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NOTED DEC 15 1981 R.V.P.

N. H. HYDRO ASSOCIATES
PENACOOK LOWER FALLS HYDRO
LONG-TERM CONTRACT
14 DEC. 81 IZVP-1

Consider front-end loading of 10¢/kWh for first 8 contract years.

$$pwf'(17.75\%, 8) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-8}}{0.1775} = 4.1093$$

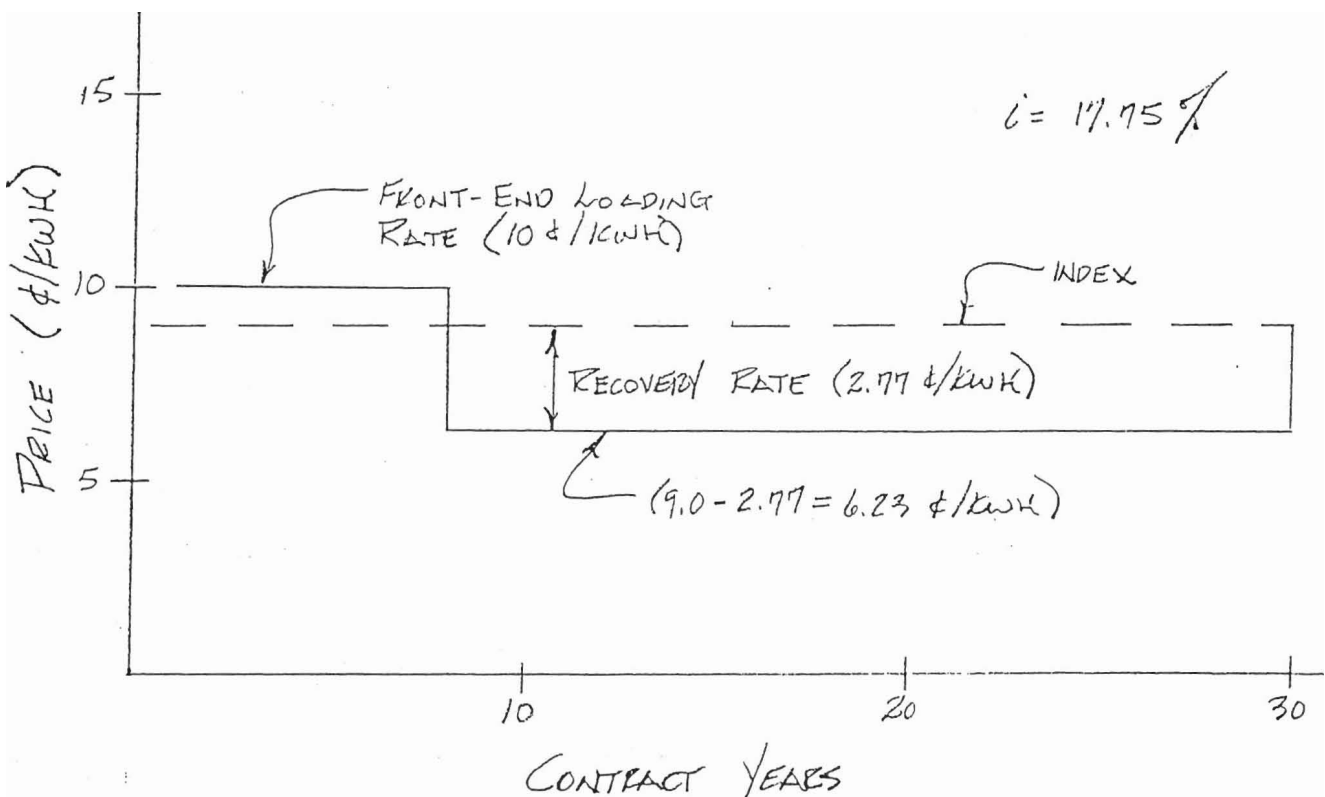
$$pwf'(17.75\%, 22) = \frac{1 - (1+i)^{-n}}{i} = \frac{1 - (1.1775)^{-22}}{0.1775} = 5.4790$$

$$pwf(17.75\%, 8) = (1+i)^{-n} = (1.1775)^{-8} = 0.2706$$

$$(10.0 - \text{index})(pwf' - 17.75\% - 8) = \gamma(pwf' - 17.75\% - 22)(pwf - 17.75\% - 8)$$

$$(10.0 - 9.0)(4.1093) = \gamma(5.4790)(0.2706)$$

$$\gamma = 2.77 \text{ ¢/kWh (RECOVER/ RATE)}$$



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DEC 15 1981

R.V.P.

PENACOOK LOWER FALLS
15 DEC. 81 RVP-2

YEAR	EST. PSNH [*] IEC	%	% x IEC	MINUS RECOVERY	CONTRACT ^{**} RATE
1982	5.77				10.00
83	7.27				10.00
84	5.94				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		(index)	2.77	6.23
91	9.01		(index)		6.23
92	11.63	96	11.16		8.39
93	13.24	92	12.18		9.41
94	13.44	88	11.83		9.06
95	16.01	84	13.45		10.68
96	18.97	80	15.18		12.41
97	19.83	76	15.07		12.30
98	21.56	72	15.52		12.75
99	24.28	68	16.51		13.74
2000	27.16	64	17.38		14.61
01	30.11	60	18.07		15.30
02	33.39	56	18.70		15.93
03	37.01	52	19.25		16.48
04	41.04	50	20.52		17.75
05	45.50		22.75		19.98
06	49.99		25.00		22.23
07	54.92		27.46		24.69
08	60.34		30.17		27.40
09	66.30		33.15		30.38
2010	72.84		36.42		33.65
2011	79.31		39.66		36.89

FRONT-END LOADING

* ESTIMATED PSNH INCREMENTAL ENERGY COST (IEC).

** RATES BEYOND YEAR 1989 ARE ESTIMATED AND ARE NOT GUARANTEED BY PSNH.

EXHIBIT 1

Penacook Lower Falls
15 Dec. 81 TZVP-3

NOTED DEC 15 1981 R.V.P.

FIXED RATE - FUTURE ESCALATING CONTRACT

