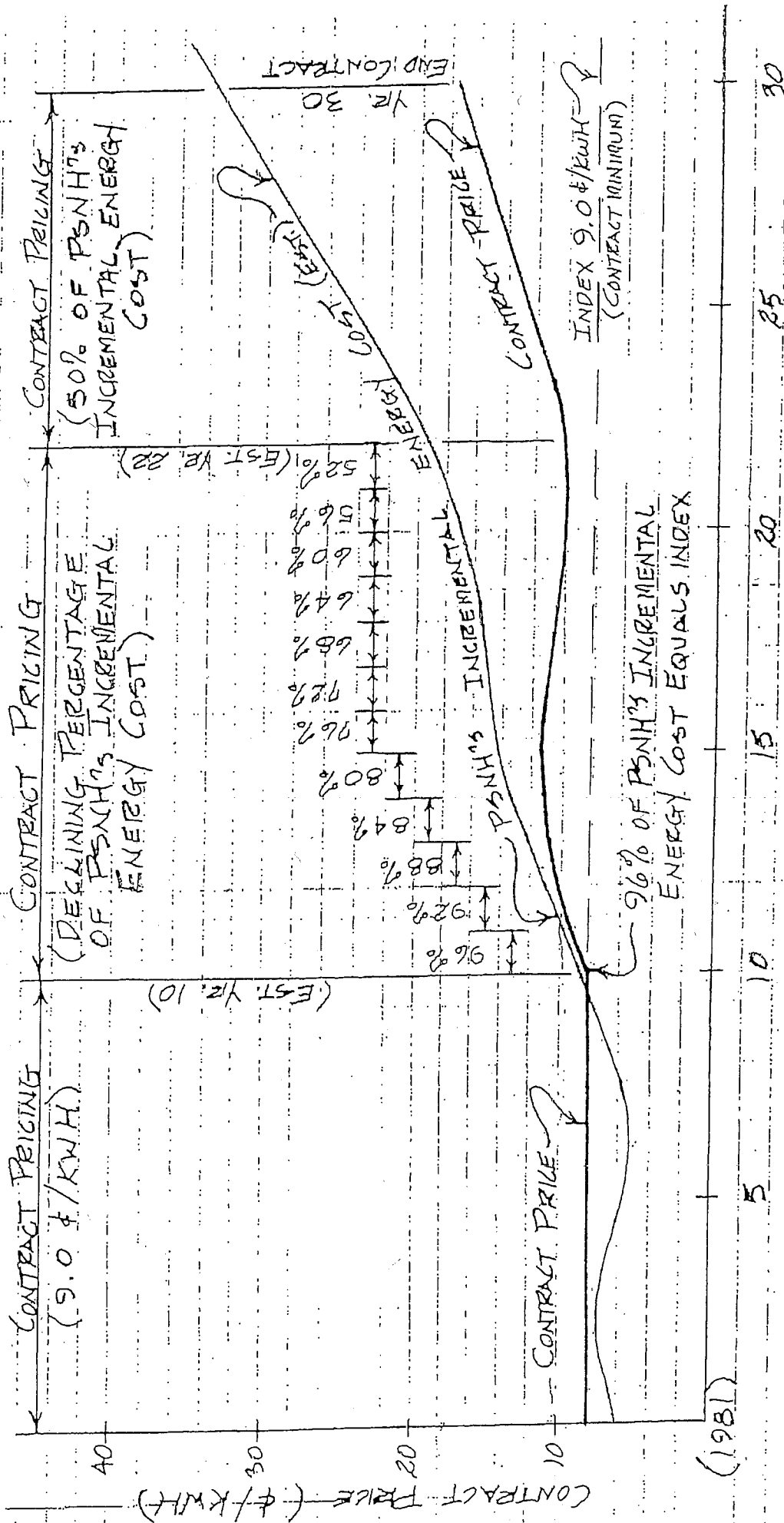
<u>Pricing Alternate</u>	<u>Present Worth Percent</u>	<u>Year Project Savings Greater Than Costs*</u>	<u>Project Breakeven Year</u>	<u>40 Year Benefit/Cost Ratio</u>	<u>40 Year Levelized Costs 1983 \$ ¢/KWH</u>	<u>40 Year Levelized Costs 1981 \$ ¢/KWH</u>
Alt. #1	13.54	1991	2010	1.10	9.61	7.45
Alt. #2	13.54	1991	2005	1.10	9.59	7.44
Alt. #1	15.56	1991	2019	1.01	9.67	7.24
Alt. #2	15.56	1991	2009	1.04	9.35	7.00

*Consistently



FIXED RATE - FUTURE ESCALATING CONTRACT

(Hydroelectric Energy Producers)



R.V.P.
30 SEP 81

POLICY STATEMENT
CONTRACT PRICING PROVISIONS
LIMITED ELECTRICAL ENERGY PRODUCERS

Public Service Company of New Hampshire (PSNH) will pursue all viable new supplemental energy sources in order to reduce its dependence on foreign oil, delay construction of future baseload power plants for as long as possible, and provide the best possible service to its customers at the lowest reasonable cost. In this pursuit, PSNH will offer nonfossil fuel burning and hydroelectric Limited Electrical Energy Producers (LEEPS), located in PSNH or its "wholesale for resale" customers franchised areas, the following contract pricing and term provisions.

I. LEEPA Contract Provisions
for Nonfossil Fuel Burning & Hydroelectric LEEPS

In accordance with NHRSA 362-A: Limited Electrical Energy Producers Act (LEEPA) and subsequent orders of the N.H. Public Utilities Commission (PUC), contract pricing as determined by the PUC, or other regulatory body having jurisdiction, is available. These rates are currently 8.2 cents per kilowatthour (KWH) for dependable capacity and 7.7 cents per KWH for all energy in excess of that generated by the dependable capacity (NH PUC Order No. 14280, June 18, 1980), to the extent discussed in the report accompanying Order No. 14280. These rates may change from time to time as determined by the PUC. LEEPA Contracts will have a termination provision that may be exercised by either party upon twelve months, or less, written notice.

II. Fixed Rate - Future Escalating Contract
Provisions for Nonfossil Fuel Burning & Hydroelectric LEEPS

Contract pricing under the Fixed Rate - Future Escalating provisions will be as outlined below.

- A. An index price of 9.0 cents per KWH is established effective immediately and is the initial price to be paid under this Contract subject to the following provisions.

1. For the first 10 years of the contract, PSNH will retain 10 percent (0.9 cents per KWH) for all energy purchased. During the second 10 years of the Contract, PSNH will pay the LEEP an additional 0.9 cents per KWH, above the contract price, for purchased energy. The total of said additional payments, for any given year, shall not exceed one-tenth (1/10) of the total money retained by PSNH during the first 10 Contract years.
 2. At such time that 96 percent of PSNH's incremental energy cost¹ exceeds the index, the rate to be paid under this Contract will vary in accordance with the provisions of Paragraph B.
- B. All payments varying from the index will be determined as a percentage of PSNH's incremental energy cost. As soon as 96 percent of PSNH's incremental energy cost exceeds the index, the Contract price will be based on 96 percent of PSNH's incremental energy cost for a period of one year. For each subsequent year, the percentage of PSNH's incremental energy cost to be paid will be reduced by 4 percent (i.e., 96 percent, 92 percent, 88 percent, 84 percent, etc.) until the incremental energy cost is reduced only 2 percent to reach 50 percent of PSNH's incremental energy cost. At such time, the Contract Price will remain at the 50 percent rate for the remainder of the Contract term.

If the price paid for the previous year is less than the appropriate percentage of PSNH's incremental cost for the previous year, an adjustment will be made for all energy sold to PSNH during that year. The adjustment will consist of an additional payment for each KWH sold to PSNH during the previous year based on the difference between the price paid and the appropriate percentage of PSNH's incremental energy cost during

¹See attached definition of PSNH's Incremental Energy Cost

the previous year. The adjustment will be paid within one month after PSNH's incremental energy cost for the previous year has been determined.

If the price paid for the previous year is more than the appropriate percentage of PSNH's incremental cost for the previous year, an adjustment will be made for all energy sold to PSNH during that year. The adjustment will consist of a refund to PSNH for each KWH sold to PSNH during the previous year based on the difference between the price paid and the appropriate percentage of PSNH's incremental energy cost during the previous year. The refund will be made to PSNH by applying one-twelfth of the total amount as a reduction to each month's payment by PSNH during the current year. If for any month, no payment is due the LEEP, or the payment due is not equal to the refund, a payment to PSNH will be made by the LEEP so that the total recovery is achieved by PSNH by the end of said year.

The term of the Fixed Rate - Future Escalating Contract will be 30 years.

III. Optional Contract Provisions for Hydroelectric Energy Producers

PSNH may, at its discretion, offer hydroelectric energy producers contract provisions similar to those explained in Section II, but containing pricing above the 9.0 cents per KWH index for a certain number of years at the beginning of the Contract. Any payments above the index must be recovered by PSNH, in later Contract years, considering the present worth of money. Furthermore, all contracts offered under Sections II and III of this Policy Statement must be of equal value.

The attached exhibit illustrates the pricing provisions discussed under Section II.

These contract pricing provisions will be offered to all facilities qualifying under LEEPA including those facilities already under contract with PSNH who agree to sell their entire net output to PSNH.

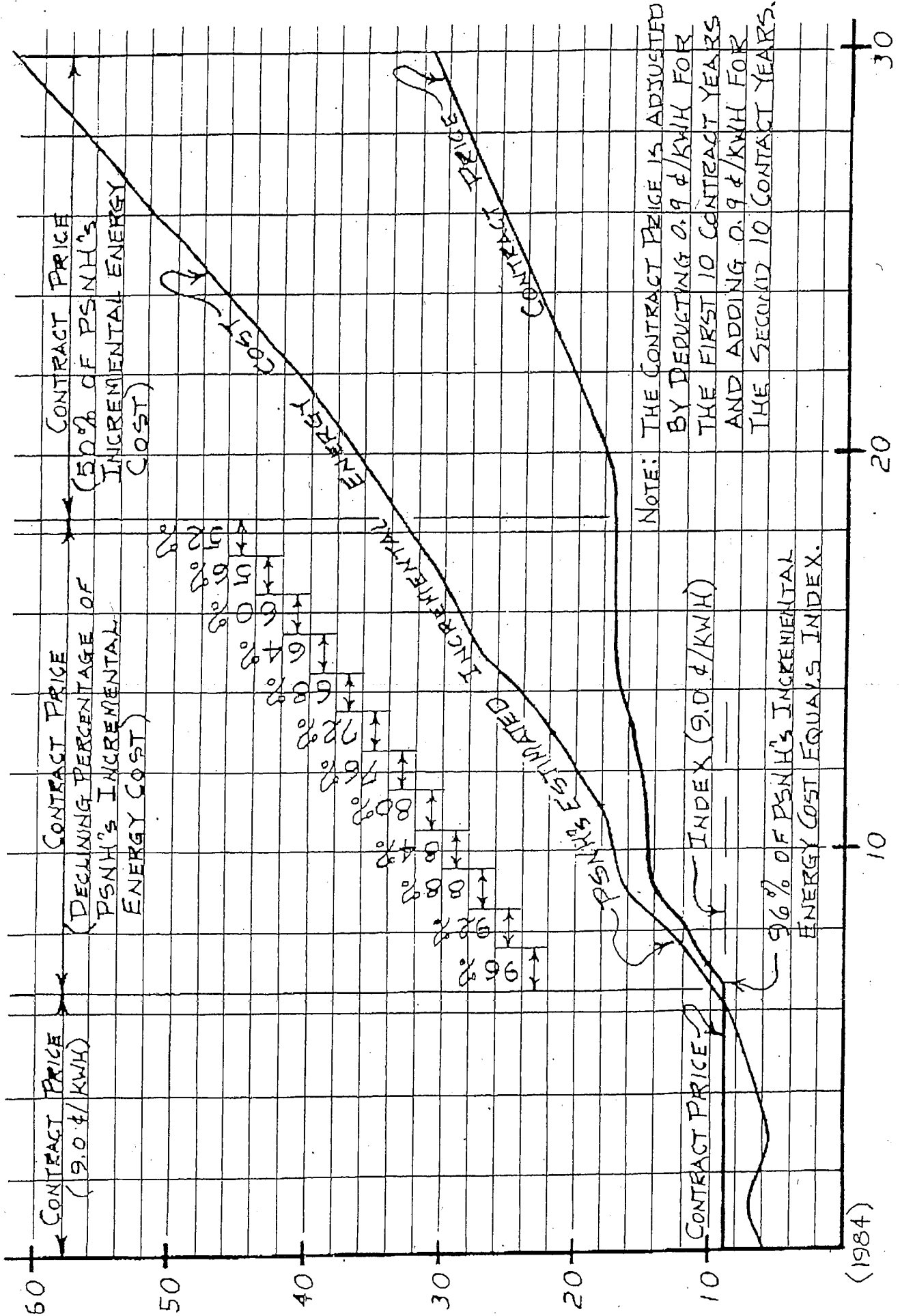
November 5, 1981

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE
DEFINITION OF INCREMENTAL ENERGY COST

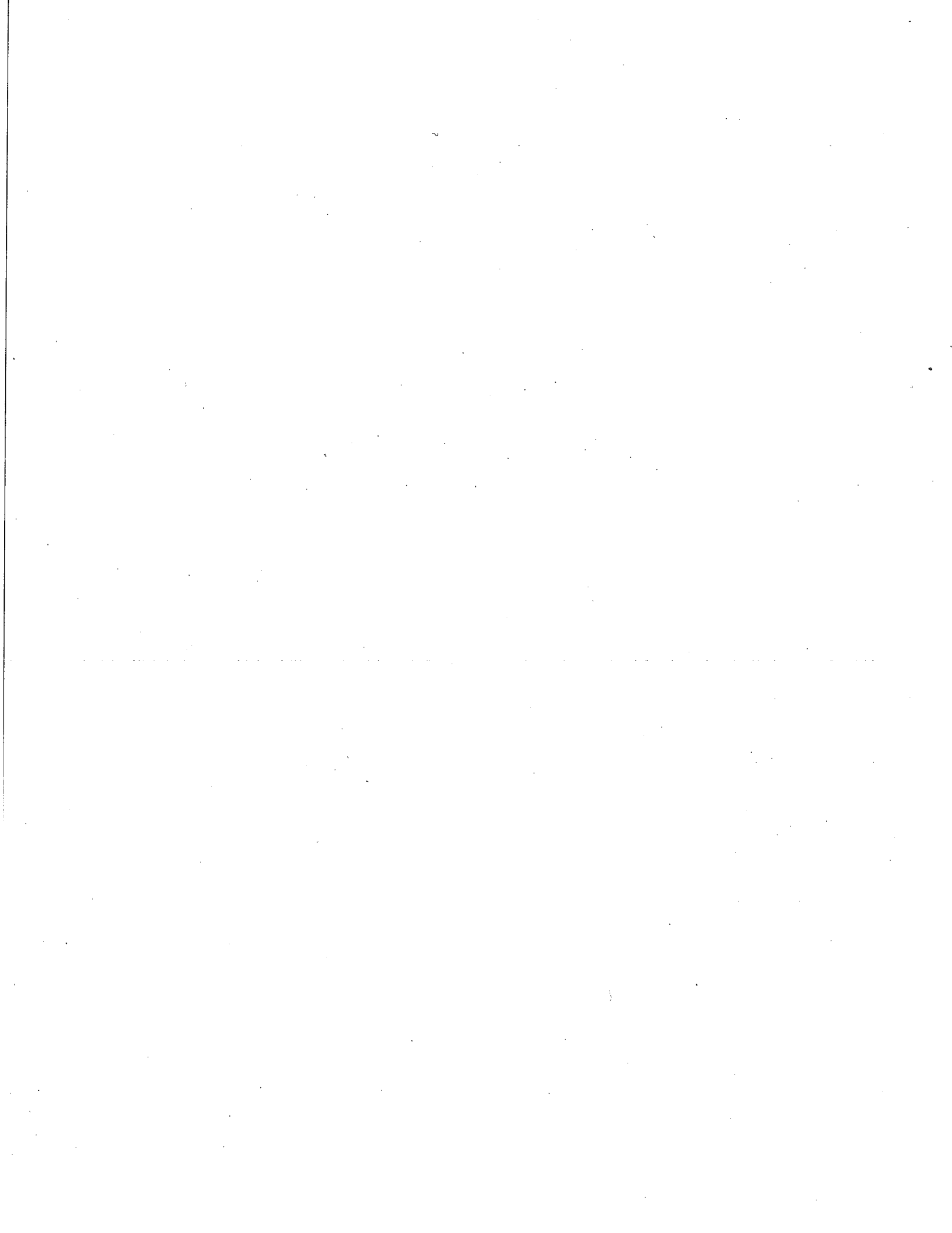
Public Service's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit of purchased energy supplying a portion of Public Service's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. Public Service's incremental energy cost, as referred to in the "Policy Statement of Contract Pricing Provisions for Hydroelectric Energy Producers", is expressed as a yearly average and is calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

October 1, 1981

FIXED RATE - FUTURE ESCALATING CONTRACT



(1984)



November 20, 1981

Mr. Richard A. Normand
New Hampshire Hydro Associates
3 Capitol Street
Concord, NH 03301

SUBJECT: Penacook Lower Falls Hydro
Concord - Boscawen, New Hampshire

Dear Mr. Normand:

Since our last meeting for discussion of purchase of electric energy from your Penacook Lower Falls Hydro, we have firmed up our policy regarding such purchases. A copy of a Policy Statement on contract pricing provisions for Limited Electrical Energy Producers as now approved, is enclosed. Also enclosed is a copy of a long-term contract incorporating the provisions of this policy.

This policy is somewhat more liberal in compensation for purchased energy than earlier discussions with you indicated that it might be. Recognizing that the development of new hydropower sources, even though highly desirable, is expensive; we are attempting to make our contract offering as helpful to developers as can be justified without forgetting our responsibilities to our customers.

Please review these documents and then give me a call. We would like to contract for the purchase of energy from your Penacook facility in the near future on a mutually beneficial basis.

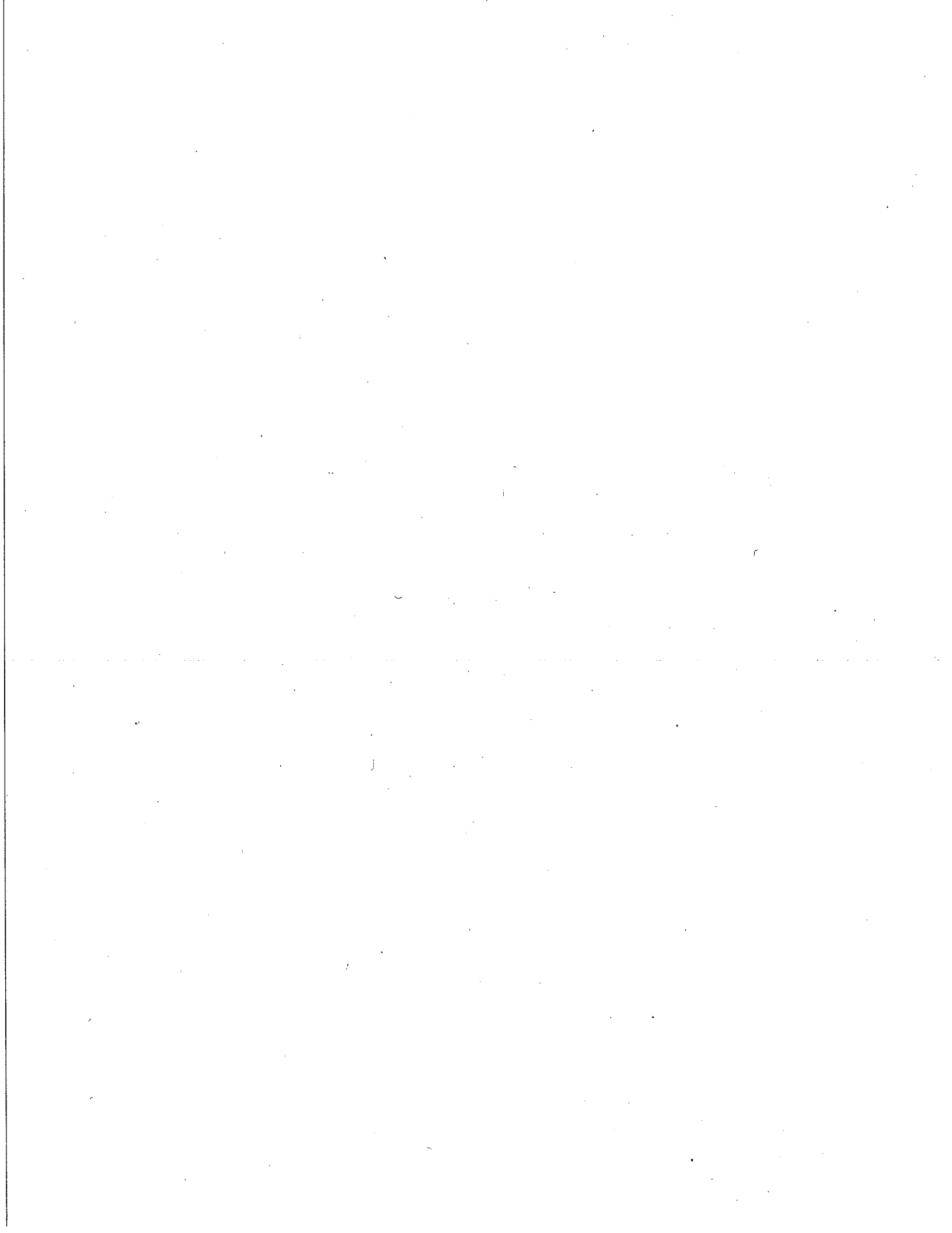
Very truly yours,



John E. Lyons
Manager
Supplementary Energy Sources

JEL:bam
Enclosures

cc: D. N. Merrill
H. J. Ellis



Consider front-end loading of 10 ¢/kWh for first 8 contract years.

$$pwf' (17.75\%, 8) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-8}}{0.1775} = 4.1093$$

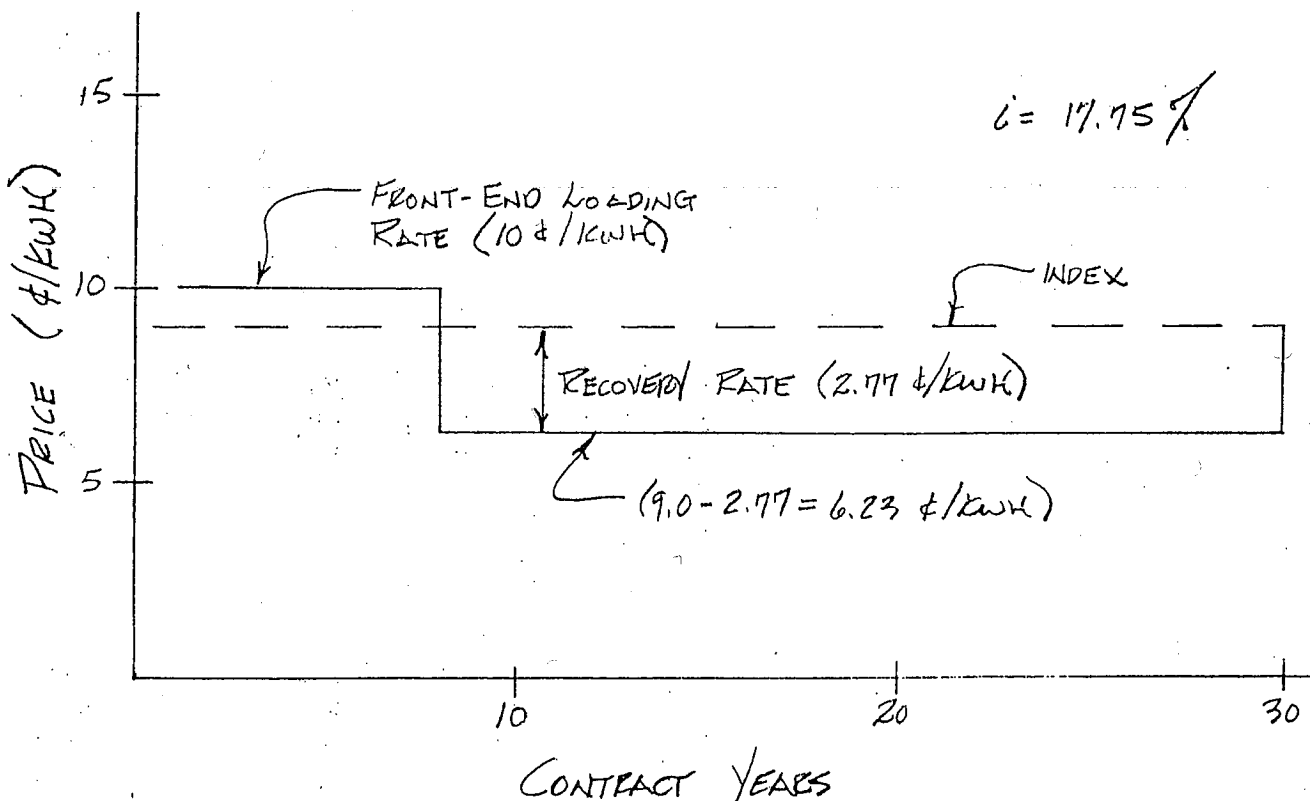
$$pwf' (17.75\%, 22) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-22}}{0.1775} = 5.4790$$

$$pwf (17.75\%, 8) = (1+i)^{-n} = (1.1775)^{-8} = 0.2706$$

$$(10.0 - \text{index}) (pwf' - 17.75\% - 8) = \gamma (pwf' - 17.75\% - 22) (pwf - 17.75\% - 8)$$

$$(10.0 - 9.0)(4.1093) = \gamma (5.4790)(0.2706)$$

$$\gamma = 2.77 \text{ ¢/kWh (RECOVERED RATE)}$$



PENACOOK LOWER FALLS
15 DEC. 01 RVP-2

YEAR	EST. PSNH [*] IEC	%	% x IEC	MINUS RECOVERED	CONTRACT RATE ^{**}
1982	5.77				10.00
83	7.27				10.00
84	5.94				10.00
85	6.56				10.00
86	5.53				10.00
87	4.72				10.00
88	5.30				10.00
89	6.42				10.00
1990	7.91		(index)	2.77	6.23
91	9.01		(index)		6.23
92	11.63	96	11.16		8.39
93	13.24	92	12.18		9.41
94	13.44	88	11.83		9.06
95	16.01	84	13.45		10.68
96	18.97	80	15.18		12.41
97	19.83	76	15.07		12.30
98	21.56	72	15.52		12.75
99	24.28	68	16.51		13.74
2000	27.16	64	17.38		14.61
01	30.11	60	18.07		15.30
02	33.39	56	18.70		15.93
03	37.01	52	19.25		16.48
04	41.04	50	20.52		17.75
05	45.50		22.75		19.98
06	49.99		25.00		22.23
07	54.92		27.46	24.69	
08	60.34		30.17	27.40	
09	66.30		33.15	30.38	
2010	72.84		36.42	33.65	
2011	79.31		39.66	36.89	

FRONT-END LOADING

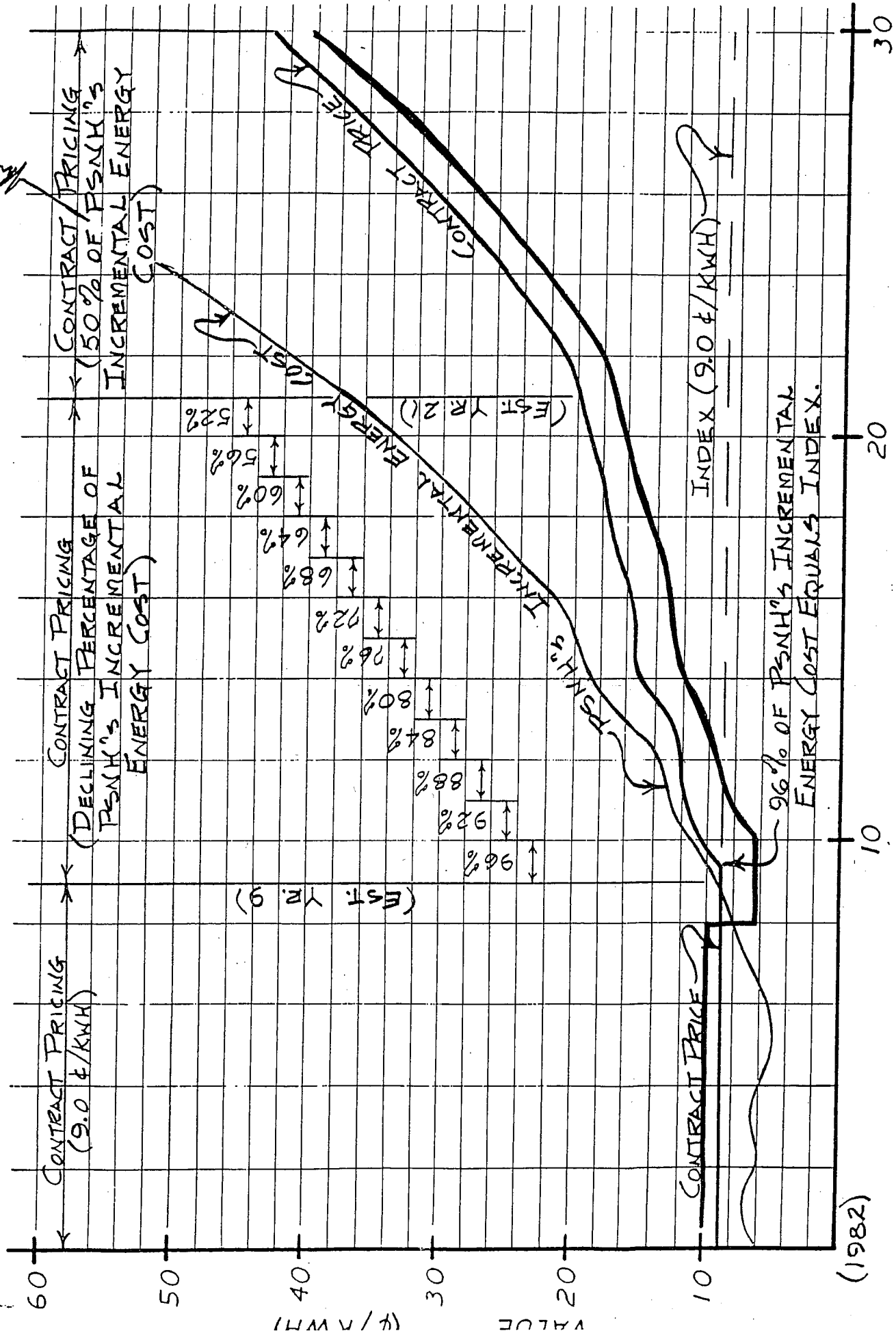
* ESTIMATED PSNH INCREMENTAL ENERGY COST (IEC).

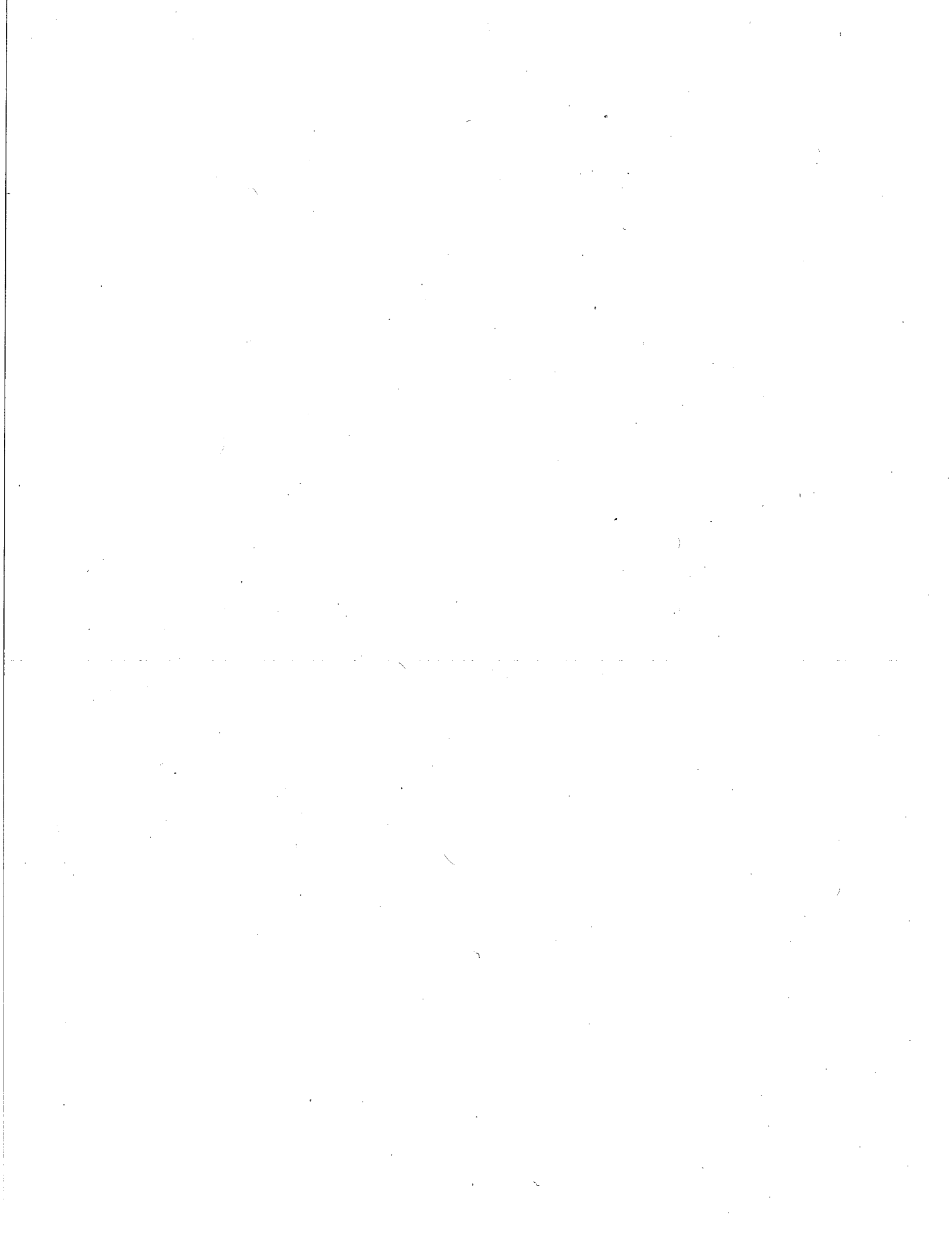
** RATES BEYOND YEAR 1889 ARE ESTIMATED AND ARE NOT GUARANTEED BY PSNH.

EXHIBIT I

FIXED RATE - FUTURE ESCALATING CONTRACT

Penacook Lower Falls
15 Dec. 81 ZVP-3





RICHARD V. PERRON, P.E.
Engineer
Supplementary Energy Sources

PSNH PUBLIC SERVICE
Company of New Hampshire
1000 Elm St., Box 390
Manchester, N.H. 03105
(603) 663-4000

NOTED DEC 15 1981 R.V.P.

N. H. HYDRO ASSOCIATES
PENACOOK LOWER FALLS HYDRO
LONG-TERM CONTRACT
14 DEC. 81 RYP-1

Consider front-end loading of 10¢/kWh for first 8 contract years.

$$pwf' (17.75\%, 8) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-8}}{0.1775} = 4.1093$$

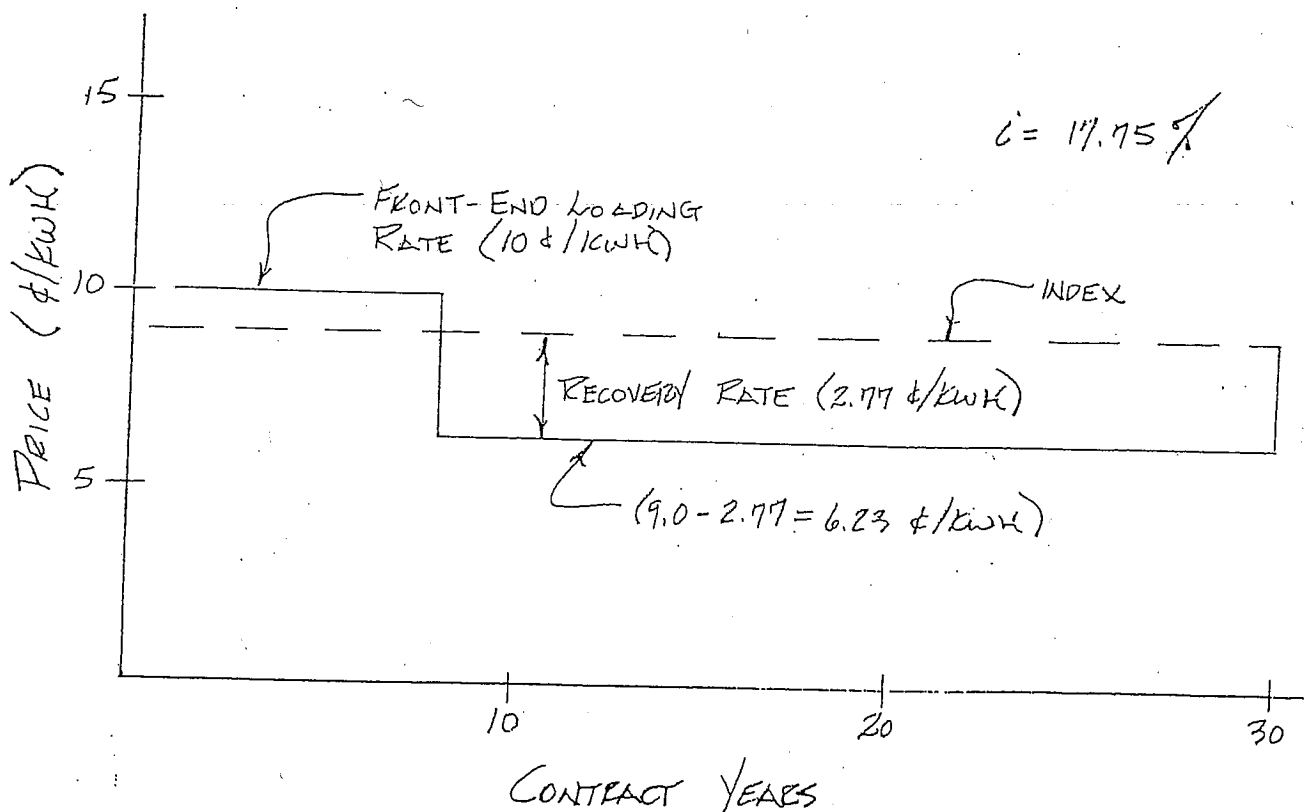
$$pwf' (17.75\%, 22) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-22}}{0.1775} = 5.4790$$

$$pwf (17.75\%, 8) = (1+i)^{-n} = (1.1775)^{-8} = 0.2706$$

$$(10.0 - \text{index}) (pwf' - 17.75\% - 8) = \psi (pwf' - 17.75\% - 22) (pwf - 17.75\% - 8)$$

$$(10.0 - 9.0)(4.1093) = \psi (5.4790)(0.2706)$$

$$\psi = 2.77 \text{ ¢/kWh (RECOVERY RATE)}$$



NOTED DEC 15 1981 R.V.P. PENACOOK LOWER FALLS
15 DEC. 81 RVP-2

YEAR	EST. PSNH [*] IEC	%	% x IEC	MINUS RECOVERY	CONTRACT RATE ^{**}
1982	5.77				
83	7.27				10.00
84	5.94				10.00
85	6.56				10.00
86	5.53				10.00
87	4.72				10.00
88	5.30				10.00
89	6.42				10.00
1990	7.91		(index)	2.77	10.00
91	9.01		(index)		6.23
92	11.63	96	11.16		6.23
93	13.24	92	12.18		8.39
94	13.44	88	11.83		9.41
95	16.01	84	13.45		9.06
96	18.97	80	15.18		10.68
97	19.83	76	15.07		12.41
98	21.56	72	15.52		12.30
99	24.28	68	16.51		12.75
2000	27.16	64	17.38		13.74
01	30.11	60	18.07		14.61
02	33.39	56	18.70		15.30
03	37.01	52	19.25		15.93
04	41.04	50	20.52		16.48
05	45.50		22.75		17.75
06	49.99		25.00		19.98
07	54.92		27.46	22.23	
08	60.34		30.17	24.69	
09	66.30		33.15	27.40	
2010	72.84		36.42	30.38	
2011	79.31		39.66	33.65	
				36.89	

FRONT-END LOADING

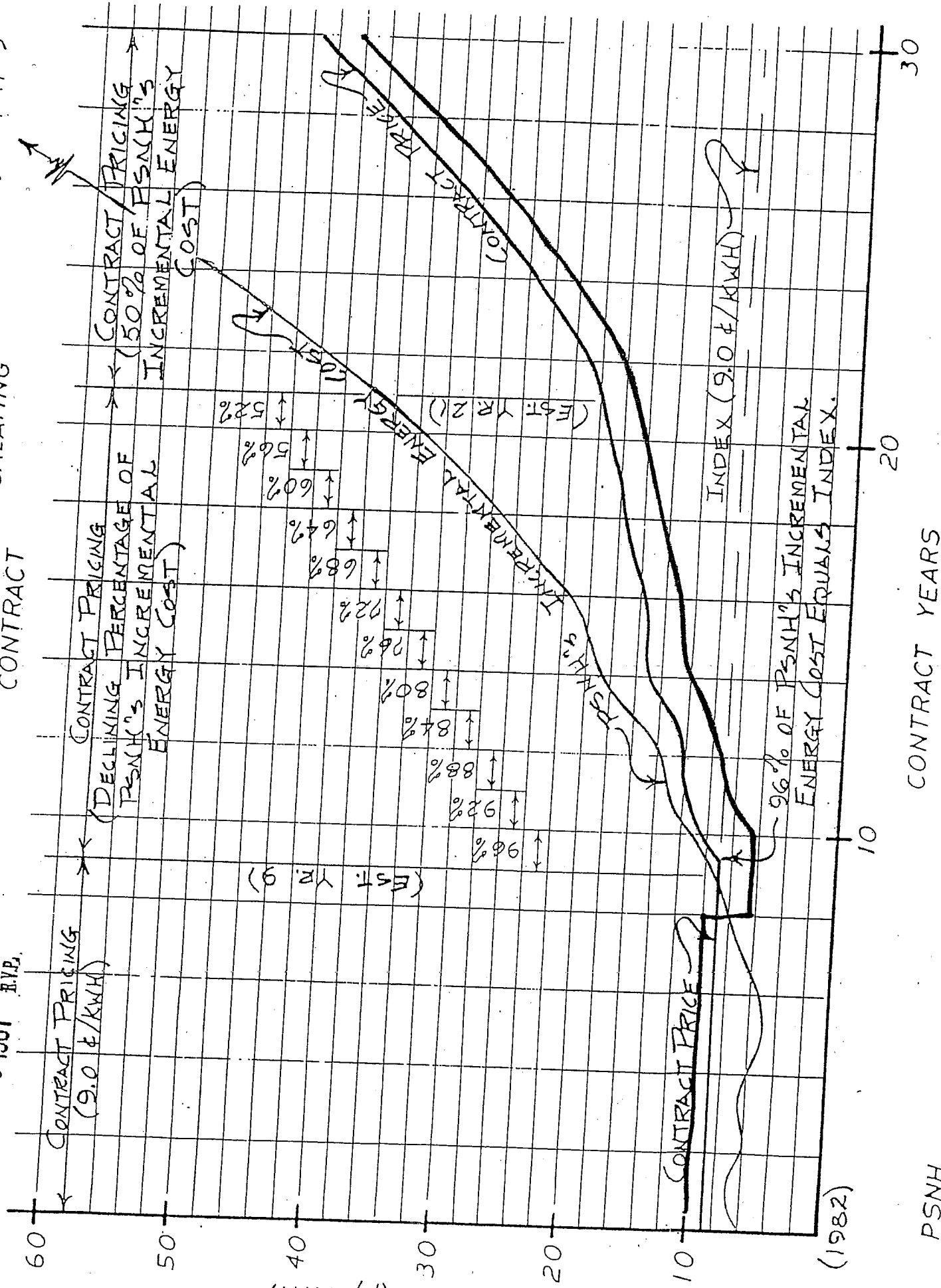
* ESTIMATED PSNH INCREMENTAL ENERGY COST (IEC).

** RATES BEYOND YEAR 1889 ARE ESTIMATED AND ARE NOT GUARANTEED BY PSNH.

Penacook Lower Falls
15 Dec. 81 RVP-3

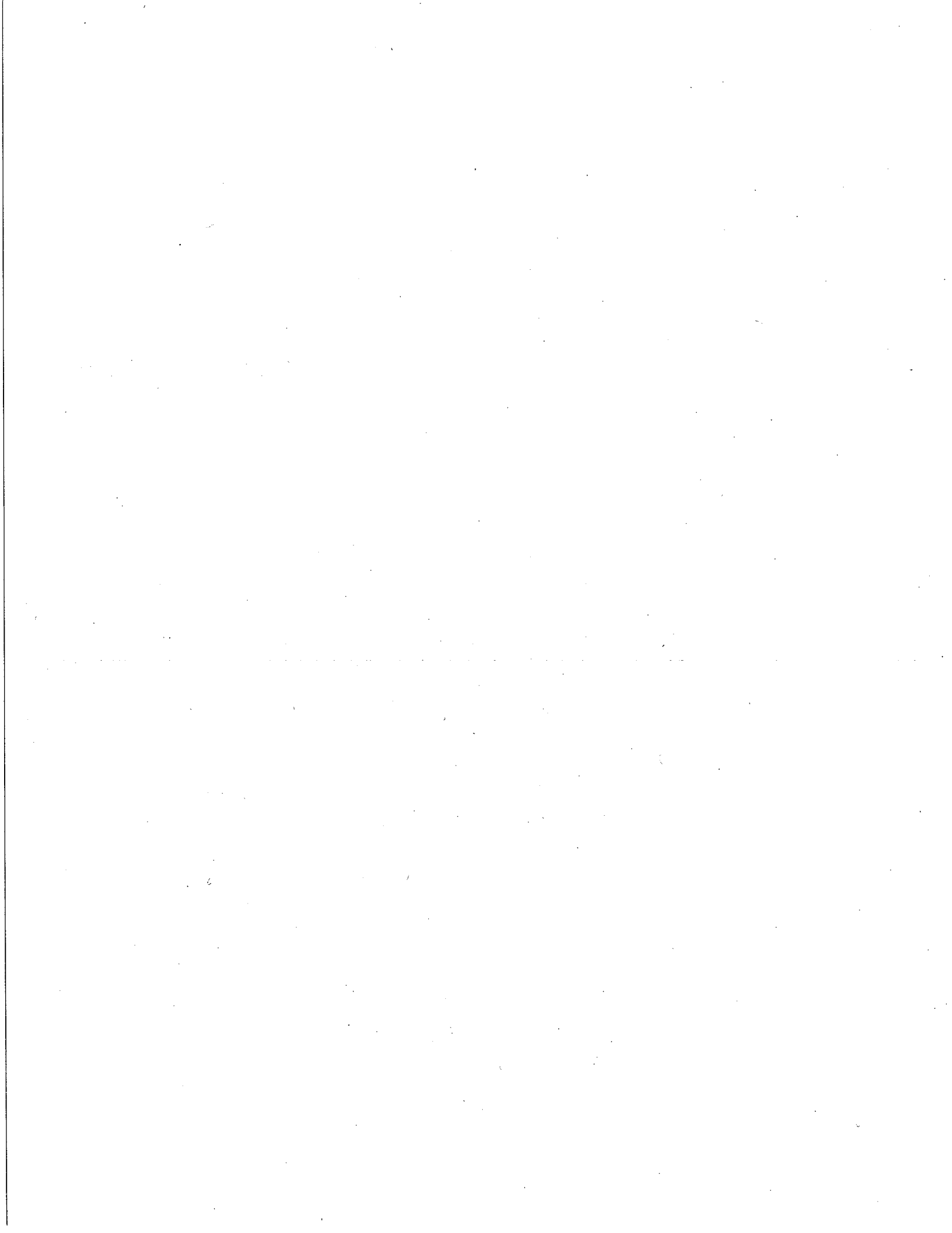
FIXED RATE - FUTURE ESCALATING
CONTRACT

NOTED DEC 15 1981 RVP.



CONTRACT YEARS

PSNH



NOTED DEC 22 1981 R.V.P.

December 21, 1981

Mr. Richard A. Normand
N.H. Hydro Associates
3 Capitol Street
Concord, NH 03301

Subject: Contract Negotiations - Penacook Lower Falls Hydro
Concord/Boscawen, New Hampshire

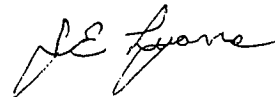
Dear Mr. Normand:

Attached are copies of worksheets showing our estimate of the average annual payments in cents/KWH, under the terms of a long-term contract as we have discussed. A payment of 10 cents/KWH will be made for the first eight contract years; thereafter, 2.77 cents/KWH will be deducted from payments so that PSNH can recover the front-end payments in excess of the index. It is estimated that payments will drop to 6.23 cents/KWH for years 1990 and 1991, will rise to exceed 9.0 cents/KWH by 1993, continue rising to exceed 10.5 cents/KWH by 1995, and will reach 36 cents/KWH by 2011. Please remember that these figures are estimated only and once our own costs exceed the 9.0 cents/KWH index, all contract prices will then be referenced to our actual costs.

Some contract provisions will have to be made to insure that our interests, and consequently, our customer's interests, are protected due to the front-end loading. We would be interested in any thoughts that you might have.

Please review this information and then give me a call. We are looking forward to purchasing the energy from your facility on a mutually beneficial basis.

Very truly yours,



John E. Lyons, P.E.
Manager

Supplementary Energy Sources

ams
Enclosures

cc: H. J. Ellis

NOTED DEC 15 1981 R.V.P.

N. H. HYDRO ASSOCIATES
PENACOOK LOWER FALLS HYDRO
LONG-TERM CONTRACT
14 DEC. 81 ZYP-1

Consider front-end loading of 10¢/kWh for first 8 contract years.

$$pwf'(17.75\%, 8) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-8}}{0.1775} = 4.1093$$

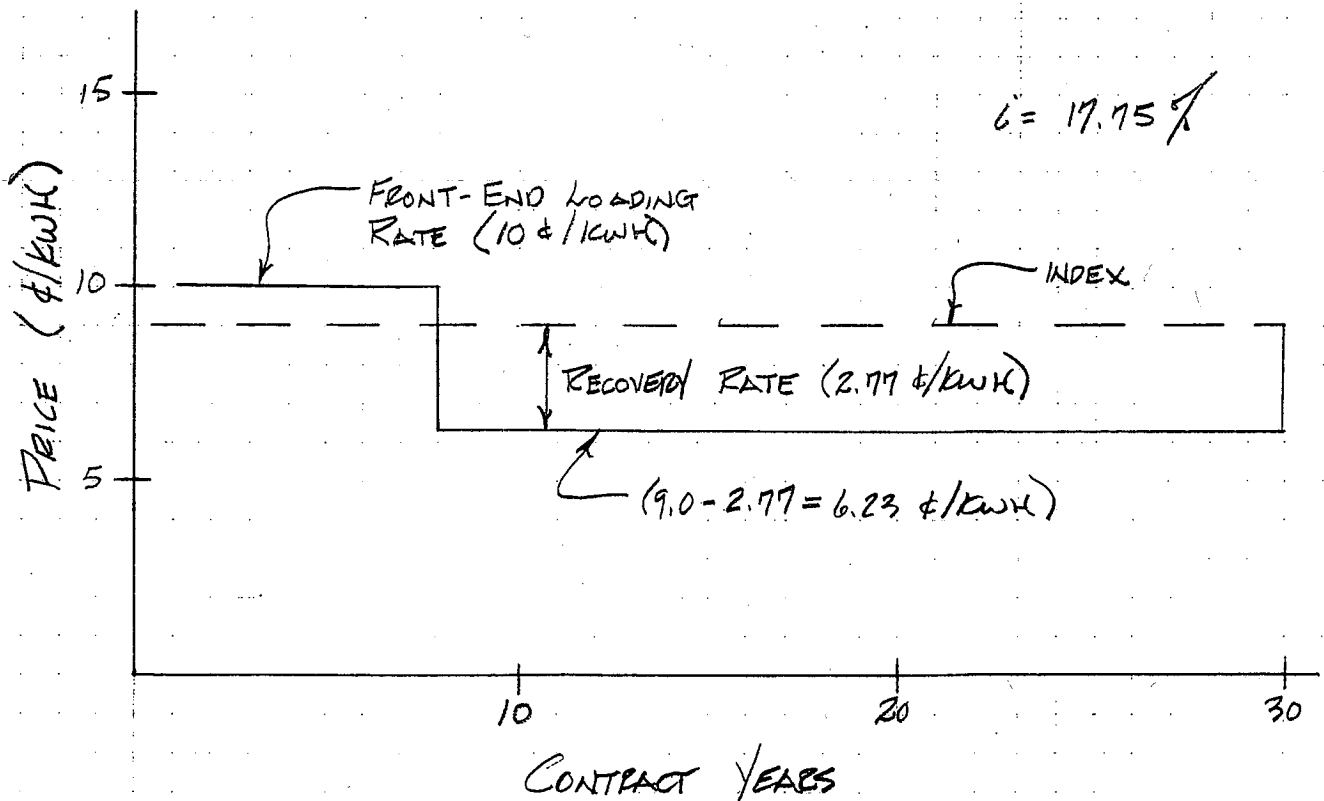
$$pwf'(17.75\%, 22) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-22}}{0.1775} = 5.4790$$

$$pwf(17.75\%, 8) = (1+i)^{-n} = (1.1775)^{-8} = 0.2706$$

$$(10.0 - \text{index})(pwf' - 17.75\% - 8) = \gamma (pwf' - 17.75\% - 22)(pwf - 17.75\% - 8)$$

$$(10.0 - 9.0)(4.1093) = \gamma (5.4790)(0.2706)$$

$$\gamma = 2.77 \text{ ¢/kWh (RECOVERED RATE)}$$



NOTED DEC 15 1981 R.V.P. PENACOOK LOWER FALLS
15 DEC. 81 RVP-2

YEAR	EST. PSNH* IEC	%	% x IEC	MINUS RECOVERED	CONTRACT RATE**
1982	5.77				10.00
83	7.27				10.00
84	5.94				10.00
85	6.56				10.00
86	5.53				10.00
87	4.72				10.00
88	5.30				10.00
89	6.42				10.00
1990	7.91		(index)	2.77	6.23
91	9.01		(index)		6.23
92	11.63	96	11.16		8.39
93	13.24	92	12.18		9.41
94	13.44	88	11.83		9.06
95	16.01	84	13.45		10.68
96	18.97	80	15.18		12.41
97	19.83	76	15.07		12.30
98	21.56	72	15.52		12.75
99	24.28	68	16.51		13.74
2000	27.16	64	17.38		14.61
01	30.11	60	18.07		15.30
02	33.39	56	18.70		15.93
03	37.01	52	19.25		16.48
04	41.04	50	20.52		17.75
05	45.50		22.75		19.98
06	49.99		25.00		22.23
07	54.92		27.46		24.69
08	60.34		30.17		27.40
09	66.30		33.15		30.38
2010	72.84		36.42		33.65
2011	79.31		39.66		36.89

FRONT-END LOADING

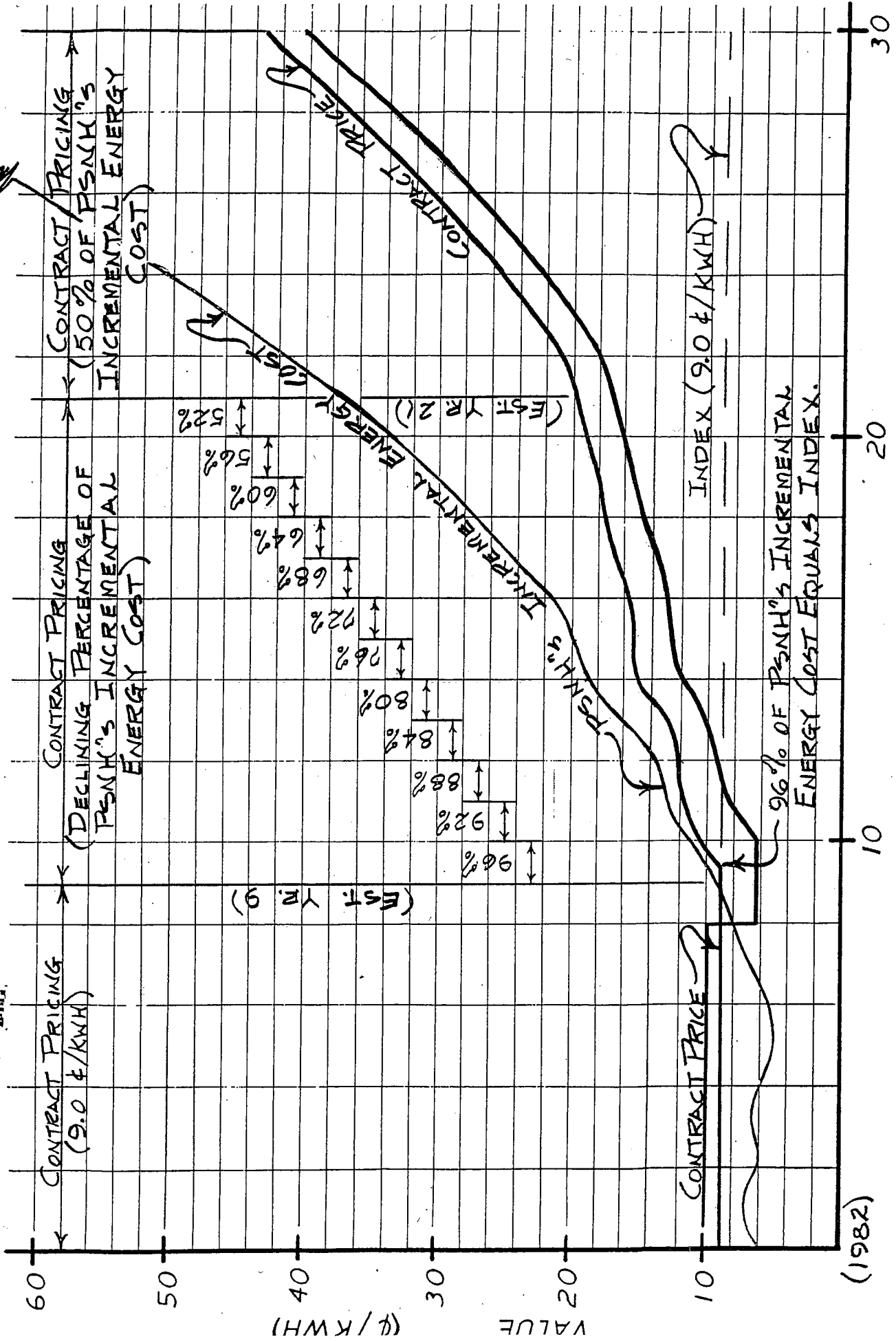
* ESTIMATED PSNH INCREMENTAL ENERGY COST (IEC).

** RATES BEYOND YEAR 1989 ARE ESTIMATED AND ARE NOT GUARANTEED BY PSNH.

Kenacook Lower Falls
15 Dec. 81 RVP-3

EXHIBIT I
FIXED RATE - FUTURE ESCALATING
CONTRACT

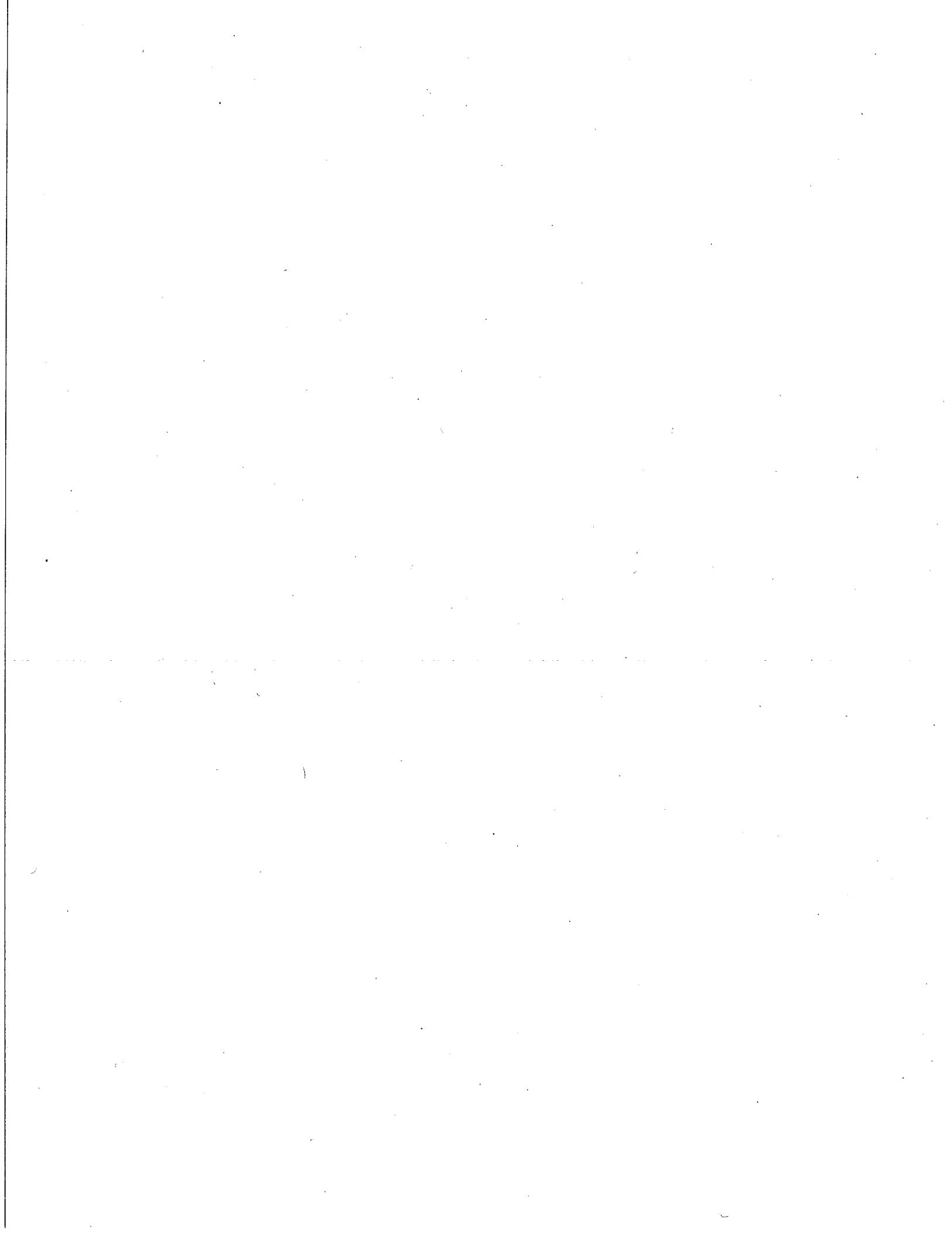
NOTED DEC 15 1981 RVP.



CONTRACT YEARS

PSNH

RVP 14 DEC. 81



PSNH PUBLIC SERVICE
Company of New Hampshire

December 21, 1981

Mr. Richard A. Normand
N.H. Hydro Associates
3 Capitol Street
Concord, NH 03301

Subject: Contract Negotiations - Penacook Lower Falls Hydro
Concord/Boscawen, New Hampshire

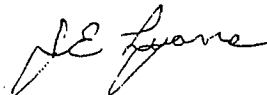
Dear Mr. Normand:

Attached are copies of worksheets showing our estimate of the average annual payments in cents/KWH, under the terms of a long-term contract as we have discussed. A payment of 10 cents/KWH will be made for the first eight contract years; thereafter, 2.77 cents/KWH will be deducted from payments so that PSNH can recover the front-end payments in excess of the index. It is estimated that payments will drop to 6.23 cents/KWH for years 1990 and 1991, will rise to exceed 9.0 cents/KWH by 1993, continue rising to exceed 10.5 cents/KWH by 1995, and will reach 36 cents/KWH by 2011. Please remember that these figures are estimated only and once our own costs exceed the 9.0 cents/KWH index, all contract prices will then be referenced to our actual costs.

Some contract provisions will have to be made to insure that our interests, and consequently, our customer's interests, are protected due to the front-end loading. We would be interested in any thoughts that you might have.

Please review this information and then give me a call. We are looking forward to purchasing the energy from your facility on a mutually beneficial basis.

Very truly yours,



John E. Lyons, P.E.
Manager

Supplementary Energy Sources

ams
Enclosures

cc: H. J. Ellis

DRAFT

ARTICLE 12. DEFAULT

Whereas the rate structure pursuant to Article 3 results in a purchase rate, during the initial years of the Contract term, substationally higher than PUBLIC SERVICE's avoided energy costs, and;

Whereas the rate structure pursuant to Article 3 results in a purchase rate, during the later years of the Contract term, lower than PUBLIC SERVICE's avoided energy cost in order to reimburse PUBLIC SERVICE for the higher rates paid during said initial years, and;

Whereas, in the event of a default by the SELLER, during the term of this Contract, PUBLIC SERVICE (including its customers and stockholders) will be damaged;

Now, therefore, PUBLIC SERVICE and SELLER agree that the Contract term is of the essence and, in the event of a default by the SELLER, PUBLIC SERVICE shall be entitled to such remedies for damages, from the SELLER, as described below.

If, during the term of this contract, the SELLER fails to operate its facilities for any reason other than discussed in Article 10 (Force Majeure), fails to sell its entire net output to PUBLIC SERVICE, is declared insolvent by a court of law or declares itself to be insolvent, the SELLER shall be deemed to be in default.

PUBLIC SERVICE, at its option, shall be entitled to either of the following two remedies for damages if the SELLER is deemed to be in default:

1. PUBLIC SERVICE shall have the right to recover all damages, as defined below, in cash; or
2. PUBLIC SERVICE shall have the right to purchase the SELLER's facilities for it's present value (the value upon the date of this Contract), less an amount equal to all damages, as defined below. For the purposes of this section, it is agreed between the parties that the present value of the SELLER's facilities is

_____ dollars (\$) _____).

The SELLER's facilities to be purchased by PUBLIC SERVICE shall include, but not be limited to, all realestate, personal property, leases, permits, licenses and all other rights necessary for PUBLIC SERVICE to operate the facility.

The damages under this section are defined to be the total of the following two components.

1. The first component of the damages represents the losses to PUBLIC SERVICE by paying a rate higher than its avoided cost, during the initial contract years, which was not recovered in later contract years. The amount of these damages is calculated

as the total of all payments made by PUBLIC SERVICE, up to the time of default, which exceeded PUBLIC SERVICE's avoided cost, less any of this amount that may have been recovered by PUBLIC SERVICE in accordance with the provisions of Article 3. The damages under this paragraph shall accrue interest at an annual rate equal to PUBLIC SERVICE's cost of capital at the time of default.

For the purpose of calculating the damages for default, PUBLIC SERVICE's avoided cost is defined to be the contract index price of 9.0 cents per KWH or PUBLIC SERVICE's incremental energy cost, as defined in Article 3, whichever is greatest.

2. The second component of the damages represents the losses to PUBLIC SERVICE by not continuing the more beneficial contract pricing provisions (rates below PUBLIC SERVICE's incremental energy cost) for the remainder of the contract term. The amount of these damages shall be estimated by PUBLIC SERVICE and are equal to the difference between the present worth (at the time of default) of PUBLIC SERVICE's levelized incremental energy cost, for the remainder of the contract, and the present worth (at the time of default) of the levelized contract pricing rate for the remainder of the contract; multiplied by the number of remaining contract years; multiplied by the estimated annual energy of the facility. The levelized incremental energy cost for the remainder of the contract, the levelized contract pricing rate for the remainder of the contract, and the annual energy of the facility shall be as reasonably estimated by PUBLIC SERVICE. All present worth computations shall be based on a percentage rate equal to PUBLIC SERVICE's cost of capital at the time of default.

Mathematically, the total damages can be expressed as follows.

$$\text{Total Damages} = (\text{Front End Loading} - \text{Recovery} + \text{Interest}) + (\text{IEC} - \text{Contract Rate}) (\text{No. Years}) (\text{KWH/Yr.})$$

where,

Front End Loading = Payments by PUBLIC SERVICE to SELLER exceeding PUBLIC SERVICE's avoided cost.

Recovery = Amount of Front Ending Loading recovered by PUBLIC SERVICE in accordance with Article 3.

Interest = Interest on total Front End Loading not recovered, at a rate equal to PUBLIC SERVICE's cost of capital at time of default.

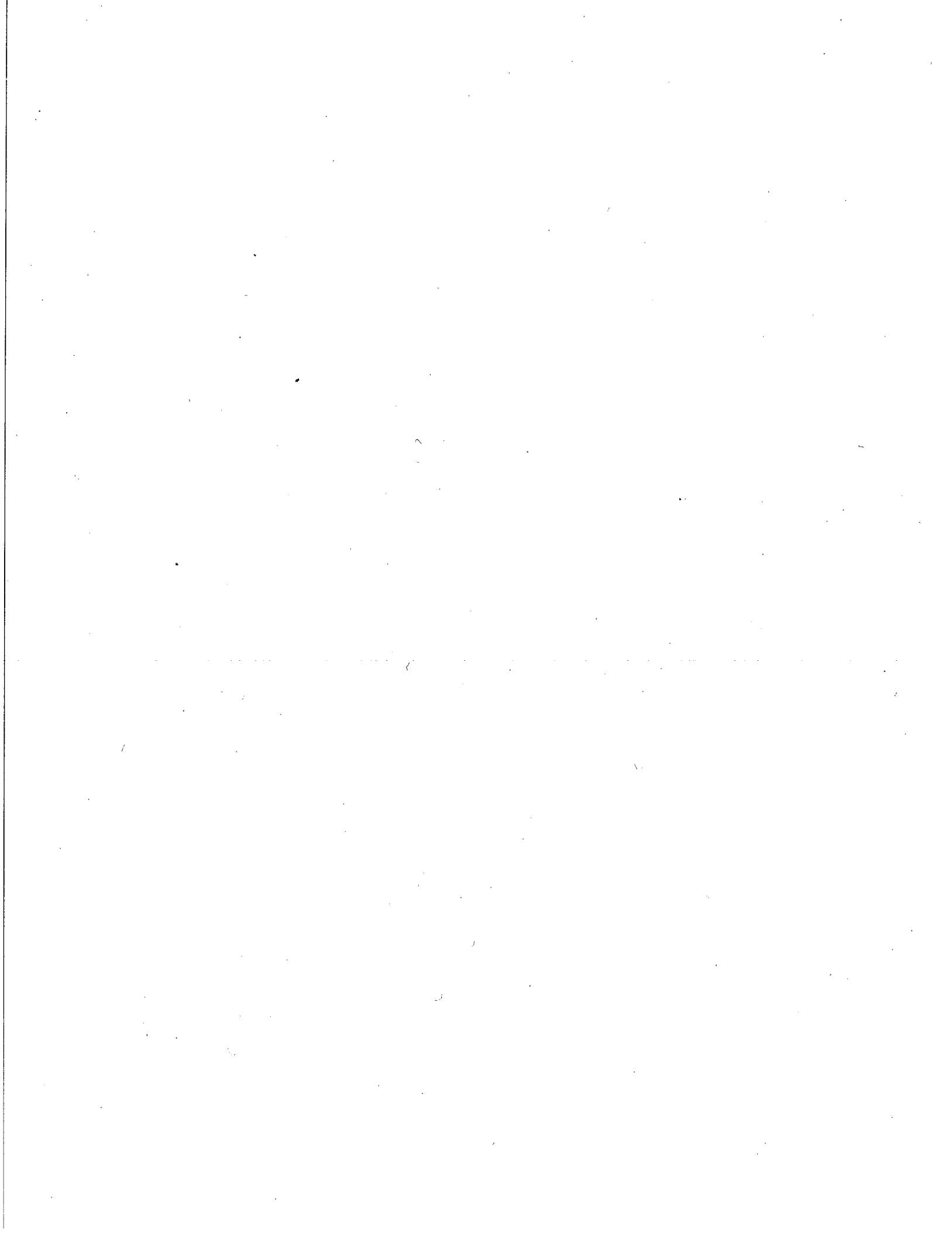
IEC = The present worth of PUBLIC SERVICE's levelized incremental energy cost for the remaining contract years.

Contract Rate = The present worth of the levelized contract pricing rate for the remaining contract years.

No. Years = The number of remaining contract years after default.

KWH/Yr. = The estimated average annual energy produced by the facility.

R.V. Perron
January 21, 1982





NEW HAMPSHIRE HYDRO ASSOCIATES
THREE CAPITOL STREET
CONCORD, NEW HAMPSHIRE 03301
(603) 224-8333

December 29, 1981

Mr. John E. Lyons
Public Service Company
of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, NH 03105

NOTED JAN 4 1981 JEE

RE: Penacook Lower Falls Power Sales Agreement

Dear Mr. Lyons:

NHHA has reviewed your letter dated December 21, 1981, regarding the purchase of power from the Penacook Lower Falls Project (the "Project"). NHHA is in essential agreement with the methodology used in the analysis that you provided. The following clarifications, revisions and additions are offered for your consideration:

1. Discount Rate

The discount rate that has been used, 17.75%, may be applicable for analyzing payments made for power today, but will not be applicable during the term of our proposed contract. In order to accurately reflect changes in costs of capital, the discount rate should float. NHHA proposes that the discount rate to be used in determining the Recovery Rate be reviewed annually and adjusted to reflect accurately the current cost of capital. It is NHHA's understanding that there exists a methodology which is used annually to calculate PSNH's cost of capital as a part of the routine regulatory process. NHHA proposes that we consider using this method for determining the appropriate discount rate for each year of the contract.

2. Applicable Years for Recovery Rate Calculation

In calculating the Recovery Rate, as defined in your letter of December 21, 1981, the calculation should begin with the commencement of commercial operation of the Project. This is scheduled for May 1, 1983.

3. Term of 10 cent per kwh Floor Price

NHHA proposes that the 10¢ per kwh price for energy delivered from the Project be extended from 8 to 10 years. This 10 year term is required to assure adequate debt coverage.

On the basis of the above, NHHA has prepared a Calculation of the Recovery Rate and an Energy Price Projection, attached as Exhibits 1 and 2, respectively.

4. Credit for Capacity

The PSNH methodology for power pricing equitably recognizes the value of energy from LEEPS. However, it does not incorporate a means of recognizing any dependable capacity offered by a LEEP. NHHA recognizes that when Seabrook comes on-line it will take care of PSNH's projected need for additional capacity for the near term. However, load growth, plant retirements, etc. will at some point during the proposed term of the contract require PSNH to increase its power supply resources. At that time, the firm capacity of the Project will enable PSNH to avoid the expense of adding capacity. NHHA therefore proposes that the Project be given a capacity payment reflecting the expense that PSNH will avoid by having the Project as a generating resource. This capacity payment can be based upon 1) the firm capacity of the Project as determined using NEPOOL's "Uniform Rating and Periodic Audit of Generating Capacity," and 2) the then current payment for dependable capacity as determined by the Public Utilities Commission of New Hampshire. If there is no such rate in effect, then the then current NEPOOL capacity deficiency charge can be used.

Regarding contract provisions to assure that NHHA will operate the Project for the full term of the contract, several points are worth reviewing. First, NHHA is a New Hampshire limited partnership of which Essex Development Associates, Inc., a Delaware corporation, is general partner. As general partner, EDAI is responsible for fulfilling all of the obligations of NHHA. The Project is only one element of EDAI's hydroelectric program. PSNH can therefore look to an entity with assets and income other than this single Project. Second, NHHA will have in effect sufficient property insurance to assure that the dam and plant can be repaired in the event of fire, flood or other casualty. Finally, the Project structures and equipment are being designed and built and will be maintained to operate well beyond the thirty year life of the proposed contract. This is a reflection of the long-term commitment, EDAI and EG&G, Inc., the limited partner of NHHA, have to the hydroelectric industry.

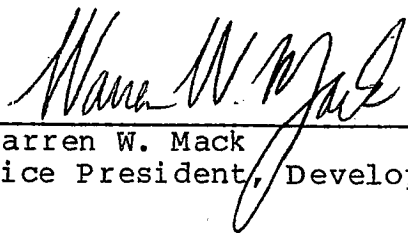
NHHA looks forward to discussing these changes at your earliest possible convenience. It would be most helpful if we could meet for this purpose during the week of January 3, 1982.

Sincerely,

NEW HAMPSHIRE HYDRO ASSOCIATES

By: ESSEX DEVELOPMENT ASSOCIATES, INC.,
General Partner

By:



Warren W. Mack
Vice President, Development

WWM/abt

Exhibit 1
Penacook Lower Falls Project
Calculation of Recovery Rate

Basis:

- 1) Discount Rate: 17.75% for each year, although it is proposed that this rate be adjusted annually to reflect current costs of capital.
- 2) Initial Price for Energy and Term: 10.0 cents per kwh for the initial 10 years of commercial operation; scheduled start-up is May 1, 1981.
- 3) Term of Contract: 30 years
- 4) Average Fixed Rate Future Escalating Contract Price: See Exhibit 2

Calculation:

- a) Present worth in 1983 of 1.0 cent per kwh premium in operating years 1983 through 1990:
 $1.0 \times \text{pwf}'(i=17.75, n=8) = 4.1093$
- b) Present worth in 1983 of 0.05 cents per kwh premium in operating year 1991:
 $0.05 \times \text{pwf}(i=17.75, n=9) = 0.0115$
- c) Present worth in 1983 of 1.61 cents per kwh discount in operating year 1992:
 $1.61 \times \text{pwf}(i=17.75, n=10) = (0.3142)$

$$\text{Recovery Rate} \times \text{pwf}'(i=17.75, n=20) \times \text{pwf}(i=17.75, n=10) = a + b + c$$

$$\text{Recovery Rate} = 3.60 \text{ cents per kwh}$$

12/28/81

Exhibit 2
 Penacook Lower Falls Project
 Energy Price Projection through 1994

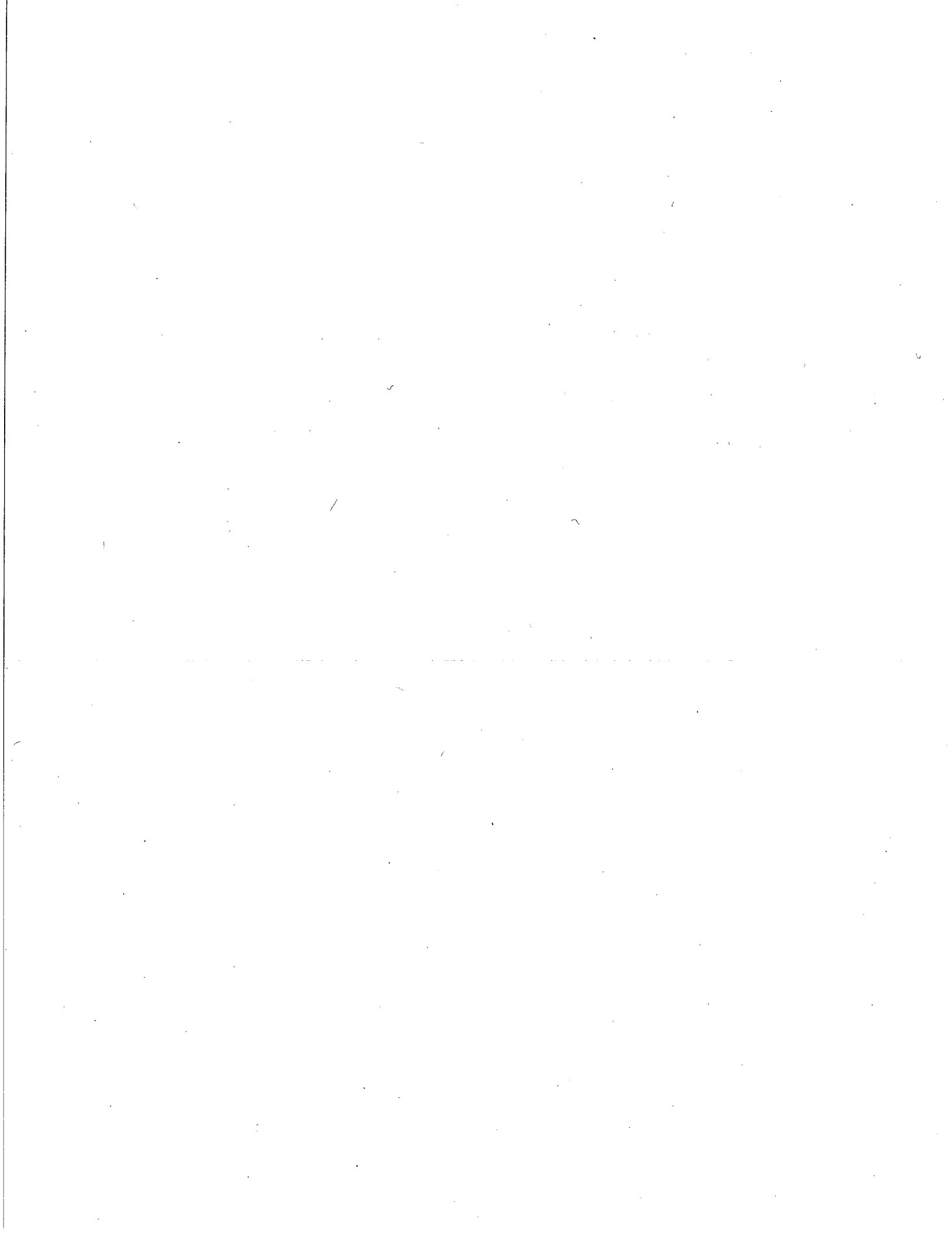
<u>Operating Year</u>	<u>Aver. Fixed Rate (1) Future Escalating Contract Price</u>	<u>Less (2) Recovery Rate</u>	<u>Penacook (3) Lower Falls Contract Price</u>
1983	9.00 ¢ per kwh	--	10.00 ¢ per kwh
1984	9.00	--	10.00
1985	9.00	--	10.00
1986	9.00	--	10.00
1987	9.00	--	10.00
1988	9.00	--	10.00
1989	9.00	--	10.00
1990	9.00	--	10.00
1991	9.95	--	10.00
1992	11.61	--	10.00
1993	12.03	3.60	8.43
1994	12.54	3.60	8.94

(1) This is based upon: 1) actual commercial operation of the Penacook Lower Falls Project beginning on May 1, 1983, as currently scheduled. (Therefore for operating year 1991, 8,651 MWH at 9.0¢ and 6,755 MWH at 11.16 for May through December, 1991 and January through April, 1992 respectively); and 2) estimates of PSNH IEC given in RVP-2; December 15, 1981 attached to John Lyons' letter dated December 21, 1981.

(2) See Exhibit 1 for derivation of Recovery Rate.

(3) Prices beyond 1992 are estimates subject to actual: 1) PSNH IEC and 2) PSNH cost of capital.

12/28/81



NEW HAMPSHIRE HYDRO ASSOCIATES
99 NORTH STATE STREET
CONCORD, N.H. 03301
(603) 224-8333

NOTED JAN 21 1982 R.V.P.

January 7, 1981

Mr. John E. Lyons
Public Service Company of New Hampshire
1000 Elm Street
Manchester, NH 02105

Re: Penacook Lower Falls Project Power Sales Agreement

Dear Mr. Lyons:

Enclosed please find a copy of proposed modifications and additions to Public Service's proposed power sales agreement that New Hampshire Hydro Associates offers for your consideration. Regarding the incremented energy cost (IEC) data that you provided with your letter of December 21, 1981, let me again assure you that NHHA clearly understands that these are only PSNH's current estimates, and that the actual IEC's will be those used in determining the price for power in the contract.

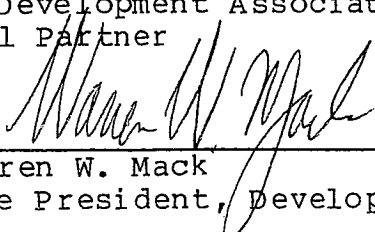
NHHA is currently drafting language concerning a "put" of the plant to PSNH should NHHA cease operations, and provisions for payments for capacity if and when the Penacook Project will enable PSNH to avoid adding capacity to their system.

NHHA looks forward to your expeditious response to the enclosed.

Sincerely,

NEW HAMPSHIRE HYDRO ASSOCIATES

By: Essex Development Associates, Inc.
General Partner

By: 
Warren W. Mack
Vice President, Development

WWM/hjd

Enclosures

LAWRENCE OFFICES
SIX ESSEX STREET, LAWRENCE, MA 01840 (617) 687-2312

CONTRACT FOR THE PURCHASE AND SALE
OF ELECTRIC ENERGY

CONTRACT, dated _____, 1982, by and between

New Hampshire Hydro Associates, a New Hampshire limited
partnership having its principal place of business in Concord,

New Hampshire (hereinafter referred to as SELLER), and

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a New Hampshire corporation
having its principal place of business in Manchester, New Hampshire
(hereinafter referred to as PUBLIC SERVICE).

WHEREAS, SELLER is engaged in the business of ^{the} generation of
electrical energy,

WHEREAS, SELLER desires to sell its entire generation output
to PUBLIC SERVICE,

WHEREAS, PUBLIC SERVICE is engaged in the business of the
generation, transmission, and distribution of electrical energy,

WHEREAS, PUBLIC SERVICE has determined it would be beneficial
to secure a reliable supply of electrical energy for a period of not
less than thirty years,

WHEREAS, SELLER is ^{desires} ~~willing and able~~ to sell its entire output
to PUBLIC SERVICE for thirty years;

NOW, THEREFORE, in consideration of the mutual covenants and
agreements hereinafter set forth, SELLER and PUBLIC SERVICE hereby agree
as follows:

Article 1. Basic Agreement.

Subject to the terms, provisions, and conditions of this
Contract, SELLER agrees to furnish and sell and PUBLIC SERVICE agrees to
purchase and receive all of the electric energy produced by the SELLER
from its Penacook Lower Falls generating facility, located in
the village of Penacook ^{located with the City of Concord and the Town of Boscawen,}
New Hampshire.

Article 2. Availability & Delivery.

During the term hereof, SELLER shall operate its generating unit ^{facility} to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output ^{measured} in kilowatthours) from said ^{facility} unit when in operation.

Said generation ^{output} shall be delivered to PUBLIC SERVICE at the point of interconnection ^{to be mutually agreed upon} between the generating facility of SELLER and the _____ kilovolt electric system of PUBLIC SERVICE (hereinafter referred to as DELIVERY POINT).

Unless PUBLIC SERVICE converts its interconnecting circuit, all electric energy delivered to PUBLIC SERVICE through the DELIVERY POINT shall be _____ phase, sixty hertz current at _____ kilovolts.

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be determined as follows:

^{RIDER A}

~~A. An index price of 9.0 cents per kilowatthour (KWH) is estab-~~

~~lished for the Contract pricing and is the initial price to be paid under this Contract subject to the following provisions.~~

- ~~1. For the first 10 years of the Contract, PUBLIC SERVICE will retain 10 percent (0.9 cents per KWH) for all energy purchased. During the second 10 years of the Contract, PUBLIC SERVICE will pay the SELLER an additional 0.9 cents per KWH, above the contract price, for purchased energy. The total of said additional payments, for any given year, shall not exceed one-tenth (1/10) of the total money retained by PUBLIC SERVICE during the first ten Contract years.~~

~~2. At such time that 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the rate to be paid under this Contract will increase in accordance with the provisions of Paragraph B.~~

B. All escalating payments in excess of the index will be determined as a percentage of PUBLIC SERVICE's incremental energy cost. As soon as 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the contract price will be based on 96 percent of PUBLIC SERVICE's incremental energy cost for a period of one year. For each subsequent year, the percentage of PUBLIC SERVICE's incremental energy cost to be paid will be reduced by 4 percent (i.e. 96 percent, 92 percent, 88 percent, 84 percent, etc.), until the incremental energy cost is reduced only 2 percent to reach 50 percent of PUBLIC SERVICE's incremental energy cost. At such time, the contract price will remain at the 50 percent rate for the remainder of the contract term.

PUBLIC SERVICE's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of PUBLIC SERVICE's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. PUBLIC SERVICE's incremental energy cost, for the purposes of this Contract, will be expressed as a yearly average and will be calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

OK
as is
↓

~~If the price paid during any year is less than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of an additional payment for each KWH sold to PUBLIC SERVICE during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The adjustment will be paid within one month after PUBLIC SERVICE's incremental energy cost for the previous year has been determined, but in no event later than 60 days following the end of the year.~~

OK
as is

If the price paid during any year is more than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of a refund to PUBLIC SERVICE for each KWH sold during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The refund will be made to PUBLIC SERVICE by applying one-twelfth of the total amount as a reduction to each month's payment by PUBLIC SERVICE during the current year. If for any month, no payment is due the SELLER, or the payment due is not equal to the refund, a payment to PUBLIC SERVICE will be made by SELLER so that the total recovery is achieved by PUBLIC SERVICE by the end of the current year.

OK
as is

Article 4. Metering.

The metering shall be configured so as to represent the generation delivered to PUBLIC SERVICE. The metering may be installed on the generation side of the transformer provided that transformer losses are subtracted from the measured generation by a suitable method.

mutually agreeable

SELLER will install, own, and maintain all metering equipment as referenced in Article 5, to measure the flow of electrical energy from SELLER to PUBLIC SERVICE. If at any time, the meter is found to be in error by more than two percent fast or slow (+ or - 2%), SELLER shall cause such meter to be corrected and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the preceding month shall be made except by agreement of the parties. All tests and calibrations shall be made in accordance with Section V-14 of the NHPUC Rules and Regulations Prescribing Standards for Electric Utilities in effect as of September 8, 1972, as amended.

Get a copy of these Rules and Regulations

The meter shall be tested as prescribed in said Rules and Regulations.

In addition to the regular routine tests ^{prescribed in said Rules and Regulations}, SELLER shall cause

the meter to be tested at any time upon request of and in the presence of a representative of PUBLIC SERVICE. If such equipment proves accurate within two percent fast or slow (+ or - 2%), the expense of the test shall be borne by PUBLIC SERVICE.

PUBLIC SERVICE reserves the right to secure or seal the metering installation, to require SELLER to measure electrical energy sold to PUBLIC SERVICE on an hourly basis, and to require SELLER to notify PUBLIC SERVICE once each day of SELLER's generation in kilowatthours for each hour during the prior 24 hours.

which equipment shall be similar to that installed in generating facilities in the region which are similar to that of SELLER

Article 5. Interconnection & Protection Requirements.

The SELLER shall install all interconnection, protection, metering, and control equipment as specified in PUBLIC SERVICE's study of the SELLER's electric generating facility, which study is, or will be upon mutual consent of both parties, attached hereto as Attachment A, and

any other such equipment which may be ^{reasonably} necessary to ensure the safe and reliable operation of SELLER's generating unit ^{facility} in parallel with PUBLIC SERVICE's system. SELLER shall bear all costs associated with said equipment and its installation.

All said interconnection, protection, metering, and control equipment including, but not limited to, line extensions, transformers, meters, relays, breakers, and appurtenant equipment shall remain the sole property of SELLER.

SELLER shall have sole responsibility for the operation, maintenance, and repair of its generating unit, ^{facility} including the interconnection, protection, metering, and control equipment. SELLER shall maintain, repair, or replace said generating unit ^{facility} including said equipment whenever necessary for the safe and reliable operation of SELLER's electric generating facility in parallel with PUBLIC SERVICE's system. RIDER B

In addition to the above, upon the ^{commencement of the term} effective-date of this Contract, and every twelve months thereafter, the SELLER shall test, or cause to be tested, all protection devices including verification of calibration and tripping functions; and the SELLER shall notify PUBLIC SERVICE in writing that said tests have been conducted. SELLER shall ^{orally} notify PUBLIC SERVICE of any defect affecting the safety or reliability of said equipment not later than two hours after its discovery of the same. twenty four

is 2 hours a reasonable time??

If either party reasonably determines that any portion of the protection system as required in Article 5, its operation or use thereof, will or may not perform its protective function, including but not limited to opening the interconnecting tie, SELLER shall open the interconnection between PUBLIC SERVICE's system and SELLER's facility.

SELLER shall notify PUBLIC SERVICE not more than two days after it has opened said interconnection. PUBLIC SERVICE shall not be obligated to purchase electrical energy from SELLER, and the interconnection shall remain open, until SELLER has satisfactorily cured said defect at no cost to PUBLIC SERVICE.

Article 6. Right of Access.

Upon ^{reasonable} prior written or oral notice to SELLER, PUBLIC SERVICE shall have the right to enter the property of SELLER at reasonable times and shall be provided access to SELLER's metering, protection, control, and interconnection equipment ^{for the purposes of inspection thereof.}

Article 7. Modifications.

If SELLER plans any ^{material} modifications to its electric generating facility, SELLER shall give PUBLIC SERVICE prior written notice of its intentions. In the event that PUBLIC SERVICE reasonably determines that said modifications would necessitate changes to the interconnection, protection, control, or metering equipment or would cause PUBLIC SERVICE to incur additional expenses associated therewith, the SELLER shall make such changes as reasonably required by PUBLIC SERVICE and reimburse PUBLIC SERVICE for said expenses before PUBLIC SERVICE is obligated to purchase any increased output.

If the PUBLIC SERVICE interconnecting circuit is converted to a higher voltage in the future, the SELLER shall be responsible for all interconnection changes necessitated by the conversion and shall bear all costs associated with said conversion. ^{Public Service shall give Seller} reasonable notice of said conversion.

Article 8. Billing & Payment.

PUBLIC SERVICE shall read the meter, installed in accordance with Article 4, ~~on or at~~ ^{no later than the close of business on the first business day following} the end of each month, and PUBLIC SERVICE shall, ^{no later than the close of business on the second business day following the end of each month,} send the SELLER a form showing the month's beginning and ending meter readings and total net kilowatthour generation.

SELLER shall then transmit to PUBLIC SERVICE a bill showing the amount due, which amount will be determined by multiplying the rate per kilowatthour specified in Article 3 times the number of kilowatthours delivered to PUBLIC SERVICE since the prior reading of the meter, and PUBLIC SERVICE will send to SELLER a payment for that amount within 20 days of receipt of SELLER's bill. ^{RIDER C}

Article 9. Liability & Insurance.

a. Each party will be responsible for its ^{own} facilities and the operation thereof and will indemnify and save the other harmless from ^{and against} any and all loss by reason of property damage, ^{or} bodily injury, including death resulting therefrom, suffered by any person or persons including the parties hereto, employees thereof or ^{third parties} ~~members of the public~~, (and all expenses in connection therewith, including attorney's fees), whether arising in contract, warranty, tort (including negligence), strict ^{caused by such party, its officers, employees, agents or directors, or} liability or otherwise, ^{caused by or sustained on,} ~~caused by or sustained on,~~ ^{or alleged} ~~to be caused by or sustained on,~~ equipment or facilities, or the operation or use thereof, owned or controlled by such party, ^{unless caused by an act of negligence or willful misconduct of the other party or} ~~except that~~ each party shall be solely responsible for and shall bear all costs of claims by its own employees or contractors growing out of any workmen's compensation law. ^{an officer, employee, agent or director of the other party.}

RIDER C1

Notwithstanding the foregoing,

b. SELLER hereby agrees to maintain in force and effect, for the duration of this Contract, Workmen's Compensation Insurance, as required by statute, and Comprehensive General Liability Insurance for bodily injury and property damage at minimum limits of \$1,000,000. Within sixty days of the effective date of this Contract, the SELLER agrees to provide PUBLIC SERVICE with a certificate of such insurance.

c. In no event shall PUBLIC SERVICE be liable, whether in Contract, tort (including negligence), strict liability, warranty, or otherwise, for any special, indirect, incidental, or consequential loss or damage, including but not limited to cost of capital, cost of replacement power, loss of profits or revenues, or the loss of the use thereof. This provision, subsection c of Article 9, shall apply notwithstanding any other provision of this Contract.

RIDER D

d. RIDER E

Article 10. Force Majeure.

~~Either~~ ^{Neither} party shall not be considered to be in default hereunder and shall be excused from purchasing or selling electricity hereunder if and to the extent that it shall be prevented from doing so by ~~storm,~~ ^{severe weather,} flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, withdrawal of facilities from operation for necessary maintenance and repair, or any ^{other} cause beyond the reasonable control of either party.

RIDER F

Article 11. Effective Date & Contract Term.

~~This Contract shall become effective between the parties as of the date hereof, provided that the metering, interconnection, and~~

RIDER G

~~protection equipment, as specified herein has been properly installed by~~
the SELLER. If said equipment has not been properly installed, this
Contract shall become effective between the parties as of the date of
proper installation of said equipment or as of the date SELLER begins
delivering energy to PUBLIC SERVICE, whichever occurs latest. As of the
effective date of this Contract, the Contract shall remain in full force
and effect for thirty (30) years.

In order for any modification to this Contract to be binding
upon the parties, said modifications must be in writing and signed by
both parties.

Article 12. Prior Agreements Superseded.

This Contract with Attachment A represents the entire agreement
between the parties hereto relating to the subject matter hereof, and
all previous agreements, discussion, communications, and correspondence
with respect to the said subject matter are superseded by the execution
of this Contract.

Article 13. Waiver of Terms or Conditions.

The failure of either party to enforce or insist upon compliance
with any of the terms or conditions of this Contract shall not constitute
a general waiver or relinquishment of any such terms or conditions, but
the same shall be and remain at all times in full force and effect.

Article 14. General.

This Contract shall be binding upon, and inure to the benefit
of the respective successors and assigns of the parties hereto, provided
that SELLER shall not assign this Contract except to an affiliated
company, without the prior written consent of PUBLIC SERVICE, which

company" shall include any partnership in which SELLER or one of SELLER's subsidiaries or affiliates is a general partner or any corporation in which SELLER or one of its subsidiaries or affiliates owns or controls more than 50 percent of the voting stock or otherwise has operating control. In the event of an assignment to an affiliate, SELLER shall notify PUBLIC SERVICE within five (5) days of the effective date of the assignment.

Rider H

Article 15. Arbitration RIDER I

Article 15's. Applicable Law.

This Contract is made under the laws of The State of New Hampshire and the interpretation and performance hereof shall be in accordance with and controlled by the laws of that State.

Article 16. Mailing Addresses.

Rider J

The mailing addresses of the parties are as follows:

SELLER: New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301
with a copy to:

Essex Development Associates, Inc.
110 Tremont Street
Boston, MA 02108
Attn: General Counsel

PUBLIC SERVICE: Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105
Attn: Henry J. Ellis, Vice President

IN WITNESS WHEREOF, the parties have hereunto caused their names to be subscribed, as of the day and year first above written.

NEW HAMPSHIRE HYDRO ASSOCIATES
By: Essex Development Associates, Inc., General Partner

(Witness)

By: _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

(Witness)

By: _____
Henry J. Ellis, Vice President

RIDER A

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be determined as follows:

A. For the initial ten (10) years of the term of the Contract, commencing as described in Rider G, below, (operating years 1 through 10 of the facility operations) an index price of 10.0 cents per kilowatt hour (kwh) is established and is to be paid under this Contract.

B. For the subsequent twenty (20) years of the term of the Contract, (years 11 through 30 of the facility operations) the price paid will be the greater of:

(i) ~~10.0~~^{9.0} cents per kwh less the Amortized Premium, or

(ii) The percentage of PUBLIC SERVICE'S incremental energy cost for the current year per Paragraph II B of PUBLIC SERVICE'S POLICY STATEMENT CONTRACT PRICING PROVISIONS, LIMITED ELECTRICAL ENERGY PRODUCERS, dated _____ (hereinafter referred to as PSNH Policy Statement) attached hereto as Attachment B. as if said paragraph had been in effect since the commencement of this Contract less the Amortized Premium.

For the purpose of this paragraph the following definitions shall be used:

Amortized Premium: a levelized number expressing the amount by which the index price paid pursuant to this contract during the initial ten (10) year term exceeds the index price paid pursuant to Paragraph II, Option II Fixed Rate-Future Escalating Contract, of PSNH Policy Statement (hereinafter referred to as Option II).

Amortized Premium Base: The sum of the Annual Premiums for the initial 10 years, each escalated at the applicable PUBLIC SERVICE Discount Rate to the end of year 10.

The Amortized Premium and Amortized Premium Base shall be calculated as follows:

$$\text{Amortized Premium} = \text{Amortized Premium Base} \times \frac{i(1+i)^n}{(1+i)^{n-1}}$$

Where $n = 20$

i = the current year PUBLIC SERVICE discount
rate

$$\begin{aligned} \text{Amortized Premium Base} = & \text{Annual premium Year 1} \\ & + \text{Annual premium Year 2} \\ & + \dots \\ & + \text{Annual Premium Year 9} \\ & + \text{Annual Premium Year 10} \end{aligned}$$

Where:

$$\text{Annual Premium Year 1} = P \times (1 + i_1) \times (1 + i_2) \times \dots \times (1 + i_q) (1 + i_{10})$$

$$\text{Annual Premium Year 2} = P \times (1 + i_2) \times (1 + i_3) \times \dots \times (1 + i_q) (1 + i_{10})$$

.

.

.

$$\text{Annual Premium Year 10} = P (1 + i_{10})$$

Where (1) P is 10.0 cents per kwh less price per Paragraph

II.B of PSNH Policy Statement

(2) i_n is the PUBLIC SERVICE discount rate applicable

for year n expressed as a decimal.

For the purposes of determining the Amortized Premium Base and the Amortized Premium, the PUBLIC SERVICE Discount Rate shall be the sum of:

- (i) The percent of equity in PUBLIC SERVICE'S capital structure times the allowed rate of return on equity for PUBLIC SERVICE, plus
- (ii) The percent of preferred stock in PUBLIC SERVICE'S capital structure times the cost of preferred stock for PUBLIC SERVICE, plus
- (iii) The percent of debt in PUBLIC SERVICE'S capital structure times the cost of debt for PUBLIC SERVICE.

This Discount Rate shall be determined annually by PUBLIC SERVICE and submitted together with appropriate backup documentation and calculations, to SELLER.

Rider B

Public Service shall be solely responsible for arrangements for further transmission service from the Delivery Point.

Rider C

When all or part of any bill shall remain unpaid for more than twenty (20) days after the rendering thereof by Seller, interest at the rate of 1 1/2% per month shall accrue to Seller from and after the rendering of said bill and be payable to Seller on either (a) such unpaid amount, or (b) in the event the amount of the bill is disputed, the amount finally determined to be due and payable. In the event that PUBLIC SERVICE does not read the meter by the date prescribed above, Seller may submit, and Public Service shall accept and make payment for power on the basis of Seller's meter reading.

Rider C1

In the event indemnification as to any claim is sought pursuant to this Article, the party seeking indemnification shall, within ten (10) days after receiving notice of such claim, give the other party written notice of such claim and an opportunity to defend against such claim and shall cooperate with the other party in such defense.

Rider D

(other than amounts due and owing pursuant to this Contract for payment for output from Seller's generating facility)

Rider E

Notwithstanding anything to the contrary contained in this Contract, Seller shall not be responsible in tort or contract or otherwise to Public Service for damages of any description whatsoever, including but not limited to incidental, indirect or consequential damages, which may result from any interruption or failure of service or deficiency in quality of service unless such interruption or failure or deficiency is the result of negligent or willful default by Seller in rendering service hereunder. It is the intent of the provisions of this paragraph that Public Service shall assume the risks of interruption, failure or deficiency in quality or quantity of service caused by the hazards of business to the same extent as if Public Service were itself operating Seller's generating facility for the purpose of supplying itself with electricity.

Rider F

The party whose performance is affected shall promptly notify the other party in writing of any actual or potential delay and shall use all reasonable efforts and diligence to overcome, remove or remedy the cause in the shortest practicable time.

Rider G

This Contract shall become effective between the parties as of the date hereof and shall run for a term of thirty (30) years, such term to commence upon the latest to occur of the execution and delivery of this Contract, the proper installation by Seller of the metering, interconnection and protection equipment as specified herein or the Date of Substantial Completion, as such term is defined in the Construction Contract dated January, 1982 between Seller and Perini Corporation.

Rider H

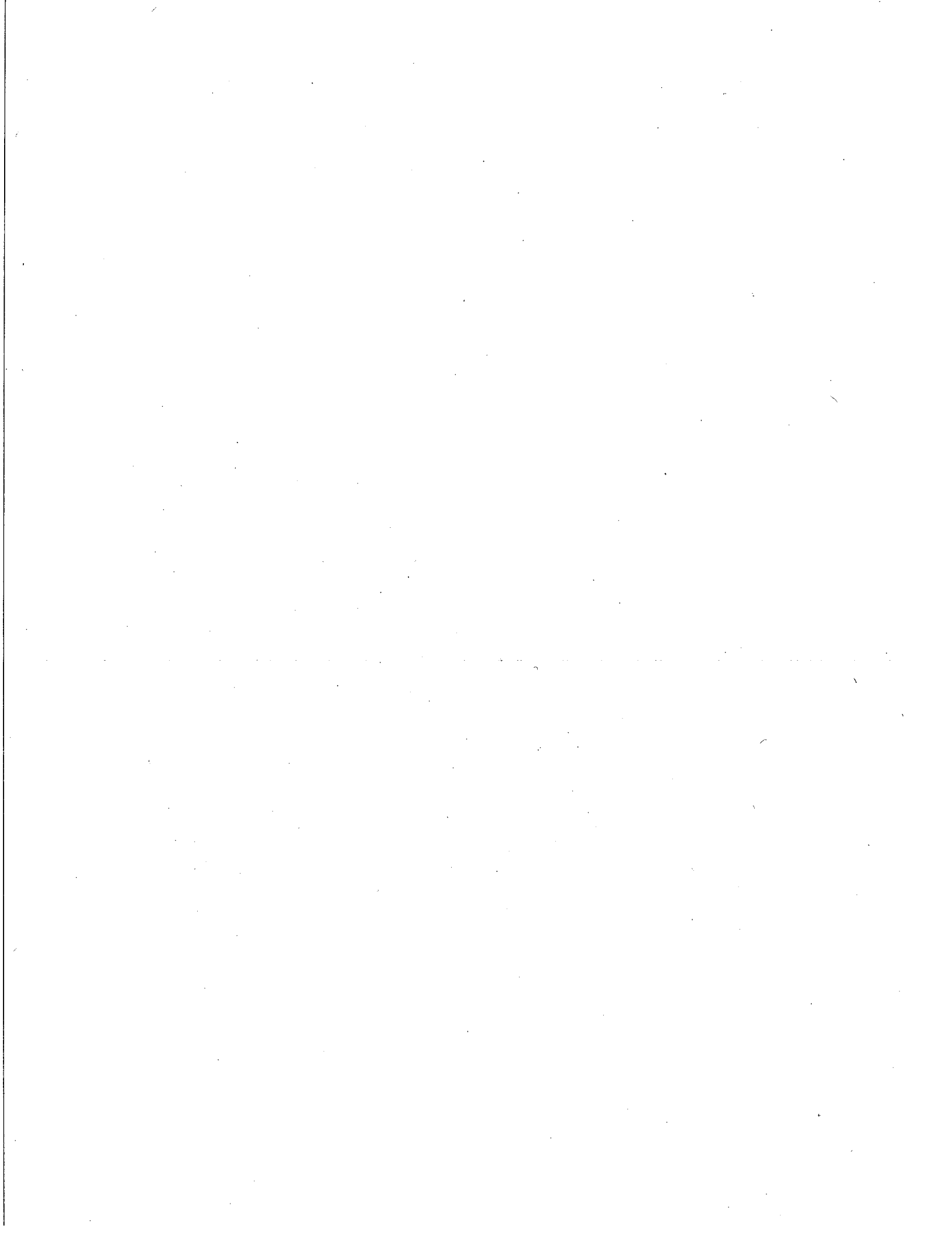
Notwithstanding the foregoing, Public Service hereby understands, agrees and consents to the assignment by Seller of all the right, title and interest of Seller in and to this Contract to New England Merchants National Bank as security for Seller's obligations under a loan agreement to be entered into between Seller and said bank to finance the development, construction, rehabilitation and operation of Seller's generating facility and the notes under said loan agreement.

Rider I

All claims, disputes and other matters in question arising out of, or relating to, this Agreement or the breach thereof, shall be decided in Boston, Massachusetts in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect unless the parties mutually agree otherwise. This agreement to arbitrate shall be specifically enforceable under the prevailing law. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

Rider J

Except as otherwise specifically provided, all notices required or permitted by this Contract shall be in writing and shall be deemed to have been duly given when delivered in hand or deposited in the mail, postage prepaid, registered mail addressed to the party to whom notice is being given at its address set forth below.



NEW HAMPSHIRE HYDRO ASSOCIATES
99 NORTH STATE STREET
CONCORD, N.H. 03301
(603) 224-8333

- No attachment of policy statement
- incorp. in the doc.
- drastic change of conditions
(per Fitzberg) - renegotiate

January 7, 1981

Mr. John E. Lyons
Public Service Company of New Hampshire
1000 Elm Street
Manchester, NH 02105

Re: Penacook Lower Falls Project Power Sales Agreement

Dear Mr. Lyons:

Enclosed please find a copy of proposed modifications and additions to Public Service's proposed power sales agreement that New Hampshire Hydro Associates offers for your consideration. Regarding the incremented energy cost (IEC) data that you provided with your letter of December 21, 1981, let me again assure you that NHHA clearly understands that these are only PSNH's current estimates, and that the actual IEC's will be those used in determining the price for power in the contract.

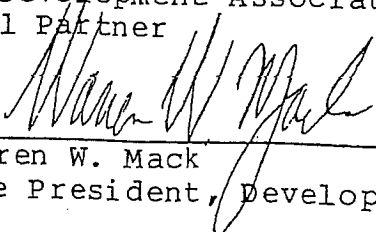
NHHA is currently drafting language concerning a "put" of the plant to PSNH should NHHA cease operations, and provisions for payments for capacity if and when the Penacook Project will enable PSNH to avoid adding capacity to their system.

NHHA looks forward to your expeditious response to the enclosed.

Sincerely,

NEW HAMPSHIRE HYDRO ASSOCIATES

By: Essex Development Associates, Inc.
General Partner

By: 
Warren W. Mack
Vice President, Development

WWM/hjd

Enclosures

LAWRENCE OFFICES
SIX ESSEX STREET, LAWRENCE, MA 01840 (617) 687-2312

Reply to: 110 Tremont Street, Boston, MA (617) 451-1103

CONTRACT FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY

CONTRACT, dated , 1982, by and between

New Hampshire Hydro Associates, a New Hampshire limited partnership having its principal place of business in Concord, New Hampshire (hereinafter referred to as SELLER), and

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a New Hampshire corporation having its principal place of business in Manchester, New Hampshire (hereinafter referred to as PUBLIC SERVICE).

WHEREAS, SELLER is engaged in the business of ^{the} generation of electrical energy,

WHEREAS, SELLER desires to sell its entire generation output to PUBLIC SERVICE,

WHEREAS, PUBLIC SERVICE is engaged in the business of the generation, transmission, and distribution of electrical energy,

WHEREAS, PUBLIC SERVICE has determined it would be beneficial to secure a reliable supply of electrical energy for a period of not less than thirty years,

WHEREAS, SELLER is ^{desires} ~~willing and able~~ to sell its entire output to PUBLIC SERVICE for thirty years;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, SELLER and PUBLIC SERVICE hereby agree as follows:

Article 1. Basic Agreement.

Subject to the terms, provisions, and conditions of this Contract, SELLER agrees to furnish and sell and PUBLIC SERVICE agrees to purchase and receive all of the electric energy produced by the SELLER from its Penacook Lower Falls generating facility, located in the Village of Penacook ^{located with the City of Concord and the Town of Boscaawen,} New Hampshire.

Article 2. Availability & Delivery.

During the term hereof, SELLER shall operate its generating ^{facility} unit, to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output ^{measured} (in kilowatthours) from said ^{facility} unit when in operation.

Said ^{output} generation shall be delivered to PUBLIC SERVICE at the point of interconnection ^{to be mutually agreed upon} between the generating facility of SELLER and the _____ kilovolt electric system of PUBLIC SERVICE (hereinafter referred to as DELIVERY POINT).

Unless PUBLIC SERVICE converts its interconnecting circuit, all electric energy delivered to PUBLIC SERVICE through the DELIVERY POINT shall be _____ phase, sixty hertz current at _____ kilovolts.

Rider A

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be determined as follows:

RIDER A

~~A. An index price of 9.0 cents per kilowatthour (KWH) is established for the Contract pricing and is the initial price to be paid under this Contract subject to the following provisions.~~

1. For the first 10 years of the Contract, PUBLIC SERVICE will retain 10 percent (0.9 cents per KWH) for all energy purchased. During the second 10 years of the Contract, PUBLIC SERVICE will pay the SELLER an additional 0.9 cents per KWH, above the contract price, for purchased energy. The total of said additional payments, for any given year, shall not exceed one-tenth (1/10) of the total money retained by PUBLIC SERVICE during the first ~~ten~~ Contract years.

~~2. At such time that 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the rate to be paid under this Contract will increase in accordance with the provisions of Paragraph B.~~

B. All escalating payments in excess of the index will be determined as a percentage of PUBLIC SERVICE's incremental energy cost. As soon as 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the contract price will be based on 96 percent of PUBLIC SERVICE's incremental energy cost for a period of one year. For each subsequent year, the percentage of PUBLIC SERVICE's incremental energy cost to be paid will be reduced by 4 percent (i.e. 96 percent, 92 percent, 88 percent, 84 percent, etc.), until the incremental energy cost is reduced only 2 percent to reach 50 percent of PUBLIC SERVICE's incremental energy cost. At such time, the contract price will remain at the 50 percent rate for the remainder of the contract term.

PUBLIC SERVICE's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of PUBLIC SERVICE's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. PUBLIC SERVICE's incremental energy cost, for the purposes of this Contract, will be expressed as a yearly average and will be calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

~~If the price paid during any year is less than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of an additional payment for each KWH sold to PUBLIC SERVICE during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The adjustment will be paid within one month after PUBLIC SERVICE's incremental energy cost for the previous year has been determined.~~

~~If the price paid during any year is more than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of a refund to PUBLIC SERVICE for each KWH sold during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The refund will be made to PUBLIC SERVICE by applying one-twelfth of the total amount as a reduction to each month's payment by PUBLIC SERVICE during the current year. If for any month, no payment is due the SELLER, or the payment due is not equal to the refund, a payment to PUBLIC SERVICE will be made by SELLER so that the total recovery is achieved by PUBLIC SERVICE by the end of the current year.~~

Article 4. Metering.

The metering shall be configured so as to represent the generation delivered to PUBLIC SERVICE. The metering may be installed on the generation side of the transformer provided that transformer losses are subtracted from the measured generation by a suitable method.

mutually agreeable

A

SELLER will install, own, and maintain all metering equipment as referenced in Article 5, to measure the flow of electrical energy from SELLER to PUBLIC SERVICE. If at any time, the meter is found to be in error by more than two percent fast or slow (+ or - 2%), SELLER shall cause such meter to be corrected and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the preceding month shall be made except by agreement of the parties. All tests and calibrations shall be made in accordance with Section V-14 of the NHPUC Rules and Regulations Prescribing Standards for Electric Utilities in effect as of September 8, 1972, as amended.

et a copy of these Rules and Regulations)

The meter shall be tested as prescribed in said Rules and Regulations.

In addition to the regular routine tests, ^{prescribed in said Rules and Regulations,} SELLER shall cause the meter to be tested at any time upon request of and in the presence of a representative of PUBLIC SERVICE. If such equipment proves accurate within two percent fast or slow (+ or - 2%), the expense of the test shall be borne by PUBLIC SERVICE.

PUBLIC SERVICE reserves the right to secure or seal the metering installation, to require SELLER to measure electrical energy sold to PUBLIC SERVICE on an hourly basis, and to require SELLER to notify PUBLIC SERVICE once each day of SELLER's generation in kilowatthours for each hour during the prior 24 hours.

which equipment shall be similar to that installed in generating facilities in the region which are similar to that of Seller,

Article 5. Interconnection & Protection Requirements.

The SELLER shall install all interconnection, protection, metering, and control equipment as specified in PUBLIC SERVICE's study of the SELLER's electric generating facility, which study is, or will be upon mutual consent of both parties, attached hereto as Attachment A, and

any other such equipment which may be ^{reasonably} necessary to ensure the safe and reliable operation of SELLER's generating ^{facility} unit in parallel with PUBLIC SERVICE's system. SELLER shall bear all costs associated with said equipment and its installation.

All said interconnection, protection, metering, and control equipment including, but not limited to, line extensions, transformers, meters, relays, breakers, and appurtenant equipment shall remain the sole property of SELLER.

SELLER shall have sole responsibility for the operation, maintenance, and repair of its generating ^{facility} unit, including the inter-connection, protection, metering, and control equipment. SELLER shall maintain, repair, or replace said generating ^{facility} unit including said equipment whenever necessary for the safe and reliable operation of SELLER's electric generating facility in parallel with PUBLIC SERVICE's system. RIDER B

In addition to the above, upon the ^{commencement of the term} ~~effective date~~ of this Contract, and every twelve months thereafter, the SELLER shall test, or cause to be tested, all protection devices including verification of calibration and tripping functions; and the SELLER shall notify PUBLIC SERVICE in writing that said tests have been conducted. SELLER shall ^{orally} notify PUBLIC SERVICE of any defect affecting the safety or reliability of said equipment not later than two hours after its discovery of the same.

2 hours a reasonable time?)

If either party reasonably determines that any portion of the protection system as required in Article 5, its operation or use thereof, will or may not perform its protective function, including but not limited to opening the interconnecting tie, SELLER shall open the inter-connection between PUBLIC SERVICE's system and SELLER's facility.

SELLER shall notify PUBLIC SERVICE not more than two days after it has opened said interconnection. PUBLIC SERVICE shall not be obligated to purchase electrical energy from SELLER, and the interconnection shall remain open, until SELLER has satisfactorily cured said defect at no cost to PUBLIC SERVICE.

Article 6. Right of Access.

Upon ^{reasonable} prior written or oral notice to SELLER, PUBLIC SERVICE shall have the right to enter the property of SELLER at reasonable times and shall be provided access to SELLER's metering, protection, control, and interconnection equipment *for the purposes of inspection thereof.*

Article 7. Modifications.

If SELLER plans any ^{material} modifications to its electric generating facility, SELLER shall give PUBLIC SERVICE prior written notice of its intentions. In the event that PUBLIC SERVICE reasonably determines that said modifications would necessitate changes to the interconnection, protection, control, or metering equipment or would cause PUBLIC SERVICE to incur additional expenses associated therewith, the SELLER shall make such changes as reasonably required by PUBLIC SERVICE and reimburse PUBLIC SERVICE for said expenses before PUBLIC SERVICE is obligated to purchase any increased output.

If the PUBLIC SERVICE interconnecting circuit is converted to a higher voltage in the future, the SELLER shall be responsible for all interconnection changes necessitated by the conversion and shall bear all costs associated with said conversion. *Public Service shall give Seller reasonable notice of said conversion.*

Article 8. Billing & Payment.

PUBLIC SERVICE shall read the meter, installed in accordance with Article 4, ^{no later than the close of business on the first business day following} ~~on or at~~ the end of each month, and PUBLIC SERVICE shall, ^{no later than the close of business on the second business day following the end of each month,} send the SELLER a form showing the month's beginning and ending meter readings and total net kilowatthour generation.

SELLER shall then transmit to PUBLIC SERVICE a bill showing the amount due, which amount will be determined by multiplying the rate per kilowatthour specified in Article 3 times the number of kilowatthours delivered to PUBLIC SERVICE since the prior reading of the meter, and PUBLIC SERVICE will send to SELLER a payment for that amount within 20 days of receipt of SELLER's bill.

^A RIDER C

Article 9. Liability & Insurance.

a. Each party will be responsible for its ^{own} ~~own~~ facilities and the operation thereof and will indemnify and save the other harmless from ^{and against} ~~any~~ and all loss by reason of property damage, ^{or} ~~or~~ bodily injury, including death resulting therefrom, suffered by any person or persons including the parties hereto, employees thereof or ^{third parties} ~~members of the public~~, (and all expenses in connection therewith, including attorney's fees), whether arising in contract, warranty, tort (including negligence), strict ^{caused by such party, its officers, employees, agents or directors, or} liability or otherwise, ^{caused by or sustained on,} ~~caused by or sustained on,~~ ~~or alleged~~ ~~to be caused by or sustained on~~ equipment or facilities, or the operation or use thereof, owned or controlled by such party, ^{unless caused by an act of negligence or willful misconduct of the other party or} ~~except that~~ each party shall be solely responsible for and shall bear all costs of claims by its own employees or contractors growing out of any workmen's compensation law.

RIDER C1

an officer, employee, agent or director of the other party.
Notwithstanding the foregoing,

- b. SELLER hereby agrees to maintain in force and effect, for the duration of this Contract, Workmen's Compensation Insurance, as required by statute, and Comprehensive General Liability Insurance for bodily injury and property damage at minimum limits of \$1,000,000. Within sixty days of the effective date of this Contract, the SELLER agrees to provide PUBLIC SERVICE with a certificate of such insurance.
- c. In no event shall PUBLIC SERVICE be liable, whether in contract, tort (including negligence), strict liability, warranty, or otherwise, for any special, indirect, incidental, or consequential loss or damage, including but not limited to cost of capital, cost of replacement power, loss of profits or revenues, or the loss of the use thereof. This provision, subsection c of Article 9, shall apply notwithstanding any other provision of this Contract.

RIDER D

d. RIDER E

Article 10. Force Majeure.

~~Either~~ ^{Neither} party shall ~~not~~ be considered to be in default hereunder and shall be excused from purchasing or selling electricity hereunder if and to the extent that it shall be prevented from doing so by ^{severe weather,} ~~storm,~~ flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, withdrawal of facilities from operation for necessary maintenance and repair, or any ^{other} cause beyond the reasonable control of either party.

RIDER F

Article 11. Effective Date & Contract Term.

~~This Contract shall become effective between the parties as of the date hereof, provided that the metering, interconnection, and~~

RIDER G

~~protection equipment, as specified herein has been properly installed by the SELLER. If said equipment has not been properly installed, this Contract shall become effective between the parties as of the date of proper installation of said equipment or as of the date SELLER begins delivering energy to PUBLIC SERVICE, whichever occurs latest. As of the effective date of this Contract, the Contract shall remain in full force and effect for thirty (30) years.~~

In order for any modification to this Contract to be binding upon the parties, said modifications must be in writing and signed by both parties.

Article 12. Prior Agreements Superseded.

This Contract with Attachment A represents the entire agreement between the parties hereto relating to the subject matter hereof, and all previous agreements, discussion, communications, and correspondence with respect to the said subject matter are superseded by the execution of this Contract.

Article 13. Waiver of Terms or Conditions.

The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Contract shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

Article 14. General.

This Contract shall be binding upon, and inure to the benefit of the respective successors and assigns of the parties hereto, provided that SELLER shall not assign this Contract except to an affiliated company, without the prior written consent of PUBLIC SERVICE, which

company" shall include any partnership in which SELLER or one of SELLER's subsidiaries or affiliates is a general partner or any corporation in which SELLER or one of its subsidiaries or affiliates owns or controls more than 50 percent of the voting stock or otherwise has operating control. In the event of an assignment to an affiliate, SELLER shall notify PUBLIC SERVICE within five (5) days of the effective date of the assignment.

^ Rider H

Article 15. Arbitration *^ RIDER I*
Article 16. Applicable Law.

This Contract is made under the laws of The State of New Hampshire and the interpretation and performance hereof shall be in accordance with and controlled by the laws of that State.

Article 16. Mailing Addresses.

^ Rider J

The mailing addresses of the parties are as follows:

SELLER: New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301
With a copy to:

*Essex Development
Associates, Inc.
110 Tremont Street
Boston, MA 02108
Attn: General Counsel*

PUBLIC SERVICE: Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105
Attn: Henry J. Ellis, Vice President

IN WITNESS WHEREOF, the parties have hereunto caused their names to be subscribed, as of the day and year first above written.

NEW HAMPSHIRE HYDRO ASSOCIATES
By: Essex Development Associates, Inc., General Partner

(Witness)

By: _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

(Witness)

By: _____
Henry J. Ellis, Vice President

RIDER A

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be determined as follows:

A. For the initial ten (10) years of the term of the Contract, commencing as described in Rider G, below, (operating years 1 through 10 of the facility operations) an index price of 10.0 cents per kilowatt hour (kwh) is established and is to be paid under this Contract.

B. For the subsequent twenty (20) years of the term of the Contract, (years 11 through 30 of the facility operations) the price paid will be the greater of:

- (i) 8.1 cents per kwh less the Amortized Premium, or
- (ii) The percentage of PUBLIC SERVICE'S incremental energy cost for the current year per Paragraph II B of PUBLIC SERVICE'S POLICY STATEMENT CONTRACT PRICING PROVISIONS, LIMITED ELECTRICAL ENERGY PRODUCERS, dated (hereinafter referred to as PSNH Policy Statement) attached hereto as Attachment B. as if said paragraph had been in effect since the commencement of this Contract less the Amortized Premium.

For the purpose of this paragraph the following definitions shall be used:

Amortized Premium: a levelized number expressing the amount by which the index price paid pursuant to this contract during the initial ten (10) year term exceeds the index price paid pursuant to Paragraph II, Option II Fixed Rate-Future Escalating Contract, of PSNH Policy Statement (hereinafter referred to as Option II).

Amortized Premium Base: The sum of the Annual Premiums for the initial 10 years, each escalated at the applicable PUBLIC SERVICE Discount Rate to the end of year 10.

The Amortized Premium and Amortized Premium Base shall be calculated as follows:

$$\text{Amortized Premium} = \text{Amortized Premium Base} \times \frac{i(1+i)^n}{(1+i)^{n-1}}$$

Where $n = 20$

i = the current year PUBLIC SERVICE discount
rate

$$\begin{aligned} \text{Amortized Premium Base} &= \text{Annual premium Year 1} \\ &+ \text{Annual premium Year 2} \\ &+ \dots \\ &+ \text{Annual Premium Year 9} \\ &+ \text{Annual Premium Year 10} \end{aligned}$$

Where:

$$\text{Annual Premium Year 1} = P \times (1 + i_1) \times (1 + i_2) \times \dots \times (1 + i_q) (1 + i_{10})$$

$$\text{Annual Premium Year 2} = P \times (1 + i_2) \times (1 + i_3) \times \dots \times (1 + i_q) (1 + i_{10})$$

$$\text{Annual Premium Year 10} = P (1 + i_{10})$$

Where (1) P is 10.0 cents per kwh less price per Paragraph II.B of PSNH Policy Statement

(2) i_n is the PUBLIC SERVICE discount rate applicable for year n expressed as a decimal.

For the purposes of determining the Amortized Premium Base and the Amortized Premium, the PUBLIC SERVICE Discount Rate shall be the sum of:

- (i) The percent of equity in PUBLIC SERVICE'S capital structure times the allowed rate of return on equity for PUBLIC SERVICE, plus
- (ii) The percent of preferred stock in PUBLIC SERVICE'S capital structure times the cost of preferred stock for PUBLIC SERVICE, plus
- (iii) The percent of debt in PUBLIC SERVICE'S capital structure times the cost of debt for PUBLIC SERVICE.

This Discount Rate shall be determined annually by PUBLIC SERVICE and submitted together with appropriate backup documentation and calculations, to SELLER.

Rider B

Public Service shall be solely responsible for arrangements for further transmission service from the Delivery Point.

Rider C

When all or part of any bill shall remain unpaid for more than twenty (20) days after the rendering thereof by Seller, interest at the rate of 1 1/2% per month shall accrue to Seller from and after the rendering of said bill and be payable to Seller on either (a) such unpaid amount, or (b) in the event the amount of the bill is disputed, the amount finally determined to be due and payable. In the event that PUBLIC SERVICE does not read the meter by the date prescribed above, Seller may submit, and Public Service shall accept and make payment for power on the basis of Seller's meter reading.

Rider C1

In the event indemnification as to any claim is sought pursuant to this Article, the party seeking indemnification shall, within ten (10) days after receiving notice of such claim, give the other party written notice of such claim and an opportunity to defend against such claim and shall cooperate with the other party in such defense.

Rider D

(other than amounts due and owing pursuant to this Contract for payment for output from Seller's generating facility)

Rider E

Notwithstanding anything to the contrary contained in this Contract, Seller shall not be responsible in tort or contract or otherwise to Public Service for damages of any description whatsoever, including but not limited to incidental, indirect or consequential damages, which may result from any interruption or failure of service or deficiency in quality of service unless such interruption or failure or deficiency is the result of negligent or willful default by Seller in rendering service hereunder. It is the intent of the provisions of this paragraph that Public Service shall assume the risks of interruption, failure or deficiency in quality or quantity of service caused by the hazards of business to the same extent as if Public Service were itself operating Seller's generating facility for the purpose of supplying itself with electricity.

Rider F

The party whose performance is affected shall promptly notify the other party in writing of any actual or potential delay and shall use all reasonable efforts and diligence to overcome, remove or remedy the cause in the shortest practicable time.

Rider G

This Contract shall become effective between the parties as of the date hereof and shall run for a term of thirty (30) years, such term to commence upon the latest to occur of the execution and delivery of this Contract, the proper installation by Seller of the metering, interconnection and protection equipment as specified herein or the Date of Substantial Completion, as such term is defined in the Construction Contract dated January, 1982 between Seller and Perini Corporation.

Rider H

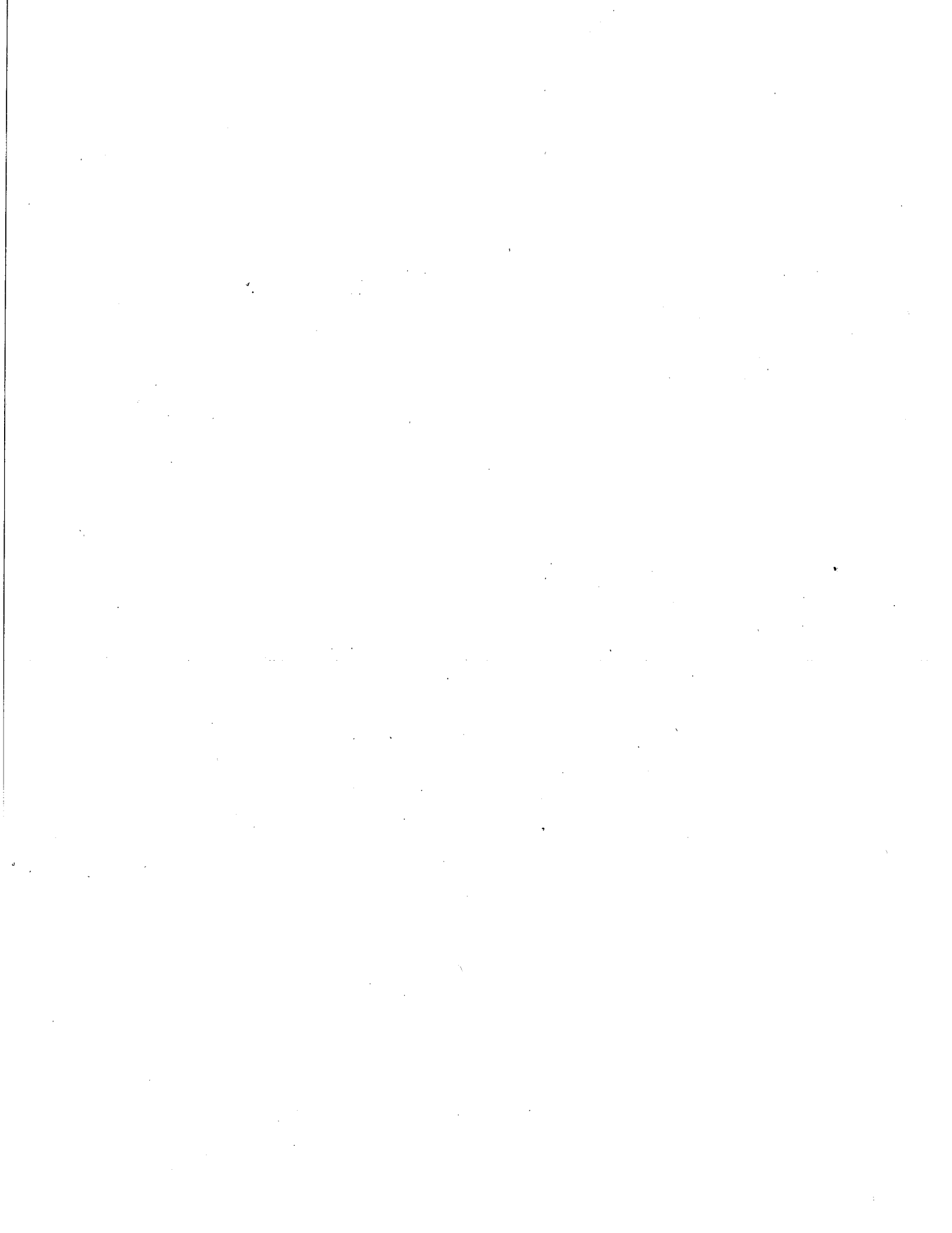
Notwithstanding the foregoing, Public Service hereby understands, agrees and consents to the assignment by Seller of all the right, title and interest of Seller in and to this Contract to New England Merchants National Bank as security for Seller's obligations under a loan agreement to be entered into between Seller and said bank to finance the development, construction, rehabilitation and operation of Seller's generating facility and the notes under said loan agreement.

Rider I

All claims, disputes and other matters in question arising out of, or relating to, this Agreement or the breach thereof, shall be decided in Boston, Massachusetts in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect unless the parties mutually agree otherwise. This agreement to arbitrate shall be specifically enforceable under the prevailing law. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

Rider J

Except as otherwise specifically provided, all notices required or permitted by this Contract shall be in writing and shall be deemed to have been duly given when delivered in hand or deposited in the mail, postage prepaid, registered mail addressed to the party to whom notice is being given at its address set forth below.



CONTRACT FOR THE PURCHASE AND SALE OF ELECTRIC ENERGY

CONTRACT

WUMack copy
As given to PSHW
1/7/82

CONTRACT, dated _____, 1982, by and between

New Hampshire Hydro Associates, a New Hampshire limited

partnership having its principal place of business in Concord,

New Hampshire

(hereinafter referred to as SELLER), and

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a New Hampshire corporation

having its principal place of business in Manchester, New Hampshire

(hereinafter referred to as PUBLIC SERVICE).

WHEREAS, SELLER is engaged in the business of ^{the} generation of electrical energy,

WHEREAS, SELLER desires to sell its entire generation output to PUBLIC SERVICE,

WHEREAS, PUBLIC SERVICE is engaged in the business of the generation, transmission, and distribution of electrical energy,

WHEREAS, PUBLIC SERVICE has determined it would be beneficial to secure a reliable supply of electrical energy for a period of not less than thirty years,

WHEREAS, SELLER ^{desires} is willing and able to sell its entire output to PUBLIC SERVICE for thirty years;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, SELLER and PUBLIC SERVICE hereby agree as follows:

Article 1. Basic Agreement.

Subject to the terms, provisions, and conditions of this Contract, SELLER agrees to furnish and sell and PUBLIC SERVICE agrees to purchase and receive all of the electric energy produced by the SELLER from its Penacook Lower Falls generating facility, located in the village of Penacook located within the City of Concord and the Town of Boscawen, New Hampshire.

Section
rate of test
pur

PURPA

Article 2. Availability & Delivery.

During the term hereof, SELLER shall operate its generating unit ^{facility} to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output ^{measured} in kilowatthours) ^{facility} from said unit when in operation.

Said generation ^{output} shall be delivered to PUBLIC SERVICE at the point of interconnection ^{to be mutually agreed upon} between the generating facility of SELLER and the _____ kilovolt electric system of PUBLIC SERVICE (hereinafter referred to as DELIVERY POINT).

Unless PUBLIC SERVICE converts its interconnecting circuit, all electric energy delivered to PUBLIC SERVICE through the DELIVERY POINT shall be _____ phase, sixty hertz current at _____ kilovolts.

Interconnection will be with Concord Electric Company. We don't want to be resp. for cost of wheeling.

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be determined as follows:

^{RIDER A.}

~~A. An index price of 9.0 cents per kilowatthour (KWH) is established for the Contract pricing and is the initial price to be paid under this Contract subject to the following provisions.~~

- ~~1. For the first 10 years of the Contract, PUBLIC SERVICE will retain 10 percent (0.9 cents per KWH) for all energy purchased. During the second 10 years of the Contract, PUBLIC SERVICE will pay the SELLER an additional 0.9 cents per KWH, above the contract price, for purchased energy. The total of said additional payments, for any given year, shall not exceed one-tenth (1/10) of the total money retained by PUBLIC SERVICE during the first ten Contract years.~~

~~2. At such time that 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the rate to be paid under this Contract will increase in accordance with the provisions of Paragraph B.~~

~~B. All escalating payments in excess of the index will be determined as a percentage of PUBLIC SERVICE's incremental energy cost. As soon as 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the contract price will be based on 96 percent of PUBLIC SERVICE's incremental energy cost for a period of one year. For each subsequent year, the percentage of PUBLIC SERVICE's incremental energy cost to be paid will be reduced by 4 percent (i.e. 96 percent, 92 percent, 88 percent, 84 percent, etc.), until the incremental energy cost is reduced only 2 percent to reach 50 percent of PUBLIC SERVICE's incremental energy cost. At such time, the contract price will remain at the 50 percent rate for the remainder of the contract term.~~

PUBLIC SERVICE's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of PUBLIC SERVICE's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. PUBLIC SERVICE's incremental energy cost, for the purposes of this Contract, will be expressed as a yearly average and will be calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

OK

~~If the price paid during any year is less than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of an additional payment for each KWH sold to PUBLIC SERVICE during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The adjustment will be paid within one month after PUBLIC SERVICE's incremental energy cost for the previous year has been determined, but in no event later than 60 days following the end of the year.~~

If the price paid during any year is more than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of a refund to PUBLIC SERVICE for each KWH sold during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The refund will be made to PUBLIC SERVICE by applying one-twelfth of the total amount as a reduction to each month's payment by PUBLIC SERVICE during the current year. If for any month, no payment is due the SELLER, or the payment due is not equal to the refund, a payment to PUBLIC SERVICE will be made by SELLER so that the total recovery is achieved by PUBLIC SERVICE by the end of the current year.

OK

OK

Article 4. Metering.

The metering shall be configured so as to represent the generation delivered to PUBLIC SERVICE ^{as measured at the Point of Delivery.} The metering may be installed on the generation side of the transformer provided that transformer losses are ^{mutually agreeable} subtracted from the measured generation by a suitable method.

rent
line
P/D

SELLER will install, own, and maintain all metering equipment as referenced in Article 5, to measure the flow of electrical energy from SELLER to PUBLIC SERVICE. If at any time, the meter is found to be in error by more than two percent fast or slow (+ or - 2%), SELLER shall cause such meter to be corrected and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the preceding month shall be made except by agreement of the parties. All tests and calibrations shall be made in accordance with Section V-14 of the NHPUC Rules and Regulations Prescribing Standards for Electric Utilities in effect as of September 8, 1972, as amended.

+ a copy of
these Rules
and
Regulations)

The meter shall be tested as prescribed in said Rules and Regulations.

In addition to the regular routine tests, ^{prescribed in said Rules and Regulations,} SELLER shall cause the meter to be tested at any time upon request of and in the presence of a representative of PUBLIC SERVICE. If such equipment proves accurate within two percent fast or slow (+ or - 2%), the expense of the test shall be borne by PUBLIC SERVICE.

PUBLIC SERVICE reserves the right to secure or seal the metering installation, to require SELLER to measure electrical energy sold to PUBLIC SERVICE on an hourly basis, and to require SELLER to notify PUBLIC SERVICE once each day of SELLER's generation in kilowatthours for each hour during the prior 24 hours.

taking into account
which equipment shall be similar to that
installed in generating facilities in the
region which are similar to that of Seller,

Article 5. Interconnection & Protection Requirements.

The SELLER shall install all interconnection, protection, metering, and control equipment ^{is reasonably} as specified in PUBLIC SERVICE's study of the SELLER's electric generating facility ^{Such} which study is, or will be upon mutual consent of both parties, attached hereto as Attachment A, and

Concords requirements shouldn't be > P.S.'s
(they're an all-requirements customer)

KPA

any other such equipment which may be ^{reasonably} necessary to ensure the safe and reliable operation of SELLER's generating unit ^{facility} in parallel with PUBLIC SERVICE's system. SELLER shall bear all costs associated with said equipment and its installation.

All said interconnection, protection, metering, and control equipment including, but not limited to, line extensions, transformers, meters, relays, breakers, and appurtenant equipment shall remain the sole property of SELLER.

SELLER shall have sole responsibility for the operation, maintenance, and repair of its generating unit, ^{facility} including the inter-connection, protection, metering, and control equipment. SELLER shall maintain, repair, or replace said generating unit ^{facility} including said equipment whenever necessary for the safe and reliable operation of SELLER's electric generating facility in parallel with PUBLIC SERVICE's system. RIDER B

In addition to the above, upon the ^{commencement of the term} effective-date of this Contract, and every twelve months thereafter, the SELLER shall test, or cause to be tested, all protection devices including verification of calibration and tripping functions; and the SELLER shall notify PUBLIC SERVICE in writing that said tests have been conducted. SELLER shall ^{orally} notify PUBLIC SERVICE of any defect affecting the safety or reliability of said equipment not later than ~~two~~ ^{Twenty Four} hours after its discovery of the same.

2 hours a reasonable time?)

If either party reasonably determines that any portion of the protection system as required in Article 5, its operation or use thereof, will or may not perform its protective function, including but not limited to opening the interconnecting tie, SELLER shall open the inter-connection between PUBLIC SERVICE's system and SELLER's facility.

SELLER shall notify PUBLIC SERVICE not more than two days after it has opened said interconnection. PUBLIC SERVICE shall not be obligated to purchase electrical energy from SELLER, and the interconnection shall remain open, until SELLER has satisfactorily cured said defect at no cost to PUBLIC SERVICE.

Statement as to obligation of PS to maintain + keep in operation the lines to point of delivery] *see rider B*

Article 6. Right of Access.

Upon ^{reasonable} prior written or oral notice to SELLER, PUBLIC SERVICE shall have the right to enter the property of SELLER at reasonable times and shall be provided access to SELLER's metering, protection, control, and interconnection equipment *for the purposes of inspection thereof.*

Article 7. Modifications.

If SELLER plans any ^{material} modifications to its electric generating facility, SELLER shall give PUBLIC SERVICE prior written notice of its intentions. In the event that PUBLIC SERVICE reasonably determines that said modifications would necessitate changes to the interconnection, protection, control, or metering equipment or would cause PUBLIC SERVICE to incur additional expenses associated therewith, the SELLER shall make such changes as reasonably required by PUBLIC SERVICE and reimburse PUBLIC SERVICE for said expenses before PUBLIC SERVICE is obligated to purchase any increased output.

*2-8 N
4 MW?*

If the PUBLIC SERVICE interconnecting circuit is converted to a higher voltage in the future, the SELLER shall be responsible for all interconnection changes necessitated by the conversion and shall bear all costs associated with said conversion. *Public Service shall give Seller reasonable notice of said conversion.*

Article 8. Billing & Payment.

PUBLIC SERVICE shall read the meter, installed in accordance with Article 4, ^{no later than the close of business on the first business day following} on-or-at the end of each month, and PUBLIC SERVICE shall, ^{no later than the close of business on the second business day following the end of each month,} send the SELLER a form showing the month's beginning and ending meter readings and total net kilowatthour generation. *wife they read the meter*

SELLER shall then transmit to PUBLIC SERVICE a bill showing the amount due, which amount will be determined by multiplying the rate per kilowatthour specified in Article 3 times the number of kilowatthours delivered to PUBLIC SERVICE since the prior reading of the meter, and PUBLIC SERVICE will send to SELLER a payment for that amount within 20 days of receipt of SELLER's bill. [^] RIDER C

Article 9. Liability & Insurance.

- a. Each party will be responsible for its ^{own} facilities and the operation thereof and will indemnify and save the other harmless from any ^{and against} and all loss by reason of property damage, ^{or} bodily injury, including death resulting therefrom, suffered by any person or persons including the parties hereto, employees thereof or ^{third parties} members of the public, (and all expenses in connection therewith, including attorney's fees), whether arising in contract, warranty, tort (including negligence), strict liability or otherwise, ^{caused by such party, its officers, employees, agents or directors, or} caused by or sustained on, ~~or alleged~~ ~~to be caused by or sustained on~~ equipment or facilities, or the operation or use thereof, owned or controlled by such party, ^{unless caused by an act of negligence or willful misconduct of the other party or} except that each party shall be solely responsible for and shall bear all costs of claims by its own employees or contractors growing out of any workmen's compensation law. ^{an officer, employee, agent or director of the other party.}

RIDER C1

Notwithstanding the foregoing,

- b. SELLER hereby agrees to maintain in force and effect, for the duration of this Contract, Workmen's Compensation Insurance, as required by statute, and Comprehensive General Liability Insurance for bodily injury and property damage at minimum limits of \$1,000,000. Within sixty days of the effective date of this Contract, the SELLER agrees to provide PUBLIC SERVICE with a certificate of such insurance.
- c. In no event shall PUBLIC SERVICE be liable, whether in Contract, tort (including negligence), strict liability, warranty, or otherwise, for any special, indirect, incidental, or consequential loss or damage, including but not limited to cost of capital, cost of replacement power, loss of profits or revenues, or the loss of the use thereof. This provision, subsection c of Article 9, shall apply notwithstanding any other provision of this Contract.

RIDER D

d. RIDER E

Article 10. Force Majeure.

^{Neither} Either party shall not be considered to be in default hereunder and shall be excused from purchasing or selling electricity hereunder if and to the extent that it shall be prevented from doing so by ^{severe weather,} storm, flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, withdrawal of facilities from operation for necessary maintenance and repair, or any ^{other} cause beyond the reasonable control of either party. ^{RIDER F} Nothing herein shall excuse PS from making timely payment of monies due hereunder.

Article 11: Effective Date & Contract Term.

~~This Contract shall become effective between the parties as of the date hereof, provided that the metering, interconnection, and~~

A RIDER G

protection-equipment, ~~as specified herein has been properly installed~~ by the SELLER. If said equipment has not been properly installed, this Contract shall become effective between the parties as of the date of proper installation of said equipment or as of the date SELLER begins delivering energy to PUBLIC SERVICE, whichever occurs latest. As of the effective date of this Contract, the Contract shall remain in full force and effect for thirty (30) years.

In order for any modification to this Contract to be binding upon the parties, said modifications must be in writing and signed by both parties.

Article 12. Prior Agreements Superseded.

This Contract with Attachment A represents the entire agreement between the parties hereto relating to the subject matter hereof, and all previous agreements, discussion, communications, and correspondence with respect to the said subject matter are superseded by the execution of this Contract.

Article 13. Waiver of Terms or Conditions.

The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Contract shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

Article 14. General.

This Contract shall be binding upon, and inure to the benefit of the respective successors and assigns of the parties hereto, provided that SELLER shall not assign this Contract except to an affiliated company, without the prior written consent of PUBLIC SERVICE, which

company" shall include any partnership in which SELLER or one of SELLER's subsidiaries or affiliates is a general partner or any corporation in which SELLER or one of its subsidiaries or affiliates owns or controls more than 50 percent of the voting stock or otherwise has operating control. In the event of an assignment to an affiliate, SELLER shall notify PUBLIC SERVICE within five (5) days of the effective date of the assignment.

^ Rider H

Article 15. Arbitration ^ RIDER I
Article 15. Applicable Law.

This Contract is made under the laws of The State of New Hampshire and the interpretation and performance hereof shall be in accordance with and controlled by the laws of that State.

Article 16. Mailing Addresses.

^ Rider J

The mailing addresses of the parties are as follows:

SELLER: New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301
with a copy to:

Defendant permission
- B. [unclear]
- [unclear]
- [unclear]
12/19/88

Essex Development
Associates, Inc.
110 Tremont Street
Boston, MA 02108
Attn: General Counsel

PUBLIC SERVICE: Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105
Attn: Henry J. Ellis, Vice President

IN WITNESS WHEREOF, the parties have hereunto caused their names to be subscribed, as of the day and year first above written.

NEW HAMPSHIRE HYDRO ASSOCIATES
By: Essex Development Associates, Inc., General Partner

(Witness)

By: _____
Name:
Title:

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

(Witness)

By: _____
Henry J. Ellis, Vice President

RIDER A

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be determined as follows:

A. For the initial ten (10) years of the term of the Contract, commencing as described in Rider G, below, (operating years 1 through 10 of the facility operations) an index price of 10.0 cents per kilowatt hour (kwh) is established and is to be paid under this Contract.

B. For the subsequent twenty (20) years of the term of the Contract, (years 11 through 30 of the facility operations) the price paid will be the greater of:

(i) ^{9.0}~~10.0~~ cents per kwh less the Amortized Premium, or

(ii) The percentage of PUBLIC SERVICE'S incremental energy cost for the current year per Paragraph II B of PUBLIC SERVICE'S POLICY STATEMENT CONTRACT PRICING PROVISIONS, LIMITED ELECTRICAL ENERGY PRODUCERS, dated (hereinafter referred to as PSNH Policy Statement) attached hereto as Attachment B. as if said paragraph had been in effect since the commencement of this Contract less the Amortized Premium.

For the purpose of this paragraph the following definitions shall be used:

Amortized Premium: a levelized number expressing the amount by which the index price paid pursuant to this contract during the initial ten (10) year term exceeds the index price paid pursuant to Paragraph II, Option II Fixed Rate-Future Escalating Contract, of PSNH Policy Statement (hereinafter referred to as Option II).

Amortized Premium Base: The sum of the Annual Premiums for the initial 10 years, each escalated at the applicable PUBLIC SERVICE Discount Rate to the end of year 10.

The Amortized Premium and Amortized Premium Base shall be calculated as follows:

$$\text{Amortized Premium} = \text{Amortized Premium Base} \times \frac{i(1+i)^n}{(1+i)^{n-1}}$$

Where $n = 20$

i = the current year PUBLIC SERVICE discount
rate

$$\begin{aligned} \text{Amortized Premium Base} = & \text{Annual premium Year 1} \\ & + \text{Annual premium Year 2} \\ & + \dots \\ & + \text{Annual Premium Year 9} \\ & + \text{Annual Premium Year 10} \end{aligned}$$

Where:

$$\text{Annual Premium Year 1} = P \times (1 + i_1) \times (1 + i_2) \times \dots \times (1 + i_q) (1 + i_{10})$$

$$\text{Annual Premium Year 2} = P \times (1 + i_2) \times (1 + i_3) \times \dots \times (1 + i_q) (1 + i_{10})$$

$$\text{Annual Premium Year 10} = P (1 + i_{10})$$

Where (1) P is 10.0 cents per kwh less price per Paragraph II.B of PSNH Policy Statement

(2) i_n is the PUBLIC SERVICE discount rate applicable for year n expressed as a decimal.

For the purposes of determining the Amortized Premium Base and the Amortized Premium, the PUBLIC SERVICE Discount Rate shall be the sum of:

- (i) The percent of equity in PUBLIC SERVICE'S capital structure times the allowed rate of return on equity for PUBLIC SERVICE, plus
- (ii) The percent of preferred stock in PUBLIC SERVICE'S capital structure times the cost of preferred stock for PUBLIC SERVICE, plus
- (iii) The percent of debt in PUBLIC SERVICE'S capital structure times the cost of debt for PUBLIC SERVICE.

This Discount Rate shall be determined annually by PUBLIC SERVICE and submitted together with appropriate backup documentation and calculations, to SELLER.

Rider B ✓

make and

*to its system
own any intervening
systems, including but
not limited to payment for
use of electrical transmissi
facilities of others*

Public Service shall ^A be solely responsible for arrangements for ~~the~~
~~the~~ further transmission service from the Delivery Point, and shall

*use its best efforts to keep such service in good working
order so that it can receive the electric energy
produced by Seller's generating facility.*

Rider C

When all or part of any bill shall remain unpaid for more than
twenty (20) days after the rendering thereof by Seller, interest
at the rate of 1 1/2% per month shall accrue to Seller from and
after the rendering of said bill and be payable to Seller on
either (a) such unpaid amount, or (b) in the event the amount of
the bill is disputed, the amount finally determined to be due and
payable. In the event that PUBLIC SERVICE does not read the
meter by the date prescribed above, Seller may submit, and Public
Service shall accept and make payment for power on the basis of
Seller's meter reading.

*Subject to correction so its
meter in dispute*

*If P-S in good faith
disputes Seller's meter reading,
it shall at the time of payment
give Seller written notice of
such protest and specify the
reasons upon which the protest
is based.*

Rider C1

In the event indemnification as to any claim is sought pursuant
to this Article, the party seeking indemnification shall, within
ten (10) days after receiving notice of such claim, give the
other party written notice of such claim and an opportunity to
defend against such claim and shall cooperate with the other
party in such defense.

Rider D

(other than amounts due and owing pursuant to this Contract for payment for output from Seller's generating facility)

Rider E

*Redundant of
the negligence?*

Notwithstanding anything to the contrary contained in this Contract, Seller shall not be responsible in tort or contract or otherwise to Public Service for damages of any description whatsoever, including but not limited to incidental, indirect or consequential damages, which may result from any interruption or failure of service or deficiency in quality of service unless such interruption or failure or deficiency is the result of negligent or willful default by Seller in rendering service hereunder. It is the ^{intent} interest of the provisions of this paragraph that Public Service shall assume the risks of interruption, failure or deficiency in quality or quantity of service caused by the hazards of business to the same extent as if Public Service were itself operating Seller's generating facility for the purpose of supplying itself with electricity.

Rider F

The party whose performance is affected shall promptly notify the other party in writing of any actual or potential delay and shall use all reasonable efforts and diligence to overcome, remove or remedy the cause in the shortest practicable time.

Rider G

This Contract shall become effective between the parties as of the date hereof and shall run for a term of thirty (30) years; such term to commence upon the latest to occur of the execution and delivery of this Contract, the proper installation by Seller of the metering, interconnection and protection equipment as specified herein or the Date of Substantial Completion, as such term is defined in the Construction Contract dated ^{March} ~~January~~, 1982 between Seller and Perini Corporation.

Rider H

Notwithstanding the foregoing, Public Service hereby understands, agrees and consents to the assignment by Seller of all the right, title and interest of Seller in and to this Contract to New England Merchants National Bank as security for Seller's obligations under a loan agreement to be entered into between Seller and said bank to finance the development, construction, rehabilitation and operation of Seller's generating facility and the notes under said loan agreement.

Rider I

All claims, disputes and other matters in question arising out of, or relating to, this Agreement or the breach thereof, shall be decided in Boston, Massachusetts in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect unless the parties mutually agree otherwise. This agreement to arbitrate shall be specifically enforceable under the prevailing law. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

Rider J

Except as otherwise specifically provided, all notices required or permitted by this Contract shall be in writing and shall be deemed to have been duly given when delivered in hand or deposited in the mail, postage prepaid, registered mail addressed to the party to whom notice is being given at its address set forth below.

RIDER K

ARTICLE . Abandonment

If, at any time during the eleventh to thirtieth years of the term of this Contract, Seller ceases operation, as defined below, of its generating facility, PUBLIC SERVICE may, at its option and upon ninety (90) days written notice to Seller and subject to the consent of the Federal Energy Regulatory Commission and Allied Leather Corporation and such other consents as would then be required, lease Seller's generating facility from Seller for the remainder of the term of this Contract at an annual rental charge equal to the annual depreciation allowance, as determined below. If and at such time as PUBLIC SERVICE exercises its option to lease, Seller and PUBLIC SERVICE shall enter into a lease containing the terms set forth in this Article ___ and such additional terms and conditions as the parties shall then mutually agree upon. If Seller and PUBLIC SERVICE are unable to reach agreement with respect to any of the terms of the lease, other than the terms provided for in this Article, the parties shall submit the terms which have not been agreed upon to binding arbitration in accordance with the rules of the American Arbitration Association then in effect and the decision of the arbitrator shall be final. As a part of said lease, PUBLIC SERVICE shall assume all of Seller's obligations relating to Seller's generating facility, including but not limited to leasehold and license payments, taxes, utility charges, insurance and operation, maintenance and repair expenses.

The Seller shall be deemed to have ceased operation of its generating facility if and only if:

- i. The generating facility has not generated any power for a period of twelve (12) successive months; and
- ii. Seller has not commenced necessary repairs or taken other appropriate action to permit resumption of power deliveries under this Contract.

The annual depreciation allowance for a given year of the lease shall be the depreciation expense that would have been charged on the books of the Seller for such year had the costs of acquisition and construction, as hereinafter defined, been depreciated over 30 years using the straight line method of depreciation and had subsequent capital expenditures, as hereinafter defined, been depreciated over the lesser of the remaining term of this Contract or the useful life of the asset using the straight line method of depreciation.

As used herein, "costs of acquisition and construction" shall mean all costs of determining the feasibility of, and acquiring, constructing, licensing, financing, carrying out and placing in operation Seller's generating facility paid or incurred by Seller prior to the commencement of the term of this Contract, and shall include but not be limited to funds required for preliminary survey, investigation and development costs, feasibility studies, engineering studies and services,

contractors' fees, permits, licenses and approvals, labor, materials, equipment, lands, rights of way, leases, franchises, easements and other interests in land and options therefor, utility services and supplies, payments to other public agencies, training and testing costs, insurance premiums, interest on construction financing and an allowance for a return on equity funds used for construction financing, fees and expenses, all federal, state and local taxes and payments in lieu of taxes legally required to be paid in connection with the acquisition and construction of the generating facility, legal and financing costs, administrative and general costs, all costs relating to injury and damage claims arising out of the acquisition and construction of the generating facility, and all other costs incurred by the Seller and properly allocable to the acquisition and construction of the generating facility and carrying out and placing the same in operation.

As used herein, subsequent capital expenditures shall mean all expenditures paid or incurred by Seller subsequent to the commencement of the term of this Contract and capitalized on the books of Seller.

Payment by PUBLIC SERVICE to Seller of the annual rental charge shall be made in equal quarterly amounts on or before the last day of March, June, September and December. In the event the term of the lease commences on a day other than the first day of a calendar quarter, such rental charge shall be pro rated

accordingly. Interest shall accrue to Seller at a rate of 1 1/2% per month from and after the due date on the amount of any payments not made within twenty days of the due date.

ARTICLE . Compensation for Capacity

If at any time during the term of this Contract, the existence and operation of Seller's generating facility enables PUBLIC SERVICE to defer additions to its sources of generating capacity, then PUBLIC SERVICE agrees to compensate Seller for the capacity contribution made by Seller's generating facility. Seller shall be entitled to such compensation upon the occurrence of one or more of the following events:

- a. PUBLIC SERVICE places into service new generating capacity (with the exception of the current construction program of PUBLIC SERVICE);
- b. PUBLIC SERVICE purchases an ownership interest in a power generating facility in service (with the exception of current contractual arrangements);
- c. PUBLIC SERVICE enters into a power purchase agreement for firm power in which a capacity charge is incurred (with the exception of current contractual arrangements); or

- d. PUBLIC SERVICE has a lower reserve margin than is required by New England Power Pool ("NEPOOL") under the New England Power Pool Agreement dated as of September 1, 1971, and incurs NEPOOL capacity deficiency charges

At such time as one or more of the above-described events occurs, PUBLIC SERVICE shall give Seller prompt written notice thereof and shall, commencing with the month next succeeding such event and continuing for the remaining term of this Contract, compensate Seller on the basis of the capacity contribution made by Seller's generating facility. The capacity of Seller's generating facility shall be determined by using the method outlined in the NEPOOL publication entitled, "Instructions for Periodic Capability Audit Tests of NEPOOL Generating Units," or, if such publication is not then in existence, whatever method of determining capacity contribution is commonly used at such time. The per kilowatt value of the capacity shall be established by determining the cost avoided by PUBLIC SERVICE. If the avoided cost is an increment of purchased or PUBLIC SERVICE-built generating capacity as described in a. or b. above, then the amount of compensation shall be equal to the annual avoided cost, i.e., the total capital cost of such capacity times the then current fixed charge rate of PUBLIC SERVICE.

Capacity payments by PUBLIC SERVICE to Seller shall be made in equal monthly installments on the same terms and conditions as the regular billing described in Article 8 above.

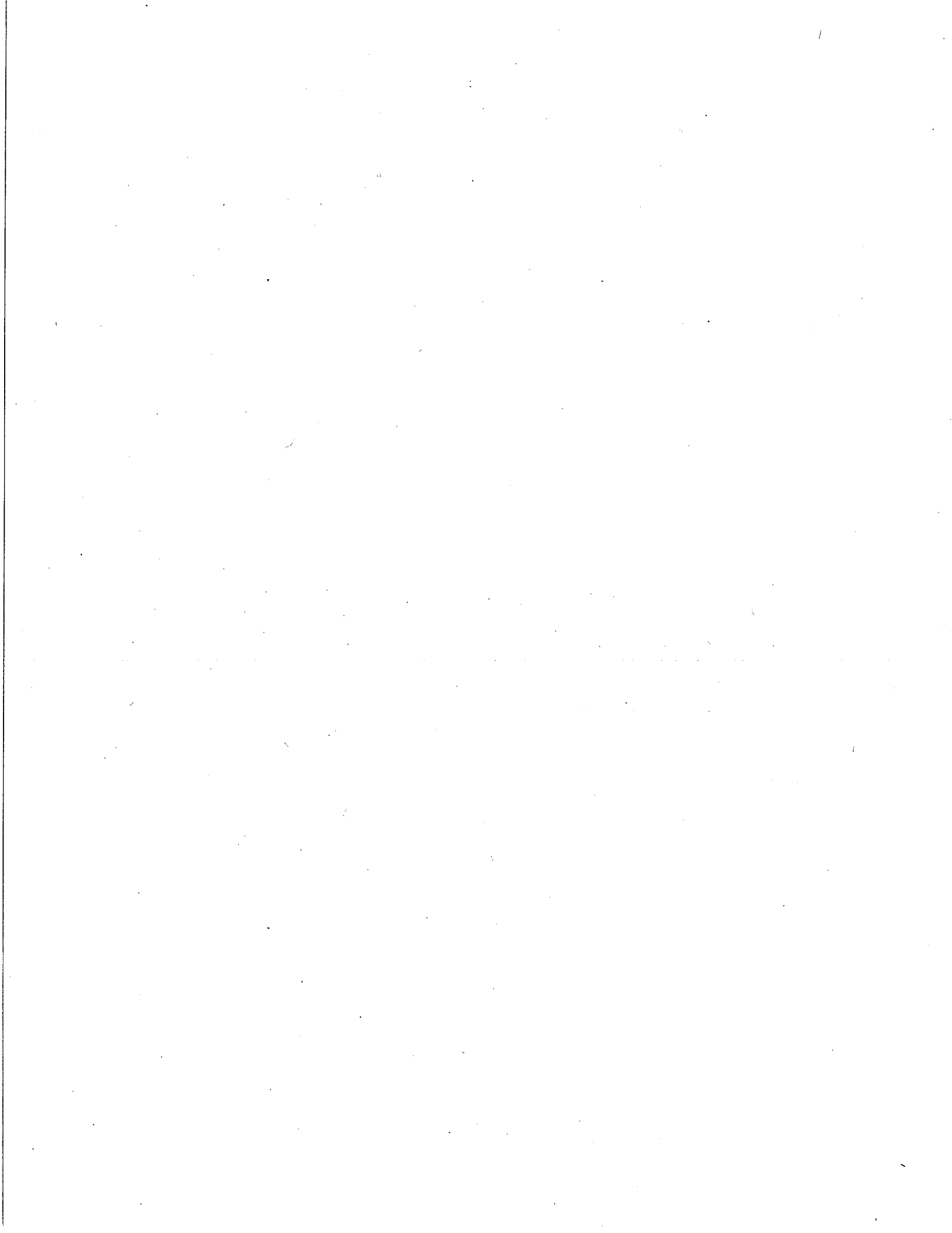
RIDER L

ARTICLE . TERMINATION

If at any time during the term of this Contract, PUBLIC SERVICE fails to make any payment in full when due and such failure is not cured within 90 days after written notice thereof shall have been given by Seller to PUBLIC SERVICE, then and in any such case Seller may terminate this Contract forthwith by delivering a written notice of termination to PUBLIC SERVICE. In the event of such termination, all continuing obligations of the parties shall cease forthwith, except the obligation of PUBLIC SERVICE and Seller to indemnify each other with respect to claims arising prior to such termination and the obligation of PUBLIC SERVICE to make full payment for power delivered by Seller to PUBLIC SERVICE through such date of termination.

ARTICLE . TEST POWER

PUBLIC SERVICE agrees to purchase all test power generated by Seller's generating facility prior to the commencement of the term of this Contract at the rate then in effect as established by the New Hampshire Public Utilities Commission for qualifying small power producers, provided that all metering, interconnection and protection equipment as specified herein has been properly installed by Seller.



NEW HAMPSHIRE HYDRO ASSOCIATES
99 NORTH STATE STREET
CONCORD, N.H. 03301
(603) 224-8333

NOTED JAN 22 1982 R.V.P.

NOTED JAN 20 1981 J.E.L.

January 21, 1982

Mr. John E. Lyons
Public Service Company of New Hampshire
1000 Elm Street
Manchester, NH 02105

Re: Penacook Lower Falls Power Sales Agreement

Dear Mr. Lyons: *J.E.L.*

Attached is a copy of Essex's proposed contract provisions for Abandonment and Credit for Capacity that we discussed. I have also included two additional amendments for your consideration covering Termination and Test Power.

Essex looks forward to concluding our negotiations as soon as can be arranged.

Sincerely,

Warren W. Mack
Warren W. Mack
Vice President, Development

WWM/hjd

Attachment

Reply to: 110 Tremont Street, Boston, MA 02108

RIDER K

ARTICLE . Abandonment

If, at any time during the eleventh to thirtieth years of the term of this Contract, Seller ceases operation, as defined below, of its generating facility, PUBLIC SERVICE may, at its option and upon ninety (90) days written notice to Seller and subject to the consent of the Federal Energy Regulatory Commission and Allied Leather Corporation and such other consents as would then be required, lease Seller's generating facility from Seller for the remainder of the term of this Contract at an annual rental charge equal to the annual depreciation allowance, as determined below. If and at such time as PUBLIC SERVICE exercises its option to lease, Seller and PUBLIC SERVICE shall enter into a lease containing the terms set forth in this Article __ and such additional terms and conditions as the parties shall then mutually agree upon. If Seller and PUBLIC SERVICE are unable to reach agreement with respect to any of the terms of the lease, other than the terms provided for in this Article, the parties shall submit the terms which have not been agreed upon to binding arbitration in accordance with the rules of the American Arbitration Association then in effect and the decision of the arbitrator shall be final. As a part of said lease, PUBLIC SERVICE shall assume all of Seller's obligations relating to Seller's generating facility, including but not limited to leasehold and license payments, taxes, utility charges, insurance and operation, maintenance and repair expenses.

The Seller shall be deemed to have ceased operation of its generating facility if and only if:

- i. The generating facility has not generated any power for a period of twelve (12) successive months; and
- ii. Seller has not commenced necessary repairs or taken other appropriate action to permit resumption of power deliveries under this Contract.

The annual depreciation allowance for a given year of the lease shall be the depreciation expense that would have been charged on the books of the Seller for such year had the costs of acquisition and construction, as hereinafter defined, been depreciated over 30 years using the straight line method of depreciation and had subsequent capital expenditures, as hereinafter defined, been depreciated over the lesser of the remaining term of this Contract or the useful life of the asset using the straight line method of depreciation.

As used herein, "costs of acquisition and construction" shall mean all costs of determining the feasibility of, and acquiring, constructing, licensing, financing, carrying out and placing in operation Seller's generating facility paid or incurred by Seller prior to the commencement of the term of this Contract, and shall include but not be limited to funds required for preliminary survey, investigation and development costs, feasibility studies, engineering studies and services,

contractors' fees, permits, licenses and approvals, labor, materials, equipment, lands, rights of way, leases, franchises, easements and other interests in land and options therefor, utility services and supplies, payments to other public agencies, training and testing costs, insurance premiums, interest on construction financing and an allowance for a return on equity funds used for construction financing, fees and expenses, all federal, state and local taxes and payments in lieu of taxes legally required to be paid in connection with the acquisition and construction of the generating facility, legal and financing costs, administrative and general costs, all costs relating to injury and damage claims arising out of the acquisition and construction of the generating facility, and all other costs incurred by the Seller and properly allocable to the acquisition and construction of the generating facility and carrying out and placing the same in operation.

As used herein, subsequent capital expenditures shall mean all expenditures paid or incurred by Seller subsequent to the commencement of the term of this Contract and capitalized on the books of Seller.

Payment by PUBLIC SERVICE to Seller of the annual rental charge shall be made in equal quarterly amounts on or before the last day of March, June, September and December. In the event the term of the lease commences on a day other than the first day of a calendar quarter, such rental charge shall be pro rated

accordingly. Interest shall accrue to Seller at a rate of 1 1/2% per month from and after the due date on the amount of any payments not made within twenty days of the due date.

ARTICLE 7. Compensation for Capacity

If at any time during the term of this Contract, the existence and operation of Seller's generating facility enables PUBLIC SERVICE to defer additions to its sources of generating capacity, then PUBLIC SERVICE agrees to compensate Seller for the capacity contribution made by Seller's generating facility. Seller shall be entitled to such compensation upon the occurrence of one or more of the following events:

- a. PUBLIC SERVICE places into service new generating capacity (with the exception of the current construction program of PUBLIC SERVICE);
- b. PUBLIC SERVICE purchases an ownership interest in a power generating facility in service (with the exception of current contractual arrangements);
- c. PUBLIC SERVICE enters into a power purchase agreement for firm power in which a capacity charge is incurred (with the exception of current contractual arrangements); or

d. PUBLIC SERVICE has a lower reserve margin than is required by New England Power Pool ("NEPOOL") under the New England Power Pool Agreement dated as of September 1, 1971, and incurs NEPOOL capacity deficiency changes

At such time as one or more of the above-described events occurs, PUBLIC SERVICE shall give Seller prompt written notice thereof and shall, commencing with the month next succeeding such event and continuing for the remaining term of this Contract, compensate Seller on the basis of the capacity contribution made by Seller's generating facility. The capacity of Seller's generating facility shall be determined by using the method outlined in the NEPOOL publication entitled, "Instructions for Periodic Capability Audit Tests of NEPOOL Generating Units," or, if such publication is not then in existence, whatever method of determining capacity contribution is commonly used at such time. The per kilowatt value of the capacity shall be established by determining the cost avoided by PUBLIC SERVICE. If the avoided cost is an increment of purchased or PUBLIC SERVICE-built generating capacity as described in a. or b. above, then the amount of compensation shall be equal to the annual avoided cost, i.e., the total capital cost of such capacity times the then current fixed charge rate of PUBLIC SERVICE.

Capacity payments by PUBLIC SERVICE to Seller shall be made in equal monthly installments on the same terms and conditions as the regular billing described in Article 8 above.

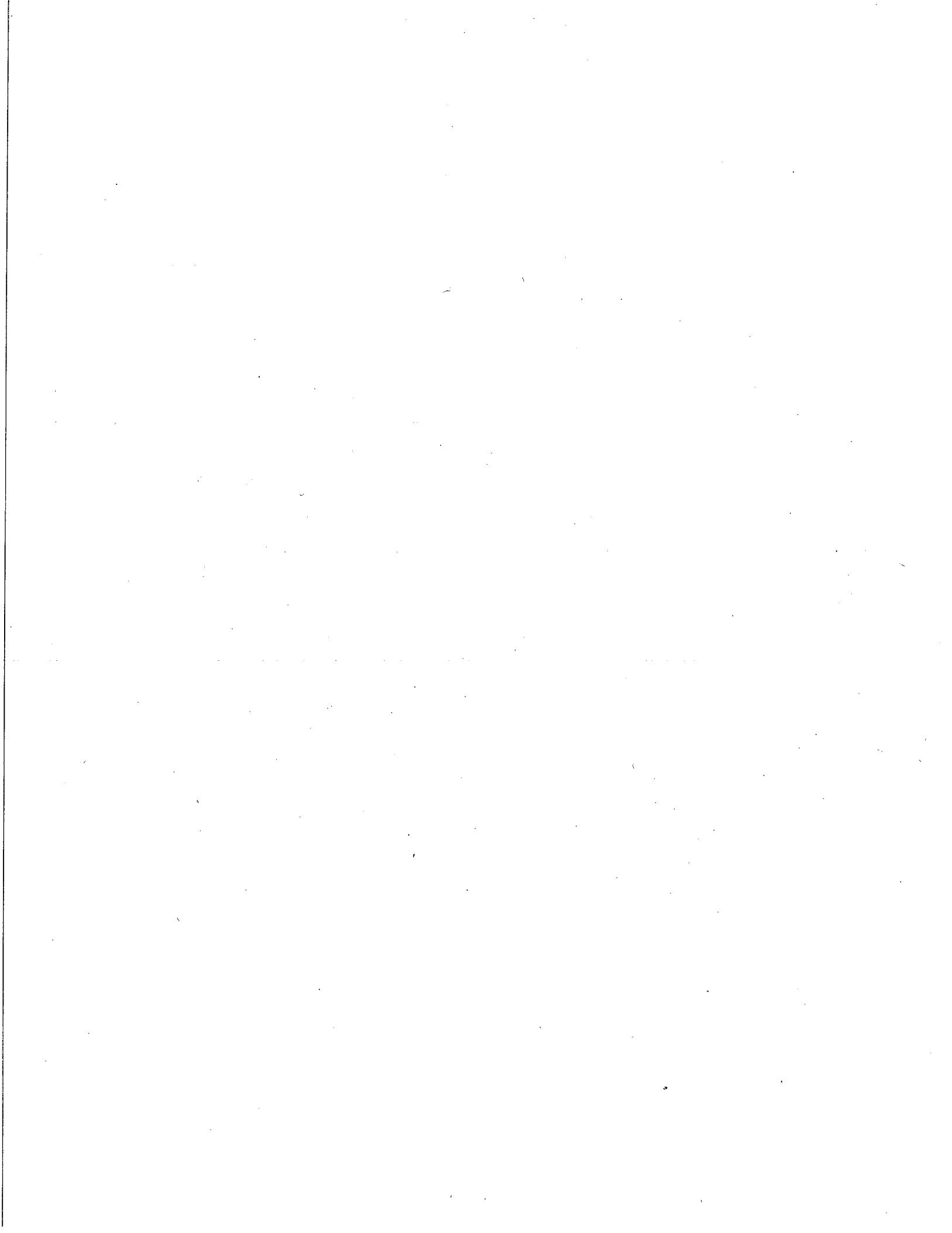
RIDER L

ARTICLE . TERMINATION

If at any time during the term of this Contract, PUBLIC SERVICE fails to make any payment in full when due and such failure is not cured within 90 days after written notice thereof shall have been given by Seller to PUBLIC SERVICE, then and in any such case Seller may terminate this Contract forthwith by delivering a written notice of termination to PUBLIC SERVICE. In the event of such termination, all continuing obligations of the parties shall cease forthwith, except the obligation of PUBLIC SERVICE and Seller to indemnify each other with respect to claims arising prior to such termination and the obligation of PUBLIC SERVICE to make full payment for power delivered by Seller to PUBLIC SERVICE through such date of termination.

ARTICLE . TEST POWER

PUBLIC SERVICE agrees to purchase all test power generated by Seller's generating facility prior to the commencement of the term of this Contract at the rate then in effect as established by the New Hampshire Public Utilities Commission for qualifying small power producers, provided that all metering, interconnection and protection equipment as specified herein has been properly installed by Seller.





RECEIVED MAR 03 1982

March 2, 1982

Mr. Richard A. Normand
New Hampshire Hydro Associates
3 Capitol Street
Concord, NH 03301

Subject: Long-Term Contract Pricing Provisions
Penacook Lower Falls Hydro
Concord/Boscawen, New Hampshire

Dear Mr. Normand:

This is to confirm the meeting held this date concerning contract provisions for the electric energy Public Service Company of New Hampshire (PSNH) is proposing to purchase from your Penacook Lower Falls Hydro Project.

The pricing provisions proposed by PSNH are as follows:

1. The contract rate for the first eight (8) contract years will be 11.00 cents per kilowatthour ($\$/KWH$). This front-end loading rate may, if necessitated by your financing experience, be extended for an additional one or two years. This 11.00 $\$/KWH$ rate exceeds PSNH's contract index price by 2.00 $\$/KWH$.
2. All payments above the 9.00 $\$/KWH$ index, during the first eight contract years, must be recovered by PSNH during the balance of the contract considering the present worth of money. Present worth computations will be based on PSNH weighted cost of capital (common equity, preferred equity, and long term debt), which is presently estimated at 17.75 percent.
3. From the ninth through the thirtieth contract years, the rate will be the index of 9.00 $\$/KWH$ minus the amount necessary for PSNH to recover the earlier payments in excess of the index. The contract rates during this period may escalate as discussed below.
4. All escalating payments in excess of the index will be determined as a percentage of PSNH's incremental energy cost, as discussed in our Policy Statement dated November 5, 1981 (copy attached).

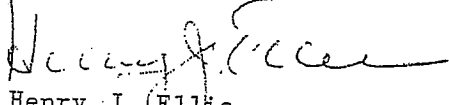
Mr. Richard A. Normand

March 2, 1982

5. The contract rates for the first twenty contract years are subject to the following adjustment. For the first eight contract years, 1.00¢/KWH will be retained by PSNH from the contract rate; for the next twelve years, 2/3¢/KWH will be added to the contract rate. The total of said additional payments, for any given year, shall not exceed one-twelfth (1/12) of the total money deducted during the first eight contract years.
6. All other provisions of our Policy Statement prevail.
7. If recovery by PSNH of any rates paid in excess of our actual avoided cost is denied by the N.H. Public Utilities Commission, contract rates during the final 22 contract years will be reduced accordingly, considering the present worth of money, in order to compensate PSNH for the losses.

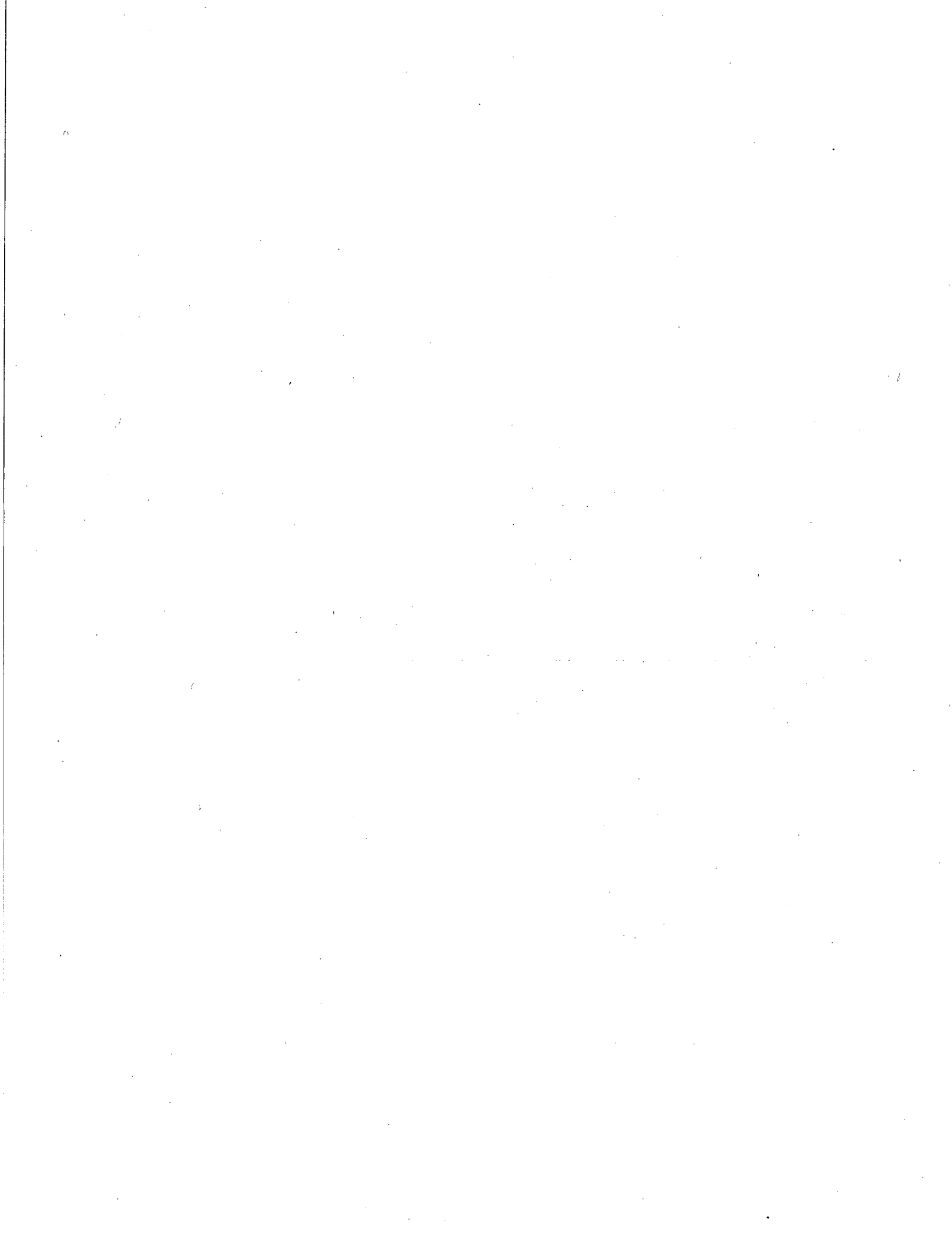
We will prepare a draft contract for your review during the next few weeks.

Very truly yours,


Henry J. Ellis
Vice President

ams
Enclosure

cc: D. N. Merrill
J. E. Lyons



March 2, 1982

Exhibit 2-17

Mr. Richard A. Normand
N.H. Hydro Associates
3 Capitol Street
Concord, NH 03301

Subject: Long-Term Contract Pricing Provisions
Penacook Lower Falls Hydro
Concord/Boscawen, New Hampshire

Dear Mr. Normand:

~~This letter summarizes the contract pricing provisions as discussed and agreed upon during our meeting today.~~

1. The contract rate for the first eight (8) contract ^{experience} years will be 11.00 cents per Kilowatt-hour ($\text{\$/kWh}$). This front-end loading rate may, if necessitated by your financing terms, be extended for an additional one or two years. This 11.00 $\text{\$/kWh}$ rate exceeds PSNH's contract index price by 2.00 $\text{\$/kWh}$.

^{using}
^{the}
^{subject}
2. All payments above the 9.00 $\text{\$/kWh}$ index, during the first eight contract years, must be recovered by PSNH ~~in later contract years~~ considering the present worth of money. Present worth computations will be based on PSNH's weighted cost of capital (common equity, preferred equity and long term debt), which is presently estimated at 17.75%.

3. From the ninth through the ~~twentieth~~^{thirtieth} contract years, the rate will be the index of 9.00 ¢/kWh minus the amount necessary for PSNH to recover the ^{earlier} payments in excess of the index. The contract rates during this period may escalate as discussed below.

4. All escalating payments in excess of the index will be determined as a percentage of PSNH's incremental energy cost, as discussed in our Policy Statement dated November 5, 1981 (copy attached).

5. The contract rates for the first twenty contract years are subject to the following "incentive adjustment." For the first eight contract years, 1.00 ¢/kWh will be deducted from the contract rate; for the next twelve years, $\frac{2}{3}$ ¢/kWh will be added to the contract rate. The total of said additional payments, for any given year, shall not exceed one-twelfth ($\frac{1}{12}$) of the total money deducted during the first eight contract years.

~~6. From the twenty-first through the thirtieth contract years, the contract pricing will be based on PSNH's incremental energy cost as discussed in our Policy Statement.~~

6. All other provisions of our policy statement prevail.

* Retained by PSNH

1. IF recovery of any rates paid in excess of ^{our} ~~the~~ $\frac{\text{actual avoided cost}}{9.00 \text{ \$/kW} \cdot \text{index}}$ is denied by the N.H. Public Utilities Commission, contract rates during the final 22 contract years will be reduced accordingly, considering the present worth of money, in order to compensate PSNH for the losses.

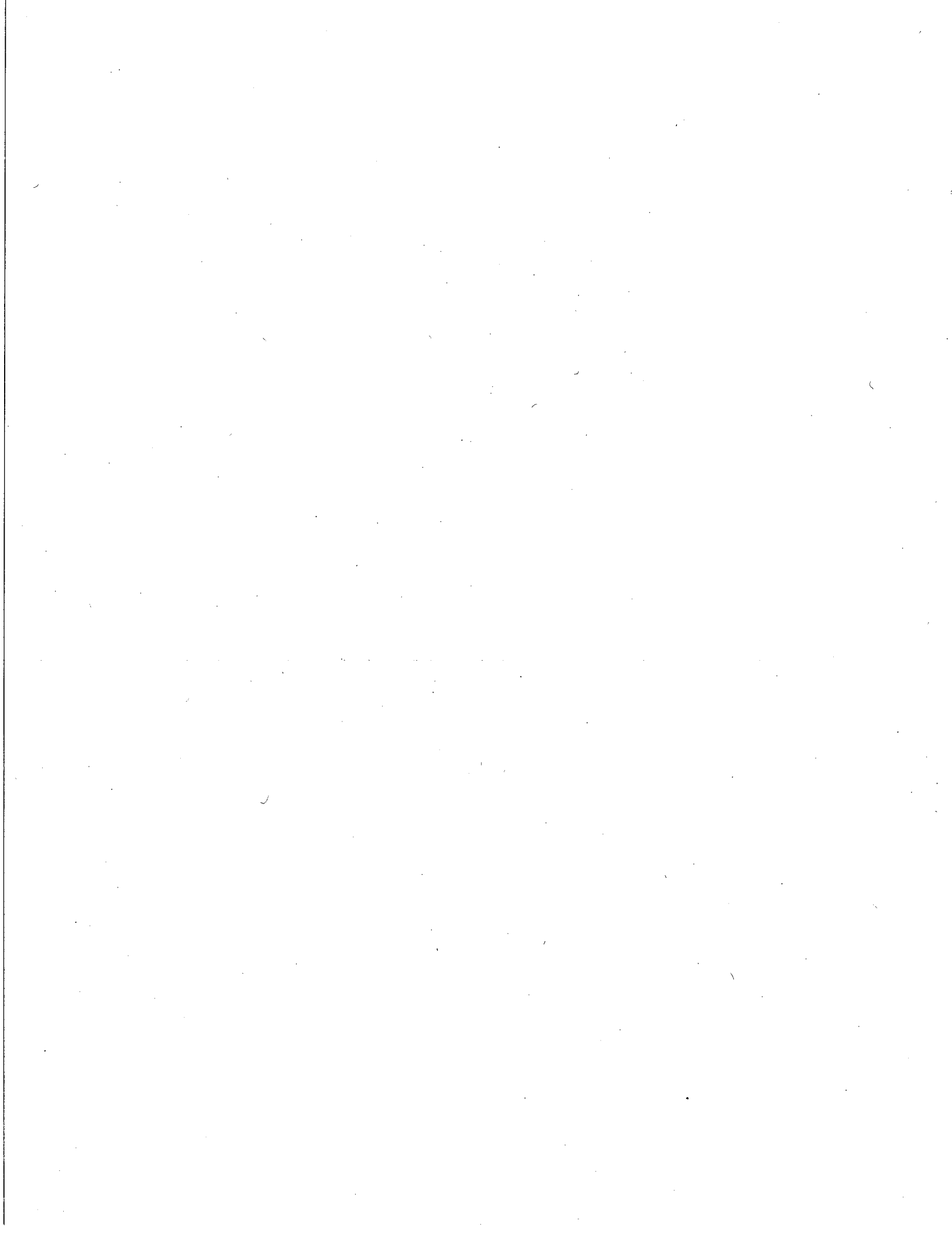
We will prepare a draft contract for your review during the next few weeks.

Very truly yours,

End
JES

Henry J. Ellis
Vice President

C.C. D.N. Merrill
J. E. Lyas



PENACOOK LOWER FALLS
 CONTRACT PRICING PROVISIONS
 BVP 2 MAR 82

YEAR	PSNH IEC	%	% x IEC	FRONT-END RATE	INCENTIVE ADJUSTMENT	RECOVERY	CONTRACT RATE
1984	5.94			11.00	-1.00		10.00
85	6.56						10.00
86	5.53						10.00
87	4.72						10.00
88	5.30						10.00
89	6.42						10.00
1990	7.91						10.00
91	9.01						10.00
92	11.63						10.00
93	13.24						6.29
94	13.44						7.31
95	16.01						6.96
96	18.97						8.58
97	19.83						10.31
98	21.56						10.20
99	24.28						10.65
2000	27.16						11.64
01	30.11						12.51
02	33.39						13.20
03	37.01						13.88
04	41.04						14.38
05	45.50						14.98
06	49.92						17.21
07	54.92						17.46
08	60.34						21.92
09	66.30						24.63
2010	72.54						27.61
11	79.31						30.88
12	86.34						34.12
2013	93.99						37.63
							41.46

96
92
88
84
80
76
72
68
64
60
56
52
50

N.H. HYDRO ASSOCIATES
PENACOOK LOWER FALLS
LONG-TERM CONTRACT
2 MAR 82 RVP

Consider front-end loading of 11.00 \$/kWh for the first 8 contract years, with recovery over the remaining 22 contract years.

$$pwf'(17.75\%, 8) = \frac{1 - (1.1775)^{-8}}{0.1775} = 4.1093 \text{ (uniform series)}$$

$$pwf'(17.75\%, 22) = \frac{1 - (1.1775)^{-22}}{0.1775} = 5.4790 \text{ (uniform series)}$$

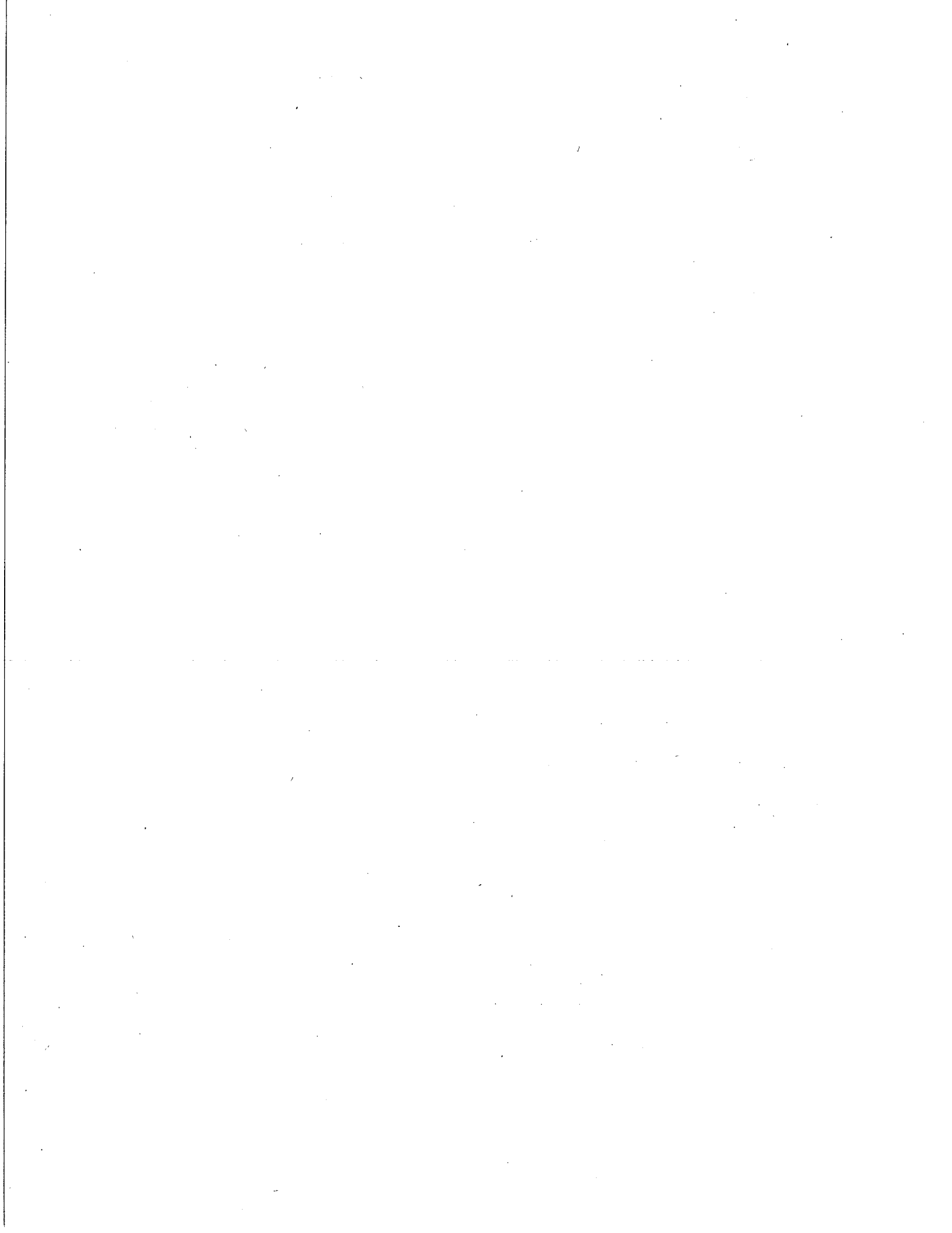
$$pwf(17.75\%, 8) = (1.1775)^{-8} = 0.2706 \text{ (single payment)}$$

$$(11.00 - \text{index})(pwf' - 17.75\% - 8) = \gamma (pwf' - 17.75\% - 22)(pwf - 17.75\% - 8)$$

$$(11.00 - 9.00)(4.1093) = \gamma (5.4790)(0.2706)$$

$$(2.00)(4.1093) = \gamma (1.4826)$$

$$\gamma = 5.54 \text{ $/kWh (RECOVERY AMOUNT)}$$



NORMAND
 WHITA
 LAWRENCE

1. 11¢ per kWh for 8 yrs

2. Retain 1¢/kWh for 8 yrs

3. Starting year 9

a. Pay 9¢ minus Pw Reduction @ 17.7%

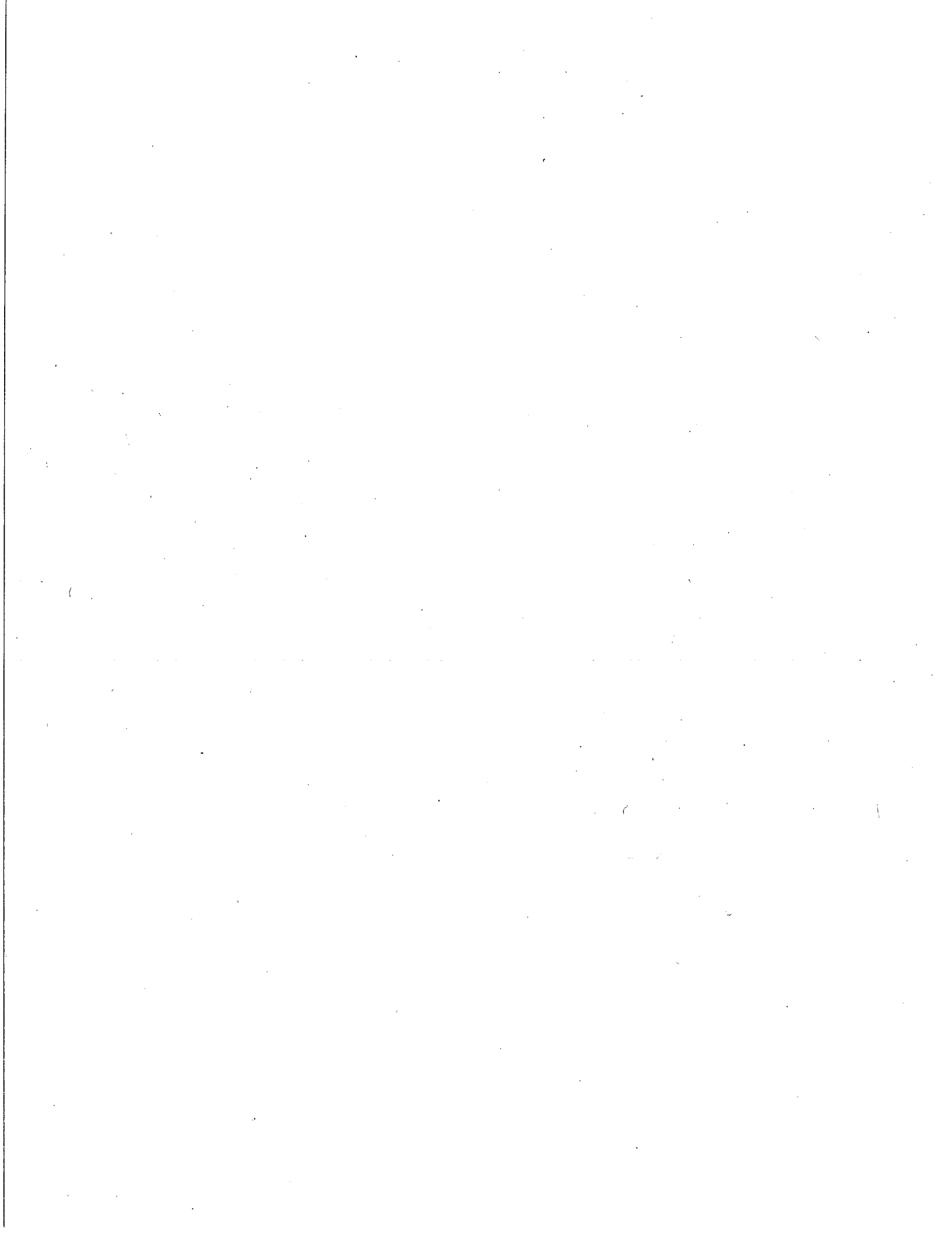
b. Pay back .66¢/kWh to meet 1/2 of
 that retained / year

4. Other provisions of that policy prevail,
 incl. index remaining @ .09

5. PUC provision

if a fair payment recovery in rate
 denied by PUC, reduction for lost
 rate recovery collected during 2^{1/2} yrs ^{remaining} term
 by reducing payments further

6. PSHI would propose contract for final rate
 by 11/1/80 during next few weeks





NOTED MAR 05 1982 R.V.P.

March 5, 1982

Mr. Warren W. Mack
Vice President, Development
New Hampshire Hydro Associates
99 North State Street
Concord, NH 03301

Subject: Long-Term Contract Pricing Provisions
Penacook Lower Falls Hydro
Concord/Boscawen, New Hampshire

Dear Mr. Mack:

In reference to our letter to Mr. Normand, dated March 2, 1982, and our telephone conversation today, attached are our estimated payments under the negotiated contract.

We are in the process of preparing a draft contract for your review.

Very truly yours,

A handwritten signature in cursive script that reads "J. E. Lyons".

J. E. Lyons, P.E.
Manager

Supplementary Energy Sources

JEL/dfb

cc: D. N. Merrill
H. J. Ellis
D. R. Sklar

CONTRACT PRICING PROVISIONS
PENACOOK LOWER FALLS HYDRO

YEAR	PSNH ¹ IEC	%	% x IEC	FRONT-END RATE	ADJUST- MENT	RECOVERY	ESTIMATED ² PAYMENT
1984	5.94			11.00	-1.00		10.00
85	6.56						10.00
86	5.53						10.00
87	4.72						10.00
88	5.30						10.00
89	6.42						10.00
1990	7.91						10.00
91	9.01						10.00
92	11.63	96	11.16		+0.67		6.29
93	13.24	92	12.18				7.31
94	13.44	88	11.83				6.96
95	16.01	84	13.45				8.58
96	18.97	80	15.18				10.31
97	19.83	76	15.07				10.20
98	21.56	72	15.52				10.65
99	24.28	68	16.51				11.64
2000	27.16	64	17.38				12.51
01	30.11	60	18.07				13.20
02	33.39	56	18.70				13.83
03	37.01	52	19.25				14.38
04	41.04	50	20.52				14.98
05	45.50		22.75				17.21
06	49.99		25.00				19.46
07	54.92		27.46				21.92
08	60.34		30.17				24.63
09	66.30		33.15				27.61
2010	72.84		36.42				30.88
11	79.31		39.66				34.12
12	86.34		43.17				37.63
13	93.99		47.00			-5.54	41.46

1 Estimated PSNH "Incremental Energy Cost."

2 These rates are based on PSNH estimates. The rates shown for years 1992 thru 2013 are not guaranteed by PSNH.

~~PENACOOK LOWER FALLS
CONTRACT PRICING PROVISIONS
EXP 2 MAR 82~~

~~PENACOOK LOWER FALLS HYDRO
CONTRACT PRICING PROVISIONS~~

ESTIMATED
PAYMENTS

YEAR	PSNH IEC	%	% x IEC	FRONT-END RATE	INCREMENTAL ADJUSTMENT	RECOVERY	CONTRACT RATE
1984	5.94			11.00	-1.00		10.00
85	6.56						10.00
86	5.53						10.00
87	4.72						10.00
88	5.30						10.00
89	6.42						10.00
1990	7.91						10.00
91	9.01						10.00
92	11.63						10.00
93	13.24						10.00
94	13.44						10.00
95	16.01						10.00
96	18.97						10.00
97	19.83						10.00
98	21.56						10.00
99	24.28						10.00
2000	27.16						6.29
01	30.11						7.31
02	33.39						6.96
03	37.01						8.58
04	41.04						10.31
05	45.50						10.20
06	49.99						10.65
07	54.92						11.64
08	60.34						12.51
09	66.30						13.20
2010	72.84						14.38
11	79.31						14.98
12	86.34						17.21
2013	93.99						19.46
							21.92
							24.63
							27.61
							30.88
							34.12
							37.63
							41.46

96
92
88
84
80
76
72
68
64
60
56
52
50

11.16
12.18
11.83
13.45
15.18
15.07
15.52
16.51
17.38
18.07
18.70
19.25
20.52
22.75
25.00
27.46
30.17
33.15
36.42
39.66
43.17
47.00

17.75%

1 ESTIMATED PSNH INCREMENTAL ENERGY COST.

2 THESE RATES ARE BASED ON PSNH ESTIMATES. THE RATES SHOWN FOR YEARS 1992 THRU 2013

Consider front-end loading of 11.00 \$/KWH for the first 8 contract years, with recovery over the remaining 22 contract years.

$$pwf'(17.75\%, 8) = \frac{1 - (1.1775)^{-8}}{0.1775} = 4.1093 \text{ (uniform series)}$$

$$pwf'(17.75\%, 22) = \frac{1 - (1.1775)^{-22}}{0.1775} = 5.4790 \text{ (uniform series)}$$

$$pwf(17.75\%, 8) = (1.1775)^{-8} = 0.2706 \text{ (single payment)}$$

$$(11.00 - \text{index})(pwf' - 17.75\% - 8) = \gamma (pwf' - 17.75\% - 22) (pwf - 17.75\% - 8)$$

$$(11.00 - 9.00)(4.1093) = \gamma (5.4790)(0.2706)$$

$$(2.00)(4.1093) = \gamma (1.4826)$$

$$\gamma = 5.54 \text{ $/KWH (RECOVERY AMOUNT)}$$



#055

Exhibit 2-21

PSNH PUBLIC SERVICE
Company of New Hampshire

NOTED MAR 1 1982 R.V.P.

March 19, 1982

FILE COPY

Mr. Richard A. Norman
New Hampshire Hydro Associates
99 North State Street
Concord, NH 03301

Subject: Contract for the Purchase and Sale of Electric Energy
Penacook Lower Falls Hydro

Dear Mr. Norman:

Enclosed are two copies of the subject contract. If you find the contract terms acceptable, please date, sign and return both copies. We will then execute the contract and return one copy to you.

Also enclosed is a revised schedule of estimated contract payments. The recovery amount was recalculated to be 5.47 cents per KWH, based on an interest rate of 17.61%.

Very truly yours,

J. E. Lyons, P.E.
Manager
Supplementary Energy Sources

JEL/dfb

Enclosure

cc: H. J. Ellis
D. R. Sklar

CONTRACT PRICING PROVISIONS
PENACOOK LOWER FALLS HYDRO

YEAR	PSNH ¹ IEC	%	% x IEC	FRONT-END RATE	ADJUST- MENT	RECOVERY	ESTIMATED ² PAYMENT
1984	5.94			11.00	-1.00		10.00
85	6.56						10.00
86	5.53						10.00
87	4.72						10.00
88	5.30						10.00
89	6.42						10.00
1990	7.91						10.00
91	9.01						10.00
92	11.63	96	11.16		+0.67	-5.47	6.36
93	13.24	92	12.18				7.38
94	13.44	88	11.83				7.03
95	16.01	84	13.45				8.65
96	18.97	80	15.18				10.38
97	19.83	76	15.07				10.27
98	21.56	72	15.52				10.72
99	24.28	68	16.51				11.71
2000	27.16	64	17.38				12.58
01	30.11	60	18.07				13.27
02	33.39	56	18.70				13.90
03	37.01	52	19.25				14.45
04	41.04	50	20.52				15.05
05	45.50		22.75				17.28
06	49.99		25.00				19.53
07	54.92		27.46				21.99
08	60.34		30.17				24.70
09	66.30		33.15				27.68
2010	72.84		36.42				30.95
11	79.31		39.66				34.19
12	86.34		43.17				37.70
13	93.99		47.00				41.53

1 Estimated PSNH "Incremental Energy Cost."

2 These rates are based on PSNH estimates. The rates shown for years 1992 thru 2013 are not guaranteed by PSNH.

NOTED MAR 10 1982 R.V.P.

3/19/82

CONTRACT FOR THE PURCHASE AND SALE
OF ELECTRIC ENERGY

CONTRACT, dated _____, 1982, by and between NEW HAMPSHIRE HYDRO ASSOCIATES, a New Hampshire Limited Partnership, with its principal office in Concord, New Hampshire (hereinafter referred to as SELLER), and PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a New Hampshire corporation having its principal place of business in Manchester, New Hampshire (hereinafter referred to as PUBLIC SERVICE).

WHEREAS, SELLER is engaged in the business of generation of electrical energy,

WHEREAS, SELLER desires to sell its entire generation output to PUBLIC SERVICE,

WHEREAS, PUBLIC SERVICE is engaged in the business of the generation, transmission, and distribution of electrical energy,

WHEREAS, PUBLIC SERVICE has determined it would be beneficial to secure a reliable supply of electrical energy for a period of not less than thirty years,

WHEREAS, SELLER is willing and able to sell its entire output to PUBLIC SERVICE for thirty years;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, SELLER and PUBLIC SERVICE hereby agree as follows:

Article 1. Basic Agreement.

Subject to the terms, provisions, and conditions of this Contract, SELLER agrees to furnish and sell and PUBLIC SERVICE agrees to purchase and receive all of the electric energy produced by the Penacook Lower Falls hydroelectric generating facility owned and operated by SELLER located in Penacook-Boscawen, New Hampshire on the Contoocook River. Since SELLER and PUBLIC SERVICE are interconnected through the system of the Concord Electric

* Company, PUBLIC SERVICE's obligation to purchase energy hereunder is conditioned upon SELLER obtaining the right to transmit power through the Concord Electric Company system to PUBLIC SERVICE and SELLER shall pay the cost, if any, of such transmission.

PS shld be respons for wheel line

The point of delivery from the Concord Electric Company to PUBLIC SERVICE shall be the Garvins Substation metering point located in Bow, New Hampshire.

Article 2. Availability.

During the term hereof, SELLER shall endeavor to operate its generating unit to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output in kilowatthours from said unit when in operation.

It is agreed that SELLER shall have sole responsibility for operation and maintenance of its generating unit, including any relays, locks, seals, breakers, and other control and protection apparatus that are necessary, or which Concord Electric Company may designate as being necessary, for the operation of SELLER's generating unit in parallel with the system of Concord Electric Company and that SELLER will maintain said generating unit in good operating order and repair without cost to PUBLIC SERVICE.

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be based on an index price of 9.00 cents per kilowatthour (KWH) and shall be determined as follows.

- A. For the first eight (8) years of the Contract, the Contract rate shall be 11.00 cents per KWH. This rate exceeds the index price by 2.00 cents per KWH; and all payments made by PUBLIC SERVICE to SELLER which exceed the index price must be recovered by PUBLIC SERVICE, during later Contract years, in accordance with Section D.1., Article 3. This rate is subject to the adjustment provided for under Section D.2., Article 3.

PS's respons. ? -
they shld be respons. to accept the price.
Nothing states that they purchase all output

③ PSC resp. from 11/0 on.

① obligation to purchase entire net output
② obligation to keep its sys in working order so it can purchase the electricity

B. If, at the end of the eighth Contract year, 96 percent of PUBLIC SERVICE's incremental energy costs does not exceed the index price, the Contract rate shall be the index price of 9.00 cents per KWH.

This rate is also subject to the adjustment provided for under Section D.2., Article 3.

C. At such time that 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the rate to be paid under this contract will vary in accordance with the following provisions, subject to the provisions of Section D, Article 3.

As soon as 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the contract rate will be based on 96 percent of PUBLIC SERVICE's incremental energy cost for a period of one year. For each subsequent year, the percentage of PUBLIC SERVICE's incremental energy cost to be paid will be reduced by 4 percent (i.e. 96 percent, 92 percent, 88 percent, 84 percent, etc.), until the incremental energy cost is reduced only 2 percent to reach 50 percent of PUBLIC SERVICE's incremental energy cost. At such time, the contract rate will remain at the 50 percent rate for the remainder of the contract term.

PUBLIC SERVICE's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of PUBLIC SERVICE's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. PUBLIC SERVICE's incremental energy cost, for the purposes of this Contract, will be expressed as a yearly average and will be calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

#1
After the 8th year?

Even if go below 96%
Yes.

*
-calculated on annual basis?
contract year basis?
or what?

#2 year = contract year

If the rate during any year is less than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of an additional payment for each KWH sold to PUBLIC SERVICE during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The adjustment will be paid within one month after PUBLIC SERVICE's incremental energy cost for the previous year has been determined.

which did take power.

If the rate during any year is more than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of a refund to PUBLIC SERVICE for each KWH sold during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The refund will be made to PUBLIC SERVICE by applying one-twelfth of the total amount as a reduction to each month's payment by PUBLIC SERVICE during the current year. If for any month, no payment is due the SELLER, or the payment due is not equal to the refund, a payment to PUBLIC SERVICE will be made by SELLER so that the total recovery is achieved by PUBLIC SERVICE by the end of the current year.

** includes contract, psc acty.*

Can't go back into 8th yr.

D. The Contract rates described in Sections A, B and C, Article 3, are subject to the following provisions, in order to determine the Contract price to be charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract.

1. Beginning with the ninth Contract year, and continuing for the term of the Contract, a recovery amount equal to 5.47 cents per KWH shall be deducted from the Contract rate. This deduction allows PUBLIC SERVICE to recover the payments made under Section A, Article 3, which exceeded the index price.
2. For the first eight Contract years, the Contract rate shall be adjusted by subtracting 1.00 cents per KWH from the rate. For the ninth through the twentieth Contract years, the Contract rate shall be adjusted by adding 0.67 cents per KWH to the rate. The

should be floating

no interest

or whatever it takes to get it back

#3

must necessarily be paid back w/in 12 yrs. balance at end of 20 yrs.

total of said additional payments, for any given year, shall not exceed one-twelfth (1/12) of the money subtracted during the first eight Contract years.

sh. will be on transformer

Article 4. Metering.

1/12 th cap removed after 20 years.

meter to be on transformer?

The metering shall be configured so as to represent the generation delivered to PUBLIC SERVICE. The metering may be installed on the generation side of the transformer provided that transformer losses are subtracted from the measured generation by a suitable method. In whose determination: mutually agreed upon

SELLER will install, own, and maintain all metering equipment as specified in PUBLIC SERVICE's study of the SELLER's electric generating facility, which study is, or will be upon mutual consent of both parties, attached hereto as Attachment A. SELLER shall bear all costs associated with said equipment and its installation.

If at any time, the metering equipment is found to be in error by more than two percent fast or slow (+ or -2%), SELLER shall cause such metering equipment to be corrected and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the preceding month shall be made except by agreement of the parties. All tests and calibrations shall be made in accordance with Section V-14 of the NHPUC Rules and Regulations Prescribing Standards for Electric Utilities in effect as of September 8, 1972, as amended. The meter shall be tested as prescribed in said Rules and Regulations.

what are these? must they be in PS's presence?

In addition to the regular routine tests, SELLER shall cause the metering equipment to be tested at any time upon request of and in the presence of a representative of PUBLIC SERVICE. If such equipment proves accurate within two percent fast or slow (+ or -2%), the expense of the test shall be borne by PUBLIC SERVICE.

it must be located on our premises if in bow. will be

The SELLER shall allow PUBLIC SERVICE reasonable access to the meter located on the SELLER's premises. PUBLIC SERVICE reserves the right to secure or seal the metering installation, to require SELLER to measure electrical energy sold to PUBLIC SERVICE on an hour-by-hour basis, and to require SELLER to notify PUBLIC SERVICE once each day of SELLER's generation in kilowatthours for each hour during the prior 24 hours.

do
?
yr

Article 5. Modifications.

v. ~~mead~~

If SELLER plans any modifications to its electric generating facility, SELLER shall give PUBLIC SERVICE prior written notice of its intentions. In the event that PUBLIC SERVICE reasonably determines that said modifications would necessitate changes to the metering equipment or would cause PUBLIC SERVICE to incur additional expenses associated therewith, the SELLER shall make such changes as reasonably required by PUBLIC SERVICE and reimburse PUBLIC SERVICE for said expenses before PUBLIC SERVICE is obligated to purchase any increased output.

If the PUBLIC SERVICE interconnecting circuit is converted to a higher voltage in the future, the SELLER shall be responsible for all metering changes necessitated by the conversion and shall bear all costs associated with said conversion.

Will this cause a shutdown? will notice of conversion enable us to avoid shutdown?

Article 6. Billing & Payment.

*4
w/ discussion*

PUBLIC SERVICE shall read the meter, installed in accordance with Article 4, on or at the end of each month, and PUBLIC SERVICE shall send the SELLER a form showing the month's beginning and ending meter readings and total net kilowatthour generation.

*what if they don't read?
or send form promptly*

might be prior month's

to remaining balance

SELLER shall then transmit to PUBLIC SERVICE a bill showing the amount due, which amount will be determined by multiplying the rate per kilowatthour specified in Article 3 times the number of kilowatthours delivered to PUBLIC SERVICE since the prior reading of the meter, and PUBLIC SERVICE will send to SELLER a payment for that amount within 20 days of receipt of SELLER's bill.

if they not pay

it will have go certified

Article 7. Liability & Insurance.

a. Each party will be responsible for its facilities and the operation thereof and will indemnify and save the other harmless from any and all loss by reason of property damage, bodily injury, including death resulting therefrom suffered by any person or persons including the parties hereto, employees thereof or members of the public, (and all expenses in connection therewith, including attorney's fees) whether arising in contract, warranty, tort (including negligence), strict liability or otherwise, caused by or sustained on, or alleged to be

but (c) takes it all away

? even if not our fault?

we want notice when they're going to seek indemnification

caused by or sustained on, equipment or facilities, or the operation or use thereof, owned or controlled by such party, except that each party shall be solely responsible for and shall bear all costs of claims by its own employees or contractors growing out of any workmen's compensation law. SELLER shall indemnify and save PUBLIC SERVICE harmless against any and all liability for claims, costs, losses, expenses and damages, including bodily injury and death, sustained by Concord Electric Company, its employees or agents, arising out of SELLER's performance of this Contract.

b. SELLER hereby agrees to maintain in force and effect, for the duration of this Contract, Workmen's Compensation Insurance, as required by statute, and Comprehensive General Liability Insurance for bodily injury and property damage at minimum limits of three million dollars (\$3,000,000). Within sixty days of the effective date of this Contract, the SELLER agrees to provide PUBLIC SERVICE with a certificate of such insurance.

per [unclear] or per [unclear] on [unclear] must [unclear]

c. In no event shall PUBLIC SERVICE be liable, whether in Contract, tort (including negligence), strict liability, warranty, or otherwise, for any special, indirect, incidental, or consequential loss or damage, including but not limited to cost of capital, cost of replacement power, loss of profits or revenues or the loss of the use thereof.

then it should be neutral

This provision, subsection c of Article 7, shall apply notwithstanding any other provision of this Contract.

so if they shut us down - no liability except cost of repair, if any

Article 8. Force Majeure.

Either party shall not be considered to be in default hereunder and shall be excused from purchasing or selling electricity hereunder if and to the extent that it shall be prevented from doing so by storm, flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, withdrawal of facilities from operation for necessary maintenance and repair, or any cause beyond the reasonable control of either party.

not apply against [unclear] payment [unclear]

to be notice of act of force majeure

meaning PSCO must be required to purchase our output

#5

It shld be effective upon execution. Term to commence as described herein. Except don't want term comm. w/ deliver of test power.

Article 9. Effective Date & Contract Term.

This Contract shall become effective between the parties as of the date hereof, provided that the metering equipment, as specified by PUBLIC SERVICE in accordance with the conditions set forth in Section 4 of this Contract, has been installed by SELLER.

If said equipment has not been properly installed, this Contract shall become effective between the parties as of the date of proper installation of said equipment or as of the date SELLER begins delivering energy to PUBLIC SERVICE, whichever occurs latest. As of the effective date of this Contract, the Contract shall remain in full force and effect for thirty (30) years.

In order for any modification to this Contract to be binding upon the parties, said modifications must be in writing and signed by both parties.

Article 10. Prior Agreements Superseded.

This Contract with Attachment A represents the entire agreement between the parties hereto relating to the subject matter hereof, and all previous agreements, discussion, communications, and correspondence with respect to the said subject matter are superseded by the execution of this Contract.

Article 11. Waiver of Terms or Conditions.

The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Contract shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

Article 12. General.

This Contract shall be binding upon, and inure to the benefit of the respective successors and assigns of the parties hereto, provided that SELLER shall not assign this Contract except to an affiliated company, without the prior written consent of PUBLIC SERVICE, which consent shall not be unreasonably withheld. The term "affiliated company" shall include any partnership in which SELLER or one of SELLER's subsidiaries or affiliates is a general partner or any corporation in which SELLER or one of its subsidiaries or affiliates owns or controls more than 50 percent of the voting stock or otherwise has operating control. In the event of an assignment to an affiliate, SELLER shall notify PUBLIC SERVICE within five (5) days of the effective date of the assignment.

about NBS?

Article 13. Applicable Law.

This Contract is made under the laws of The State of New Hampshire and the interpretation and performance hereof shall be in accordance with and controlled by the laws of that State.

Article 14. Mailing Addresses.

when are notices deemed given?

The mailing addresses of the parties are as follows:

SELLER: New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301
Attn: Richard A. Norman, ~~Partner~~

*copy to ZDA
110 Tremont
Boston
attn: Gen'l
Counsel*

PUBLIC SERVICE: Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105
Attn: Henry J. Ellis, Vice President

IN WITNESS WHEREOF, the parties have hereunto caused their names to be subscribed, as of the day and year first above written.

NEW HAMPSHIRE HYDRO ASSOCIATES
By ESSEX DEVELOPMENT ASSOCIATES *[Signature]*
A General Partner

(Witness)

By: _____
Name: Richard A. Norman
Title: ~~Partner~~ *Vice President*

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

(Witness)

By: _____
Henry J. Ellis, Vice President

*① Test power?
② Termination*



FILE COPY

055

NEW HAMPSHIRE HYDRO ASSOCIATES
99 NORTH STATE STREET
CONCORD, N.H. 03301
(603) 224-8333

March 26, 1982

MET WITH WARREN MACK 3/26/82.
HE KEPT COPIES OF CONTRACT
REFERENCED IN THIS LTR.
GAVE HIM REVISED CONTRACT
FOR REVIEW.

Mr. Henry J. Ellis
Vice President
Public Service Company
of New Hampshire
100 Elm Street
P.O. Box 330
Manchester, NH 03105

Dear Mr. Ellis:

*See 4/30/82 Memo to D. Sklar
for copy of signed contract.*

NOTED MAR 29 1982 R.V.P.

Enclosed are two copies of the Contract for Purchase and Sale of Electric Energy executed by New Hampshire Hydro Associates (NHHA). Kindly date and execute both copies of the Contract and return one copy to us.

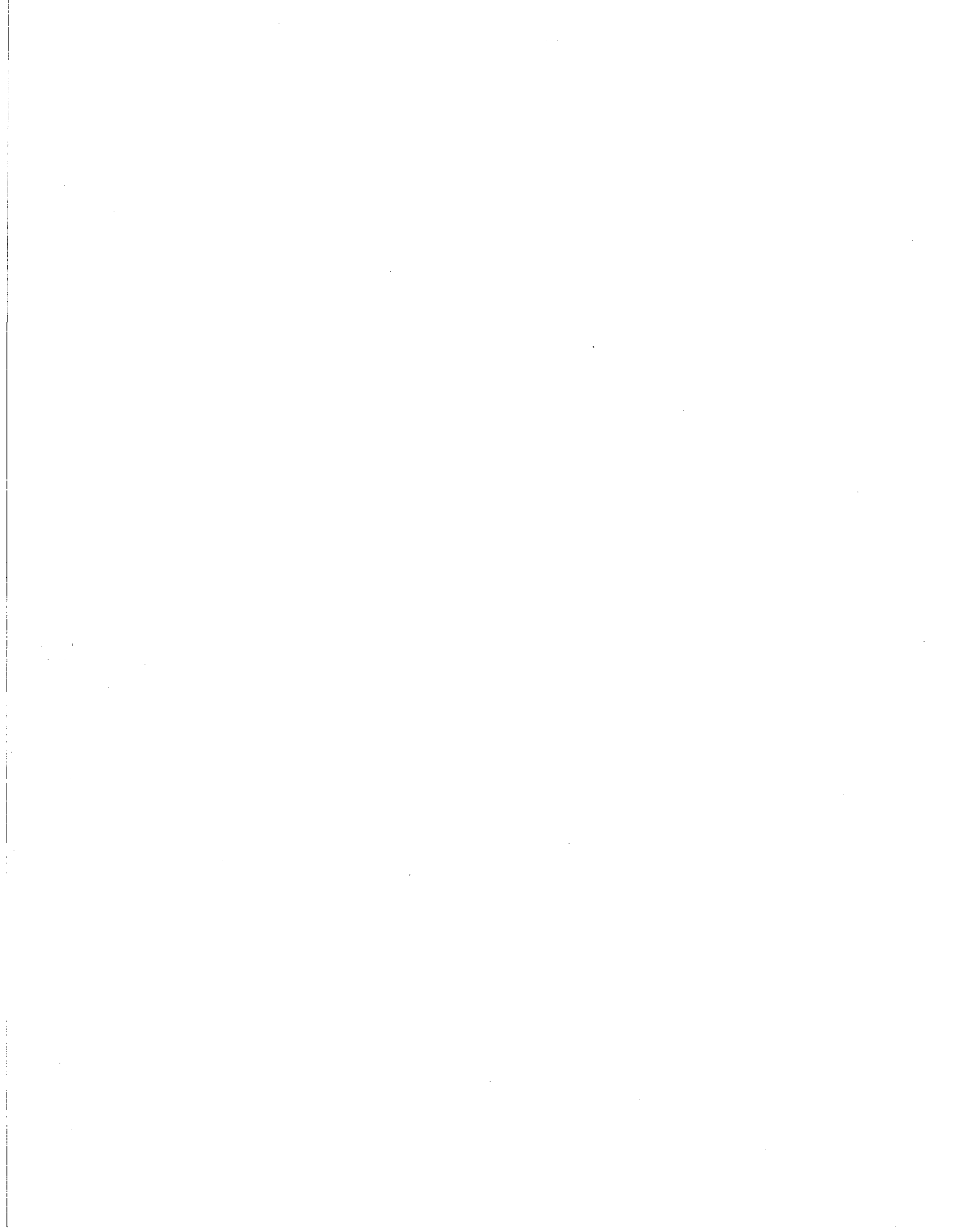
Mr. Warren Mack of Essex Development Associates, Inc. has had discussions with Public Service staff regarding clarification of certain language in the attached contracts. Based upon these discussions it is understood that the following clarifications represent the mutual understanding of NHHA and Public Service:

1. The Contract rate of 11.00 cents per KWH shall be in effect for the initial 8 Contract years regardless of the relationship between Public Service's incremental energy cost and the index price. This point of clarification arises from the possible interpretation that Clause C of Article 3 may override Clause A of Article 3.

Furthermore, should NHHA elect to extend the 11 cents per KWH Contract rate to the ninth and/or tenth Contract year, as is provided for in the last paragraph of Article 3, the 11.00 cent per KWH Contract rate shall be used, regardless of the relationship between Public Service's incremental energy cost and the index price.

2. Wherever the word "year" is used in the Contract, it shall mean calendar year, except when specifically preceded by the word "Contract". Each Contract year shall be the 12 month period commencing with the effective date of the Contract. Therefore, Contract year 1 will be the 12 month period beginning with the effective date of the Contract; Contract year 2 shall be the subsequent 12 month period, etc..

While NHHA would prefer to have the language of the Contract modified to make the above clarifications, it is understood that Public Service prefers to leave the wording unchanged in order to simplify administration of contracts with small power producers. Given Public Service's preference, in lieu of



~~VOID~~
3/26/80

COPY GIVEN TO
TOM TARPEY

W/REVISED ARTICLE
3 TO INCLUDE OPTION
OF EXTENDING FRONT
END LOADING PERIOD

NOTED MAR 23 1982 R.V.P.
5:15

ADD TO ARTICLE 3

Penacook Lower Falls
23 Mar. 82 RVP

SELLER shall have the option, if ^{proven necessary} ~~necessitated~~ by its financing experience, to extend the pricing under Section A, Article 3 through the ninth or tenth Contract year. If said pricing is extended through the ninth Contract year, the recovery amount under Section D.1., Article 3 shall be 6.84 cents per kWh and the recovery shall begin with the tenth Contract year; if said pricing is extended through the tenth Contract year, the recovery amount shall be 8.46 cents per kWh beginning with the eleventh Contract year.

Reviewed by HJE 23 Mar. 82.

BALANCE ON 1-2/3 & ADJUSTMENT?

Comment by HJE

Station Service from Concord Etc.

Not through 80r connection

No RP relay.

See Bob Evans

N. H. HYDRO ASSOCIATES
PENACOOK LOWER FALLS
17 MAR 82 RVP

Recompute Recovery Amount using 17.61%.
FRONT end loading of 11.00 ¢/kWh for 8 years.

$$pwf' (17.61\%, 8) = \frac{1 - (1.1761)^{-8}}{0.1761} = 4.1273 \text{ (Uniform Series)}$$

$$pwf' (17.61\%, 22) = \frac{1 - (1.1761)^{-22}}{0.1761} = 5.5185 \text{ (Uniform Series)}$$

$$pwf (17.61\%, 8) = (1.1761)^{-8} = 0.2732 \text{ (Single Payment)}$$

$$(11.00 - \text{index})(pwf' - 17.61 - 8) = \psi (pwf' - 17.61 - 22)(pwf - 17.61 - 8)$$

$$(11.00 - 9.00)(4.1273) = \psi (5.5185)(0.2732)$$

$$8.2546 = \psi 1.5077$$

$$\psi = \frac{8.2546}{1.5077} = 5.47 \text{ ¢/kWh (Recovery Amount)}$$

5.4756

Round to 5.48

$$(1.9)(4.1273) = \psi (5.5185)(0.2732)$$

$$7.8419 = \psi 1.5077$$

$$\psi = 5.20 \checkmark$$

Revised
NOTED MAR 25 1982 RVP

✓ SMA (3-26-82)

✓ SMA (5-22-82)

RECOVERY AMOUNT (11.00 \$/KWH FOR 9 YRS.)

$$pwf'(17.61\% - 9) = \frac{1 - (1.1761)^{-9}}{0.1761} = 4.3596$$

$$pwf'(17.61\% - 21) = \frac{1 - (1.1761)^{-21}}{0.1761} = 5.4903$$

$$pwf(17.61\% - 9) = (1.1761)^{-9} = 0.2323$$

$$(11.00 - 9.00)(4.3596) = \gamma (5.4903)(0.2323)$$

$$8.7192 = \gamma (1.2754)$$

$$\gamma = 6.84 \text{ $/KWH}$$

$$(1.90)(4.3596) = \gamma (1.2754)$$

$$8.2832 = \gamma (1.2754)$$

$$\gamma = 6.49$$

Revised

RECOVERY AMOUNT (11.00 \$/KWH FOR 10 YRS.)

$$pwf'(17.61\% - 10) = \frac{1 - (1.1761)^{-10}}{0.1761} = 4.5571$$

$$pwf'(17.61\% - 20) = \frac{1 - (1.1761)^{-20}}{0.1761} = 5.4571$$

$$pwf(17.61\% - 10) = (1.1761)^{-10} = 0.1975$$

$$(11.00 - 9.00)(4.5571) = \gamma (5.4571)(0.1975)$$

$$9.1142 = \gamma (1.0778)$$

$$\gamma = 8.46 \text{ $/KWH}$$

$$(1.9)(4.5571) = \gamma (1.0778)$$

$$8.6585 = \gamma (1.0778)$$

$$\gamma = 8.03$$

Revised

✓ SMA (3-26-82)

✓ SMA (3-23-82)

NOTED MAR 26 1982 EJP

CONTRACT FOR THE PURCHASE AND SALE
OF ELECTRIC ENERGY

CONTRACT, dated _____, 1982, by and between NEW HAMPSHIRE HYDRO ASSOCIATES, a New Hampshire Limited Partnership, with its principal office in Concord, New Hampshire (hereinafter referred to as SELLER), and PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a New Hampshire corporation having its principal place of business in Manchester, New Hampshire (hereinafter referred to as PUBLIC SERVICE).

WHEREAS, SELLER is engaged in the business of generation of electrical energy,

WHEREAS, SELLER desires to sell its entire generation output to PUBLIC SERVICE,

WHEREAS, PUBLIC SERVICE is engaged in the business of the generation, transmission, and distribution of electrical energy,

WHEREAS, PUBLIC SERVICE has determined it would be beneficial to secure a reliable supply of electrical energy for a period of not less than thirty years,

WHEREAS, SELLER is willing and able to sell its entire output to PUBLIC SERVICE for thirty years;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, SELLER and PUBLIC SERVICE hereby agree as follows:

Article 1. Basic Agreement.

Subject to the terms, provisions, and conditions of this Contract, SELLER agrees to furnish and sell and PUBLIC SERVICE agrees to purchase and receive all of the electric energy produced by the Penacook Lower Falls hydroelectric generating facility owned and operated by SELLER located in Penacook-Boscawen, New Hampshire on the Contoocook River. Since SELLER and PUBLIC SERVICE are interconnected through the system of the Concord Electric Company, PUBLIC SERVICE's obligation to purchase energy hereunder is conditioned upon SELLER obtaining the right to transmit power through the Concord Electric Company system to PUBLIC SERVICE and SELLER shall pay the cost, if any, of such transmission.

The point of delivery from the Concord Electric Company to PUBLIC SERVICE shall be the Garvins Substation metering point located in Bow, New Hampshire.

Article 2. Availability.

During the term hereof, SELLER shall endeavor to operate its generating unit to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output in kilowatthours from said unit when in operation.

It is agreed that SELLER shall have sole responsibility for operation and maintenance of its generating unit, including any relays, locks, seals, breakers, and other control and protection apparatus that are necessary, or which Concord Electric Company may designate as being necessary, for the operation of SELLER's generating unit in parallel with the system of Concord Electric Company and that SELLER will maintain said generating unit in good operating order and repair without cost to PUBLIC SERVICE.

*See 4/30/82 Memo to D. Sklar
for final version of signed
contract.*

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be based on an index price of 9.00 cents per kilowatthour (KWH) and shall be determined as follows.

- A. For the first eight (8) years of the Contract, the Contract rate shall be 11.00 cents per KWH. This rate exceeds the index price by 2.00 cents per KWH; and all payments made by PUBLIC SERVICE to SELLER which exceed the index price must be recovered by PUBLIC SERVICE, during later Contract years, in accordance with Section D.1., Article 3. This rate is subject to the adjustment provided for under Section D.2., Article 3.
- B. If, at the end of the eighth Contract year, 96 percent of PUBLIC SERVICE's incremental energy costs does not exceed the index price, the Contract rate shall be the index price of 9.00 cents per KWH. This rate is also subject to the adjustment provided for under Section D.2., Article 3.

NEW HAMPSHIRE HYDRO ASSOCIATES
99 NORTH STATE STREET
CONCORD, N.H. 03301
(603) 224-8333

April 1, 1982

Mr. Henry J. Ellis
Vice President
Public Service Company
of New Hampshire
100 Elm Street
P.O. Box 330
Manchester, NH 03105

Dear Mr. Ellis:

Enclosed are two copies of the Contract for Purchase and Sale of Electric Energy executed by New Hampshire Hydro Associates (NHHA). Kindly date and execute both copies of the Contract and return one copy to us.

Mr. Warren Mack of Essex Development Associates, Inc. has had discussions with Public Service staff regarding clarification of certain language in the attached contract. Based upon these discussions it is understood that the Contract rate of 10.00 cents per KWH shall be in effect for the initial 8 Contract years regardless of the relationship between Public Service's incremental energy cost and the index price. This point of clarification arises from the possible interpretation that Clause C of Article 3 may override Clause A of Article 3. Furthermore, should NHHA elect to extend the 10 cents per KWH Contract rate to the ninth and/or tenth Contract year, as is provided for in the last paragraph of Article 3, the 10.00 cent per KWH Contract rate shall be used, regardless of the relationship between Public Service's incremental energy cost and the index price.

While NHHA would prefer to have the language of the Contract modified to make the above clarifications, it is understood that Public Service prefers to leave the wording unchanged in order to simplify administration of contracts with small power producers. Given Public Service's preference, in lieu of changing the Contract, NHHA requests that you sign and return a copy of this letter.

It is also our understanding that Public Service, Concord Electric Company and NHHA will forthwith enter into an agreement with respect to Concord Electric's agreement to wheel the energy generated by NHHA over Concord Electric's transmission lines to Public Service's Garvins Falls substation.

On behalf of myself and my NHHA associates I'd like to thank you, Dave Merrill, John Lyons, and Dick Perrin for the extra effort that was required to reach agreement on this contract. NHHA looks forward to a mutually satisfactory startup and operation of the Penacook project.

Sincerely,

NEW HAMPSHIRE HYDRO ASSOCIATES

By: Essex Development Associates
Its: General Partner

Richard A. Norman

By: Richard A Norman
Partner

Accepted and agreed to:

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: _____
Henry J. Ellis, Vice President

CONTRACT FOR THE PURCHASE AND SALE
OF ELECTRIC ENERGY

CONTRACT, dated _____, 1982, by and between NEW HAMPSHIRE HYDRO ASSOCIATES, a New Hampshire Limited Partnership, with its principal office in Concord, New Hampshire (hereinafter referred to as SELLER), and PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a New Hampshire corporation having its principal place of business in Manchester, New Hampshire (hereinafter referred to as PUBLIC SERVICE).

WHEREAS, SELLER is engaged in the business of generation of electrical energy,

WHEREAS, SELLER desires to sell its entire generation output to PUBLIC SERVICE,

WHEREAS, PUBLIC SERVICE is engaged in the business of the generation, transmission, and distribution of electrical energy,

WHEREAS, PUBLIC SERVICE has determined it would be beneficial to secure a reliable supply of electrical energy for a period of not less than thirty years,

WHEREAS, SELLER is willing and able to sell its entire output to PUBLIC SERVICE for thirty years;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, SELLER and PUBLIC SERVICE hereby agree as follows:

Article 1. Basic Agreement.

Subject to the terms, provisions, and conditions of this Contract, SELLER agrees to furnish and sell and PUBLIC SERVICE agrees to purchase and receive all of the electric energy produced by the Penacook Lower Falls hydroelectric generating facility owned and operated by SELLER located in Penacook-Boscawen, New Hampshire on the Contoocook River. Since SELLER and PUBLIC SERVICE are interconnected through the system of the Concord Electric Company, PUBLIC SERVICE's obligation to purchase energy hereunder is conditioned upon SELLER obtaining the right to transmit power through the Concord Electric Company system to PUBLIC SERVICE and SELLER shall pay the cost, if any, of such transmission.

The point of delivery from the Concord Electric Company to PUBLIC SERVICE shall be the Garvins Substation metering point located in Bow, New Hampshire.

Article 2. Availability.

During the term hereof, SELLER shall endeavor to operate its generating unit to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output in kilowatthours from said unit when in operation.

It is agreed that SELLER shall have sole responsibility for operation and maintenance of its generating unit, including any relays, locks, seals, breakers, and other control and protection apparatus that are necessary, or which Concord Electric Company may designate as being necessary, for the operation of SELLER's generating unit in parallel with the system of Concord Electric Company and that SELLER will maintain said generating unit in good operating order and repair without cost to PUBLIC SERVICE.

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be based on an index price of 8.10 cents per kilowatthour (KWH) and shall be determined as follows.

- A. For the first eight (8) years of the Contract, the Contract price shall be 10.00 cents per KWH. This price exceeds the index price by 1.90 cents per KWH; and all payments made by PUBLIC SERVICE to SELLER which exceed the index price must be recovered by PUBLIC SERVICE, during later Contract years, in accordance with Section D.1., Article 3.
- B. If, at the end of the eighth Contract year, 96 percent of PUBLIC SERVICE's incremental energy costs does not exceed the index price, the Contract rate shall be the index price of 8.10 cents per KWH. This rate is subject to the adjustments provided for under Section D, Article 3.

- C. At such time that 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the rate to be paid under this contract will vary in accordance with the following provisions, subject to the provisions of Section D, Article 3.

As soon as 96 percent of PUBLIC SERVICE's incremental energy cost exceeds the index, the contract rate will be based on 96 percent of PUBLIC SERVICE's incremental energy cost for a period of one year. For each subsequent year, the percentage of PUBLIC SERVICE's incremental energy cost to be paid will be reduced by 4 percent (i.e. 96 percent, 92 percent, 88 percent, 84 percent, etc.), until the incremental energy cost is reduced only 2 percent to reach 50 percent of PUBLIC SERVICE's incremental energy cost. At such time, the contract rate will remain at the 50 percent rate for the remainder of the contract term.

PUBLIC SERVICE's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of PUBLIC SERVICE's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. PUBLIC SERVICE's incremental energy cost, for the purposes of this Contract, will be expressed as a yearly average and will be calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

If the rate during any year is less than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of an additional payment for each KWH sold to PUBLIC SERVICE during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The adjustment will be paid within one month after PUBLIC SERVICE's incremental energy cost for the previous year has been determined.

If the rate during any year is more than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of a refund to PUBLIC SERVICE for each KWH sold during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The refund will be made to PUBLIC SERVICE by applying one-twelfth of the total amount as a reduction to each month's payment by PUBLIC SERVICE during the current year. If for any month, no payment is due the SELLER, or the payment due is not equal to the refund, a payment to PUBLIC SERVICE will be made by SELLER so that the total recovery is achieved by PUBLIC SERVICE by the end of the current year.

- D. The Contract rates described in Sections B and C, Article 3, are subject to the following provisions, as applicable, in order to determine the Contract price to be charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract.
1. Beginning with the ninth Contract year, and continuing for the term of the Contract, a recovery amount equal to 5.20 cents per KWH shall be deducted from the Contract rate. This deduction allows PUBLIC SERVICE to recover the payments made under Section A, Article 3, which exceeded the index price.
 2. For the ninth through the twentieth Contract years, the Contract rate shall be adjusted by adding 0.67 cents per KWH to the rate.

SELLER shall have the option, if proven necessary by its financing experience, to extend the pricing under Section A, Article 3 through the ninth or tenth Contract year. If said pricing is extended through the ninth Contract year, the recovery amount under Section D.1., Article 3 shall be 6.49 cents per KWH and the recovery shall begin with the tenth Contract year; if said pricing is extended through the tenth Contract year, the recovery amount shall be 8.03 cents per KWH beginning with the eleventh Contract year.

Article 4. Metering.

The metering shall be configured so as to represent the generation delivered to PUBLIC SERVICE. The metering may be installed on the generation side of the transformer provided that transformer losses are subtracted from the measured generation by a suitable method.

SELLER will install, own, and maintain all metering equipment as specified in PUBLIC SERVICE's study of the SELLER's electric generating facility, which study is, or will be upon mutual consent of both parties, attached hereto as Attachment A. SELLER shall bear all costs associated with said equipment and its installation.

If at any time, the metering equipment is found to be in error by more than two percent fast or slow (+ or -2%), SELLER shall cause such metering equipment to be corrected and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the preceding month shall be made except by agreement of the parties. All tests and calibrations shall be made in accordance with Section V-14 of the NHPUC Rules and Regulations Prescribing Standards for Electric Utilities in effect as of September 8, 1972, as amended. The meter shall be tested as prescribed in said Rules and Regulations.

In addition to the regular routine tests, SELLER shall cause the metering equipment to be tested at any time upon request of and in the presence of a representative of PUBLIC SERVICE. If such equipment proves accurate within two percent fast or slow (+ or -2%), the expense of the test shall be borne by PUBLIC SERVICE.

The SELLER shall allow PUBLIC SERVICE reasonable access to the meter located on the SELLER's premises. PUBLIC SERVICE reserves the right to secure or seal the metering installation, to require SELLER to measure electrical energy sold to PUBLIC SERVICE on an hour-by-hour basis, and to require SELLER to notify PUBLIC SERVICE once each day of SELLER's generation in kilowatthours for each hour during the prior 24 hours.

Article 5. Modifications.

If SELLER plans any modifications to its electric generating facility, SELLER shall give PUBLIC SERVICE prior written notice of its intentions. In the event that PUBLIC SERVICE reasonably determines that said modifications would necessitate changes to the metering equipment or would cause PUBLIC SERVICE to incur additional expenses associated therewith, the SELLER shall make such changes as reasonably required by PUBLIC SERVICE and reimburse PUBLIC SERVICE for said expenses before PUBLIC SERVICE is obligated to purchase any increased output.

If the PUBLIC SERVICE interconnecting circuit is converted to a higher voltage in the future, the SELLER shall be responsible for all metering changes necessitated by the conversion and shall bear all costs associated with said conversion.

Article 6. Billing & Payment.

PUBLIC SERVICE shall read the meter, installed in accordance with Article 4, on or at the end of each month, and PUBLIC SERVICE shall send the SELLER a form showing the month's beginning and ending meter readings and total net kilowatthour generation.

SELLER shall then transmit to PUBLIC SERVICE a bill showing the amount due, which amount will be determined by multiplying the rate per kilowatthour specified in Article 3 times the number of kilowatthours delivered to PUBLIC SERVICE since the prior reading of the meter, and PUBLIC SERVICE will send to SELLER a payment for that amount within 20 days of receipt of SELLER's bill.

Article 7. Liability & Insurance.

- a. Each party will be responsible for its facilities and the operation thereof and will indemnify and save the other harmless from any and all loss by reason of property damage, bodily injury, including death resulting therefrom suffered by any person or persons including the parties hereto, employees thereof or members of the public, (and all expenses in connection therewith, including attorney's fees) whether arising in contract, warranty, tort (including negligence), strict liability or otherwise, caused by or sustained on, or alleged to be

caused by or sustained on, equipment or facilities, or the operation or use thereof, owned or controlled by such party, except that each party shall be solely responsible for and shall bear all costs of claims by its own employees or contractors growing out of any workmen's compensation law. SELLER shall indemnify and save PUBLIC SERVICE harmless against any and all liability for claims, costs, losses, expenses and damages, including bodily injury and death, sustained by Concord Electric Company, its employees or agents, arising out of SELLER's performance of this Contract.

- b. SELLER hereby agrees to maintain in force and effect, for the duration of this Contract, Workmen's Compensation Insurance, as required by statute, and Comprehensive General Liability Insurance for bodily injury and property damage at minimum limits of three million dollars (\$3,000,000). Within sixty days of the effective date of this Contract, the SELLER agrees to provide PUBLIC SERVICE with a certificate of such insurance.
- c. In no event shall PUBLIC SERVICE be liable, whether in Contract, tort (including negligence), strict liability, warranty, or otherwise, for any special, indirect, incidental, or consequential loss or damage, including but not limited to cost of capital, cost of replacement power, loss of profits or revenues or the loss of the use thereof. This provision, subsection c of Article 7, shall apply notwithstanding any other provision of this Contract.

Article 8. Force Majeure.

Either party shall not be considered to be in default hereunder and shall be excused from purchasing or selling electricity hereunder if and to the extent that it shall be prevented from doing so by storm, flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, withdrawal of facilities from operation for necessary maintenance and repair, or any cause beyond the reasonable control of either party.

Article 9. Effective Date & Contract Term.

This Contract shall become effective between the parties as of the date hereof, provided that the metering equipment, as specified by PUBLIC SERVICE in accordance with the conditions set forth in Section 4 of this Contract, has been installed by SELLER.

If said equipment has not been properly installed, this Contract shall become effective between the parties as of the date of proper installation of said equipment or as of the date SELLER begins delivering energy to PUBLIC SERVICE, whichever occurs latest. As of the effective date of this Contract, the Contract shall remain in full force and effect for thirty (30) years.

In order for any modification to this Contract to be binding upon the parties, said modifications must be in writing and signed by both parties.

Article 10. Prior Agreements Superseded.

This Contract with Attachment A represents the entire agreement between the parties hereto relating to the subject matter hereof, and all previous agreements, discussion, communications, and correspondence with respect to the said subject matter are superseded by the execution of this Contract.

Article 11. Waiver of Terms or Conditions.

The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Contract shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

Article 12. General.

This Contract shall be binding upon, and inure to the benefit of the respective successors and assigns of the parties hereto, provided that SELLER shall not assign this Contract except to an affiliated company, without the prior written consent of PUBLIC SERVICE, which consent shall not be unreasonably withheld. The term "affiliated company" shall include any partnership in which SELLER or one of SELLER's subsidiaries or affiliates is a general partner or any corporation in which SELLER or one of its subsidiaries or affiliates owns or controls more than 50 percent of the voting stock or otherwise has operating control. In the event of an assignment to an affiliate, SELLER shall notify PUBLIC SERVICE within five (5) days of the effective date of the assignment.

Article 13. Applicable Law.

This Contract is made under the laws of The State of New Hampshire and the interpretation and performance hereof shall be in accordance with and controlled by the laws of that State.

Article 14. Mailing Addresses.

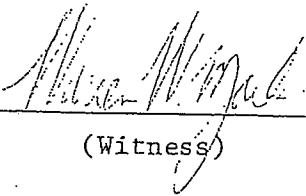
The mailing addresses of the parties are as follows:

SELLER: New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301
Attn: Richard A. Norman, Partner

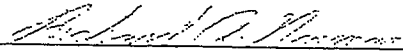
PUBLIC SERVICE: Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105
Attn: Henry J. Ellis, Vice President

IN WITNESS WHEREOF, the parties have hereunto caused their names to be subscribed, as of the day and year first above written.

NEW HAMPSHIRE HYDRO ASSOCIATES
By ESSEX DEVELOPMENT ASSOCIATES,
A General Partner



(Witness)

By: 

Name: Richard A. Norman
Title: Partner

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

(Witness)

By: _____
Henry J. Ellis, Vice President

NEW HAMPSHIRE HYDRO ASSOCIATES
99 NORTH STATE STREET
CONCORD, N.H. 03301
(603) 224-8333

NOTED APR 13 1982 R.V.P.

April 1, 1982

Mr. Henry J. Ellis
Vice President
Public Service Company
of New Hampshire
100 Elm Street
P.O. Box 330
Manchester, NH 03105

Dear Mr. Ellis:

Enclosed are two copies of the Contract for Purchase and Sale of Electric Energy executed by New Hampshire Hydro Associates (NHHA). Kindly date and execute both copies of the Contract and return one copy to us.

Mr. Warren Mack of Essex Development Associates, Inc. has had discussions with Public Service staff regarding clarification of certain language in the attached contract. Based upon these discussions it is understood that the Contract rate of 10.00 cents per KWH shall be in effect for the initial 8 Contract years regardless of the relationship between Public Service's incremental energy cost and the index price. This point of clarification arises from the possible interpretation that Clause C of Article 3 may override Clause A of Article 3. Furthermore, should NHHA elect to extend the 10 cents per KWH Contract rate to the ninth and/or tenth Contract year, as is provided for in the last paragraph of Article 3, the 10.00 cent per KWH Contract rate shall be used, regardless of the relationship between Public Service's incremental energy cost and the index price.

While NHHA would prefer to have the language of the Contract modified to make the above clarifications, it is understood that Public Service prefers to leave the wording unchanged in order to simplify administration of contracts with small power producers. Given Public Service's preference, in lieu of changing the Contract, NHHA requests that you sign and return a copy of this letter.

It is also our understanding that Public Service, Concord Electric Company and NHHA will forthwith enter into an agreement with respect to Concord Electric's agreement to wheel the energy generated by NHHA over Concord Electric's transmission lines to Public Service's Garvins Falls substation.

On behalf of myself and my NHHA associates I'd like to thank you, Dave Merrill, John Lyons, and Dick Perrin for the extra effort that was required to reach agreement on this contract. NHHA looks forward to a mutually satisfactory startup and operation of the Penacook project.

Sincerely,

NEW HAMPSHIRE HYDRO ASSOCIATES

By: Essex Development Associates
Its: General Partner

Richard A. Norman

By: Richard A Norman
Partner

Accepted and agreed to:

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: Henry J. Ellis, Vice President



CONTRACT FOR THE PURCHASE AND SALE
OF ELECTRIC ENERGY

*Julie,
4/13/82 Mark-up
with PS&H changes.*

CONTRACT, dated _____, 1982, by and between NEW HAMPSHIRE HYDRO ASSOCIATES, a New Hampshire Limited Partnership, with its principal office in Concord, New Hampshire (hereinafter referred to as SELLER), and PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE, a New Hampshire corporation having its principal place of business in Manchester, New Hampshire (hereinafter referred to as PUBLIC SERVICE).

WHEREAS, SELLER is engaged in the business of generation of electrical energy,

WHEREAS, SELLER desires to sell its entire generation output to PUBLIC SERVICE,

WHEREAS, PUBLIC SERVICE is engaged in the business of the generation, transmission, and distribution of electrical energy,

WHEREAS, PUBLIC SERVICE has determined it would be beneficial to secure a reliable supply of electrical energy for a period of not less than thirty years,

WHEREAS, SELLER is willing and able to sell its entire output to PUBLIC SERVICE for thirty years;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, SELLER and PUBLIC SERVICE hereby agree as follows:

Article 1. Basic Agreement.

Subject to the terms, provisions, and conditions of this Contract, SELLER agrees to furnish and sell and PUBLIC SERVICE agrees to purchase and receive all of the electric energy produced by the Penacook Lower Falls hydroelectric generating facility owned and operated by SELLER located in Penacook-Boscawen, New Hampshire on the Contoocook River. Since SELLER and PUBLIC SERVICE are interconnected through the system of the Concord Electric Company, PUBLIC SERVICE's obligation to purchase energy hereunder is conditioned upon SELLER obtaining the right to transmit power through the Concord Electric Company system to PUBLIC SERVICE and SELLER shall pay the cost, if any, of such transmission.

The point of delivery from the Concord Electric Company to PUBLIC SERVICE shall be the Garvins Substation metering point located in Bow, New Hampshire.

Article 2. Availability.

During the term hereof, SELLER shall endeavor to operate its generating unit to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output in kilowatthours from said unit when in operation.

It is agreed that SELLER shall have sole responsibility for operation and maintenance of its generating unit, including any relays, locks, seals, breakers, and other control and protection apparatus that are necessary, or which Concord Electric Company may designate as being necessary, for the operation of SELLER's generating unit in parallel with the system of Concord Electric Company and that SELLER will maintain said generating unit in good operating order and repair without cost to PUBLIC SERVICE.

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be based on an index price of 8.10 cents per kilowatthour (KWH) and shall be determined as follows. ←

A. For the first eight (8) years of the Contract, the Contract price shall be 10.00 cents per KWH. This price exceeds the index price by 1.90 cents per KWH; and all payments made by PUBLIC SERVICE to SELLER which exceed the index price must be recovered by PUBLIC SERVICE, during later Contract years, in accordance with Section ←

D.1., Article 3. The provision of Section C Article 3 shall not override the provisions of this paragraph
B. If, at the end of the eighth Contract year, 96 percent of PUBLIC SERVICE's incremental energy costs ^{has} does not exceed ^{the} ~~the~~ ^{STET} index price, ~~the contract rate shall be the index price of 9.10 cents per KWH.~~ ←
This rate is subject to the adjustments provided for under Section D, Article 3.

5ET
9.0¢ per kWh
C. At such time that 96 percent of PUBLIC SERVICE's incremental energy cost exceeds ~~the index~~, the rate to be paid under this contract will vary in accordance with the following provisions, subject to the provisions of Section D, Article 3.

9.0¢ per kWh
STET
As soon as 96 percent of PUBLIC SERVICE's incremental energy cost exceeds ~~the index~~, the contract rate will be based on 96 percent of PUBLIC SERVICE's incremental energy cost for a period of one year. For each subsequent year, the percentage of PUBLIC SERVICE's incremental energy cost to be paid will be reduced by 4 percent (i.e. 96 percent, 92 percent, 88 percent, 84 percent, etc.), until the incremental energy cost is reduced only 2 percent to reach 50 percent of PUBLIC SERVICE's incremental energy cost. At such time, the contract rate will remain at the 50 percent rate for the remainder of the contract term.

PUBLIC SERVICE's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of PUBLIC SERVICE's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. PUBLIC SERVICE's incremental energy cost, for the purposes of this Contract, will be expressed as a yearly average and will be calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

If the rate during any year is less than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of an additional payment for each KWH sold to PUBLIC SERVICE during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The adjustment will be paid within one month after PUBLIC SERVICE's incremental energy cost for the previous year has been determined.

If the rate during any year is more than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of a refund to PUBLIC SERVICE for each KWH sold during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The refund will be made to PUBLIC SERVICE by applying one-twelfth of the total amount as a reduction to each month's payment by PUBLIC SERVICE during the current year. If for any month, no payment is due the SELLER, or the payment due is not equal to the refund, a payment to PUBLIC SERVICE will be made by SELLER so that the total recovery is achieved by PUBLIC SERVICE by the end of the current year.

D. The Contract rates described in Sections B and C, Article 3, are subject to the following provisions, as applicable, in order to determine the Contract price to be charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract.

1. Beginning with the ninth Contract year, and continuing for the term of the Contract, a recovery amount equal to 5.20 cents per KWH shall be deducted from the Contract rate. This deduction

allows PUBLIC SERVICE to recover the payments made under Section A, Article 3, which exceeded the index price.

*For the 1st contract year
1.0*

2. For the ninth through the twentieth Contract ^{STET} years, the Contract rate shall be adjusted by adding 0.67 ^{1.0} cents per KWH to the rate.

This adjustment, for any given year, shall not apply to any energy generated in the year in excess of one twelfth of the total energy generated by Seller's facility during the first contract years. SELLER shall have the option, if proven necessary by its financing

experience, to extend the pricing under Section A, Article 3 through the ninth or tenth Contract year. If said pricing is extended through the ninth Contract year, the recovery amount under Section D.1., Article 3 shall be 6.49 cents per KWH and the recovery shall begin with the tenth Contract year; if said pricing is extended through the tenth Contract year, the recovery amount shall be 8.03 cents per KWH beginning with the eleventh Contract year.

If proven necessary to Public Service by Seller and/or the project lenders, for amortization of the first cost of Seller's facility, Public Service shall grant Seller the option

Article 4. Metering.

The metering shall be configured so as to represent the generation delivered to PUBLIC SERVICE. The metering may be installed on the generation side of the transformer provided that transformer losses are subtracted from the measured generation by a suitable method.

SELLER will install, own, and maintain all metering equipment as specified in PUBLIC SERVICE's study of the SELLER's electric generating facility, which study is, or will be upon mutual consent of both parties, attached hereto as Attachment A. SELLER shall bear all costs associated with said equipment and its installation.

If at any time, the metering equipment is found to be in error by more than two percent fast or slow (+ or -2%), SELLER shall cause such metering equipment to be corrected and the meter readings for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the preceding month shall be made except by agreement of the parties. All tests and calibrations shall be made in accordance with Section V-14 of the NHPUC Rules and Regulations Prescribing Standards for Electric Utilities in effect as of September 8, 1972, as amended. The meter shall be tested as prescribed in said Rules and Regulations.

In addition to the regular routine tests, SELLER shall cause the metering equipment to be tested at any time upon request of and in the presence of a representative of PUBLIC SERVICE. If such equipment proves accurate within two percent fast or slow (+ or -2%), the expense of the test shall be borne by PUBLIC SERVICE.

The SELLER shall allow PUBLIC SERVICE reasonable access to the meter located on the SELLER's premises. PUBLIC SERVICE reserves the right to secure or seal the metering installation, to require SELLER to measure electrical energy sold to PUBLIC SERVICE on an hour-by-hour basis, and to require SELLER to notify PUBLIC SERVICE once each day of SELLER's generation in kilowatthours for each hour during the prior 24 hours.

Article 5. Modifications.

If SELLER plans any modifications to its electric generating facility, SELLER shall give PUBLIC SERVICE prior written notice of its intentions. In the event that PUBLIC SERVICE reasonably determines that said modifications would necessitate changes to the metering equipment or would cause PUBLIC SERVICE to incur additional expenses associated therewith, the SELLER shall make such changes as reasonably required by PUBLIC SERVICE and reimburse PUBLIC SERVICE for said expenses before PUBLIC SERVICE is obligated to purchase any increased output.

If the PUBLIC SERVICE interconnecting circuit is converted to a higher voltage in the future, the SELLER shall be responsible for all metering changes necessitated by the conversion and shall bear all costs associated with said conversion.

Article 6. Billing & Payment.

PUBLIC SERVICE shall read the meter, installed in accordance with Article 4, on or at the end of each month, and PUBLIC SERVICE shall send the SELLER a form showing the month's beginning and ending meter readings and total net kilowatthour generation.

SELLER shall then transmit to PUBLIC SERVICE a bill showing the amount due, which amount will be determined by multiplying the rate per kilowatthour specified in Article 3 times the number of kilowatthours delivered to PUBLIC SERVICE since the prior reading of the meter, and PUBLIC SERVICE will send to SELLER a payment for that amount within 20 days of receipt of SELLER's bill.

Article 7. Liability & Insurance.

- a. Each party will be responsible for its facilities and the operation thereof and will indemnify and save the other harmless from any and all loss by reason of property damage, bodily injury, including death resulting therefrom suffered by any person or persons including the parties hereto, employees thereof or members of the public, (and all expenses in connection therewith, including attorney's fees) whether arising in contract, warranty, tort (including negligence), strict liability or otherwise, caused by or sustained on, or alleged to be

caused by or sustained on, equipment or facilities, or the operation or use thereof, owned or controlled by such party, except that each party shall be solely responsible for and shall bear all costs of claims by its own employees or contractors growing out of any workmen's compensation law. SELLER shall indemnify and save PUBLIC SERVICE harmless against any and all liability for claims, costs, losses, expenses and damages, including bodily injury and death, sustained by Concord Electric Company, its employees or agents, arising out of SELLER's performance of this Contract.

- b. SELLER hereby agrees to maintain in force and effect, for the duration of this Contract, Workmen's Compensation Insurance, as required by statute, and Comprehensive General Liability Insurance for bodily injury and property damage at minimum limits of three million dollars (\$3,000,000). Within sixty days of the effective date of this Contract, the SELLER agrees to provide PUBLIC SERVICE with a certificate of such insurance.
- c. In no event shall PUBLIC SERVICE be liable, whether in Contract, tort (including negligence), strict liability, warranty, or otherwise, for any special, indirect, incidental, or consequential loss or damage, including but not limited to cost of capital, cost of replacement power, loss of profits or revenues or the loss of the use thereof. This provision, subsection c of Article 7, shall apply notwithstanding any other provision of this Contract.

Article 8. Force Majeure:

Either party shall not be considered to be in default hereunder and shall be excused from purchasing or selling electricity hereunder if and to the extent that it shall be prevented from doing so by storm, flood, lightning, earthquake, explosion, equipment failure, civil disturbance, labor dispute, act of God or the public enemy, action of a court or public authority, withdrawal of facilities from operation for necessary maintenance and repair, or any cause beyond the reasonable control of either party.

Article 9. Effective Date & Contract Term.

This Contract shall become effective between the parties as of the date hereof, provided that the metering equipment, as specified by PUBLIC SERVICE in accordance with the conditions set forth in Section 4 of this Contract, has been installed by SELLER.

If said equipment has not been properly installed, this Contract shall become effective between the parties as of the date of proper installation of said equipment or as of the date SELLER begins delivering energy to PUBLIC SERVICE, whichever occurs latest. As of the effective date of this Contract, the Contract shall remain in full force and effect for thirty (30) years.

In order for any modification to this Contract to be binding upon the parties, said modifications must be in writing and signed by both parties.

Article 10. Prior Agreements Superseded.

This Contract with Attachment A represents the entire agreement between the parties hereto relating to the subject matter hereof, and all previous agreements, discussion, communications, and correspondence with respect to the said subject matter are superseded by the execution of this Contract.

Article 11. Waiver of Terms or Conditions.

The failure of either party to enforce or insist upon compliance with any of the terms or conditions of this Contract shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

Article 12. General.

This Contract shall be binding upon, and inure to the benefit of the respective successors and assigns of the parties hereto, provided that SELLER shall not assign this Contract except to an affiliated company, without the prior written consent of PUBLIC SERVICE, which consent shall not be unreasonably withheld. The term "affiliated company" shall include any partnership in which SELLER or one of SELLER's subsidiaries or affiliates is a general partner or any corporation in which SELLER or one of its subsidiaries or affiliates owns or controls more than 50 percent of the voting stock or otherwise has operating control. In the event of an assignment to an affiliate, SELLER shall notify PUBLIC SERVICE within five (5) days of the effective date of the assignment.

Article 13. Applicable Law.

This Contract is made under the laws of The State of New Hampshire and the interpretation and performance hereof shall be in accordance with and controlled by the laws of that State.

Article 14. Mailing Addresses.

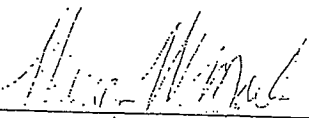
The mailing addresses of the parties are as follows:

SELLER: New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301
Attn: Richard A. Norman, Partner

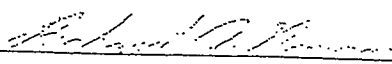
PUBLIC SERVICE: Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105
Attn: Henry J. Ellis, Vice President

IN WITNESS WHEREOF, the parties have hereunto caused their names to be subscribed, as of the day and year first above written.

NEW HAMPSHIRE HYDRO ASSOCIATES
By ESSEX DEVELOPMENT ASSOCIATES,
A General Partner



(Witness)

By: 
Name: Richard A. Norman
Title: Partner

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

By: _____
Henry J. Ellis, Vice President

(Witness)



NOTED APR 13 1982 R.V.P.

NOTED APR 14 1982 JEL
OK

JOHN,

Attached is a revised contract for Penacook Lower Falls. The changes have been high-lighted. I discussed these changes with W. Mack today and he appeared to have no objections. I told him the changes were subject to management review this Thursday.

If everything is O.K., I'll prepare a transmittal letter. I think Warren will want to pick-up the contract Thurs.

Dick

REVISED

NOTED APR 16 1982 R.V.P.

-2-

The point of delivery from the Concord Electric Company to PUBLIC SERVICE shall be the Garvins Substation metering point located in Bow, New Hampshire.

Article 2. Availability.

During the term hereof, SELLER shall endeavor to operate its generating unit to the maximum extent reasonably possible under the circumstances and shall make available to PUBLIC SERVICE the entire net output in kilowatthours from said unit when in operation.

It is agreed that SELLER shall have sole responsibility for operation and maintenance of its generating unit, including any relays, locks, seals, breakers, and other control and protection apparatus that are necessary, or which Concord Electric Company may designate as being necessary, for the operation of SELLER's generating unit in parallel with the system of Concord Electric Company and that SELLER will maintain said generating unit in good operating order and repair without cost to PUBLIC SERVICE.

Article 3. Price.

The price charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract shall be based on an index price of 8.10 cents per kilowatthour (KWH) and shall be determined as follows.

- A. For the first eight (8) years of the Contract, the Contract price shall be 10.00 cents per KWH. This price exceeds the index price by 1.90 cents per KWH; and all payments made by PUBLIC SERVICE to SELLER which exceed the index price must be recovered by PUBLIC SERVICE, during later Contract years, in accordance with Section D.1., Article 3. The provisions of Section C, Article 3, shall not override the provisions of this paragraph.
- B. If, during the first eight Contract years, 96 percent of PUBLIC SERVICE's incremental energy costs has not exceeded 9.00 cents per KWH, the Contract rate shall be the index price of 8.10 cents per KWH. This rate is subject to the adjustments provided for under Section D, Article 3.

- C. At such time that 96 percent of PUBLIC SERVICE's incremental energy cost exceeds 9.00 cents per KWH, the rate to be paid under this contract will vary in accordance with the following provisions, subject to the provisions of Section D, Article 3.

As soon as 96 percent of PUBLIC SERVICE's incremental energy cost exceeds 9.00 cents per KWH, the contract rate will be based on 96 percent of PUBLIC SERVICE's incremental energy cost for a period of one year. For each subsequent year, the percentage of PUBLIC SERVICE's incremental energy cost to be paid will be reduced by 4 percent (i.e. 96 percent, 92 percent, 88 percent, 84 percent, etc.), until the incremental energy cost is reduced only 2 percent to reach 50 percent of PUBLIC SERVICE's incremental energy cost. At such time, the contract rate will remain at the 50 percent rate for the remainder of the contract term.

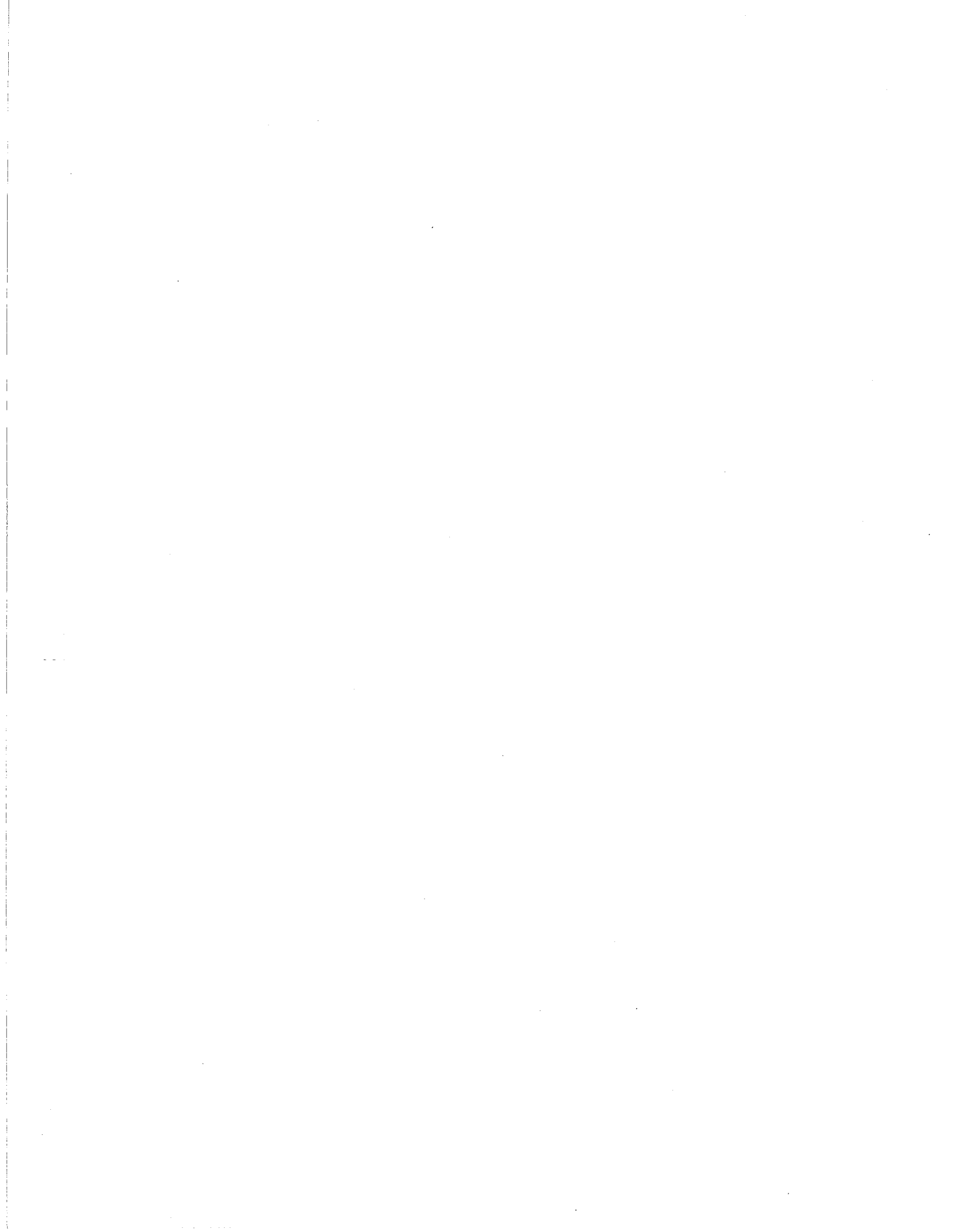
PUBLIC SERVICE's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of PUBLIC SERVICE's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. PUBLIC SERVICE's incremental energy cost, for the purposes of this Contract, will be expressed as a yearly average and will be calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

If the rate during any year is less than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of an additional payment for each KWH sold to PUBLIC SERVICE during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The adjustment will be paid within one month after PUBLIC SERVICE's incremental energy cost for the previous year has been determined.

If the rate during any year is more than the appropriate percentage of PUBLIC SERVICE's incremental energy cost for that year, an adjustment will be made for all energy sold to PUBLIC SERVICE. The adjustment will consist of a refund to PUBLIC SERVICE for each KWH sold during said year based on the difference between the price paid and the appropriate percentage of PUBLIC SERVICE's incremental energy cost. The refund will be made to PUBLIC SERVICE by applying one-twelfth of the total amount as a reduction to each month's payment by PUBLIC SERVICE during the current year. If for any month, no payment is due the SELLER, or the payment due is not equal to the refund, a payment to PUBLIC SERVICE will be made by SELLER so that the total recovery is achieved by PUBLIC SERVICE by the end of the current year.

- D. The Contract rates described in Sections B and C, Article 3, are subject to the following provisions, as applicable, in order to determine the Contract price to be charged by SELLER to PUBLIC SERVICE for sales of electric energy under this Contract.
1. Beginning with the ninth Contract year, and continuing for the term of the Contract, a recovery amount equal to 5.20 cents per KWH shall be deducted from the Contract rate. This deduction allows PUBLIC SERVICE to recover the payments made under Section A, Article 3, which exceeded the index price.
 2. For the ninth through the twentieth Contract years, the Contract rate shall be adjusted by adding 1.00 cents per KWH to the rate. This adjustment, for any given year, shall not apply to any energy generated during that year in excess of one-twelfth (1/12) of the total energy generated by SELLER's facility during the first eight Contract years.

If proven necessary to PUBLIC SERVICE by SELLER and/or the project lenders, for amortization of the first cost of SELLER's facilities, PUBLIC SERVICE shall grant SELLER the option to extend the pricing under Section A, Article 3 through the ninth or tenth Contract year. If said pricing is extended through the ninth Contract year, the recovery amount under Section D.1., Article 3 shall be 6.49 cents per KWH and the recovery shall begin with the tenth Contract year; if said pricing is extended through the tenth Contract year, the recovery amount shall be 8.03 cents per KWH beginning with the eleventh Contract year.



NEW HAMPSHIRE HYDRO ASSOCIATES
99 NORTH STATE STREET
CONCORD, N.H. 03301
(603) 224-8333

April 16, 1982

Mr. Henry Ellis
Public Service Company of New Hampshire
P.O. Box 330
1000 Elm Street
Manchester, NH 03105

Dear Mr. Ellis:

The purpose of this letter is to describe a scenario that could lead to New Hampshire Hydro Associates (NHHA) being required to extend the ten-cent price floor into the ninth and possibly tenth contract years. Let me again emphasize that in NHHA's judgment this is an improbable event.

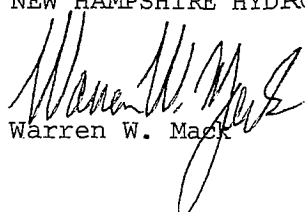
The financing plan for NHHA includes a loan from a commercial bank that is to be fully repaid during the first eight contract years. Project cash flows are sufficient to service this loan with a comfortable margin for contingencies. However, if a prolonged, severe drought occurs during this period, it is possible that NHHA will be unable to repay the loan in full. Therefore to protect against this unlikely occurrence, bankers seek the assurance given by the ability to extend the floor price until their loan is repaid in full. Two additional years should suffice for this purpose. Even if such a drought does occur, the power prices that are projected without the extension of the ten-cent price, should be sufficient to satisfy the bank's requirements. However, given that the incremental fuel cost in future years is a variable, the bankers seek some price certainty, therefore the option to extend the price floor.

NHHA does not wish to trigger this option. Based upon the projections of future incremental fuel costs and reasonable variations thereof, it is not in NHHA's economic interest to extend the floor price period.

I trust that this answers your inquiry.

Sincerely,

NEW HAMPSHIRE HYDRO ASSOCIATES


Warren W. Mack

WWM/jgb

LAWRENCE OFFICES
SIX ESSEX STREET, LAWRENCE, MA 01840 (617) 687-2312

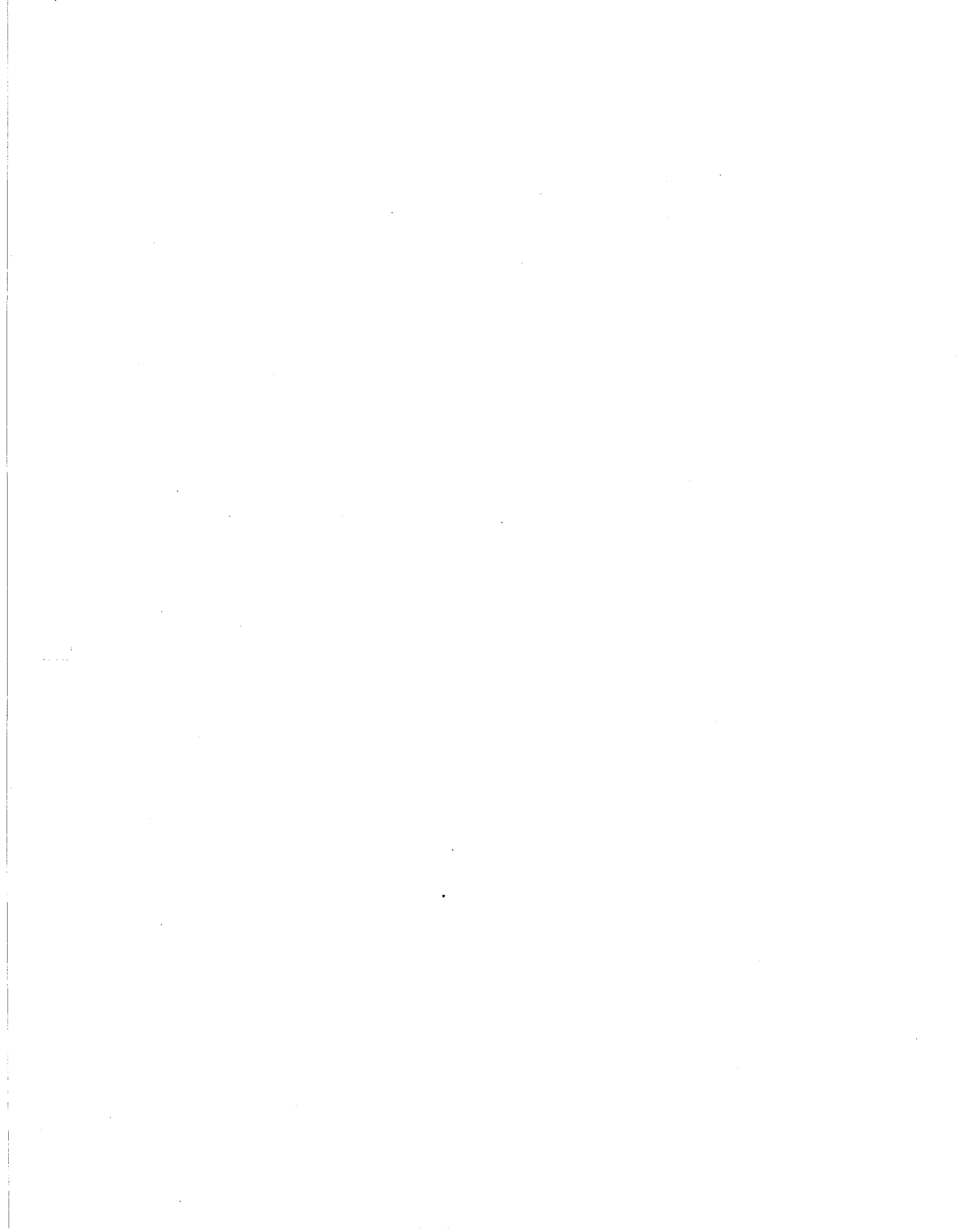
On April 28, 1982, Public Service Company of New Hampshire (PSNH) and New Hampshire Hydro Associates (NHHA) entered into a contract whereby PSNH will purchase the entire net output of NHHA's Penacook Lower Falls hydroelectric generating facility. This facility, located on the Contoocook River in Penacook-Boscawen, New Hampshire, will have an installed capacity of 4,000 kilowatts and will generate enough energy to serve over 2,000 of PSNH's residential customers.

PSNH views this contract as a milestone in its attempt to reduce dependence on foreign oil; provide safe, reliable, high quality service to customers at the lowest reasonable cost; and delay additional base load capacity investment as long as possible after the completion of Seabrook. PSNH is presently contracted with 20 hydro developers, the total installed capacity being 12,690 kilowatts. The Penacook Lower Falls Project, alone, accounts for approximately 30% of both the capacity and annual energy from all contracted hydro developers.

The contract between PSNH and NHHA is unique in that it is the only contract, to date, in which PSNH agrees to pay an initial rate substantially higher than its avoided cost in order to assist NHHA with their project financing. In return, NHHA will sell energy to PSNH, during later contract years, at a ^{compensating} reduced rate. It is estimated that the pricing terms of this 30-year contract will save PSNH customers almost \$2,000,000 over the contract term.

PSNH views the Penacook Lower Falls Project as being of real value to the people of New Hampshire because of its size, which makes central dispatching under PSNH control an attractive possibility; it involves new construction and equipment which will make the facility a reliable energy source for years to come; and, most importantly, New Hampshire Hydro Associates is recognized as an entity that has made long-term commitments to the hydroelectric industry.

R.V. Perron
June 3, 1982



NOTED AUG 27 1982 M.D.C.
JR.**PSNH PUBLIC SERVICE**
Company of New Hampshire

INTRA-COMPANY BUSINESS MEMO

Subject 30-Year Levelized Contract Value,
Penacook Lower Falls Hydro

From R. V. Perron District Date August 27, 1982

To D. R. Sklar cc: H. J. Ellis Reference
J. E. Lyons
G. M. McKenney

Attached are the following exhibits.

- Exhibit 1: Computation of levelized value, Penacook Lower Falls Contract.
- Exhibit 2: Computation of levelized value, PSNH Long-Term Contract (no front-end loading).
- Exhibit 3: Table illustrating the contract pricing provisions and estimated payments of the Penacook Lower Falls Contract.
- Exhibit 4: Computation of "Recovery Amount" for Penacook Lower Falls Contract.

Exhibits 1 and 2 show that the 30-year levelized value of the Penacook Lower Falls Contract (front-end loaded) and our Long-Term Contract (not front-end loaded) are the same, both 10.22 cents per KWH. This is consistent with our policy of offering all limited electrical energy producers contracts of equal value.

Please notice that the attached computations are based on estimated incremental energy costs that were in effect last March, not our current estimates. This has no effect on illustrating that all our Long-Term Contracts are of equal value.



R. V. Perron

RVP/dfb

Enclosures

LEVELIZED CONTRACT VALUE
 PENACOOK LOWER FALLS
 27 AUG. 82 RYPERON

YEAR	EST. PAYMENT	PW\$	PRESENT WORTH
1984	10.00	8503	8.5030
85	10.00	7230	7.2300
86	10.00	6147	6.1470
87	10.00	5227	5.2270
88	10.00	4444	4.4440
89	10.00	3779	3.7790
1990	10.00	3213	3.2130
91	10.00	2732	2.7320
92	6.36	2323	1.4774
93	7.38	1975	1.4576
94	7.03	1679	1.1803
95	8.65	1428	1.2352
96	10.38	1214	1.2601
97	10.27	1032	1.0599
98	10.72	0878	0.9412
99	11.71	0746	0.8736
2000	12.58	0635	0.7988
01	13.27	0540	0.7166
02	13.90	0459	0.6380
03	14.45	0390	0.5636
04	15.05	0332	0.4997
05	17.28	0282	0.4873
06	19.53	0240	0.4687
07	21.99	0204	0.4486
08	24.70	0173	0.4273
09	27.68	0147	0.4069
2010	30.95	0125	0.3869
11	34.19	0107	0.3658
12	37.70	0091	0.3431
2013	41.53	0077	0.3198
			<u>57.6314</u>

$$P \cdot \frac{1 - (1+i)^{-n}}{i} = 57.6314$$

$$i = 17.61\%, n = 30$$

$$5.63485 P = 57.6314$$

$$P = 10.22$$

10.22 \$/kWh
 30-YR. LEVELIZED

PSNH LONG-TERM CONTRACT
 LEVELIZED WORTH OF CONTRACT
 17 MAR. 82 RVP

YEAR	EST. CONTRACT PAYMENT	n	PWF	PRESENT WORTH
1984	8.10	1	0.8503	6.8874
85	8.10	2	0.7230	5.8563
86	8.10	3	0.6147	4.9791
87	8.10	4	0.5227	4.2339
88	8.10	5	0.4444	3.5996
89	8.10	6	0.3779	3.0610
1990	8.10	7	0.3213	2.6025
91	8.10	8	0.2732	2.2129
92	10.26	9	0.2323	2.3834
93	11.28	10	0.1975	2.2278
94	12.73	11	0.1679	2.1374
95	14.35	12	0.1428	2.0492
96	16.08	13	0.1214	1.9521
97	15.97	14	0.1032	1.8481
98	16.42	15	0.0878	1.7441
99	17.41	16	0.0746	1.6488
2000	18.28	17	0.0635	1.5608
01	18.97	18	0.0540	1.4744
02	19.60	19	0.0459	1.3996
03	20.15	20	0.0390	1.3259
04	20.52	21	0.0332	1.2513
05	22.75	22	0.0282	1.1766
06	25.00	23	0.0240	1.1000
07	27.46	24	0.0204	1.0202
08	30.17	25	0.0173	0.9419
09	33.15	26	0.0147	0.8673
2010	36.42	27	0.0125	0.7953
11	39.66	28	0.0107	0.7244
12	43.17	29	0.0091	0.6528
2013	47.00	30	0.0077	0.5819

57.5686

$$\psi = \frac{1 - (1+i)^{-n}}{i} = 57.5686$$

$$\psi = \frac{(57.5686)(0.1761)}{1 - (1.1761)^{-30}}$$

$$\psi = 10.22 \text{ \$/KWH}$$

10.22 \\$/KWH
FOR 30 YRS.

CONTRACT PRICING PROVISIONS
PENACOOK LOWER FALLS HYDRO

YEAR	PSNH ¹ IEC	%	% x IEC	FRONT-END RATE	ADJUST- MENT	RECOVERY	ESTIMATED ² PAYMENT
1984	5.94			11.00	-1.00		10.00
85	6.56						10.00
86	5.53						10.00
87	4.72						10.00
88	5.30						10.00
89	6.42						10.00
1990	7.91						10.00
91	9.01						10.00
92	11.63						10.00
93	13.24						6.36
94	13.44	96	11.16		+0.67	-5.47	7.38
95	16.01	92	12.18				7.03
96	18.97	88	11.83				8.65
97	19.83	84	13.45				10.38
98	21.56	80	15.18				10.27
99	24.28	76	15.07				10.72
2000	27.16	72	15.52				11.71
01	30.11	68	16.51				12.58
02	33.39	64	17.38				13.27
03	37.01	60	18.07				13.90
04	41.04	56	18.70				14.45
05	45.50	52	19.25				15.05
06	49.99	50	20.52				17.28
07	54.92		22.75				19.53
08	60.34		25.00				21.99
09	66.30		27.46				24.70
2010	72.84		30.17				27.68
11	79.31		33.15				30.95
12	86.34		36.42				34.19
13	93.99		39.66				37.70
			43.17				41.53
			47.00				

1 Estimated PSNH "Incremental Energy Cost."

2 These rates are based on PSNH estimates. The rates shown for years 1992 thru 2013 are not guaranteed by PSNH.

PENACONK LOWER FALLS
RECOVERY AMOUNT
17 MAR. 82 RYP

FRONT END LOADING OF 11.00 $\$/\text{kWh}$ FOR 8 YRS.

$$i = 17.61\%$$

$$pwf'(17.61\%, 8) = \frac{1 - (1.1761)^{-8}}{0.1761} = 4.1273 \quad (\text{Uniform Series})$$

$$pwf'(17.61\%, 22) = \frac{1 - (1.1761)^{-22}}{0.1761} = 5.5185 \quad (\text{Uniform Series})$$

$$pwf(17.61\%, 8) = (1.1761)^{-8} = 0.2732 \quad (\text{Single Payment})$$

$$(11.00 - \text{index}) (4.1273) = \psi (5.5185) (0.2732)$$

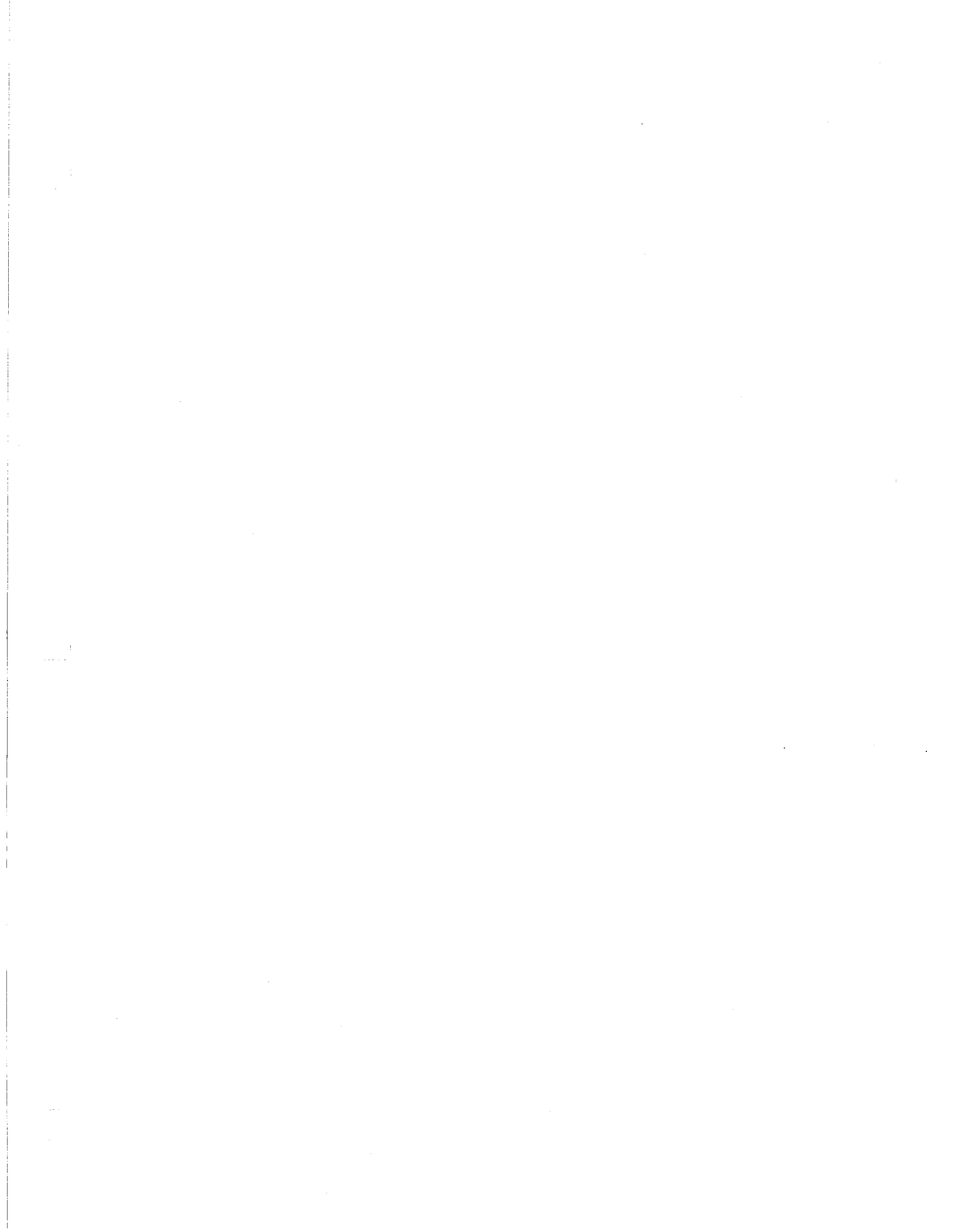
$$(11.00 - 9.00) (4.1273) = \psi (5.5185) (0.2732)$$

$$\psi = 5.47 \text{ $\$/\text{kWh}$ }$$

RECOVERY AMOUNT

5.47 $\$/\text{kWh}$

EXHIBIT 4





Public Service of New Hampshire

August 8, 1983

Mr. Warren W. Mack
New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301

Dear Mr. Mack:

This letter will set forth a procedure for billing Public Service Company of New Hampshire for energy generated at Penacook Lower Falls generating facility.

PSNH's Manchester office will read your meter on the last working day of the month and will send you a form showing the month's beginning and ending meter readings and total net kilowatt-hour generation. Please bill the Company on your letterhead for this amount of energy. You should send your bill to my attention (address below) for processing. The Company will mail you a check within twenty days of receiving your bill.

Please call me if you have any questions. My number here in Manchester is 669-4000, extension 2315.

Sincerely,

Mary L. Swist
Mary L. Swist
Assoc. Applications
Analyst

cc: R. Perron

Mary L. Swist
Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105

MLS/csb
16:234

~~RVP~~
SMA
File



Public Service of New Hampshire

FILE COPY

NOTED DEC 13 1983 J.E.L.

December 9, 1983

Ms. Sarah Voll
Coordinator of Alternate Energy
State of New Hampshire
Public Utilities Commission
8 Old Suncook Road, Building #1
Concord, NH 03301

Re: Certificate of Commencement of Power Sale Contract
New Hampshire Hydro Associates

Dear Ms. Voll:

For your information, the Company has executed a Certificate of Commencement of Power Sale Contract between Public Service Company of New Hampshire and New Hampshire Hydro Associates for the sale of energy produced by same.

Very truly yours,

Catherine E. Shively

Catherine E. Shively
Counsel

Public Service Company of New Hampshire

CES:lak

Encl.

bcc: H.J. Ellis (w/o encls)
J.E. Lyons
G.M. McKenney
Legal Files (w/orig. encls)

CONTRACT START
DATE = 9/26/83



Public Service of New Hampshire

October 24, 1983

Ms. Julie Meck Hamlin, General Counsel
New Hampshire Hydro Associates
99 North State Street
Concord, NH 03301

Subject: Certificate of Commencement of Power Sale Contract

Dear Ms. Hamlin:

Enclosed are four copies of the subject certificate. Mr. Ellis has initialed the two changes: 1) the date of commencement, which should be September 26 instead of September 6; and 2) the deletion of the reference to Amendment No. 1 of the Credit Agreement which has not yet been executed.

By copy of this letter, we are asking our Law Department to file our original of the certificate and to notify the N.H. Public Utilities Commission that this contract is now in effect.

Very truly yours,

John E. Lyons, P.E.
Director
Supplemental Energy Sources

JEL/dfd

Enclosure

cc: H. J. Ellis
C. E. Shively (w/original)
R. S. Johnson
D. K. MacDonald (Concord Elec.)

bcc: F. W. Bishop
J. M. Daly
F. H. Hebert
A. L. Spaulding
P. A. Magoun
R. E. Evans
T. P. Meissner
M. T. Smith
M. L. Swist

CERTIFICATE OF COMMENCEMENT OF POWER SALE CONTRACT

The undersigned do hereby certify with respect to the power sale contract between New Hampshire Hydro Associates, a New Hampshire limited partnership ("NHHA"), and Public Service Company of New Hampshire, a New Hampshire corporation (the "Company"), dated April 28, 1982 (the "Power Sale Contract"), that NHHA began delivering energy to the Company on September 26, 1983 and, therefore, that as of said date the Power Sale Contract became effective and the term thereof commenced. The undersigned do hereby further certify that the Power Sale Contract has not been amended or modified and is in full force and effect as of the date hereof. HCE

This Certificate is delivered in connection with the Credit Agreement dated as of July 30, 1982 between New Hampshire Hydro Associates and Bankers Trust Company, ~~as amended by Amendment No. 1 dated as of August 1, 1983.~~ HCE

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the 26th day of September, 1983.

PUBLIC SERVICE COMPANY OF
NEW HAMPSHIRE

(seal)

By: Henry J. Ellis

NEW HAMPSHIRE HYDRO ASSOCIATES

By: Essex Development Associates
Its General Partner

By: Richard A. Norman



1425



Public Service of New Hampshire

May 14, 1990

Mr. Tom Tarpey, President
Essex Hydro Associates
114 State Street 5th Floor
Boston, MA 02109

Subject: Penacook Lower (SESD #055)
Front-End Loading Computation

Dear Tom:

Enclosed as you requested are the front-end loading computations for the Penacook Lower Hydro Project based on an annual interest rate of 17.61%. As we discussed earlier, after you have a chance to review the information, we should get together with Bob Winship to work out the changes, including any front-end loading buyout, that may be necessary for both 9 cent contracts.

Currently PSNH is in the midst of a transition period due to the pending merger-acquisition by Northeast Utilities, and the policies and responsibilities of the combined companies are yet to be clearly defined. This situation will probably effect how quickly we can make any contract changes for your project.

If you have any questions regarding this information, please feel free to contact me at extension 2314.

Sincerely,

S. B. Wicker, Jr.
Manager
Supplemental Energy Sources

GSS/pjb

TOTALS: 126,346,000

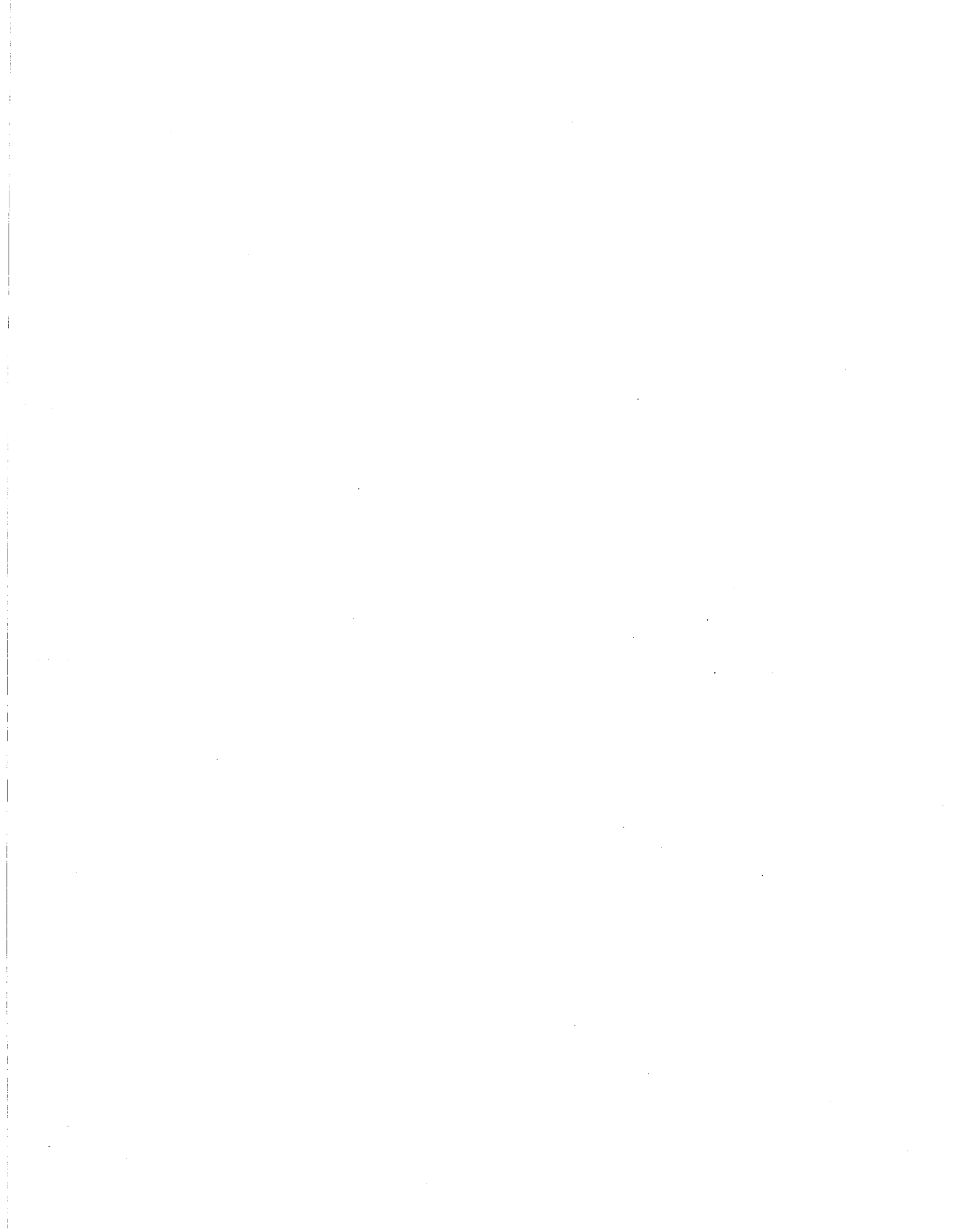
12,634,800 10,107,680 2,527,120

CUMULATIVE TOTAL:

4,746,388

5,515,565 6,438,355

AVG PF: 52.10



PSNH FILE COPY

SBW - jpb - [initials]

NOTED SEP 14 1990 S.B.W.

File 055

Public Service of New Hampshire

September 14, 1990

Mr. Harry Wolf
Essex Hydro Associates
114 State Street, 5th Floor
Boston, MA 02109

RE: Penacook Lower Falls

Dear Mr. Wolf:

Enclosed is a Front End Loading spreadsheet (and Lotus disc)
for Penacook Lower Falls.

After you have reviewed the data, please give me a call so we
can discuss this further.

Sincerely,

S. B. Wicker, Jr.

S. B. Wicker, Jr.
Manager
Supplemental Energy Sources

SBW/pjb

Enclosure

cc: ~~SESD File 055~~

7/8/92 Copy to M. SWIST

I N T E R O F F I C E M E M O R A N D U M

P U B L I C S E R V I C E o f N E W H A M P S H I R E

Date: 03-Oct-1991 08:26am EST
From: Carl N. Vogel
VOGEL
Dept:
Tel No: 2311

TO: See Below

Subject: Penacook Rate Correction

The rate paid after 18,516,000 KWH of energy is delivered will be 3.53 c/KWH, not 3.57 as reported yesterday.

The September bill from Penacook Lower Hydro (#055) will be the final bill at which they receive 10 c/KWH for energy sold to PSNH.

Effective with the October 1991 bill the new rate will become:

4.20 c/kwh for the first 18,516,000 KWH sold in a contract year.

3.53 c/KWH for energy over 18,516,000 KWH sold in the contract year.

The contract year begins with the October bill and runs through the following September bill.

This rate will remain in effect for the next 12 years (through September 2003) unless the avoided cost exceeds 9 c/KWH. A new set of rates will be established at that time.

Distribution:

TO: LESLIE PETERSON	(PETERSON LESLIE)
CC: S. B. Wicker, Jr.	(WICKER)
CC: MARY SWIST	(SWIST)
CC: Joseph J. Staszowski	(STASZOWSKI)
CC: Please forward to Jim Ward	(KISSEP AT A1 AT OAVAX1)
CC: SESD File #055	(PAPER MAIL)



FILE COPY

I N T E R O F F I C E M E M O R A N D U M

P U B L I C S E R V I C E
o f
N E W H A M P S H I R E

Date: 15-Jul-1992 02:34pm EST
From: Carl N. Vogel
 VOGEL
Dept:
Tel No: 2311

TO: LESLIE PETERSON (PETERSON LESLIE)
CC: THOMAS GETZ (GETZ)
CC: S. B. Wicker, Jr. / SESD File #055 (WICKER)

Subject: Penacook Lower Hydro (#055) Price Adjustment

VIA PAPER MAIL

The following explanation is in reference to the Contract between Penacook Lower Hydro and PSNH, Article 3. section D. 2.:

PSNH withheld ~~24~~ cent for each kwh purchased from Penacook Lower over the first 8 years of the contract. During that time PSNH purchased 148,868,500 KWH (see attachment) and therefore withheld \$1,488,685.

During years 9 - 20 PSNH will add .67 cents per KWH, with the total of the additional payments for any given year not to exceed 1/12 of the money subtracted during the first 8 years.

1/12 of \$1,488,685 = \$124,057.08, The maximum additional annual payment.

\$124,057.08 / \$.0067 per KWH = 18,515,982 KWH, The amount of KWH eligible to receive the additional .67 cents per KWH annually before the maximum amount is exceeded.

Rounded to the nearest significant value logged on a meter reading, the KWH limit of 18,515,982 KWH is rounded to 18,516,000 KWH.



REPORT

SCHEDULE

PAGE NO.

SUBJECT

SCHEDULE NO.

LINE NO.

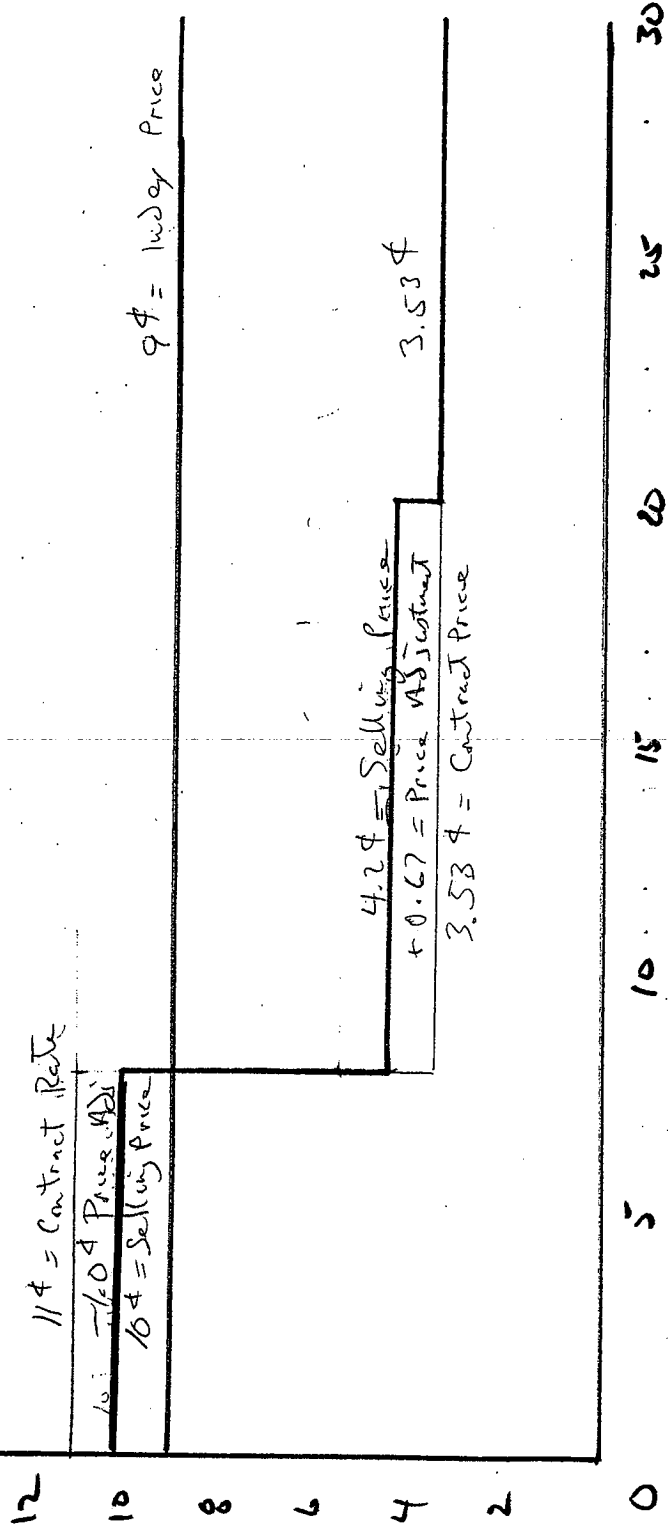
PREPARED BY

CHECKED BY

REVIEWED

COLUMN

NOTED JUN 21 1993 S.B.W.



March 2, 1982

Mr. Richard A. Normand
New Hampshire Hydro Associates
3 Capitol Street
Concord, NH 03301

Subject: Long-Term Contract Pricing Provisions
Penacook Lower Falls Hydro
Concord/Boscawen, New Hampshire

Dear Mr. Normand:

This is to confirm the meeting held this date concerning contract provisions for the electric energy Public Service Company of New Hampshire (PSNH) is proposing to purchase from your Penacook Lower Falls Hydro Project.

The pricing provisions proposed by PSNH are as follows:

1. The contract rate for the first eight (8) contract years will be 11.00 cents per kilowatthour ($\text{\$/KWH}$). This front-end loading rate may, if necessitated by your financing experience, be extended for an additional one or two years. This 11.00 $\text{\$/KWH}$ rate exceeds PSNH's contract index price by 2.00 $\text{\$/KWH}$.
2. All payments above the 9.00 $\text{\$/KWH}$ index, during the first eight contract years, must be recovered by PSNH during the balance of the contract considering the present worth of money. Present worth computations will be based on PSNH weighted cost of capital (common equity, preferred equity, and long term debt), which is presently estimated at 17.75 percent.
3. From the ninth through the thirtieth contract years, the rate will be the index of 9.00 $\text{\$/KWH}$ minus the amount necessary for PSNH to recover the earlier payments in excess of the index. The contract rates during this period may escalate as discussed below.
4. All escalating payments in excess of the index will be determined as a percentage of PSNH's incremental energy cost, as discussed in our Policy Statement dated November 5, 1981 (copy attached).

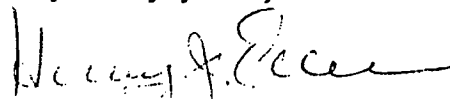
Mr. Richard A. Normand

March 2, 1982

5. The contract rates for the first twenty contract years are subject to the following adjustment. For the first eight contract years, 1.00¢/KWH will be retained by PSNH from the contract rate; for the next twelve years, 2/3¢/KWH will be added to the contract rate. The total of said additional payments, for any given year, shall not exceed one-twelfth (1/12) of the total money deducted during the first eight contract years.
6. All other provisions of our Policy Statement prevail.
7. If recovery by PSNH of any rates paid in excess of our actual avoided cost is denied by the N.H. Public Utilities Commission, contract rates during the final 22 contract years will be reduced accordingly, considering the present worth of money, in order to compensate PSNH for the losses.

We will prepare a draft contract for your review during the next few weeks.

Very truly yours,



Henry J. Ellis
Vice President

ams

Enclosure

cc: D. N. Merrill
J. E. Lyons

CONTRACT PRICING PROVISIONS
PENACOOK LOWER FALLS HYDRO

YEAR	PSNH ¹ IEC	%	% x IEC	FRONT-END RATE	ADJUST- MENT	RECOVERY	ESTIMATED ² PAYMENT
1984	5.94			11.00	-1.00		10.00
85	6.56						10.00
86	5.53						10.00
87	4.72						10.00
88	5.30						10.00
89	6.42						10.00
1990	7.91						10.00
91	9.01						10.00
92	11.63	96	11.16		+0.67	-5.47	6.36
93	13.24	92	12.18				7.38
94	13.44	88	11.83				7.03
95	16.01	84	13.45				8.65
96	18.97	80	15.18				10.38
97	19.83	76	15.07				10.27
98	21.56	72	15.52				10.72
99	24.28	68	16.51				11.71
2000	27.16	64	17.38				12.58
01	30.11	60	18.07				13.27
02	33.39	56	18.70				13.90
03	37.01	52	19.25				14.45
04	41.04	50	20.52				15.05
05	45.50		22.75				17.28
06	49.99		25.00				19.53
07	54.92		27.46				21.99
08	60.34		30.17				24.70
09	66.30		33.15				27.68
2010	72.84		36.42				30.95
11	79.31		39.66				34.19
12	86.34		43.17				37.70
13	93.99		47.00				41.53

1 Estimated PSNH "Incremental Energy Cost."

2 These rates are based on PSNH estimates. The rates shown for years 1992 thru 2013 are not guaranteed by PSNH.

NOTED MAR 10 1982 RVP.

Orr&Reno
Professional Association

One Eagle Square, P.O. Box 3550
Concord, NH 03302-3550
Telephone 603.224.2381
Facsimile 603.224.2318
www.orr-reno.com

January 26, 2010

William L. Chapman
George W. Roussos
Howard M. Moffett
James E. Morris
John A. Malmberg
Martha Van Oot
Douglas L. Patch
James P. Bassett
Emily Gray Rice
Steven L. Winer
Peter F. Burger
Lisa Snow Wade
Susan S. Geiger
Richard Y. Uchida
Jennifer A. Eber
Michael D. Ramsdell
Jeffrey C. Spear
Connie Boyles Lane
Judith A. Fairclough
Todd C. Fahey
Vera B. Buck
James F. Laboe
Robert S. Carey
John M. Zaremba
Courtney Curran Vore
Justin M. Boothby
Heidi S. Cole
Jeremy D. Eggleton
Rachel A. Goldwasser
Joshua M. Pantesco
John L. Arnold
Michael T. Cretella

Matthew Fossum, Esquire
Steve Mullin
New Hampshire Public Utilities Commission
21 South Fruit Street, Suite 10
Concord, NH 03301-2429

**Re: DE 09-174, PSNH Petition for Declaratory Ruling re:
Penacook Lower Falls Pricing**

Dear Matthew and Steve:

Yesterday, PSNH filed with the Commission a "Stipulation of Facts", i.e., an agreed statement of those facts to which PSNH and Briar Hydro Associates ("Briar") can agree. The parties have also agreed that each may file separately its more complete spreadsheet analysis of the payments made to date under the 1982 Contract which is the subject of their dispute.

This letter covers Briar's separate filing, a seven-page spreadsheet dated 1/25/10 and entitled "Briar Hydro's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract."

Please note that on December 18, 2009, PSNH and Briar both filed spreadsheets showing their respective initial accountings of the recovery by PSNH of "excess payments" it made to New Hampshire Hydro Associates (Briar's predecessor-in-interest) during the first eight years of the Contract, when NHHA received 10¢/kwh, one cent above the index price of 9¢/kwh.

The enclosed Briar spreadsheet is a revision of its 12/18/09 submission, which incorporates the more detailed monthly generation figures supplied by PSNH, and provides Briar's revised calculation of the recovery by PSNH of the \$1,488,685 in "excess" or front-end loaded payments made by PSNH during the first eight contract years.

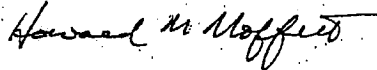
Maureen D. Smith
(Of Counsel)

Matthew Fossum, Esquire
Steve Mullin
January 26, 2010
Page 2 of 2

Briar's enclosed analysis, based on the express pricing terms of Article 3, indicates that PSNH fully recovered its front-loaded payments (with interest at 17.62% annually) in July, 1996. By comparison, PSNH's 12/18/09 accounting indicates that PSNH fully recovered its front-loaded payments (with interest at the same 17.62% annually) in November, 2009. In either case, PSNH has fully recovered its initial front-end loaded payments, with interest.

As Briar noted at the pre-hearing conference on December 8, 2009, it is not seeking damages in this proceeding, but rather a resolution of the internally inconsistent price terms in the contract in a manner that is fair to both parties.

Respectfully submitted,



Howard M. Moffett

HMM:kjc
Enclosure

cc: Richard Norman
Gerald M. Eaton, Esq.

Bhar Hydro's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract
 DE09-174
 January 25, 2010

Pennock Lower Falls Hydro

Contract Year	Month	Actual Generation (kWh) (Estimated 2010 forward)	Index Price per Article 3	2ckwh Contract Rate adjustment: per Article 3.A	1ckwh Contract Rate adjustment for the first 8 years per Article 3.D.2	0.67ckwh Contract Rate adjustment for year 9 through year 20 per Article 3.D.2	5.47ckwh Contract Rate adjustment: beginning in year 9 per Article 3.D.1	Adjusted Contract Rate received by NHHA/Bhar	Excess Payment (1.0-Adjusted Contract Rate-Index Price * Generation)	Interest on Previous Balance	Excess Payment plus Interest	Cumulative Excess payments with Interest
1	Oct-83	42,000	9.00	2.00	(1.00)			10.00	420	\$	\$	420
1	Nov-83	1,652,000	9.00	2.00	(1.00)			10.00	16,520	6	\$	18,528
1	Dec-83	2,432,500	9.00	2.00	(1.00)			10.00	24,325	231	\$	24,556
1	Jan-84	1,725,500	9.00	2.00	(1.00)			10.00	17,255	565	\$	17,820
1	Feb-84	2,040,500	9.00	2.00	(1.00)			10.00	20,405	808	\$	21,213
1	Mar-84	2,394,000	9.00	2.00	(1.00)			10.00	23,940	1,097	\$	25,037
1	Apr-84	3,109,000	9.00	2.00	(1.00)			10.00	31,090	1,437	\$	32,517
1	May-84	3,129,000	9.00	2.00	(1.00)			10.00	31,290	1,880	\$	33,170
1	Jun-84	2,292,500	9.00	2.00	(1.00)			10.00	22,925	2,332	\$	29,257
1	Jul-84	1,522,500	9.00	2.00	(1.00)			10.00	15,225	2,676	\$	17,901
1	Aug-84	252,000	9.00	2.00	(1.00)			10.00	2,520	2,819	\$	5,439
1	Sep-84	262,500	9.00	2.00	(1.00)			10.00	2,625	2,994	\$	5,619
1	Oct-84	322,000	9.00	2.00	(1.00)			10.00	3,220	3,070	\$	6,290
2	Nov-84	661,500	9.00	2.00	(1.00)			10.00	6,615	3,156	\$	9,771
2	Dec-84	970,500	9.00	2.00	(1.00)			10.00	9,705	3,289	\$	13,054
2	Jan-85	642,500	9.00	2.00	(1.00)			10.00	5,425	3,466	\$	8,891
2	Feb-85	1,302,000	9.00	2.00	(1.00)			10.00	13,020	3,588	\$	16,608
2	Mar-85	2,541,000	9.00	2.00	(1.00)			10.00	25,410	3,814	\$	29,224
2	Apr-85	2,275,000	9.00	2.00	(1.00)			10.00	22,750	4,212	\$	26,962
2	May-85	1,228,500	9.00	2.00	(1.00)			10.00	12,285	4,579	\$	16,864
2	Jun-85	381,500	9.00	2.00	(1.00)			10.00	3,815	4,808	\$	8,623
2	Jul-85	315,000	9.00	2.00	(1.00)			10.00	3,150	4,926	\$	8,076
2	Aug-85	133,000	9.00	2.00	(1.00)			10.00	1,330	5,036	\$	6,366
2	Sep-85	806,000	9.00	2.00	(1.00)			10.00	8,060	5,122	\$	14,082
3	Oct-85	1,382,500	9.00	2.00	(1.00)			10.00	13,825	5,314	\$	19,139
3	Nov-85	2,210,000	9.00	2.00	(1.00)			10.00	22,100	5,575	\$	27,675
3	Dec-85	2,271,500	9.00	2.00	(1.00)			10.00	22,715	5,953	\$	29,668
3	Jan-86	1,536,500	9.00	2.00	(1.00)			10.00	15,365	6,343	\$	21,708
3	Feb-86	2,331,000	9.00	2.00	(1.00)			10.00	23,310	6,639	\$	29,949
3	Mar-86	2,401,000	9.00	2.00	(1.00)			10.00	24,010	7,046	\$	31,956
3	Apr-86	2,775,500	9.00	2.00	(1.00)			10.00	27,755	7,469	\$	35,224
3	May-86	1,392,500	9.00	2.00	(1.00)			10.00	13,925	7,949	\$	21,774
3	Jun-86	2,089,500	9.00	2.00	(1.00)			10.00	20,895	8,245	\$	29,140
3	Jul-86	1,221,500	9.00	2.00	(1.00)			10.00	12,215	8,642	\$	20,857
3	Aug-86	2,040,500	9.00	2.00	(1.00)			10.00	20,405	8,926	\$	29,331
3	Sep-86	396,500	9.00	2.00	(1.00)			10.00	3,965	9,326	\$	13,281
4	Oct-86	822,500	9.00	2.00	(1.00)			10.00	8,225	9,506	\$	17,731
4	Nov-86	1,515,000	9.00	2.00	(1.00)			10.00	15,150	9,748	\$	24,898
4	Dec-86	3,430,000	9.00	2.00	(1.00)			10.00	34,300	10,081	\$	44,387
4	Jan-87	1,799,500	9.00	2.00	(1.00)			10.00	17,990	10,891	\$	28,881
4	Feb-87	1,074,500	9.00	2.00	(1.00)			10.00	10,745	11,082	\$	21,827
4	Mar-87	1,998,500	9.00	2.00	(1.00)			10.00	19,985	11,379	\$	31,364
4	Apr-87	2,806,000	9.00	2.00	(1.00)			10.00	28,060	11,806	\$	39,866
4	May-87	2,166,500	9.00	2.00	(1.00)			10.00	21,665	12,348	\$	34,013
4	Jun-87	1,361,500	9.00	2.00	(1.00)			10.00	13,615	12,811	\$	26,426
4	Jul-87	1,617,000	9.00	2.00	(1.00)			10.00	16,170	13,171	\$	29,341
4	Aug-87	140,000	9.00	2.00	(1.00)			10.00	1,400	13,570	\$	14,970
4	Sep-87	1,004,000	9.00	2.00	(1.00)			10.00	10,040	13,774	\$	24,414
5	Oct-87	1,431,500	9.00	2.00	(1.00)			10.00	14,315	14,107	\$	28,422

Annual Interest: 17.02%
 Monthly Interest: 1.3616%

Brief Hydro's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract
 DE09-174
 January 25, 2010

Contract Year	Month	Actual Generation (MWh) [Estimated 2010 forward]	Index price per Article 3	2c/kwh Contract Rate adjustment per Article 3.A	1c/kwh Contract Rate adjustment for the first 8 years per Article 3.D.2	0.67c/kwh Contract Rate adjustment for year 9 through year 20 per Article 3.D.2	5.47c/kwh Contract Rate adjustment beginning in year 9 per Article 3.D.1	Adjusted Contract Rate received by NHHA/Bnr	Excess Payment (i.e. Adjusted Contract Rate-Index Price Generation)	Interest on Previous Balance	Excess Payment plus Interest	Cumulative Excess payments with Interest
5	Nov-87	1,704,500	9.00	2.00	(1.00)			10.00	17,045	14,494	35,539	1,095,994
5	Dec-87	2,407,000	9.00	2.00	(1.00)			10.00	21,070	14,933	35,903	1,131,897
5	Jan-88	1,071,000	9.00	2.00	(1.00)			10.00	10,710	15,413	26,123	1,158,110
5	Feb-88	1,980,000	9.00	2.00	(1.00)			10.00	19,800	15,789	35,589	1,193,699
5	Mar-88	2,135,000	9.00	2.00	(1.00)			10.00	21,350	16,250	37,600	1,231,080
5	Apr-88	2,555,000	9.00	2.00	(1.00)			10.00	25,550	16,792	42,312	1,273,992
5	May-88	3,109,500	9.00	2.00	(1.00)			10.00	31,095	17,339	48,434	1,322,336
5	Jun-88	1,093,500	9.00	2.00	(1.00)			10.00	11,095	18,005	29,100	1,351,436
5	Jul-88	787,500	9.00	2.00	(1.00)			10.00	7,875	18,759	26,278	1,377,712
5	Aug-88	672,000	9.00	2.00	(1.00)			10.00	6,720	19,108	25,478	1,403,191
5	Sep-88	1,080,500	9.00	2.00	(1.00)			10.00	10,805	19,510	29,711	1,422,901
5	Oct-88	919,500	9.00	2.00	(1.00)			10.00	9,195	19,880	25,705	1,458,607
6	Nov-88	2,803,500	9.00	2.00	(1.00)			10.00	28,035	20,513	47,995	1,506,602
6	Dec-88	1,610,000	9.00	2.00	(1.00)			10.00	16,100	21,011	36,613	1,543,115
6	Jan-89	1,029,000	9.00	2.00	(1.00)			10.00	10,290	21,437	31,301	1,574,416
6	Feb-89	934,500	9.00	2.00	(1.00)			10.00	9,345	21,437	30,782	1,605,198
6	Mar-89	1,522,500	9.00	2.00	(1.00)			10.00	15,225	21,856	37,081	1,642,279
6	Apr-89	2,020,500	9.00	2.00	(1.00)			10.00	20,205	22,361	51,656	1,693,936
6	May-89	3,055,500	9.00	2.00	(1.00)			10.00	30,555	23,095	53,650	1,747,585
6	Jun-89	2,485,500	9.00	2.00	(1.00)			10.00	24,855	23,795	48,750	1,796,305
6	Jul-89	1,057,000	9.00	2.00	(1.00)			10.00	10,570	24,458	35,028	1,831,334
6	Aug-89	1,015,000	9.00	2.00	(1.00)			10.00	10,150	24,935	35,085	1,866,419
6	Sep-89	963,500	9.00	2.00	(1.00)			10.00	9,635	25,413	31,048	1,897,467
7	Oct-89	1,655,500	9.00	2.00	(1.00)			10.00	16,555	25,898	42,381	1,939,859
7	Nov-89	2,868,000	9.00	2.00	(1.00)			10.00	28,680	26,413	56,093	1,995,951
7	Dec-89	1,293,500	9.00	2.00	(1.00)			10.00	12,935	27,177	42,381	2,038,332
7	Jan-90	1,509,000	9.00	2.00	(1.00)			10.00	15,090	27,719	43,608	2,081,940
7	Feb-90	2,383,500	9.00	2.00	(1.00)			10.00	23,835	28,313	52,140	2,134,080
7	Mar-90	2,635,000	9.00	2.00	(1.00)			10.00	26,350	29,023	57,373	2,191,453
7	Apr-90	3,153,500	9.00	2.00	(1.00)			10.00	31,535	29,604	61,339	2,252,792
7	May-90	2,096,000	9.00	2.00	(1.00)			10.00	20,960	30,039	50,999	2,313,791
7	Jun-90	1,662,500	9.00	2.00	(1.00)			10.00	16,625	31,464	48,089	2,361,880
7	Jul-90	392,000	9.00	2.00	(1.00)			10.00	3,920	32,119	36,039	2,397,919
7	Aug-90	3,500	9.00	2.00	(1.00)			10.00	35	32,610	32,645	2,430,564
7	Sep-90	-	9.00	2.00	(1.00)			10.00	-	33,054	33,054	2,463,618
8	Oct-90	-	9.00	2.00	(1.00)			10.00	-	33,504	33,504	2,497,122
8	Nov-90	-	9.00	2.00	(1.00)			10.00	-	33,961	33,961	2,531,083
8	Dec-90	1,228,500	9.00	2.00	(1.00)			10.00	12,285	34,423	34,423	2,565,506
8	Jan-91	2,019,500	9.00	2.00	(1.00)			10.00	20,195	34,892	47,177	2,602,683
8	Feb-91	2,849,000	9.00	2.00	(1.00)			10.00	28,490	35,534	55,729	2,658,412
8	Mar-91	3,031,000	9.00	2.00	(1.00)			10.00	30,310	36,293	64,783	2,723,195
8	Apr-91	2,282,000	9.00	2.00	(1.00)			10.00	22,820	37,175	67,495	2,790,690
8	May-91	833,000	9.00	2.00	(1.00)			10.00	8,330	38,094	60,914	2,851,604
8	Jun-91	154,000	9.00	2.00	(1.00)			10.00	1,540	38,923	47,253	2,908,857
8	Jul-91	973,000	9.00	2.00	(1.00)			10.00	9,730	39,567	41,107	2,959,964
8	Aug-91	945,000	9.00	2.00	(1.00)			10.00	9,450	40,805	49,856	2,999,820
8	Sep-91	2,667,000	9.00	2.00	(1.00)			10.00	26,670	41,409	50,255	2,990,577
8	Oct-91	2,030,000	9.00	2.00	(1.00)			10.00	20,300	42,311	57,120	2,990,448
8	Nov-91	2,870,000	9.00	2.00	(1.00)			10.00	28,700	39,533	69,227	2,805,222
8	Dec-91	2,453,500	9.00	2.00	(1.00)			10.00	24,535	38,196	69,572	2,735,649
8	Jan-92	1,239,000	9.00	2.00	(1.00)			10.00	12,390	37,112	69,227	2,703,290
8	Feb-92	2,288,000	9.00	2.00	(1.00)			10.00	22,880	36,608	72,056	2,631,234
8	Mar-92	2,761,500	9.00	2.00	(1.00)			10.00	27,615	35,827	69,726	2,561,509

Bihar Hydro's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract
DE09-174
January 25, 2010

Contract Year	Month	Actual Generation (kWh) [Estimated 2010 forward]	Index price per Article 3	2c/kwh Contract Rate adjustment per Article 3.A	1c/kwh Contract Rate adjustment for the first 8 years per Article 3.D.2	0.67 c/kwh Contract Rate adjustment for year 9 through year 20 per Article 3.D.2	5.47c/kwh Contract Rate adjustment beginning in year 9 per Article 3.D.1	Adjusted Contract Rate received by NHHA/Bihar	Excess Payment (i.e. Adjusted Contract Rate - Index Price - Generation)	Interest on Previous Balance	Excess Payment plus Interest	Excess Payment with Interest	Cumulative Excess payments with Interest
9	May-92	2,261,000	9.00	0.67	0.67	0.67	(5.47)	4.10	\$ (100.759)	\$ 34,510	\$ (74,246)	\$ 2,460,203	
9	Jun-92	1,694,000	9.00	0.67	0.67	0.67	(5.47)	3.53	\$ (92,062)	\$ 33,499	\$ (59,163)	\$ 2,401,100	
9	Jul-92	903,000	9.00	0.67	0.67	0.67	(5.47)	3.53	\$ (40,294)	\$ 32,083	\$ (16,701)	\$ 2,364,399	
9	Aug-92	672,000	9.00	0.67	0.67	0.67	(5.47)	3.53	\$ (36,799)	\$ 32,466	\$ (10,292)	\$ 2,390,107	
9	Sep-92	399,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (21,492)	\$ 32,408	\$ 10,592	\$ 2,390,699	
10	Oct-92	640,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (30,744)	\$ 32,552	\$ 1,808	\$ 2,392,497	
10	Nov-92	1,785,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (95,680)	\$ 32,578	\$ (63,104)	\$ 2,339,393	
10	Dec-92	1,522,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (73,080)	\$ 31,292	\$ (41,227)	\$ 2,298,166	
10	Jan-93	966,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (46,389)	\$ 30,805	\$ (15,076)	\$ 2,283,090	
10	Feb-93	1,078,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (71,589)	\$ 31,087	\$ (20,657)	\$ 2,262,432	
10	Mar-93	1,491,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (152,712)	\$ 30,250	\$ (122,462)	\$ 2,099,208	
10	Apr-93	3,181,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (99,364)	\$ 28,933	\$ (40,801)	\$ 2,058,407	
10	May-93	1,445,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (32,928)	\$ 28,027	\$ (4,901)	\$ 2,053,506	
10	Jun-93	886,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (1,848)	\$ 27,961	\$ 28,119	\$ 2,070,618	
10	Jul-93	38,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (9,904)	\$ 28,316	\$ 19,412	\$ 2,090,031	
10	Aug-93	185,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (8,568)	\$ 28,580	\$ 20,012	\$ 2,119,043	
10	Sep-93	178,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (28,208)	\$ 28,553	\$ 2,645	\$ 2,121,688	
11	Oct-93	546,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (82,832)	\$ 28,427	\$ (106,141)	\$ 1,991,603	
11	Nov-93	1,309,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (134,569)	\$ 28,982	\$ (37,362)	\$ 1,944,241	
11	Dec-93	2,803,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (64,344)	\$ 26,473	\$ (45,095)	\$ 1,899,146	
11	Jan-94	1,340,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (71,589)	\$ 25,659	\$ (107,167)	\$ 1,791,949	
11	Feb-94	1,491,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (133,056)	\$ 24,999	\$ (92,529)	\$ 1,699,420	
11	Mar-94	2,472,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (116,928)	\$ 23,139	\$ (147,895)	\$ 1,551,535	
11	Apr-94	2,436,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (171,024)	\$ 21,126	\$ (23,714)	\$ 1,529,821	
11	May-94	3,563,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (42,940)	\$ 20,930	\$ (6,969)	\$ 1,520,915	
11	Jun-94	892,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (29,739)	\$ 20,523	\$ (1,507,722)	\$ 1,517,432	
11	Aug-94	504,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (24,192)	\$ 20,709	\$ (3,483)	\$ 1,517,432	
11	Sep-94	884,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (30,371)	\$ 20,661	\$ (9,710)	\$ 1,507,251	
11	Oct-94	437,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (21,000)	\$ 20,523	\$ 12,963	\$ 1,520,214	
12	Nov-94	157,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (117,768)	\$ 20,698	\$ (97,080)	\$ 1,423,145	
12	Dec-94	2,453,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (108,300)	\$ 19,378	\$ (89,982)	\$ 1,334,162	
12	Jan-95	2,257,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (68,880)	\$ 18,166	\$ (50,714)	\$ 1,283,448	
12	Feb-95	1,435,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (141,860)	\$ 17,475	\$ (124,485)	\$ 1,158,964	
12	Mar-95	2,857,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (92,064)	\$ 15,780	\$ (76,284)	\$ 1,082,680	
12	Apr-95	1,918,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (83,832)	\$ 14,742	\$ (69,090)	\$ 1,013,590	
12	May-95	1,746,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (33,432)	\$ 13,801	\$ (19,631)	\$ 994,959	
12	Jun-95	688,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (13,104)	\$ 13,534	\$ 430	\$ 994,369	
12	Jul-95	273,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (15,692)	\$ 13,540	\$ (78,656)	\$ 915,713	
12	Aug-95	609,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (63,188)	\$ 13,326	\$ (13,326)	\$ 892,387	
12	Sep-95	1,316,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (149,016)	\$ 12,831	\$ (136,185)	\$ 806,177	
13	Oct-95	3,104,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (90,048)	\$ 10,977	\$ (79,071)	\$ 727,108	
13	Nov-95	1,876,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (97,009)	\$ 9,900	\$ (87,709)	\$ 639,398	
13	Dec-95	2,033,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (114,744)	\$ 8,706	\$ (106,039)	\$ 533,360	
13	Jan-96	2,390,500	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (137,089)	\$ 7,282	\$ (129,820)	\$ 403,534	
13	Feb-96	2,856,000	9.00	0.67	0.67	0.67	(5.47)	4.20	\$ (146,328)	\$ 5,495	\$ (140,833)	\$ 262,701	
13	Mar-96	3,048,500	9.00	0.67	0.67	0.67	(5.47)	3.94	\$ (156,794)	\$ 3,577	\$ (153,187)	\$ 100,514	
13	Apr-96	3,097,500	9.00	0.67	0.67	0.67	(5.47)	3.53	\$ (173,708)	\$ 1,481	\$ (72,217)	\$ 37,297	
13	May-96	1,347,500	9.00	0.67	0.67	0.67	(5.47)						
13	Jun-96												

* Yellow highlighting indicates the months in which the additional payments attributable to the 0.67 c/kwh adder exceeded (1/12) of the money subtracted during the first eight Contract years. The Contract Rate was then reduced to 3.53 c/kwh per Article 3.D.2 for the remainder of the year.

Enhor Hydrop's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract
 DE09-174
 January 25, 2010

Contract Year	Month	Actual Generation (KWh) (Estimated 2010 forward)	Index price per Article 3	2c/kwh Contract Rate adjustment per Article 3.A	1c/kwh Contract Rate adjustment for the first 8 years per Article 3.D.2	0.07c/kwh Contract Rate adjustment for year 9 through year 20 per Article 3.D.2	5.47c/kwh Contract Rate adjustment beginning in year 9 per Article 3.D.1	Adjusted Contract Rate received by NHHA/BHR	Excess Payment (1.5 Adjusted Contract Rate-Index Price * Generation)	Interest on Previous Balance	Excess Payment plus Interest	Cumulative Excess Payments with Interest
13	Jul-96	1,760,500	9.00			0.67	(5.47)	3.53	96,299	508	(95,792)	(95,495)
13	Aug-96	241,500	9.00			0.67	(5.47)	3.53	(13,210)	(791)	(8,645)	(1,140)
13	Sep-96	140,000	9.00			0.67	(5.47)	3.53	(7,659)	(987)	(6,672)	(1,817)
14	Oct-96	1,512,000	9.00			0.67	(5.47)	4.20	(72,576)	(1,105)	(73,681)	(1,548,271)
14	Nov-96	2,691,500	9.00			0.67	(5.47)	4.20	(129,192)	(2,109)	(131,300)	(2,686,127)
14	Dec-96	3,129,000	9.00			0.67	(5.47)	4.20	(150,192)	(3,899)	(154,091)	(4,402,715)
14	Jan-97	2,426,500	9.00			0.67	(5.47)	4.20	(116,424)	(6,994)	(123,418)	(5,922,633)
14	Feb-97	2,096,500	9.00			0.67	(5.47)	4.20	(92,832)	(7,661)	(100,493)	(6,702,926)
14	Mar-97	2,674,000	9.00			0.67	(5.47)	4.20	(120,352)	(9,135)	(129,487)	(8,081,413)
14	Apr-97	2,943,500	9.00			0.67	(5.47)	4.20	(141,289)	(11,007)	(152,296)	(9,603,709)
14	May-97	3,003,000	9.00			0.67	(5.47)	3.78	(157,270)	(13,061)	(170,331)	(1,131,059)
14	Jun-97	672,000	9.00			0.67	(5.47)	3.53	(36,759)	(15,401)	(52,160)	(1,183,219)
14	Jul-97	427,000	9.00			0.67	(5.47)	3.53	(23,357)	(16,111)	(39,468)	(1,222,688)
14	Aug-97		9.00			0.67	(5.47)	3.53		(16,648)	(16,648)	(1,239,334)
14	Sep-97	133,000	9.00			0.67	(5.47)	3.53	(7,275)	(16,875)	(24,150)	(1,263,484)
15	Oct-97	276,500	9.00			0.67	(5.47)	4.20	(13,272)	(17,204)	(30,476)	(1,293,959)
15	Nov-97	2,037,000	9.00			0.67	(5.47)	4.20	(97,776)	(17,619)	(115,395)	(1,409,354)
15	Dec-97	1,575,000	9.00			0.67	(5.47)	4.20	(75,600)	(19,190)	(94,790)	(1,504,143)
15	Jan-98	2,240,000	9.00			0.67	(5.47)	4.20	(107,520)	(20,480)	(128,000)	(1,632,144)
15	Feb-98	2,128,000	9.00			0.67	(5.47)	4.20	(102,144)	(22,223)	(124,367)	(1,756,511)
15	Mar-98	3,038,000	9.00			0.67	(5.47)	4.20	(145,824)	(23,917)	(169,741)	(1,926,252)
15	Apr-98	2,810,500	9.00			0.67	(5.47)	4.20	(134,904)	(26,278)	(161,182)	(2,087,384)
15	May-98	2,411,500	9.00			0.67	(5.47)	4.20	(115,752)	(28,422)	(144,174)	(2,231,557)
15	Jun-98	2,572,500	9.00			0.67	(5.47)	4.05	(127,319)	(30,959)	(157,704)	(2,389,202)
15	Jul-98	1,379,000	9.00			0.67	(5.47)	3.53	(64,431)	(32,532)	(97,963)	(2,487,165)
15	Aug-98	154,000	9.00			0.67	(5.47)	3.53	(8,424)	(34,002)	(42,426)	(2,529,591)
15	Sep-98	1,015,000	9.00			0.67	(5.47)	3.53	(5,552)	(34,590)	(40,142)	(2,579,733)
16	Oct-98	1,015,000	9.00			0.67	(5.47)	4.20	(48,720)	(35,126)	(83,846)	(2,663,579)
16	Nov-98	861,000	9.00			0.67	(5.47)	4.20	(41,329)	(36,289)	(77,618)	(2,741,197)
16	Dec-98	1,030,500	9.00			0.67	(5.47)	4.20	(37,329)	(37,221)	(74,550)	(2,815,747)
16	Jan-99	699,500	9.00			0.67	(5.47)	4.20	(33,086)	(39,512)	(71,609)	(2,900,054)
16	Feb-99	2,261,000	9.00			0.67	(5.47)	4.20	(93,086)	(39,512)	(148,075)	(3,048,089)
16	Mar-99	3,031,000	9.00			0.67	(5.47)	4.20	(145,489)	(44,049)	(186,991)	(3,235,060)
16	Apr-99	2,486,500	9.00			0.67	(5.47)	4.20	(110,448)	(47,737)	(162,427)	(3,397,487)
16	May-99	1,274,000	9.00			0.67	(5.47)	4.20	(61,752)	(48,279)	(110,427)	(3,507,914)
16	Jun-99	161,000	9.00			0.67	(5.47)	4.20	(7,729)	(47,737)	(55,465)	(3,563,379)
16	Jul-99	105,000	9.00			0.67	(5.47)	4.20	(4,040)	(48,493)	(53,533)	(3,616,912)
16	Aug-99		9.00			0.67	(5.47)	4.20		(49,222)	(49,222)	(3,666,134)
16	Sep-99	1,781,500	9.00			0.67	(5.47)	4.20	(85,512)	(49,892)	(135,404)	(3,780,600)
17	Oct-99	1,715,000	9.00			0.67	(5.47)	4.20	(82,320)	(51,735)	(134,055)	(3,914,655)
17	Nov-99	1,732,500	9.00			0.67	(5.47)	4.20	(83,160)	(53,561)	(136,721)	(4,051,376)
17	Dec-99	2,086,000	9.00			0.67	(5.47)	4.20	(93,389)	(55,422)	(148,811)	(4,200,187)
17	Jan-00	1,944,950	9.00			0.67	(5.47)	4.20	(100,129)	(57,540)	(157,669)	(4,357,856)
17	Feb-00	1,234,550	9.00			0.67	(5.47)	4.20	(59,354)	(59,999)	(119,353)	(4,477,209)
17	Mar-00	3,584,000	9.00			0.67	(5.47)	4.20	(112,032)	(61,390)	(173,422)	(4,650,631)
17	Apr-00	2,894,000	9.00			0.67	(5.47)	4.20	(94,360)	(61,952)	(156,312)	(4,806,943)
17	May-00	2,985,500	9.00			0.67	(5.47)	4.20	(101,933)	(61,952)	(163,885)	(4,970,828)
17	Jun-00	2,079,000	9.00			0.67	(5.47)	4.20	(70,019)	(61,952)	(131,971)	(5,102,799)
17	Jul-00	906,500	9.00			0.67	(5.47)	3.53	(48,589)	(72,488)	(121,077)	(5,223,876)
17	Aug-00	1,484,000	9.00			0.67	(5.47)	3.53	(80,114)	(74,150)	(154,264)	(5,378,140)
17	Sep-00		9.00			0.67	(5.47)	3.53		(76,289)	(154,264)	(5,532,404)
18	Oct-00	1,361,500	9.00			0.67	(5.47)	4.20	(53,352)	(77,303)	(144,700)	(5,677,104)
18	Nov-00		9.00			0.67	(5.47)	4.20		(73,359)	(144,700)	(5,821,463)
18	Dec-00	1,702,000	9.00			0.67	(5.47)	4.20	(86,016)	(80,312)	(166,328)	(6,000,791)

Brief Hydro's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract
 DE09-174
 January 25, 2010

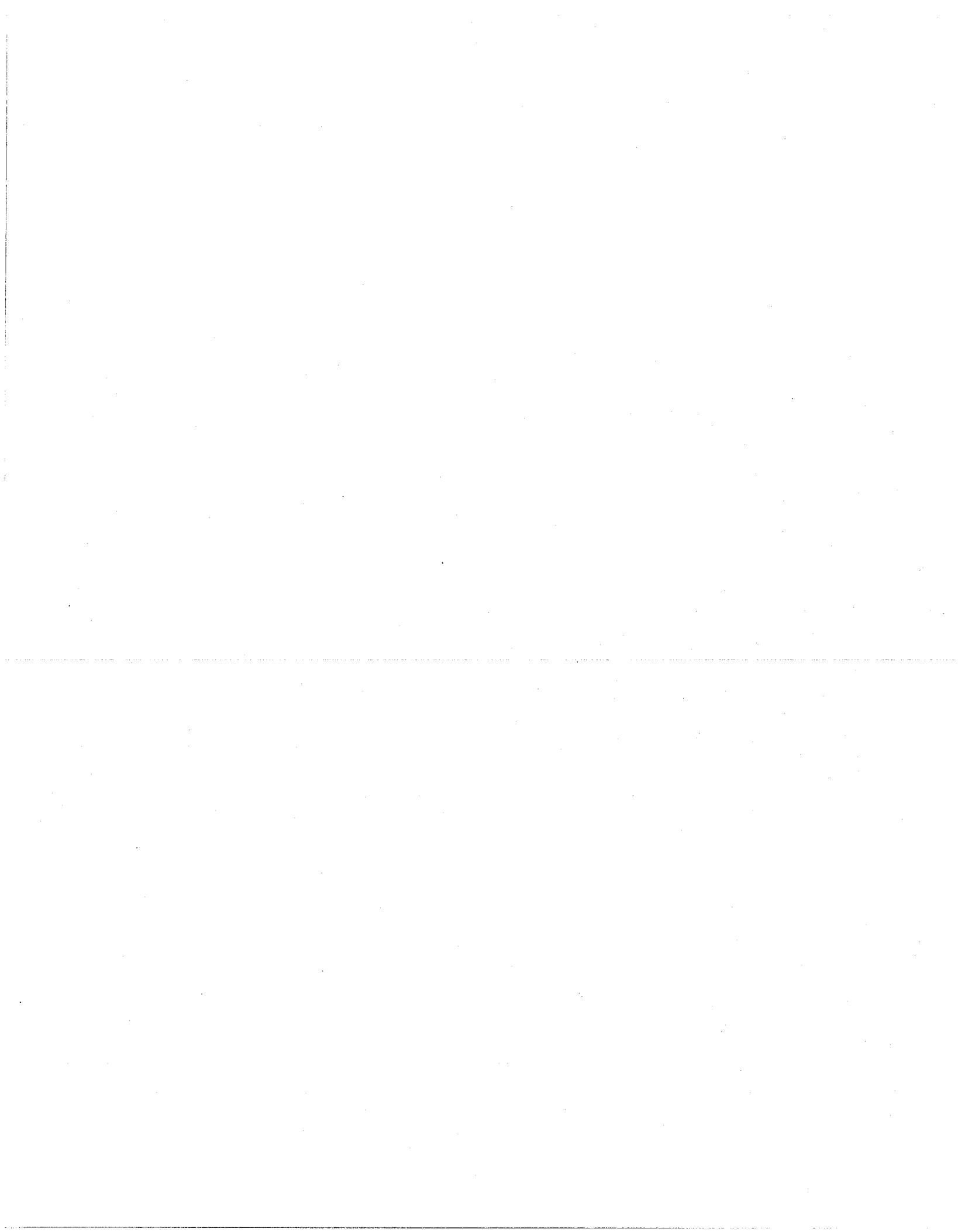
Contract Year	Month	Actual Generation (kWh) (Estimated 2010 forward)	Index price per Article 3	2ckwh Contract Rate adjustment per Article 3.A	1ckwh Contract Rate adjustment for the first 8 years per Article 3.D.2	0.67ckwh Contract Rate adjustment for year 9 through year 20 per Article 3.D.2	5.47ckwh Contract Rate adjustment beginning in year 9 per Article 3.D.1	Adjusted Contract Rate received by NHHA/Brief	Excess Payment (1.6 Adjusted Contract Rate-Index Price * Generation)	Interest on Previous Balance	Excess Payment plus Interest	Excess payments with Interest
18	Jan-01	1,239,000	9.00					4.20	(59,472)	(82,577)	(142,049)	(6,205,767)
18	Feb-01	1,144,500	9.00					4.20	(64,936)	(84,511)	(139,447)	(6,348,215)
18	Mar-01	1,958,500	9.00					4.20	(93,912)	(88,410)	(180,322)	(6,528,537)
18	Apr-01	2,824,500	9.00					4.20	(135,576)	(98,065)	(224,441)	(6,750,976)
18	May-01	1,810,000	9.00					4.20	(77,280)	(81,921)	(169,201)	(6,920,180)
18	Jun-01	2,040,500	9.00					4.20	(87,544)	(94,225)	(192,169)	(7,112,349)
18	Jul-01	371,000	9.00					4.20	(17,808)	(98,842)	(114,650)	(7,228,988)
18	Aug-01	-	9.00					4.20	-	(98,403)	(98,403)	(7,325,401)
18	Sep-01	-	9.00					4.20	(97,743)	(98,743)	(99,743)	(7,325,144)
18	Oct-01	42,000	9.00					4.20	(2,016)	(101,101)	(103,117)	(7,528,261)
18	Nov-01	122,500	9.00					4.20	(3,880)	(102,505)	(108,385)	(7,836,645)
18	Dec-01	581,000	9.00					4.20	(27,888)	(103,981)	(131,869)	(7,788,514)
18	Jan-02	476,000	9.00					4.20	(22,848)	(105,776)	(128,624)	(7,807,138)
18	Feb-02	876,500	9.00					4.20	(42,168)	(107,527)	(149,695)	(8,046,834)
18	Mar-02	2,334,500	9.00					4.20	(112,056)	(112,583)	(221,622)	(8,268,458)
18	Apr-02	2,730,000	9.00					4.20	(131,040)	(112,583)	(243,623)	(8,512,078)
18	May-02	3,010,000	9.00					4.20	(144,480)	(115,800)	(235,702)	(8,008,161)
18	Jun-02	2,422,000	9.00					4.20	(116,256)	(119,446)	(235,702)	(8,008,161)
18	Jul-02	304,500	9.00					4.20	(14,816)	(122,655)	(137,271)	(8,145,432)
18	Aug-02	-	9.00					4.20	-	(124,924)	(124,924)	(8,288,989)
18	Sep-02	14,000	9.00					4.20	(672)	(126,892)	(126,892)	(8,396,849)
20	Oct-02	350,000	9.00					4.20	(120,220)	(127,947)	(144,747)	(8,541,593)
20	Nov-02	1,869,000	9.00					4.20	(89,712)	(129,918)	(219,630)	(8,761,226)
20	Dec-02	1,928,500	9.00					4.20	(92,568)	(132,808)	(225,477)	(8,986,702)
20	Jan-03	1,438,500	9.00					4.20	(80,948)	(135,679)	(205,027)	(9,191,728)
20	Feb-03	994,000	9.00					4.20	(47,712)	(138,771)	(186,483)	(9,378,212)
20	Mar-03	1,921,500	9.00					4.20	(82,232)	(141,310)	(233,542)	(9,611,754)
20	Apr-03	3,223,500	9.00					4.20	(154,728)	(144,490)	(299,218)	(9,910,971)
20	May-03	3,108,000	9.00					4.20	(149,184)	(148,564)	(297,748)	(11,208,719)
20	Jun-03	1,780,500	9.00					4.20	(84,504)	(152,818)	(237,122)	(11,445,841)
20	Jul-03	105,000	9.00					4.20	(5,040)	(155,847)	(160,887)	(11,606,728)
20	Aug-03	1,598,500	9.00					4.20	(76,776)	(158,037)	(234,813)	(11,841,541)
20	Sep-03	871,500	9.00					3.70	(46,211)	(161,234)	(207,445)	(12,048,988)
21	Oct-03	2,065,500	9.00					3.53	(109,701)	(164,059)	(273,760)	(12,322,748)
21	Nov-03	2,667,000	9.00					3.53	(145,885)	(167,787)	(313,671)	(12,636,417)
21	Dec-03	3,139,500	9.00					3.53	(171,731)	(172,057)	(343,788)	(12,980,205)
21	Jan-04	2,103,500	9.00					3.53	(343,788)	(176,738)	(291,800)	(13,272,005)
21	Feb-04	885,500	9.00					3.53	(48,437)	(180,712)	(229,148)	(13,501,154)
21	Mar-04	2,380,000	9.00					3.53	(130,185)	(183,832)	(314,018)	(13,815,171)
21	Apr-04	-	9.00					3.53	(188,107)	(188,107)	(188,107)	(14,003,278)
21	May-04	5,824,000	9.00					3.53	(318,572)	(190,689)	(508,241)	(14,512,520)
21	Jun-04	1,337,000	9.00					3.53	(73,134)	(197,802)	(270,736)	(14,783,257)
21	Jul-04	840,000	9.00					3.53	(44,948)	(201,289)	(247,237)	(15,030,493)
21	Aug-04	748,000	9.00					3.53	(40,970)	(204,655)	(245,625)	(15,276,119)
21	Sep-04	1,407,000	9.00					3.53	(208,000)	(208,000)	(294,963)	(15,571,081)
22	Oct-04	1,011,500	9.00					3.53	(294,963)	(211,880)	(267,209)	(15,828,280)
22	Nov-04	1,410,500	9.00					3.53	(77,154)	(215,518)	(292,672)	(16,120,953)
22	Dec-04	3,089,500	9.00					3.53	(187,902)	(219,503)	(387,405)	(16,508,357)
22	Jan-05	2,212,000	9.00					3.53	(120,986)	(224,779)	(345,774)	(16,854,142)
22	Feb-05	2,030,000	9.00					3.53	(111,041)	(229,488)	(340,527)	(17,194,669)
22	Mar-05	1,885,500	9.00					3.53	(102,043)	(234,123)	(338,165)	(17,530,834)
22	Apr-05	3,237,500	9.00					3.53	(177,081)	(238,700)	(415,781)	(17,946,625)
22	May-05	2,773,000	9.00					3.53	(151,628)	(244,361)	(395,990)	(18,342,615)
22	Jun-05	1,436,500	9.00					3.53	(78,666)	(249,753)	(328,439)	(18,671,054)

Briar Hydro's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract
 DE09-174
 January 25, 2010

Contract Year	Month	Actual Generation (kWh) [Estimated 2010 forward]	Index price per Article 3	Zckwh Contract Rate adjustment per Article 3.A	1ckwh Contract Rate adjustment for the first 9 years per Article 3.D.2	0.67ckwh Contract Rate adjustment for year 9 through year 20 per Article 3.D.2	5.47ckwh Contract Rate adjustment beginning in year 9 per Article 3.D.1	Adjusted Contract Rate received by NHHA/Briar	Excess Payment (1.0 Adjusted Contract Rate - Index Price - Generation)	Interest on Previous Balance	Excess Payment plus Interest	Cumulative Excess Payments Will Interest
22	Jul-05	1,841,000	9.00				(5.47)	3.53 \$	(100.703)	(254.225)	(354.928)	(19,025.981)
22	Aug-05	357,000	9.00				(5.47)	3.53 \$	(19.528)	(269.056)	(278.585)	(19,304.567)
22	Sep-05	143,500	9.00				(5.47)	3.53 \$	(7.849)	(202.951)	(210.799)	(19,575.269)
23	Oct-05	2,243,500	9.00				(5.47)	3.53 \$	(122.719)	(286.537)	(389.256)	(10,864.524)
23	Nov-05	3,104,850	9.00				(5.47)	3.53 \$	(189.835)	(271.937)	(441.072)	(20,406.195)
23	Dec-05	2,745,650	9.00				(5.47)	3.53 \$	(148.548)	(277.861)	(426.397)	(20,832.593)
23	Jan-06	3,216,500	9.00				(5.47)	3.53 \$	(175.943)	(283.957)	(459.898)	(21,292.192)
23	Feb-06	2,551,500	9.00				(5.47)	3.53 \$	(139.897)	(289.914)	(428.482)	(21,721.674)
23	Mar-06	2,177,000	9.00				(5.47)	3.53 \$	(119.892)	(295.762)	(414.844)	(22,136.518)
23	Apr-06	2,278,500	9.00				(5.47)	3.53 \$	(124.634)	(301.411)	(428.045)	(22,562.553)
23	May-06	2,578,000	9.00				(5.47)	3.53 \$	(140.907)	(307.212)	(446.119)	(23,010.692)
23	Jun-06	3,089,500	9.00				(5.47)	3.53 \$	(167.902)	(313.313)	(481.215)	(23,491.897)
23	Jul-06	2,541,000	9.00				(5.47)	3.53 \$	(138.993)	(319.886)	(458.880)	(23,950.755)
23	Aug-06	1,141,000	9.00				(5.47)	3.53 \$	(82.413)	(326.113)	(398.526)	(24,339.281)
23	Sep-06	598,500	9.00				(5.47)	3.53 \$	(32.738)	(331.404)	(364.142)	(24,703.423)
24	Oct-06	2,117,500	9.00				(5.47)	3.53 \$	(115.827)	(336.382)	(452.189)	(25,155.612)
24	Nov-06	2,891,500	9.00				(5.47)	3.53 \$	(147.225)	(342.519)	(489.744)	(25,645.356)
24	Dec-06	3,024,000	9.00				(5.47)	3.53 \$	(165.413)	(349.187)	(514.600)	(26,159.956)
24	Jan-07	2,588,500	9.00				(5.47)	3.53 \$	(141.482)	(356.194)	(497.676)	(26,657.631)
24	Feb-07	602,000	9.00				(5.47)	3.53 \$	(32.929)	(362.970)	(395.800)	(27,053.531)
24	Mar-07	2,285,500	9.00				(5.47)	3.53 \$	(125.017)	(368.581)	(493.378)	(27,548.899)
24	Apr-07	3,003,000	9.00				(5.47)	3.53 \$	(164.284)	(375.079)	(530.605)	(28,080.252)
24	May-07	2,709,000	9.00				(5.47)	3.53 \$	(148.182)	(382.422)	(528.577)	(28,616.856)
24	Jun-07	1,540,000	9.00				(5.47)	3.53 \$	(84.238)	(389.647)	(473.885)	(29,090.741)
24	Jul-07	1,402,500	9.00				(5.47)	3.53 \$	(80.307)	(396.100)	(458.405)	(29,547.149)
24	Aug-07	220,500	9.00				(5.47)	3.53 \$	(12.081)	(402.314)	(414.375)	(29,961.523)
24	Sep-07	199,500	9.00				(5.47)	3.53 \$	(10.913)	(407.956)	(418.888)	(30,380.392)
25	Oct-07	908,500	9.00				(5.47)	3.53 \$	(49.586)	(413.659)	(463.245)	(30,843.637)
25	Nov-07	1,371,500	9.00				(5.47)	3.53 \$	(85.951)	(419.967)	(505.928)	(31,349.565)
25	Dec-07	1,738,000	9.00				(5.47)	3.53 \$	(94.959)	(426.856)	(521.815)	(31,871.380)
25	Jan-08	2,450,000	9.00				(5.47)	3.53 \$	(134.015)	(433.961)	(567.970)	(32,438.355)
25	Feb-08	2,831,500	9.00				(5.47)	3.53 \$	(154.893)	(441.684)	(598.577)	(33,035.933)
25	Mar-08	3,272,500	9.00				(5.47)	3.53 \$	(179.009)	(449.817)	(628.823)	(33,684.758)
25	Apr-08	2,961,000	9.00				(5.47)	3.53 \$	(151.987)	(458.379)	(620.346)	(34,285.102)
25	May-08	2,061,500	9.00				(5.47)	3.53 \$	(81.736)	(466.826)	(578.580)	(34,884.692)
25	Jun-08	783,000	9.00				(5.47)	3.53 \$	(41.750)	(474.718)	(558.330)	(35,501.145)
25	Jul-08	1,400,000	9.00				(5.47)	3.53 \$	(89.745)	(483.352)	(569.057)	(36,128.572)
25	Aug-08	1,823,500	9.00				(5.47)	3.53 \$	(90.173)	(492.373)	(587.546)	(36,716.118)
25	Sep-08	1,648,500	9.00				(5.47)	3.53 \$	(80.373)	(500.373)	(587.546)	(37,325.532)
26	Oct-08	2,030,000	9.00				(5.47)	3.53 \$	(120.030)	(513.760)	(633.805)	(38,006.338)
26	Nov-08	2,194,500	9.00				(5.47)	3.53 \$	(169.433)	(522.396)	(691.829)	(38,696.167)
26	Dec-08	3,097,500	9.00				(5.47)	3.53 \$	(217.212)	(531.816)	(821.692)	(40,518.887)
26	Jan-09	1,960,000	9.00				(5.47)	3.53 \$	(107.176)	(540.517)	(720.521)	(41,239.409)
26	Feb-09	1,484,000	9.00				(5.47)	3.53 \$	(61.392)	(548.992)	(720.185)	(41,959.593)
26	Mar-09	3,136,000	9.00				(5.47)	3.53 \$	(171.539)	(558.793)	(891.837)	(42,841.530)
26	Apr-09	2,950,500	9.00				(5.47)	3.53 \$	(113.338)	(568.599)	(881.837)	(43,723.362)
26	May-09	2,072,000	9.00				(5.47)	3.53 \$	(72.009)	(577.884)	(815.208)	(44,538.564)
26	Jun-09	2,289,000	9.00				(5.47)	3.53 \$	(125.208)	(587.528)	(897.528)	(45,436.092)
26	Jul-09	2,782,500	9.00				(5.47)	3.53 \$	(152.203)	(597.361)	(959.008)	(46,395.100)
26	Aug-09	2,278,500	9.00				(5.47)	3.53 \$	(124.634)	(607.361)	(944.444)	(47,343.543)
26	Sep-09	1,127,000	9.00				(5.47)	3.53 \$	(61.847)	(616.471)	(854.627)	(48,198.170)
27	Oct-09	1,914,500	9.00				(5.47)	3.53 \$	(104.723)	(626.280)	(831.553)	(49,029.723)
27	Nov-09	2,677,500	9.00				(5.47)	3.53 \$	(146.459)	(636.812)	(883.271)	(49,912.994)
27	Dec-09	2,775,000	9.00				(5.47)	3.53 \$	(151.793)	(636.812)	(883.271)	(50,796.265)

Briar Hydro's Revised Analysis of PSNH Excess Payment Recovery Under 1982 Contract
DEC09-174
January 25, 2010

Contract Year	Month	Actual Generation (KWh) [Estimated 2010 forward]	Index price per Article 3.A	2c/kwh Contract Rate adjustment per Article 3.A	1c/kwh Contract Rate adjustment for the first 8 years per Article 3.D.2	0.67c/kwh Contract Rate adjustment for year 9 through year 20 per Article 3.D.2	5.47c/kwh Contract Rate adjustment beginning in year 9 per Article 3.D.1	Adjusted Contract Rate received by NHHA/Briar	Excess Payment: (i.e. Adjusted Contract Rate - Index Price - Generation)	Interest on Previous Balance	Excess Payment plus Interest	Cumulative Excess payments with Interest
27	Jan-10	1,962,695	9.00				(5.47)	3.53	(107,359)	(647,550)	(754,909)	(48,312,910)
27	Feb-10	1,463,805	9.00				(5.47)	3.53	(90,070)	(657,829)	(737,899)	(49,050,809)
27	Mar-10	2,491,300	9.00				(5.47)	3.53	(130,274)	(87,876)	(904,150)	(49,954,959)
27	Apr-10	2,609,250	9.00				(5.47)	3.53	(142,729)	(678,825)	(821,551)	(50,676,509)
27	May-10	2,872,800	9.00				(5.47)	3.53	(157,142)	(990,011)	(847,154)	(51,523,663)
27	Jun-10	1,872,900	9.00				(5.47)	3.53	(102,502)	(804,049)	(652,327,711)	(52,176,000)
27	Jul-10	1,219,400	9.00				(5.47)	3.53	(66,701)	(712,494)	(778,195)	(53,064,907)
27	Aug-10	737,450	9.00				(5.47)	3.53	(40,399)	(723,104)	(733,442)	(53,878,349)
27	Sep-10	666,400	9.00				(5.47)	3.53	(36,452)	(733,459)	(769,951)	(54,608,300)
28	Oct-10	1,242,150	9.00				(5.47)	3.53	(67,946)	(743,682)	(811,928)	(55,452,228)
28	Nov-10	1,872,535	9.00				(5.47)	3.53	(102,428)	(755,039)	(857,465)	(56,309,693)
28	Dec-10	2,316,965	9.00				(5.47)	3.53	(136,738)	(768,739)	(893,451)	(57,203,143)
28	Jan-11	1,962,695	9.00				(5.47)	3.53	(107,359)	(778,878)	(893,451)	(58,096,594)
28	Feb-11	1,463,805	9.00				(5.47)	3.53	(90,070)	(790,945)	(838,079)	(58,934,673)
28	Mar-11	2,491,300	9.00				(5.47)	3.53	(130,274)	(802,805)	(838,079)	(59,809,475)
28	Apr-11	2,609,250	9.00				(5.47)	3.53	(142,729)	(815,591)	(856,317)	(60,657,922)
28	May-11	2,872,800	9.00				(5.47)	3.53	(157,142)	(828,640)	(885,702)	(61,543,574)
28	Jun-11	1,872,900	9.00				(5.47)	3.53	(102,502)	(842,062)	(844,584)	(62,388,138)
28	Jul-11	1,219,400	9.00				(5.47)	3.53	(66,701)	(854,923)	(821,824)	(63,209,963)
28	Aug-11	737,450	9.00				(5.47)	3.53	(40,399)	(867,472)	(807,811)	(64,017,574)
28	Sep-11	666,400	9.00				(5.47)	3.53	(36,452)	(878,333)	(816,285)	(64,833,859)
29	Oct-11	1,242,150	9.00				(5.47)	3.53	(67,946)	(888,309)	(880,255)	(65,654,113)
29	Nov-11	1,872,535	9.00				(5.47)	3.53	(102,428)	(899,584)	(1,007,812)	(66,501,925)
29	Dec-11	2,316,965	9.00				(5.47)	3.53	(136,738)	(919,106)	(1,045,844)	(67,547,769)
29	Jan-12	1,962,695	9.00				(5.47)	3.53	(107,359)	(933,346)	(1,027,587)	(68,588,475)
29	Feb-12	1,463,805	9.00				(5.47)	3.53	(90,070)	(947,517)	(1,027,587)	(69,616,091)
29	Mar-12	2,491,300	9.00				(5.47)	3.53	(130,274)	(961,508)	(1,097,782)	(71,713,844)
29	Apr-12	2,609,250	9.00				(5.47)	3.53	(142,729)	(976,459)	(1,119,782)	(72,833,028)
29	May-12	2,872,800	9.00				(5.47)	3.53	(157,142)	(991,684)	(1,148,837)	(74,011,802)
29	Jun-12	1,872,900	9.00				(5.47)	3.53	(102,502)	(1,007,337)	(1,109,839)	(75,081,702)
29	Jul-12	1,219,400	9.00				(5.47)	3.53	(66,701)	(1,022,449)	(1,088,150)	(76,180,851)
29	Aug-12	737,450	9.00				(5.47)	3.53	(40,399)	(1,037,278)	(1,077,817)	(77,258,408)
29	Sep-12	666,400	9.00				(5.47)	3.53	(36,452)	(1,051,951)	(1,088,403)	(78,346,872)
30	Oct-12	1,242,150	9.00				(5.47)	3.53	(67,946)	(1,066,771)	(1,134,717)	(79,481,589)
30	Nov-12	1,872,535	9.00				(5.47)	3.53	(102,428)	(1,082,221)	(1,184,648)	(80,666,237)
30	Dec-12	2,316,965	9.00				(5.47)	3.53	(136,738)	(1,098,351)	(1,225,089)	(81,891,327)
30	Jan-13	1,962,695	9.00				(5.47)	3.53	(107,359)	(1,115,032)	(1,222,392)	(83,113,718)
30	Feb-13	1,463,805	9.00				(5.47)	3.53	(90,070)	(1,131,676)	(1,211,747)	(84,325,465)
30	Mar-13	2,491,300	9.00				(5.47)	3.53	(130,274)	(1,148,176)	(1,284,450)	(85,609,919)
30	Apr-13	2,609,250	9.00				(5.47)	3.53	(142,729)	(1,165,665)	(1,308,391)	(86,918,305)
30	May-13	2,872,800	9.00				(5.47)	3.53	(157,142)	(1,183,480)	(1,340,822)	(88,258,927)
30	Jun-13	1,872,900	9.00				(5.47)	3.53	(102,502)	(1,201,794)	(1,304,236)	(89,563,163)
30	Jul-13	1,219,400	9.00				(5.47)	3.53	(66,701)	(1,219,492)	(1,286,193)	(90,840,356)
30	Aug-13	737,450	9.00				(5.47)	3.53	(40,399)	(1,237,005)	(1,277,343)	(92,128,688)
30	Sep-13	666,400	9.00				(5.47)	3.53	(36,452)	(1,254,387)	(1,254,387)	(93,383,075)



Moffett, Howard M.

From: eatongm@nu.com
Sent: Friday, December 18, 2009 3:46 PM
To: Moffett, Howard M.
Cc: 'matthew.fossum@puc.nh.gov'; Steve.Mullen@puc.nh.gov; labrerc@nu.com
Subject: DE 09-174 Petition for Declaratory Ruling

Attachments: Computation of contract terms 12 18 2009.xls



Computation of contract terms ...

Under the report filed with the Commission, PSNH and Briar Hydro are to exchange today each party's computation and analyses of the operation of the contracts terms. Attached please find PSNH's computation of the repayment under Articles 3.A and D.1 of the 1982 Agreement between New Hampshire Hydro Associates and PSNH. In providing this computation, PSNH does not accept or admit that any computation is necessary or required as the Agreement clearly states that the 5.47 cent deduction from the contract rate continues for the remaining term of the agreement.

(See attached file: Computation of contract terms 12 18 2009.xls)

We are available to meet in a rescheduled technical session during the week of February 8 to 12 with the exception of the morning of February 12.

Jerry Eaton, Senior Counsel
Public Service Company of New Hampshire
Energy Park, 780 North Commercial Street P.O. Box 330 Manchester, New Hampshire 03105-0330 Tel. (603) 634-2961
Fax. (603) 634-2438 eatongm@nu.com

This e-mail, including any files or attachments transmitted with it, is confidential and/or proprietary and is intended for a specific purpose and for use only by the individual or entity to whom it is addressed. Any disclosure, copying or distribution of this e-mail or the taking of any action based on its contents, other than for its intended purpose, is strictly prohibited. If you have received this e-mail in error, please notify the sender immediately and delete it from your system. Any views or opinions expressed in this e-mail are not necessarily those of Northeast Utilities, its subsidiaries and affiliates (NU). E-mail transmission cannot be guaranteed to be error-free or secure or free from viruses, and NU disclaims all liability for any resulting damage, errors, or omissions.

					Annual Interest:	17.62%		
					Monthly Interest:	1.3616%		
Penacook Lower Falls Hydro								
Contract Year	Month	Actual Generation (kWh) [Estimated Dec 2009 forward]	2 c/kwh adj per Article 3.A	5.47 c/kwh adj per Article 3.D.1	Excess Payment	Interest on Previous Balance	Excess Payment with Interest	Cumulative Excess with Interest
1	Oct-83	42,000	2.00		\$ 840	\$ -	\$ 840	\$ 840
1	Nov-83	1,652,000	2.00		\$ 33,040	11	\$ 33,051	\$ 33,891
1	Dec-83	2,432,500	2.00		\$ 48,650	461	\$ 49,111	\$ 83,003
1	Jan-84	1,725,500	2.00		\$ 34,510	1,130	\$ 35,640	\$ 118,643
1	Feb-84	2,040,500	2.00		\$ 40,810	1,615	\$ 42,425	\$ 161,069
1	Mar-84	2,394,000	2.00		\$ 47,880	2,193	\$ 50,073	\$ 211,142
1	Apr-84	3,108,000	2.00		\$ 62,160	2,875	\$ 65,035	\$ 276,177
1	May-84	3,129,000	2.00		\$ 62,580	3,760	\$ 66,340	\$ 342,517
1	Jun-84	2,292,500	2.00		\$ 45,850	4,664	\$ 50,514	\$ 393,031
1	Jul-84	1,522,500	2.00		\$ 30,450	5,352	\$ 35,802	\$ 428,832
1	Aug-84	252,000	2.00		\$ 5,040	5,839	\$ 10,879	\$ 439,711
1	Sep-84	262,500	2.00		\$ 5,250	5,987	\$ 11,237	\$ 450,948
2	Oct-84	322,000	2.00		\$ 6,440	6,140	\$ 12,580	\$ 463,528
2	Nov-84	661,500	2.00		\$ 13,230	6,311	\$ 19,541	\$ 483,070
2	Dec-84	976,500	2.00		\$ 19,530	6,577	\$ 26,107	\$ 509,177
2	Jan-85	542,500	2.00		\$ 10,850	6,933	\$ 17,783	\$ 526,960
2	Feb-85	1,302,000	2.00		\$ 26,040	7,175	\$ 33,215	\$ 560,175
2	Mar-85	2,541,000	2.00		\$ 50,820	7,627	\$ 58,447	\$ 618,623
2	Apr-85	2,275,000	2.00		\$ 45,500	8,423	\$ 53,923	\$ 672,546
2	May-85	1,228,500	2.00		\$ 24,570	9,157	\$ 33,727	\$ 706,273
2	Jun-85	381,500	2.00		\$ 7,630	9,617	\$ 17,247	\$ 723,520
2	Jul-85	315,000	2.00		\$ 6,300	9,851	\$ 16,151	\$ 739,671
2	Aug-85	133,000	2.00		\$ 2,660	10,071	\$ 12,731	\$ 752,403
2	Sep-85	896,000	2.00		\$ 17,920	10,245	\$ 28,165	\$ 780,567
3	Oct-85	1,382,500	2.00		\$ 27,650	10,628	\$ 38,278	\$ 818,846
3	Nov-85	2,219,000	2.00		\$ 44,380	11,149	\$ 55,529	\$ 874,375
3	Dec-85	2,271,500	2.00		\$ 45,430	11,905	\$ 57,335	\$ 931,710
3	Jan-86	1,536,500	2.00		\$ 30,730	12,686	\$ 43,416	\$ 975,127
3	Feb-86	2,331,000	2.00		\$ 46,620	13,277	\$ 59,897	\$ 1,035,024
3	Mar-86	2,401,000	2.00		\$ 48,020	14,093	\$ 62,113	\$ 1,097,137
3	Apr-86	2,775,500	2.00		\$ 55,510	14,939	\$ 70,449	\$ 1,167,585
3	May-86	1,382,500	2.00		\$ 27,650	15,898	\$ 43,548	\$ 1,211,133
3	Jun-86	2,089,500	2.00		\$ 41,790	16,491	\$ 58,281	\$ 1,269,414
3	Jul-86	1,221,500	2.00		\$ 24,430	17,284	\$ 41,714	\$ 1,311,128
3	Aug-86	2,040,500	2.00		\$ 40,810	17,852	\$ 58,662	\$ 1,369,791
3	Sep-86	395,500	2.00		\$ 7,910	18,651	\$ 26,561	\$ 1,396,352
4	Oct-86	822,500	2.00		\$ 16,450	19,013	\$ 35,463	\$ 1,431,815
4	Nov-86	1,515,000	2.00		\$ 30,300	19,496	\$ 49,796	\$ 1,481,610
4	Dec-86	3,430,000	2.00		\$ 68,600	20,174	\$ 88,774	\$ 1,570,384
4	Jan-87	1,799,000	2.00		\$ 35,980	21,382	\$ 57,362	\$ 1,627,746
4	Feb-87	1,074,500	2.00		\$ 21,490	22,163	\$ 43,653	\$ 1,671,399
4	Mar-87	1,998,500	2.00		\$ 39,970	22,758	\$ 62,728	\$ 1,734,127
4	Apr-87	2,800,000	2.00		\$ 56,000	23,612	\$ 79,612	\$ 1,813,739
4	May-87	2,166,500	2.00		\$ 43,330	24,696	\$ 68,026	\$ 1,881,765
4	Jun-87	1,361,500	2.00		\$ 27,230	25,622	\$ 52,852	\$ 1,934,617
4	Jul-87	1,617,000	2.00		\$ 32,340	26,342	\$ 58,682	\$ 1,993,299
4	Aug-87	140,000	2.00		\$ 2,800	27,141	\$ 29,941	\$ 2,023,240
4	Sep-87	1,064,000	2.00		\$ 21,280	27,548	\$ 48,828	\$ 2,072,068
5	Oct-87	1,431,500	2.00		\$ 28,630	28,213	\$ 56,843	\$ 2,128,911
5	Nov-87	1,704,500	2.00		\$ 34,090	28,987	\$ 63,077	\$ 2,191,989
5	Dec-87	2,107,000	2.00		\$ 42,140	29,846	\$ 71,986	\$ 2,263,975
5	Jan-88	1,071,000	2.00		\$ 21,420	30,826	\$ 52,246	\$ 2,316,221
5	Feb-88	1,960,000	2.00		\$ 39,200	31,538	\$ 70,738	\$ 2,386,959
5	Mar-88	2,135,000	2.00		\$ 42,700	32,501	\$ 75,201	\$ 2,462,159
5	Apr-88	2,555,000	2.00		\$ 51,100	33,525	\$ 84,625	\$ 2,546,784
5	May-88	3,160,500	2.00		\$ 63,210	34,677	\$ 97,887	\$ 2,644,671
5	Jun-88	1,109,500	2.00		\$ 22,190	36,010	\$ 58,200	\$ 2,702,871
5	Jul-88	787,500	2.00		\$ 15,750	36,802	\$ 52,552	\$ 2,755,423

Contract Year	Month	Actual Generation (kWh) [Estimated Dec 2009 forward]	2 c/kwh adj per Article 3.A	5.47 c/kwh adj per Article 3.D.1	Excess Payment	Interest on Previous Balance	Excess Payment with Interest	Cumulative Excess with Interest
5	Aug-88	672,000	2.00		\$ 13,440	37,518	\$ 50,958	\$ 2,806,381
5	Sep-88	1,060,500	2.00		\$ 21,210	38,212	\$ 59,422	\$ 2,865,803
6	Oct-88	619,500	2.00		\$ 12,390	39,021	\$ 51,411	\$ 2,917,214
6	Nov-88	2,803,500	2.00		\$ 56,070	39,721	\$ 95,791	\$ 3,013,004
6	Dec-88	1,610,000	2.00		\$ 32,200	41,025	\$ 73,225	\$ 3,086,229
6	Jan-89	1,029,000	2.00		\$ 20,580	42,022	\$ 62,602	\$ 3,148,832
6	Feb-89	934,500	2.00		\$ 18,690	42,874	\$ 61,564	\$ 3,210,396
6	Mar-89	1,522,500	2.00		\$ 30,450	43,713	\$ 74,163	\$ 3,284,559
6	Apr-89	2,929,500	2.00		\$ 58,590	44,723	\$ 103,313	\$ 3,387,871
6	May-89	3,055,500	2.00		\$ 61,110	46,129	\$ 107,239	\$ 3,495,111
6	Jun-89	2,495,500	2.00		\$ 49,910	47,589	\$ 97,499	\$ 3,592,610
6	Jul-89	1,057,000	2.00		\$ 21,140	48,917	\$ 70,057	\$ 3,662,667
6	Aug-89	1,015,000	2.00		\$ 20,300	49,871	\$ 70,171	\$ 3,732,838
6	Sep-89	563,500	2.00		\$ 11,270	50,826	\$ 62,096	\$ 3,794,934
7	Oct-89	1,655,500	2.00		\$ 33,110	51,672	\$ 84,782	\$ 3,879,716
7	Nov-89	2,968,000	2.00		\$ 59,360	52,826	\$ 112,186	\$ 3,991,902
7	Dec-89	1,263,500	2.00		\$ 25,270	54,354	\$ 79,624	\$ 4,071,526
7	Jan-90	1,589,000	2.00		\$ 31,780	55,438	\$ 87,218	\$ 4,158,744
7	Feb-90	2,383,500	2.00		\$ 47,670	56,625	\$ 104,295	\$ 4,263,039
7	Mar-90	2,835,000	2.00		\$ 56,700	58,046	\$ 114,746	\$ 4,377,785
7	Apr-90	3,153,500	2.00		\$ 63,070	59,608	\$ 122,678	\$ 4,500,463
7	May-90	2,996,000	2.00		\$ 59,920	61,278	\$ 121,198	\$ 4,621,661
7	Jun-90	1,662,500	2.00		\$ 33,250	62,929	\$ 96,179	\$ 4,717,840
7	Jul-90	392,000	2.00		\$ 7,840	64,238	\$ 72,078	\$ 4,789,918
7	Aug-90	3,500	2.00		\$ 70	65,220	\$ 65,290	\$ 4,855,207
7	Sep-90	-	2.00		\$ -	66,109	\$ 66,109	\$ 4,921,316
8	Oct-90	-	2.00		\$ -	67,009	\$ 67,009	\$ 4,988,324
8	Nov-90	-	2.00		\$ -	67,921	\$ 67,921	\$ 5,056,245
8	Dec-90	-	2.00		\$ -	68,846	\$ 68,846	\$ 5,125,091
8	Jan-91	1,228,500	2.00		\$ 24,570	69,783	\$ 94,353	\$ 5,219,445
8	Feb-91	2,019,500	2.00		\$ 40,390	71,068	\$ 111,458	\$ 5,330,902
8	Mar-91	2,849,000	2.00		\$ 56,980	72,586	\$ 129,566	\$ 5,460,468
8	Apr-91	3,031,000	2.00		\$ 60,620	74,350	\$ 134,970	\$ 5,595,438
8	May-91	2,282,000	2.00		\$ 45,640	76,187	\$ 121,827	\$ 5,717,265
8	Jun-91	833,000	2.00		\$ 16,660	77,846	\$ 94,506	\$ 5,811,772
8	Jul-91	154,000	2.00		\$ 3,080	79,133	\$ 82,213	\$ 5,893,985
8	Aug-91	973,000	2.00		\$ 19,460	80,252	\$ 99,712	\$ 5,993,697
8	Sep-91	945,000	2.00		\$ 18,900	81,610	\$ 100,510	\$ 6,094,207
9	Oct-91	2,667,000		(5.47)	\$ (145,885)	82,979	\$ (62,906)	\$ 6,031,301
9	Nov-91	2,030,000		(5.47)	\$ (111,041)	82,122	\$ (28,919)	\$ 6,002,382
9	Dec-91	2,870,000		(5.47)	\$ (156,989)	81,728	\$ (75,261)	\$ 5,927,122
9	Jan-92	2,453,500		(5.47)	\$ (134,206)	80,704	\$ (53,503)	\$ 5,873,619
9	Feb-92	1,239,000		(5.47)	\$ (67,773)	79,975	\$ 12,202	\$ 5,885,821
9	Mar-92	2,268,000		(5.47)	\$ (124,060)	80,141	\$ (43,918)	\$ 5,841,903
9	Apr-92	2,761,500		(5.47)	\$ (151,054)	79,543	\$ (71,511)	\$ 5,770,392
9	May-92	2,261,000		(5.47)	\$ (123,677)	78,570	\$ (45,107)	\$ 5,725,285
9	Jun-92	1,694,000		(5.47)	\$ (92,662)	77,955	\$ (14,706)	\$ 5,710,579
9	Jul-92	903,000		(5.47)	\$ (49,394)	77,755	\$ 28,361	\$ 5,738,940
9	Aug-92	672,000		(5.47)	\$ (36,758)	78,141	\$ 41,383	\$ 5,780,323
9	Sep-92	399,000		(5.47)	\$ (21,825)	78,705	\$ 56,880	\$ 5,837,202
10	Oct-92	640,500		(5.47)	\$ (35,035)	79,479	\$ 44,444	\$ 5,881,646
10	Nov-92	1,785,000		(5.47)	\$ (97,640)	80,084	\$ (17,555)	\$ 5,864,091
10	Dec-92	1,522,500		(5.47)	\$ (83,281)	79,845	\$ (3,435)	\$ 5,860,656
10	Jan-93	966,000		(5.47)	\$ (52,840)	79,799	\$ 26,958	\$ 5,887,615
10	Feb-93	1,078,000		(5.47)	\$ (58,967)	80,166	\$ 21,199	\$ 5,908,814
10	Mar-93	1,491,000		(5.47)	\$ (81,558)	80,454	\$ (1,103)	\$ 5,907,710
10	Apr-93	3,181,500		(5.47)	\$ (174,028)	80,439	\$ (93,589)	\$ 5,814,122
10	May-93	1,445,500		(5.47)	\$ (79,069)	79,165	\$ 96	\$ 5,814,218
10	Jun-93	686,000		(5.47)	\$ (37,524)	79,166	\$ 41,642	\$ 5,855,860
10	Jul-93	38,500		(5.47)	\$ (2,106)	79,733	\$ 77,627	\$ 5,933,488
10	Aug-93	185,500		(5.47)	\$ (10,147)	80,790	\$ 70,644	\$ 6,004,131
10	Sep-93	178,500		(5.47)	\$ (9,764)	81,752	\$ 71,988	\$ 6,076,119

Contract Year	Month	Actual Generation (kWh) [Estimated Dec 2009 forward]	2 c/kwh adj per Article 3.A	5.47 c/kwh adj per Article 3.D.1	Excess Payment	Interest on Previous Balance	Excess Payment with Interest	Cumulative Excess with Interest
11	Oct-93	546,000		(5.47)	\$ (29,866)	82,732	\$ 52,866	\$ 6,128,986
11	Nov-93	1,309,000		(5.47)	\$ (71,602)	83,452	\$ 11,850	\$ 6,140,836
11	Dec-93	2,803,500		(5.47)	\$ (153,351)	83,614	\$ (69,738)	\$ 6,071,098
11	Jan-94	1,340,500		(5.47)	\$ (73,325)	82,664	\$ 9,339	\$ 6,080,436
11	Feb-94	1,491,000		(5.47)	\$ (81,558)	82,791	\$ 1,234	\$ 6,081,670
11	Mar-94	2,772,000		(5.47)	\$ (151,628)	82,808	\$ (68,820)	\$ 6,012,850
11	Apr-94	2,436,000		(5.47)	\$ (133,249)	81,871	\$ (51,378)	\$ 5,961,471
11	May-94	3,563,000		(5.47)	\$ (194,896)	81,171	\$ (113,725)	\$ 5,847,747
11	Jun-94	892,500		(5.47)	\$ (48,820)	79,623	\$ 30,803	\$ 5,878,550
11	Jul-94	619,500		(5.47)	\$ (33,887)	80,042	\$ 46,156	\$ 5,924,706
11	Aug-94	504,000		(5.47)	\$ (27,569)	80,671	\$ 53,102	\$ 5,977,808
11	Sep-94	584,500		(5.47)	\$ (31,972)	81,394	\$ 49,422	\$ 6,027,229
12	Oct-94	437,500		(5.47)	\$ (23,931)	82,067	\$ 58,136	\$ 6,085,365
12	Nov-94	157,500		(5.47)	\$ (8,615)	82,858	\$ 74,243	\$ 6,159,608
12	Dec-94	2,453,500		(5.47)	\$ (134,206)	83,869	\$ (50,337)	\$ 6,109,271
12	Jan-95	2,257,500		(5.47)	\$ (123,485)	83,184	\$ (40,301)	\$ 6,068,969
12	Feb-95	1,435,000		(5.47)	\$ (78,495)	82,635	\$ 4,141	\$ 6,073,110
12	Mar-95	2,957,500		(5.47)	\$ (161,775)	82,691	\$ (79,084)	\$ 5,994,026
12	Apr-95	1,918,000		(5.47)	\$ (104,915)	81,615	\$ (23,300)	\$ 5,970,726
12	May-95	1,746,500		(5.47)	\$ (95,534)	81,297	\$ (14,236)	\$ 5,956,490
12	Jun-95	696,500		(5.47)	\$ (38,099)	81,104	\$ 43,005	\$ 5,999,495
12	Jul-95	273,000		(5.47)	\$ (14,933)	81,689	\$ 66,756	\$ 6,066,251
12	Aug-95	609,000		(5.47)	\$ (33,312)	82,598	\$ 49,286	\$ 6,115,537
12	Sep-95	-		(5.47)	\$ -	83,269	\$ 83,269	\$ 6,198,806
13	Oct-95	1,316,000		(5.47)	\$ (71,985)	84,403	\$ 12,418	\$ 6,211,224
13	Nov-95	3,104,500		(5.47)	\$ (169,816)	84,572	\$ (85,244)	\$ 6,125,979
13	Dec-95	1,876,000		(5.47)	\$ (102,617)	83,411	\$ (19,206)	\$ 6,106,774
13	Jan-96	2,033,500		(5.47)	\$ (111,232)	83,150	\$ (28,083)	\$ 6,078,691
13	Feb-96	2,390,500		(5.47)	\$ (130,760)	82,767	\$ (47,993)	\$ 6,030,698
13	Mar-96	2,856,000		(5.47)	\$ (156,223)	82,114	\$ (74,109)	\$ 5,956,589
13	Apr-96	3,048,500		(5.47)	\$ (166,753)	81,105	\$ (85,648)	\$ 5,870,941
13	May-96	3,097,500		(5.47)	\$ (169,433)	79,939	\$ (89,495)	\$ 5,781,446
13	Jun-96	1,347,500		(5.47)	\$ (73,708)	78,720	\$ 5,012	\$ 5,786,458
13	Jul-96	1,760,500		(5.47)	\$ (96,299)	78,788	\$ (17,511)	\$ 5,768,947
13	Aug-96	241,500		(5.47)	\$ (13,210)	78,550	\$ 65,340	\$ 5,834,287
13	Sep-96	140,000		(5.47)	\$ (7,658)	79,440	\$ 71,782	\$ 5,906,069
14	Oct-96	1,512,000		(5.47)	\$ (82,706)	80,417	\$ (2,289)	\$ 5,903,779
14	Nov-96	2,691,500		(5.47)	\$ (147,225)	80,386	\$ (66,839)	\$ 5,836,940
14	Dec-96	3,129,000		(5.47)	\$ (171,156)	79,476	\$ (91,681)	\$ 5,745,260
14	Jan-97	2,425,500		(5.47)	\$ (132,675)	78,227	\$ (54,447)	\$ 5,690,812
14	Feb-97	2,096,500		(5.47)	\$ (114,679)	77,486	\$ (37,192)	\$ 5,653,620
14	Mar-97	2,674,000		(5.47)	\$ (146,268)	76,980	\$ (69,288)	\$ 5,584,332
14	Apr-97	2,943,500		(5.47)	\$ (161,009)	76,036	\$ (84,973)	\$ 5,499,359
14	May-97	3,003,000		(5.47)	\$ (164,264)	74,879	\$ (89,385)	\$ 5,409,974
14	Jun-97	672,000		(5.47)	\$ (36,758)	73,662	\$ 36,904	\$ 5,446,878
14	Jul-97	427,000		(5.47)	\$ (23,357)	74,165	\$ 50,808	\$ 5,497,685
14	Aug-97	-		(5.47)	\$ -	74,856	\$ 74,856	\$ 5,572,542
14	Sep-97	133,000		(5.47)	\$ (7,275)	75,876	\$ 68,601	\$ 5,641,142
15	Oct-97	276,500		(5.47)	\$ (15,125)	76,810	\$ 61,685	\$ 5,702,828
15	Nov-97	2,037,000		(5.47)	\$ (111,424)	77,650	\$ (33,774)	\$ 5,669,054
15	Dec-97	1,575,000		(5.47)	\$ (86,153)	77,190	\$ (8,963)	\$ 5,660,091
15	Jan-98	2,240,000		(5.47)	\$ (122,528)	77,068	\$ (45,460)	\$ 5,614,631
15	Feb-98	2,128,000		(5.47)	\$ (116,402)	76,449	\$ (39,953)	\$ 5,574,678
15	Mar-98	3,038,000		(5.47)	\$ (166,179)	75,905	\$ (90,274)	\$ 5,484,404
15	Apr-98	2,810,500		(5.47)	\$ (153,734)	74,676	\$ (79,059)	\$ 5,405,345
15	May-98	2,411,500		(5.47)	\$ (131,909)	73,599	\$ (58,310)	\$ 5,347,035
15	Jun-98	2,572,500		(5.47)	\$ (140,716)	72,805	\$ (67,911)	\$ 5,279,125
15	Jul-98	1,379,000		(5.47)	\$ (75,431)	71,881	\$ (3,551)	\$ 5,275,574
15	Aug-98	154,000		(5.47)	\$ (8,424)	71,832	\$ 63,408	\$ 5,338,983
15	Sep-98	101,500		(5.47)	\$ (5,552)	72,696	\$ 67,144	\$ 5,406,126
16	Oct-98	1,015,000		(5.47)	\$ (55,521)	73,610	\$ 18,089	\$ 5,424,216
16	Nov-98	861,000		(5.47)	\$ (47,097)	73,856	\$ 26,759	\$ 5,450,975

Contract Year	Month	Actual Generation (kWh) [Estimated Dec 2009 forward]	2 c/kwh adj per Article 3.A	5.47 c/kwh adj per Article 3.D.1	Excess Payment	Interest on Previous Balance	Excess Payment with Interest	Cumulative Excess with Interest
16	Dec-98	1,039,500		(5.47)	\$ (56,861)	74,220	\$ 17,360	\$ 5,468,335
16	Jan-99	689,500		(5.47)	\$ (37,716)	74,457	\$ 36,741	\$ 5,505,076
16	Feb-99	2,261,000		(5.47)	\$ (123,677)	74,957	\$ (48,720)	\$ 5,456,356
16	Mar-99	3,031,000		(5.47)	\$ (165,796)	74,294	\$ (91,502)	\$ 5,364,854
16	Apr-99	2,488,500		(5.47)	\$ (136,121)	73,048	\$ (63,073)	\$ 5,301,781
16	May-99	1,274,000		(5.47)	\$ (69,688)	72,189	\$ 2,501	\$ 5,304,283
16	Jun-99	161,000		(5.47)	\$ (8,807)	72,223	\$ 63,416	\$ 5,367,699
16	Jul-99	105,000		(5.47)	\$ (5,744)	73,087	\$ 67,343	\$ 5,435,042
16	Aug-99	-		(5.47)	\$ -	74,004	\$ 74,004	\$ 5,509,046
16	Sep-99	1,781,500		(5.47)	\$ (97,448)	75,011	\$ (22,437)	\$ 5,486,609
17	Oct-99	1,715,000		(5.47)	\$ (93,811)	74,706	\$ (19,105)	\$ 5,467,504
17	Nov-99	1,732,500		(5.47)	\$ (94,768)	74,446	\$ (20,322)	\$ 5,447,182
17	Dec-99	2,086,000		(5.47)	\$ (114,104)	74,169	\$ (39,935)	\$ 5,407,246
17	Jan-00	1,944,950		(5.47)	\$ (106,389)	73,625	\$ (32,764)	\$ 5,374,483
17	Feb-00	1,236,550		(5.47)	\$ (67,639)	73,179	\$ 5,540	\$ 5,380,022
17	Mar-00	3,584,000		(5.47)	\$ (196,045)	73,254	\$ (122,790)	\$ 5,257,232
17	Apr-00	2,884,000		(5.47)	\$ (157,755)	71,582	\$ (86,172)	\$ 5,171,060
17	May-00	2,985,500		(5.47)	\$ (163,307)	70,409	\$ (92,898)	\$ 5,078,162
17	Jun-00	2,079,000		(5.47)	\$ (113,721)	69,144	\$ (44,577)	\$ 5,033,585
17	Jul-00	906,500		(5.47)	\$ (49,586)	68,537	\$ 18,952	\$ 5,052,537
17	Aug-00	1,484,000		(5.47)	\$ (81,175)	68,795	\$ (12,379)	\$ 5,040,157
17	Sep-00	-		(5.47)	\$ -	68,627	\$ 68,627	\$ 5,108,784
18	Oct-00	-		(5.47)	\$ -	69,561	\$ 69,561	\$ 5,178,345
18	Nov-00	1,361,500		(5.47)	\$ (74,474)	70,508	\$ (3,966)	\$ 5,174,379
18	Dec-00	1,792,000		(5.47)	\$ (98,022)	70,454	\$ (27,568)	\$ 5,146,811
18	Jan-01	1,239,000		(5.47)	\$ (67,773)	70,079	\$ 2,306	\$ 5,149,117
18	Feb-01	1,144,500		(5.47)	\$ (62,604)	70,110	\$ 7,506	\$ 5,156,623
18	Mar-01	1,956,500		(5.47)	\$ (107,021)	70,213	\$ (36,808)	\$ 5,119,815
18	Apr-01	2,824,500		(5.47)	\$ (154,500)	69,711	\$ (84,789)	\$ 5,035,026
18	May-01	1,610,000		(5.47)	\$ (88,067)	68,557	\$ (19,510)	\$ 5,015,516
18	Jun-01	2,040,500		(5.47)	\$ (111,615)	68,291	\$ (43,324)	\$ 4,972,192
18	Jul-01	371,000		(5.47)	\$ (20,294)	67,701	\$ 47,408	\$ 5,019,600
18	Aug-01	-		(5.47)	\$ -	68,347	\$ 68,347	\$ 5,087,947
18	Sep-01	-		(5.47)	\$ -	69,277	\$ 69,277	\$ 5,157,224
19	Oct-01	42,000		(5.47)	\$ (2,297)	70,221	\$ 67,923	\$ 5,225,148
19	Nov-01	122,500		(5.47)	\$ (6,701)	71,146	\$ 64,445	\$ 5,289,593
19	Dec-01	581,000		(5.47)	\$ (31,781)	72,023	\$ 40,242	\$ 5,329,835
19	Jan-02	476,000		(5.47)	\$ (26,037)	72,571	\$ 46,534	\$ 5,376,369
19	Feb-02	878,500		(5.47)	\$ (48,054)	73,205	\$ 25,151	\$ 5,401,519
19	Mar-02	2,334,500		(5.47)	\$ (127,697)	73,547	\$ (54,150)	\$ 5,347,369
19	Apr-02	2,730,000		(5.47)	\$ (149,331)	72,810	\$ (76,521)	\$ 5,270,848
19	May-02	3,010,000		(5.47)	\$ (164,647)	71,768	\$ (92,879)	\$ 5,177,969
19	Jun-02	2,422,000		(5.47)	\$ (132,483)	70,503	\$ (61,980)	\$ 5,115,989
19	Jul-02	304,500		(5.47)	\$ (16,656)	69,659	\$ 53,003	\$ 5,168,992
19	Aug-02	-		(5.47)	\$ -	70,381	\$ 70,381	\$ 5,239,373
19	Sep-02	14,000		(5.47)	\$ (766)	71,339	\$ 70,574	\$ 5,309,947
20	Oct-02	350,000		(5.47)	\$ (19,145)	72,300	\$ 53,155	\$ 5,363,102
20	Nov-02	1,869,000		(5.47)	\$ (102,234)	73,024	\$ (29,210)	\$ 5,333,891
20	Dec-02	1,928,500		(5.47)	\$ (105,489)	72,626	\$ (32,863)	\$ 5,301,029
20	Jan-03	1,438,500		(5.47)	\$ (78,686)	72,179	\$ (6,507)	\$ 5,294,522
20	Feb-03	994,000		(5.47)	\$ (54,372)	72,090	\$ 17,718	\$ 5,312,240
20	Mar-03	1,921,500		(5.47)	\$ (105,106)	72,331	\$ (32,775)	\$ 5,279,465
20	Apr-03	3,223,500		(5.47)	\$ (176,325)	71,885	\$ (104,440)	\$ 5,175,025
20	May-03	3,108,000		(5.47)	\$ (170,008)	70,463	\$ (99,544)	\$ 5,075,481
20	Jun-03	1,760,500		(5.47)	\$ (96,299)	69,108	\$ (27,192)	\$ 5,048,289
20	Jul-03	105,000		(5.47)	\$ (5,744)	68,738	\$ 62,994	\$ 5,111,283
20	Aug-03	1,599,500		(5.47)	\$ (87,493)	69,595	\$ (17,897)	\$ 5,093,386
20	Sep-03	871,500		(5.47)	\$ (47,671)	69,352	\$ 21,680	\$ 5,115,066
21	Oct-03	2,005,500		(5.47)	\$ (109,701)	69,647	\$ (40,054)	\$ 5,075,012
21	Nov-03	2,667,000		(5.47)	\$ (145,885)	69,101	\$ (76,784)	\$ 4,998,229
21	Dec-03	3,139,500		(5.47)	\$ (171,731)	68,056	\$ (103,675)	\$ 4,894,554
21	Jan-04	2,103,500		(5.47)	\$ (115,061)	66,644	\$ (48,417)	\$ 4,846,137

Contract Year	Month	Actual Generation (kWh) [Estimated Dec 2009 forward]	2 c/kwh adj per Article 3.A	5.47 c/kwh adj per Article 3.D.1	Excess Payment	Interest on Previous Balance	Excess Payment with Interest	Cumulative Excess with Interest
21	Feb-04	885,500		(5.47)	\$ (48,437)	65,985	\$ 17,548	\$ 4,863,685
21	Mar-04	2,380,000		(5.47)	\$ (130,186)	66,224	\$ (63,962)	\$ 4,799,723
21	Apr-04	-		(5.47)	\$ -	65,353	\$ 65,353	\$ 4,865,076
21	May-04	5,824,000		(5.47)	\$ (318,573)	66,243	\$ (252,330)	\$ 4,612,746
21	Jun-04	1,337,000		(5.47)	\$ (73,134)	62,807	\$ (10,327)	\$ 4,602,419
21	Jul-04	840,000		(5.47)	\$ (45,948)	62,667	\$ 16,719	\$ 4,619,138
21	Aug-04	749,000		(5.47)	\$ (40,970)	62,894	\$ 21,924	\$ 4,641,061
21	Sep-04	1,407,000		(5.47)	\$ (76,963)	63,193	\$ (13,770)	\$ 4,627,291
22	Oct-04	1,011,500		(5.47)	\$ (55,329)	63,005	\$ 7,676	\$ 4,634,967
22	Nov-04	1,410,500		(5.47)	\$ (77,154)	63,110	\$ (14,045)	\$ 4,620,923
22	Dec-04	3,069,500		(5.47)	\$ (167,902)	62,918	\$ (104,983)	\$ 4,515,940
22	Jan-05	2,212,000		(5.47)	\$ (120,996)	61,489	\$ (59,507)	\$ 4,456,432
22	Feb-05	2,030,000		(5.47)	\$ (111,041)	60,679	\$ (50,362)	\$ 4,406,070
22	Mar-05	1,865,500		(5.47)	\$ (102,043)	59,993	\$ (42,050)	\$ 4,364,020
22	Apr-05	3,237,500		(5.47)	\$ (177,091)	59,420	\$ (117,671)	\$ 4,246,349
22	May-05	2,772,000		(5.47)	\$ (151,628)	57,818	\$ (93,810)	\$ 4,152,539
22	Jun-05	1,438,500		(5.47)	\$ (78,686)	56,541	\$ (22,145)	\$ 4,130,394
22	Jul-05	1,841,000		(5.47)	\$ (100,703)	56,239	\$ (44,463)	\$ 4,085,931
22	Aug-05	357,000		(5.47)	\$ (19,528)	55,634	\$ 36,106	\$ 4,122,037
22	Sep-05	143,500		(5.47)	\$ (7,849)	56,126	\$ 48,276	\$ 4,170,313
23	Oct-05	2,243,500		(5.47)	\$ (122,719)	56,783	\$ (65,936)	\$ 4,104,377
23	Nov-05	3,104,850		(5.47)	\$ (169,835)	55,885	\$ (113,950)	\$ 3,990,427
23	Dec-05	2,715,650		(5.47)	\$ (148,546)	54,334	\$ (94,212)	\$ 3,896,215
23	Jan-06	3,216,500		(5.47)	\$ (175,943)	53,051	\$ (122,892)	\$ 3,773,323
23	Feb-06	2,551,500		(5.47)	\$ (139,567)	51,378	\$ (88,189)	\$ 3,685,133
23	Mar-06	2,177,000		(5.47)	\$ (119,082)	50,177	\$ (68,905)	\$ 3,616,228
23	Apr-06	2,278,500		(5.47)	\$ (124,634)	49,239	\$ (75,395)	\$ 3,540,833
23	May-06	2,576,000		(5.47)	\$ (140,907)	48,212	\$ (92,695)	\$ 3,448,138
23	Jun-06	3,069,500		(5.47)	\$ (167,902)	46,950	\$ (120,952)	\$ 3,327,186
23	Jul-06	2,541,000		(5.47)	\$ (138,993)	45,303	\$ (93,690)	\$ 3,233,496
23	Aug-06	1,141,000		(5.47)	\$ (62,413)	44,027	\$ (18,385)	\$ 3,215,111
23	Sep-06	598,500		(5.47)	\$ (32,738)	43,777	\$ 11,039	\$ 3,226,150
24	Oct-06	2,117,500		(5.47)	\$ (115,827)	43,927	\$ (71,900)	\$ 3,154,250
24	Nov-06	2,691,500		(5.47)	\$ (147,225)	42,948	\$ (104,277)	\$ 3,049,973
24	Dec-06	3,024,000		(5.47)	\$ (165,413)	41,528	\$ (123,884)	\$ 2,926,089
24	Jan-07	2,586,500		(5.47)	\$ (141,482)	39,842	\$ (101,640)	\$ 2,824,449
24	Feb-07	602,000		(5.47)	\$ (32,929)	38,458	\$ 5,528	\$ 2,829,977
24	Mar-07	2,285,500		(5.47)	\$ (125,017)	38,533	\$ (86,484)	\$ 2,743,493
24	Apr-07	3,003,000		(5.47)	\$ (164,264)	37,355	\$ (126,909)	\$ 2,616,584
24	May-07	2,709,000		(5.47)	\$ (148,182)	35,627	\$ (112,555)	\$ 2,504,029
24	Jun-07	1,540,000		(5.47)	\$ (84,238)	34,095	\$ (50,143)	\$ 2,453,886
24	Jul-07	1,102,500		(5.47)	\$ (60,307)	33,412	\$ (26,895)	\$ 2,426,992
24	Aug-07	220,500		(5.47)	\$ (12,061)	33,046	\$ 20,985	\$ 2,447,976
24	Sep-07	199,500		(5.47)	\$ (10,913)	33,332	\$ 22,419	\$ 2,470,395
25	Oct-07	906,500		(5.47)	\$ (49,586)	33,637	\$ (15,949)	\$ 2,454,447
25	Nov-07	1,571,500		(5.47)	\$ (85,961)	33,420	\$ (52,541)	\$ 2,401,905
25	Dec-07	1,736,000		(5.47)	\$ (94,959)	32,704	\$ (62,255)	\$ 2,339,650
25	Jan-08	2,450,000		(5.47)	\$ (134,015)	31,857	\$ (102,158)	\$ 2,237,492
25	Feb-08	2,831,500		(5.47)	\$ (154,883)	30,466	\$ (124,417)	\$ 2,113,075
25	Mar-08	3,272,500		(5.47)	\$ (179,006)	28,772	\$ (150,234)	\$ 1,962,841
25	Apr-08	2,961,000		(5.47)	\$ (161,967)	26,726	\$ (135,241)	\$ 1,827,600
25	May-08	2,061,500		(5.47)	\$ (112,764)	24,885	\$ (87,879)	\$ 1,739,720
25	Jun-08	763,000		(5.47)	\$ (41,736)	23,688	\$ (18,048)	\$ 1,721,672
25	Jul-08	1,400,000		(5.47)	\$ (76,580)	23,442	\$ (53,138)	\$ 1,668,535
25	Aug-08	1,823,500		(5.47)	\$ (99,745)	22,719	\$ (77,027)	\$ 1,591,508
25	Sep-08	1,648,500		(5.47)	\$ (90,173)	21,670	\$ (68,503)	\$ 1,523,005
26	Oct-08	2,030,000		(5.47)	\$ (111,041)	20,737	\$ (90,304)	\$ 1,432,701
26	Nov-08	2,194,500		(5.47)	\$ (120,039)	19,508	\$ (100,531)	\$ 1,332,170
26	Dec-08	3,097,500		(5.47)	\$ (169,433)	18,139	\$ (151,294)	\$ 1,180,875
26	Jan-09	1,960,000		(5.47)	\$ (107,212)	16,079	\$ (91,133)	\$ 1,089,742
26	Feb-09	1,484,000		(5.47)	\$ (81,175)	14,838	\$ (66,337)	\$ 1,023,405
26	Mar-09	3,136,000		(5.47)	\$ (171,539)	13,935	\$ (157,605)	\$ 865,801

Contract Year	Month	Actual Generation (kWh) [Estimated Dec 2009 forward]	2 c/kwh adj per Article 3.A	5.47 c/kwh adj per Article 3.D.1	Excess Payment	Interest on Previous Balance	Excess Payment with Interest	Cumulative Excess with Interest
26	Apr-09	2,950,500		(5.47)	\$ (161,392)	11,789	\$ (149,604)	\$ 716,197
26	May-09	2,072,000		(5.47)	\$ (113,338)	9,752	\$ (103,587)	\$ 612,610
26	Jun-09	2,289,000		(5.47)	\$ (125,208)	8,341	\$ (116,867)	\$ 495,743
26	Jul-09	2,782,500		(5.47)	\$ (152,203)	6,750	\$ (145,453)	\$ 350,291
26	Aug-09	2,278,500		(5.47)	\$ (124,634)	4,770	\$ (119,864)	\$ 230,426
26	Sep-09	1,127,000		(5.47)	\$ (61,647)	3,137	\$ (58,509)	\$ 171,917
27	Oct-09	1,914,500		(5.47)	\$ (104,723)	2,341	\$ (102,382)	\$ 69,535
27	Nov-09	2,677,500		(5.47)	\$ (146,459)	947	\$ (145,512)	\$ (75,978)
27	Dec-09	2,316,965		(5.47)	\$ (126,738)	(1,035)	\$ (127,772)	\$ (203,750)
27	Jan-10	1,962,695		(5.47)	\$ (107,359)	(2,774)	\$ (110,134)	\$ (313,884)
27	Feb-10	1,463,805		(5.47)	\$ (80,070)	(4,274)	\$ (84,344)	\$ (398,228)
27	Mar-10	2,491,300		(5.47)	\$ (136,274)	(5,422)	\$ (141,696)	\$ (539,924)
27	Apr-10	2,609,250		(5.47)	\$ (142,726)	(7,352)	\$ (150,078)	\$ (690,002)
27	May-10	2,872,800		(5.47)	\$ (157,142)	(9,395)	\$ (166,537)	\$ (856,539)
27	Jun-10	1,873,900		(5.47)	\$ (102,502)	(11,663)	\$ (114,165)	\$ (970,704)
27	Jul-10	1,219,400		(5.47)	\$ (66,701)	(13,217)	\$ (79,918)	\$ (1,050,622)
27	Aug-10	737,450		(5.47)	\$ (40,339)	(14,305)	\$ (54,644)	\$ (1,105,266)
27	Sep-10	666,400		(5.47)	\$ (36,452)	(15,049)	\$ (51,501)	\$ (1,156,768)
28	Oct-10	1,242,150		(5.47)	\$ (67,946)	(15,751)	\$ (83,696)	\$ (1,240,464)
28	Nov-10	1,872,535		(5.47)	\$ (102,428)	(16,890)	\$ (119,318)	\$ (1,359,782)
28	Dec-10	2,316,965		(5.47)	\$ (126,738)	(18,515)	\$ (145,253)	\$ (1,505,034)
28	Jan-11	1,962,695		(5.47)	\$ (107,359)	(20,493)	\$ (127,852)	\$ (1,632,886)
28	Feb-11	1,463,805		(5.47)	\$ (80,070)	(22,233)	\$ (102,304)	\$ (1,735,190)
28	Mar-11	2,491,300		(5.47)	\$ (136,274)	(23,626)	\$ (159,900)	\$ (1,895,090)
28	Apr-11	2,609,250		(5.47)	\$ (142,726)	(25,804)	\$ (168,530)	\$ (2,063,620)
28	May-11	2,872,800		(5.47)	\$ (157,142)	(28,098)	\$ (185,240)	\$ (2,248,860)
28	Jun-11	1,873,900		(5.47)	\$ (102,502)	(30,620)	\$ (133,123)	\$ (2,381,983)
28	Jul-11	1,219,400		(5.47)	\$ (66,701)	(32,433)	\$ (99,134)	\$ (2,481,117)
28	Aug-11	737,450		(5.47)	\$ (40,339)	(33,783)	\$ (74,121)	\$ (2,555,239)
28	Sep-11	666,400		(5.47)	\$ (36,452)	(34,792)	\$ (71,244)	\$ (2,626,483)
29	Oct-11	1,242,150		(5.47)	\$ (67,946)	(35,762)	\$ (103,708)	\$ (2,730,191)
29	Nov-11	1,872,535		(5.47)	\$ (102,428)	(37,174)	\$ (139,602)	\$ (2,869,793)
29	Dec-11	2,316,965		(5.47)	\$ (126,738)	(39,075)	\$ (165,813)	\$ (3,035,606)
29	Jan-12	1,962,695		(5.47)	\$ (107,359)	(41,333)	\$ (148,692)	\$ (3,184,298)
29	Feb-12	1,463,805		(5.47)	\$ (80,070)	(43,357)	\$ (123,428)	\$ (3,307,725)
29	Mar-12	2,491,300		(5.47)	\$ (136,274)	(45,038)	\$ (181,312)	\$ (3,489,038)
29	Apr-12	2,609,250		(5.47)	\$ (142,726)	(47,507)	\$ (190,233)	\$ (3,679,270)
29	May-12	2,872,800		(5.47)	\$ (157,142)	(50,097)	\$ (207,239)	\$ (3,886,509)
29	Jun-12	1,873,900		(5.47)	\$ (102,502)	(52,919)	\$ (155,421)	\$ (4,041,930)
29	Jul-12	1,219,400		(5.47)	\$ (66,701)	(55,035)	\$ (121,736)	\$ (4,163,667)
29	Aug-12	737,450		(5.47)	\$ (40,339)	(56,692)	\$ (97,031)	\$ (4,260,698)
29	Sep-12	666,400		(5.47)	\$ (36,452)	(58,014)	\$ (94,466)	\$ (4,355,163)
30	Oct-12	1,242,150		(5.47)	\$ (67,946)	(59,300)	\$ (127,246)	\$ (4,482,409)
30	Nov-12	1,872,535		(5.47)	\$ (102,428)	(61,032)	\$ (163,460)	\$ (4,645,869)
30	Dec-12	2,316,965		(5.47)	\$ (126,738)	(63,258)	\$ (189,996)	\$ (4,835,865)
30	Jan-13	1,962,695		(5.47)	\$ (107,359)	(65,845)	\$ (173,205)	\$ (5,009,070)
30	Feb-13	1,463,805		(5.47)	\$ (80,070)	(68,203)	\$ (148,274)	\$ (5,157,343)
30	Mar-13	2,491,300		(5.47)	\$ (136,274)	(70,222)	\$ (206,496)	\$ (5,363,840)
30	Apr-13	2,609,250		(5.47)	\$ (142,726)	(73,034)	\$ (215,760)	\$ (5,579,600)
30	May-13	2,872,800		(5.47)	\$ (157,142)	(75,972)	\$ (233,114)	\$ (5,812,714)
30	Jun-13	1,873,900		(5.47)	\$ (102,502)	(79,146)	\$ (181,648)	\$ (5,994,362)
30	Jul-13	1,219,400		(5.47)	\$ (66,701)	(81,619)	\$ (148,320)	\$ (6,142,682)
30	Aug-13	737,450		(5.47)	\$ (40,339)	(83,639)	\$ (123,977)	\$ (6,266,660)
30	Sep-13	666,400		(5.47)	\$ (36,452)	(85,327)	\$ (121,779)	\$ (6,388,439)

NEW HAMPSHIRE HYDRO ASSOCIATES
 C/O ESSEX HYDRO ASSOCIATES
 114 STATE STREET
 BOSTON, MASSACHUSETTS 02109

INVOICE

July 31, 1990

FAX to PSNH Per L. Peterson
 603-669-4000 Ext. 3269

TO: Public Service Company of New Hampshire
 DEBTOR-IN-POSSESSION
 Power Supply Dept.
 P.O. Box 330
 Manchester, NH 03105
 Attn: Leslie Peterson

Post Petition

Description:

Power generated at New Hampshire Hydro Associates:

Power generated
 June 29, 1990 - July 31, 1990

Meter Reading @ 7/31/90	8453	
Meter Reading @ 6/29/90	<u>8341</u>	
	112	
Time Meter Consant	<u>3500</u>	
K.W.H.	392,000	
Rate	<u>.10</u>	
Total Amount Due		<u>\$ 39,200.00</u>

Please Wire Transfer Payment within 20 Days to :

New Hampshire Hydro Associates
 c/o Bankers Trust Company
 New York, NY
 Acct. No. 001-10-353-6

All of the sums claimed due in this invoice for operation after 4:05 PM January 28, 1988 are entitled to administrative expense priority under Section 503 and Section 507 of the Bankruptcy Code. Claimant waives none of its rights in law or in equity to seek full payment of any and all other sums as may be due or may become due in connection with the contract under which it is providing energy/capacity to PSNH, all of which rights and remedies being expressly reserved.

cc: T. Tarpey
 E. Boutin
 PSNH

EPS11-INVOICESPSNH

*Qd \$ 39,175.00 ✓
 WTR 8/31/90
 Qd \$ 25.00
 to PSNH*

NHHA
July Generation
as of 7/31/90

	1	2	3	4
1	Meter Read @ 7/31/90	8453		
2	Meter Read @ 6/29/90	8341		
3		112		
4	Times Meter Constant	3500		
5	K.W.H.	392000		
6	RATE	.10		
7	Total Amt. Due	3920000		
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				