STATE OF NEW HAMPSHIRE

BEFORE THE PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 10-___

DIRECT TESTIMONY OF

LISA K. SHAPIRO, Ph.D.

Request for Approval of Power Purchase Agreement
Between
Public Service Company of New Hampshire
and
Laidlaw Berlin Biopower, LLC

July 26, 2010

INTRODUCTION

Q. Please state your name, title and business address for the record.

A. My name is Lisa K. Shapiro and my business address is 214 North Main Street, Concord, NH 03301. I am Chief Economist at Gallagher, Callahan & Gartrell, P.C.

Q. Please briefly summarize your relevant background and employment experience.

A. I hold a Ph.D. in Economics from Johns Hopkins University. I have more than 15 years of extensive experience in energy industry economics and policy, providing strategic advice, economic and policy analysis, and legislative and regulatory representation for electric utilities, large energy users, and independent developers and operators. I have often been called upon by policymakers and business groups to present and provide information on energy issues, and have authored a number of economic impact studies, reports, and presentations on the economic impacts of energy policies and projects.

Q. What is the purpose of your testimony?

A. I have been retained by Public Service Company of New Hampshire as an expert witness to provide information concerning the economic development benefits of the proposed Laidlaw Berlin BioPower project.

Q. Was this testimony prepared by you or under your supervision?

A. Yes, it was.

PROJECTED ECONOMIC DEVELOPMENT IMPACTS OF LAIDLAW BERLIN BIOPOWER FACILITY

Q. What types of economic impacts is the proposed Laidlaw Project expected to have both in the Berlin area and in New Hampshire?

A. The proposed Laidlaw Project creates economic benefits locally and statewide in the form of jobs, economic output (sales), value-added (Gross State Product) and household earnings as a result of the ongoing operation and maintenance of the facility, as well as during the construction phase. The benefits associated with the construction and operation of the proposed Project are explained below.

CONSTRUCTION

Q. Please explain the economic development benefits during the construction phase of the proposed Laidlaw facility.

A. According to the Application[1] filed by the proposed Laidlaw Project in the docket before the New Hampshire Site Evaluation Committee (SEC), the estimated cost of constructing the proposed Project will be approximately $125 million, of which approximately $70 million to $80 million will be infused into the local economy.[2] Construction of a large energy facility typically utilizes a mix of in-state vendors and workers, as well as out-of-state specialized vendors and workers. A portion of the total Project budget also includes reserve funds and financing costs.[3] Expenditures will be

[1] Application of Laidlaw Berlin Biopower, LLC for a Certificate of Site and Facility for a Renewable Energy Facility in Berlin, New Hampshire, December 15, 2009, Docket No. 2009-02.

[2] Application, pp. 4, 7 and 99.

[3] Transcript of public informational hearing before the NH Site Evaluation Subcommittee, March 16, 2010, Docket No. 2009-02, p. 18.

made on local goods and services such as "land clearing, earthwork, project management, civil engineering, general construction, crane services, electrical services, plumbing, steel work, welding, excavation and transportation of sand and gravel, pouring concrete and other high value construction-related work."[4]

Q. What is the estimated number of jobs associated with the construction of the proposed Project?

A. In its SEC Application, Laidlaw estimates that the typical construction work force will range from 150 workers or less per day in the initial and final months of construction up to 200 to 300 workers per day for approximately 9 months of the construction phase, including a peak construction work force estimated at 300 workers per day for approximately 4 months.[5] Laidlaw has indicated it will work with its contractor to maximize the use of construction workers from the Berlin area to the extent they are available.[6] As a result of the large number of workers required for the construction of the Project, Laidlaw anticipates there will be an increase in local consumer spending during the construction phase, and notes that to the extent workers do not live in the area, demand will increase for lodging, food and sundries.[7]

Q. Have you used an economic model to provide an estimate of the total number of New Hampshire jobs (direct, indirect, and induced) that could result from the construction of the proposed Laidlaw Project?

A. Yes. One way to provide approximate estimates of the total number of New Hampshire jobs resulting from construction of the proposed project is to apply New

[4] Application, p. 99.
[5] Application, p. 40.
[6] Application, pp. 99-100.
[7] Application, p. 99

Hampshire specific multipliers from the federal government's Regional Input-Output Modeling System (RIMS II[8]) to the estimated direct expenditures that will be made in New Hampshire to construct the proposed Project. In its application here, the RIMS II model does not break out estimated impacts to the sub-state level. RIMS II multipliers are simple static multipliers based on the input and output structure of nearly 500 U.S. industries, as well as regional economic accounts used to adjust the national data to reflect a region's industrial structure and trading patterns. RIMS II multipliers are widely used in both the public and private sectors to estimate the regional impacts of projects and policies related to economic expansion and contraction.

Q. What does the RIMS II model estimate for the total number of New Hampshire jobs (direct, indirect, and induced) resulting from the construction of the proposed Laidlaw Project?

A. Based on the input data filed by Laidlaw that $70 million will be spent locally in the Berlin area over a 32 month construction period, the RIMS II model estimates the annual average total number of New Hampshire jobs (direct, indirect and induced) resulting from the construction of the proposed project to be about 470. This estimated employment impact reflects direct New Hampshire employment in occupations related to the construction of the facility, as well as indirect and induced in-state employment through the multiplier effect. Indirect and induced jobs reflect New Hampshire jobs at companies supplying goods and services to the proposed Project and its workforce, as well as jobs resulting from spending in the local economy by direct and indirect workers employed due to the Project. Economic activity and related jobs may

[8] Additional information about the US Department of Commerce's Bureau of Economic Analysis' RIMS II multipliers can be found at http://www.bea.gov/regional/rims/index.cfm

also result when people from out-of-state who are working on the proposed Project come to New Hampshire and spend money, for example, at gas stations, restaurants, hotels and stores. To the extent that less than $70 million is spent on New Hampshire vendors and workers, the estimated number of jobs would be reduced.

Q. How do the RIMS II employment impacts resulting from the construction of the proposed Laidlaw Project compare with the impacts cited in the Laidlaw filing?

A. Laidlaw's estimate appears to reflect direct employment only; an estimate of a construction work force ranging from 150 workers or less per day in the initial and final months of construction up to 200 to 300 workers per day during the months of heightened construction. In contrast, the RIMS II employment impacts reflect direct, indirect and induced employment. As explained earlier in my testimony, the estimated annual average total number of New Hampshire jobs of 470 includes all of the workers directly employed in occupations related to the construction of the facility, as well as indirect and induced in-state employment through the multiplier effect, for example jobs at companies supplying goods and services to the proposed Project and its workforce, as well as jobs resulting from spending in the local economy by direct and indirect workers. The employment multiplier effects associated with the construction industry tend to be higher than those of other industries. A multiplier of around 2 is a reasonable rule of thumb, and therefore an estimated annual average total number of New Hampshire jobs of 470 would be consistent with a construction workforce on the proposed Project averaging around 235 workers per year, the approximate average in the Laidlaw filing.

Q. What estimates does the RIMS II model produce for economic output (sales) and value-added (Gross State Product) as a result of Project construction?

A. Economic output, or sales, captures all of the intermediate goods purchased as well as all of the final goods and services that are captured in Gross State Product. Based on the data provided by the developer in the SEC filing that $70 million will be spent locally over a 32 month construction period, the RIMS II model estimates New Hampshire's average annual sales to increase by about $57 million and average annual Gross State Product to increase by about $30 million during the construction period. On a cumulative basis over the construction phase, the state's economic output is an estimated $152 million higher and GSP an estimated $79 million higher than they would be in the absence of constructing the proposed Project. To the extent that less than $70 million is spent locally, or there are greater leakages from New Hampshire for a project built in Berlin than there are on average statewide, these estimates would be somewhat reduced.

Q. What estimates does the RIMS II model produce for household earnings as a result of Project construction?

A. The estimated employment impacts and economic activity associated with construction of the proposed Project will in turn lead to greater household earnings for New Hampshire households. Based on the RIMS II model, New Hampshire household earnings are estimated to increase by a total of $46 million on a cumulative basis over the construction period, averaging an annual increase of about $17 million during construction.

Q. How do the estimated economic impacts from the construction of the proposed Laidlaw Project compare to local economic conditions?

A. Construction of the proposed Laidlaw Project would represent significant economic development in Berlin and the surrounding area. Coös County has the largest land area but the smallest population of any county in New Hampshire, with just under 32,000 residents, and continues to lag the rest of the state economically.[9] In May 2010, the overall labor force in Coös County was 16,020, with 1,320 people unemployed and an unemployment rate of 8.2%.[10] This rate was well above the unemployment rate for residents residing in the next highest county, Belknap County, at 6.3% and significantly higher than the statewide average of 5.9%.[11] Construction of the proposed Project is estimated to support 470 average annual jobs, many of which will be in occupations related to the construction of the facility. This is significant given that the total number of covered construction workers in Coös County stood at 457 in the third quarter of 2009.[12] Construction jobs also pay higher wages than the average. The average weekly wage in Coös County's construction industry in the third quarter of 2009 was $763, while across all industries in the county it was $587.[13] Construction of the proposed Laidlaw Project will thus create a significant number of high paying jobs in a county where

[9] New Hampshire Economic Conditions, June 2010, Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau.

[10] 2010 Local Area Unemployment Statistics Report (Not Seasonally Adjusted Estimates by Place of Residence), Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau, June 24, 2010.

[11] 2010 Local Area Unemployment Statistics Report (Not Seasonally Adjusted Estimates by Place of Residence), Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau, June 24, 2010.

[12] Covered Employment and Wages, Third Quarter 2009 and 2008 Annual Average, Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau. The average quarterly employment across all industries (private and government) in Coös County for the third quarter 2009 was 13,267.

[13] Covered Employment and Wages, Third Quarter 2009, Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau.

unemployment is the highest in the state and the per capita personal income was $34,239 in 2008, the lowest of any county in New Hampshire and well below the statewide average of $43,423.[14]

Q. Will the estimated economic impacts from the construction of the proposed Laidlaw Project contribute to the statewide economy as well?

A. Yes, while many of the economic benefits from construction of the proposed Project will be concentrated in the North Country, benefits will accrue to the state as a whole in the form of jobs, economic output, GSP, household earnings, and tax revenues. New Hampshire's unemployment rate stood at 5.9% in May 2010. While down from a rate of 7.7% in January 2010, 43,610 people remain unemployed.[15] To the extent that the 470 average annual New Hampshire jobs that will be supported during the construction of the proposed Laidlaw Project are not filled by workers from within Coös County, they will be filled by workers from elsewhere, including other parts of New Hampshire. The RIMS II model estimates that New Hampshire household earnings will increase by an annual average of approximately $17 million during the construction period, or $46 million on a cumulative basis. The model estimates the impact on a statewide basis, and thus, while Coös County is likely to be a significant beneficiary of the economic benefits during the construction phase, to the extent expenditures are made in, and workers and vendors are drawn from, other New Hampshire counties, the benefits will accrue statewide.

[14] New Hampshire Economic Conditions, June 2010, Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau.

[15] 2010 Local Area Unemployment Statistics Report (Not Seasonally Adjusted Estimates by Place of Residence), Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau, June 24, 2010.

OPERATION

Q. Once construction of the proposed Laidlaw facility is complete, will there be ongoing economic benefits associated with the operation and maintenance of the proposed Laidlaw Project?

A. Yes. The proposed Laidlaw Project is expected to create continuing economic benefits for New Hampshire as a result of ongoing operation and maintenance activities at the facility.

According to statements made by Laidlaw in the SEC proceeding, the Project expects to directly employ 40 permanent employees at the plant, and the combined annual payroll is expected to be approximately $2 million.[16]

Laidlaw also estimates that indirect and induced jobs could be about 200 jobs, for a total job count of about 240 jobs associated with ongoing operations and maintenance of the facility.[17] A significant portion of these jobs will be in the logging and forestry industries, as the proposed Project estimates spending of $20 million to $25 million per year on biomass fuel purchases.[18]

Q. Beyond jobs, does the project bring any other additional economic development benefits to the local, regional and state economies?

A. Yes. Laidlaw states in their SEC application that they expect to pay in excess of $1 million in local property taxes,[19] other taxes such as the statewide utility

[16] Transcript, p. 17

[17] Transcript, pp. 17-18

[18] Application, pp. 4, 8.

[19] The Laidlaw Project is currently paying approximately $170,000 per year in property taxes. (Application at 5.)

property tax and business enterprise and profits taxes, and expenditures on goods and services typically needed to run a business.

Q. Does the RIMS II model yield similar jobs estimates to Laidlaw's estimate of the total number of New Hampshire jobs (direct, indirect, and induced) associated with ongoing operation and maintenance of the proposed Project?

A. Yes, it does. While Laidlaw's Application does not appear to include a total annual operation and maintenance budget, it does include an estimate of its annual expenditures on biomass fuel. Based on the Laidlaw estimate that $20 million to $25 million will be spent annually on biomass fuel in the logging industry, the RIMS II model estimates the annual average total number of New Hampshire jobs (direct, indirect and induced) to be approximately 189-236. Adding-in the 40 permanent employees at the plant yields a total of 229-276 jobs. Laidlaw's estimate of 240 total jobs falls within this range. If less than $20 million to $25 million in total is spent annually on biomass fuel, or if less than $20 million to $25 million is spent in New Hampshire due to biomass purchases from out-of-state, then this estimated range would be lower than 229-276 jobs, all else equal. However, the estimated range does not reflect indirect and induced jobs that are likely to result from facility expenditures on local goods and services other than biomass fuel and from any new spending by the 40 permanent employees on local goods and services. Inclusion of these indirect and induced jobs would increase the estimated range above 229-276 jobs, all else equal.

Q. What estimates does the RIMS II model produce for economic output (sales) and value-added (Gross State Product) as a result of Project operation and maintenance?

A. As mentioned earlier, Laidlaw's Application does not appear to include a total annual operation and maintenance budget, but it does include an estimate of its annual expenditures on biomass fuel. Based on the statements that $20 million to $25 million will be spent annually on biomass fuel in the logging industry, the RIMS II model estimates New Hampshire's average annual sales to increase by approximately $35 million to $44 million and average annual Gross State Product to increase by approximately $19 million to $24 million.

If less than $20 million to $25 million in total is spent annually on biomass fuel, or if less than $20 million to $25 million is spent in New Hampshire due to biomass purchases from out-of-state, then these estimated ranges of economic output and GSP would be lower, all else equal. For example, if in-state biomass fuel expenditures are $17 million, then average annual economic output would increase by an estimated $30 million and average annual GSP would increase by an estimated $16 million.

On the other hand, the estimated ranges for economic output and GSP do not reflect indirect and induced effects that are likely to result from facility expenditures on local goods and services other than biomass fuel and from spending by the 40 permanent plant employees on local goods and services. Inclusion of these indirect and induced effects would increase the estimated ranges for sales and GSP, all else equal.

Q. What estimates does the RIMS II model produce for household earnings as a result of Project operation and maintenance?

A. The estimated employment impacts and economic activity associated with operation and maintenance of the proposed Project will in turn lead to greater household earnings for New Hampshire households. Based on the projection that $20 million to $25 million will be spent annually on biomass fuel procurement, the RIMS II model estimates New Hampshire's average annual household earnings will increase by approximately $7 million to $8 million. As with the other estimates of economic impacts, if less than $20 million to $25 million in total is spent annually on biomass fuel, or if less than $20 million to $25 million is spent in New Hampshire due to biomass purchases from out-of-state, then this estimated range would be lower than $7 million to $8 million, all else equal. However, this estimated range for household earnings does not reflect indirect and induced effects that are likely to result from facility expenditures on local goods and services other than biomass fuel and from spending by the 40 permanent employees on local goods and services. Inclusion of these indirect and induced effects would increase the estimated range, all else equal.

Q. Do any of the regional organizations that are focused on economic development agree that the Laidlaw project provides economic development benefits to the area?

A. Yes. According to materials filed in the SEC docket and statements made during an SEC March 16, 2010 public informational hearing, a number of local and regional economic development organizations do. Four organizations—Coös County Commissioners, the Community EFSEC Advisory Committee, Androscoggin Valley

Economic Development, and the Berlin City Council—made comments and/or submitted letters identifying the significant economic development benefits of the proposed Project.

In a letter to the SEC dated February 10, 2010 (refer to Exhibit LKS-1), the Coös County Commissioners wrote that they are "in full support of this project" and go on to explain that "[t]he well paying jobs that the Laidlaw BioMass facility will generate in the woods, at the new facility, and in small businesses that support the timber harvesting industry will go a long way to help revive our North Country economy. The unemployment rate in Coös County today is 9.3%." The Commissioners also indicate that the facility will improve the property tax base in Berlin and Coös County resulting in a reduction in the property tax burden on the average home and small business owner, and note that the Project fits well with the Governor's goal of 25% renewables by 2025.

The Community EFSEC Advisory Committee (CEAC), a local Berlin community committee organized by the Adroscoggin Valley Economic Recovery Corporation, reached general agreement with Laidlaw on a set of recommended stipulations for the proposed Project as it relates to the community[20] (refer to Exhibit LKS-2). The stipulations "should protect and benefit the community while at the same time creating long term jobs and economic development in the community." The stipulations include that Laidlaw will make it a priority to hire local workers to the extent that qualified help is available locally and will use its best efforts to purchase local wood to the extent possible.

The Androscoggin Valley Economic Development Director, Mr. Max Makaitis, also supports the proposed Project "because of the job creation, the economic creation,

[20] March 10, 2010 Letter from the Community EFSEC Advisory Committee to NH SEC Chairman Burack. Due to their size, exhibits to the Letter are not included in Exhibit LKS-2.

the fact that $25 million of purchases for the local economy of wood would be done. It would create wealth in this community without question. It's a type of activity that brings money into the Coös [sic] and keeps it in Coös, because of the raw materials are purchased here, and keeps a lot of the wealth in the local community from an economic development perspective."[21]

The Berlin City Council also supports the economic development potential of the project, subject to conditions. It describes itself as "the steward of the welfare of the city, and we actively encourage all appropriate economic development here in our city." In their words, "this project represents a rebirth and repositioning of Berlin away from the manufacture of pulp and paper to the generation of electricity. Berlin welcomes the challenge and the opportunity and fully intends to support the conditional issuance of a site certificate."[22]

Q. How will the estimated economic impacts from the operation and maintenance of the proposed Laidlaw Project benefit the local economy on an ongoing basis?

A. Operation and maintenance of the proposed Laidlaw Project represents significant and ongoing economic development opportunities for the residents in Coös County, which continues to struggle economically. As discussed earlier, the overall labor force in Coös County was 16,020 with 1,320 people unemployed and an unemployment rate of 8.2% as of May 2010.[23] Operation and maintenance of the proposed Project is estimated to support a total average annual of at least 229-276 permanent jobs, many of

[21] Transcript, p. 86.

[22] Transcript, pp. 70-73.

[23] 2010 Local Area Unemployment Statistics Report (Not Seasonally Adjusted Estimates by Place of Residence), Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau, June 24, 2010.

which will be in the forestry and logging industry. The total number of covered forestry and logging workers in Coös County stood at 141 in the third quarter of 2009,[24] though the number of workers was likely higher after taking into account self-employed workers. Jobs in this industry pay higher wages than the average. The average weekly wage in Coös County's forestry and logging industry in the third quarter of 2009 was $662, while across all industries it was $587.[25] Operation and maintenance of the proposed Laidlaw Project will thus create a significant number of higher than average paying jobs in a county where unemployment has been the highest, or near highest, in the state for many years and the per capita personal income has typically lagged that in all of the other New Hampshire counties.

Q. Will the estimated economic impacts from the operation and maintenance of the proposed Laidlaw Project contribute to the statewide economy on an ongoing basis as well?

A. Yes, while many of the economic benefits from the operation and maintenance of the proposed Project are likely to be concentrated in the North Country, benefits will accrue to the state as a whole in the form of permanent jobs, economic output, GSP, household earnings, and tax revenues. New Hampshire's unemployment rate stood at 5.9% in May 2010 and 43,610 people remain unemployed.[26] To the extent that the 229-276 total average annual permanent jobs are not filled by workers from

[24] Covered Employment and Wages, Third Quarter 2009 and 2008 Annual Average, Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau. The average quarterly employment across all industries in Coös County for the third quarter 2009 was 13,267.

[25] Covered Employment and Wages, Third Quarter 2009, Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau.

[26] 2010 Local Area Unemployment Statistics Report (Not Seasonally Adjusted Estimates by Place of Residence), Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau, June 24, 2010.

within Coös County, some are likely to be filled by workers from elsewhere around the state. Indirect and induced spending will accrue to other areas of the state as well, and to the fiscal health of the state through various taxes. The RIMS II model estimates that New Hampshire household earnings will increase by an annual average of at least $7 million to $8 million, based on the assumption that $20 million to $25 million will be spent annually on biomass fuel in the logging industry. While this is a small percentage of the state's total personal income, estimated at $56.7 billion in 2009,[27] it is significant in absolute terms. Likewise, the RIMS II model estimates that the average annual Gross State Product (GSP) will increase by approximately $19 million to $24 million, compared to New Hampshire's GSP of $60 billion in 2008.[28] Operation and maintenance of the proposed Laidlaw project, in a location where an ongoing fuel source is indigenously grown and supplied, can therefore play a very valuable role in creating and sustaining higher than average paying jobs, revitalizing economic activity in the North Country, and providing benefits statewide.

[27] New Hampshire Economic Conditions, June 2010, Prepared by N.H. Employment Security, Economic and Labor Market Information Bureau.

[28] Regional Economic Accounts, US Department of Commerce Bureau of Economic Analysis.

SUMMARY

Q. Can you please summarize the key conclusions in your testimony?

A. The proposed Laidlaw power plant will provide significant economic benefits to an economically depressed area of the state of New Hampshire by supporting 470 average annual New Hampshire jobs during the construction of the Project, and once operational, 40 direct jobs at the plant, and about 200 additional indirect and induced jobs, many of which will be in the logging and related industries. In order for this plant to be built and the benefits to accrue to the North Country of New Hampshire and the state, it is likely that this PPA is necessary. New Hampshire's RPS law specifically allows for utilities to enter into long-term contracts on a voluntary basis, and while long-term contracts must be carefully designed and utilized so as to balance many important considerations, on a select and limited basis they can provide utilities with an effective way to help meet RPS requirements.

Q. Does that conclude your testimony?

A. Yes.

EXHIBIT LKS-1

Coös County Commissioners' Office
P.O. Box 10
West Stewartstown, N.H. 03597
603-246-3321
fax: 603-246-8117

February 10, 2010

NH DEPT. OF ENVIRONMENTAL SERVICES
FEB 10 2010
RECEIVED

Thomas S. Burack, Chairman
Site Evaluation Committee
NH Department of Environmental Services
29 Hazen Drive
Concord, New Hampshire 03301

Re: Application of Laidlaw BioPower, LLC: Docket No. 2009-02

Dear Chairman Burack:

This letter is written in response to your order dated January 26, 2010 accepting the Laidlaw BioPower, LLC application for Certificate of Site and Facility for a 70 MW Biomass Fueled Energy facility in Berlin.

The Coös County Commissioners wish to notify the Committee that they are in full support of this project. Historically, Coös County's renewable forests served as the engine for a solid economy. That past economic base built on the pulp and paper industry has essentially faded away during the last few years and to put it simply, Coös County is hurting right now.

The well paying jobs that the Laidlaw BioMass facility will generate in the woods, at the new facility, and in small businesses that support the timber harvesting industry will go a long way to help revive our North Country economy. The unemployment rate in Coös County today is 9.3%. Certainly re-training of former employees of the mills and the forests is on-going but many of our citizens have worked in timber harvesting and trucking for years; it is a way of life that they long to return to. That opportunity exists for them if the Laidlaw facility is permitted and built.

The project fits well with Governor Lynch's executive order which proclaimed that by 2025, New Hampshire would be providing 25% of its energy requirements from renewable sources. Additionally, Laidlaw's capital investment of millions of dollars in a generating facility will improve the property tax base in Berlin and Coös County resulting in a reduction in the property tax burden on the average home and small business owner. This, with the approval of your committee, will take place without environmental degradation and harm to our growing tourism industry.

We encourage members of your designated subcommittee to approve the application expeditiously so that construction can begin at the earliest future date possible.

We thank you for taking into consideration our supporting remarks on the Laidlaw project.

Sincerely,

Burnham A. Judd
Chairman

Paul R. Grenier
Vice-Chairman

Thomas M. Brady
Clerk

COMMISSIONERS

BURNHAM A. JUDD, PITTSBURG • PAUL R. GRENIER, Berlin • THOMAS M. BRADY, JEFFERSON

EXHIBIT LKS-2

Community EFSEC Advisory Committee
961 Main Street
Berlin, NH 03570
603-752-2733

March 10, 2010

Thomas S. Burack, Chairman
New Hampshire Site Evaluation Committee
c/o New Hampshire Department of Environmental Services
29 Hazen Drive, P.O. Box 95
Concord, New Hampshire 03302-0095

Dear Chairman Burack:

The Community EFSEC Advisory Committee ("CEAC") is a local Berlin community committee which was organized by the Androscoggin Valley Economic Recovery Corporation ("AVER") as a non-board community committee. AVER had formed a similar committee to work on the Berlin Federal Prison project and has been engaged in numerous other economic and community development projects. The CEAC is an all volunteer committee and a list of its members is attached as Exhibit A. Once formed, the CEAC developed its Statement of Purpose attached as Exhibit B.

The CEAC held public meetings and worked for approximately nine months to develop a list of recommended stipulations and general recommendations for the Laidlaw biomass project as it relates to the community. Attached as Exhibit C is a list of the recommendations as approved by CEAC. The CEAC negotiated extensively with Laidlaw in developing these recommendations and it is our understanding that we are in general agreement regarding their content. Also, attached are before and after simulated photographs which pertain to Appearance Issue #1. The CEAC approved all recommended stipulations unanimously (16-0) except for Community Benefit Issues recommendations #7 and #10, and County and State Wide Issues #2 and #3 which were approved by all except one committee member (15-1).

These results will be presented to the Berlin City Council and to the Coos County Commissioners and are available to other interested parties as well. It is our understanding that the Berlin City Council and the Coos County Commissioners will use them as input to their intervener positions. Please contact us if there are any questions. Thank you.

Chairman

Max Makaitis

Secretary

Jay Poulin