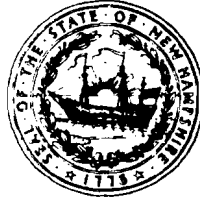


STATE OF NEW HAMPSHIRE



PUBLIC UTILITIES COMMISSION

21 S. Fruit St., Suite 10  
Concord, N.H. 03301-2429

CHAIRMAN  
Thomas B. Getz

COMMISSIONERS  
Clifton C. Below  
Amy Ignatius

EXECUTIVE DIRECTOR  
AND SECRETARY  
Debra A. Howland

TDD Access Relay NH  
1-800-735-2964

Tel (603) 271-2431

FAX No. 271-3878

Website:  
www.puc.nh.gov

G.C. 8/19/09  
Item # 51C  
Approved ✓

August 6, 2009

His Excellency, Governor John H. Lynch  
and the Honorable Council  
State House  
Concord, NH 03301

**REQUESTED ACTION**

1. Authorize the Public Utilities Commission to award grant funds in the amount of \$470,000 to Fraser N.H. LLC, Vendor # 201533, for the purpose of reducing oil usage by 729,372 gallons per year. The project will begin upon Governor and Council approval through December 31, 2009. Funding is 100% Greenhouse Gas Emissions Reduction fund.

Funding is available in account, Grants to Institutions – State, as follows:

|   |           |
|---|-----------|
| 02-81-81-811010-5453 Greenhouse Gas 125-O:23: | FY 2010   |
| 010-081-5453-073-0579 Grants to Institutions  | \$470,000 |

**EXPLANATION**

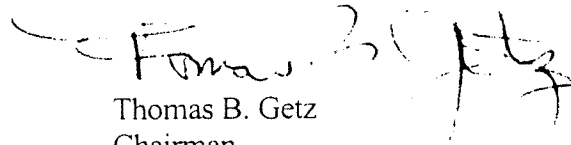
The Public Utilities Commission (PUC) is charged with administering the Greenhouse Gas Emissions Reduction Fund (GHGERF) created by RSA 125-O:23 to support energy efficiency, conservation and demand response programs aimed at reducing greenhouse gas emissions generated within New Hampshire. On February 23, 2009, the PUC issued a Request for Proposals (RFP) for programs to be funded by GHGERF grants. In response to the RFP, the Commission received 84 proposals requesting a total of more than \$50 million in grant funds. Attachment A provides additional information on the grant review and award process.

August 6, 2009  
Page 2

With these funds, Fraser NH, LLC will conduct 5 specific projects that will reduce usage of #6 oil by 729,372 gallons per year. The project will reduce steam requirements on paper machines by 11,149 pounds per hour and fresh river water requirements by 150,000 gallons per day. The program will reduce greenhouse gas emissions (CO<sub>2</sub>) by 8,600 metric tons per year.

In the event that GHGERF funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Thomas B. Getz  
Chairman

## ATTACHMENT A – GRANT REVIEW PROCESS

The PUC issued a Request for Proposals on February 23, 2009. The RFP was developed in consultation with the state's Energy Efficiency and Sustainable Energy Board, created by the legislature in 2008 "to promote and coordinate energy efficiency, demand response, and sustainable energy programs in the state."

The RFP was circulated electronically to a list of more than 300 individuals and organizations known to have an interest in energy policy and programs, including members of the Energy Efficiency and Sustainable Energy Board (EESE Board); posted on the PUC and Office of Energy and Planning websites; advertised in the Union Leader on February 28, April 1 and April 2; and announced via press release to major media outlets in the state.

The PUC formed a grant review committee to evaluate each of the 84 proposals that were submitted. The team consisted of four members of the PUC - Chairman Thomas Getz, Commissioners Clifton Below and Graham Morrison, and Jack Ruderman, Director, Sustainable Energy Division – plus Eric Steltzer of the Office of Energy and Planning, and Richard Ober of the New Hampshire Charitable Foundation. Mr. Ober also serves as the Chair of the EESE Board.

The proposals were broken down into eight separate categories<sup>1</sup> in order to allow for an "apples to apples" comparison. The proposals were then individually evaluated by the review committee using a list of thirteen criteria specified in the PUC administrative rules for the Greenhouse Gas Emissions Reduction Fund (Chapter 2600). The committee then met as a group on a regular basis to identify the strongest proposals within each category, and to assign an overall letter grade to each proposal based on the consensus of the group.

The committee has selected a total of thirty proposals to fund. The first nine were approved at the July 15 Governor and Council meeting. Seven awards (including this one) are now before Governor and Council, and fourteen more will be presented in September and October. In all, the thirty grant awards will amount to more than \$17 million.

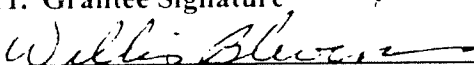
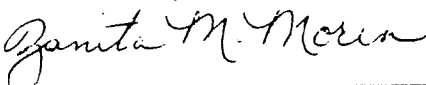
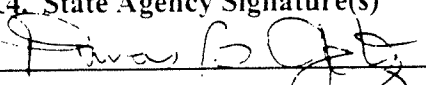
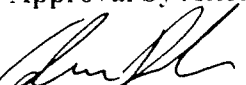
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<sup>1</sup> The eight categories are: job development, monitoring and measurement, multi-objective, outreach and education, revolving loan fund, public entity, commercial entity, and non-profit/educational entity.

The State of New Hampshire and the Grantee hereby mutually agree as follows:

GENERAL PROVISIONS

1. Identification and Definitions.

|  |   |   |   |
|--|---|---|---|
| <b>1.1. State Agency Name</b><br>Public Utilities Commission   |   | <b>1.2. State Agency Address</b><br>21 S. Fruit Street, Suite 10 Concord, NH 03301  |   |
| <b>1.3. Grantee Name</b><br>Fraser N.H. LLC  |   | <b>1.4. Grantee Address</b><br>72 Cascade Flats Gorham, NH 03581                    |   |
| <b>1.5. Effective Date</b><br>G&C approval   | <b>1.6. Completion Date</b><br>12-31-2010 | <b>1.7. Audit Date</b>  | <b>1.8. Grant Limitation</b><br>\$470,000 |
| <b>1.9. Grant Officer for State Agency</b><br>Jack Ruderman  |   | <b>1.10. State Agency Telephone No.</b><br>603-271-2431                             |   |
| <b>1.11. Grantee Signature</b><br>  |   | <b>1.12. Name &amp; Title of Grantee Signor</b><br>Willis Blevins General Manager   |   |
| <b>1.13. Acknowledgment:</b> State of <i>New Hampshire</i> County of <i>Cross</i> , on <i>7/27/09</i> Before the undersigned officer, personally appeared the person identified in block 1.11., known to me (or satisfactorily proven) to be the person whose name is signed in block 1.12., and acknowledged that <u>he</u> executed this document in the capacity indicated in block 1.12. |   |   |   |
| <b>1.13.1 Signature of Notary Public or Justice of the Peace</b><br>(Seal)   |   |   |   |
| <b>1.13.2. Name and Title of Notary Public or Justice of the Peace</b><br><i>ZANITA M. MORIN, NOTARY PUBLIC</i>  |   |   |   |
| <b>1.14. State Agency Signature(s)</b><br>  |   | <b>1.15. Name &amp; Title of State Agency Signor(s)</b><br>Thomas B. Getz, Chairman |   |
| <b>1.16. Approval by Attorney General (Form, Substance and Execution)</b><br>By:  Assistant Attorney General, On: <i>8/3/09</i>   |   |   |   |
| <b>1.17. Approval by the Governor and Council</b><br><br><p style="text-align: center;">On: //</p>   |   |   |   |

2. SCOPE OF WORK: In exchange for grant funds provided by the State of New Hampshire, acting through the agency identified in block 1.1 (hereinafter referred to as "the State"), the Grantee identified in block 1.3 (hereinafter referred to as "the Grantee"), shall perform that work identified and more particularly described in the scope of work attached hereto as EXHIBIT A (the scope of work being hereinafter referred to as "the Project"). Except as otherwise specifically provided for herein, the Grantee shall perform the Project in the State of New Hampshire.

## EXHIBIT A

### SCOPE OF SERVICES

In exchange for receiving grant funds in the amount of \$470,000 from the New Hampshire Public Utilities Commission (PUC), Fraser NH LLC (Grantee or Fraser NH) agrees to utilize reuse of existing hot air, hot water and condensate at their paper mill in Gorham, New Hampshire, reducing annual oil consumption by about 8% and fresh river water intake by approximately 150,000 gallons/day (54 million gallons per year). The specific tasks that Fraser NH will accomplish are set forth in its proposal to the PUC dated March 23, 2009, which is hereby incorporated by reference. The requirements set forth in the PUC's Request for Proposal dated February 23, 2009 are also incorporated by reference. Fraser NH agrees to undertake any additional measures necessary to achieve the program goals set forth in its proposal. The following is intended as a summary of the proposal.

- Task 1: Install a vacuum pump seal water reuse on #11 Paper Machine to reuse hot water.
- Task 2: Improve the Pocket Ventilation System on #11 Paper Machine to reuse hot air.
- Task 3: Improve the Pocket Ventilation System on #14 Paper Machine to reuse hot air.
- Task 4: Install hood Economizer on #19 Paper Machine to reuse hot air.
- Task 5: Install a steam trap collection system on #19 Paper Machine Yankee Hood Air Heater to reuse condensate.

### DELIVERABLES

1. The grantee agrees to prepare and submit quarterly reports to the PUC, in a form and manner prescribed by the PUC, beginning 90 days from the date of Governor and Council approval of this grant agreement and continuing throughout the life of the grant. Reports shall include a detailed summary of all work completed, including an account of milestones achieved, and a description of any obstacles encountered as well as any planned milestones that were not achieved. Within thirty (30) days of the conclusion of the grant award, in lieu of a quarterly report, Grantee shall submit a final report providing a detailed summary of the results of the grant project, obstacles encountered, and any work from the Scope of Services that was not completed.
2. The grantee agrees to carefully track any and all reductions in energy use resulting from the programs and activities funded herein. Grantee will take all steps necessary to document pre-project (baseline) energy use and energy expenditures based on at least three years of data. In addition, Grantee will report on reductions in energy use on a quarterly basis to the PUC and the University of

Grantee Initials UB  
Date 7-28-09

New Hampshire, Carbon Solutions New England (CSNE), for purposes of documenting reductions in energy use and greenhouse gas emission reductions. Energy reductions shall be reported, in a format provided by CSNE, for the following fuels as appropriate: electricity, natural gas, distillate fuel oil (#1, 2 & 4), residual fuel oil (#5 & 6), kerosene, and LPG (propane).

Grantee Initials CB  
Date 7-28-09

## EXHIBIT B

### GRANT AMOUNT, TERMS AND METHODS OF PAYMENT

1. In consideration of the satisfactory performance of the services described in Exhibit A, as determined by the State, the State agrees to pay Fraser NH LLC (Grantee) an amount not to exceed \$470,000.
2. All obligations of the State, including the continuance of any payments, are contingent on the availability of funds derived from the Greenhouse Gas Emissions Reduction Fund pursuant to RSA 125-O:23.
3. Upon approval of this grant award by Governor and Council, Grantee may commence invoicing the PUC for expenditures on a monthly basis. Invoices shall be supported by a summary of activities and a detailed listing and documentation of expenses incurred.
4. Invoices will be reviewed and measured against the scope of services and approved by the Director of the Sustainable Energy Division or his designee.
5. The State agrees to make payments to the Grantee within 30 days from the receipt of approved invoices.
6. Invoices will be submitted to: Business Office, New Hampshire Public Utilities Commission, 21 South Fruit Street, Suite 10, Concord, New Hampshire 03301-2429.

Grantee Initials FCB  
Date 7-28-09

EXHIBIT C  
SPECIAL PROVISIONS

Intentionally left blank.

Grantee Initials WB  
Date 7-27-08



State of New Hampshire  
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that FRASER N.H. LLC, a(n) Delaware limited liability company registered to do business in New Hampshire on April 2, 2004. I further certify that it is in good standing as far as this office is concerned, having filed the annual report(s) and paid the fees required by law.



In TESTIMONY WHEREOF, I hereto  
set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 29<sup>th</sup> day of July, A.D. 2009

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State

FRASER N.H. LLC

ACTION BY WRITTEN CONSENT OF SOLE MEMBER  
WITHOUT A MEETING

May 30, 2008

The undersigned, being the Sole Member of FRASER N.H. LLC, a Delaware limited liability company, (the "Company") consents to the adoption of the following resolutions:

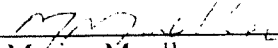
Appointment of Officers

RESOLVED that the following persons are appointed to the offices set forth opposite their respective names to hold office until their successors are chosen or qualified or until their earlier resignation or removal from office in the manner provided by law:

|                 |  |
|-----------------|--|
| Peter Gordon    | Chairman and President                                 |
| Wayne Johnson   | Controller   |
| Donald Levesque | Treasurer  |
| Glen McMillan   | Secretary  |
| Marina Mueller  | Assistant Secretary                                    |
| Richard Charnov | General Counsel  |
| Jeffrey Dutton  | Vice President   |
| William Manzer  | Vice President   |
| Brian McAlary   | Vice President   |
| Willis Blevins  | Mill Manager, Gorham Operations                        |
| William Igoe    | Manager, Technical, Environmental and Quality Services |

IN WITNESS WHEREOF, the undersigned has executed this written consent as of May 30, 2008.

FRASER PAPERS LIMITED

By:   
Marina Mueller  
Assistant Secretary



# ACORD. CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
7/31/2009

**Producer**

AON REED STENHOUSE  
900 HOWE STREET, BOX 3228  
VANCOUVER, B.C.  
V6B 3X8

Phone: (604) 688-4442  
Fax: (604) 682-4026

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

**COMPANIES AFFORDING COVERAGE**

COMPANY A Zurich Insurance Company  
COMPANY B  
COMPANY C  
COMPANY D

**INSURED**

Fraser Papers Inc.  
Fraser NH LLC  
72 Cascade Flats  
Gorham, New Hampshire  
03581 USA

**COVERAGES**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE  | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | LIMITS  |
|--------|--|---------------|----------------------------------|-----------------------------------|---|
| A      | <b>GENERAL LIABILITY</b><br><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br><input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE<br><input type="checkbox"/> OWNERS' & CONTRACTORS' PROT  | 8833185       | MAY 1, 2009                      | MAY 1, 2010                       | GENERAL AGGREGATE \$<br>PRODUCTS—CCMP/OP AGG \$ 5,000,000<br>PERSONAL INJURY \$ 5,000,000<br>EACH OCCURRENCE \$ 5,000,000<br>FIRE DAMAGE (ANY ONE FIRE) \$<br>MED EXP (ANY ONE PERSON) \$ |
|        | <b>AUTOMOBILE LIABILITY</b><br><input type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> HIRED AUTOS<br><input type="checkbox"/> NON-OWNED AUTOS<br><input type="checkbox"/> U.S. AUTO LIABILITY |               |                                  |                                   | COMBINED SINGLE LIMIT \$<br>BODILY INJURY (PER PERSON) \$<br>BODILY INJURY (PER ACCIDENT) \$<br>PROPERTY DAMAGE \$  |
|        | <b>GARAGE LIABILITY</b><br><input type="checkbox"/> ANY AUTO   |               |                                  |                                   | AUTO ONLY—EA ACC.DENT \$<br>OTHER THAN AUTO ONLY: \$<br>EACH ACCIDENT \$<br>AGGREGATE \$  |
|        | <b>EXCESS LIABILITY</b><br><input type="checkbox"/> UMBRELLA FORM<br><input type="checkbox"/> OTHER THAN UMBRELLA FORM   |               |                                  |                                   | EACH OCCURRENCE \$<br>AGGREGATE \$  |
|        | <b>WORKERS COMPENSATION AND EMPLOYERS LIABILITY</b><br>THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input type="checkbox"/> EXCL   |               |                                  |                                   | WC STATUTORY LIMITS OTHER \$<br>EL EACH ACCIDENT \$<br>EL DISEASE—POLICY LIMIT \$<br>EL DISEASE—EA EMPLOYEE \$  |
|        | <b>OTHER</b>   |               |                                  |                                   | \$  |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

**CERTIFICATE HOLDER**

New Hampshire Public Utilities Commission  
21 S. Fruit Street  
Concord, NH 03301-2429

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOUR TO MAIL XX DAYS' WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



Kerry Riley



# Policy Viewer

Named Insured: Fraser Papers Inc.

Policy Number: MWC115734 00

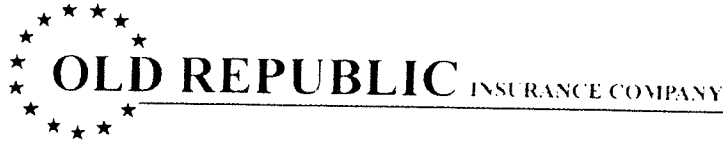
Policy Period: November 1, 2008 - November 1, 2009

Last Revised Date: November 10, 2008

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY  
INFORMATION PAGE**

**OLD REPUBLIC INSURANCE COMPANY**  
(A Stock Company)  
NAIC #24147 NCCI #11509

Producer Name and Address:  
**VON RISK SERVICES, INC.**  
**OF OREGON**  
1211 S.W. FIFTH AVENUE  
SUITE 600  
PORTLAND OR 97204-3799  
#0398



**1. INSURED**

The Insured and Mailing Address:  
**FRASER PAPERS INC. (SEE NAMED  
(SEE NAMED INSURED ENDORSEMENT)  
STE 200, BCE PLACE, 181 BAY STREET  
PO BOX 762  
TORONTO ON CAN M5J 2E3**

Policy No. MWC 115734 00  
Renewal of No. MWC 115393 00  
FEIN No. 010242105  
MNUI No.  
NJ TIN 010242105000  
Interstate/Intrastate Risk I.D. No. 911701944

Other Workplaces not shown above: **On File With Company**  
Insured is: **CORPORATION AND LLC**

**2. POLICY PERIOD**

The Policy Period is from 11-01-2008 to 11-01-2009 12:01 AM at the insured's mailing address.

**3. COVERAGE**

A. Workers Compensation Insurance: Part One of the policy applies to the Workers Compensation Law of the states listed here:  
**CT FL GA IL MA ME NH NJ SC TN VA WI**

B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in item 3.A. The limits of our liability under Part Two are:

|                           |              |               |
|---------------------------|--------------|---------------|
| Bodily Injury by Accident | \$ 2,000,000 | each accident |
| Bodily Injury by Disease  | \$ 2,000,000 | policy limit  |
| Bodily Injury by Disease  | \$ 2,000,000 | each employee |

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here: All states Except those listed in 3A and  
**ND OH PR VA WA WY**

D. This policy includes these endorsements and schedules: **See Forms Index**

**4. PREMIUM**

The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit.

| CLASSIFICATIONS                          | CODE NO. | PREMIUM BASIS<br>TOTAL ESTIMATED<br>ANNUAL REMUNERATION | RATE PER \$100<br>OF REMUNERATION | ESTIMATED<br>ANNUAL PREMIUM |
|--|----------|---|-----------------------------------|-----------------------------|
| <b>See Extension Of Information Page</b> |          |   |                                   |                             |
|  |          | Special Assessments, Surcharges & Policy Fees           | \$                                | 61,951                      |
|  |          | Total Estimated Annual Premium                          | \$                                | 298,656                     |
|  |          | Total Payable   | \$                                | 360,607                     |
|  |          | Deposit Premium   | \$                                |                             |
|  |          | Minimum Premium   | \$                                | 825                         |

Premium adjustments will be made as indicated: **ANNUAL**

Issued At: **POLICY HOLDER SERVICE OFFICE**  
Old Republic Risk Management, Inc.  
445 South Moorland Rd., Suite 300  
Brookfield, WI 53005  
(877) 797-3400

Issued On: 11-10-08

Countersigned:

\_\_\_\_\_  
Authorized Representative Date