

November 28, 2017

NH-PUC 28NOV17PM3:55

Ms. Debra A. Howland  
Executive Director and Secretary  
New Hampshire Public Utilities Commission  
21 S. Fruit Street, Suite 10  
Concord, New Hampshire 03301

**Re: Power Purchase Agreements with Briar Hydro (SESD #052) and  
Penacook Upper Falls Hydro (SESD #054),**

Dear Director Howland:

By Order No. 21,190 issued in Docket No. DR 94-002 dated April 19, 1994, the Commission approved five power purchase agreements ("PPA") between Public Service Company of New Hampshire ("PSNH" or "Eversource") and small hydroelectric generators, including agreements with Briar Hydro Associates ("Briar") regarding the Briar Hydro (SESD #052, "Rolfe") and Penacook Upper Falls (SESD #054, "PUF") developments. The PPA involving Rolfe continues through the end of 2022; the PPA involving PUF continues through December 2021.

In light of PSNH's ongoing generation divestiture efforts, changes in the regional electricity market, and to resolve disputes involving the PPAs, PSNH and Briar Hydro Associates have entered into the attached "Termination and Restructuring Agreement" (the "Agreement"). Under the Agreement, both PPAs would be terminated, but the benefits to PSNH's customers from the remaining years of these PPAs would be preserved.

In both PPAs, pricing for the energy output for the last five years of the PPA term is set at "90% of PSNH then-current Energy & Capacity Avoided Cost." For PUF, this 90% of avoided cost period is for years 2017 through 2021; for Rolfe, 2018 through 2022. Under the Agreement, Briar Hydro Associates would continue to pay PSNH the economic value of the current PPAs as follows:

[E]ach calendar month, Briar will pay to Eversource ten percent (10%) of each Project's 1) monthly ISO-New England Forward Capacity revenues (net of any adjustments by ISO-New England) and 2) the product of the hourly ISO-New England Real Time Locational Marginal Price at the Oak Hill Node multiplied by the Project's actual hourly megawatt-hour output (collectively, the "Payment Obligation").

By doing so, the below-market pricing benefits of the current PPAs are preserved for customers. Briar will provide an Irrevocable Standby Letter of Credit ("LOC") naming

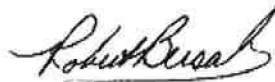
Eversource as the primary and sole beneficiary to protect customers' should Briar default on its payment obligations.

Upon the effectiveness of the Agreement, PSNH would no longer serve as "lead market participant" at ISO-NE for either of these projects, and Briar or one of its assignees would take over all such responsibilities for bidding and scheduling the operation of its projects in the competitive marketplace. This change of responsibility is consistent with PSNH's exit from the generation business and implements the state's goal of reliance upon competitive market forces for the electricity generation segment.

The Agreement's effectiveness is contingent upon receipt of approval from the New Hampshire Public Utilities Commission of the Agreement's terms, including the termination of the 1994 PPAs. PSNH and Briar request that the Commission review the attached Agreement and issue a Secretarial Letter approving the implementation of the Agreement.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert A. Bersak". The signature is fluid and cursive, with a prominent loop at the end.

Robert A. Bersak  
Chief Regulatory Counsel

cc: OCA  
Tom Frantz, PUC  
Andrew Locke, Briar  
Richard Labrecque, PSNH