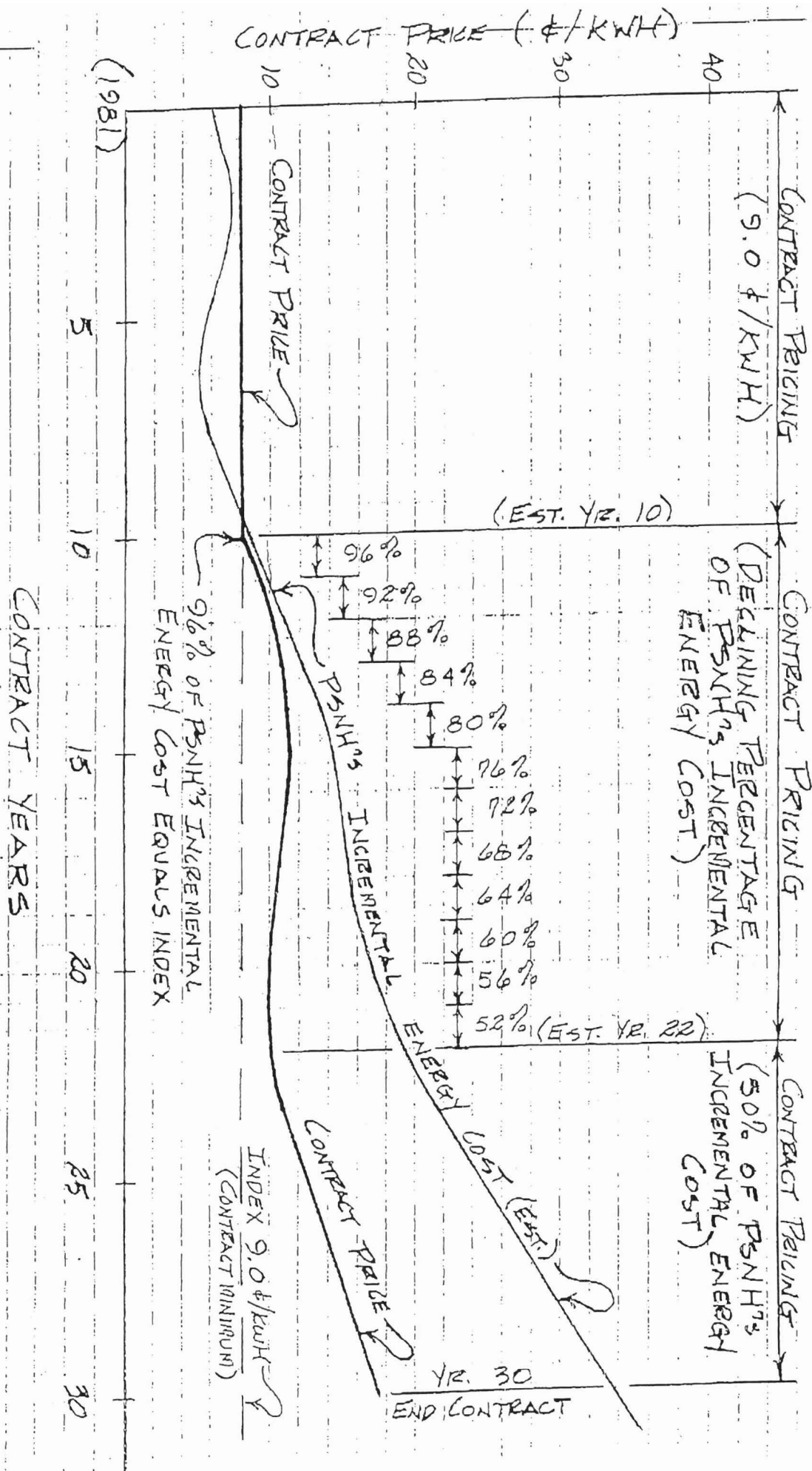


EXHIBIT 1 FIXED RATE - FUTURE ESCALATING CONTRACT

(Hydroelectric Energy Producers)



R.V.P.
30 SEP 81

POLICY STATEMENT
CONTRACT PRICING PROVISIONS
LIMITED ELECTRICAL ENERGY PRODUCERS

Public Service Company of New Hampshire (PSNH) will pursue all viable new supplemental energy sources in order to reduce its dependence on foreign oil, delay construction of future baseload power plants for as long as possible, and provide the best possible service to its customers at the lowest reasonable cost. In this pursuit, PSNH will offer nonfossil fuel burning and hydroelectric Limited Electrical Energy Producers (LEEPS), located in PSNH or its "wholesale for resale" customers franchised areas, the following contract pricing and term provisions.

I. LEEPA Contract Provisions
for Nonfossil Fuel Burning & Hydroelectric LEEPS

In accordance with NHRSA 362-A: Limited Electrical Energy Producers, Act (LEEPA) and subsequent orders of the N.H. Public Utilities Commission (PUC), contract pricing as determined by the PUC, or other regulatory body having jurisdiction, is available. These rates are currently 8.2 cents per kilowatthour (KWH) for dependable capacity and 7.7 cents per KWH for all energy in excess of that generated by the dependable capacity (NH PUC Order No. 14280, June 18, 1980), to the extent discussed in the report accompanying Order No. 14280. These rates may change from time to time as determined by the PUC. LEEPA Contracts will have a termination provision that may be exercised by either party upon twelve months, or less, written notice.

II. Fixed Rate - Future Escalating Contract
Provisions for Nonfossil Fuel Burning & Hydroelectric LEEPS

Contract pricing under the Fixed Rate - Future Escalating provisions will be as outlined below.

- A. An index price of 9.0 cents per KWH is established effective immediately and is the initial price to be paid under this Contract subject to the following provisions.

1. For the first 10 years of the contract, PSNH will retain 10 percent (0.9 cents per KWH) for all energy purchased. During the second 10 years of the Contract, PSNH will pay the LEEP an additional 0.9 cents per KWH, above the contract price, for purchased energy. The total of said additional payments, for any given year, shall not exceed one-tenth (1/10) of the total money retained by PSNH during the first 10 Contract years.
2. At such time that 96 percent of PSNH's incremental energy cost¹ exceeds the index, the rate to be paid under this Contract will vary in accordance with the provisions of Paragraph B.
- B. All payments varying from the index will be determined as a percentage of PSNH's incremental energy cost. As soon as 96 percent of PSNH's incremental energy cost exceeds the index, the Contract price will be based on 96 percent of PSNH's incremental energy cost for a period of one year. For each subsequent year, the percentage of PSNH's incremental energy cost to be paid will be reduced by 4 percent (i.e., 96 percent, 92 percent, 88 percent, 84 percent, etc.) until the incremental energy cost is reduced only 2 percent to reach 50 percent of PSNH's incremental energy cost. At such time, the Contract Price will remain at the 50 percent rate for the remainder of the Contract term.

If the price paid for the previous year is less than the appropriate percentage of PSNH's incremental cost for the previous year, an adjustment will be made for all energy sold to PSNH during that year. The adjustment will consist of an additional payment for each KWH sold to PSNH during the previous year based on the difference between the price paid and the appropriate percentage of PSNH's incremental energy cost during

¹See attached definition of PSNH's Incremental Energy Cost

the previous year. The adjustment will be paid within one month after PSNH's incremental energy cost for the previous year has been determined.

If the price paid for the previous year is more than the appropriate percentage of PSNH's incremental cost for the previous year, an adjustment will be made for all energy sold to PSNH during that year. The adjustment will consist of a refund to PSNH for each KWH sold to PSNH during the previous year based on the difference between the price paid and the appropriate percentage of PSNH's incremental energy cost during the previous year. The refund will be made to PSNH by applying one-twelfth of the total amount as a reduction to each month's payment by PSNH during the current year. If for any month, no payment is due the LEEP, or the payment due is not equal to the refund, a payment to PSNH will be made by the LEEP so that the total recovery is achieved by PSNH by the end of said year.

The term of the Fixed Rate - Future Escalating Contract will be 30 years.

III. Optional Contract Provisions for Hydroelectric Energy Producers

PSNH may, at its discretion, offer hydroelectric energy producers contract provisions similar to those explained in Section II, but containing pricing above the 9.0 cents per KWH index for a certain number of years at the beginning of the Contract. Any payments above the index must be recovered by PSNH, in later Contract years, considering the present worth of money. Furthermore, all contracts offered under Sections II and III of this Policy Statement must be of equal value.

The attached exhibit illustrates the pricing provisions discussed under Section II.

These contract pricing provisions will be offered to all facilities qualifying under LEEPA including those facilities already under contract with PSNH who agree to sell their entire net output to PSNH.

November 5, 1981

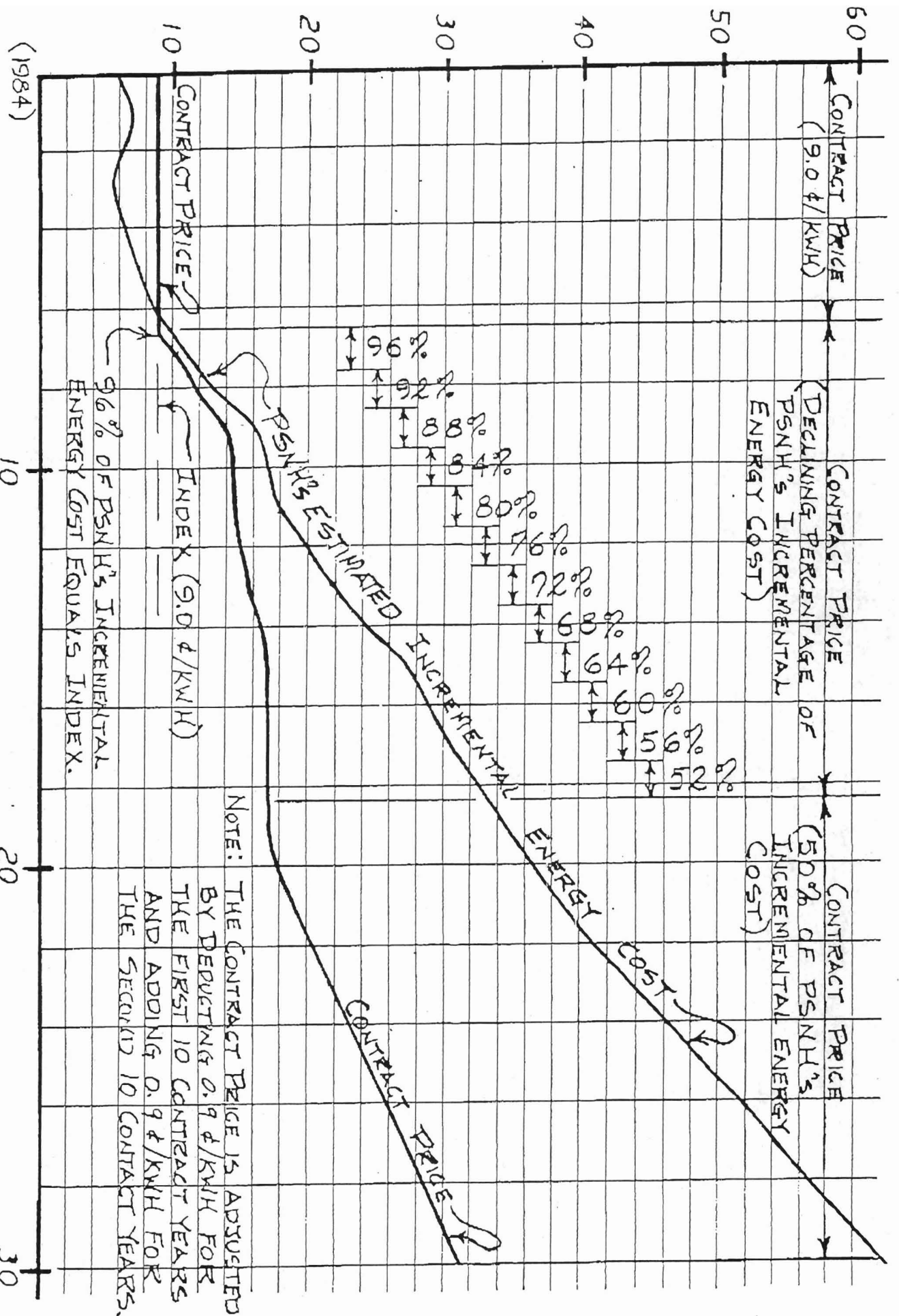
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

DEFINITION OF INCREMENTAL ENERGY COST

Public Service's incremental energy cost, for any hour, is equivalent to the marginal cost of providing energy for that hour. The marginal cost, for any hour, is the energy cost of the most expensive unit or purchased energy supplying a portion of Public Service's load during that hour and includes all costs in the New England Power Exchange (NEPEX) bus rate cost for the incremental unit. The NEPEX bus rate costs are essentially the cost of fuel consumed. Public Service's incremental energy cost, as referred to in the "Policy Statement of Contract Pricing Provisions for Hydroelectric Energy Producers", is expressed as a yearly average and is calculated by averaging all 8,760 hourly incremental energy costs over the calendar year.

October 1, 1981

LAND UNIT FIXED RATE - FUTURE ESCALATING CONTRACT



CONTRACT YEARS

RYP 25 JUN. 82

March 5, 1982

Mr. Warren W. Mack
Vice President, Development
New Hampshire Hydro Associates
99 North State Street
Concord, NH 03301

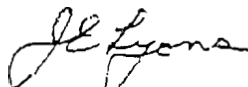
Subject: Long-Term Contract Pricing Provisions
Penacook Lower Falls Hydro
Concord/Boscawen, New Hampshire

Dear Mr. Mack:

In reference to our letter to Mr. Normand, dated March 2, 1982, and our telephone conversation today, attached are our estimated payments under the negotiated contract.

We are in the process of preparing a draft contract for your review.

Very truly yours,



J. E. Lyons, P.E.
Manager
Supplementary Energy Sources

JEL/dfb

cc: D. N. Merrill
H. J. Ellis
D. R. Sklar

CONTRACT PRICING PROVISIONS
PENACOOK LOWER FALLS HYDRO

YEAR	PSNH ¹ IEC	%	% x IEC	FRONT-END RATE	ADJUST- MENT	RECOVERY	ESTIMATED ² PAYMENT
1984	5.94			11.00	-1.00		10.00
85	6.56						10.00
86	5.53						10.00
87	4.72						10.00
88	5.30						10.00
89	6.42						10.00
1990	7.91						10.00
91	9.01						10.00
92	11.63	96	11.16		+0.67	-5.54	6.29
93	13.24	92	12.18				7.31
94	13.44	88	11.83				6.96
95	16.01	84	13.45				8.58
96	18.97	80	15.18				10.31
97	19.83	76	15.07				10.20
98	21.56	72	15.52				10.65
99	24.28	68	16.51				11.64
2000	27.16	64	17.38				12.51
01	30.11	60	18.07				13.20
02	33.39	56	18.70				13.83
03	37.01	52	19.25				14.38
04	41.04	50	20.52				14.98
05	45.50		22.75				17.21
06	49.99		25.00				19.46
07	54.92		27.46				21.92
08	60.34		30.17				24.63
09	66.30		33.15				27.61
2010	72.84		36.42				30.88
11	79.31		39.66				34.12
12	86.34		43.17				37.63
13	93.99		47.00				41.46

1 Estimated PSNH "Incremental Energy Cost."

2 These rates are based on PSNH estimates. The rates shown for years 1992 thru 2013 are not guaranteed by PSNH.



Public Service of New Hampshire

August 8, 1983

Mr. Warren W. Mack
New Hampshire Hydro Associates
99 North State Street
Concord, New Hampshire 03301

Dear Mr. Mack:

This letter will set forth a procedure for billing Public Service Company of New Hampshire for energy generated at Penacook Lower Falls generating facility.

PSNH's Manchester office will read your meter on the last working day of the month and will send you a form showing the month's beginning and ending meter readings and total net kilowatt-hour generation. Please bill the Company on your letterhead for this amount of energy. You should send your bill to my attention (address below) for processing. The Company will mail you a check within twenty days of receiving your bill.

Please call me if you have any questions. My number here in Manchester is 669-4000, extention 2315.

Sincerely,

Mary L. Swist
Mary L. Swist
Assoc. Applications
Analyst

cc: R. Perron

Mary L. Swist
Public Service Company of New Hampshire
1000 Elm Street
P.O. Box 330
Manchester, New Hampshire 03105

MLS/csb
16:234