

DE12-199

HYDRO MANAGEMENT GROUP, LLC

C/O ESSEX HYDRO ASSOCIATES, LLC
55 UNION STREET, 4TH FL
BOSTON, MA 02108

TELEPHONE: +617-367-0032
E-MAIL: AL@ESSEXHYDRO.COM

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 Franklin Falls Hydroelectric Corporation's Franklin Falls 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,

Franklin Falls Hydroelectric Corporation
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 Franklin Falls Hydroelectric Corporation

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: Franklin Falls Hydroelectric Facility

(physical address) N/A

Town/City: Franklin State: NH Zip Code: 03235

If the facility does not have a physical address, the Latitude 43°26'34.89"N & Longitude 71°38'58.45"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. 882

4. The facility's GIS facility code, if available. MSS882

5. A description of the facility including the following:
 - 5.a. The gross nameplate capacity 0.800MW
 - 5.b. The facility's initial commercial operation date 02/01/1978
 - 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 Franklin Falls hydroelectric project ("the project") is located on the Winnepesaukee River, in the city of Franklin, Merrimack County, New Hampshire. The project is located roughly one half mile above the confluence of the Winnepesaukee and the Pemigewasset rivers with the Merrimack River and includes a 4-acre impoundment, which is about 1,748 feet long by 190 feet wide with an average depth of 9.5 feet and a maximum gross storage capacity of about 3.9 acre-feet.

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. The exemptee is required to maintain a minimum flow of 237 cfs or inflow to the project area, whichever is less at all times either through the project or over the dam to maintain water quality and protect aquatic habitat. Project works consist of: (1) a 164-foot-long and 18-foot-high dam with an integrated 18 foot by 23 foot concrete intake; (2) a 4.5-foot-diameter, 130-foot-long steel penstock; (3) a 25 foot by 30 foot concrete powerhouse one Westinghouse generating unit with a total installed capacity of 350 kilowatts and two Essex generating units with a total installed capacity of 225 kilowatts; (4) a 250-foot-long transmission line; and (5) appurtenant facilities.

The project is located on the Winnepesaukee River in downtown Franklin. 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 Franklin Falls 800 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 4.16 KV electric system of PSNH. All electric energy delivered to PSNH's system from the Facility is 4.16 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 Franklin Falls 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 Franklin Falls Hydroelectric Facility (the "Facility") is currently qualified by the Massachusetts Department of Energy Resources as a Massachusetts Class II RPS resource. (see Appendix C-1)

The Facility was qualified by the Low Impact Hydropower Institute as a Low Impact facility on December 15, 2011 and effective April 10, 2011. (see Attachment C-2)

The Franklin Falls facility self-certified with the NEPOOL GIS as a Maine RPS Class II Resource and was qualified as such effective January 1, 2012. (see Attachment C-3)

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: Alan Larter, Treasurer, Franklin Falls Hydroelectric Corporation

Phone: (603) 934-3660

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 signature pages as Attachment B .	x
• 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

**Franklin Falls Hydroelectric Project
(MSS882)**

**NOTICE OF EXEMPTION FROM LICENSING (FERC No. 6950)
dtd January 20, 1983**

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Franklin Falls Hydro Electric)
Corporation

Project No. 6950-000

NOTICE OF EXEMPTION FROM LICENSING

(Issued January 20, 1983)

A notice of exemption from licensing of a small hydroelectric project known as the Franklin Falls, Project No. 6950, was filed on December 20, 1982, by Franklin Falls Hydro Electric Corporation. The proposed project would be located on the Winnepesaukee River (New Hampshire Water Resources Board # 87.09), Merrimack County, New Hampshire and would have a total installed capacity of 669 kW.

Pursuant to Sections 4.109(c) and 375.308(ss) of the Commission's regulations, and subject to the terms and conditions set forth in Section 4.111 of the Commission's regulations, the Director, Office of Electric Power Regulation, issues this notification that the above project is exempted from licensing as of the date of this notice.

Lawrence R. Anderson
Director, Office of Electric
Power Regulation

DC-A-27

8301250358

PERC - DOCUMENT
JAN 20 1983

Attachment B

**Franklin Falls Hydroelectric Project
(MSS882)**

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

dtd January 31, 2006

SEN/EM/DE/# 001



**Public Service
of New Hampshire**

bcc: P. A. Magoun
T. J. Brown
R. E. Evans
L. G. Lajoie
M. A. Sandler
~~SESD File #001~~, #060, #110

February 8, 2006

Mr. Alan Larter
Franklin Falls Hydroelectric Corp.
P. O. Box 216
Franklin, NH 03235

Re: Franklin Falls Hydro, Goodrich Falls, and Salmon Brook #3 (SESD #001, 060 and 110)
Operating Agreement for Purposes of Wheeling and Power Sales

Dear Mr. Larter:

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

This completes the work associated with allowing for the continued operation of the three hydro projects s following the end of the long term rate orders.

Sincerely,

Carl W. Wicker, Jr.
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 31, 2006 by and between Franklin Falls Hydroelectric Corp., a New Hampshire corporation with its principal office in Franklin, New Hampshire (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").

WHEREAS, Interconnector's Franklin Falls 800 KW hydroelectric generating facility (the "Facility"), (SESD #001) located on the Winnepesaukee River in Franklin, 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 4.16 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 4.16 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"), dated January 30, 1986 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 " LLAF"). The initial LLAF for the Facility is 1.0402. If a recalculation of the LLAF is required, PSNH shall calculate a new LLAF to represent the change in PSNH's electrical system losses attributable to the generator characteristics and physical location of the Facility. The LLAF 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 LLAF times the kilowatt output. PSNH shall not have the right to use a new or materially different methodology for conducting any such LLAF study except as ordered by the NHPUC. The LLAF 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 LLAF 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 and has committed to meet the upgrades identified in the January 12, 2006 letter agreement. 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: Franklin Falls Hydroelectric Corp.
P. O. Box 216
Franklin, NH 03235
Attn.: Alan Larter
Telephone No. (603) 934-3660

PSNH:

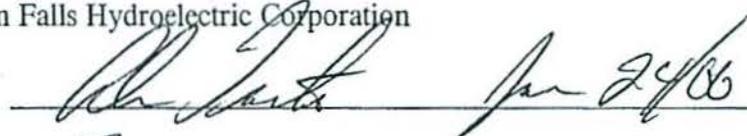
Public Service Company of New Hampshire
780 North Commercial Street
P. O. Box 330
Manchester, NH 03105-0330
Attn.: Manager, Supplemental Energy Sources Department
Telephone No. (603) 634-2312
Fax No. (603) 634-2449
email: psnhesd@psnh.com

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.

Franklin Falls Hydroelectric Corporation

By:

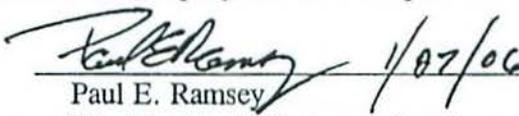
Title:


Duly Authorized

Public Service Company of New Hampshire

By:

Title: Vice President, Customer Services

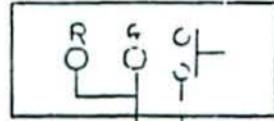
 1/07/06
Duly Authorized

PCNII CIRCUIT 3ØHI (414KV)

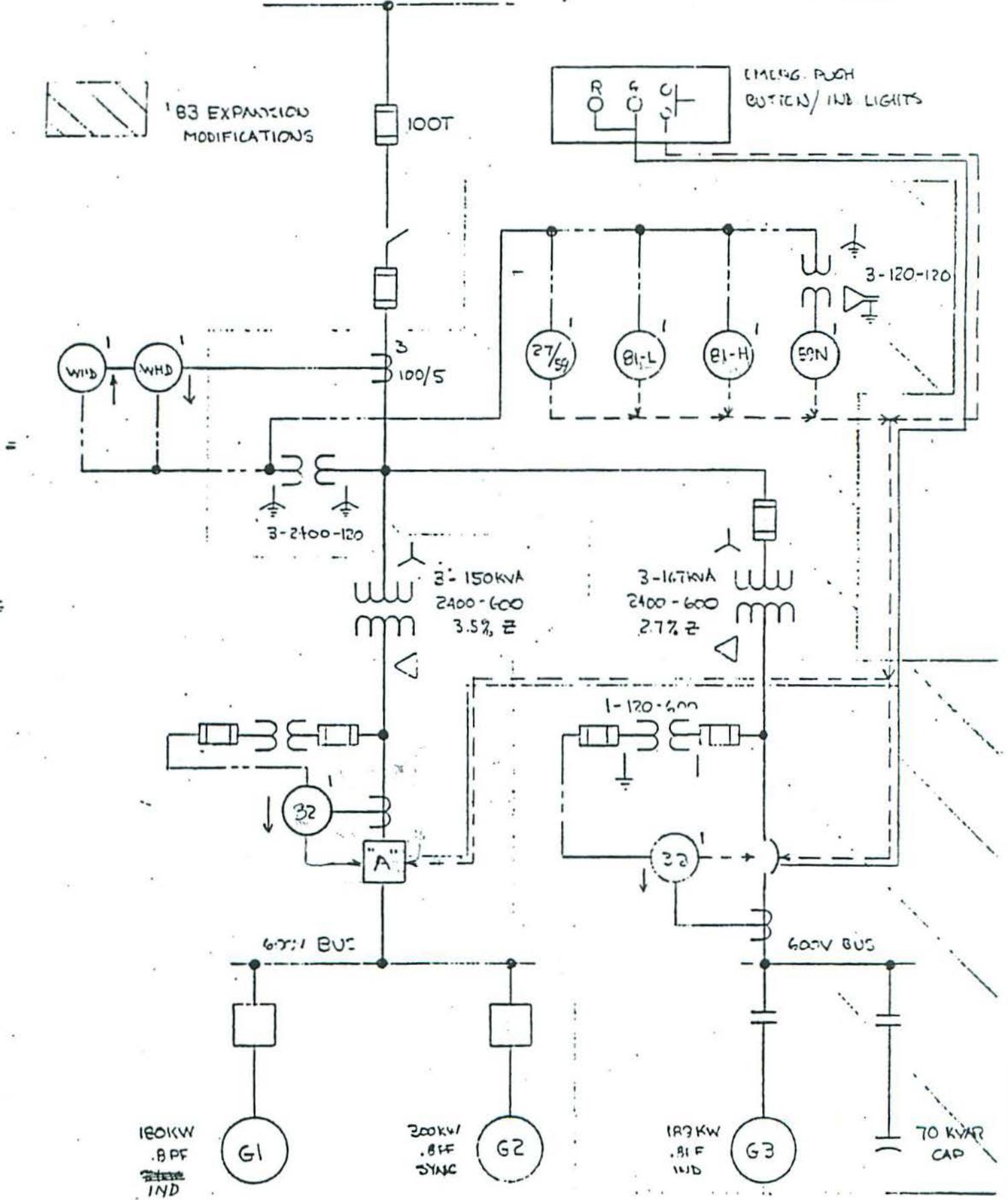
SK-PAMO21883



'83 EXPANSION MODIFICATIONS



EMERG. PUSH
 BUTTON/IND LIGHTS



Attachment C-1

**Franklin Falls Hydroelectric Project
(MSS882)**

**COMMONWEALTH OF MASSACHUSETTS EXECUTIVE OFFICE OF
ENERGY AND ENVIRONMENTAL AFFAIRS DEPARTMENT OF ENERGY
RESOURCES RPS CLASS II ELIGIBILITY DECISION
dtd January 6, 2011**



COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF
ENERGY AND ENVIRONMENTAL AFFAIRS
DEPARTMENT OF ENERGY RESOURCES
100 CAMBRIDGE ST., SUITE 1020
BOSTON, MA 02114
Telephone: 617-626-7300
Facsimile: 617-727-0030

Deval L. Patrick
Governor

Timothy P. Murray
Lieutenant Governor

Richard K. Sullivan, Jr.
Secretary

Mark D. Sylvia
Commissioner

January 6, 2011

Andrew J. Locke
Assistant Treasurer
Essex Power Services, Inc.
55 Union St., 4th Floor
Boston, MA 02108

**RE: RPS Class II Eligibility Decision
Franklin Falls, 0.8 MW in Franklin, NH (HY-4041-12)**

Dear Mr. Locke,

On behalf of the Department of Energy Resources (the Department), I am pleased to inform you that the Statement of Qualification Application for the referenced Generation Unit pursuant to the Massachusetts Renewable Energy Portfolio Standard (RPS) – Class II Regulation is hereby approved. The Department finds that the Generation Unit meets the requirements for eligibility as an RPS Class II Renewable Generation Unit pursuant to 225 CMR 15.05, including the Unit's certification by the Low Impact Hydropower Institute (LIHI) on December 16, 2011. This qualification has an RPS Effective Date of July 1, 2011.

Each Massachusetts Class II Renewable Generation Unit is assigned a unique Massachusetts RPS Class II Identification Number (MA RPS Class II ID#), which must be included in all correspondence with the Department. Your Unit's MA RPS Class II ID# is HY-4041-12.

Please note that the Unit's continued certification by LIHI is a critical condition of continued RPS Class II qualification, and you are obligated to notify the Department of any change in that status within thirty days of such change. Note, in particular, that these RPS qualifications are contingent on compliance with the conditions listed in the Unit's December 16, 2011, LIHI certification, including the deadlines for certain actions stated therein. Accordingly, the entire electrical energy output of the Unit for any month during any portion of which the Unit is under suspension or revocation of its LIHI certification due to the state of its compliance with those conditions, shall not qualify as RPS Class II Renewable Generation, and the Department will instruct the NEPOOL GIS Administrator to not encode the Unit's certificates for such months as RPS Class II Renewable Generation qualified.

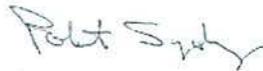
The Department calls your attention to the Capacity Commitment provision in 225 CMR 15.05(1)(e)1. Specifically, you may not commit to any Control Area other than ISO-New England the amount of generation capacity whose electrical energy output is claimed as RPS Class II Renewable Generation.

The Department wishes to remind you of the notification requirements for changes in eligibility status contained in 225 CMR 15.06(3) and for changes in capacity, contact information, and identity of the Owner or Operator contained in 225 CMR 15.06(6). The Owner or Operator of the Generation Unit shall submit notification of such changes to the Department no later than five days following the end of the month during which such changes were implemented.

Finally, the Department wishes to remind you to be cognizant of the Operating Rules and the reporting requirements of the NEPOOL GIS, which may be amended from time to time, and compliance with which may affect the RPS qualification of your Generation Unit's GIS certificates.

If you have any questions or concerns about the Statement of Qualification or any aspect of the RPS program, please contact Howard Bernstein, RPS Program Manager, at the Department's address, or (617) 626-7355, or howard.bernstein@state.ma.us.

Sincerely,



Robert Sydney
General Counsel

Encl: Statement of Qualification

Commonwealth of Massachusetts
Executive Office of Energy and Environmental Affairs
DEPARTMENT OF ENERGY RESOURCES

STATEMENT OF QUALIFICATION

Pursuant to the Renewable Energy Portfolio Standard – Class II
225 CMR 15.00

This Statement of Qualification, provided by the Massachusetts Department of Energy Resources (DOER or the Department, signifies that the Generation Unit identified below, as described in a Statement of Qualification Application dated June 20, 2011(SQA #10869), meets the requirements for eligibility as an RPS Class II Renewable Generation Unit, pursuant to the Renewable Energy Portfolio Standard – Class II, 225 CMR 15.05. Therefore, this Generation Unit is duly qualified as an RPS Class II Renewable Generation Unit.

Generation Unit Name, Capacity,
and Location:

Franklin Falls
0.8 MW
Franklin, NH

Authorized Representative's Name
and Address:

Andrew J. Locke
Assistant Treasurer
Essex Power Services, Inc.
55 Union St., 4th Floor
Boston, MA 02108

This RPS Class II Renewable Generation Unit is assigned a unique Massachusetts RPS Identification Number, listed below. Please include the ID number on all correspondence with DOER.

MA RPS Class II ID #: HY-4041-12

This Unit's RPS Effective Date is: **July 1, 2011**

This Unit's NEPOOL GIS Generation Asset Identification Number is:

MSS882

Qualification of this Generation Unit as an RPS Class II Renewable Generation Unit is subject to all applicable provisions in 225 CMR 15.00, including but not limited to the following.

Pursuant to 225 CMR 15.05(1)(a)6.d, the RPS Class II qualification of the Unit is contingent on the Unit remaining certified by the Low Impact Hydropower Institute (LIHI). This provision includes compliance with the conditions listed in the Unit's December 16, 2011, LIHI certification, which was effective April 10, 2011. Accordingly, the entire electrical energy output of the Unit for any month during any portion of which the Unit is under suspension or revocation of its LIHI certification due to the state of its compliance with those conditions, shall not qualify as RPS Class II Renewable Generation, and the Department will instruct the NEPOOL GIS Administrator to not encode the Unit's certificates for such months as RPS Class II Renewable Generation qualified.

The Unit Owner, Operator, or Authorized Agent shall inform DOER within 30 calendar days of its notification by LIHI of any suspension or revocation of the Unit's LIHI, as well as of any restoration of such certification, any denial of an application to renew its LIHI certification, or any decision to not apply for such renewal.

Pursuant to 225 CMR 15.05(1)(e)1, the amount of the generation capacity of the Unit whose electrical energy output is claimed as RPS Class II Renewable Generation shall not be committed to any Control Area other than the ISO-NE Control Area.

Pursuant to 225 CMR 15.06(5) and (6), the Unit's Owner or Operator is obligated to notify DOER of any changes in the characteristics of the Unit that could affect its eligibility status, as well as any changes in the Unit's ownership, generation capacity, or contact information.

Pursuant to 225 CMR 15.11, DOER may conduct site visits, as well as audits and inspections of documents related to the Unit's compliance with 225 CMR 15.00, including the provisions of this Statement of Qualification.

DOER may suspend or revoke this Statement of Qualification if the Owner or Operator fails to comply with 225 CMR 15.00, including the provisions of this Statement of Qualification.



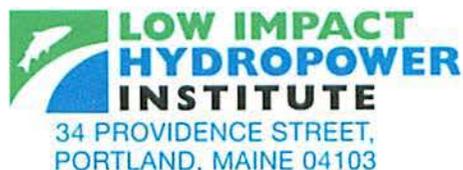
Mark D. Sylvia
Commissioner
Department of Energy Resources

Date: **January 6, 2011**

Attachment C-2

**Franklin Falls Hydroelectric Project
(MSS882)**

**CERTIFICATION BY THE LOW IMPACT HYDROPOWER INSTITUTE AS A
LOW IMPACT FACILITY
dtd December 15, 2011**



December 16, 2011

Alan Larter
Hydro Realty
PO Box 216
Franklin, NH 03235

Subject: Franklin Falls Hydroelectric Project
LIHI Certificate No. 83

Dear Mr. Larter:

I am delighted to report that at LIHI's December 15, 2011 meeting, the Institute's Governing Board determined that the Franklin Falls Hydroelectric Project meets the LIHI Certification Criteria. An original LIHI certificate will be forwarded to you once the Governing Board Chair and Secretary have executed it.

In reaching its decision to certify the Franklin Falls Hydroelectric Project, the Low Impact Hydropower Institute's Governing Board reviewed the application for certification, as well as the Application Reviewer's report and recommendations. LIHI certification for the Franklin Falls Hydroelectric Project is granted for 5-year term beginning on April 10, 2011 and expiring on April 10, 2016.

During the time the Franklin Falls Hydroelectric Project is certified, you may market the Franklin Falls Project facilities as a LIHI certified facility. It is your responsibility to maintain compliance with the certification criteria and to notify us of any changed conditions relevant to the certification. This could include changes in agency recommendations or changes in operations. You will also be asked to fill out a short form each year to confirm compliance during the preceding year. The Institute may also conduct occasional follow-up checks with you and/or relevant resource agencies to ensure that the Franklin Falls Hydroelectric Project remains in compliance.

I strongly recommend you review LIHI's Certification Use Requirements (addressing the language to be used for describing a LIHI Certified Facility for marketing purposes), our Compliance standards and the penalties for non-compliance, as well as current information about renewing your certification. That information, as you know, is available at the LIHI website (www.lowimpacthydro.org). If you have any questions about any of those materials please call.

If the Institute identifies a problem with Franklin Falls Hydroelectric Project's compliance with the certification criteria, it will evaluate the situation and take any necessary actions. In the case of non-compliance, possible responses include the suspension or revocation of the certification. Factors to be considered would include the scope, duration, and intensity of any non-compliance, its effects on the environment, whether the violation was intentional or not, and whether or not there was a valid reason (e.g., public safety) for the non-compliance.

All applicants for certification that have filed an initial LIHI application after November 7, 2007 will be invoiced an Annual Fee on the first anniversary of their certification date. All existing certificate holders filing for recertification after November 7, 2007 will be billed the recertification processing fee and, after the first anniversary of their certification date will be invoiced an Annual Fee. The certificate holder will not be charged an Annual Fee during the year the Recertification Processing Fee has been invoiced.

The Annual Fee will be 15% of the original Application Processing Fee and the Annual Fee invoicing will be coordinated with the Annual Compliance mailing sent to all certificate holders on their first and subsequent anniversaries.

Thank you for your interest in the LIHI Certification Program, and congratulations on securing LIHI Certification for the Franklin Falls Hydroelectric Project.

Please contact me if you have any questions, or if I can be of any assistance.

Sincerely,

Fred Ayer
Executive Director

cc: Public files

Attachment C-3

**Franklin Falls Hydroelectric Project
(MSS882)**

**EVIDENCE OF SELF-CERTIFICATION AND QUALIFICATION BY THE
NEPOOL GIS AS A MAINE RPS CLASS II RESOURCE
Effective January 1, 2012**

Subject: RE: ME II qualification for Franklin Falls Hydro MSS882
From: James Webb <JWebb@nyseblue.com>
Date: 7/5/2012 1:40 PM
To: Stephen Hickey <sjh@essexhydro.com>

Hey Steve, update complete.

From: Stephen Hickey [sjh@essexhydro.com]
Sent: Wednesday, July 04, 2012 7:45 AM
To: James Webb
Subject: ME II qualification for Franklin Falls Hydro MSS882

James,

Please qualify Franklin Falls (MSS882) as a ME Class II resource effective January 1, 2012.

Thank you,
Steve

Stephen Hickey
Hydro Management Group, LLC
as authorized agent for Franklin Falls Hydroelectric Company
c/o Essex Hydro Associates, L.L.C.
55 Union Street, 4th Floor
Boston, MA 02108
tel: 617-367-0032
fax: 617-367-3796

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My Account

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Hydroelectric Realty Corp - FRANKLINFALLS

Change Password

Generator Information

Hydroelectric/Hydropower

NA

Fuel Type Attributes:
(select all that apply)

Connecticut

Class I Renewable Energy Source:

(check for yes) -- If yes Reveal Output to Regulators must be checked

Class II Renewable Energy Source:

(check for yes) -- If yes Reveal Output to Regulators must be checked

Class III Portfolio Standard:

No -- If yes Reveal Output to Regulators must be checked

State Certification Number:

Date of Eligibility:

(format: MM/YYYY)

CT CEO Eligible:

(check for yes)

R-O-R Hydro: Percentage Qualifying as Class I:

Massachusetts

RPS Class I Renewable Generation Unit:

(check for yes)

Percentage of Generation Qualifying as RPS Class I: **

Solar Carve-Out Unit:

(check for yes)

RPS Class II Renewable Generation Unit:

(check for yes)

Percentage of Generation Qualifying as RPS Class II: **

100

RPS Class II Waste Energy Generation Unit:

(check for yes)

APS Alternative Generation Unit:

(check for yes)

Generation level per year or Energy imported per year above which qualifies as RPS New Renewable Resource:

(MWh)

RPS Statement Of Qualification Number:

HY-4041-1 (format: AB1234YY)

Eligible MA Renewable for NOx allowances claims from Public Benefit

(check for yes)

set-a-side:

MA Renewable NOx State Certification Number:

Maine

Class I New Renewable Energy Resource Qualification:

(check for yes)

Class II Eligible Resource:

(check for yes)

Community Based Renewable Energy:

(check for yes)

Eligible for C02 Netting:

(check for yes)

State Certification Number:

Date of Eligibility:

(format: MM/YYYY)

Rhode Island - Existing Renewable Energy Resource

Existing Renewable Energy Resource:

(check for yes)

Generation level per year above which qualifies as an Existing Renewable Energy Resource:

State Certification Number:

Date of Eligibility:

(format: MM/YYYY)

Percentage of average annual production meeting the requirements for eligibility as an Existing Renewable Energy Resource: **

Rhode Island - New Renewable Energy Resource

New Renewable Energy Resource:

(check for yes)

Generation level per year above which qualifies as a New Renewable Energy Resource:

State Certification Number:

Date of Eligibility:

(format: MM/YYYY)

Percentage of average annual production attributable to the efficiency improvements of additions of capacity placed in service after Dec 31, 1997: **

New Hampshire

Class I Source:

(check for yes)

Average annual electric production (in MWh) from a facility other than hydroelectric from 2004 through 2006, or for the first 36 months after commercial operation if that date is after December

(MWh)

31, 2001:

Average annual production (in MWh) of a hydroelectric facility from the later of January 1, 1986 or the date of first commercial operation through December 31, 2005 (if such a facility was upgraded or expanded during this baseline period, actual generation should be adjusted to estimate the average annual production that would have occurred had the upgrade or expansion been in place for this entire period):

(MWh)

Class II Source: (check for yes)

Class III Source: (check for yes)

Class IV Source: (check for yes)

State Certification Number:

Date of Eligibility: (format: MM/YYYY)

Green-E Certification

Green-E Eligible: (check for yes)

Green-E Fuel Type:

Low Impact Hydro Institute Certification

Low Impact Hydro Institute Eligible: (check for yes)

Reveal Output to Regulators: (check for yes)

* Required Field ** For Existing Renewable Energy Resource + New Renewable Energy Resource, then total percentge must = 100% or leave both blank

Save Cancel

[Privacy Policy](#)

11.0 Build