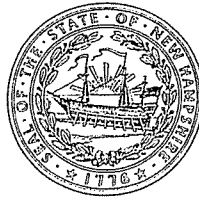


THE STATE OF NEW HAMPSHIRE



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September 23, 2008

William H. Smagula, P.E.
Director-Generation
Public Service Company of New Hampshire
P.O. Box 330
Manchester, NH 03105

Re: DE 08-053, Public Service Company of New Hampshire
Application for Class IV Renewable Energy Certificate Eligibility

Dear Mr. Smagula:

On April 2, 2008, Public Service Company of New Hampshire (PSNH) submitted an application requesting certification for eight small hydroelectric facilities located in Bow (Garvins Falls), Bristol (Ayers Island), Franklin (Eastman Falls), Gorham (Gorham), Hillsborough (Jackman), Hooksett (Hooksett), Manchester (Amoskeag) and West Stewartstown (Canaan) ("small hydroelectric facilities") to produce Class IV renewable energy certificates (RECs) pursuant to RSA 362-F, New Hampshire's Renewable Portfolio Standard law.

Class IV eligibility requires that a facility: 1) began operation prior to January 1, 2006; 2) has a gross nameplate capacity of 5 megawatts (MW) or less; 3) has installed upstream and downstream diadromous fish passages required under the terms of its license (or license exemption) from the Federal Energy Regulatory Commission (FERC); and 4) when required, has documented applicable state water quality certification pursuant to section 401 of the Clean Water Act for hydroelectric projects

On June 27, 2008, and on September 4, 2008, Staff submitted recommendations that the Commission approve in part and deny in part PSNH's application for Class IV certification of the above referenced facilities. Specifically, Staff recommended the Commission deny certification for Amoskeag, Ayers Island, Eastman Falls and Garvins Falls as they exceed the 5 MW gross nameplate capacity limitation and recommended approval for the Canaan, Gorham, Hooksett and Jackman facilities noting that their application was completed on August 27, 2008 in accordance with N.H. Code Admin Rules 2500.

Between May and August of 2008, several motions from Granite State Hydropower Association (GSHA) and responses thereto from PSNH have been entered

in this docket regarding, among other things, the nameplate capacity size of certain facilities and the correct interpretation of the fish passage requirements set out in RSA 362-F:4, IV. In addition to these filings, the Commission received letters from Ashuelot River Hydro, Inc., the Department of Environmental Services and State Representative Suzanne Harvey expressing their agreement with GSHA's interpretation of RSA 362-F:4, IV. Such filings are not contemplated by the Commission's rules and do not form a basis for the Commission's treatment of PSNH's application.

PSNH's application for Class IV certification for the Amoskeag, Ayers Island, Eastman Falls and Garvins Falls facilities is denied inasmuch as they exceed the 5 megawatt gross nameplate capacity. PSNH has, however, provided all the necessary documentation to demonstrate that the Canaan, Gorham, Hooksett and Jackman facilities are eligible for certification as Class IV facilities. In making these decisions, the Commission adopts the reasoning and the recommendations set forth by Staff in its memos of June 27, 2008 and September 4, 2008.

The Canaan facility is a single-unit run-of-river hydroelectric generating station located on the Connecticut River in West Stewartstown, New Hampshire and at Canaan Station, 344 Powerhouse Rd., Canaan, Vermont. The facility entered commercial operation in 1927, has a gross nameplate capacity of 1.1 MW and holds a twenty-five year operating license issued by the FERC on August 24, 1984. Canaan is not required by FERC to employ diadromous fish passage. The applicant stated that the New Hampshire Water Supply and Pollution Control Commission and Vermont Department of Water Resources and Environmental Engineering issued water quality certificates on August 2, 1983 and May 10, 1984, respectively. The facility's NEPOOL generation information system facility code is MSS861.

The Gorham G-1, G-2, G-3, and G-4 hydroelectric generating facilities are located on the Androscoggin River at Gorham Station, 1 Station Rd., Gorham, New Hampshire and operate on a run-of-river basis. Each of Gorham G-1 and G-2, installed in 1917, is rated with a gross nameplate capacity of 0.4 MW, while the 1923 additions of G-3 and G-4 are each rated with a gross nameplate capacity of 0.675 MW, giving the entire facility a gross nameplate capacity of 2.15 MW. PSNH operates this facility under a thirty year license issued by the FERC on August 1, 1994. Gorham Station is not required by FERC to employ diadromous fish passage. The NHDES issued a Water Quality Certificate for Gorham Station on April 25, 1991. The facility's NEPOOL generation information system facility code is MSS427.

The Hooksett facility is a single-unit run-of-river hydroelectric generating station located on the Merrimack River at Hooksett Station, 73 Merrimack St., Hooksett, New Hampshire. The facility entered commercial operation in 1927, has a gross nameplate capacity of 1.6 MW and holds a forty year license issued by the FERC on May 18, 2007

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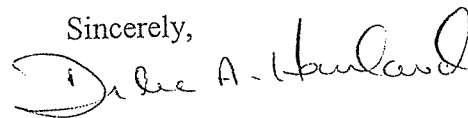
which replaces the original license issued on May 8, 1980 and which expired on December 31, 2005. The Hooksett facility has installed downstream fish passage, and its FERC license requires the development of a plan for upstream passage and to install means of passage within three years after 9,500 shad or 22,500 river herring pass Amoskeag Station. As these numbers of shad or river herring have yet to be observed, Hooksett Station is currently not required by FERC to employ upstream diadromous fish passage. Pursuant to the Clean Water Act Section 401, the NHDES issued Water Quality Certification 2003-006 for Hooksett Station in 2004. This was modified in 2005 and renumbered 2003-006.1 on May 10, 2005. The facility's NEPOOL generation information system facility code is MSS768.

The Jackman facility is a single-unit hydroelectric generating station located on the North Branch Contoocook River at Jackman Station, 8 Sawmill Rd., Hillsborough, NH and operates as a peaking facility. It consists of a concrete dam and earth dikes that create an impoundment with a surface area of 519 acres. The facility entered commercial operation in 1926 and has a gross nameplate capacity of 3.2 MW. It is not subject to FERC jurisdiction, so there are no FERC requirements regarding diadromous fish passage at the facility. The dam is registered with the NHDES Dam Bureau under dam registration number 116.04. Water quality monitoring pursuant to the Clean Water Act Section 401 certification is not required by the NHDES. The facility's NEPOOL generation information system facility code is MSS449.

The Commission hereby certifies that the Canaan, Gorham, Hooksett and Jackman facilities are Class IV renewable energy sources effective August 27, 2008 and are eligible to be issued New Hampshire Class IV renewable energy certificates.

Attached please find a copy of the notice of these certifications provided to the GIS administrator. The New Hampshire Renewable Portfolio Standard certification codes for the above referenced facilities are as follows: Canaan, NH-IV-08-007; Gorham, NH-IV-08-008; Hooksett, NH-IV-08-009; and Jackman NH-IV-08-010.

Sincerely,



Debra A. Howland
Executive Director and Secretary

Encl.

cc: Granite State Hydropower Association
Ashuelot River Hydro, Inc.
Department of Environmental Services
Rep. Suzanne Harvey