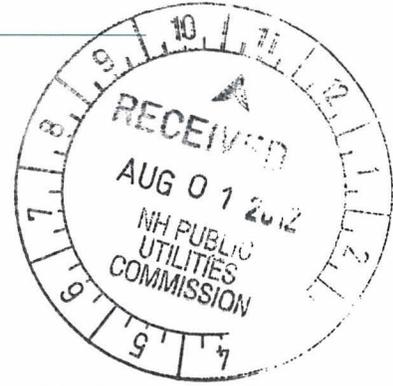


KEI (Maine) POWER MANAGEMENT (II) LLC

Tuesday, July 31st, 2012

Ms. Debra A. Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 South Fruit St., Suite 10
Concord, NH 03301-2429



RE: Docket DE 12-225 Pumpkin Hill (Lowell Tannery) Hydroelectric Project (FERC No. P-4202) / (QF 06-325-001) – Non-Confidentiality of Power Purchase Agreement

Dear Ms. Howland:

On July 26, as a complement to its request for certification of the Pumpkill Hill Hydroelectric Project as a Class IV renewable energy source, KEI (Maine) Power Management (II) LLC sent you a copy of its Power Purchase Agreement (“PPA”) marked Confidential. This document incorporates the interconnection agreement with Bangor Hydro-Electric Company. After discussion with Bangor, we are in a position to make that document public. Hence, you will find attached a copy of this document without the “confidential” stamp on it. You can destroy the previous confidential copy.

We are also sending a copy of a one-line diagram illustrating how the facility is interconnected to the grid since the PPA does not include such a diagram. You will notice as well that the capacity of the facility is indicated at “approximately 850 kW” in the PPA. A more precise figure of 1000 kW was defined in an amendment to the original FERC License in 1996 (see Attachment 4 of our application).

Thank you for your consideration of KEI (Maine) Power Management (II) LLC’s request.

Sincerely,

Stéphane Cohen
Junior Engineer Hydro Sector
KEI (USA) Power Management Inc.
c/o Kruger Energy Inc.

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Pumpkin

DANGOR HYDRO-ELECTRIC COMPANY

AND

PUMPKIN HILL POWER COMPANY

POWER PURCHASE AGREEMENT

DATED: August 9, 1984

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POWER PURCHASE AGREEMENT
BETWEEN
PUMPKIN HILL POWER COMPANY
AND
BANGOR HYDRO-ELECTRIC COMPANY

THIS AGREEMENT, entered into on this *9th* day of *August, 1941* between Pumpkin Hill Power Company (hereinafter referred to as "Seller") and Bangor Hydro-Electric Company (hereinafter referred to as "Buyer").

WHEREAS Buyer is entering into this Agreement in good faith in compliance with section 210 of the Public Utilities Regulatory Policies Act, 35 M.R.S.A. 2323 referred to as the "Small Power Production Facilities Act" and their regulations in order to lessen Buyer's dependence upon foreign supplies; and

WHEREAS Seller holds title in and will operate a facility for the generation of electric power on the Passadumkeag River in Lowell, County of Penobscot, Maine (the "Facility"); and

WHEREAS Seller wishes to sell and Buyer wishes to purchase electric power from the Facility,

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

ARTICLE I: DEFINITIONS

The following terms shall have the following meanings under this Agreement, Appendices and attachments hereto.

"Avoided Cost" is Buyer's standard rate for the month in which energy is delivered for the purchase of energy as established by the Maine Public Utilities Commission (MPUC) pursuant to 65-407 C.M.R. 36.4 (c) (3) (a).

"Capability Period" is the period of six months commencing either November 1 or May 1.

"Capacity" is the ability of the Facility to generate and deliver electric power, expressed in kilowatts ("KW"), useful to Buyer in meeting its peaking needs, including but not limited to serving peak loads, providing back up capacity during periods of forced or planned outages of other Buyer units, and supplying power during system disturbances, less any transformer losses and any line losses between the Point of Metering and the Point of Delivery.

"Capacity Audit" is the means of determining that capacity useful to Buyer is available, which may be, at Buyer's option, by special test and measurement or may be from historical output data. Capacity audits will be conducted in accord with "Instructions for Periodic Capability Audit Test of NEPOOL Generating Units" as the same may be revised from time to time.

"Dispatchable Capacity" is Capacity which is operated under the direction of Buyer's dispatchers or system operators so that it will be most useful to Buyer.

"Dispatchable Energy" is electric energy delivered by Seller to Buyer at the Point of Delivery, under the direction of Buyer's dispatchers or system operators so that it will be most useful to Buyer, less any transformer losses and any line losses between Point of Metering and Point of Delivery.

"Facility" is all of the Seller's plant and equipment used to provide energy and capacity to the Buyer.

"Fixed Scheduled Capacity" is Capacity guaranteed to be delivered by Seller to Buyer in the quantities and at the times specified in this Agreement.

"Fixed Scheduled Energy" is electric energy guaranteed to be delivered by Seller to Buyer at the Point of Delivery, in the quantities and at the times specified in this Agreement, less any transformer losses and any line losses between Point of Metering and Point of Delivery.

"Intermittent Energy" is electric energy to be delivered by Seller to Buyer at the Point of Delivery, on a when, as, and if available basis, less any transformer losses and any line losses between Point of Metering and Point of Delivery. It also includes all energy that may be delivered from time to time in excess of Fixed Scheduled Energy or Dispatchable Energy.

"On Peak" is that 12-hour period of time from 9 a.m. to 9 p.m.

"Off Peak" is all times other than On Peak.

"Point of Delivery" is the location where Buyer's and Seller's electrical facilities are connected.

"Point of Metering" is the location of the meter (s).

"Power Year" is a twelve-month period of time commencing immediately after midnight on November 1 and ending at midnight on October 31 of the following year.

"Scheduled Maintenance Periods" are those times during which the Facility is shut down for routine maintenance operation with the advance approval of Buyer as provided in Article XI.

"Seller's Interconnection Equipment" is all equipment and facilities owned by Seller and located on Seller's side of the Point of Delivery required to be installed solely to interconnect and deliver power to Buyer's system including, but not limited to, connection, transformation, switching, and safety equipment.

"Special Facilities" are interconnection facilities furnished by Buyer at Seller's request or because such facilities are necessary additions and/or reinforcement to Buyer's system.

ARTICLE II: TERM

The term of the Agreement will commence on the date of first delivery of energy by Seller and will continue for a period of thirty years unless terminated pursuant to this Agreement or by mutual agreement of Buyer and Seller.

Seller agrees to deliver and sell and Buyer agrees to accept and purchase the electrical energy from Seller's Facility. However, if such deliveries have not commenced within three months from the scheduled date of delivery as provided for in Article III, this Agreement shall terminate, unless extended by mutual agreement of Buyer and Seller. It is the intent that Seller shall use due diligence in providing the electrical energy from the Facility during the entire term hereof. In the event that no electrical energy is delivered for a period of six (6) consecutive months, Buyer may terminate this Agreement upon thirty (30) days written notice.

ARTICLE III: SALE OF POWER

Seller shall commence deliveries to Buyer on or before March 1, 1986.

Seller agrees to deliver and sell and Buyer agrees to accept and purchase the Intermittent Energy from Seller's Facility, which shall have a nameplate rating of approximately 850 KW.

Buyer shall pay Seller 9.2c/KWH during the initial fifteen year term of this Agreement except that Buyer shall pay Seller 9.0c/KWH for deliveries before November 1, 1985. Seller agrees to carry a surety bond for the exclusive benefit of Buyer executed by a surety licensed to do business in the State of Maine or other evidence of surety acceptable to Buyer in the amounts of \$250,000 during the initial two years of the term and \$500,000 for years three through ten which shall be payable to Buyer in the event of termination of this Agreement by Seller or in the event of termination of this Agreement by Buyer pursuant to Article II hereof or in the event of default by Seller.

During years sixteen through thirty of this Agreement, Buyer shall pay Seller seventy percent (70%) of the Avoided Cost or 9.2c/KWH, whichever is greater.

Seller shall at its expense maintain telephone communication facilities with Buyer's dispatcher for the transmission of operating communications. The operating communications shall include, but not be limited to, system paralleling or separation, scheduled and unscheduled shutdowns, equipment and load reports.

ARTICLE IV: BILLING AND PAYMENT

Buyer shall provide a monthly statement to Seller showing the capacity and/or energy delivered to Buyer during the previous month from which Seller shall compute and submit a monthly bill to Buyer. Buyer shall pay all such bills properly rendered under this Agreement within 30 days from receipt by Buyer.

In the event adjustments to billing statements are required as a result of corrected measurements made by inaccurate meters, the parties shall use the corrected measurements described in Article VI to recompute the amounts due from or to Buyer for the energy and capacity delivered under this Agreement during the period of inaccuracy. If the total amount, as recomputed, due from a party for the period of inaccuracy varies from the total amount due as previously computed, and payment of the previously computed amount has been made, the difference in the amounts shall be paid to the party entitled to it within 30 days after the paying party is notified of recomputation.

ARTICLE V: NOTICES

All notices under this Agreement shall be deemed sufficient if sent by U.S. mail, first class, postage prepaid, as follows:

To Seller: Robert G. Kelly
 President
 Pumpkin Hill Power Company
 Box 147
 Enfield, Maine 04433

To Buyer: Carroll R. Lee
 Vice President, Power Supply and Planning
 Bangor Hydro-Electric Company
 33 State Street
 Bangor, Maine 04401

ARTICLE VI: METERING

The metering of energy from generation which is primarily being supplied to Buyer shall be by meters and metering devices provided, installed, owned, and maintained by Buyer. Buyer will make a one-time charge for the equipment and a monthly charge for operation and maintenance.

All meters used to determine the billing hereunder shall be sealed and the seals shall be broken only by Buyer and upon occasions when the meters are to be inspected, tested or adjusted.

Buyer shall provide access for a representative of Seller to the billing meters at all reasonable times for the purpose of meter reading.

Buyer shall make periodic tests of the aforesaid metering equipment. Upon request of Seller, Buyer will make additional tests. However, if Seller requests a test to be made within twelve months of a previous test, such test shall be at the expense of Seller if the meter proves to be accurate within 2%. In the event errors greater than 2% are discovered, the cost of the test shall be at the expense of Buyer. Retroactive billing adjustments for errors found as a result of any test shall be made for a period equal to one-half of the time elapsed since the last previous tests, but not to exceed six months.

Each party shall give reasonable notice to the other party of the time when any inspection or test shall take place, and that party may have representatives present at the test or inspection. Seller shall be notified prior to all metering tests and shall have the right to observe the test and perform his own test. If the meter is found to be inaccurate or defective, it shall be adjusted, repaired or replaced, at Buyer's expense, in order to provide accurate metering.

ARTICLE VII: FACILITY AND EQUIPMENT DESIGN AND CONSTRUCTION

Seller shall design, construct, install, own, operate and maintain the Facility and all equipment needed to generate and deliver electricity, except for any Special Facilities constructed, installed and maintained by Buyer. Such Facility and equipment shall meet all requirements of applicable national, state and local codes and all standards of prudent electrical practice.

Seller agrees to meet reasonable Buyer requirements for Seller's Facility and equipment. Seller shall submit all its Facility and equipment specifications to Buyer for review prior to connecting its Facility and equipment to Buyer's system. Buyer's review of Seller's specifications shall not be construed as confirming nor endorsing the design nor as any warranty of safety, durability or reliability of the Facility or any of the equipment. Buyer shall not, by reason of such review or failure to review, be responsible for strength, safety, details of design, adequacy or capacity of Seller's Facility or equipment nor shall Buyer's acceptance be deemed to be an endorsement of any facility or equipment. Seller agrees to change its Facility and equipment as may be reasonably required by Buyer to meet changing requirements of Buyer's system.

ARTICLE VIII: REQUIRED EQUIPMENT STANDARDS

Seller shall not employ anything other than three phase generators without first obtaining express written permission from Buyer.

All equipment shall be of utility grade, acceptable to the Buyer.

In the event that Seller's Facility incorporates a synchronous generator, Seller shall furnish, install, and maintain equipment necessary to establish and maintain synchronism with Buyer's system.

In order to protect the Buyer's system from property damage, to minimize the likelihood of injury to operating personnel and third parties, and to allow Buyer to provide service to its non-generating customers in the event Seller's Facility or Seller's Interconnection Equipment encounter operating difficulties, Seller shall provide, install, and maintain the following equipment as required by Buyer:

1. A lockable main disconnect switch which allows isolation of Seller's generation from Buyer's system;

2. An automatic circuit breaker which must be capable of automatic tripping by a protective relaying system after loss of either or both Buyer's and Seller's A.C. Voltage source. The circuit breaker must also be capable of synchronizing the Seller's generator to the Buyer's system.
3. Overcurrent protective relays to be used in conjunction with the automatic circuit breaker required under Paragraph 2;
4. Underfrequency and overfrequency protective relays to be used in conjunction with the automatic circuit breaker required under Paragraph 2;
5. Undervoltage and overvoltage protective relays to be used in conjunction with the automatic circuit breaker as required in Paragraph 2;
6. Voltage transformation, sized and connected as approved by Buyer; and
7. Other equipment as needed on a case-by-case basis.

ARTICLE IX: OPERATION, PROTECTION AND CONTROL OF THE INTERCONNECTION FACILITIES

Seller shall construct, install, own and maintain all Interconnection Equipment on the Seller's side of the visible disconnect that isolates the Seller's equipment from the Buyer's system. This equipment shall be of sufficient size to accommodate the delivery of energy or energy and capacity under this Agreement. All Interconnection Equipment shall be built to meet Buyer construction standards and shall be installed and maintained under Buyer safety standards.

Seller shall allow Buyer to approve the adequacy of all protective devices and to establish requirements for settings and periodic testing; provided, however, that neither such action or inaction by Buyer shall be construed as warranting the safety or adequacy of Seller's Interconnection Equipment.

In the event it is necessary for Buyer to install Special Facilities, other Interconnection facilities to accommodate Seller's deliveries, or to reinforce its system for purposes of this Agreement, Seller shall reimburse Buyer for all Buyer's costs associated therewith.

In the event that, as a result of interconnecting with Seller's facility, the Buyer's system voltage is caused to be degraded, Seller shall generate or otherwise provide reactive power and automatic voltage control to allow Buyer to maintain distribution voltage within acceptable limits.

Where Buyer furnishes electric service to Seller, (KW, KWH, KVAR, or KVARH), this service shall be metered and Seller shall pay at the rates in effect at the time or as otherwise may be agreed to by the Parties.

The protective relay system required to detect faults on Buyer's system and to disconnect Seller's generation to protect the general public and Buyer personnel must be approved by Buyer. Buyer will provide relay settings and recommendations for design, equipment selection, and routine maintenance. Seller will purchase, install, and maintain the protective relay system and maintain and make available to Buyer maintenance and test records. The protective relay system shall be given a functional test that is witnessed and approved by a Buyer representative before the generation shall be tied to Buyer's system. The Seller will bear the cost of this witnessing and testing and any other that may be requested of the Buyer before and after the system is operated. However, the cost of any special tests requested by the Buyer which indicates that the Seller's equipment is operating properly will be borne by the Buyer.

After installation of such protective devices, Seller has the responsibility of maintaining these devices.

Should Buyer find that Seller is not providing proper testing and/or maintenance, Seller shall be notified to take corrective action within 10 days. Failure to comply will cause Buyer to disconnect until compliance is accomplished.

ARTICLE X: DELIVERIES

Seller shall deliver the energy or energy and capacity, at the point where Seller's electrical conductors contact those of Buyer's at the transmission side of the high voltage disconnect switch at Seller's Facility site.

ARTICLE XI: SCHEDULED MAINTENANCE PERIODS

This article is not applicable.

ARTICLE XII: CONTINUITY OF SERVICE

Buyer shall not be obligated to accept, and Buyer may require Seller to curtail, interrupt or reduce deliveries of energy or energy and capacity in order to construct, install, maintain, repair, replace, remove, investigate or inspect any of Buyer's equipment or any part of its system or if Buyer determines that curtailment, interruption or reduction is necessary because of emergencies, operation conditions on its system, or as otherwise required by prudent electrical practices.

ARTICLE XIII: LAND RIGHTS

Seller shall grant without cost to Buyer for the term of this agreement all rights of way and easements (including adequate access rights) reasonably required to install, operate, inspect, maintain, replace and remove any metering equipment, Special Facilities or Interconnection Equipment owned by Buyer ("Buyer's Equipment"). Prior to completion of the Facility, Seller and Buyer shall agree upon the location of such rights, either by reference to meets and bounds description or to a diagram of reasonable specificity, and Seller shall execute such deeds, grants or other instruments with respect to such located rights in the form customarily obtained by Buyer for recording of such rights in the land evidence records.

To the extent that any part of Buyer's Equipment is to be installed on or over property of others, Seller shall procure all rights of way and easements reasonably required to construct, install, operate, inspect, maintain, replace and remove such facilities or equipment, all in form and substance reasonably satisfactory to Buyer.

Within a reasonable time after termination of this Agreement, Buyer shall, at its option, either convey or grant to Seller all of its rights, title and interest in any rights of way or easements acquired by Buyer pursuant to this Article XIII or shall reimburse Seller for the costs of such right, title, and interest.

ARTICLE XIV: TERMINATION

In addition to any other provision for termination contained in this Agreement, in the event of any material breach of the terms or conditions of this Agreement by Seller, unremedied after 30 days from notice thereof, or in the event Seller is adjudicated a bankrupt or insolvent or if an appointment of any receiver or trustee is made or Seller makes any general assignment for the benefit of creditors, Buyer may terminate this Agreement and Seller shall be liable to pay to Buyer any excess cost or damages caused Buyer as a result thereof, provided, nevertheless, that if Seller's rights and obligations hereunder have been assumed by the assignee of this contract, such bankruptcy, insolvency or appointment of receiver or trustee shall not provide sufficient basis for termination hereunder.

No modification to this Agreement shall be valid unless it is in writing and signed by both parties hereto.

ARTICLE XV: GOVERNMENTAL JURISDICTION AND AUTHORIZATION

This Agreement and all rights, obligations and performances of the parties hereunder are subject to all applicable state and federal laws and the obtaining of all necessary regulatory approvals, consents or other actions of governmental authorities having jurisdiction in the premises.

ARTICLE XVI: ASSIGNMENT

This Agreement shall be binding upon and shall insure to the benefit of, or may be performed by, the successor and assigns of the parties, except that no assignment, pledge or other transfer of this Agreement by any party shall operate to release the assignor, pledgor, or transferor from any of its obligations under this Agreement unless consent to the release is given in writing by the other party, or, if the other party has theretofore assigned, pledged, or otherwise transferred their interest in this Agreement, then by such other party's assignee, pledgee or transferee, or unless such transfer is incident to a merger or consolidation with, or transfer of all or substantially all of the assets of the transferor to another person or business entity which shall, as part of such succession, assume all the obligations of the transferor under this Agreement.

ARTICLE XVII: INDEMNITY

Each party agrees to indemnify and hold harmless the other party from and against all claims, demands, and actions arising from its negligence in the operation and/or maintenance of its facilities.

ARTICLE XVIII: INSURANCE

Prior to connection of Seller's generation to Buyer's system, Seller shall secure and continuously carry in an insurance company or companies acceptable to Buyer the following insurance:

- (1) Bodily injury and property damage liability; including but not limited to Comprehensive General Liability, Comprehensive Automobile Liability and Employer's Liability and,

(2) Workers' Compensation and occupational disease insurance to protect against and from all loss by reason of injury to persons or damage to property, including the Seller's own workers and all third persons and property of Buyer, and all third parties, based upon or arising out of Seller's operations and maintenance of the Facility and associated interconnection facilities; and, providing protection for premises operations on blanket contractual liability.

Such insurance shall include: provisions or endorsements naming Buyer, its directors, officers and employees as additional insureds; provisions that such insurance is primary insurance with respect to the interest of Buyer and that any insurance maintained by Buyer is excess and not contributory insurance with the insurance required hereunder; cross-liability or severability of insurance interest clause; and provisions that such policies shall not be canceled or their limits of liability reduced without thirty (30) days prior written notice to Buyer. A copy of each such insurance policy, certified as a true copy by an authorized representative of the issuing insurance company or, at the discretion of Buyer, in lieu thereof, a certificate in form satisfactory to Buyer certifying to the issuance of such insurance, shall be furnished to Buyer. Initial limits of liability for all requirements under this Section shall be \$1,000,000.00 single limit General Liability, \$300,000.00 single limit Automobile Liability, which limits may be required to be increased by Buyer's giving Seller ninety (90) days notice.

Workers' Compensation shall provide for payment to the Seller's employees and/or their dependents Workers' Compensation benefits including, when required in accordance with applicable laws, Occupational Disease benefits, U.S. Longshormen's and Harbor Workers' Compensation and the Jones Act. Employees Liability limit shall be \$500,000.00.

In the event that Seller agrees to sell energy or capacity to Buyer, Seller agrees to obtain and maintain at Seller's expense insurance acceptable to Buyer against physical loss or damage to Seller's property for the full insurable value of the property subject to such reasonable deductible as selected by Seller. Such insurance shall protect Seller and Buyer as their interests may appear, and Seller shall waive all rights of recovery against Buyer for any loss covered by said insurance policies, including losses affected to the deductible thereunder.

ARTICLE XIX: FORCE MAJEURE

As used in this Agreement, "Force Majeure" means unforeseeable causes beyond the reasonable control of and without the fault or negligence of the party claiming Force Majeure. It shall include failure or interruption of services due to causes beyond its control, sabotage, strikes, acts of God, drought or accidents not reasonably foreseeable, appropriation or diversion of electricity by rule or order of any governmental authority having jurisdiction thereof, and failure to deliver electricity during such time as it may be obliged to temporarily discontinue delivering the electricity hereby contracted for on account of system operating conditions and in case the service is so interrupted.

If either party is rendered wholly or partly unable to perform its obligations under this Agreement because of Force Majeure, that party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that:

- (A) the non-performing party, within two weeks after the occurrence of the Force Majeure, give the other party written notice describing the particulars of the occurrence;
- (B) the suspension of performance be of no greater scope and of no longer duration than is required by the Force Majeure;
- (C) no obligations of either party which arose before the occurrence causing the suspension of performance be excused as a result of the occurrence; and
- (D) the non-performing party use its best efforts to remedy its inability to perform.

ARTICLE XX: LIABILITY: DEDICATION

Nothing in this Agreement shall be construed to create any duty to, any standard of care with reference to, or any liability to any person not a party to this Agreement. No undertaking by one party to the other under any provision to this Agreement shall constitute the dedication of that party's system or any portion thereof to the other party or to the public, nor affect the status of Buyer as an independent public utility corporation, or Seller as an independent individual or entity.

ARTICLE XXI: SEVERAL OBLIGATIONS

Except where specifically stated in this Agreement to be otherwise, the duties, obligations and liabilities of the parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership, or joint venture or impose a trust or partnership duty, obligation or liability on or with regard to either party. Each party shall be individually and severally liable for its own obligations under this Agreement.

ARTICLE XXII: WAIVER

Any waiver at any time by either party of its rights with respect to a default under this Agreement, or with respect to any other matters arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter.

ARTICLE XXIII: CAPTIONS

All indexes, titles, subject headings, section titles and similar items are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive or to affect the meaning of the contents or scope of this Agreement.

ARTICLE XXIV: CHOICE OF LAWS

This Agreement shall be construed and interpreted in accordance with the laws of the State of Maine, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

In witness thereof, the parties hereto have executed this Agreement, in duplicate, as of the day and year first above written.

Alvin Cappola
Witness

Carroll R. Lee
Buyer
Bangor Hydro-Electric Company
by its Vice President - Power
Supply and Planning

Barbara C. Dumont
Witness

Robert W. Kelly
Seller

