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HYDRO MANAGEMENT GROUP, LLC

C/O ESSEX HYDRO ASSOCIATES, LLC
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July 09, 2012

Ms. Debra A. Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 S. Fruit St, Suite 10
Concord, NH 03301-2429



Attn: Executive Director and Secretary Howland

Dear Ms. Howland,

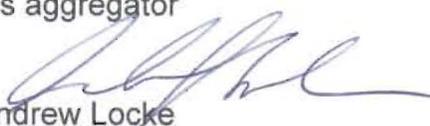
Pursuant to New Hampshire Administrative Code Puc 2500 Rule, Puc 2505.02 Application Requirements Laws of 2012, Chapter 0272, please find included with this letter an application for the qualification of Powerhouse System Inc's Weston Dam hydroelectric project as a New Hampshire Class IV RPS Resource.

An electronic copy of this application was emailed to you at executive.director@puc.nh.gov and Barbara Bernstein at barbara.bernstein@puc.nh.gov on Monday, July 9th and three hard copies were hand delivered to your attention at the New Hampshire PUC on Tuesday, July 10th, 2012.

Thank you in advance for review of this application and please contact me at 617-367-0032 or al@essexhydro.com with any questions

Sincerely,

Powerhouse Systems, Inc.
by Hydro Management Group, its agent
as aggregator


Andrew Locke
Vice President

NHPUC JUL10 12 AM 8:13



State of New Hampshire Public Utilities Commission

21 S. Fruit Street, Suite 10, Concord, NH 03301-2429



APPLICATION FORM FOR RENEWABLE ENERGY SOURCE ELIGIBILITY FOR CLASS IV

HYDRO SOURCES WITH A TOTAL NAMEPLATE CAPACITY OF ONE MEGAWATT OR LESS

Pursuant to New Hampshire Administrative Code [Puc 2500](#) Rules, [Puc 2505.02](#) Application Requirements
Laws of 2012, Chapter 0272

- Please submit one (1) original and two (2) paper copies of the completed application and cover letter to:

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

- Send an electronic version of the completed application and the cover letter electronically to executive.director@puc.nh.gov.

The cover letter must include complete contact information and clearly state that the applicant is seeking certification as a Class IV source. Pursuant to Chapter 362-F:11 I, the Commission is required to render a decision on an application within 45 days upon receiving a completed application.

If you have any questions please contact Barbara Bernstein at (603)271-6011 or Barbara.Bernstein@puc.nh.gov.

Please provide the following:

1. Applicant Name: Hydro Management Group LLC as agent for Powerhouse Systems Inc.

Mailing Address: c/o Essex Hydro Associates, L.L.C. 55 Union Street, 4th Floor

Town/City: Boston State: MA Zip Code: 02108

Primary Contact: Andrew Locke

Telephone: (617) 367-0032 Cell: (617)-367-0032

Email address: al@essexhydro.com

2. Facility Name: Weston Dam Hydroelectric Facility

(physical address) N/A

Town/City: Groveton State: NH Zip Code: 03582

If the facility does not have a physical address, the Latitude 44°35'35.10"N & Longitude 71°30'54.09"W

(To qualify the electrical production for RECs, the facility must be registered with the NEPOOL – GIS).
Contact information for the GIS administrator follows:

James Webb, Registry Administrator, APX Environmental Markets
224 Airport Parkway, Suite 600, San Jose, CA 95110
Office: 408.517.2174, jwebb@apx.com

3. The facility's ISO-New England asset identification number, if available. 933
4. The facility's GIS facility code, if available. MSS933
5. A description of the facility including the following:
 - 5.a. The gross nameplate capacity 0.524MW
 - 5.b. The facility's initial commercial operation date 02/19/1987
 - 5.c. The date the facility began operation, if different than the operation date _____
 - 5.d. A complete description of the facility including related equipment

The Weston Dam is located on the Upper Ammonoosuc River, passing through the town of Groveton. The existing dam has been in operation for one reason or another since 1910 when it was constructed for electric power along with a lumber operation at the site.

The project is operated as a run-of-river facility. Outflows from the project equal inflows on an instantaneous basis, and water levels above the dam are maintained at the crest of the dam and are not drawn down for the purposes of generating power. Project works consist of: (1) A stone/timber crib construction, 15.5' high dam with three gates and a 115 ft spillway with a total flow capacity of 6,828 cfs; (2) a power canal and intake facility constructed from reinforced concrete with the approximate dimensions of 32' overall by 14' deep with a capacity of 650 cfs at 2 ft./second; (3) a rolled steel plate draft tube; (4) a powerhouse of both reinforced concrete and precast concrete panels with approximate dimensions of 32' L x 21.5' W & 16' H; and (5) a 5,000 volt 3 phase buried transmission line with a maximum capacity of 700 kW.

The project is located on the Upper Ammonoosuc River in downtown Groveton, NH . The project utilizes a previously existing impoundment and the plant is unmanned, but operation is monitored on a 24/7 basis.

6. A copy of all necessary state and federal (FERC) regulatory approvals as **Attachment A**.
7. A copy of the title page of the Interconnection Agreement between the applicant and the distribution utility, the page(s) that identifies the nameplate capacity of the facility and the signature pages. *Please provide this information as **Attachment B**.*

8. A description of how the generation facility is connected to the distribution utility.

The Weston Dam 524 kW hydroelectric generating facility is interconnected with the electric system of Public Service Company of New Hampshire ("PSNH") in accordance with applicable New Hampshire Public Utilities Commission ("NHPUC") Orders and federal law. The delivery point is that point at which the facility interconnects with the 34.5 KV electric system of PSNH. All electric energy delivered to PSNH's system from the Facility is 34.5 KV, three phase, sixty hertz.

Under this Agreement, the Interconnector shall receive and pay for the services necessary for the purpose of connecting, and providing the continued connection of, the Weston Dam Facility with the PSNH electrical system, including Pool Transmission Facilities ("PTF") as defined by NEPOOL, and non-PTF.

9. A statement as to whether the facility has been certified under another non-federal jurisdiction's renewable portfolio standard and proof thereof.

The Weston Dam Hydroelectric Facility is not currently certified under another non-federal jurisdiction's renewable portfolio standard.

10. A statement as to whether the facility's output has been verified by ISO-New England.

The facility's output is verified by ISO-New England who is responsible for reporting the Facility's generation to the NEPOOL GIS.

11. An affidavit by the applicant attesting that the contents of the application are accurate. *Use either the Affidavit at the bottom of this page, or provide a separate document as Attachment C.*

12. The name and telephone number of the facility's operator, if different from the owner.

Facility Operator Name: Greg Cloutier, President, Powerhouse Systems, Inc.

Phone: (603) 788-9892

13. Other pertinent information that you wish to include to assist in classification of the facility provide as Attachment D.

CHECK LIST: The following has been included to complete the application:	YES
• All contact information requested in the application.	x
• A copy of all necessary state and federal (FERC) regulatory approvals as Attachment A.	x
• A copy of the title page of the Interconnection Agreement between the applicant and the distribution utility, the page(s) that identifies the nameplate capacity of the facility and the	x

signature pages as Attachment B .	
• A signed and notarized attestation or Attachment C .	x
• A GIS number has been provided or has been requested.	x
• Other pertinent information has been provided (if necessary) as Attachment D .	N/A
• This document has been printed and notarized.	x
• The original and two copies are included in the packet mailed to Debra Howland, Executive Director of the PUC.	x
• An electronic version of the completed application has been sent to executive.director@puc.nh.gov .	x

AFFIDAVIT

The Undersigned applicant declares under penalty of perjury that contents of this application are accurate.

Applicant's Signature  Date 7/9/2012

Subscribed and sworn before me this _____ Day of _____ (month) in the year

County of _____ State of _____

Notary Public/Justice of the Peace

My Commission Expires _____

Attachment A

**Weston Dam Hydroelectric Project
(MSS933)**

**ORDER ISSUING LICENSE (Minor) (FERC No. 7883)
dtd October 15, 1985**

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

400 1st St
376-9284
208RB

Powerhouse Systems)

Project No. 7883-001

Order Issuing License (Minor)

OCT 15 1985

Powerhouse Systems (Applicant) filed on October 1, 1984, an application for license under Part I of the Federal Power Act (Act) to construct, operate, and maintain the Weston Dam Project No. 7883. The project would be located on the Upper Ammonoosuc River in Coos County, New Hampshire, and would affect the interests of interstate or foreign commerce.

Notice of the application has been published and comments have been received from interested Federal, State, and local agencies. No protests were filed and none of the agencies objected to issuance of the license. Groveton Paper Board, Inc. (GPB) submitted a motion to intervene. The concerns of the commenting agencies and GPB are discussed below.

The Proposed Project

The project would be operated in a run-of-river mode and would consist of the 15.5-foot-high stone and timber crib Weston Dam (also called the Lower Groveton Dam), 4-foot-high flashboards, an impoundment with a surface area of 30 acres, an intake structure and powerhouse at the north abutment with an installed capacity of 350 kW, and other appurtenant facilities. A more detailed project description is contained in ordering paragraph (B).

Safety and Adequacy

The site was inspected by the Commission's New York Regional Office staff on December 17, 1984, and classified the dam as small and having a low hazard potential. The existing timber crib dam is in a deteriorated condition. The Applicant proposes to modify the north timber abutment and waste gateway, repair the inoperable gate and replank portions of the timber crib dam. Upon completion of the proposed rehabilitation, the project structures will be safe and adequate.

Due to the small amount of storage and the low height of the dam, failure during flood flows would not appreciably increase the river flow and would not endanger life or property downstream. The spillway is considered adequate.

ENVIRONMENTAL CONSIDERATIONS

Erosion, Slope Stability, and Sedimentation

Construction activities, including dredging below the dam, would cause localized erosion and sedimentation; minor, temporary increases in turbidity and downstream sedimentation; and produce spoil materials

that would be used to stabilize the riverbank. Article 19 requires the Licensee, following consultation with the U.S. Soil Conservation Service, to prepare a plan to control erosion, sedimentation and slope stability, to include spoil disposal areas, and minimize the quantity of sediment resulting from construction and operation of the project.

Flow Releases

The U.S. Fish and Wildlife Service (FWS) and the New Hampshire Fish and Game Department (NHFGD) recommend a minimum flow of 132 cubic feet per second (cfs) or inflow to the project, whichever is less, be discharged below the project dam to protect aquatic habitat in the Upper Ammonoosuc River downstream from the Weston Dam in Northumberland, New Hampshire.

Applicant proposes to operate the project in a run-of-river mode, whereby the instantaneous sum of all inflow to the project would equal outflow from the project. Operation of the project in a run-of-river mode would ensure that a minimum flow of 132 cfs, or inflow to the project, whichever is less, would be discharged below the project dam. Operation of the project in a run-of-river mode, as proposed by the Applicant, would protect aquatic resources downstream of the project dam. Article 20 requires the Licensee to operate the Weston Dam Project in an instantaneous run-of-river mode for the protection of fish and wildlife resources in the Upper Ammonoosuc River.

Fish Passage Facilities

FWS and NHFGD state that in the future, upstream and downstream fish passage facilities may be required at Weston Dam. At present, anadromous fish are not found in the vicinity of the proposed project. Both agencies indicate that the Upper Ammonoosuc River is in the deferred category regarding provisions for fish passage facilities as outlined in the Strategic Plan for Restoration of Atlantic Salmon to the Connecticut River Basin.

The Applicant agrees to provide fish passage facilities at the project when requested to do so by NHFGD and FWS. The terms and conditions of the license provide adequate authority to require fish passage in the future, if needed.

Cumulative Impact Analysis

A large number of dams on tributaries of the Connecticut River are being reactivated for hydropower production. Consequently, there could be an attendant loss of upstream and downstream migrating Atlantic salmon as a result of project operations at these dams, when Atlantic salmon are restored to these tributaries. Cumulatively, these losses could potentially impact the Atlantic salmon restoration effort in the Connecticut River Basin, if effective mitigative measures are not implemented in a timely manner.

The proposed Weston Dam Project, located on the Upper Ammonoosuc River, is one of many proposed projects that could adversely affect Atlantic salmon restoration in the Connecticut River Basin. Currently, though, no Atlantic salmon are found in the Upper Ammonoosuc River; therefore, future impacts to Atlantic salmon from project operations depend on the success of restoration efforts.

According to the "Strategic Plan for Restoration of Atlantic Salmon to the Connecticut River Basin", the Upper Ammonoosuc River is one of 25 tributaries to the Connecticut River, which has been identified as having suitable Atlantic salmon nursery habitat, but which adult salmon will not have access to spawning grounds within the current restoration planning program. The Upper Ammonoosuc River could produce Atlantic salmon smolts if the instream rearing capabilities of the habitat are utilized in combination with a fry-release program. The estimated 140 adult salmon that would return to the Upper Ammonoosuc as a result of the fry release program could contribute to the wild salmon spawning population or be utilized in a sport fishery.

At present, Atlantic salmon fry are being introduced into the Ammonoosuc River which is more than 60 river miles from the proposed project. Although the fry release program may be expanded in the future, the restoration plan provides no specific instructions or timetable for the introduction of fry into the Upper Ammonoosuc River. Hence, it could be many years before fry are released in the river and measures to protect migrating Atlantic salmon from the effects of the project are needed. FWS states that upstream fish passage facilities will not be needed within the foreseeable future (20-25 years), but that downstream fish passage facilities may be needed earlier depending on the success of the restoration effort.

The NHFGD states that the agency has no plans for restoring anadromous fish to the Upper Ammonoosuc River in the foreseeable future. The NHFGD has further stated that upstream and/or downstream fish passage facilities need to be installed when deemed necessary by that agency. Therefore, the proposed project, if constructed and operated, would not affect the salmon restoration program in the foreseeable future.

Nevertheless, if a fry-release program is initiated in the Upper Ammonoosuc River, upstream and/or downstream fish passage facilities at the project dam are provided for by the terms and conditions of this license to be installed when deemed necessary. The cost of these facilities will be borne by the Licensee.

Other measures necessary to protect Atlantic salmon and ensure that the project will not impact Atlantic salmon restoration, either on an individual basis or cumulatively, are provided for in this license. Article 21 requires the Licensee to consult

with the FWS, the National Marine Fisheries Service and the NHFGD on the design of the project intake and powerhouse such that upstream and downstream fish passage facilities, to include screens for prevention of entrainment, can be retrofitted when needed without major reconstruction of the dam or powerhouse. Further, should fish passage facilities be installed at the project, the Licensee will be responsible for operating the fish passage facilities, monitoring the effectiveness of the fish passage facilities and for effectuating changes in project structures or operations, to include project shutdown during critical migration periods if necessary, to ensure that upstream and downstream migration is not impeded and that fish mortality is not significant.

Based on the above information and review of the record, it is concluded that the Weston Dam Project, as conditioned herein, will not impact the Atlantic salmon restoration plan and will not contribute to any adverse cumulative environmental impacts in the Connecticut River Basin. 1/

Recreational Resources

Although the Upper Ammonoosuc River is noted for its recreational qualities, the Applicant has not specifically addressed the issue of allowing public access to the project area. Interior recommends that the Applicant provide public access to the project area for recreational purposes within the limits of public safety. Article 13 of the license provides for free public access to project lands and waters, to a reasonable extent, for the purpose of full utilization of recreational resources.

Land and Water Uses

In a motion filed April 9, 1985, GPB stated that operation of the proposed project would affect GPB operations by interfering with its ability to run its mill facilities, provide fire protection to the millsite and the Town of Northumberland, and provide emergency water supply to the Town of Northumberland's municipal water system. The Applicant and GPB entered into a written agreement, signed on May 23, 1985, which states that the Applicant will have no right to the flow of the river superior to the upstream diversion of water for the above-mentioned purposes. It was further acknowledged in the agreement that the Licensee may re-install the flashboards at the dam site only if such installation will not result in the flooding of the paper mill plant site.

1/ The issuance of this license is consistent with the Commission's policy established in the Order Issuing License (Major) for the Weeks Falls Project No. 7563-000, issued April 25, 1985, which states that the Commission should proceed with license approval on a case-by-case basis rather than waiting for the results of a Cluster Impact Assessment Procedure when the record evidence indicates that there would be no adverse cumulative environmental impact from the project.

Other Environmental Concerns

Water quality certification, as required by Section 401 of the Clean Water Act, was issued on September 24, 1984, by the State of New Hampshire Water Supply and Pollution Control Commission.

No Federally listed threatened or endangered species or critical habitat, or sites listed or eligible for listing on the National Register of Historic Places, will be affected by the project.

FINDING OF NO SIGNIFICANT IMPACT

Construction activities would result in minor, short-term impacts on aquatic, recreational and visual resources; and temporary increases in erosion, turbidity and sedimentation in the immediate project vicinity. A minor permanent loss of vegetation would occur from powerhouse construction and raising the impoundment level. The proposed mitigative measures and provisions of license articles will provide protection for the environmental resources of the project area.

In accordance with the National Environmental Policy Act of 1969, an Environmental Assessment was prepared for the Weston Dam Hydroelectric Project (FERC No. 7883-001). On the basis of the record, and Staff's independent environmental analysis, 2/ issuance of a license for the project, as conditioned herein, will not constitute a major Federal action significantly affecting the quality of the human environment.

Other Aspects of Comprehensive Development

The project would have an installed capacity of 350 kW and generate an estimated 1,725,000 kWh annually. 3/ Power generated by the project would be sold to the Public Service Company of New Hampshire. The project is economically feasible.

The project will make good use of the flow and fall of the river, is not in conflict with any planned or authorized development, and will be best adapted to the comprehensive development of the Connecticut River Basin under present conditions upon compliance with the terms and conditions of the license.

2/ Environmental Assessment, Weston Dam Hydroelectric Project, FERC Project No. 7883-001--New Hampshire, Office of Hydropower Licensing, Federal Energy Regulatory Commission, July 15, 1985, and supplemented on September 18, 1985. This document is available in the Division of Public Information and in the Commission's public file associated with this proceeding.

3/ The hydroelectric energy produced by the project represents a fuel savings of 2,800 barrels of oil or 800 tons of coal annually.

License Term

The proposed development of this project using an existing dam is similar to relicensing an existing licensed project at which a moderate amount of new development is proposed; therefore, consistent with the Commission's policy, a 40-year license term is reasonable in this instance. 4/

Pursuant to 18 C.F.R. §375.314, the Director of the Office of Hydropower Licensing orders:

(A) This license is issued to Powerhouse Systems (Licensee) under Part I of the Federal Power Act (Act) for a period of 40 years, effective the first day of the month in which this order is issued, for the construction, operation, and maintenance of the Weston Dam Project No. 7883, located on the Upper Ammonoosuc River in Coos County, New Hampshire, and affecting the interests of interstate or foreign commerce. This license is subject to the terms and conditions of the Act, which is incorporated by reference as part of this license, and subject to the regulations the Commission issues under the provisions of the Act.

(B) The Weston Dam Project No. 7883 would consist of:

(1) All lands, to the extent of the Licensee's interests in those lands, constituting the project area. The project area is shown and described by a certain exhibit that forms part of the application for license and that is designated and described as:

<u>Exhibit</u>	<u>FERC No. 7883-</u>	<u>Showing</u>
G	3	Location Map
G-1	4	Topographic Map
G-2	5	Project Works
G-4	7	Weston Dam "General"

(2) Project works consisting of : (1) the 15.5-foot-high and 210-foot-long stone and timber crib Weston Dam with a spillway crest elevation of 863.1 feet mean sea level (msl); (2) 4-foot-high flashboards; (3) a reservoir with a surface area of 30 acres at a normal maximum elevation of 867.1 feet msl; (4) an intake structure and powerhouse at the north abutment with 2 turbine-generator units with an installed capacity of 100 kW and 250 kW, respectively; (5) 0.48-kV generator leads, a 0.48/34.5-kV transformer; a 34.5-kV and 300-foot-long transmission line; and (6) other appurtenances.

4/ Village of Lydonville, 7 FERC §61,324 (1979).

The location, nature, and character of these project works are more specifically shown and described by the exhibit cited above and by certain other exhibits which also form part of the application for license and which are designated and described as:

Exhibit A - Section 2.2 titled "Type of Hydraulic Turbines".

<u>Exhibit</u>	<u>FERC No. 7883-</u>	<u>Showing</u>
F-10	1	Weston Dam
F-13	2	Powerhouse

(3) All of the structures, fixtures, equipment, or facilities used or useful in the operation or maintenance of the project, and located within the project area, all portable property that may be employed in connection with the project, whether located within or outside the project area, as approved by the Commission, and all riparian or other rights necessary or appropriate in the operation or maintenance of the project.

(C) Exhibits A, F, and G, designated in ordering paragraph (B) above are approved and made a part of the license.

(D) Pursuant to Section 10(i) of the Act, it is in the public interest to waive the following Sections of Part I of the Act, and they are excluded from the license:

Section 4(b), except the second sentence; 4(e), insofar as it relates to approval of plans by the Chief of Engineers and the Secretary of the Army; 6, insofar as it relates to public notice and to the acceptance and expression in the license of terms and conditions of the Act that are waived here; 10(c), insofar as it relates to depreciation reserves; 10(d); 10(f); 14, except insofar as the power of condemnation is reserved; 15; 16; 19; 20; and 22.

(E) This license is also subject to Articles 1 through 18 in Form L-15 (October 1975), entitled "Terms and Conditions for Unconstructed Minor Project Affecting the Interests of Interstate or Foreign Commerce," attached to and made a part of this license, except for the first sentence of Article 15. This license is also subject to the following special conditions set forth as additional articles.

Article 19. Licensee shall, after consultation with the U.S. Soil Conservation Service, prepare and file with the Commission, within 1 year from the date of issuance of this license, a plan to control erosion, dust, and slope stability, and to minimize the quantity of sediment or other potential water pollutants resulting from construction and operation of the project, including spoil disposal areas. The plan shall also include: functional design drawings and map locations of control measures; an implementation schedule; monitoring and maintenance programs for project construction and operation; provisions for periodic review of the plan and for making any necessary revisions to the plan. Documentation of agency consultation on the plan and copies of any agency comments or recommendations shall be included in the filing.

In the event that the Licensee does not concur with any agency recommendations, Licensee shall provide a discussion of the reasons for not concurring based on actual site geological, soil, and groundwater conditions. The Commission reserves the right to require changes to the plan. Unless the Director, Office of Hydropower Licensing, directs otherwise, the Licensee may commence ground disturbing or spoil-producing activities at the project 90 days after filing the above plan.

Article 20. Licensee shall operate the Weston Dam Hydroelectric Project in an instantaneous run-of-river mode for the protection of fish and wildlife resources in the Upper Ammonoosuc River. Licensee, in operating the Project in an instantaneous run-of-river mode, shall at all times act to minimize the fluctuation of the reservoir surface elevation, i.e., maintain discharge from the project so that flow in the Upper Ammonoosuc River, as measured immediately downstream from the project tailrace, approximates the instantaneous sum of inflow to the project reservoir. Instantaneous run-of-river operation may be temporarily modified if required by operating emergencies beyond the control of the Licensee, and for short periods upon mutual agreement between the Licensee and the New Hampshire Fish and Game Department.

Article 21. Licensee shall consult with the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, and the New Hampshire Fish and Game Department on the final design of the intake structure and powerhouse to ensure that upstream and downstream fish passage facilities, to include fish screens, can be retrofitted to the project when requested by these agencies. Within 1 year of issuance of this license, Licensee shall file, for Commission approval, preliminary design drawings showing the locations for the fish passage facilities. Documentation of agency consultation on the design drawings and copies of agency comments or recommendations shall be included in the filing.

Article 22 . The Licensee shall commence construction of project works within 2 years from the issuance date of the license and shall complete construction of the project within 4 years from the issuance date of the license.

Article 23 . The Licensee shall provide 1 copy to the Commission's Regional Engineer and two copies to the Director, Division of Inspections of the final contract drawings and specifications for pertinent features of the project, such as water retention structures, powerhouse, and water conveyance structures, at least 60 days prior to start of construction. The Director, Division of Inspections may require changes in the plans and specifications to assure a safe and adequate project.

Article 24 . The Licensee shall review and approve the design of contractor-designed cofferdams and deep excavations prior to the start of construction and shall ensure that construction of cofferdams and deep excavations are consistent with the approved design. At least 30 days prior to start of construction of the cofferdam, the

Licensee shall provide to the Director, Division of Inspections, with a copy to the Commission's Regional Engineer and the Corps of Engineers, one copy of the approved cofferdam construction drawings and specifications and a copy of the letter(s) of approval.

Article 25 . The Licensee shall within 90 days of completion of construction file for approval, revised Exhibits A, F, and G to describe and show the project as-built.

Article 26 . The Licensee shall pay the United States the following annual charge, effective the first day of the month in which this license is issued:

For the purpose of reimbursing the United States for the cost of administration of Part I of the Act, a reasonable amount as determined in accordance with the provisions of the Commission's regulations in effect from time to time. The authorized installed capacity for that purpose is 466 horsepower.

Article 27 . (a) In accordance with the provisions of this article, the Licensee shall have the authority to grant permission for certain types of use and occupancy of project lands and waters and to convey certain interests in project lands and waters for certain other types of use and occupancy, without prior Commission approval. The Licensee may exercise the authority only if the proposed use and occupancy is consistent with the purposes of protecting and enhancing the scenic, recreational, and other environmental values of the project. For those purposes, the Licensee shall also have continuing responsibility to supervise and control the uses and occupancies for which it grants permission, and to monitor the use of, and ensure compliance with the covenants of the instrument of conveyance for, any interests that it has conveyed, under this article. If a permitted use and occupancy violates any condition of this article or any other condition imposed by the Licensee for protection and enhancement of the project's scenic, recreational, or other environmental values, or if a covenant of a conveyance made under the authority of this article is violated, the Licensee shall take any lawful action necessary to correct the violation. For a permitted use or occupancy, that action includes, if necessary, cancelling the permission to use and occupy the project lands and waters and requiring the removal of any non-complying structures and facilities.

(b) The types of use and occupancy of project lands and waters for which the Licensee may grant permission without prior Commission approval are: (1) landscape plantings; (2) non-commercial piers, landings, boat docks, or similar structures and facilities that can accommodate no more than 10 watercraft at a time where said facility is intended to serve single-family type dwellings; and (3) embankments, bulkheads, retaining walls, or similar

structures for erosion control to protect the existing shoreline. To the extent feasible and desirable to protect and enhance the project's scenic, recreational, and other environmental values, the Licensee shall require multiple use and occupancy of facilities for access to project lands or waters. The Licensee shall also ensure, to the satisfaction of the Commission's authorized representative, that the uses and occupancies for which it grants permission are maintained in good repair and comply with applicable

State and local health and safety requirements. Before granting permission for construction of bulkheads or retaining walls, the Licensee shall: (1) inspect the site of the proposed construction, (2) consider whether the planting of vegetation or the use of riprap would be adequate to control erosion at the site, and (3) determine that the proposed construction is needed and would not change the basic contour of the reservoir shoreline. To implement this paragraph (b), the Licensee may, among other things, establish a program for issuing permits for the specified types of use and occupancy of project lands and waters, which may be subject to the payment of a reasonable fee to cover the Licensee's costs of administering the permit program. The Commission reserves the right to require the Licensee to file a description of its standards, guidelines, and procedures for implementing this paragraph (b) and to require modification of those standards, guidelines, or procedures.

(c) The Licensee may convey easements or rights-of-way across, or leases of, project lands for: (1) replacement, expansion, realignment, or maintenance of bridges and roads for which all necessary State and Federal approvals have been obtained; (2) storm drains and water mains; (3) sewers that do not discharge into project waters; (4) minor access roads; (5) telephone, gas, and electric utility distribution lines; (6) non-project overhead electric transmission lines that do not require erection of support structures within the project boundary; (7) submarine, overhead, or underground major telephone distribution cables or major electric distribution lines (69-kV or less); and (8) water intake or pumping facilities that do not extract more than one million gallons per day from a project reservoir. No later than January 31 of each year, the Licensee shall file three copies of a report briefly describing for each conveyance made under this paragraph (c) during the prior calendar year, the type of interest conveyed, the location of the lands subject to the conveyance, and the nature of the use for which the interest was conveyed.

(d) The Licensee may convey fee titles to, easements or rights-of-way across, or leases of project lands for: (1) construction of new bridges or roads for which all necessary State and Federal approvals have been obtained; (2) sewer or effluent lines that discharge into project waters, for which all necessary Federal and State water quality certificates or permits have been obtained; (3) other pipelines that cross project lands or waters but do not discharge into project waters; (4) non-project overhead electric

transmission lines that require erection of support structures within the project boundary, for which all necessary Federal and State approvals have been obtained; (5) private or public marinas that can accommodate no more than 10 watercraft at a time and are located at least one-half mile from any other private or public marina; (6) recreational development consistent with an approved Exhibit R or approved report on recreational resources of an Exhibit E; and (7) other uses, if: (i) the amount of land conveyed for a particular use is five acres or less; (ii) all of the land conveyed is located at least 75 feet, measured horizontally, from the edge of the project reservoir at normal maximum surface elevation; and (iii) no more than 50 total acres of project lands for each project development are conveyed under this clause (d)(7) in any calendar year. At least 45 days before conveying any interest in project lands under this paragraph (d), the Licensee must file a letter to the Director, Office of Hydropower Licensing, stating its intent to convey the interest and briefly describing the type of interest and location of the lands to be conveyed (a marked Exhibit G or K map may be used), the nature of the proposed use, the identity of any Federal or State agency official consulted, and any Federal or State approvals required for the proposed use. Unless the Director, within 45 days from the filing date, requires the Licensee to file an application for prior approval, the Licensee may convey the intended interest at the end of that period.

(e) The following additional conditions apply to any intended conveyance under paragraphs (c) or (d) of this article:

(1) Before conveying the interest, the Licensee shall consult with Federal and State fish and wildlife or recreation agencies, as appropriate, and the State Historic Preservation Officer.

(2) Before conveying the interest, the Licensee shall determine that the proposed use of the lands to be conveyed is not inconsistent with any approved Exhibit R or approved report on recreational resources of an Exhibit E; or, if the project does not have an approved Exhibit R or approved report on recreational resources, that the lands to be conveyed do not have recreational value.

(3) The instrument of conveyance must include covenants running with the land adequate to ensure that: (i) the use of the lands conveyed shall not endanger health, create a nuisance, or otherwise be incompatible with overall project recreational use; and (ii) the grantee shall take all reasonable precautions to ensure that the construction, operation, and maintenance of structures or facilities on the conveyed lands will occur in a manner that will protect the scenic, recreational, and environmental values of the project.

(4) The Commission reserves the right to require the Licensee to take reasonable remedial action to correct any violation of the terms and conditions of this article, for the protection and enhancement of the project's scenic, recreational, and other environmental values.

(f) The conveyance of an interest in project lands under this article does not in itself change the project boundaries. The project boundaries may be changed to exclude land conveyed under this article only upon approval of revised Exhibit G or K drawings (project boundary maps) reflecting exclusion of that land. Lands conveyed under this article will be excluded from the project only upon a determination that the lands are not necessary for project purposes, such as operation and maintenance, flowage, recreation, public access, protection of environmental resources, and shoreline control, including shoreline aesthetic values. Absent extraordinary circumstances, proposals to exclude lands conveyed under this article from the project shall be consolidated for consideration when revised Exhibit G or K drawings would be filed for approval for other purposes.

(F) This order is final unless appealed to the Commission by any party within 30 days from the issuance date of this order under 18 C.F.R. 385.1902 (1985). The Licensee's failure to file a petition appealing this order to the Commission shall constitute acceptance of this license. In acknowledgment of acceptance of this order and its terms and conditions, it shall be signed by the Licensee and returned to the Commission within 60 days from the date this order is issued.

Kenneth M. Pusateri

Kenneth M. Pusateri
Acting Director, Office of
Hydropower Licensing

Project No. 7883-000

IN TESTIMONY of its acknowledgment of acceptance of all of the terms and conditions of this order, Powerhouse Systems this _____ day of _____, 19 _____, has caused its corporate name to be signed hereto by _____, its President, and its corporate seal to be affixed hereto and attested by _____, its Secretary, pursuant to a resolution of its Board of Directors duly adopted on the _____ day of _____, 19 _____, a certified copy of the record of which is attached hereto.

By _____
President

Attest:

Secretary

(Executed in quadruplicate)

Attachment B

**Weston Dam Hydroelectric Project
(MSS933)**

**OPERATING AGREEMENT FOR PURPOSES OF WHEELING AND POWER
SALES**

dtd January 1, 2006



**Public Service
of New Hampshire**

PSNH Energy Park
780 North Commercial Street, Manchester, NH 0310

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

The Northeast Utilities System

December 22, 2005

Mr. Gregory S. Cloutier
Powerhouse Systems
80A Elm Street
Lancaster, NH 03584

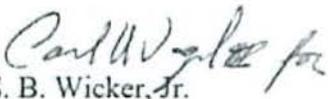
SUBJECT: Weston Dam (SESD #128)
Operating Agreement for Purposes of Wheeling and Power Sales

Dear Mr. Cloutier:

Enclosed is your executed original of the subject Agreement. By copy of this letter, we are asking our Law Department to file our original and are notifying the New Hampshire Public Utilities Commission that this Agreement has been executed.

This Agreement will take effect on January 1, 2006, immediately following the expiration of the Rate Order. All interconnection requirements are in place and there will be no interruption to service.

Sincerely,


S. B. Wicker, Jr.
Manager
Supplemental Energy Sources

CNV/dem

Enclosure

cc: D. A. Howland (NHPUC)
G. M. Eaton (w/original)
S. R. Hall

**OPERATING AGREEMENT
FOR
PURPOSES OF WHEELING AND POWER SALES**

AGREEMENT, dated January 1, 2006 by and between Powerhouse Systems, ^{Inc} a New Hampshire registered trade name, doing business as a ^{S Corporation} General Partnership, William K. Allin and Gregory S. Cloutier, Partners (hereinafter referred to as the "Interconnector"), 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 "PSNH"). *se*
PER

WHEREAS, Interconnector's Weston Dam 524 KW hydroelectric generating facility (the "Facility"), (SESD #128) located on the Upper Ammonoosuc River in Groveton, New Hampshire, is interconnected with the electric system of PSNH in accordance with applicable New Hampshire Public Utilities Commission ("NHPUC") Orders and federal law; and

WHEREAS, Interconnector intends to certify its generator as a Qualifying Facility ("QF") as defined by the Public Utilities Regulatory Policies Act ("PURPA") as it may be amended from time to time; and

WHEREAS, Interconnector desires to, and PSNH agrees to, provide for the interconnection of the Facility with the electric system of PSNH, its successors and permitted assigns, and Interconnector may have the right to sell the electric output of the Facility to PSNH and/or to such other third party purchasers with which Interconnector may make sales arrangements; and

WHEREAS, to provide for the continued interconnection of the Facility, it is necessary that certain agreements be made to ensure the safety, reliability and integrity of PSNH's electric system and the operation of the Facility; and

WHEREAS, Interconnector and PSNH wish to provide for certain other matters pertaining to discretionary power sales from the Facility;

NOW, THEREFORE, the parties hereby agree as follows:

Article 1. Interconnection and Voltage Characteristics.

The delivery point shall continue to be that point at which the Facility presently interconnects with the 34.5 KV electric system of PSNH. Under this Agreement, the Interconnector shall receive and pay for the services necessary for the purpose of connecting, and providing the continued connection of, the Facility with the PSNH electrical system, including Pool Transmission Facilities ("PTF") as defined by the New England Power Pool ("NEPOOL"), and non-PTF.

Unless PSNH converts its interconnection circuit, all electric energy delivered to PSNH's system from the Facility shall be 34.5 KV, three-phase, sixty hertz.

Article 2. Metering.

The metering shall continue to be configured so as to represent the electric power output delivered to the PSNH electric system as specified in the Interconnection Report ("Report"), Revision 1 dated November 9, 2005 attached as Attachment A. 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. Interconnector shall be responsible for all costs associated with the metering required for sales to PSNH and/or other third parties from the Facility.

Interconnector has installed and will own, and maintain all metering equipment as referenced in Article 5, to measure the physical flow of electrical energy from the Facility into the PSNH electric system. If at any time the meter is found to be in error by more than two percent fast or slow (+ or - 2%), Interconnector 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 New Hampshire Code of Administrative Rules, Chapter PUC 300 Rules and Regulations for Electric Service, as amended, and any applicable Rules and Regulations of ISO-New England, Inc. ("ISO"). Interconnector is responsible for assuring that meter tests are

performed as required at Interconnector' s expense. The PSNH Meter Laboratory should be contacted in advance to arrange for said meter testing.

Interconnector shall cause the meter to be tested at any time upon request of either party and, at PSNH' s option, in the presence of a representative of PSNH. If such equipment proves accurate within two percent fast or slow (+ or - 2%), the expense of the test shall be borne by the requesting party.

PSNH reserves the right to secure or seal the metering installation, but upon the written request of Interconnector will provide such information regarding, and access to, the metering installation as Interconnector requests. Interconnector is required to record electrical energy physically delivered to the PSNH electric system on an hour-by-hour basis, and to electronically make available to PSNH, Interconnector's generation in kilowatt-hours for each hour during the prior 24 hours.

To the extent necessary for Interconnector to receive credit and compensation for power sales to entities other than PSNH of electric energy and/or other power products generated at the Facility, PSNH shall cooperate with and assist Interconnector to ensure that the metering installations applicable to the Facility meet the required specifications and operational characteristics as necessary to accomplish such sales.

Article 3. Wheeling Arrangements.

If requested by Interconnector in connection with any sales of energy or other electric products to entities other than PSNH, PSNH (or other Northeast Utilities system companies) shall transmit the electric output of the Facility, or such portion(s) thereof as are identified by Interconnector, to an appropriate PTF point or to such purchasers (as applicable to the transaction) under the terms and conditions and rates set forth in the NORTHEAST UTILITIES SYSTEM COMPANIES Open Access Transmission Service Tariff No. 9 (the " NU OATT") filed with the Federal Energy Regulatory Commission (" FERC"), or its successor tariff, as those tariffs may be amended or supplemented from time to time hereafter. The wheeling of generation shall also be subject to any regulatory approved and applicable local transmission and distribution wheeling tariffs.

Article 4. Power Sales, Billing and Payment.

(a) PURPA Sales

This Agreement is contingent upon the Facility's continuing eligibility for status as a QF as defined by PURPA. As a QF, Interconnector may make sales to PSNH and PSNH shall purchase all or a portion of the electric energy and other electrical products generated at the Facility pursuant to the requirements of the PURPA, the New Hampshire Limited Electrical Energy Producers Act (" LEEPA"), and ISO.

Pursuant to PURPA, and as approved by the NHPUC in Docket No. DE 99-099, in accordance with the Settlement Agreement between PSNH and the State of New Hampshire, the rates paid to Interconnector for short-term, as available power sales to PSNH shall be the applicable market clearing price for such energy and/or other electrical product(s) or such replacement pricing methods as determined by the ISO or any successor entity for each period during which Interconnector has delivered such energy and/or other electrical power products for sale to PSNH. The above short-term prices shall be adjusted for line losses, wheeling costs, and administrative costs as they may be determined by PSNH or the NHPUC and as modified from time to time. The parties agree to abide by the ISO rules for recognition and determination of energy and capacity credit.

Facilities delivering all of their output to the PSNH grid will be assigned a Line Loss Adjustment Factor (the " LLAFF"). The initial LLAFF for the Facility is 1.0. If a recalculation of the LLAFF is required, PSNH shall calculate a new LLAFF to represent the change in PSNH's electrical system losses attributable to the generator characteristics and physical location of the Facility. The LLAFF shall be applied to that portion of the generation output from the Facility which is sold to PSNH during a billing month by multiplying the LLAFF times the kilowatt output. PSNH shall not have the right to use a new or materially different methodology for conducting any such LLAFF study except as ordered by the NHPUC. The LLAFF may be less than one or greater than one.

Should PSNH no longer be the load holding entity for the entire retail load connected to its System, the LLAFF shall be proportionally reduced to reflect the percentage of retail load

supplied by PSNH. This adjustment shall become effective with the billing months of February and August based upon the percentage of retail load supplied by PSNH over the previous six (6) month period ending in December and June, respectively. The LLAF may be recalculated at the request of either party. The requesting party shall pay for the cost of performing the line loss study. Upon the completion of the updated LLAF study, the new LLAF shall be used at the start of the next billing month.

In addition, Interconnector shall have the right and option at any time to engage a third party consultant to validate and verify the methodology and results of any LLAF study performed by PSNH under this Agreement, at Interconnector's expense. If the review performed by such consultant concludes that the results of any study performed by PSNH are incorrect, then PSNH shall perform a new study, at its expense, to determine the correct LLAF. Any dispute between the parties related to such studies shall be resolved by the NHPUC.

PSNH shall read the meter, installed in accordance with Article 2, once each month and shall promptly send Interconnector an invoice showing the billing month's net generation and amount owed for energy and other electrical products generated for any sales to PSNH hereunder. Interconnector shall then return to PSNH the approved invoice for payment. PSNH shall make payments to Interconnector electronically for the total amount due within 23 days of the meter reading date, provided that PSNH receives a timely return of the approved invoice.

(b) Bilateral and Power Exchange Sales

At all times during the term of this Agreement, Interconnector shall have the right to sell any or all of the Facility's electric power output, including electric energy, installed capacity, spinning reserves, other operating reserves and/or automatic generation control and other products, to entities other than PSNH, either through bilateral transactions or through the markets administered by the ISO. With respect to any such bilateral or market sales by Interconnector, Interconnector may request that PSNH function as "Lead Participant", and/or "Designated Entity" (as those terms are defined and amended or replaced from time to time by the ISO) and/or other similar role (or function necessary to process and implement such sales) on Interconnector's behalf and, subject to Interconnector's instructions, perform any and all

functions in such roles as are necessary to implement and consummate such sales, and shall submit to ISO and/or other appropriate entities (on Interconnector' s behalf) all information, including, without limitation, standard or non-standard contracts, self-schedules, unit characteristics, bid submissions and metering data, required to effect such transactions, provided that Interconnector provides PSNH with all information and direction reasonably required for the submission of such information by PSNH but no later than 9:30 am on the last business day prior to the commencement of such transaction or bid, unless PSNH can accommodate the transaction in less time.

As PSNH' s full compensation when it acts as the " Lead Participant" for performing the administrative services described in this subsection, Interconnector shall pay to PSNH for each such month an amount equal to the greater of \$500 or 0.0126¢/kwhr of Interconnector' s sales of generation for which PSNH is " Lead Participant" during such month made pursuant to this Article 4 (b). The foregoing shall only be due to PSNH when PSNH actually acts as " Lead Participant" in such sale.

Any contractual arrangements for the sale of electricity with others shall be in accordance with the requirements of the Federal Power Act, the rules of FERC and the rules of ISO New England as they all may be amended from time to time. The price and products associated with such sale shall be identified in the contractual arrangements.

Article 5. Interconnection and Protection Requirements.

Interconnector has installed all interconnection, protection, metering, and control equipment as specified in the Report to ensure the continued safe and reliable operation of the Facility in parallel with the PSNH system. The Interconnector has assumed responsibility for all study costs associated with the development of the Report, and those costs associated with the equipment and its installation, required by the Report. No additional studies are required to be performed, and no additional or different interconnection facilities, system upgrades or protection systems are required to be constructed, installed or implemented, in order to maintain the interconnection of the Facility with the PSNH System.

Up to the delivery point, all equipment shall remain the sole property of Interconnector.

Interconnector shall have sole responsibility for the operation, maintenance, replacement, and repair of the Facility, including the interconnection equipment owned by the Interconnector.

Prior to the interconnection to PSNH' s system under this Agreement Interconnector tested, and every twelve months thereafter, Interconnector shall continue to test, or cause to be tested, all protection devices including verification of calibration and tripping functions; and Interconnector shall provide PSNH with a copy of the tests and results.

If either party reasonably determines that the operation or use of any portion of the protection system will or may not perform its protective function, Interconnector shall immediately open the interconnection between PSNH' s system and the Facility. Interconnector shall promptly notify PSNH of this action and the reason for this action. The interconnection shall remain open until Interconnector has satisfactorily cured the defect. Any repair or replacement of Interconnector' s equipment shall be at no cost to PSNH, except PSNH shall be responsible for any loss or damage requiring repair or replacement of all or a portion of the Interconnector' s equipment as a result of the negligence or misconduct of PSNH, its agents or employees.

Article 6. Right of Access.

Upon prior written or oral notice to Interconnector, PSNH shall have the right to enter the property of Interconnector at mutually agreed upon reasonable times and shall be provided reasonable access to Interconnector's metering, protection, control, and interconnection equipment to review for compliance with this Agreement. PSNH shall provide Interconnector with a copy of any notes, reports or other documents made relating to any such inspection or review.

Article 7. Modification of Facility.

If Interconnector plans any modifications to its Facility as described in Attachment A, which modifications would reasonably be expected to affect its interconnection with the PSNH System, Interconnector shall give PSNH prior written notice of its intentions.

Article 8. Term of Agreement.

This Agreement shall become effective between the parties on the date of execution of this agreement but no earlier than the date PSNH receives notification from Interconnector that its status as a QF has been filed with FERC. This Agreement shall remain in full force and effect subject to the suspension and termination rights contained in this Article 8. PSNH acknowledges that it has received a certificate of insurance as required by Article 9, and that the interconnection equipment as set forth in Attachment A has been properly installed and tested.

Interconnector may terminate this Agreement by giving PSNH not less than sixty (60) days prior written notice of its intention to terminate. PSNH may terminate the interconnection under this Agreement by giving not less than sixty (60) days prior written notice should Interconnector fail to substantially perform with the interconnection, metering and other safety provisions of this Agreement, and such failure continues for more than sixty (60) days from date of notice without cure. The PSNH notice shall state with specificity the facts constituting the alleged failure to perform by Interconnector. If the parties are unable to reach agreement within 60 days on a cure for the Interconnector's failure to perform, either party may elect to submit the dispute to the NHPUC for resolution.

If changes in applicable federal or state statutes, regulations or orders; or changes in applicable ISO or NEPOOL requirements occur which materially affect this Agreement, the parties shall negotiate in good faith to modify this Agreement to accommodate such changes. If the parties are unable to reach agreement within 60 days, either party may elect to submit the dispute to the NHPUC for resolution.

PSNH may also terminate its obligation contained in this Agreement if all laws, regulations and orders mandating interconnections or purchases from qualifying facilities are repealed, or declared invalid by a Court or Regulatory Agency, and no revised law is enacted providing for such interconnection or sales on a similar basis.

After termination of this Agreement, both parties shall be discharged from all further obligation under the terms of this Agreement, excepting any liability (including without limitation the obligation to pay for power delivered prior to any such termination which obligation shall survive the termination of this Agreement) which may have been incurred before the date of such

termination. Any reasonable costs incurred by PSNH to physically disconnect the Facility as a result of the termination of this Agreement shall be paid by the Interconnector. Termination of this Agreement shall not effect the parties' obligation to pay for power delivered prior to termination of that purchase obligation.

Article 9. Indemnification and Insurance.

Each party will be responsible for its equipment 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 there-from 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 property, 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 its negligence, and willful misconduct, and claims by its own employees or contractors growing out of any workers' compensation law. The foregoing paragraph shall survive the termination of this Agreement and such termination will not extinguish any liabilities or obligations in respect of reimbursements under this paragraph, incurred up to the time of termination.

The Interconnector shall, at its own expense, continue to maintain throughout the term of this Agreement Comprehensive General Liability Insurance with a combined single limit of not less than \$3,000,000 for each occurrence.

The insurance policy specified above has named and shall continue to name PSNH, Northeast Utilities and its subsidiaries, officers, directors and employees, as additional insured with respect to any and all third party bodily injury and/or property damage claims arising from Interconnector' s performance of this Agreement. It is further agreed that PSNH shall not by reason of its inclusion as an additional insured incur liability to the insurance carrier for the payment of premium for such insurance. The policy shall not be canceled, terminated, altered, reduced or materially changed without at least thirty (30) days prior written notice to PSNH.

Evidence of the required insurance has been provided to PSNH in the form of a

Certificate of Insurance prior to the actual physical interconnection of the Facility, and annually thereafter. During the term of this Agreement, the Interconnector, upon PSNH's reasonable request, shall furnish PSNH with certified copies of the actual insurance policies described in this Article.

The insurance coverage is and shall continue to be primary and is not in excess to or contributing with any insurance or self-insurance maintained by PSNH or its affiliates and shall not be deemed to limit Interconnector' s liability under this Agreement.

PSNH shall have the right to modify the limits of liability specified herein, at any time in the future, to remain consistent with those limits generally required by the NHPUC. PSNH must notify Interconnector in writing, at least ninety (90) days prior to any required change and these new liability limits will become effective upon renewal of the Insurance Policy.

In no event shall either party be liable, whether in contract, tort (including negligence), strict liability, warranty, or otherwise, for any special, indirect, incidental, punitive or consequential losses or damages, suffered by the other party or any person or entity and arising out of or related to this Agreement 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 paragraph of Article 9 shall apply notwithstanding any other statement to the contrary, if any, in this Agreement and shall survive the termination of this Agreement.

Article 10. Force Majeure.

Neither party shall be considered to be in default hereunder and shall be excused from performance 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 equipment from operation for necessary maintenance and repair, or any other cause beyond the reasonable control of either party and not due to the fault or negligence of the party claiming force majeure, provided that the party claiming excuse from performance uses its best efforts to remedy its inability to perform.

Article 11. Dispute Resolution and Voluntary Arbitration.

In the event of any dispute, disagreement, or claim (except for disputes referred to the NHPUC under Article 8 of this Agreement) arising out of or concerning this Agreement, the Party that believes there is such a dispute, disagreement, or claim will give written notice to the other Party of such dispute, disagreement, or claim. The affected Parties shall negotiate in good faith to resolve such dispute, disagreement, or claim. If such negotiations have not resulted in resolution of such dispute to the satisfaction of the affected Parties within ten (10) working days after notice of the dispute has been given, then, an affected Party may, upon mutual agreement of all of the affected Parties, submit such dispute, disagreement, or claim arising out of or concerning this Agreement, including whether such dispute, disagreement, or claim is arbitrable, to binding arbitration.

The arbitration proceeding shall be conducted by a single arbitrator, appointed by mutual agreement of the affected Parties, in Manchester, New Hampshire, under the Commercial Arbitration Rules of the American Arbitration Association in effect at the time a demand for arbitration under such rules was made. In the event that the affected Parties fail to agree upon a single arbitrator, each shall select one arbitrator, and the arbitrators so selected shall, within twenty (20) days of being selected, mutually select a single arbitrator to govern the arbitration. A decision and award of the arbitrator made under the Rules and within the scope of his or her jurisdiction shall be exclusive, final, and binding on all Parties, their successors, and assigns. The costs and expenses of the arbitration shall be allocated equitably amongst the affected Parties, as determined by the arbitrator(s). Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Each Party hereby consents and submits to the jurisdiction of the federal and state courts in the State of New Hampshire for the purpose of confirming any such award and entering judgment thereon.

Article 12. Modification of Agreement.

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

Article 13. Prior Agreements Superseded.

Once effective, this Agreement with Attachment A represents the entire agreement between the parties with respect to the interconnection of the Facility with the PSNH electric system and, as between Interconnector and PSNH, all previous agreements including previous Rate Orders, discussion, communications and correspondence related thereto are superseded by the execution of this Agreement.

Article 14. 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 Agreement shall not constitute a general waiver or relinquishment of any such terms or conditions, but the same shall remain at all times in full force and effect. Any waiver is only effective if given to the other party in writing.

Article 15. Binding Effect; Assignment

This Agreement shall be binding upon, and shall inure to the benefit of, the respective successors and permitted assigns of the parties hereto. PSNH shall not assign this Agreement or any of its rights or obligations hereunder without the prior written consent of Interconnector except to a successor-in-interest. PSNH shall provide written notice to Interconnector of any such assignment to a successor-in-interest within fifteen (15) days following the effective date of the assignment. Interconnector shall have the right to assign this Agreement to any person or entity that is a successor-in-interest to the Facility without the consent of PSNH. In the event of any such assignment, Interconnector shall notify PSNH in writing within fifteen (15) days following the effective date of the assignment. Interconnector may make such other assignment of this Agreement as it determines, subject to the prior written consent of PSNH, which consent shall not be unreasonably withheld or delayed. Any assignment in violation of this Article shall be void at the option of the non-assigning party.

Article 16. Applicable Law.

This Agreement is made under the laws of the State of New Hampshire and, to the extent

applicable, the Federal Power Act, and the interpretation and performance hereof shall be in accordance with and controlled by such laws, excluding any conflicts of law provisions of the State of New Hampshire that could require application of the laws of any other jurisdiction.

Article 17. Qualifying Facility Status

Interconnector has stated its intent to seek FERC certification of its generator as a QF and this Agreement and the related Interconnection Report shall be null and void should Interconnector fail to file for or should FERC deny the certification of QF status for the generator or later revoke the Project' s QF status.

Article 18. Headings.

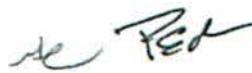
Captions and headings in the Agreement are for ease of reference and shall not be used to and do not affect the meaning of this Agreement.

Article 19. Notices and Service.

All notices, including communications and statements which are required or permitted under the terms of this Agreement, shall be in writing, except as otherwise provided or as reasonable under the circumstances. Service of a notice may be accomplished and will be deemed to have been received by the recipient party on the day of delivery if delivered by personal service, on the day of confirmed receipt if delivered by telegram, registered or certified commercial overnight courier, or registered or certified mail or on the day of transmission if sent by telecopy with evidence of receipt obtained, and in each case addressed as follows:

Interconnector:

Attn.: Gregory S. Cloutier
Powerhouse Systems, Inc.
80A Elm Street
Lancaster, NH 03584



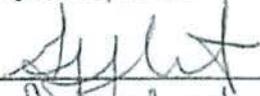
Telephone No. (603) 788-9892
Fax No. (802) 892-1280
email: cloutier@ncia.net

PSNH:

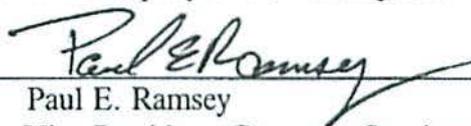
Public Service Company of New Hampshire
780 North Commercial Street
P. O. Box 330
Manchester, NH 03105-0330
Attn.: Manager, Supplemental Energy Sources Department
Telephone No. (603) 634-2312
Fax No. (603) 634-2449
email: psnhsesd@psnh.com

IN WITNESS WHEREOF, the parties, each by its duly authorized representative, have hereunto caused their names to be subscribed, as of the day and year first above written.

Powerhouse Systems, Inc.

By:  Gregory C. Cloutier 12/15/05
Title: President
Duly Authorized

Public Service Company of New Hampshire

By: 
Title: Paul E. Ramsey
Vice President, Customer Services
Duly Authorized

**Attachment A
Powerhouse Systems – PSNH**

**PSNH INTERCONNECTION REPORT FOR
CUSTOMER GENERATION**

WESTON DAM HYDRO

SESD SITE NO. 128

**Dated December 11, 1986
Rev. 1 November 9, 2005**

INDEX

- I. INTRODUCTION

- II. DESCRIPTION OF MAJOR COMPONENTS
 - A. DESCRIPTION OF FACILITIES
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I. INTRODUCTION

A study has been performed to determine the impact of this proposed facility on the PSNH system. All technical analysis was based on the equipment listed under Section II, and the facility arrangement illustrated on partial one-line diagram SK-PCC-128-1. Where actual site-specific data was not readily available, estimated or "typical" values were utilized in any required calculations. Any deviation from the listed equipment or the illustrated configuration may have significant safety and/or technical ramifications. Consequently, if changes are anticipated now or in the future, PSNH should be informed immediately so that the requirements and recommendations contained within the report may be revised where necessary. This procedure will ensure that the Developer is informed of PSNH requirements in a timely fashion and should eliminate the delays and expense which could otherwise be experienced by the Developer.

II. DESCRIPTION OF MAJOR COMPONENTS

A. Description Of Facilities

Weston Dam is a hydroelectric generation facility located on the Upper Ammonoosuc River in Groveton, N.H.; NHWRB No. 182.02. There are two induction generators, Unit 1 is 224 KW, unit 2 is 300 KW, stepped from 480V to 34,500 V and connected to the PSNH system on a tap off the 355 line just outside of Groveton substation. Station service is taken from a separately metered tap at 480V between the generation metering and the GSU and stepped down to 120/208V. Partial one-line diagram SK-PCC-128-0 shows the facility in a one-line fashion.

B. Mechanical Components

1. Turbines - Leroy Somer propeller type with blade angle control, model 1-RD-13 (unit 1), 1-RD-15 (unit 2).

C. Electrical Components

1. Generators - (2) Leroy Somer three phase induction @ 60 Hz.
 - a. Unit 1 224 KW @ 1220 RPM, 480V 345.5A, with 0.78 Power Factor, model P315MG.
 - b. Unit 2 - 300 KW @ 1220 RPM, 480V, 456.8A, with 0.79 Power Factor, model P315LG.
2. Generator Stepup Transformer (GSU) - 750 kVA, 480V ungrounded wye to 34.5/19.9 kV grounded wye.
3. Power Factor Correction Capacitors - (2) 480V individually switched. PSNH requires the capacitors to be sized to be approximately equal to the motoring reactive requirements of the generators.

4. Circuit Breakers and Switchgear - Switching and relay tripping is done by Telemecanique (France) contactors. A fused disconnect is also included for each generator.
5. High Side Disconnect Switches - 34.5 kV, three phase, unfused disconnect switch on the customer side, and three 19.9 kV single phase fused cutouts on the PSNH side.

III. PSNH REQUIREMENTS - GENERAL

A. Safety Considerations

1. The connection of the facility to the PSNH system must not compromise the safety of PSNH's customers, personnel, or the owner's personnel.
2. The generating facility must not have the capability of energizing a de-energized PSNH circuit.
3. An emergency shutdown switch with facility status indicator lights, and a disconnecting device with a visible open shall be made available for unrestricted use by PSNH personnel. The operation of the switch shall cause all of the facility's generation to be removed from service, and shall block all automatic startup of generation until the switch is reset. The status lights, mounted with the shutdown switch, shall be located outdoors at a position acceptable to PSNH operating division personnel. A red light shall indicate that the facility has generation connected to the PSNH system. A green light shall indicate that all generation is disconnected from the PSNH system. The lights shall be driven directly from auxiliary switches located on the facility's generator circuit breaker(s). The disconnecting device with visible open shall be located between the PSNH system and the facility's generation.
4. The settings for all protective relays required by PSNH will be developed by PSNH at the Developer's expense.
5. A crew of PSNH relay technicians will apply settings to and verify the proper functioning of those protective systems required by PSNH. This work will be performed at the Developer's expense.
6. The generating facility has full responsibility for ensuring that the protective system and the associated devices are maintained in reliable operating condition. PSNH reserves the right to inspect and test all protective equipment at the interconnecting point whenever it is considered necessary. This inspection may include tripping of the breakers.
7. The short circuit interrupting device(s) must have sufficient interrupting capacity for all faults that might exist. The PSNH system impedance at the facility will be supplied on request.

8. All shunt-tripped short circuit interrupting devices applied to generators must be equipped with reliable power sources. A D.C. battery with associated charging facilities is considered a reliable source.
9. Any protection scheme utilizing AC control power must be designed in a fail-safe mode. That is, all protective components must utilize contacts which are closed during normal operating conditions, but which open during abnormal conditions or when control power is lost to de-energize the generator contactor coil. These schemes may be utilized only with non-latching contactors and may not be used with synchronous generators.
10. A complete set of AC and DC elementary diagrams showing the implementation of all systems required by PSNH must be supplied for PSNH review. These drawings should be supplied as soon as possible so that any non-conforming items may be corrected by the Developer without impacting the scheduled completion date of the facility.
11. All voltage transformers driving PSNH-required protection systems must be rated by the manufacturer as to accuracy class, and must be capable of driving their connected burdens with an error not exceeding 1.2 percent.
12. All current transformers driving PSNH-required protection systems must be rated by the manufacturer as to accuracy class and must be capable of driving their connected burdens with an error not exceeding 10 percent.
13. All PSNH-required protective relays, and any other relays which PSNH will be requested to test, must be equipped with test facilities which allow secondary quantity injection and output contact isolation.
14. It is not the policy of PSNH to maintain a stock of protective relays for resale to facility developers. Since many protective devices have delivery times of several months, Developers are strongly advised to order them as soon as possible after PSNH type-approval is received.
15. Protection of the generating facility equipment for problems and/or disturbances which might occur internal or external to the facility is the responsibility of the Developer.
16. No operation of the facility's generation is allowed until all requirements in Sections III and IV of this report have been met, and all systems required therein, are in place, calibrated, and, if applicable, proven functional. This requirement may be waived by PSNH for a given system if generation is required to demonstrate the proper functioning of that system.

B. Service Quality Considerations

1. The connection of the facility to the PSNH system must not reduce the quality of service currently existing on the PSNH system. Voltage fluctuations, flicker, and excessive voltage and current harmonic content are among the service quality considerations. Harmonic limitations should conform to the latest IEEE guidelines and/or ANSI standards.
2. In general, induction generators must be accelerated to "synchronous" speed prior to connection to the PSNH system to reduce the magnitude and duration of accelerating current and resulting voltage drop to PSNH customers to acceptable levels.
3. Power factor correction capacitors may be required for some facilities either at the time of initial installation, or, at some later date. The installation will normally be done by the Developer at his expense.
4. Certain facilities having installed capacity similar in magnitude to connected circuit load may require that control modifications be made to tap changers in the electrical vicinity. Should they be necessary, the modification will be made at the Developers' expense.
5. Automatic reclosing of the PSNH circuit after a tripping operation may occur after an appropriate time delay. If voltage blocking of automatic reclosing is required, it will be added at the Developers' expense.

C. Metering Considerations

1. Except for metering and protection/control voltage sensing and generator and/or capacitor contactor supply voltage, no unmetered AC power shall be taken from the PSNH system.

IV. PSNH REQUIREMENTS - SPECIFIC

A. System Configuration and Protection

1. The facility must be arranged and equipped as per partial one line diagram SK-PCC-128-0.
2. The following protective functions must be supplied and must be utility grade as approved by PSNH.
 - a. 32 - Reverse Power (one per unit)
 - b. 27 - Undervoltage
 - c. 59 - Overvoltage
 - d. 81/U - Underfrequency
 - e. 81/O - Overfrequency

Each reverse power relay will trip its respective contactor; the other relays will trip both contactors.

3. The facility generator stepup transformer (GSU) must have a grounded wye primary/ungrounded wye secondary winding configuration.
4. A high side three phase gang-operated disconnect and fused cutouts will be required.

B. System Metering

1. The facility must be equipped with the metering system as shown on partial one line diagram SK-PCC-128-0.
2. The metering must consist of the following components:
 - Item 1) 2 - General Electric type JVP-1 voltage transformers, ratio 480/120 volts, .6 kV class, catalog #761X30G9
 - Item 2) 2 - General Electric type JAK-0 current transformers, ratio 800/5 amps, .6 kV class, catalog #750X33G316
 - Item 3) 1 - Duncan Electric type PDRMT-6S polyphase watthour meter with KYZ option. Catalog #56500300-0000.
 - Item 4) 1 - Anchor Electric 13 terminal transformer rated meter socket, catalog #TSS-13-2-PSHO.
 - Item 5) 1 - Meter Devices 10 pole test switch, catalog #A-1898C.

- Notes:
- 1) Substitutions for the above metering are acceptable, provided it is equivalent and advance approval is obtained from Public Service Company.
 - 2) Instrument transformers must be housed in a suitable electrical equipment enclosure.
 - 3) Developer is responsible for providing the metering equipment, physically mounting the equipment, installing necessary conduit, and wiring the primary side of the instrument transformers.
 - 4) The magnetic tape recorder shown on the one line diagram, in conjunction with the generation meter, is for Public Service Company purposes only. For this reason, it will be supplied and installed by Public Service Company at the expense of Public Service Company.
 - 5) Item 3, generation watthour meter, includes a pulse initiator with a price add on of \$43.00 and is meant for Public Service Company purposes. To offset this added cost to the Developer, Public Service Company agrees to provide the initial acceptance testing and register programming, at no charge to the Developer.

- 6) The GSU transformer losses will be estimated and subtracted from gross generation by meter calibration.
- 7) Item 3 of the materials list is not suitable for Time-of-Use rates. If the Developer elects Time-of-Use rates, a more sophisticated watt-hour meter with a solid state register is required. At the Developer's request T. P. Meissner would spec this special meter.
- 8) Station service will be provided via a separate service and the metering associated with this service will be provided by Public Service Company.
- 9) If the Developer wishes to design his own metering system, advance review and approval must be obtained from Public Service Company, prior to ordering the equipment. Any alternatives must, however, be based upon standard utility industry metering practices with respect to accuracy, reliability, applicability, and electrical configuration.
- 10) The metering equipment can be obtained from the following vendors:

METERING VENDORS

Items 1 and 2

General Electric Company
399 E. Industrial Park Drive
Manchester, NH 03103
603/ 669-2600

Item 3

Bruce W. Andrews, P.E.
Landis & Gyr
212 West Main Street
Georgetown, MA 01833
617/ 374-9472

Item 4

Westinghouse Supply Company
140 Hayward Street
Manchester, NH 03104
603/ 625-5456

Item 5

Alex Stohn Associates
10 Industrial Park Road
Hingham, MA 02043

C. Primary Interconnection

This facility will connect to the PSNH system on existing riser pole #1 on the Groveton Paper Co. Clarifier circuit. This pole is the first structure towards the clarifier from PSNH pole #355/24.

From the riser pole, at approximately a ninety-degree angle, this new line would extend one hundred and ten feet to the customer's owned pole P1. Pole P1 would be owned and installed by the Developer of this facility. The Developer of this facility must obtain an easement for the new overhead line from the existing pole #1 to his property line.

Mounted on the Developer's privately owned Pole P1 will be the gang-operated disconnect switch and emergency shutdown switch with status indicator lights. There must also be a 6'x6' ground mat with ground rods at the base of Pole P1 tied to the gang-operated disconnect switch in accordance with PSNH Transmission and Distribution Standards pages (30)151 and (30)152.

The gang-operated disconnect switch and emergency shut-down switch must have a double-locking device. This double locking device must accept a PSNH padlock for PSNH's unrestricted use. The other lock is for the Developer's exclusive use. The red and green status indicator lights must be visible at all times from the road. Access must be maintained at all times to Pole P1 for PSNH personnel. Any fences constructed should not block PSNH access to this pole.

The gang-operated disconnect switch must be an S & C or K.P.F. three-phase 19.9/34.5 kV 600 amp minimum 150 B.I.L. or PSNH approved equal. The emergency shut-down switch must disconnect all electrical load from the gang-operated disconnect switch including transformer magnetizing current or the gang-operated disconnect switch must be a load-break switch with the capability of de-energizing the transformer.

All electrical work must be in compliance with the latest edition of the National Electrical Safety Code. All equipment on Pole P1 must also be in conformance to PSNH minimum clearances.

This Developer must also execute a Service Agreement with PSNH if station service power will be distributed on his distribution line from the interconnection point into his facility when the generator is not operating. If station service is coming across the dam then this agreement is not needed.

The Developer should also be aware that when the gang-operated disconnect switch is open, there will not be any station-service into this facility. If an emergency generator is installed, it must be done with a transfer-switch and other protective devices to prevent any back feeding into the PSNH system.

The Developer is responsible for the following:

- 1) Designing and installing all equipment on his side of the interconnection point prior to the final interconnection tie by PSNH. Metering equipment requirements are described in another portion of this report.
- 2) Signing a Service Agreement with PSNH as described above if required.
- 3) Procurement of his generation step-up transformer and his station service transformer.
- 4) Scheduling with the Northern Division Meter Supervisor for testing and calibration of any Developer's procured meters.
- 5) Scheduling with the PSNH Northern Division Electrical Supervisor for TTR Testing of his transformers.
- 6) Notification to PSNH Northern Division after completion of his distribution line for PSNH to complete this interconnection.
- 7) Notification to PSNH Northern Division Electrical Engineer prior to any generation into the PSNH system.

V. PSNH PRICE ESTIMATES

The following estimates for labor, materials, and overheads are supplied as an aid to the Developer for financial planning purposes. Should the Developer elect to have PSNH perform any of the work described in the estimates, he will ultimately be billed for the full actual cost of any work performed.

Authorization for PSNH to perform any of the work or supply any of the equipment described below must be forwarded to the Supplemental Energy Sources Department along with a minimum payment covering 50% of the estimated labor and materials cost. PSNH will neither perform work nor order materials until this requirement has been met.

A. System Protection

- | | |
|---|----------------|
| 1. Materials - All system protection equipment will be provided by the Developer. | \$ 0.00 |
| 2. Labor, Overheads, Miscellaneous - Developing settings and testing PSNH required relays, performing trip tests on the control system, reviewing drawings, meeting, etc. | <u>2900.00</u> |
| SECTION A SUBTOTAL | \$2900.00 |

B. System Metering

- | | |
|--|---------------|
| 1. Materials - All system metering equipment will be provided by the Developer. | \$ 0.00 |
| 2. Labor, Overheads, Miscellaneous - PSNH will wire the metering secondaries, verify the metering connections by vector analysis, and provide overall supervision of the metering installation, at the request of the Developer. | <u>300.00</u> |

SECTION B SUBTOTAL \$ 300.00

C. Primary Interconnection

- | | |
|--|-----------|
| 1. Labor and Materials - Per section IV.C., Primary Interconnection, PSNH will make a new tap at the existing riser pole, connect the new conductors onto the discs on customer owned pole P1, and TTR test the Developer's step-up transformer. | \$1800.00 |
|--|-----------|

The estimate only includes labor and materials up to the Interconnection Point. The Developer is responsible for purchasing and installing all of the equipment from the Interconnection Point to his generator.

SECTION C SUBTOTAL \$1800.00

GRAND TOTAL (A + B + C) \$5000.00

VI. INTERCONNECTION EQUIPMENT OWNERSHIP, OPERATION, AND MAINTENANCE

A. Delivery Point

For the purpose of establishing ownership, operation, and maintenance responsibilities, the location of facility energy delivery to PSNH (the "Delivery Point") must be defined. The Delivery Point for this facility is the line (PSNH) side of the disconnect switch on privately owned Pole P1. Pole P1 is located ten feet onto the Developer's property.

VII. DRAWINGS

Attached is PSNH partial one-line diagram SK-PCC-128-0.

Weston Dam Hydro - LEEP # 128

Partial One-Line Diagram SK-PCC-128-0

5/26/86

