

**CONFIDENTIAL
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IN COMM FILE**

Steels Pond Hydro, Inc.
c/o William P. Short III
44 West 62nd Street
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NHPUC 1APR'15PM12:21

March 30, 2015

Via E-Mail and U.S. Mail

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

Re: Application Form For Renewable Energy Source Eligibility for Class IV Hydro Sources with a Total Nameplate Capacity of One Megawatt or Less For Steels Pond Hydro, Inc. (the "Application")

Dear Ms. Howland:

Per New Hampshire Public Utilities Commission's Application Form For Renewable Energy Source Eligibility for Class IV Hydro Sources with a Total Nameplate Capacity of One Megawatt or Less, Steels Pond Hydro, Inc. ("Steels Pond" or the "Applicant") submits a completed Application for its Steels Pond Hydro Project (the "Facility" or the "Project") to be certified as a Class IV Hydro Source with a total nameplate capacity of one megawatt or less.

For purposes of responding to inquiries regarding this matter, persons should contact the following:

Primary Contact

William P. Short III¹
 Consultant
 44 West 62nd Street
 P.O. Box 237173
 New York, New York 10023-7173
 (917) 206-0001 (Office)
 (201) 970-3707 (Cell)
w.shortiii@verizon.net

Secondary Contact

Lori D. Barg
 President
 Steels Pond Hydro, Inc.
 581 Quaker Hill Road
 Henniker, New Hampshire 03242
 (802) 454-8458 (Cell)
lori@communityhydro.biz

¹ With this Application, Steels Pond Hydro appoints William P. Short III as its authorized representative.

Upon your review of our submission, if you have any questions or comments, please do not hesitate to contact either Lori Barg or myself.

Sincerely yours,

William P. Shost III

enclosure

cc: Lori Barg (e-mail only)
Barbara Bernstein (e-mail only)

LIST OF ENCLOSURES

Application Form For Renewable Energy Source Eligibility for Class IV Hydro Sources with a Total Nameplate Capacity of One Megawatt or Less For Steels Pond Hydro



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: [Steels Pond Hydro, Inc.](#)

Mailing Address: [581 Quaker Hill Road](#)

Town/City: [Henniker](#) State: [New Hampshire](#) Zip Code: [03242](#)

Primary Contact: [William P. Short III](#)

Telephone: [\(917\) 206-0001](#) Cell: [\(201\) 970-3707](#)

Email address: w.shortiii@verizon.net

2. Facility Name: [Steels Pond Hydro](#)

(physical address) [367 Elm Avenue](#)

Town/City: [Antrim](#) State [New Hampshire](#) Zip Code: [03440](#)

If the facility does not have a physical address, the Latitude [43° 04' 49.97"N](#) & Longitude [71° 58' 04.08"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. MSS # 909

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

5. A description of the facility including the following:
 - 5.a. The gross nameplate capacity 0.300 MW (currently installed, 0.900 MW by year-end 2015)
 - 5.b. The facility's initial commercial operation date December 1984
 - 5.c. The date the facility began operation, if different than the operation date: January 2015
 - 5.d. A complete description of the facility including location, structures and equipment.

The Project is located on Steels Pond along the North Branch of the Contoocook River at 367 Elm Avenue in the Town of Antrim in Hillsborough County, New Hampshire. The Project uses an existing 173-foot-long, 20-foot-high concrete gravity Steels Pond Dam that impounds a reservoir with negligible storage capacity. The Project includes a rebuilt headgate structure, a 74-inch-diameter and ~1,700-foot-long steel penstock. The restored powerhouse presently contains three new turbine generating units with a total installed capacity of 300 KW. This includes two new 120 KW propeller turbines, with 1,200 rpm, 460 Volt vertical induction generators and one new 60 KW pump operating as a turbine with a 1,800 rpm 460 Volt vertical induction generator.¹ It is anticipated that two additional new units, each a 300 KW fixed pitch propeller turbine with 720 rpm, 460 Volt vertical induction generator will be installed by the end of 2015, finances permitting. Water used for generation is discharged from the powerhouse into Franklin Pierce Lake. The dam, headgate structure and powerhouse building have been modified as requested by the FERC and the New Hampshire Division of Dam Safety to bring the Project into compliance with current regulations.

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. Pursuant to 2505.01(c), no generation facility shall be eligible to acquire new certificates under this Chapter while selling its electrical output at long-term rates established before January 1, 2007. Please provide a copy of the facility's long-term rate agreement as **Attachment C**.

¹ The two new 120 KW turbine-generator sets use used vertical induction motors that now operate as generators. To the best knowledge of the Applicant, these induction motors have not previously been used at any site for the generation of electricity. The 60 KW pump operating as a turbine is a totally new piece of equipment. All of the old turbine-generator sets have been removed.

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

Energy from Steels Pond’s three (eventually five) hydro-electric generators is stepped up from 480 V to 34.5 KV and transmitted to PSNH’s 34.5 KV that runs along Elm Avenue in Antrim, New Hampshire.

10. A statement as to whether the facility has been certified under another non-federal jurisdiction’s renewable portfolio standard and proof thereof. *Provide documentation as **Attachment D**.*

The facility has been self-certified as a Maine Class II (another non-federal jurisdiction’s renewable portfolio standard) renewable resource. However, there is no written proof of this certification.

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

The Facility’s electrical output is read by PSNH. This information is conveyed to ISO New England, Inc. (“ISO-NE”), which in turn conveys it directly to APX, Inc. (“APX”), the operator of the NEPOOL Generation Information System (“GIS”). The Facility’s Asset ID and MSS account number is 909. The Applicant has authorized APX to disclose to the Commission the Facility’s monthly generation production.

12. 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 E**.*

13. The name and telephone number of the facility’s operator, **if different from the owner**.

Facility Operator Name: Lori Barg, President

Phone: (802) 454-8458

14. Other pertinent information that you wish to include to assist in classification of the facility provide as **Attachment F**.

CHECK LIST: The following has been included to complete the application:	YES
• All contact information requested in the application.	Yes
• A copy of all necessary state and federal (FERC) regulatory approvals as Attachment A .	Yes
• 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 .	Yes
• A copy of provide a copy of the facility’s long-term rate agreement as Attachment C	Yes
• If applicable , documentation of the hydro facility’s certification(s) in other non-federal jurisdiction’s renewable portfolio standard program(s) as Attachment D .	Yes
• A signed and notarized attestation or Attachment E .	Yes
• A GIS number has been provided or has been requested.	N/A
• Other pertinent information has been provided (if necessary) as Attachment F .	Yes
• This document has been printed and notarized.	Yes
• The original and two copies are included in the packet mailed to Debra Howland, Executive Director of the PUC.	Yes
• An electronic version of the completed application has been sent to executive.director@puc.nh.gov .	Yes

Attachment A

A copy of all necessary state and federal (FERC) regulatory approvals are attached:

- FERC Order Granting Exception From Licensing Of a Small Hydro Project Of Five Megawatts Or Less (Issued October 18, 1983)

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

New Hampshire Water Resources Board) Project No. 3265-002
and Steels Pond Hydro, Inc.

ORDER GRANTING EXEMPTION FROM LICENSING OF A
SMALL HYDROELECTRIC PROJECT OF 5 MEGAWATTS OR LESS

(Issued October 18, 1983)

The Applicant 1/ filed an application for exemption from all or part of Part I of the Federal Power Act (Act) pursuant to 18 C.F.R. Part 4 Subpart K (1980) implementing in part Section 408 of the Energy Security Act (ESA) of 1980 for a project as described in the attached public notice. 2/ 3/

Notice of the application was published in accordance with Section 408 of the ESA and the Commission's regulations and comments were requested from interested Federal and State agencies including the U.S. Fish and Wildlife Service and the State Fish and Wildlife Agency. All comments, protests and petitions to intervene that were filed have been considered. No agency has any objection relevant to issuance of this exemption.

Standard Article 2, included in this exemption, requires compliance with any terms and conditions that Federal or State fish and wildlife agencies have determined appropriate to prevent loss of, or damage to, fish and wildlife resources. The terms and conditions referred to in Article 2 are contained in any letters of comment by these agencies which have been forwarded to the Applicant in conjunction with this exemption.

- 1/ New Hampshire Water Resources Board and Steels Pond Hydro, Inc.; Project No. 3265, filed on July 5, 1983.
- 2/ Pub. Law 96-294, 94 Stat. 611. Section 408 of the ESA amends inter alia, Sections 405 and 408 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. §§2705 and 2708).
- 3/ Authority to act on this matter is delegated to the Deputy Director, Office of Electric Power Regulation, under §375.308 of the Commission's regulations, 18 C.F.R. §375.308 (1982). This order may be appealed to the Commission by any party within 30 days of its issuance pursuant to Rule 1902, 18 C.F.R. 385.1902, 47 Fed. Reg. 19047 (1982). Filing an appeal and final Commission action on that appeal are prerequisites for filing an application for rehearing as provided in Section 313(a) of the Act. Filing an appeal does not operate as a stay of the effective date of this order or of any other date specified in this order, except as specifically directed by the Commission.

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FERC - DOCKETED

OCT 18 1983

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Should the Applicant contest any terms or conditions that were proposed by Federal or State agencies in their letters of comment as being outside the scope of Article 2, the Commission shall determine whether the disputed terms or conditions are outside the scope of Article 2.

Based on the terms and conditions required by Federal and State fish and wildlife agencies, the environmental information in the application for exemption, other public comments, and staff's independent analysis, issuance of this order is not a major Federal action significantly affecting the quality of the human environment.

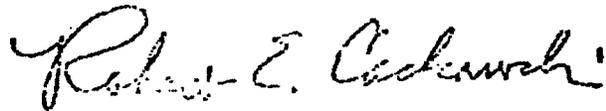
It is ordered that:

(A) The Steels Pond Project No. 3265 as described and designated in The New Hampshire Water Resources Board and Steels Pond Hydro, Inc.'s application filed on July 5, 1983, is exempted from all of the requirements of Part I of the Federal Power Act, including licensing, subject to the standard articles in §4.106, of the Commission's regulations attached hereto as Form E-2, 18 C.F.R. §4.106 45 Fed. Reg. 76115 (November 18, 1980), and the following Special Article.

Article 6. Any exempted small hydroelectric power project that utilizes a dam which is more than 33 feet in height above streambed, as defined in 18 CFR 12.31(c) of this chapter, impounds more than 2,000 acre-feet of water, or has a significant high hazard potential, as defined in 33 CFR Part 222, is subject to the following provisions of 18 CFR Part 12;

- (i) Section 12.4(b)(1)(i)(ii)(2)(i), (iii)(A)(B), (iv), and (v);
- (ii) Section 12.4(c);
- (iii) Section 12.5;
- (iv) Subpart C; and
- (v) Subpart D.

For the purposes of applying these provisions of 18 CFR Part 12, the exempted project is deemed to be a licensed project development and the owner of the exempted project is deemed to be a licensee.



Robert E. Cackowski
Deputy Director, Office of
Electric Power Regulation

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Notice of Application Filed with the Commission

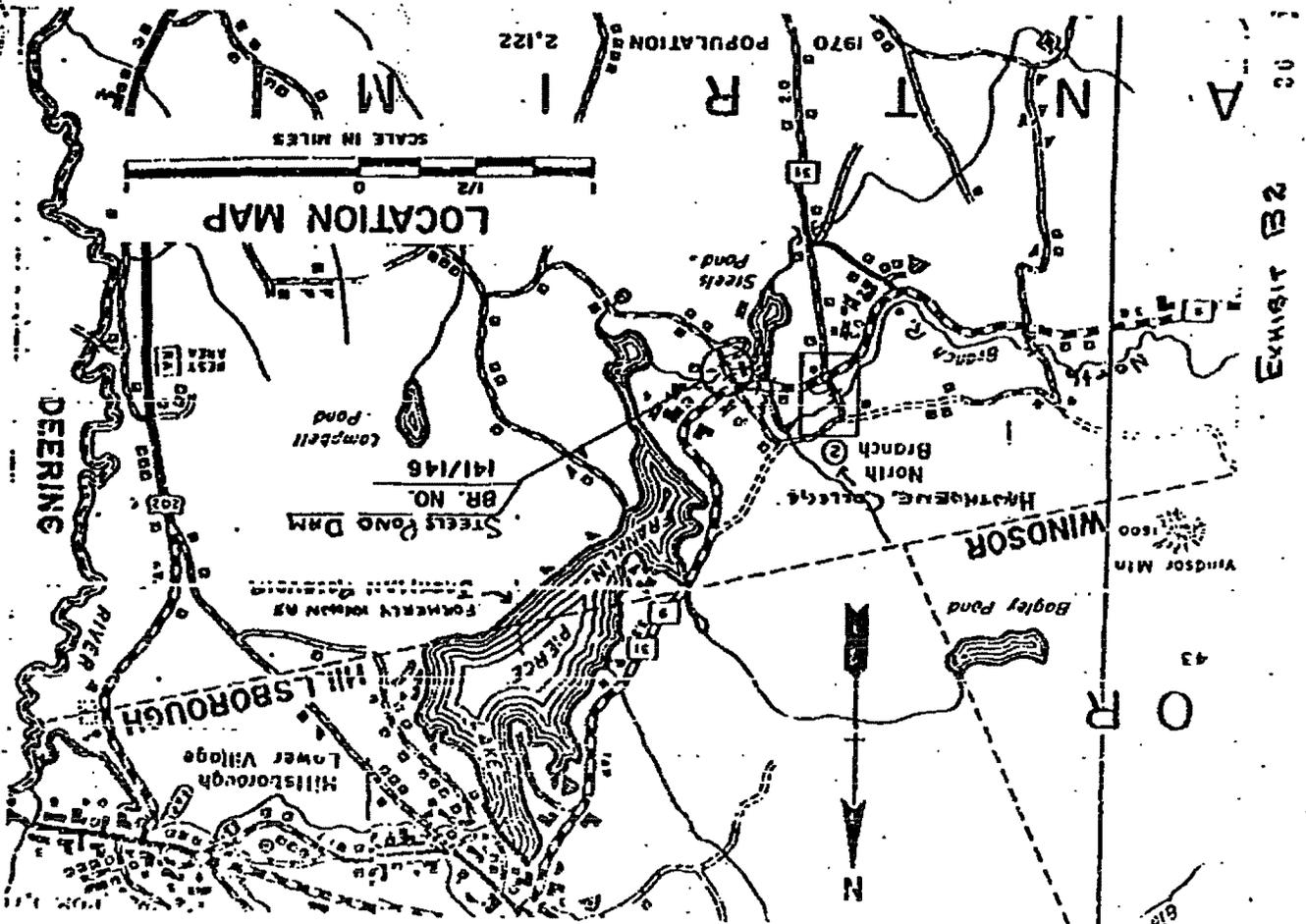
(August 3, 1983)

Take notice that the following hydroelectric application has been filed with the Federal Energy Regulatory Commission and is available for public inspection:

- a. Type of Application: Exemption (under 3 MW)
- b. Project No: 3265-002
- c. Date Filed: July 5, 1983
- d. Applicant: The New Hampshire Water Resources Board and Steels Pond Hydro, Inc.
- e. Name of Project: Steels Pond Project
- f. Location: On the North Branch of the Contoncook River in Hillsborough County, New Hampshire.
- g. Filed Pursuant to: Federal Power Act, 16 U.S.C. §3791(a) - 825(r).
- h. Contact Person: Delbert F. Downing, Chairman, New Hampshire Water Resources Board, 37 Pleasant Street, Concord, New Hampshire 03301 and Moody C. Dole, Steels Pond Hydro, Inc., P.O. Box 8, Campton, New Hampshire 03223.
- i. Comment Date: SEP 16 1983
- j. Description of Project: The proposed project would consist of: (1) the 173-foot-long and 20-foot-high concrete gravity Steels Pond Dam impounding a reservoir with negligible storage capacity; (2) rehabilitation of existing headgates; (3) a new 66-inch-diameter and 1,550-foot-long steel penstock; (4) a new powerhouse with an installed capacity of 903 kW; (5) a new 1,100-foot-long transmission line; and (6) other appurtenances. Applicants estimate an average annual generation of 3,040,000 kWh.
- k. Purpose of Project: Project energy would be sold to the Public Service Company of New Hampshire.
- l. This notice also consists of the following standard paragraphs: A1, A9, B, C and D3a.
- m. Purpose of Exemption: An exemption, if issued, gives the Exemptee priority of control, development, and operation of the project under the terms of the exemption from licensing, and protects the Exemptee from permit or license applicants that would seek to take or develop the project.

03a. Agency Comments - The U.S. Fish and Wildlife Service, The Regional Marine Fisheries Service, and the State Fish and Game Agency (ies) are requested, for the purpose set forth in section 408 of the Act, to file within 60 days from the date of issuance of this notice appropriate terms and conditions to protect any fish and wildlife resources or to otherwise carry out the provisions of the Fish and Wildlife Coordination Act. General comments however, specific terms and conditions to be requested as a condition of exemption must be clearly identified in the agency letter. If an agency does not file terms and conditions within this time period, that agency will be presumed to have none. Other Federal, State, and local agencies are requested to provide any comments they may have in accordance with their duties and responsibilities. No other formal requests for comments will be made. Comments should be confined to substantive issues relevant to the granting of an exemption. If an agency does not file comments within 60 days from the date of issuance of this notice, it will be presumed to have no comments. One copy of an agency's comments must also be sent to the Applicant's representatives.

Kenneth F. Plumb
Secretary



§ 4.106 Standard terms and conditions of exemption from licensing.

Any exemption from licensing granted under this subpart for a small hydroelectric power project is subject to the following standard terms and conditions:

(a) Article 1. The Commission reserves the right to conduct investigations under sections 4(g), 306, 307, and 311 of the Federal Power Act with respect to any acts, complaints, facts, conditions, practices, or other matters related to the construction, operation, or maintenance of the exempt project. If any term or condition of the exemption is violated, the Commission may revoke the exemption, issue a suitable order under section 4(g) of the Federal Power Act, or take appropriate action for enforcement, forfeiture, or penalties under Part III of the Federal Power Act.

(b) Article 2. The construction, operation, and maintenance of the exempt project must comply with any terms and conditions that any Federal or state fish and wildlife agencies have determined are appropriate to prevent loss of, or damage to, fish or wildlife resources or otherwise to carry out the purposes of the Fish and Wildlife Coordination Act, as specified in Exhibit E of the application for exemption from licensing or in the comments submitted in response to the notice of the exemption application.

(c) Article 3. The Commission may accept a license application by any qualified license applicant and revoke this exemption if actual construction or development of any proposed generating facilities has not begun within 18 months, or been completed within four years, from the date on which this exemption was granted. If an exemption is revoked, the Commission will not accept a subsequent application for exemption within two years of the revocation.

(d) Article 4. This exemption is subject to the navigation servitude of the United States if the project is located on navigable waters of the United States.

(e) Article 5. This exemption does not confer any right to use or occupy any Federal lands that may be necessary for the development or operation of the project. Any right to use or occupy any Federal lands for those purposes must be obtained from the administering Federal land agencies. The Commission may accept a license application by any qualified license applicant and revoke this exemption, if any necessary right to use or occupy Federal lands for those purposes has not been obtained within one year from the date on which this exemption was granted.

Attachment B

A copy 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 are attached

GENERATOR INTERCONNECTION AGREEMENT

This INTERCONNECTION AGREEMENT, dated March 6, 2015 by and between Steels Pond Hydro Inc., (hereinafter referred to as the "Interconnector"), and Public Service Company of New Hampshire d/b/a Eversource Energy, a New Hampshire corporation having its principal place of business in Manchester, New Hampshire (hereinafter referred to as "Eversource").

WHEREAS, Interconnector desires to interconnect its 900 kW hydroelectric generating facility as depicted in Attachment A hereto (the "Facility"), located in Antrim, New Hampshire, with the electric system of Eversource in accordance with applicable New Hampshire Public Utilities Commission ("NHPUC") Orders and applicable laws; and

WHEREAS, Steels Pond Hydro Inc., and Public Service Company of New Hampshire had previously entered into an Interconnection Agreement, dated December 21, 1984; and

WHEREAS, Steels Pond Hydro Inc., and Eversource agree that this Interconnection Agreement shall replace and supersede, in their entirety, any prior agreement or contract related to interconnection of the Facility; and

WHEREAS, Interconnector desires to, and Eversource agrees to, provide for the interconnection of the Facility with the electric system of Eversource, its successors and permitted assigns; and

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

NOW, THEREFORE, in consideration of the mutual promises set forth herein the parties do hereby agree as follows:

Article 1. Interconnection and Voltage Characteristics.

The interconnection point shall be that point at which the Facility interconnects with the 34.5 KV electric system of Eversource, as more fully described in Attachment A. Under this Agreement, the Interconnector shall receive and pay for the services necessary for the purpose of connecting the Facility with the Eversource electrical distribution system. The execution of this Agreement does not

constitute a request for, or the provision of, transmission or distribution service. Interconnector is responsible for (a) all arrangements to effect any deliveries of electric energy from the Facility in accordance with the appropriate retail or FERC-jurisdictional tariffs and (b) arranging for its purchase of retail power (such as back-up or stand-by power). This Agreement does not cover sales of power, capacity, energy or market products generated from the Facility.

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

Article 2. Interconnection and Protection Requirements.

Interconnector shall install or provide for the installation of all interconnection, protection, and control equipment as specified in the Interconnection Report ("Report") dated August 19, 2014, attached as Attachment A hereto, and incorporated herein by reference thereto, to ensure the safe and reliable operation of the Facility in parallel with the Eversource system. The Report may be modified from time to time in accordance with this Article 2 as set forth below, and to account for any modifications to the Facility as set forth in Article 5 below. The Interconnector will be responsible 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 as set forth in Article 3 below. Metering of the output from the Facility shall be conducted pursuant to the terms of the Report.

The Interconnector may not operate the Facility in parallel with the Eversource System until: (a) the conditions for initial parallel operation of the Facility set forth in the Report have been met; (b) commissioning and testing of the Facility has been completed in accordance with the Report and to the satisfaction of Eversource; (c) the Interconnector has paid Eversource all funds due pursuant to Article 3 of this Agreement; (d) Interconnector has complied with the insurance requirements of Article 7; (e) Interconnector has provided Eversource a description of the Facility that incorporates all final design changes, including all design changes made during construction; and (f) Eversource has provided formal written authorization stating that operation of the Facility in parallel with the Eversource System is authorized by Eversource.

The Interconnector shall obtain each consent, approval, authorization, order or acceptance

from FERC and/or ISO-NE necessary for the Interconnector or any entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Interconnector (each, an "*Affiliate*") to sell any power, capacity, energy or market products from the Facility into the wholesale power market prior to making any such wholesale sales. The Interconnector shall indemnify, defend and hold harmless Eversource, its trustees, directors, officers, employees, agents and affiliates from any costs, damages, fines or penalties, including reasonable attorneys' fees, directly resulting from Interconnector's or its Affiliate's non-compliance with any provision of this Article 2; provided, however, that such indemnification obligation shall be subject to the limitation of liability set forth in Article 7.

Up to the interconnection point, unless otherwise provided for in the Report, all equipment shall be 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.

The Interconnection Report is subject to, and is based upon, current Eversource standards, as may be amended from time to time, regarding protection and control equipment requirements sufficient to ensure the safe and reliable operation of the Eversource electric distribution system. Interconnector hereby acknowledges that such Eversource standards are periodically reviewed and modified pursuant to standard utility practice, and that Interconnector is responsible for compliance with such standards, at its sole cost, as these standards may be modified from time to time. Additionally, the costs of any such review of the Interconnection Report in Attachment A performed by Eversource will be the responsibility of the Interconnector. Interconnector is responsible for any and all additional costs to ensure that all relevant protection and control equipment, software, hardware, and their capabilities meet then current Eversource standards for interconnection of generating facilities to the Eversource electric distribution system. Eversource will notify Interconnector if upgrades or changes to Interconnector's protection and control equipment are necessary by issuing a new or updated Interconnection Report. Within a mutually agreeable period following the issuance of a new or updated Interconnection Report the Interconnector shall modify the Facility, at the Interconnectors sole expense, to meet the revised requirements thereof. Any disputes will be addressed in accordance with Article 9 of this Agreement.

Prior to the interconnection to Eversource's system under this agreement, Interconnector shall have tested, and every twelve months thereafter, Interconnector shall test, or cause to be tested, all protection devices including verification of calibration and tripping functions; and Interconnector shall provide Eversource with a copy of the tests and results. The Interconnector shall ensure that any such test is performed by an individual or company that Eversource has authorized to perform the testing function.

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 Eversource's system and the Facility. Interconnector shall promptly notify Eversource 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 Eversource, except Eversource 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 Eversource, its agents or employees.

Article 3. General Payment Terms.

Interconnection Costs. The Interconnector is responsible for paying all costs associated with Interconnection of the Facility incurred by Eversource, including (a) testing costs, (b) costs associated with installing, testing and maintaining the communications infrastructure necessary to provide protection and/or monitoring of the Facility, (c) construction, modification and Upgrade costs (as defined in the paragraph below) necessary to accommodate the Interconnection, and (d) any ongoing maintenance costs and other charges deemed necessary by Eversource to maintain the Interconnection (all such costs described in this sentence, the "Interconnection Costs").

Distribution Upgrades. Eversource shall design, procure, construct, install, and own the distribution system upgrades described in the Report (the "Upgrade(s)"). The actual cost of the Upgrades, including overheads, shall be the sole responsibility of the Interconnector.

Initial Cost Estimate. The Report contains a good-faith estimate of the initial Interconnection Costs (the "Initial Cost Estimate").

Billing and Payment Procedures for Interconnection Costs. The Interconnector shall pay Eversource the amount set forth in the Initial Cost Estimate (the "Initial Payment") within thirty (30) days of the Effective Date, subject to extension by mutual agreement of the Parties. Eversource will not incur Interconnection Costs prior to receipt of the Initial Payment. Actual incurred Interconnection Costs may vary from those costs included in (a) the Report, or (b) the Initial Cost Estimate. Eversource shall invoice the Interconnector for all Interconnection Costs as such costs are incurred to the extent that they exceed the Initial Payment, and the Interconnector shall pay each such invoice within thirty (30) days of receipt, or as otherwise agreed to by the Parties. Within ninety (90) days following the date on which Eversource determines that Eversource has received all of the necessary information Eversource has requested from its employees, agents, contractors and/or subcontractors working on, or providing services in connection with, the design and construction of the Interconnection, Eversource shall provide the Interconnector with an accounting report detailing any Underpayment (as such term is defined below) or Overpayment (as such term is defined below) made by the Interconnector with respect to the Initial Payment (the "True-up Report"). To the extent that the actual Interconnection Costs accrued up to the date of the Initial Interconnection exceed the Initial Payment (an "Underpayment"), Eversource shall invoice the Interconnector for an amount equal to the Underpayment and the Interconnector shall pay such amount to Eversource within thirty (30) days of such invoice. To the extent that the Initial Payment exceeds the actual Interconnection Costs accrued up to the date of the Initial Interconnection (an "Overpayment"), Eversource shall refund to the Interconnector an amount equal to the Overpayment within thirty (30) days of the provision of the True-Up Report. Any and all Interconnection Costs incurred by Eversource after the date of the True-up Report shall be billed in accordance with this provision.

Taxes. The Parties shall comply with all applicable federal and state tax laws.

Article 4. Right of Access.

Eversource Right to Access. The Interconnector shall allow Eversource access to Eversource equipment and Eversource facilities located on the Facility's premises (the "*Eversource Property*"). To the extent that the Interconnector does not own all or part of the real property on which Eversource is required to locate Eversource Property in order to serve the Facility, the Interconnector shall procure and provide to Eversource all necessary rights, including easements, for access to Eversource Property. Additionally, Eversource 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. Upon request, Eversource shall provide Interconnector with a copy of any notes, reports or other documents made relating to any such inspection or review.

Isolation Device. Eversource shall have access to the Isolation Device (as described in the Report) of the Facility at all times. Interconnector is responsible for obtaining any and all property rights, including easements, which will permit Eversource access to such Isolation Device.

Right to Review Information. Eversource shall have the right to review and obtain copies of the Interconnector's operations and maintenance records, logs, or other information such as unit availability, maintenance outages, circuit breaker operation requiring manual reset, relay targets and unusual events pertaining to the Facility or its Interconnection. Eversource shall treat such information as confidential and shall use such information solely for the purposes of determining compliance with the operating requirements of Eversource.

Article 5. Modification of Facility.

A description of the Facility as studied is contained in the Report. Any changes to the design of the Facility as it is described and specified in the Report with respect to such Facility must be approved by Eversource in writing prior to the implementation of such design changes. Only design changes approved in accordance with this Article 5 shall be implemented. 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 Eversource System, Interconnector shall give Eversource ninety (90) day prior written notice of its intentions. Eversource will review the modifications at the Interconnectors expense and provide a written notice of approval or notification

that the modification will require revised protection and control equipment. The cost of any and all upgrades to either the Facility interconnection equipment or the Eversource electric distribution system required to permit the Facility modification shall be the responsibility of the Interconnector.

Article 6. Term of Agreement.

This Agreement shall become effective between the parties on the date of execution of this agreement. This Agreement shall remain in full force and effect subject to the suspension and termination rights contained in this Article 6.

Interconnector may terminate this Agreement by giving Eversource not less than sixty (60) days prior written notice of its intention to terminate. Eversource 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 Eversource 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 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.

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

After termination of this Agreement, both parties shall be discharged from all further obligations under the terms of this Agreement, excepting any liability which may have been incurred before the date of such termination. Any reasonable costs incurred by Eversource to physically disconnect the Facility as a result of the termination of this Agreement shall be paid by the Interconnector.

Article 7. Insurance, Performance Assurance, Indemnification & Limitation of Liability.

A. Insurance Requirements.

General Liability. In connection with the Interconnector's performance of its duties and obligations under this Agreement, the Interconnector shall maintain, during the term of this Agreement, general liability insurance with a combined single limit of not less than:

One million dollars (\$1,000,000) per occurrence and in the aggregate for bodily injury and/or property damage claims where the gross nameplate rating of the Facility is less than or equal to an aggregate of 500 KW;

Three million dollars (\$3,000,000) per occurrence and in the aggregate for bodily injury and/or property damage claims where the gross nameplate rating of the Facility is greater than 500 KW.

Insurer Requirements and Endorsements. All insurance required pursuant to this Article 7 A. shall be carried by insurers qualified to underwrite insurance in New Hampshire with an A.M. Best rating of A- or better. In addition, all insurance shall: (a) include Eversource as an additional insured; (b) contain a severability of interest clause or cross-liability clause unless the Interconnector is a residential customer; (c) provide that Eversource shall not be liable to the insurance carrier with respect to the payment of premium for such insurance; and (d) provide for written notice to Eversource thirty (30) days prior to cancellation, termination, or material change of such insurance.

Evidence of Insurance. If insurance similar to the insurance provided by this endorsement is held by the additional insured noted above, the insurance provided by this endorsement is primary to that other insurance, and that other insurance shall not contribute to amounts payable under the insurance provided by this endorsement.

Prior to Eversource commencing any work on system modifications, the Interconnector shall have its insurer provide to Eversource certificates of insurance evidencing the insurance coverage required pursuant to this Article 7 A. Such certificates shall clearly indicate that such insurance policy is written on an "occurrence made" basis. Eversource may, at its discretion, require the Interconnector to maintain tail coverage with respect to any policy written on a "claims-made" basis for a period of three years after expiration or termination of such policy.

All insurance certificates, statements of self insurance, endorsements, cancellations, terminations, alterations, and material changes of such insurance shall be issued and submitted to Eversource.

B. Indemnification.

Indemnification of Eversource. Subject to the limitation of liability set forth in Article 7 C., the Interconnector shall indemnify, defend and hold harmless Eversource and its trustees, directors, officers, employees and agents (including affiliates, contractors and their employees) from and against any liability, damage, loss, claim, demand, complaint, suit, proceeding, action, audit, investigation, obligation, cost, judgment, adjudication, arbitration decision, penalty (including fees and fines), or expense (including court costs and attorneys' fees) relating to, arising from or connected to this Agreement.

Indemnification of the Interconnector. Subject to the limitation of liability set forth in Article 7 C., Eversource agrees to indemnify, defend and hold harmless the Interconnector, its trustees, directors, officers, employees and agents (including Affiliates, contractors and their employees), from and against any and all damages for personal injury (including death) or property damage to unaffiliated third parties arising from any and all actions relating to or arising out of any material failure by Eversource to operate its system in such a manner so as to not unreasonably interfere with the operation of the Facility.

Survival of Indemnification. The indemnification obligations of each Party set forth in this Article 7 B. shall continue in full force and effect regardless of whether this Agreement has expired or been terminated, defaulted or cancelled and shall not be limited in any way by any limitation on insurance.

C. Limitation of Liability.

Except with respect to a Party's fraud or willful misconduct, and except with respect to damages sought by a third party in connection with a third party claim: (a) neither Party shall be liable to the other Party, for any damages other than direct damages; and (b) each Party agrees that it

is not entitled to recover and agrees to waive any claim with respect to, and will not seek, consequential, punitive or any other special damages as to any matter under, relating to, arising from or connected to this Agreement.

Article 8. 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 9. Dispute Resolution and Voluntary Arbitration.

In the event of any dispute, disagreement, or claim (except for disputes referred to the NHPUC under Article 6 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 twenty (20) working days after notice of the dispute has been given, then an affected Party may submit such dispute, disagreement, or claim arising out of or concerning this Agreement to the NH PUC for resolution in accordance with Order 14,797 in DE 80-246. Upon mutual agreement of the Parties, a dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below. In the event the Parties do not agree to submit such claim or dispute to arbitration, each Party may exercise whatever rights and remedies it may have in equity or at law consistent with the terms of this Agreement.

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 10. Operating Requirements.

General Operating Requirements. The Interconnector shall construct, interconnect, operate, and maintain the Facility and all accompanying and necessary facilities in accordance with (a) all applicable laws and requirements and, "Good Utility Practice" (as defined in Section I of the ISO New England Inc., Transmission, Markets and Services Tariff, FERC Electric Tariff No. 3); and (b) ISO-NE operating requirements in effect at the time of construction and other applicable national and state codes and standards. Following the initial Interconnection of the Facility, the Interconnector shall comply with all special operating requirements set forth in the Report. In the event that Eversource believes that the cause of any problem to Eversource originates from the Facility, Eversource has the right to install monitoring equipment at a mutually agreed upon location to determine the exact cause of the problem. The cost of such monitoring equipment shall be borne by Eversource, unless such problem or problems are demonstrated to be caused by the Facility or if the test was performed at the request of the Interconnector in which case the costs of the monitoring equipment shall be borne by the Interconnector. If the operation of the Facility interferes with Eversource's or its customers' operations, the Interconnector must immediately take corrective action to stop such interference and shall not operate the Facility until such time as such interference is stopped. If the Interconnector fails to take immediate corrective action pursuant to

the preceding sentence, then Eversource may disconnect the Facility in accord with Good Utility Practice.

No Adverse Effects; Non-interference. Eversource shall notify the Interconnector if Eversource has evidence that the operation of the Facility could cause disruption or deterioration of service to other customers served from Eversource's system or if operation of the Facility could cause damage to the Eversource system or other affected systems. (For example, deterioration of service could be caused by, among other things, harmonic injection in excess of IEEE STD 519, as well as voltage fluctuations caused by large step changes in loading at the Facility.) The Interconnector shall cease operation of the Facility until such time as the Facility can operate without causing disruption or deterioration of service to other customers served from the Eversource system or causing damage to the Eversource system or other affected systems. Each Party shall promptly notify the other Party in writing of any condition or occurrence relating to such Party's equipment or facilities which, in such Party's reasonable judgment, could adversely affect the operation of the other Party's equipment or facilities.

Eversource shall operate its system in such a manner so as to not unreasonably interfere with the operation of the Facility. The Interconnector shall protect itself from normal disturbances propagating through the Eversource system in accordance with Good Utility Practice. Examples of such normal disturbances include single-phasing events, voltage sags from remote faults on Eversource system, and outages on the Eversource system.

Safe Operations and Maintenance. The Interconnector shall operate, maintain, repair, and inspect, and shall be fully responsible for, the Facility or facilities that it now or hereafter may own unless otherwise specified in this Agreement or the Report. Each Party shall be responsible for the maintenance, repair and condition of its respective lines and appurtenances on such Party's respective side of the interconnection point. Eversource and the Interconnector shall each provide equipment on its respective side of the interconnection point that adequately protects the Eversource system, personnel, and other persons from damage and injury. If Eversource has constructed or owns equipment or facilities, including but not limited to Upgrades, that were required solely as a result of the Interconnection, then, unless otherwise documented in the Report, the costs associated with the operation, maintenance, repair and replacement of such equipment or

facilities shall be the ongoing responsibility of the Interconnector and the Interconnector shall reimburse Eversource such costs.

Ongoing Maintenance; Testing of the Facility. The Parties hereby acknowledge and agree that maintenance testing of the Facility's protective relaying is imperative for safe, reliable operation of the Facility. The test cycle for such protective relaying shall not be less frequent than once every twelve (12) calendar months or the manufacturer's recommended test cycle, whichever is more frequent. The Interconnector shall provide copies of these test records to Eversource within thirty (30) days of the completion of such maintenance testing. Eversource may disconnect the Facility from the Eversource system if the Interconnector fails to adhere to these standards. The Interconnector is responsible for all ongoing maintenance costs associated with the Facility.

Article 11. Disconnection.

A. Temporary Disconnection.

Emergency Conditions. Eversource may immediately and temporarily disconnect the Facility from the Eversource system without prior notification in cases where, in the reasonable judgment of Eversource, the continued connection of the Facility is imminently likely to (a) endanger persons or damage property or (b) cause an adverse effect on the integrity or security of, or damage to, the Eversource system or to other electric power systems to which the Eversource system is directly connected (each, an "*Emergency Condition*"). After temporary disconnection or suspension pursuant to this paragraph, the Facility may not be reconnected or resume operation until Eversource and Interconnector are both satisfied that the cause of such Emergency Condition has been corrected. If the Interconnector fails to correct the Emergency Condition within ninety (90) days from the time that Eversource has temporarily disconnected the Facility due to such an event, Eversource may elect to terminate this Agreement and/or permanently disconnect the Facility.

Routine Maintenance, Construction and Repair. Eversource shall have the right to disconnect the Facility from the Eversource system when necessary for routine maintenance, construction and repairs to the Eversource system. Eversource shall provide the Interconnector

with notice of such disconnection, consistent with Eversource's Planned and Unplanned Outage Scheduling Procedure. If the Interconnector requests disconnection by Eversource, the Interconnector will be provided with information regarding Eversource scheduling practices. Such disconnection shall be scheduled in accordance with Eversource's Planned and Unplanned Outage Scheduling Procedure. Eversource shall make reasonable efforts to work with Interconnector to schedule a mutually convenient time or times to temporarily disconnect the Facility pursuant to this paragraph.

Forced Outages. During any forced outage, Eversource shall have the right to temporarily disconnect the Facility from the Eversource system in order to affect immediate repairs to the Eversource system. Eversource shall use reasonable efforts to provide the Interconnector with prior notice of such temporarily disconnection; provided, however, Eversource may temporarily disconnect the Facility from the Eversource system without such notice pursuant to this paragraph in the event circumstances do not permit such prior notice to the Interconnector.

Non-Emergency Adverse Operating Effects. Eversource may temporarily disconnect the Facility if it is having a non-emergency adverse operating effect on the Eversource system or on other customers (a "*Non-Emergency Adverse Operating Effect*") if the Interconnector fails to correct such Non-Emergency Adverse Operating Effect within forty-five (45) days of Eversource's written notice to the Interconnector requesting correction of such Non-Emergency Adverse Operating Effect. If the Interconnector fails to correct a Non-Emergency Adverse Operating Effect within ninety (90) days from the time that Eversource has temporarily disconnected the Facility due to such an event, Eversource may elect to terminate this Agreement and/or permanently disconnect the Facility.

Modification of the Facility. Eversource has the right to immediately suspend Interconnection service and temporarily disconnect the Facility in the event any material modification to the Facility or the Interconnector's Interconnection facilities has been implemented without prior written authorization from Eversource.

Re-connection. Any temporary disconnection pursuant this Article 11 shall continue only for so long as is reasonably necessary. The Interconnector and Eversource shall cooperate with each other to restore the Facility and the Eversource system, respectively, to their normal operating states as soon as reasonably practicable following the correction of the event that led to the temporary disconnection.

B. Permanent Disconnection.

The Interconnector may permanently disconnect the Facility at any time upon thirty (30) days prior written notice to Eversource. Eversource may permanently disconnect the Facility upon termination of this Agreement in accordance with Article 6. Eversource may permanently disconnect the Facility in the event the Interconnector is unable to correct an Emergency Condition or a Non-Emergency Adverse Operating Effect in accordance with this Article 11.

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. Confidentiality.

Eversource shall maintain the confidentiality of information provided from the Interconnector to Eversource if such information is clearly marked and labeled "Confidential" (the "*Confidential Information*"). Confidential Information shall not include information that (a) is or hereafter becomes part of the public domain, (b) previously was in the possession of Eversource, or (c) Eversource is required to disclose pursuant to a valid order of a court or other governmental body or any political subdivision thereof; provided, however, that to the extent that it may lawfully do so, Eversource shall first have given notice to the Interconnector and given the Interconnector a reasonable opportunity to interpose an objection or obtain a protective order requiring that the Confidential Information and/or documents so disclosed be used only for the purpose for which the order was issued; provided further that if such Confidential Information is requested or required by the NHPUC, Eversource shall seek protective treatment of such Confidential Information.

Article 14. Permits and Approvals.

The Interconnector is responsible for obtaining all environmental and other permits required by governmental authorities for the construction and operation of the Facility (each, a "*Required Permit*"). Eversource assumes no responsibility for obtaining any Required Permit, advising the Interconnector with respect to Required Permits, or assuring that all Required Permits have been obtained by the Interconnector. Upon written request of Eversource, the Interconnector shall promptly provide to Eversource a copy of any Required Permit.

Article 15. Default and Remedies.

A. Defaults. Each of the following shall constitute an "*Event of Default*."

(i) A Party fails to pay any bill or invoice for charges incurred pursuant to this Agreement or any other amount due from such Party to the other Party as and when due, any such failure shall continue for a period of thirty (30) days after written notice of nonpayment from the affected Party to the defaulting Party; provided, however, if such Party disputes such bill, invoice or other amount

due in good faith, then such failure to pay shall not constitute an Event of Default and the Parties shall resolve such dispute in accordance with Article 9;

(ii) A Party (a) fails to comply with any other provision of this Agreement or breaches any representation or warranty in any material respect and (b) fails to cure or remedy such failure or breach within sixty (60) days after notice and written demand by the other Party to cure the same or such longer period reasonably required to cure the same (not to exceed an additional ninety (90) days unless otherwise mutually agreed upon, provided that the failing or breaching Party diligently continues to cure until such failure or breach is fully cured). This provision pertains only to cure periods not specifically addressed elsewhere in this Agreement;

(iii) Interconnector modifies the Facility or any part of the Interconnection without the prior written approval of Eversource; or

(iv) A Party fails to perform any obligation hereunder in accordance with (a) applicable laws and regulations, (b) the ISO-NE operating documents, procedures, and reliability standards, and (c) Good Utility Practice.

B. Remedies. Upon the occurrence of an Event of Default, the non-defaulting Party may, at its option, in addition to any remedies available under any other provision herein, do any, or any combination, as appropriate, of the following: (a) continue to perform and enforce this Agreement; (b) recover damages from the defaulting Party except as limited by this Agreement; (c) by written notice to the defaulting Party terminate this Agreement; or (d) pursue any other remedies it may have under this Agreement or under applicable law or in equity.

Article 16. 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 Eversource electric system and, as between Interconnector and Eversource, all previous agreements including previous discussion, communications and correspondence related thereto are superseded by the execution of this Agreement.

Article 17. 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 18. 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. Eversource 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. Eversource 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 Eversource. In the event of any such assignment, Interconnector shall notify Eversource 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 Eversource, 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 19. 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 20. Changes in State Regulations or Law.

Upon thirty (30) days prior written notice, Eversource may terminate this Agreement if there are any changes in NHPUC regulations or New Hampshire law that affects Eversource's ability to perform its obligations under this Agreement.

Article 21. 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 22. 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 telecopy, 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: Steels Pond Hydro Inc.
 c/o Lori Barg
 President, Steels Pond Hydro Inc.
 113 Bartlett Road
 Plainfield, Vermont 05667

Eversource: Eversource Energy
 780 North Commercial Street
 P. O. Box 330
 Manchester, NH 03105-0330
 Richard C. Labrecque
 Manager, Distributed Generation

Article 23. Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all counterparts so executed shall constitute one agreement binding on all of the Parties hereto, notwithstanding that all of the Parties are not signatories to the same counterpart. Facsimile counterparts may be delivered by any Party, with the intention that they shall have the same effect as an original counterpart hereof.

Article 24. Signatures.

Each Party hereby signifies its agreement to the all of the terms of this Agreement by its signatures hereto. Each Party represents that it has carefully reviewed this Agreement individually and with counsel and that it has knowingly and willingly executed this Agreement.

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.

Interconnector

Signature: Lori Barg

Name: Lori Barg

Title: President-Steels Pond Hydro Inc.
Duly Authorized

Eversource Energy

Signature: Paul Ramsey

Name: PAUL E. RAMSEY

Title: Vice President NH ENGINEERING
Duly Authorized

Attachment C

A copy of the Facility's order surrendering its long-term rate agreement is attached.

DE 02-074

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

Power Supply Arrangement with Steels Pond Hydro

Order Approving Settlement Agreement Amending Rate Order

O R D E R N O. 24,031

August 9, 2002

APPEARANCES: Gerald M. Eaton, Esq. for Public Service Company of New Hampshire; Howard M. Moffett, Esq. and Douglas L. Patch, Esq., Orr and Reno P.A., for Steels Pond Hydro, Inc.; Michael W. Holmes, Esq. for Office of Consumer Advocate; Jack K. Ruderman, Esq. for Governor's Office of Energy and Community Services; Richard W. Head, Esq., State of New Hampshire Office of Attorney General, for Water Resources Council; Edward N. Damon, Esq. for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On April 19, 2002, Public Service Company of New Hampshire (PSNH) filed with the New Hampshire Public Utilities Commission (Commission) a series of motions seeking approval of renegotiated power purchase arrangements with eleven small hydro-electric facilities from which PSNH currently purchases power pursuant to long term rate orders or power purchase contracts previously approved by the Commission,¹ including a motion to amend the rate order involving Steels Pond Hydro, a hydroelectric facility located on the North Branch River in the

¹ These motions were given separate docket numbers from DE 02-064 through DE 02-074 (collectively, the Hydro Dockets). As stated in the joint Order of Notice dated April 22, 2002, the proceedings were provisionally consolidated for purposes of hearing, although each petition would ultimately be considered separately.

Town of Antrim. According to estimates provided by PSNH, the Steels Pond Hydro facility generates 2,600 megawatt hours of power on an annual basis.

By a series of letters from PSNH dated April 25, 2002, each municipality having a hydro-electric facility within its borders was notified of the relevant Hydro Docket, including the Town of Antrim.

By another letter from PSNH dated April 25, 2002, James W. Gallagher, Jr., Chief Water Resources Engineer, Water Division, State Department of Environmental Services was also notified of the pendency of these proceedings.

Other aspects of the procedural history of this docket up to May 24, 2002 are set forth in *Public Service Company of New Hampshire*, Order No. 23,978 (Order Following Prehearing Conference, May 15, 2002) and accordingly are not repeated here.

By letter dated May 29, 2002, Alan Linder, Esq. requested that New Hampshire Legal Assistance be placed on the service list for the limited purpose of receiving copies of documents in the Hydro Dockets.

The New Hampshire Water Resources Council (WRC), a public corporation established by RSA 481:4, filed an appearance and a motion to intervene on May 30, 2002. PSNH, on behalf of itself, the Office of Consumer Advocate (OCA), and Steels Pond

Hydro Company, Inc. (Steels Pond Hydro), the operator of the Steels Pond Hydro facilities, filed an objection to the WRC's motion to intervene on June 17, 2002. The WRC filed a response to PSNH's objection on June 28, 2002.

Steels Pond Hydro filed a Petition to Intervene on June 24, 2002.

WRC filed testimony of James W. Gallagher, Jr. on June 28, 2002.

By secretarial letters dated July 1, 2002, July 2, 2002, and July 3, 2002, the Commission notified the WRC, the Board of Selectmen of the Town of Pittsfield, and Steels Pond Hydro respectively, that their intervention requests were granted. The secretarial letter dated July 3, 2002 clarified that the hydro-electric facilities named in the Commission's Order of Notice, to the extent they wished to participate, would be treated as parties in their respective dockets.

On July 3, 2002, PSNH filed a series of Stipulation and Settlement documents in regard to the Hydro Dockets, including this docket.

GOECS filed a letter in support of the Hydro Docket settlements on July 5, 2002.

A hearing on the Hydro Docket settlements was held on July 9, 2002. During the hearing, the WRC submitted a letter

stating that it was withdrawing its intervention since it and Steels Pond Hydro had reached an agreement whereby the amount in dispute between them will be placed into escrow by Steels Pond Hydro and the issue will be decided in court.²

II. POSITIONS OF THE PARTIES AND STAFF

A. PSNH

The pre-filed testimony of Stephen R. Hall, Rate and Regulatory Services Manager for PSNH, supports the motions made in the Hydro Dockets. The testimony in each of the dockets is substantially similar except that it is modified to reflect data specific to each docket. PSNH supplemented Mr. Hall's pre-filed testimony with testimony of Mr. Hall and Carl Vogel at the hearing.

PSNH's testimony may be summarized as follows:

PSNH reviewed the specifics of the power purchase rate orders or contracts currently in place with fifty eight hydro-electric independent power producers and two non-hydro projects. These projects annually produce 220,000 megawatt hours of power at an annual cost to PSNH of \$25 million, an average cost of \$.114 per kilowatt hour (kWh). PSNH then made buydown offers to fifty five hydro projects; these offers also expressed PSNH's

² The dispute involves an interpretation of a long term lease agreement pursuant to which the State of New Hampshire permits Steels Pond Hydro to generate electricity at the dam, and is further described in Mr. Gallagher's

willingness to make buyout offers to the extent any of the projects were interested in a buyout. Offers were not made to two projects which have an unreliable performance history and have been out of service for an extended period of time; three other projects have contract prices that are close to or less than the offer rate of \$.05 per kWh and so an offer would not have produced any meaningful reduction in stranded costs.

According to PSNH, the specific offers were calculated using the same methodology and assumed a September 1, 2002 closing date. The offers took into account the term of years remaining on the rate order or power contract, the average historical output of a project, and the price currently paid under the rate order or power contract for the project's output. An up-front payment was then calculated based on a revised purchase rate of \$.05 per kWh. The amount of the payment was designed to yield a present value savings of 20% of the difference between what would be paid to the projects under their existing arrangements and the \$.05 per kWh buydown rate.

PSNH states that three projects representing 3,800 megawatt hours accepted its buydown offer and eight projects representing 7,875 megawatt hours opted for a buyout. Under the buydown offers, the projects will continue to sell all of their

testimony.

output to PSNH through the remaining term of the rate order or power contract; projects choosing a buyout have the option of continuing to sell output to PSNH at short term avoided cost rates as established consistent with the PSNH Restructuring Settlement Agreement, see Docket No. DE 99-099, or selling to other energy suppliers or utilities.

For those projects accepting a buydown or buyout offer, PSNH and the hydro producer entered into an agreement to modify or terminate the rate order or power contract. Such agreement also described necessary changes, if any, to interconnection terms, based on the individual circumstances. Each of these agreements was made subject to the Commission's approval of the proposed renegotiated arrangement.

PSNH states that the determination of annual energy generated was based on each project's historical average which was then apportioned to a monthly figure using a ratio based on the overall historical trend of hydro-electric generation. The ratio recognizes maximum output during spring runoff and in late fall, with minimum output occurring in the summer months.

According to PSNH, each buydown and buyout offer consisted of an up-front payment equal to 80% of the net present value, using a 10% discount rate, of the difference between the cost of power under the current pricing arrangement less the

cost of power at (i) \$.05 per kWh for buydown offers and (ii) for buyout offers, the projected cost of replacement power over the remaining term of each project.³ The savings for a buydown was calculated to be the difference between what PSNH would have paid to the project under the existing rate order or power contract and what it will pay under the restructured agreement for the same amount of power priced at \$.05 per kWh along with the up-front payment. The savings for a buyout was calculated to be equal to the difference between what PSNH would have paid the project for the power under the existing rate order or power contract and what it anticipates it will now pay for the same amount of replacement power on the ISO market, along with the up-front payment.

Regarding the factors listed in RSA 362-A:8,II(b), PSNH states that the approval and consummation of the proposed renegotiated arrangements will have a positive impact on the State and local communities, and on electric rates. More particularly, PSNH states that the cost of energy purchases pursuant to Commission rate orders issued to the independent power producers is the largest single stranded cost which PSNH's customers currently bear; these above market costs are recovered

³ The cost of replacement power was assumed to be \$.04 per kWh through 2006 and then escalated at 4% annually through the remaining term of the rate order or power contract.

dollar-for-dollar in Part 2 of PSNH's stranded cost recovery charge. According to PSNH, approval of the proposed renegotiated arrangements will lower these costs in accordance with legislative policies. Furthermore, PSNH states that since most of the projects are expected to continue to operate, there is likely to be little loss of project-related jobs resulting from the proposed renegotiated arrangements.

PSNH also expects the impact on local property taxes to be minor. PSNH states that the majority of projects are subject to payment in lieu of taxation arrangements under which the projects pay towns a small percentage, ranging from 1% to 5%, of their revenues. Since the eleven projects are located in nine different towns with no town having more than two projects, PSNH believes that the individual impacts will be minimized.

Finally, PSNH states that none of the proposed transactions will have an adverse effect on the state's energy security; New Hampshire and the rest of New England have a capacity surplus and, in any event, the buyout arrangements represent a relatively small amount of capacity.

B. GOECS

GOECS expressed its support for the Hydro Docket settlements in its July 5, 2002 letter. The letter notes that GOECS's participation was limited to monitoring the important

issues raised in the Hydro Dockets, including those listed in RSA 362-A:8 and states that GOECS is

“pleased that the parties were able to reach settlement agreements that result in ratepayer savings, and [is] hopeful that the small hydro electric plants continue to be a part of New Hampshire’s diverse indigenous energy supply.”

C. WRC

The WRC’s testimony in this docket and in DE 02-067 (Pittsfield Mill) is similar. The WRC does not object to the rate reduction aspects of PSNH’s proposals; rather, it intervened in these two dockets in order to protect its claim to a share of the lump sum payments. As noted above, the claim is based on an interpretation of a long term lease agreement. According to the WRC, payments made by Steels Pond Hydro pursuant to the lease agreement are deposited into a Dam Maintenance Fund established under RSA 482:55. This Fund is used to pay maintenance, repair, reconstruction and operational costs of State owned dams as part of the State’s commitment to maintain its dams and impoundments for future generations and to promote public safety. The WRC was concerned that the hydro-electric facility operators not circumvent the leases for a financial advantage at the expense of dam safety. In withdrawing its intervention, the WRC implicitly expressed its

satisfaction that its concern is adequately addressed through its agreement with Steels Pond Hydro.

III. SUMMARY OF THE TERMS OF THE STIPULATION AND SETTLEMENT

The Stipulation and Settlement in this docket was executed by PSNH, OCA, Commission Staff and Steels Pond Hydro. It is similar to the settlement agreements entered into in the other Hydro Dockets except that certain provisions are tailored specifically to reflect the particular facts and circumstances in this docket. Furthermore, it is consistent with the specific offer made to and accepted by Steels Pond Hydro.

The Stipulation and Settlement provides that if it is approved by the Commission, PSNH will make a lump sum payment to Steels Pond Hydro in exchange for the amendment of its thirty year rate order⁴ as provided in the Addendum to the Interconnection Agreement and the Stipulation and Settlement. The amendment will reduce the price paid to the hydro producer to five cents per kilowatt-hour for all generation output from its facility until the termination of the amended rate order. The lump sum payment was calculated based upon 80% of the net

⁴ See Order No. 17,306 in Docket No. DR 84-279 69 NH PUC 646 (1984) (Rate Order).

present value of the difference between the expected payments under the Rate Order for the remainder of its term and five cents per kilowatt-hour.

In this case, the lump sum payment of \$1,298,266 is payable on September 1, 2002, and the net present value of the savings from the renegotiated arrangement is calculated to be \$324,566. PSNH will retain 20% of the calculated savings, \$64,913, in accordance with RSA 362-A:4-d. PSNH will create a regulatory asset equal to the sum of the lump sum payment and 20% of the savings, \$1,363,179. The regulatory asset will be amortized over the remaining term of the Rate Order and will be recovered as a Part 2 stranded cost. Carrying charges will accrue on the unamortized balance of the regulatory asset at the Stipulated Rate of Return, as described in the Agreement to Settle PSNH Restructuring in Docket No. DE 99-099. If the closing of the renegotiated agreement is completed after September 1, 2002 but before December 31, 2002, the amounts of the lump sum payment, savings and regulatory asset will be adjusted to reflect the actual payment date. If PSNH does not make the lump sum payment before December 31, 2002, PSNH must re-file its motion if it wishes to pursue a renegotiated agreement.

In order to address OCA's concern over recent legislative efforts to provide financial incentives to small power producers to continue operations beyond the early termination of their rate orders or long term purchase power contracts,⁵ Steels Pond Hydro, including its successors or assigns, agrees that

"should it receive any additional payments either directly from PSNH or its customers, excluding direct retail sales to PSNH customers over the remaining life of the rate order to continue or restart generating at the facility subject to the current buydown or buyout, then the lesser amount of the original or additional payment (plus interest calculated in accordance with Puc [1203.03(i)(3)]) shall be refunded through a payment to PSNH on behalf of its customers."

Paragraph 6 of the Settlement and Stipulation refers to and describes certain information provided by PSNH regarding the factors the Commission must consider pursuant to RSA 362-A:8. Among the points made by PSNH are the following:

Because the hydropower industry is not labor intensive, there would be minimal loss of jobs if the hydro producer terminated operations. Property tax payments, including payment in lieu of taxation arrangements, for all eleven projects totaled only \$31,000. Because the exemption from local property taxes formerly in RSA 362-A:6 has been

⁵ In explaining this provision at the hearing, PSNH stated that it is intended to preclude a hydro producer from retaining both the lump sum payment and a possible future government authorized subsidy. See Transcript of July 9, 2002 at 22-28.

repealed, local communities can now levy *ad valorem* real estate taxes to replace the revenue dependent payments in lieu of taxation. In terms of environmental and health impacts, the renegotiated arrangements should not have any impacts as to facilities that continue to operate; even if a facility would discontinue hydropower production, no environmental or health impacts are expected unless possibly the dams are operated in a different manner than before. In that case, PSNH is not aware of any significant adverse environmental or health related impacts which are likely to result from the renegotiated arrangements if applicable environmental and health protection laws, regulations and licensing requirements, including Federal Energy Regulatory Commission licensing and exemption requirements, are complied with. Furthermore, any power generation lost by discontinuance of hydropower production is small and there is adequate capacity coming on line from gas-fired generators to replace any lost generation without significant added environmental or health related impacts.

IV. COMMISSION ANALYSIS

This docket requires us to consider whether it is appropriate to amend our Rate Order as to Steels Pond Hydro and replace it with the arrangements provided for in the Settlement

and Stipulation.⁶ We are authorized to do so by RSA 365:28, after notice and hearing. We conclude that such action is consistent with the public interest and we will therefore approve the Settlement and Stipulation.

As PSNH points out in its pre-filed testimony, the legislature has encouraged the renegotiation of purchased power arrangements with small power producers, including hydro-electric power producers, in order to mitigate stranded costs. See e.g., RSA 374-F:3,XII(c)(2); RSA 362-A:4-c,I. At the same time, in any decision affecting qualifying small power producers and qualifying cogenerators, we must consider certain factors, including the economic impact on the state, community impact, enhanced energy security by utilizing mixed energy sources, potential environmental and health-related impacts, and impact on electric rates. RSA 362-A:8,II(b)(1)-(4).

The ratepayer "share" of the calculated net present value of the savings in this particular docket, \$259,653 is relatively modest, but the estimated ratepayer "share" of the savings from the renegotiated arrangements in all the Hydro Dockets, \$1,030,310, is significant. While it is not possible to determine conclusively that PSNH has negotiated every

⁶ We note we were called on last year to undertake a similar task in connection with proposed renegotiated arrangements involving certain wood-fired cogeneration facilities. See *Public Service Company of New Hampshire*,

possible savings that could have been realized from Steels Pond Hydro, we observe that Staff and the OCA, among others, support the calculation of savings reflected in the Stipulation and Settlement and no party has come forward to contend that the renegotiated arrangements is not sufficiently favorable to ratepayers.

Similarly, we find that the straightforward methodology for calculating and treating the (i) savings to be passed on to both ratepayers and PSNH and (ii) lump sum payments to be made to the hydro producers is fair, reasonable and consistent with applicable requirements.

We note that the information in the record regarding the statutory factors that we must consider is general in nature. Nevertheless, we have no reason to doubt its accuracy in the context of any one of the Hydro Dockets, and no party is contending otherwise. The WRC intervened and initially expressed its concern for the impact of the renegotiated arrangement on dam safety, but at the hearing it withdrew its intervention.

The information in the record addresses all the factors we must consider. We have discussed the favorable impact on electric rates above. Since hydro-electric generation facilities are typically not labor intensive operations, the

impact of the renegotiated arrangements on state and community job loss and job creation does not appear to be significant.

Although the renegotiated arrangements do not increase energy security by utilizing mixed energy sources, they do not appear to adversely affect energy security. For example, the energy output of the eleven renegotiated arrangements represents less than 0.12% of New Hampshire-based generation. Moreover, even for the projects accepting the offers, it is by no means clear that a significant number will cease to generate electricity.

It is conceivable that some of the renegotiated arrangements will result in environmental effects if the facilities are operated in a different manner than they are at present. However, based on information provided by PSNH in the Stipulation and Settlement, it does not appear that any such effects are likely to be significantly adverse if applicable environmental and health protection laws, regulations and licensing requirements are followed.

Accordingly, weighing and considering the information in the record before us, we are persuaded to approve the Stipulation and Settlement in this docket.

Based upon the foregoing, it is hereby

ORDERED, the Stipulation and Settlement entered in

this docket is approved; and it is

FURTHER ORDERED, that in accordance with the Stipulation and Settlement, the Motion to Amend Rate Order No. 17,306 is granted.

By order of the Public Utilities Commission of New Hampshire this ninth day of August, 2002.

Thomas B. Getz
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Michelle A. Caraway
Assistant Executive Director

Attachment D

The Facility has been self-certified under the Maine renewable portfolio standard (a non-federal jurisdiction's renewable portfolio standard) as a Maine Class II renewable resource; however, there is no written proof of this certification.

Attachment E

An affidavit is attached from the Applicant attesting to, among other things, that the contents of the Application are accurate.

AFFIDAVIT

The Undersigned applicant declares under penalty of perjury that contents of this application are accurate and it appoints William P. Short III as its authorized representative.

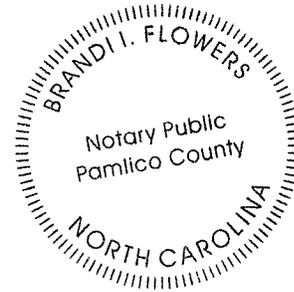
Applicant's Signature Sw By Date 3/23/15
Printed Name LARI BARG

Subscribed and sworn before me this 23 Day of March (month) in the year 2015

County of Craven State of NC

Brandi L. Flowers
Notary Public/Justice of the Peace

My Commission Expires 12-9-16



Attachment F

Other pertinent information, an aerial photograph of the Facility, is attached.



Steels Pond
Steels Pond, Antrim, NH

Steels Pond Penstock

Steels Pond Dam

Steels Pond Powerhouse

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Google earth

Imagery Date: 4/14/2011

43°04'49.49" N 71°57'55.10" W elev 263 m

Eye alt 1.34 km