



The State of New Hampshire  
**Department of Environmental Services**

Robert R. Scott, Commissioner



72

February 14, 2024

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord NH 03301

**REQUESTED ACTION**

Authorize the Department of Environmental Services (DES) to amend a Lease Agreement (Lease), pursuant to RSA 481:8 and in accordance with Sections 5(d) and 25(g) of the Lease, with Green Mountain Power Corporation (GMP) (VC # 174417-R001) to continue the operation of a hydroelectric power production facility at the state-owned Kelley Falls Dam in Manchester. The lease was approved by Governor and Council on September 7, 1983 (Item #31). This is a no-cost time extension.

**EXPLANATION**

The existing lease between DES and GMP was developed pursuant to RSA 481:8. Under this statute DES is directed to lease state-owned dams to developers or operators of hydropower production facilities, if the Governor and Council issues written orders under RSA 481:7 determining that the projects would be of public use and benefit.

On February 25, 1981, the Governor and Council directed, pursuant to RSA 481:7, the New Hampshire Water Resources Board (the Board), the predecessor agency to DES, to proceed with the leasing of the state-owned Kelley Falls Dam for hydropower production. After soliciting and evaluating competing proposals from hydropower developers, the Board selected Hydro Resources Corporation to redevelop and produce hydropower at Kelley Falls Dam because of Hydro Resources Corporation's optimal development of the dam and their priority filing status with the FERC. On September 7, 1983, the Governor and Council approved the Lease with Hydro Resources Corporation.

On April 24, 1984, the FERC issued to Hydro Resources Corporation an order for a license (License) to construct, operate, and maintain the Kelley Falls Hydroelectric Project, which was required to allow hydropower production at Kelley Falls Dam. This required Hydro Resources Corporation to rehabilitate the existing dam and powerhouse and install a new 450 kilowatt generating unit. This License was issued under Part I of the Federal Power Act for a period of 40 years, effective on April 1, 1984, and therefore will be expiring on March 31, 2024. The License and Lease was acquired by GMP through a series of transfers since 1984, with the most recent transfer taking place on November 18, 2016, when GMP acquired the License and Lease from Enel Green Power North America, Inc. Since that transaction, GMP has been the operator, licensee, and Lease holder for the Kelley Falls Hydroelectric Project.

Due to the pending License expiration on March 31, 2024, GMP initially pursued a relicensing effort for the Kelley Falls Hydroelectric Project, however, after reviewing multiple alternatives to address concerns from

[www.des.nh.gov](http://www.des.nh.gov)

29 Hazen Drive • PO Box 95 • Concord, NH 03302-0095  
(603) 271-3503 • TDD Access: Relay NH 1-800-735-2964

resource agencies tasked with reviewing fish passage, GMP determined that leasing and operating the dam would not be economically viable following issuance of a subsequent license due to the anticipated capital costs required to provide upstream and downstream fish passage at Kelley Falls Dam. On December 29, 2022, GMP opted to withdraw its March 30, 2022, FERC relicensing application, and to surrender the current license at the conclusion of the License term on March 31, 2024. On March 22, 2023, GMP filed an Application for Surrender of License to FERC, which is currently under review by FERC.

According to Section 5(c) of the Lease, the term of the Lease shall expire on the date which is fifty (50) years from the effective date of the Lease or upon the expiration date of the anticipated FERC License, whichever first occurs. Therefore, the current Lease is set to expire on March 31, 2024, when the FERC License expires. However, FERC may not complete their review of the Application for Surrender of License prior to March 31, 2024, or may place conditions on the approval of the Application for Surrender of License which GMP will need to address at the site. Either condition may require GMP to continue to operate and maintain Kelley Falls Dam after the current License and Lease expires on March 31, 2024.

GMP and DES seek to amend the Lease in accordance with Sections 5(d) and 25(g) of the Lease, to ensure that the current Lease remains in effect to allow GMP the ability to continue operating and maintaining Kelley Falls Dam until the License surrender process is complete. The amendment to the Lease would change the expiration date in Section 5(c) of the Lease from "the expiration date of the anticipated FERC License" to "the Lessee satisfying all necessary conditions, as determined by FERC, to surrender the License in accordance with 16 U.S.C. § 799". In accordance with Section 5(d), GMP submitted a written request to amend the current Lease on November 16, 2023, which satisfies the requirement of the Lease that the Lessee must submit a request in writing at least 120 days prior to the Lease expiration date of March 31, 2024.

This Lease amendment has been approved by the Department of Justice as to form, content and execution.

We respectfully request your approval.

  
Robert R. Scott  
Commissioner



163 Acorn Lane  
Colchester, Vermont 05446

John Tedesco  
Generation Project Coordinator

(802) 229-7875  
john.tedesco@greenmountainpower.com

November 16, 2023

*Via Email & First Class Mail*

Corey J. Clark, P.E., Chief Engineer  
NH Department of Environmental Services  
Water Division/Dam Bureau  
29 Hazen Drive, PO Box 95  
Concord, NH 03302-0095  
[Corey.J.Clark@des.nh.gov](mailto:Corey.J.Clark@des.nh.gov)

**Re: Request to Amend Kelley's Falls Lease**

Dear Corey:

Please find enclosed a proposed First Amendment to Lease Agreement, extending the term of the original September 7, 1983 Kelley's Falls Hydroelectric Project Lease (the Lease) between the New Hampshire Department of Environmental Services (NHDES) and Green Mountain Power Corporation (GMP), executed by GMP. As you are aware, GMP is in the process of surrendering its FERC License for the Kelley's Falls Hydroelectric Project. As the formal surrender process may extend beyond the current term of both the License and the Lease, GMP seeks to amend the Lease in accordance with Sections 5(d) and 25(g) of the Lease, to ensure that it remains in effect until the License surrender is complete. If you find the attached acceptable, please sign, notarize, and return the original hard copy for recording to the Downs Rachlin Martin Burlington office, Attn: Tina Rabideau, using the enclosed stamped envelope. If you have any questions, please do not hesitate to reach out. Thank you.

Sincerely,

John Tedesco  
Generation Project Coordinator

Encl.

cc: Dan Mattiani, Operation & Maintenance Engineer

## FIRST AMENDMENT TO LEASE AGREEMENT

This First Amendment to Lease Agreement ("First Amendment") is entered into as of this 13<sup>th</sup> day of March, 2024, by and between Green Mountain Power Corporation, a Vermont corporation with a principal place of business at 163 Acorn Lane, Colchester, Vermont 05446 ("Lessee"), and the New Hampshire Department of Environmental Services, a public corporation and an agency of the State of New Hampshire with a principal place of business at 29 Hazen Drive, Concord, New Hampshire 03302-0095 ("Lessor"). Lessee and Lessor are hereinafter referenced as the "Parties."

WHEREAS, Lessor and Lessee (as successor in interest) are parties to that certain Lease Agreement dated September 7, 1983, a copy of which is recorded in Book 3124 at Page 191 of the Hillsborough County Registry of Deeds (the "Lease"), for the use of certain real estate and other property for the development, construction, and operation of a hydroelectric facility that is currently known as the Kelley's Falls Hydroelectric Project (the "Facility"), which was issued a license by order of the Federal Energy Regulatory Commission ("FERC") on April 24, 1984 (the "License");

WHEREAS, Lessor and Lessee desire to amend the Lease in the manner set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements set forth herein, and other good and valuable consideration, and meaning and intending to be bound hereby, the Parties hereby agree as follows:

1. Amendment to Section 5. Subsection (c) of Section 5 of the Lease is hereby deleted in their entirety and replaced with the following:

(c) Unless sooner terminated as provided herein, the term of this Lease shall expire on the date which is fifty (50) years from the effective date of this Lease or upon Lessee satisfying all necessary conditions, as determined by FERC, to surrender the License in accordance with 16 U.S.C. § 799, or upon the completion of all obligations and conditions required by FERC at the time of FERC license expiration, whichever first occurs.

3. Whole Agreement. Except as set forth herein, the Lease remains in full force and effect. This First Amendment constitutes the whole agreement of the Parties with respect to the subject matter referenced herein.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this instrument, as evidenced by the signatures of their duly authorized representatives, as of the date first set forth above.

**Green Mountain Power Corporation**

**New Hampshire Department of Environmental Services**

By: [Signature]  
Name: Josh Castonguay

By: [Signature]  
Name: Robert R. Scott

Its: Vice President, Chief Innovation

Its: Commissioner

STATE OF VERMONT  
COUNTY OF CHITTENDEN, SS.

At Colchester, in said County, this 9<sup>th</sup> day of February, 2024, Josh Castonguay personally appeared, and he acknowledged this instrument, by him subscribed, to be his free act and deed and the free act and deed of Green Mountain Power Corporation.

Before me: [Signature]  
Notary Public  
My Commission Expires: January 31, 2025  
Commission Number: 0004604



STATE OF NEW HAMPSHIRE  
COUNTY OF Merrimack SS.

At \_\_\_\_\_, in said County, this 21st day of Feb., 2024, Robert R. Scott, in his capacity as Commissioner of the Department of Environmental Services personally appeared, and he acknowledged this instrument, by him subscribed, to be his free act and deed and the free act and deed of the New Hampshire Department of Environmental Services.

Before me: [Signature]  
Notary Public  
My Commission Expires: 7-14-26  
Commission Number: \_\_\_\_\_

SUZANNE E. BEAUCHESNE  
Notary Public - New Hampshire  
My Commission Expires July 14, 2026

Approved as to form, substance and execution

Date 2/27/24

By:  (K. Allen Brooks)  
Office of NH Attorney General

Approved by Governor and Council

Date \_\_\_\_\_

Agenda Item No. \_\_\_\_\_

## SECRETARY'S CERTIFICATE

The undersigned, Penny J. Collins, the Secretary of GREEN MOUNTAIN POWER CORPORATION, a Vermont corporation (the "Company" or the "Corporation") hereby certifies that:

The following resolutions were adopted at a meeting of the Board of Directors of Green Mountain Power held on Wednesday, November 14, 2023 upon motion duly made and seconded.

**RESOLVED** that the board of directors approves the following persons be appointed to the offices set forth after their respective names, effective January 1, 2024, each to hold office for one year or until his or her successor is elected and qualified:

Mari M. McClure	--	President & Chief Executive Officer
Michael T. Burke	--	Vice President, Operations
Kristin M. Carlson	--	Vice President, Strategic & External Affairs
Joshua P. Castonguay	--	Vice President, Chief Innovation Officer, Generation & Power Supply
Mathieu Lepage	--	Vice President, Chief Financial Officer; Treasurer
Penny Collins	--	Corporate Secretary

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company this 27<sup>th</sup> day of February, 2024.

  
\_\_\_\_\_  
Penny J. Collins, Secretary

## SECRETARY'S CERTIFICATE

The undersigned, Penny J. Collins, the Secretary of GREEN MOUNTAIN POWER CORPORATION, a Vermont corporation (the "Company" or the "Corporation") hereby certifies that:

The following resolutions were adopted at a meeting of the Board of Directors of Green Mountain Power held on Wednesday, February 3, 2016 upon motion duly made and seconded.

**WHEREAS** the Corporation has undertaken preliminary review and analysis of the acquisition of 20 small hydro units with an aggregate nameplate rating of approximately 28 MW, located in New England and New York (the "Acquisition Portfolio");

**WHEREAS** management of the Corporation has presented to the Board an analysis and evaluation of the Acquisition Portfolio demonstrating that the acquisition has potential to provide substantial benefits to the Corporation and its customers;

**WHEREAS** management has presented to the Board a milestone schedule and due diligence plan, and further subject to a finding that the Valuation Schedule of the facilities within the Acquisition Portfolio is based on accurate and complete information;

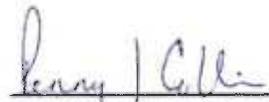
**WHEREAS** management intends to provide regular reports to this Board on the status of the acquisition and required regulatory approvals at future meetings of this Board;

**RESOLVED** that the Corporation proceed with, including without limitation, acquiring all or some of the units within the Acquisition Portfolio for a gross capital expenditure not to exceed \$31,000,000 and consistent with the Valuation Schedule and further subject to receiving all required Vermont, Federal Energy Regulatory Commission or other regulatory approvals.

**RESOLVED** that the president and vice president of power resources of the Corporation shall be, and each of them hereby is, authorized and empowered, as agent of the Corporation, acting alone, to execute, acknowledge and deliver for and on behalf of the Corporation such agreements or amendments thereto or extensions thereof, and other documents as the officers executing same may in their discretion deem necessary or desirable to carry out this resolution, and in such form as such officer may by her execution thereof approve; and such officers' execution and delivery of each such agreement, amendment, extension and other document shall be deemed to be and is hereby approved and adopted.

**RESOLVED** that the president and vice president of power resources of the Corporation be and they hereby are, and each of them acting alone hereby is, authorized and empowered to take all such steps and do all such things as may be deemed necessary or proper to carry out the foregoing resolutions and that all acts and things heretofore done or performed by the officers, agents and employees of the Corporation that are in conformity with the intent and purposes of the foregoing resolutions are hereby in all respects ratified, confirmed and approved.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Company this 27<sup>th</sup> day of February, 2024.

  
\_\_\_\_\_  
Penny J. Collins, Secretary

**ACQUISITION PORTFOLIO**

<b>COMPANY</b>	<b>PROJECT</b>	<b>STATE</b>	<b>CAPACITY (MW)</b>
Consolidated Hydro New Hampshire, LLC	Rollinsford	NH	1.57
Lower Valley, LLC	Lower Valley	NH	.9
Salmon Falls Hydro, LLC	Salmon Falls	NH	1.35
Sweetwater Hydroelectric, LLC	Woodsville	NH	.27
	Sweetwater	NH	.9
Somersworth Hydro Company, Inc.	Somersworth	NH	1.2
	Mascoma	NH	1.6
West Hopkinton Hydro, LLC	EHC	NH	.84
Kelley's Falls, LLC	Kelley's Falls	NH	.5
Newbury Hydro Company, LLC	Newbury	VT	.39
Barnet Hydro Company, LLC	Barnet	VT	.55
Hydro Energies Corporation	Dewey's Mills	VT	2.78
Littleville Hydro Company, Inc.	Glendale	MA	1.14
Littleville Hydro Company, Inc.	Crescent	MA	1.5
Kinneytown Hydro Company, Inc.	Kinneytown	CT	2.2
Williamantic Power Corporation	Williamantic	CT	1.54
Lower Saranac Hydro, LLC	Groveville	NY	.9
Goodyear Lake Hydro, LLC	Goodyear Lake	NY	1.43
Walden Hydro, LLC	Walden	NY	1.86
Triton Power Company	High Falls	NY	1.85

CERTIFICATE OF AUTHORITY

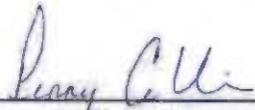
I, Penny Collins, hereby certify that I am duly elected Secretary of Green Mountain Power Corporation. I hereby certify the following is a true copy of the current Bylaws or Articles of Incorporation of the Corporation and that the Bylaws or Articles of Incorporation authorize the following officers or positions to bind the Corporation for contractual obligations:

**Josh Castonguay, Vice President and Chief Innovation Executive**

I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person listed above currently occupies the position indicated and that they have full authority to bind the corporation. This authority shall remain valid for thirty (30) days from the date of this certificate.

DATED: January 31, 2024

ATTEST:

  
Penny Collins, Corporate Secretary

# State of New Hampshire

## Department of State

### CERTIFICATE

I, David M. Scanlan, Secretary of State of the State of New Hampshire, do hereby certify that GREEN MOUNTAIN POWER CORPORATION is a Vermont Profit Corporation registered to transact business in New Hampshire on September 07, 2012. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 677700

Certificate Number: 0006560157



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 31st day of January A.D. 2024.

A handwritten signature in black ink, appearing to read "David M. Scanlan".

David M. Scanlan  
Secretary of State



# CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)  
02/01/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Services Central, Inc. Minneapolis MN Office 5600 West 83rd Street 8200 Tower, Suite 1100 Minneapolis MN 55437 USA	<b>CONTACT NAME:</b> PHONE (A/C. No. Ext): (952) 886-8000      FAX (A/C. No.): (312) 381-0536	
	<b>E-MAIL ADDRESS:</b>	
<b>INSURED</b> Green Mountain Power Corporation 2152 Post Road Rutland VT 05701 USA	<b>INSURER(S) AFFORDING COVERAGE</b>	
	<b>INSURER A:</b> Zurich American Ins Co	NAIC # 16535
	<b>INSURER B:</b> Assoc Electric & Gas Ins Serv Ltd -AEGIS	AA3190004
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	

Holder Identifier :

**COVERAGES**      **CERTIFICATE NUMBER:** 570103791382      **REVISION NUMBER:**

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. Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			GLC484643101 SIR applies per policy terms & conditions	09/30/2023	09/30/2024	EACH OCCURRENCE \$5,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$5,000,000 GENERAL AGGREGATE \$5,000,000 PRODUCTS - COMP/OP AGG \$5,000,000 SIR/Deductible \$500,000
	<b>AUTOMOBILE LIABILITY</b>  <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
B	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$500,000			XL5901204P	09/30/2023	09/30/2024	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT

Certificate No : 570103791382

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 RE: Green Mountain Power operates the Kelley's Falls hydroelectric project on lands owned by the State of New Hampshire.

<b>CERTIFICATE HOLDER</b>  NH Department of Environmental Services, Water Division, Dam Bureau 29 Hazen Drive PO Box 95 Concord NH 03302-0095 USA	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  <i>Aon Risk Services Central, Inc</i>
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STATE OF NEW HAMPSHIRE

INTER-DEPARTMENT COMMUNICATION

9/7/83  
RECEIVED 31  
AUG 22 9 36 AM '83

DATE August 2, 1983

FROM Delbert F. Downing  
Chairman

AT (OFFICE)

ADMINISTRATION  
Water Resources Board  
37 Pleasant Street  
CONTROL

SUBJECT Lease Agreement - Kelley Falls Dam

TO His Excellency Governor John H. Sununu  
and The Honorable Council

4-1 ✓

REQUESTED ACTION

To authorize the Water Resources Board to enter into a lease of the Kelley Falls Dam site to Hydro Resources Corporation, a New Hampshire corporation, for a period not to exceed fifty years, for the purpose of rehabilitating and operating a hydroelectric plant adjacent to the dam, for a semiannual rental of a minimum payment of \$2,000 per year or a percentage of the semiannual adjusted gross revenue, as outlined in the terms of the Lease.

EXPLANATION

The New Hampshire Water Resources Board has been negotiating with Hydro Resources Corporation, for the last several months in an attempt to secure the redevelopment of the facilities of the previous hydroelectric plant that was associated with the Kelley Falls Dam in Manchester, New Hampshire. The purpose of this redevelopment is for generation of hydroelectric power and better utilization of the State's natural resources. The power will be sold to the Public Service Company of New Hampshire to meet the needs of their local consumers.

The Kelley Falls Dam is maintained by the New Hampshire Water Resources Board for the purpose of preserving a recreational waterbody. If the lease is approved, then the facility will serve a dual purpose. The leasing and operation of this facility by Hydro Resources Corporation, will utilize the run-of-the-river flow being provided by the Water Resources Board through the discharge facilities at the dam at no expense to the State. Hydro Resources Corporation, by acceptance of this lease, will pay the State of New Hampshire a rent of \$2,000 per year or a percentage of the semiannual adjusted gross revenues, whichever is greater, continuing to the term of the contract. The hydro utilization will not affect the already established uses of the dam and will be subordinate to them. The flows maintained at the Kelley Falls Dam when combined with the available head are such that this site will have installed capacity of 450 Kw. Hydro Resources Corporation has a FERC license application outstanding, and will include the Water Resources Board's name to said application, once it is granted by FERC. By the terms of this Lease, Hydro Resources Corporation will be responsible for

His Excellency Governor John H. Sununu  
and The Honorable Council,  
Page Two  
August 2, 1983

operating and maintaining the Facility and will be required to secure and insure the Facility. The estimated total project cost to put the facilities on line is a minimum of \$500,000.

The Attorney General concurs with this position and the negotiated Lease. They have reviewed it as to form, substance and execution.

DFD/TBC/mdw  
Enc.

KELLEY FALLS DAM

WATER RESOURCES BOARD DAM NO. 150.02

LESSEE Hydro Resources Corporation, a New Hampshire Corporation

PRINCIPALS Irv Tolles, Jim Rea, Skip Sansoucy, Clint Smith

RENT Based on a percentage of plant factor efficiency.  
During Debt Service (Average)  
Range from 2,800-48,000 (9,900)  
After Debt Service (Average)  
Range from 6,000-65,000 (17,000)  
\$2,000 Minimum Payment

INSTALLED CAPACITY 450 KW

ANNUAL OUTPUT 1,500,000 KWH

HOMES ELECTRIFIED 227

TOTAL PROJECT COST \$500,000

FILINGS FERC License Application

TIME SCHEDULE On Line In 1984

EXPERIENCE Involved in 15 hydro sites in Northeast.

MARKETING PLAN Public Service Company standard contract.

FINANCE PLAN Close Corporation or Limited Partnership

MODE OF OPERATION Run-of-the-River

FLOW (CFS) 300

HEAD 23'

PLANT FACTOR 50%

NUMBER OF UNITS One Verticle Francis Turbine: 450 KW

TBC/mdw  
7/27/83

LEASE AGREEMENT

This Lease, dated this        day of        , 1983, is by and between the New Hampshire Water Resources Board, a public corporation and an agency of the State of New Hampshire, hereinafter called the "Board" or "Lessor" and Hydro Resources Corporation, a New Hampshire corporation, located at P.O. Box 240, 83 Bay Street, Manchester, New Hampshire, 03105, hereinafter called the "Lessee".

WITNESSETH

WHEREAS, New Hampshire Revised Statutes Annotated (hereinafter, "RSA") Chapter 482-G authorized the Board to acquire and maintain the Kelley Falls Dam located on the Piscataquog River in the City of Manchester, New Hampshire (hereinafter, the "Dam");

WHEREAS, the Governor and Council of the State of New Hampshire (hereinafter, the "Governor and Council") and the Board have determined that the redevelopment and use of the Dam for the production of hydroelectricity is beneficial to and in the best interest of the State;

WHEREAS, RSA 481:8 and action by the Governor and Council on February 25, 1981, authorized the Board to lease the Dam; and

WHEREAS, the Board has selected Hydro Resources Corporation to be the Lessee of the Dam upon the terms and conditions set forth in this Lease;

NOW THEREFORE, for and in consideration of the mutual covenants, conditions, and agreements herein contained and for other good and valuable consideration, the receipt and

sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1- PREMISES AND FACILITIES. For purposes of this Lease, the term "Premises" shall include the entire real property at the Dam as more particularly shown on a certain plan attached hereto as Exhibit A, which plan is incorporated herein by this reference, together with the following:

(a) all of Lessor's water rights at or associated with the Dam;

(b) all other rights and easements necessary to carry out the purposes set forth in this Lease; and

(c) any and all present or future civil works, structures, and improvements located on the Premises, including, without limitation, all structures adapted for the production of hydroelectric power, such as the spillway, intake structure, flashboards, abutments, canal, powerhouse, substation, transmission lines, tailrace, gates and gate lifting mechanisms, water and sewer lines and the boxes protecting the same, all existing features, and all civil works as constructed or reconstructed under the terms of this Lease, (hereinafter, collectively the "Facilities").

2- AMENDMENT OF DESCRIPTION. Lessee and Lessor may make, by written amendment to this Lease, such minor adjustments in the description of the Premises and the Facilities as may subsequently be found necessary to achieve the purposes of this Lease.

3- PURPOSES. This Lease is being executed in order to provide for the redevelopment and operation of a hydroelectric power production facility at the Dam (the "Project"). Lessee's use of the Premises and other areas permitted under this Lease shall include (a) the above purposes; (b) such other purposes as may be set forth in the parties' joint Application for License for a Minor Water Power Project, Kelley Falls Dam (the "Application")

presently pending before the Federal Energy Regulatory Commission (hereinafter "FERC"), or as may be permitted in any license or exemption from licensing issued by FERC in connection therewith; and (c) such other purposes as are not inconsistent with the terms of this Lease and the Board's statutory responsibilities to protect the public interest, so long as Lessee's rental payments and repair obligations under this Lease are not reduced thereby. Such redevelopment and operation shall be carried out so as to achieve maximum power output consistent with the express purposes for which the Dam was acquired by the Board, subject to the conditions set forth in the permits (including FERC license or exemption) issued or to be issued in connection therewith and with this Lease.

4- COOPERATION. Within the scope of their respective obligations hereunder, Lessor and Lessee shall cooperate to achieve the purposes of this Lease. Such cooperation shall include, but not be limited to, (a) keeping the other party reasonably informed as to all matters relating to the achievement of the purposes of this Lease, and (b) the performance of the parties' obligations under this Lease.

5- LEASE, EFFECTIVE DATE, TERM, AND RENEWAL.

(a) Lessor hereby leases the entire Premises and Facilities described in Section 1, to Lessee.

(b) This Lease and all obligations of Lessor and Lessee hereunder shall become effective upon approval of this Lease by the Governor and Council.

(c) Unless sooner terminated as provided herein, the term of this Lease shall expire on the date which is fifty (50) years from the effective date of this Lease or upon the expiration date of the anticipated FERC license (or exemption, if applicable), whichever first occurs.

(d) Provided there is legal authority therefore, this Lease may be renewed, at the option of Lessee, subject to the approval of the Board and the Governor and Council, on a year-to-year

basis or longer term, each of which shall not exceed the original term hereof. This renewal option shall be exercised in writing no later than one hundred twenty (120) days before the expiration of the original term or any renewal term of this Lease.

6- EARLY TERMINATION OF LEASE.

(a) Within six (6) months from the effective date of this Lease, Lessee will undertake to satisfy itself as to the status of Lessor's title to the Premises and the extent of Lessor's existing rights to permit the redevelopment and operation of the Project at the Premises. If, during said six (6) month period, Lessee determines (i) that Lessor does not hold good, marketable, and insurable title to the Premises, or (ii) that there are questions concerning the existence of any rights necessary to facilitate the Project, the parties agree to extend said period for a reasonable time to allow Lessee to take, or request Lessor to take, such curative action as may be necessary. Lessor agrees to cooperate fully in the taking of any such curative action; provided, that all out-of-pocket expenses incurred with respect to the same shall be the obligation of Lessee (if incurred by Lessor after first obtaining Lessee's prior approval). If, during the period(s) of time provided above, any defect in title or questions as to Lessor's rights are not cured or resolved to Lessee's satisfaction, then Lessee shall be entitled to terminate this Lease.

(b) Notwithstanding anything to the contrary set forth in this Lease, Lessee shall have the full right and option to terminate this Lease by giving Lessor written notice thereof upon the occurrence of any one (1) or more of the following events:

(1) a denial or refusal by FERC to approve the Application or by any other federal or state agency to issue any licenses or permits necessary for Lessee to carry out the purposes set forth in this Lease;

(ii) the inability of Lessee to lease or otherwise

acquire any necessary easements, rights-of-way, or other suitable development rights in the tract of land adjacent to the Dam which is owned by the City of Manchester, such acquisition to be on such terms and conditions as are acceptable to Lessee and to occur on or before December 31, 1983;

(iii) if, within two (2) years from the effective date of this Lease, Lessee's leasehold interest in the Premises, or any mortgage or security interest therein, is not insurable at a reasonable cost, or if a title insurance binder issued in connection therewith contains any non-standard exceptions to Lessee's ownership of good and marketable leasehold title to the Premises;

(iv) if the total cost of any Emergency or Flood Action Plan (as referred to in Section 30 hereof) shall exceed the sum of five thousand dollars (\$5,000.00);

(v) if the total cost of any fish passage facilities required to be constructed at the Premises shall exceed the sum of forty thousand dollars (\$40,000.00);

(vi) if, prior to completion of construction, Lessee is unable to secure financing acceptable to Lessee;

(vii) if within two (2) years from the effective date of this Lease, the Lessee is unable to obtain insurance pursuant to Section 16(b), at a reasonable cost.

(c) Upon termination of this Lease as permitted by subparagraphs (a) or (b) above, Lessee shall have no further obligations for rental payments or otherwise hereunder, except for obligations accrued prior to the date of termination.

(d) In addition to Lessee's rights to terminate this Lease as provided in subparagraphs (a) and (b) above, Lessee shall also

be entitled to terminate this Lease at any time and for any reason, if Lessee shall give Lessor written notice of termination of this Lease and shall pay Lessor a final rental payment equal to the sum of (i) the pro rata share of the then-present calendar year's annual rental installment computed as of the date of said notice, plus (ii) an additional payment equal to two (2) years' rental installments based on the average annual rental payments having been paid to Lessor to the date of termination; provided, that the total cost of such final rental payment shall in no event exceed the sum of fifteen thousand dollars (\$15,000.00).

(e) If, solely by reason of Lessee's fault, Lessee does not procure the necessary state licenses and permits and FERC license (or exemption, if applicable) within two (2) years from the effective date of this Lease, then the Lessor shall have the sole option to terminate this Lease at the end of such two (2) year period with no remaining obligation of any kind on the part of Lessor. Termination of this Lease pursuant to this paragraph shall be made in writing and shall become effective immediately upon receipt by Lessee.

(f) If this Lease is terminated at any time prior to completion of construction, Lessee will make available to Lessor copies of all studies, reports, or other documents prepared by or on behalf of Lessee in connection with the Facilities and the Premises.

#### 7- RELATED RIGHTS AND OBLIGATIONS IN THE PREMISES.

(a) In addition to its rights and possession, use, operation, and occupancy of the Dam and the Premises, Lessee shall also have the following rights:

(1) the right to construct, reconstruct, modify, repair, and use all areas within the Premises and all Facilities located or to be located on the Premises, as may be necessary for (A) the production of hydroelectric power at the Dam, (B) the construction, reconstruction, and/or repair of any part of the Facilities, and (C) any planning in connection therewith; and

(ii) the exclusive benefit of, and right to use, all available head and water flows at the Dam, as well as all other water rights owned by Lessor and associated with the Dam.

(b) Lessor also agrees (i) to grant Lessee and utility companies, easements or other rights in property and public ways owned or controlled by Lessor in order to permit necessary utility services to be supplied to the Premises, and (ii) to permit the interconnections necessary for the sale and delivery of the electric power generated at the Premises; provided always, that the location of all such installations shall be subject to the prior approval of Lessor (such approval not to be unreasonably withheld) and in accordance with the reasonable requirements of Lessor with respect to appearance, safety, and public convenience.

(c) Lessee shall operate the Facilities consistently with the terms of the FERC license (or exemption, if applicable), which will be held jointly by Lessor and Lessee, and with the other licenses and permits issued in connection therewith. Lessor reserves the right to enter the Premises for the purpose of assuring compliance with the FERC imposed conditions, where required, and to undertake any necessary activities to avoid the loss of that license (or exemption, if applicable).

(d) Lessor shall have the right to inspect and to enter the Premises pursuant to subparagraph (c) at reasonable times and in such a manner so as to reduce to a minimum interference with Lessee's operation and use thereof; provided, however, that in the event of situations requiring immediate actions, Lessor's right of entry and inspection shall be absolute and unquestioned.

(e) Lessor may delegate to Lessee any or all obligations relating to the Facilities, including those imposed by the FERC license (or exemption, if applicable). Nothing contained in any delegation pursuant to this subparagraph shall be construed to relieve Lessee of the duty to perform all of the obligations contained in the FERC license (or exemption, if applicable).

(f) Lessor and Lessee shall have the right to pass over any existing or subsequently constructed access roads to or across the Premises or other property retained by Lessor.

(g) Lessor and Lessee agree to add the plans and specifications of any Facilities constructed or reconstructed on the Premises or other property retained by Lessor under the terms of this Lease to this Lease, in order that the descriptions of the Premises and the Facilities shall remain as accurate as possible.

(h) Lessor recognizes that water flow releases at the Gregg Falls Dam (located immediately upstream of the Dam in Goffstown, New Hampshire) will impact power production at the Dam. Lessor agrees that it will give due consideration to Lessee's requirements for power production at the Dam and will attempt to minimize such impacts, subject to and consistent with the public interest and the terms of the Board's Lease of the Gregg Falls dam site.

8- QUIET POSSESSION.

(a) Lessor covenants and warrants that:

(i) it has full right and lawful authority to enter into this Lease for the full term set forth and for any renewal or extension hereof;

(ii) all legal requirements for the execution hereof have been complied with; and

(iii) the Board and the State of New Hampshire are lawfully seized of the entire Premises and have good, marketable, and insurable title thereto, free and clear of all tenancies, liens, and encumbrances.

(b) Lessor further covenants and warrants that if Lessee shall discharge the obligations herein set forth to be performed by it, then Lessee shall have and enjoy, during the term and any

renewal or extension hereof, the quiet and undisturbed possession of the Premises, and the appurtenant rights thereto, for the uses herein described.

9- LICENSES, PERMITS, CONSTRUCTION.

(a) Lessee shall make application for all necessary and appropriate exemptions, certificates, permits, and approvals of local and state agencies and FERC and Lessor agrees to fully cooperate and assist Lessee therewith. Said exemptions, certificates, permits, and approvals shall include, but are not limited to, the FERC license (or exemption, if applicable) and a determination relative to the need for a water quality certificate as prescribed by §401 of the Clean Water Act. Lessee shall name the Board as a joint developer in Lessee's application to FERC for a license (or exemption, if applicable).

(b) At the earliest opportunity, Lessee shall submit its construction, reconstruction, and repair plans to Lessor for Lessor's approval, and Lessee shall not proceed with construction, reconstruction, or repair until Lessor has approved such plans. Lessor's review of such plans shall be confined to such review as may be necessary to protect the Premises from damage and to discharge Lessor's contractual and statutory obligations. Lessor shall respond to Lessee within thirty (30) days from the date of receiving the plans, except for any proceedings held pursuant to RSA Chapter 482, as to which the time limits allowed therein shall be applicable.

10- RENT.

(a) For purposes of this Section, the following terms shall be defined as follows:

(1) The term "Gross Revenues" (hereinafter, "GR") shall mean the income received by Lessee from the sale of electrical power produced by the Facilities at the Premises.

(11) The term "Adjusted Gross Revenues" (hereinafter, "AGR") shall mean GR less the sum of;

(A) Lessee's Long-Term Project Debt Service Payments (as defined below), plus

(B) Real estate taxes and/or assessments (or any payments in lieu thereof pursuant to RSA 362-A:6, as amended, or otherwise) assessed against the Premises and paid by or on behalf of Lessee,

which sum is hereinafter referred to as the "DST Deduction".

(iii) The term "Long-Term Project Debt" shall mean the total amount of money loaned to, or represented by any lease or equity arrangements with, Lessee or its affiliates to capitalize or finance the entire cost of the Project (including, but not limited to, pre-construction expenditures, construction financing, and the original and any subsequent permanent bonding, financing, and/or leasing arrangements). These sums may be increased subsequent to Commercial Operation (as defined below), as Lessor acknowledges that a substantial portion of these sums will be incurred by Lessee after the commencement of Commercial Operation. The source of any such monies may be any affiliated or related company of Lessor or any third party, regardless of whether said third party is a shareholder, officer, director, or employee of, or is otherwise related to, Lessee or any of its affiliated or related companies.

(iv) The term "Long-Term Project Debt Service Payments" shall mean the total amount of money expended, or prorated during the applicable rental period, by Lessee in making any interest, principal, sinking fund, lease, and/or other payments with respect to the Long-Term Project Debt, attributable to the construction, re-construction, and/or development of the Facilities as established by the original or any subsequent permanent capitalization or financing of the Project. Once established (including subsequent charges

for Long-Term Project Debt Service Payments shall remain constant for the purpose of the calculation of the rent hereunder throughout the term of the original permanent capitalization and/or financing, regardless of whether Lessee later refinances the debt thereunder, re-leases any improvements to or equipment installed on the Premises, or otherwise amends the capital structure of the project. Long-Term Project Debt Service payments shall not include any payments or portions thereof attributable to expenses incurred at any site other than the Premises.

(v) The term "Commercial Operation" shall mean the date on which Lessee first produces, sells, and delivers electrical power at the Dam to a purchasing party.

(vi) The term "Plant Factor" shall mean the quotient obtained by dividing:

(A) the actual metered output of power (expressed in kilowatt hours) produced by Lessee's hydroelectric generating equipment at the Dam during the rental period in question; by

(B) the product obtained by multiplying

(1) the manufacturer's rated capacity (expressed in kilowatts), as installed, of Lessee's said hydroelectric generating equipment at the Dam, by

(2) the number of hours in the rental period in question.

(b) Upon the commencement of rental payments pursuant to subparagraph (c) below, Lessee covenants and agrees to pay to Lessor the greater of:

(1) A minimum payment of two thousand dollars (\$2,000.00) annually; or

(ii) Semi-annual rental payments equal to five percent (5%) of AGR for the semi-annual rental payment in question; provided, that for any semi-annual rental period during which Plant Factor exceeds forty percent (40%), said percentage of AGR shall be increased by fifty-five hundredths of one percent (.0055) for each percentage point increase in Plant Factor over forty percent (40%).

Attached hereto as Exhibit B is a chart showing various rental computations based on certain assumptions which may or may not be true in any given year, including without limitation Plant Factor values, AGR values, and payments on power sales averaged at eight cents (\$.08) per kilowatt hour.

(c) Rent shall be payable hereunder as of the date the Dam commences Commercial Operation. The semi-annual rental payments shall be payable on or before September 30 of each year (for the period of January 1 through June 30 of that year) and March 31 (for the period July 1 through December 31 of the immediately preceding year). The two thousand dollar (\$2,000.00) minimum annual payment, if applicable, shall be paid annually, in arrears, one (1) month following the close of each calendar year during the term of this Lease.

(d) For purposes of the initial year during which rent becomes payable hereunder, all rental payments shall be prorated as of the date the Dam commences Commercial Operation. For purposes of any year during which this Lease terminates and which ends other than on December 31 of that year, all rental payments shall be prorated as of the date of termination.

(e) At any time during the term of this Lease, Lessor may request Lessee to provide reasonable documentary, evidence of any capitalization or financing arrangements for the Project. In addition, at the time that the semi-annual rental payments are made hereunder, Lessee shall submit reasonable documentary

evidence satisfactory to Lessor of the income received by Lessee from the sale of electrical power during the period in question. Such evidence may be copies of either power sales billings or receipts.

(f) Notwithstanding the above, if, for any semi-annual rental period or any prorated portion thereof, during the term of this Lease, GR does not exceed one hundred twenty-five percent (125%) of the DST Deduction for that rental period, then the entire amount of rent payable by Lessee with respect to such rental period, as determined by subparagraph (b) above, shall be deferred until the first (and/or subsequent semi-annual rental periods if sufficient amounts are not available in the first such period) in which GR exceeds one hundred twenty-five percent (125%) of the DST deduction in that period. Said deferred rental payments shall accrue interest at a rate equal to ten percent (10%) per annum, compounded daily. Notwithstanding the above, nothing in this sub-paragraph (f) shall release Lessee of its obligation to pay the two thousand dollar (\$2,000.00) minimum payment as required by subparagraph (c) above. Any such minimum payment made with respect to a rental period for which there has occurred a deferral as set forth above shall be applied against such deferred rental payment(s). In any semi-annual rental period in which GR exceeds one hundred twenty-five percent (125%) of the DST Deduction in that period, then only so much of the sum of (i) the rent payable by Lessee to Lessor with respect to such rental period, plus (ii) any amounts, including principal and interest accrued thereon, previously deferred and remaining unpaid (which sum is herein referred to as "Amounts Owed") as is equal to such excess shall be paid by Lessee to Lessor as otherwise required in this Section. Any such payment of Amounts Owed shall first be applied to amounts previously deferred and remaining unpaid according to the earliest such amounts then outstanding; and, with respect to any one such amount, by being first applied to interest accrued thereon and then to the principal balance of such amount. Any remaining portion of Amounts Owed after the payment of such excess shall continue to

be deferred as hereinbefore provided. Any deferrals of rental payments hereunder may not be extended beyond three (3) years from the date on which the same became due and payable; although, Lessee shall retain the right to request further deferrals (or waivers) pursuant to subparagraph (g) below.

(g) At any time or times during the term of this Lease, Lessee may request from Lessor a waiver or deferral of any or all amounts owed as rent to Lessor for any rental period under this Lease. Such request shall be in written form and shall be documented sufficiently to allow Lessor to determine whether or not such request is warranted. Within sixty (60) days of Lessor's receipt of such a request, Lessor will notify Lessee in writing regarding Lessor's determination of whether or not to grant Lessee's request in full or in part and any conditions with respect thereto.

(h) In the event of any actual or proposed sale, assignment, conveyance, lease, or other transfer by Lessee of its rights under this Lease and/or in the Project to an unrelated party, either Lessee or said party may request from Lessor a readjustment in the rent to be paid under the terms of this Lease subsequent to such transfer. Such request shall be in the form of a written proposal, sufficiently documented to allow Lessor to determine whether or not such request is warranted. Within sixty (60) days of Lessor's receipt of such proposal, Lessor will notify Lessee and/or said party, as the case may be, in writing, regarding Lessor's determination of whether or not to grant such request; provided, that Lessor agrees not to withhold its consent if the projected present value of the total rent to be paid to Lessor over the then remaining term of this Lease under the terms of such proposal is greater than or equal to the projected present value of the total rent otherwise payable to Lessor under the terms of this Lease as then in effect.

#### 11- CONSTRUCTION, REPAIRS, AND MAINTENANCE.

(a) Within eighteen (18) months from the effective date of this Lease or from the granting of the FERC license (or

exemption, if applicable), whichever is later, Lessee shall commence Project construction. Lessee shall be responsible for all damages caused to the Facilities by Lessee's construction activities, including all labor, materials, and equipment costs involved in any repairs necessitated by any such damage.

(b) Lessee shall, at all times during the term of this Lease, and at Lessee's own cost and expense, keep and maintain in good condition and repair, all parts of the Premises utilized by Lessee, and Lessee shall use all reasonable precautions to prevent waste, damage, or injury to the Premises.

(c) Upon the expiration or termination of this Lease, Lessee shall quit and surrender the Premises in good condition and repair, ordinary wear and tear excepted.

(d) After the commencement of construction, Lessee shall have the right, at its own cost and expense, to construct on the Premises such improvements and to make such alterations to the Premises and the Facilities as Lessee shall determine to be proper in connection with the development, construction, and operation of the premises; provided, that the same shall be in compliance with all applicable federal, state, and local requirements.

(e) Within six (6) months after completion of construction, Lessee shall remove all temporary structures from the Premises.

#### 12- TITLE TO IMPROVEMENTS AND EQUIPMENT.

(a) Until the expiration or termination of this Lease, title shall remain solely in Lessee to any improvements, alterations, equipment, or other items erected or installed by Lessee on the Premises.

(b) Except as specifically set forth in subparagraph (c) below, upon any expiration or termination of this Lease, title to all equipment located on the Premises shall remain in Lessee, and Lessee, at its own cost and expense, may remove any or all such equipment. Alternatively, Lessee, at its option, may elect not to remove any such equipment, and, upon any such election, title to any such equipment shall vest in Lessor and Lessee shall have no further obligations to Lessor with respect thereto.

(c) Notwithstanding the provisions of subparagraph (b) above, if and only if the term of this Lease should expire (not including an early termination of this Lease as a result of a default hereunder, an election to terminate by Lessee as provided herein, or any other reason), at the end of the original term or any renewal or extension thereof, then Lessor, at its option, shall be entitled to purchase any unencumbered equipment which is owned by Lessee and which is located on the Premises, at the fair market value thereof. Such option must be exercised by Lessor giving Lessee written notice thereof within fifteen (15) days of the expiration of this Lease. Said notice shall state the item or items of equipment which Lessor desires to purchase, Lessor's determination of the fair market value of each item listed, and the name and address of an appraiser selected by Lessor. Upon receipt of said notice, Lessee shall have fifteen (15) days in which to reject Lessor's determination of the fair market value as to any one or more of the items listed. Upon rejection of Lessor's determination of the value of any of the items, Lessee shall give Lessor written notice thereof, together with a list of the disputed items, Lessee's determination of the fair market value of each such item, and the name and address of an appraiser selected by Lessee. Upon receipt of such notice of rejection, Lessor shall have fifteen (15) days in which to reject Lessee's determination of the fair market value of the items listed as disputed by Lessee. Upon Lessee's receipt of written notice of rejection by Lessor of Lessee's determination of the value of the remaining items in dispute, the two appraisers selected shall select a third appraiser and the three appraisers thus chosen shall determine the value of the remaining items in dispute, which determination shall be final and binding upon the parties. Each party shall be responsible for the cost of its respective appraiser, and both parties shall share equally the cost of the third appraiser. Lessor's above purchase option shall specifically not apply to equipment which is leased by Lessee from, or which is owned by, a third party; regardless of whether said third party is a shareholder, officer, director, or employee

of, or is otherwise related to, Lessee or is an affiliated or related company of or to Lessee. Until the expiration of this Lease and Lessor's exercise of its above purchase option, title to any equipment that might become subject to said purchase option shall remain solely in Lessee, and Lessee shall be entitled to buy, sell, lease, mortgage, encumber, substitute, and otherwise dispose of and deal freely with any such items of equipment without regard to Lessor's above purchase option.

13- ASSIGNMENT, SUBLETTING AND FINANCING.

(a) Right to Assign or Sublet. Lessor agrees that Lessee may, with Lessor's written consent, said consent not to be unreasonably withheld, assign or sublet the Premises; provided, that any such assignee or sublessee shall have agreed with Lessor to perform all of Lessee's covenants and obligations hereunder. Lessor agrees to respond to Lessee's requests for a proposed assignment or sublease within sixty (60) days from the receipt thereof. Notwithstanding the above, Lessee shall be entitled to assign this Lease, without Lessor's consent, to Lessee's nominee, which shall be a partnership or corporation to be set up to perform Lessee's covenants and obligations hereunder; provided, however, that any assignment pursuant of this subparagraph (a) shall release Lessee from any further liability hereunder only if Lessee has obtained Lessor's approval thereof, which approval Lessor agrees not to unreasonably withhold.

(b) Financing. Lessor agrees that Lessee may, with Lessor's prior written consent, mortgage, assign, transfer, Lease, or otherwise create security interests (including, without limitation, sale and leaseback arrangements) in this Lease, the Premises, or the Project improvements or equipment, in order to secure indebtedness incurred by Lessee to finance the Project or to secure Lessee's obligations to a third party under a Lease of the improvements or equipment to be used on the Premises or property adjacent thereto; provided, that (i) any such encumbrance shall not be permitted to extend beyond the expiration date of this Lease; (ii) a copy (or notice) of any

such mortgage, assignment, transfer, lease, or other security interest, together with the name and address of the holder thereof (hereinafter, the "Secured Party", which term shall also include any purchaser at any foreclosure sale), is duly recorded in the Hillsborough County Registry of Deeds, if required by other provisions of law; and (iii) in the event of foreclosure, the purchaser thereof shall succeed to Lessee's interest therein, subject to the provisions of subparagraph (c) (i) below. Lessor agrees not to withhold its consent to any proposed security arrangement unless it has reasonable grounds for objecting to the mortgage, assignment, transfer, lease, or other security interest to be created thereby.

(c) Rights of Secured Party. In the event that Lessee shall create mortgages, assignments, transfers, leases, or other security interests in the Premises as permitted by subparagraph (b) above, then Lessor hereby agrees for the benefit of the Secured Party that:

(i) No Secured Party shall be liable under the terms and conditions of this Lease unless and until such Secured Party shall have exercised its rights to succeed to Lessee's interests hereunder by giving written notice thereof to Lessor, nor shall any Secured Party be liable thereafter nor for any default or breach of this agreement before Lessee's interests hereunder become vested in said Secured Party.

(ii) Lessor will, upon serving Lessee with any notice of default, simultaneously serve a copy of such notice upon the Secured Party, and no such notice to Lessee shall be effective unless a copy is so served upon the Secured Party.

(iii) In the event of any default by Lessee hereunder, or under the terms of the mortgage, lease, or other security interest, the Secured Party shall have the right to perform any of Lessee's covenants or to cure any defaults by Lessee hereunder, or to exercise any election, option, or right conferred upon Lessee by the terms of this Lease.

(iv) Lessor will not terminate this Lease for any default of Lessee (A) if within a period of one hundred twenty (120) days after the expiration of the period of time within which Lessee might cure said default under the provisions of this Lease, said default is cured or caused to be cured by the Secured Party, or (B) if within a period of ninety (90) days after the expiration of the period of time within which Lessee might commence to eliminate the cause of such default under the provisions of this Lease, the Secured Party commences to eliminate the causes of such default and proceeds diligently therewith; provided, that this subparagraph shall not apply to the obligation to pay rent, as to which the Secured Party is subject in the same manner as Lessee.

(v) Lessor will not terminate this Lease if the Secured Party takes possession of the Premises upon default by Lessee under the terms of the mortgage, lease, or other security interest; provided, that the rent due and payable under this Lease shall continue to be paid and the other covenants, conditions, and agreements of this Lease on Lessee's part to be kept and performed shall continue to be kept and performed by the Secured Party.

(vi) No exercise of any right, privilege, or option available to Lessee to cancel or terminate this Lease, nor any modification or amendment to this Lease, shall be effective without the prior written consent of the Secured Party; provided, that in the event the Lessor has the unilateral right to terminate this Lease, the Lessor need not obtain the prior written consent of the Secured Party, to do so. Nothing in this sub-paragraph shall deprive the Secured Party of its right to notice and all other rights (including the right to cure) provided herein.

(vii) Lessor agrees that it will, if requested by Lessee in writing, make such minor and reasonable amendments to this Lease as are required by a Secured Party to facilitate the creation of mortgages, leases, or other security interests permitted hereunder, provided that the rent and the other interests of Lessor are not impaired thereby. No amendment to this Lease shall be valid unless made in writing and signed by the parties.

14- TAXES, OTHER CHARGES, FEES, ETC. Lessee shall be responsible for real estate taxes assessed for and with respect to the Premises only (including assessments for betterments or improvements for all tax periods fully or partially included in the term of this Lease), or, at Lessee's option, any payments in lieu thereof pursuant to RSA 362-A:6, as amended, or otherwise. In accordance with RSA 72:23, I (1975 Supp.), Lessee shall pay all properly assessed real and personal property taxes no later than the due date, unless Lessee is in good faith contesting the same or seeking an abatement thereof.

15- PAYMENT FOR UTILITIES. Lessee shall pay promptly as and when the same become due and payable all charges for water, steam, heat, gas, hot water, electricity, light, power, and other services used by Lessee in connection with the Premises during the term of this Lease.

16- INSURANCE.

(a) Lessee shall provide, at Lessee's expense, and keep in force during the term of this Lease, general liability insurance with a good and solvent insurance company or companies, reasonably satisfactory to Lessor, in the amount of at least one million dollars (\$1,000,000.00) with respect to the Premises for one or more persons for any one occurrence. Such policy or policies shall include Lessor as an additional named insured.

(b) Commencing with construction of the Project, Lessee shall keep all existing structures, and improvements built or

erected by Lessee, on the Premises insured against loss or damage by fire (with standard extended coverage endorsements) in an amount not less than eighty percent (80%) of the current replacement cost thereof. Any such insurance policy or policies shall name Lessor as an additional named insured, as its interest may appear.

17- MUTUAL REPRESENTATIONS.

(a) Lessor represents and warrants to Lessee that this Lease and the execution hereof have been duly authorized by all necessary action on the part of Lessor and its governing bodies.

(b) Lessee represents and warrants to Lessor that this Lease and the execution hereof have been duly authorized by all necessary action on the part of the Lessee.

18- DAMAGE CLAUSE. If the Premises shall be damaged, in whole or in part, by fire, casualty, or action of public authority in consequence thereof, then:

(a) The rent hereinbefore reserved, or a just and proportionate part thereof according to the nature and extent of the damage sustained, shall be suspended or abated upon the mutual consent of Lessor and Lessee or their respective legal representatives (said consent not to be unreasonably withheld) until (i) the damage shall have been repaired, (ii) the Premises are restored substantially to their condition at the time of the damage, and (iii) the production of hydroelectricity resumes.

(b) If the Premises or Facilities are, by such damage, rendered unsuitable for Lessee's use, then this Lease may be terminated by Lessee or its legal representative. Any such election shall be made in writing within ninety (90) days after such damage or destruction occurs, and this Lease shall terminate in accordance therewith as of the date of such damage or destruction.

(c) In the event of any damage or destruction, and this Lease is not to terminate as aforesaid, then the terms and conditions of this Lease shall remain unaltered.

19- DAM FAILURE. Notwithstanding the provisions of Sections 7(d) and 18 above, in the event of an imminent or actual failure of the Dam, the Lessor has the right to immediately reenter onto the Premises for the purposes of making all necessary repairs to said Dam. In the event the Lessor repairs the subject Dam, the Lessee shall reimburse the Lessor for the reasonable cost of such repairs that were necessitated by Lessee's failure to maintain the Dam in good condition and repair, as provided in Section 11(b) above. To the extent it is practical and reasonable, the Lessor shall first afford the Lessee the opportunity to make any such repairs itself. In other than emergency situations, before making any such repairs, Lessor shall obtain Lessee's prior written consent (which consent shall not be unreasonably withheld) and to provide such plans and other information about the proposed repairs as Lessee may reasonably request. Such repairs shall be only those required to restore the Premises to their original sound and serviceable condition. Lessor shall not have the right to make significant improvements to the Premises under this sub-paragraph, but nothing herein shall be interpreted as limiting any of the Lessor's powers as provided by law.

20- INDEMNITY.

(a) Lessee does hereby agree to defend, indemnify, and save Lessor, its officers, employees and agents, harmless from and against any and all claims, losses, actions, damages, liabilities, and expenses (including, without limitation, legal fees) in connection with the loss of life, personal injury, and/or damage to property arising out of, or alleged to have arisen out of, any occurrence in, upon, and/or at the Premises occasioned by or resulting from (i) the occupancy or use by Lessee of the Premises or any part thereof, or (ii) by any act or omission of Lessee, its agents, contractors, or employees.

(b) Subject to subsection (c) below, Lessor does hereby agree to defend, indemnify, and save Lessee, its officers, employees and agents, harmless from and against any and all claims, losses, actions, damages, liabilities, and expenses

(including, without limitation, legal fees) in connection with the loss of life, personal injury, and/or damage to property arising out of, or alleged to have arisen out of, any occurrence in, upon, and/or at the Premises or other property of Lessor occasioned by or resulting from (i) the occupancy or use by Lessor of the Premises or any part thereof; (ii) any act or omission of Lessor, its agents, contractors, or employees; or (iii) any other cause whatsoever with the sole exception of those for which Lessor is to be indemnified by Lessee pursuant to subsection (a) above.

(c) Lessor's indemnification obligations pursuant to subsection (b) above shall only be enforceable and binding upon Lessor to the extent that Lessor's obligations thereunder (including, without limitation, the obligation to defend) are insured by a contractual liability or like insurance policy issued by a financially responsible insurance company licensed in the State of New Hampshire and approved by Lessee. The premium for such policy shall be the sole obligation of Lessee. Lessor agrees to cooperate with Lessee in obtaining or renewing any such policy during the term of this Lease (including without limitation, immediately advising Lessee of all notices or other communications received by Lessor with respect to any such policy).

(d) No provision in this Section 20 is intended to be, nor shall it be interpreted by either party to be, a general waiver of sovereign immunity; provided, that this subsection (d) shall not operate to relieve the Board and the State of New Hampshire from the limited obligation of indemnity set forth above.

21- LESSEE'S DEFAULT.

(a) If:

(1) Lessee neglects or fails to pay the rent or other charges payable hereunder and such default shall continue for a period of ninety (90) days;

(ii) Lessee neglects or fails to perform or observe any of the other covenants, terms provisions, or conditions on its part to be performed or observed and such default shall continue for a period of sixty (60) days from the date that written notice of such default is received by Lessee from Lessor;

(iii) the estate hereby created shall be taken on execution or by other process of law;

(iv) a receiver, guardian, conservator, trustee in voluntary or involuntary bankruptcy, or other similar officer is appointed to take charge of all or any substantial part of the Lessee's property by a court of competent jurisdiction, and, in the case of an involuntary proceeding, said proceeding is not terminated within sixty (60) days; or

(v) proceedings shall be commenced to dissolve or liquidate Lessee;

then, and in any of the said cases, Lessor lawfully may, upon the expiration of the notice periods provided herein, terminate this Lease by giving to Lessee at least thirty (30) days' written notice of such termination; provided that, in the event that Lessor gives notice of default of such a nature that it cannot reasonably be remedied within the notice period, other than a failure to pay rent as specified above; then such default shall not be deemed to continue so long as Lessee, after receiving such notice, proceeds to remedy the default as soon as is reasonably possible and continues diligently to take all steps necessary to complete such remedy within a reasonable period of time. Notwithstanding any such purported default, Lessor shall not have such right of termination if a Secured Party shall cause to be cured, within the time periods set forth in Section 13(c)(iv), all defaults of Lessee hereunder, whether in the payment of rent

or the performance of any other agreement, and shall continue to cause such rent to be paid and Lessee's other agreements to be performed.

(b) In the event of a judicially-enforced termination of this Lease following the occurrence of an event of default, as provided by and in accordance with subsection (a) above, Lessee shall be responsible for liquidated damages as more particularly set forth in this subsection. Said liquidated damages shall, at Lessor's sole option, be either (i) Lessee's payment to Lessor of an additional one (1) year's rental installment based on the average of the annual rental payments paid to Lessor to the date of termination; provided, that said average rental installment shall not exceed five percent (5%) of the long term average annual gross revenue for the project calculated at Lessee's then current contracted price for power. The long term average annual gross revenue used for this calculation shall be based on "period of record flows" recorded at appropriate USGS gauges on the Piscataquog river. Such period shall not be less than thirty (30) years unless agreed to in writing by Lessee; or (ii) Lessee's transfer to Lessor of all unencumbered equipment which is owned by Lessee and which is located on the Premises. With respect to the latter option, Lessee shall only be required to transfer equipment and only equipment which is owned by Lessee and which is not subject to any mortgage, security interest, or other lien. Said equipment shall specifically not include equipment which is leased by Lessee from, or which is owned by, a third party; regardless of whether said third party is a shareholder, officer, director, or employee of, or otherwise related to, Lessee or is an affiliated or related company of or to Lessee. Until the termination of this Lease as provided above, title to any equipment that might become subject to Lessee's aforesaid option shall remain solely in Lessee, and Lessee shall be entitled to buy, sell, lease, mortgage, encumber, substitute, and otherwise dispose of and deal freely with any such items of equipment without regard to said option.

22- LESSOR'S DEFAULT. If the Lessor shall fail to cure any material default of Lessor of which it has been notified by Lessee in writing, within the time reasonably required to cure such default, Lessee shall have the right to terminate this Lease, which right shall be in addition to any and all other remedies available to it.

23- FORCE MAJEURE. In the event Lessor or Lessee shall be delayed, hindered in, or prevented from the performance of any act required hereunder, except the payment of rent, by reason of fire, floods, storms, or other casualties, Acts of God, strikes, riots, insurrection, declared or undeclared acts of war, or other unforeseen and unforeseeable event beyond such party's control, then the performance of such act shall be excused for the period of delay occasioned thereby and the period for the performance of any such act shall be extended for a period equivalent to the period of the delay occasioned thereby.

24- EMINENT DOMAIN.

(a) Taking. If the Premises, or such portion thereof as to render the balance unsuitable for the purposes of Lessee, shall be taken by condemnation or by right of eminent domain, then either party, upon ninety (90) days' prior written notice to the other, shall be entitled to terminate this Lease.

(b) Apportionment. Notwithstanding any contrary provision of law, the award granted for any such taking shall be fairly and equitably apportioned between the Lessor and the Lessee, based on their percentage interests in the proportion taken on the Premises.

(c) Termination and Abatement. In the event that this Lease is terminated as a result of such taking, the terms of this Lease shall cease and come to an end as of the date of such taking, with the same force and effect as if such date had originally been set forth as the expiration of the term hereof, and any rental payments in advance shall be promptly refunded by Lessor to Lessee. If this Lease is not terminated as a result of

such taking, a fair and just proportion of the rent thereafter payable shall be suspended or abated, depending upon the extent to which the Lessee may be required to discontinue its business in the Premises and depending upon the nature and extent of the taking.

#### 25- MISCELLANEOUS PROVISIONS.

(a) Recordation. Lessor and Lessee shall execute a "Notice of Lease", conforming to the standards of New Hampshire RSA 477:7-a and reasonably acceptable in form to both parties and their counsel, which notice shall be recorded in the Hillsborough County Registry of Deeds.

(b) Headings. The article, section, paragraph, and subparagraph headings throughout this instrument are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction or meaning of the provisions of this Lease.

(c) Succession; Binding Agreement. Except as otherwise set forth herein, all of the terms and provisions of this Lease shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assignees of the respective parties thereto. All of the terms and provisions of this Lease which are binding upon the Board (or Lessor) shall also be binding upon the State of New Hampshire and its agencies.

(d) Exhibits. Each exhibit attached to this Lease shall be incorporated into and be part of this Lease. If any exhibit referred to in this Lease shall not be attached hereto at the time of execution of this Lease, or if any such exhibit shall be incomplete, then any such exhibit may be later attached or completed by mutual consent of the parties evidenced by their respective initialing of such exhibits, and such exhibits shall, as later attached or completed, for all purposes be deemed a part of this Lease as if attached hereto or completed at the time of execution thereof.

(e) Merger. This agreement, including all exhibits

attached hereto, constitutes the entire agreement between the parties, and all prior understandings, agreements, and representations have been merged herein.

(f) Waiver. The waiver by either party of any breach of this Lease shall not be deemed to be a waiver of a subsequent breach of the same or any other covenant, condition, or term of this Lease.

(g) Amendment of Lease. This Lease may be modified or amended only by an instrument in writing signed by all parties hereto.

(h) Severability. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than to those which it is held invalid or unenforceable, shall not be affected and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(i) Governing Law. This Lease shall be governed exclusively by the laws of the State of New Hampshire as the same exists as of the date of this Lease.

(j) Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be postage prepaid, return receipt requested.

(1) if to Lessor:           Water Resources Board  
                                  37 Pleasant Street  
                                  Concord, NH 03301  
                                  Attn: Delbert F. Downing  
                                  Chairman

with a copy to:           New Hampshire Attorney  
                                  General's Office  
                                  Room 208, State House Annex  
                                  Concord, NH 03301

(11) If to Lessee: Hydro Resources Corporation  
 P.O. Box 240  
 83 Bay Street  
 Manchester, NH 03104  
 Attn: George E. Sansoucy  
 Vice President

with a copy to: James G. Cook, Esq.  
 Wiggin & Nourie  
 P.O. Box 808  
 Franklin & Market Streets  
 Manchester, NH 03105

or to such other address as shall by like notice be sent to the other party.

(k) Counterparts. This Lease may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

(l) Mechanics Liens. Lessee agrees to promptly take steps to discharge or cause to be discharged (either by payment or the filing of a necessary bond, the contesting of an attachment, or otherwise) any mechanic's, materialman's or similar lien placed against the Premises for the Facilities, arising out of any payment due for labor, services, materials, supplies or equipment which may have been furnished to or for the Lessee, its contractors and subcontractors.

(m) Progress Reports. Lessee shall submit to Lessor written quarterly progress reports detailing the Lessee's progress in obtaining a FERC license (or exemption, if applicable) in constructing the Project, and in bringing the Project on line.

(n) Third Parties. The parties hereto do not intend to benefit any third parties and this agreement shall not be construed to confer any such benefit.

26- COMPLIANCE WITH THE LAW. Lessee shall comply promptly with all laws, regulations, rules, requirements, and orders of State, Federal, and other public authority, local board of fire underwriters, and similar organizations having jurisdiction which are applicable to the Premises.

27- SHORTAGE CRISES. If lawful, pursuant to the express provisions of RSA 481:8, III, as amended, in the event of a shortage crisis, as determined by the Governor and Council, in either the water resources of the State of New Hampshire or the capacity to fulfill the electrical requirements of the State of New Hampshire, then the Governor and Council may suspend the terms of this Lease, (but only to the extent that hydroelectric power generated at the Premises is provided outside of the State of New Hampshire) in order to fulfill the needs and requirements of the citizens of the State of New Hampshire.

28- EXECUTION AGAINST LESSOR'S PROPERTY. Nothing in this Lease shall be deemed to be a waiver by Lessor of the benefit of the provisions of RSA 481:6-C with respect to levy and sale, execution, or other judicial process against property of Lessor.

29- NO WAIVER OF SOVEREIGN IMMUNITY. No provision in this Lease is intended to be, nor shall it be, interpreted by either party to be a waiver of Sovereign immunity; provided, that this provision shall not operate to relieve Lessor or the State of New Hampshire from their obligations set forth herein.

30- EMERGENCY ACTION PLAN. If, by virtue of Lessee's construction, operation or maintenance of its hydroelectric facilities at the Dam, a Flood or Emergency Action Plan (the "Plan") is required by FERC (pursuant to FERC Order No. 122, Docket No. RM80-31, issued January 21, 1982) or any other agency having jurisdiction, then Lessee agrees to prepare the Plan and to pay the cost thereof, subject to Lessee's rights as set forth in Section 6(a)(iv) of this Lease.

31- CERTIFICATES. Upon its execution of this Lease, Lessee shall attach hereto a Certificate of Authority to execute and be bound by this Lease, together with a Certificate of Registration with the New Hampshire Secretary of State, all as required by RSA 5:18-a.

32- PLANT OPERATION. During the entire recreational season (May 1st through October 19th), Lessee shall maintain the operational power pool elevation behind the Dam in accordance with the legal flowage rights as obtained from the Lessor under this Lease; and an elevation established by the Lessor pursuant to RSA Chapter 482.

Lessee agrees to maintain the current impoundment level behind the Dam, during the above described recreational season, at approximately 160.75 MSL; the same being the elevation established with thirty-three (33) inches of flashboards, on top of the existing permanent spillway crest. The Lessee's responsibilities for the maintenance of said elevation shall be subject to reasonable requirements for hydroelectric production at the Facility. The above described elevation (160.75 MSL), may be maintained by the Lessee at all other times of the year.

In the event of flashboard failure, the Lessee shall restore said flashboards within a reasonable time after such failure. The operation of gates shall be at the reasonable discretion of the Lessee. Nothing herein shall limit the Lessor's statutory authority or the Lessee's statutory rights to establish or seek alternatives to the existing lake level management.

The Lessee shall have the right to fluctuate the impoundment level behind the Dam a maximum of six (6) inches. Said six (6) inches shall be measured as reasonably practicable with mechanical or other water level sensing devices. The six (6) inch limitation shall apply only during the recreational season described above. At all other times, Lessee may fluctuate the impoundment level within Lessee's reasonable discretion; provided, such fluctuation is consistent with the public interest and Lessor's and Lessee's statutory requirements.

The Lessee agrees to cooperate with the abutting landowners at the Dam's impoundment on the Piscataquog River, or any association representing the same, in regulating said impoundment level for the recreational benefit of said landowners.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

NEW HAMPSHIRE WATER RESOURCES BOARD

Virginia Ingram  
WITNESS

Delbert F. Downing  
DELBERT F. DOWNING, CHAIRMAN

HYDRO RESOURCES CORPORATION

Thomas P. Conwill  
WITNESS

George E. Sansoucy  
GEORGE E. SANSOUCY, VICE PRESIDENT

STATE OF NEW HAMPSHIRE  
COUNTY OF

On this, the 29th day of July, 1983, before me, the undersigned officer, personally appeared Delbert F. Downing, who acknowledged himself to be the Chairman of the Water Resources Board, a public corporation created by the State of New Hampshire, and that he, as Chairman, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

Before me:

Virginia Ingram  
NOTARY PUBLIC/JUSTICE OF THE PEACE

My Commission expires: January 12, 1987.

STATE OF NEW HAMPSHIRE  
COUNTY OF

On this, the *27th* day of *July*, 1983, before me, the undersigned officer, personally appeared George E. Sansoucy, who acknowledged himself to be the Vice President of Hydro Resources Corporation, a New Hampshire corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

Before me:

*Virginia Ingram*  
NOTARY PUBLIC/JUSTICE OF THE PEACE



My Commission expires: *Jan. 12, 1987*.

Approved by Attorney General this *2nd* day of *August*, 1983 as to form, substance and execution.

*Edward L. Cross, Jr.*  
EDWARD L. CROSS, JR.  
ASSISTANT ATTORNEY GENERAL

At this meeting on \_\_\_\_\_, 1983, the Governor and Council determined that the proposed project will be of public use and benefit and within the authority conferred upon the Board, and approved execution of this Lease.

\_\_\_\_\_  
WILLIAM GARDNER, SECRETARY OF STATE  
ON BEHALF OF THE GOVERNOR AND COUNCIL

CERTIFICATION

The undersigned Secretary of the New Hampshire Water Resources Board (the Board) does hereby certify that at a meeting of the Board held on the 29<sup>th</sup> of June, 1983, said Board voted affirmatively as follows:

Upon motion made and seconded, it was voted to approve the lease with Hydro Resources Corporation to develop the hydropower at Kelley Falls Dam and to authorize Delbert F. Downing, Chairman, to execute said lease on behalf of the Board.

I further certify that the above vote is official and still in force and effect and that Delbert F. Downing is Chairman of the Board as of the 28<sup>th</sup> of July, 1983.

NEW HAMPSHIRE WATER RESOURCES BOARD

Thomas B. Council  
WITNESS

Harrison A. Sargent  
HARRISON A. SARGENT, SECRETARY

STATE OF NEW HAMPSHIRE  
COUNTY OF MERRIMACK

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of July, 1983, by Harrison A. Sargent, Secretary of the New Hampshire Water Resources Board.

Before me:

James F. Carter  
NOTARY PUBLIC / ~~JUSTICE OF THE PEACE~~

My Commission expires: May 7, 1985

State of New Hampshire  
Department of State

CERTIFICATE OF GOOD STANDING

I, William M. Gardner, Secretary of State  
of the State of New Hampshire, do hereby certify that

Hydro Resources Corp.

is a New Hampshire corporation formed December 28, 1979.

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 28th day of July, 1983.



William M. Gardner  
William M. Gardner  
Secretary of State

CERTIFICATE OF VOTE

I, Kathleen St. Louis, hereby certify that George SanSoucy is the duly elected Treasurer of Hydro Resources Corp. I further certify that the following is a true copy of a vote taken at a meeting of the Board of Directors of the Corporation duly called and held on July 26, 1983, at which time a quorum of the Board was present and voting:

VOTED: That the Treasurer of this Corporation be, and he hereby is, authorized to execute and deliver on behalf of the Corporation an agreement for the lease of certain properties at the Kellys Falls Dam in Manchester, New Hampshire, from the New Hampshire Water Resources Board and/or the State of New Hampshire as may be appropriate. In connection with the above, he shall be empowered to execute and deliver all instruments and documents in connection therewith that he may deem in his sole discretion to be in the best interests of this Corporation, and to take such other action and to execute such other documents as he may deem necessary or desirable, his execution of any documents and his taking of such action to be conclusive evidence that the same was authorized by this vote.

I HEREBY CERTIFY THAT SAID VOTE HAS NOT BEEN AMENDED OR REPEALED AND REMAINS IN FULL FORCE.

DATE:

July 26, 1983

ATTEST:

Kathleen St. Louis  
Kathleen St. Louis, Clerk

IRVIN W. TOLLES

144 W. Webster Street  
Manchester, NH 03105  
(603) 622-8634

Age: 32  
Health: Excellent

Education

BA - Economics - 1972

History

1973 Associate Instructor in Economics - Hawthorne College

1974-76 Business Manager - Island Terrace, Inc.  
(73 bed nursing home facility in Massachusetts)

1976 Continuing Developer and President of Real Data Corporation

1980 Senior Economist of East Coast Engineering  
Primarily responsible for economic analysis and licensing  
of Hydroelectric projects

REAL DATA CORPORATION

Real Data Corporation was formed by Irv Tolles in 1976 to fill the need for a statewide information service on the credit and real estate markets. The company employs approximately 18 people and provides this service through a computerized data collection system and weekly newspaper, "The Registry Review." Real Data Corp. also provides specialized statewide service for analysis of the real estate market and economic trends. Since 1977, when publication was begun, "The Registry Review" has become the most respected statewide publication of business and real estate information. The "Review" and its supplementary services are now used by virtually all banks, appraisers, real estate brokers and real estate economists in New Hampshire. Real Data Corp. utilizes an IBM 4300 series computer which is also available to East Coast Engineering for specific engineering applications.

## EAST COAST ENGINEERING

Recently, Irv Tolles has become increasingly active in hydropower restoration in New Hampshire. Current service is as Senior Economist for East Coast Engineering and responsibilities include economic analysis and coordination of environmental reporting. Current projects for which licensing is underway include three developments within New Hampshire each having a total estimated project cost exceeding \$2. million. These are currently in various stages of license preparation and processing.

## RESUME

JAMES M. REA - DESIGNER/PROJECT COORDINATOR

### EXPERIENCE

Mr. Rea's career in the engineering and planning field spans some 20 years. His experience includes 5 years of planning work with a government planning agency in Montgomery County, Maryland, during which time he reviewed all subdivision plans, prepared displays and exhibits for various planning groups within the agency, prepared and presented zoning cases and reviewed zoning applications. Participated in the preparation of numerous master plans, zoning plans, zoning regulations and subdivision regulations. He then spent the next 4 years with a mobile construction battalion of the U.S. Navy, during which time 13 months were served in South Vietnam surveying, layout work, etc., and Construction Advisor to the South Vietnamese Army. The next 6 years Mr. Rea worked for the Engineering Department of the City of Dover, serving as City Surveyor, Engineering Technician, Construction Inspector and Assistant City Engineer. The last 5 years have been with Anderson-Nichols as a Designer.

### PROFESSIONAL DATA

University of Maryland - 2 years  
Civil Engineering

U.S. Naval Engineering School -  
Davisville, Rhode Island

New England College - Henniker,  
New Hampshire - Wastewater  
Treatment Plant Operator's  
Course

### REPRESENTATIVE ASSIGNMENTS

Merrimack County Home, Boscawen, New Hampshire - Surveyed site for design of a treatment plant and influent sewer. Supervised layout work for boring contractor.

Bedford, New Hampshire - Participated in sewer design of approximately 35,000 feet of sanitary sewer lines and siphon facility for the Town of Bedford, New Hampshire.

Carroll County Home Complex, Ossipee, New Hampshire - Participated in the design of 27,000 GPD wastewater treatment plant facility.

Antrim, New Hampshire - Participated in the design of 210,000 GPD treatment facility and 31,000 feet of sanitary sewers.

New London, New Hampshire - Participated in the design of 55,000 feet of sanitary sewers and 9 pump stations.

Hopkinton, New Hampshire - Coordinated all surveys and boring layout work. Participated in the design of 240,000 GPD treatment facility and 50,000 feet of sanitary sewers.

Hillsborough, New Hampshire - Participated in the design of 30,000 feet of sanitary sewer and 475,000 GPD treatment facility.

Bethlehem, New Hampshire - Participated in the design of 250,000 GPD treatment plant, 2 pumping stations, and 24,000 feet of sanitary sewer.

RESUME

JAMES M. REA - DESIGNER/PROJECT COORDINATOR

REPRESENTATIVE ASSIGNMENTS (cont.)

Bristol, New Hampshire - Designed 27,000 l.f. of water mains. Coordinated survey and subsurface exploration.

Whitefield, New Hampshire - Designed 30,000 l.f. of sanitary sewers and participated in the design of a 285,000 GPD treatment plant.

Somersworth, New Hampshire - Major involvement in the design and coordination of a 275 acre industrial park for the City of Somersworth. A unique project in that it is a proposed industrial park with the emphasis put on planning.

Franklin, New Hampshire - Construction Inspector for sanitary sewer at the Franklin Shopping Center. LMI Investors Inc. (client).

Conway, New Hampshire - Participated in the preparation of a Facilities Plan for the Town of Conway, New Hampshire.

# East Coast Engineering

## RESUME

GEORGE E. SANSOUCY - PARTNER, PROJECT MANAGER

### EXPERIENCE:

Prior to establishing East Coast Engineering, Mr. Sansoucy was employed by Anderson-Nichols & Co., Inc. in the Concord N.H. office and acted as Project Manager for many varied civil projects in New England. His past construction experience plus education blended well in planning, designing, and administering, private and public civil, hydraulic, and sanitary projects. Through this work, Mr. Sansoucy gained considerable experience and expertise in financing, cost analysis, and loan and grant administration under the State, EPA, FmHA, and EDA. In aggregate, Mr. Sansoucy has planned and designed approximately \$20,000,000 in civil projects with successful construction of \$6,000,000.

Specific levels of expertise include:

210,000 feet of gravity and mechanical water and wastewater conveyance systems and sewers;

Associated road and subsurface design and construction considerations with hydraulic projects including drainage, ledge, paving, traffic control, redesign, bridging, and utility interference;

Water and wastewater treatment;

Land treatment and other alternative treatment modes;

Environmental assessment and impact statement work;

All facets of planning for public and private utilities including extensive and complex public participations;

Court preparation and expert testimony

### PROFESSIONAL DATA:

B.S. Civil Engineering, University of N.H., 1974

M.S. Civil, Sanitary Engineering, U.N.H., 1974

Registered Professional Engineering, N.H. # 4175

Member American Society of Civil Engineers

### PUBLICATIONS IN:

Journal of American Water Works Association

Conference Proceedings, American Water Works Association

Proceedings, National Symposium on Land Treatment

# East Coast Engineering

## RESUME (cont.) of GEORGE E. SANSOUCY

### REPRESENTATIVE CLIENTS: (past & current)

Merrimack County Home, Boscowen N.H.  
New London N.H.  
Hopkinton N.H.  
Carroll County Home, Ossipee N.H.  
Whitefield N.H.  
Lancaster N.H.  
Conway N.H.  
Contoocook Village Water Precinct  
Town Of Henniker N.H.  
Londonderry N.H.  
White Mountain Laundry Inc., Conway  
Hydro-Resources Corp., Manchester  
North Country Refining Inc.

### ADDITIONAL PROJECTS PARTICIPATION

New Milford Conn., Environmental Impact Statement  
Manchester and Nashua Parking Garage (EDA)  
Merrimack Solid Waste Disposal and Composting  
Bedford N.H.- Facilities Plan  
Sludge Disposal, East Rygate Vermont  
Preparation of EPA Manual for Environmental Assessment  
Dam Investigations, Marlow, Hillsboro, Marlborough, Keene,  
Antrim, Goffstown

9/7/83

STATE OF NEW HAMPSHIRE

INTER-DEPARTMENT COMMUNICATION

DATE August 2, 1983

FROM Delbert F. Downing  
Chairman

AT (OFFICE)

Water Resources Board  
37 Pleasant Street  
ADMINISTRATION  
AND  
CONTROL

SUBJECT Kelley Falls Dam - Rescission Agreement

TO His Excellency Governor John H. Sununu  
and The Honorable Council

REQUESTED ACTION

To authorize the Water Resources Board to enter into a Rescission Agreement with Renewable New England, Inc., for the purpose of rescinding a Lease Agreement for the hydroelectric redevelopment of Kelley Falls Dam, located in Manchester, New Hampshire, dated January 13, 1981 and approved by the Governor and Council on February 25, 1981.

EXPLANATION

Beginning in 1979, the State initiated a plan to lease the Kelley Falls Dam in Manchester, New Hampshire. Pursuant to this plan, in 1980, the Water Resources Board (WRB) accepted development bids from Renewable New England (RNE) and Hydro Resources Corporation (HRC).

Based on RNE's bid, and recommendations from bid evaluators, the WRB selected RNE to lease the Dam. On the assumption that the Dam would have an installed capacity of 1 MW; could cycle the impoundment by 2 to 3 feet; produce over 3.1 million KWHs annually; and cost about \$850 per installed kilowatt to place on-line, RNE had bid 25% of AGR for the initial 5 years of power production, 50% of AGR for the following 5 years, 60% of AGR for the next 10 years and 50% of AGR after debt retirement. Under these assumptions, the Board would have realized approximately \$25,000 annually during debt service.

HRC has submitted a license application to the Federal Energy Regulatory Commission (FERC) prior to RNE; therefore, obtaining priority-in-time filing status. Based on the most optimal development of the Dam and the fact that HRC has priority filing status, FERC will likely grant a license to HRC, thereby making RNE's obligations to perform under the former Lease Agreement, impossible to perform.

Because hydrologic, economic, licensing and proprietary restraints bar the operation of the Dam under the assumptions enumerated in the second paragraph above, it is clear that the Dam's installed capacity may not exceed 450 KW, no cycling of the impoundment is probable; only 1.5 million KWHs will be produced;

His Excellency Governor John H. Sununu  
and The Honorable Council

Page Two

August 2, 1983

and the cost per installed kilowatt will be at least \$1,100. Consequently, the assumptions used by RNE to predicate RNE's bid were erroneous. RNE's bid is not economically viable; even if RNE were granted a FERC license, which is unlikely, lease payments would have to be adjusted downward.

Since FERC has failed to make a decision on the matter, HRC, RNE and the WRB have strived for over two years to devise a mutually satisfactory agreement to settle the problem. In the meantime, the Dam, capital resources and redevelopment plans have laid idle; local and state governments have not realized revenues from the Dam.

The Rescission Agreement attempts to make the parties whole. The new Lease Agreement with HRC enables HRC to redevelop the Dam, which is in badly need of repairs, in the most expeditious and economic manner, while assuring reasonable rent payments to the State.

Consequently, due to FERC's inaction, and the impossibility of RNE to perform under its Lease Agreement, the WRB has strived to assemble a workable solution by leasing the Dam to a competent hydropower developer, who will develop the Dam most optimally, while retaining reasonable compensatory payments to the State.

DFD/TBC/mdw

RESCISSION AGREEMENT

This Agreement, dated this            day of            , 1983, by and between the New Hampshire Water Resources Board, a public corporation and an agency of the State of New Hampshire, having its offices at 37 Pleasant Street, Concord, New Hampshire 03301, hereinafter referred to as the "Board", and Renewable New England, Incorporated, a corporation having its principal place of business at P. O. Box 414, North Hartland, Vermont 05052, hereinafter referred to as "Renew".

WITNESSETH THAT

WHEREAS, in November of 1980, the Board, on the basis of Renew's bid, selected Renew to lease the state-owned Kelley Falls Dam, hereinafter referred to as the "Dam", located on the Piscataquog River, in Manchester, New Hampshire, for hydroelectric development;

WHEREAS, in January of 1981, the Board and Renew executed a Lease Agreement for the hydroelectric development of the Dam, hereinafter referred to as "Lease Agreement";

WHEREAS, in February of 1981, and pursuant to paragraph 11 of the Lease Agreement, Renew paid to the Board an Earnest Money Deposit in the amount of Seven Thousand Five Hundred Dollars (\$7,500.00), for the purpose of securing performance of filing and receiving a federal license to develop hydroelectricity at the Dam;

WHEREAS, in July of 1981, and pursuant to paragraph 9 of the Lease Agreement, on the behalf of and in the name of the Board, Renew submitted a minor license application to the Federal Energy Regulatory Commission, hereinafter referred to as "FERC", for the purpose of obtaining federal authority to develop the Dam;

WHEREAS, as of September, 1981, prelicense rent is payable pursuant to paragraph 10(B) of the Lease Agreement;

WHEREAS, in March of 1983, Renew and Hydro Resources Corporation, hereinafter referred to as "HRC", a competing hydro developer and priority-in-time FERC license applicant for the Dam, entered into a settlement agreement with Renew, whereby for certain consideration, Renew would rescind its Lease Agreement with the Board, HRC would negotiate a new lease agreement with the Board, the Board would withdraw its FERC license application for the Dam and HRC would add the Board's name to HRC's FERC license application;

WHEREAS, in March of 1983, the Board acknowledged the existence of said settlement agreement, did not consider said agreement to be adverse to the State's interest, and with Renew's approval, proceeded negotiating a new lease with HRC;

WHEREAS, FERC has failed to award a license to the Board, which license was applied for by Renew on the Board's behalf;

WHEREAS, the likelihood of the Board being awarded said FERC license is remote;

WHEREAS, the failure of the FERC to issue a license to the Board, makes it impossible for the parties hereto to perform their obligations under the Lease Agreement;

WHEREAS, the Board and HRC have negotiated a mutually acceptable lease agreement for the hydroelectric development of the Dam;

NOW THEREFORE, for and in consideration of the mutual covenants, conditions and agreements herein contained and for other good and valuable consideration, the parties hereto agree as follows:

1. That the Lease Agreement executed by the parties hereto on January 13, 1981, and approved by the Governor and Council on February 25, 1981, is hereby rescinded;
2. That each party hereto, their successors and assigns, hereby releases and absolves each other and their respective officers, agents and employees, from any and all obligations and/or liability arising out of the Lease Agreement; provided, however, the following occurs:
  - a. That to offset expenses reasonably incurred by the Board as a result of its participation in this project; the Board shall retain the Seven Thousand Five Hundred Dollars (\$7,500.00) of Earnest Money Deposit, plus interest accrued to date;
  - b. That the Board hereby releases Renew of its obligation to pay prelicense rent;
  - c. That the Board shall, within a reasonable time after the date of this Rescission Agreement, withdraw its FERC license application for the Dam;

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of this day and year first written above.

NEW HAMPSHIRE WATER RESOURCES BOARD

Virginia Ingram  
WITNESS

Delbert F. Downing  
DELBERT F. DOWNING, CHAIRMAN

RENEWABLE NEW ENGLAND, INCORPORATED

Joseph E. Adams  
WITNESS

Roger W. Lamson  
ROGER W. LAMSON, COUNSEL  
AUTHORIZED AGENT

STATE OF NEW HAMPSHIRE  
COUNTY OF

On this, the 28 day of JULY, 1983, before me, the undersigned officer, personally appeared Delbert F. Downing, who acknowledged himself to be the Chairman of the Water Resources Board, a public corporation created by the State of New Hampshire, and that he, as such Chairman, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

Before me:

My Commission expires May 7 1985.

James F. Carter  
JUSTICE OF THE PEACE/NOTARY PUBLIC

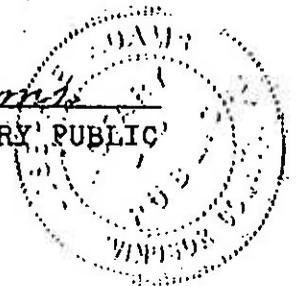
STATE OF Vermont  
COUNTY OF Windsor

On this, the 19 day of July, 1983, before me, the undersigned officer, personally appeared Roger W. Lamson, who acknowledged himself to be the Corporate Counsel and Authorized Agent of Renewable New England, Incorporated, a corporation having its principal place of business in Vermont, and that he, as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

Before me:

My Commission expires Feb 1987.

Joseph E. Adams  
JUSTICE OF THE PEACE/NOTARY PUBLIC



Approved by the Attorney General this 2<sup>nd</sup> day of August ,  
1983, as to form, substance and execution.

Edward L. Cross, Jr.  
EDWARD L. CROSS, JR.  
ASSISTANT ATTORNEY GENERAL

At this meeting on the            day of            , 1983, the  
Governor and Council determined that the proposed project will be  
of public use and benefit and within the authority conferred upon  
the Board, and approved execution of this Rescission Agreement.

William Gardner  
WILLIAM GARDNER, SECRETARY OF STATE  
ON BEHALF OF GOVERNOR AND COUNCIL

C E R T I F I C A T I O N

The undersigned Secretary of the New Hampshire Water Resources Board (the Board) does hereby certify that at a meeting of the Board held on the 29<sup>th</sup> of June, 1983, said Board voted affirmatively as follows:

Upon motion made and seconded, it was voted to approve the Rescission Agreement with Renewable New England, Inc., to rescind the prior Kelley Falls Lease Agreement made between these same parties on January 13, 1981, and to authorize Delbert F. Downing, Chairman, to execute said Rescission Agreement on behalf of the Board.

I further certify that the above vote is official and still in force and effect and that Delbert F. Downing is Chairman of the Board as of the 28<sup>th</sup> of July, 1983.

NEW HAMPSHIRE WATER RESOURCES BOARD

Thomas B. Condit  
WITNESS

Harrison A. Sargent  
HARRISON A. SARGENT, SECRETARY

STATE OF NEW HAMPSHIRE  
COUNTY OF MERRIMACK

28<sup>TH</sup> The foregoing instrument was acknowledged before me this day of July, 1983, by Harrison A. Sargent, Secretary of the New Hampshire Water Resources Board.



James F. Carter  
JUSTICE OF THE PEACE/NOTARY PUBLIC

My Commission expires May 7, 1985.

LEASE AGREEMENT

This Lease, dated this 7<sup>th</sup> day of *September*, 1983, is by and between the New Hampshire Water Resources Board, a public corporation and an agency of the State of New Hampshire, hereinafter called the "Board" or "Lessor" and Hydro Resources Corporation, a New Hampshire corporation, located at P.O. Box 240, 83 Bay Street, Manchester, New Hampshire, 03105, hereinafter called the "Lessee".

WITNESSETH

WHEREAS, New Hampshire Revised Statutes 'Annotated (hereinafter, "RSA") Chapter 482-G authorized the Board to acquire and maintain the Kelley Falls Dam located on the Piscataquog River in the City of Manchester, New Hampshire (hereinafter, the "Dam");

WHEREAS, the Governor and Council of the State of New Hampshire (hereinafter, the "Governor and Council") and the Board have determined that the redevelopment and use of the Dam for the production of hydroelectricity is beneficial to and in the best interest of the State;

WHEREAS, RSA 481:8 and action by the Governor and Council on February 25, 1981, authorized the Board to lease the Dam; and

WHEREAS, the Board has selected Hydro Resources Corporation to be the Lessee of the Dam upon the terms and conditions set forth in this Lease;

NOW THEREFORE, for and in consideration of the mutual covenants, conditions, and agreements herein contained and for other good and valuable consideration, the receipt and

sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1- PREMISES AND FACILITIES. For purposes of this Lease, the term "Premises" shall include the entire real property at the Dam as more particularly shown on a certain plan attached hereto as Exhibit A, which plan is incorporated herein by this reference, together with the following:

(a) all of Lessor's water rights at or associated with the Dam;

(b) all other rights and easements necessary to carry out the purposes set forth in this Lease; and

(c) any and all present or future civil works, structures, and improvements located on the Premises, including, without limitation, all structures adapted for the production of hydroelectric power, such as the spillway, intake structure, flashboards, abutments, canal, powerhouse, substation, transmission lines, tailrace, gates and gate lifting mechanisms, water and sewer lines and the boxes protecting the same, all existing features, and all civil works as constructed or reconstructed under the terms of this Lease, (hereinafter, collectively the "Facilities").

2- AMENDMENT OF DESCRIPTION. Lessee and Lessor may make, by written amendment to this Lease, such minor adjustments in the description of the Premises and the Facilities as may subsequently be found necessary to achieve the purposes of this Lease.

3- PURPOSES. This Lease is being executed in order to provide for the redevelopment and operation of a hydroelectric power production facility at the Dam (the "Project"). Lessee's use of the Premises and other areas permitted under this Lease shall include (a) the above purposes; (b) such other purposes as may be set forth in the parties' joint Application for License for a Minor Water Power Project, Kelley Falls Dam (the "Application")

presently pending before the Federal Energy Regulatory Commission (hereinafter "FERC"), or as may be permitted in any license or exemption from licensing issued by FERC in connection therewith; and (c) such other purposes as are not inconsistent with the terms of this Lease and the Board's statutory responsibilities to protect the public interest, so long as Lessee's rental payments and repair obligations under this Lease are not reduced thereby. Such redevelopment and operation shall be carried out so as to achieve maximum power output consistent with the express purposes for which the Dam was acquired by the Board, subject to the conditions set forth in the permits (including FERC license or exemption) issued or to be issued in connection therewith and with this Lease.

4- COOPERATION. Within the scope of their respective obligations hereunder, Lessor and Lessee shall cooperate to achieve the purposes of this Lease. Such cooperation shall include, but not be limited to, (a) keeping the other party reasonably informed as to all matters relating to the achievement of the purposes of this Lease, and (b) the performance of the parties' obligations under this Lease.

5- LEASE, EFFECTIVE DATE, TERM, AND RENEWAL.

(a) Lessor hereby leases the entire Premises and Facilities described in Section 1, to Lessee.

(b) This Lease and all obligations of Lessor and Lessee hereunder shall become effective upon approval of this Lease by the Governor and Council.

(c) Unless sooner terminated as provided herein, the term of this Lease shall expire on the date which is fifty (50) years from the effective date of this Lease or upon the expiration date of the anticipated FERC license (or exemption, if applicable), whichever first occurs.

(d) Provided there is legal authority therefore, this Lease may be renewed, at the option of Lessee, subject to the approval of the Board and the Governor and Council, on a year-to-year.

basis or longer term, each of which shall not exceed the original term hereof. This renewal option shall be exercised in writing no later than one hundred twenty (120) days before the expiration of the original term or any renewal term of this Lease.

6- EARLY TERMINATION OF LEASE.

(a) Within six (6) months from the effective date of this Lease, Lessee will undertake to satisfy itself as to the status of Lessor's title to the Premises and the extent of Lessor's existing rights to permit the redevelopment and operation of the Project at the Premises. If, during said six (6) month period, Lessee determines (i) that Lessor does not hold good, marketable, and insurable title to the Premises, or (ii) that there are questions concerning the existence of any rights necessary to facilitate the Project, the parties agree to extend said period for a reasonable time to allow Lessee to take, or request Lessor to take, such curative action as may be necessary. Lessor agrees to cooperate fully in the taking of any such curative action; provided, that all out-of-pocket expenses incurred with respect to the same shall be the obligation of Lessee (if incurred by Lessor after first obtaining Lessee's prior approval). If, during the period(s) of time provided above, any defect in title or questions as to Lessor's rights are not cured or resolved to Lessee's satisfaction, then Lessee shall be entitled to terminate this Lease.

(b) Notwithstanding anything to the contrary set forth in this Lease, Lessee shall have the full right and option to terminate this Lease by giving Lessor written notice thereof upon the occurrence of any one (1) or more of the following events:

(i) a denial or refusal by FERC to approve the Application or by any other federal or state agency to issue any licenses or permits necessary for Lessee to carry out the purposes set forth in this Lease;

(ii) the inability of Lessee to lease or otherwise

acquire any necessary easements, rights-of-way, or other suitable development rights in the tract of land adjacent to the Dam which is owned by the City of Manchester, such acquisition to be on such terms and conditions as are acceptable to Lessee and to occur on or before December 31, 1983;

(iii) if, within two (2) years from the effective date of this Lease, Lessee's leasehold interest in the Premises, or any mortgage or security interest therein, is not insurable at a reasonable cost, or if a title insurance binder issued in connection therewith contains any non-standard exceptions to Lessee's ownership of good and marketable leasehold title to the Premises;

(iv) if the total cost of any Emergency or Flood Action Plan (as referred to in Section 30 hereof) shall exceed the sum of five thousand dollars (\$5,000.00);

(v) if the total cost of any fish passage facilities required to be constructed at the Premises shall exceed the sum of forty thousand dollars (\$40,000.00);

(vi) if, prior to completion of construction, Lessee is unable to secure financing acceptable to Lessee;

(vii) if within two (2) years from the effective date of this Lease, the Lessee is unable to obtain insurance pursuant to Section 16(b), at a reasonable cost.

(c) Upon termination of this Lease as permitted by subparagraphs (a) or (b) above, Lessee shall have no further obligations for rental payments or otherwise hereunder, except for obligations accrued prior to the date of termination.

(d) In addition to Lessee's rights to terminate this Lease as provided in subparagraphs (a) and (b) above, Lessee shall also

be entitled to terminate this Lease at any time and for any reason, if Lessee shall give Lessor written notice of termination of this Lease, and shall pay Lessor a final rental payment equal to the sum of (i) the pro rata share of the then-present calendar year's annual rental installment computed as of the date of said notice, plus (ii) an additional payment equal to two (2) years' rental installments based on the average annual rental payments having been paid to Lessor to the date of termination; provided, that the total cost of such final rental payment shall in no event exceed the sum of fifteen thousand dollars (\$15,000.00).

(e) If, solely by reason of Lessee's fault, Lessee does not procure the necessary state licenses and permits and FERC license (or exemption, if applicable) within two (2) years from the effective date of this Lease, then the Lessor shall have the sole option to terminate this Lease at the end of such two (2) year period with no remaining obligation of any kind on the part of Lessor. Termination of this Lease pursuant to this paragraph shall be made in writing and shall become effective immediately upon receipt by Lessee.

(f) If this Lease is terminated at any time prior to completion of construction, Lessee will make available to Lessor copies of all studies, reports, or other documents prepared by or on behalf of Lessee in connection with the Facilities and the Premises.

#### 7- RELATED RIGHTS AND OBLIGATIONS IN THE PREMISES.

(a) In addition to its rights and possession, use, operation, and occupancy of the Dam and the Premises, Lessee shall also have the following rights:

(i) the right to construct, reconstruct, modify, repair, and use all areas within the Premises and all Facilities located or to be located on the Premises, as may be necessary for (A) the production of hydroelectric power at the Dam, (B) the construction, reconstruction, and/or repair of any part of the Facilities, and (C) any planning in connection therewith; and

(11) the exclusive benefit of, and right to use, all available head and water flows at the Dam, as well as all other water rights owned by Lessor and associated with the Dam.

(b) Lessor also agrees (1) to grant Lessee and utility companies, easements or other rights in property and public ways owned or controlled by Lessor in order to permit necessary utility services to be supplied to the Premises, and (11) to permit the interconnections necessary for the sale and delivery of the electric power generated at the Premises; provided always, that the location of all such installations shall be subject to the prior approval of Lessor (such approval not to be unreasonably withheld) and in accordance with the reasonable requirements of Lessor with respect to appearance, safety, and public convenience.

(c) Lessee shall operate the Facilities consistently with the terms of the FERC license (or exemption, if applicable), which will be held jointly by Lessor and Lessee, and with the other licenses and permits issued in connection therewith. Lessor reserves the right to enter the Premises for the purpose of assuring compliance with the FERC imposed conditions, where required, and to undertake any necessary activities to avoid the loss of that license (or exemption, if applicable).

(d) Lessor shall have the right to inspect and to enter the Premises pursuant to subparagraph (c) at reasonable times and in such a manner so as to reduce to a minimum interference with Lessee's operation and use thereof; provided, however, that in the event of situations requiring immediate actions, Lessor's right of entry and inspection shall be absolute and unquestioned.

(e) Lessor may delegate to Lessee any or all obligations relating to the Facilities, including those imposed by the FERC license (or exemption, if applicable). Nothing contained in any delegation pursuant to this subparagraph shall be construed to relieve Lessee of the duty to perform all of the obligations contained in the FERC license (or exemption, if applicable).

(f) Lessor and Lessee shall have the right to pass over any existing or subsequently constructed access roads to or across the Premises or other property retained by Lessor.

(g) Lessor and Lessee agree to add the plans and specifications of any Facilities constructed or reconstructed on the Premises or other property retained by Lessor under the terms of this Lease to this Lease, in order that the descriptions of the Premises and the Facilities shall remain as accurate as possible.

(h) Lessor recognizes that water flow releases at the Gregg Falls Dam (located immediately upstream of the Dam in Goffstown, New Hampshire) will impact power production at the Dam. Lessor agrees that it will give due consideration to Lessee's requirements for power production at the Dam and will attempt to minimize such impacts, subject to and consistent with the public interest and the terms of the Board's Lease of the Gregg Falls dam site.

8- QUIET POSSESSION.

(a) Lessor covenants and warrants that:

(i) it has full right and lawful authority to enter into this Lease for the full term set forth and for any renewal or extension hereof;

(ii) all legal requirements for the execution hereof have been complied with; and

(iii) the Board and the State of New Hampshire are lawfully seized of the entire Premises and have good, marketable, and insurable title thereto, free and clear of all tenancies, liens, and encumbrances.

(b) Lessor further covenants and warrants that if Lessee shall discharge the obligations herein set forth to be performed by it, then Lessee shall have and enjoy, during the term and any

renewal or extension hereof, the quiet and undisturbed possession of the Premises, and the appurtenant rights thereto, for the uses herein described.

9- LICENSES, PERMITS, CONSTRUCTION.

(a) Lessee shall make application for all necessary and appropriate exemptions, certificates, permits, and approvals of local and state agencies and FERC and Lessor agrees to fully cooperate and assist Lessee therewith. Said exemptions, certificates, permits, and approvals shall include, but are not limited to, the FERC license (or exemption, if applicable) and a determination relative to the need for a water quality certificate as prescribed by §401 of the Clean Water Act. Lessee shall name the Board as a joint developer in Lessee's application to FERC for a license (or exemption, if applicable).

(b) At the earliest opportunity, Lessee shall submit its construction, reconstruction, and repair plans to Lessor for Lessor's approval, and Lessee shall not proceed with construction, reconstruction, or repair until Lessor has approved such plans. Lessor's review of such plans shall be confined to such review as may be necessary to protect the Premises from damage and to discharge Lessor's contractual and statutory obligations. Lessor shall respond to Lessee within thirty (30) days from the date of receiving the plans, except for any proceedings held pursuant to RSA Chapter 482, as to which the time limits allowed therein shall be applicable.

10- RENT.

(a) For purposes of this Section, the following terms shall be defined as follows:

(1) The term "Gross Revenues" (hereinafter, "GR") shall mean the income received by Lessee from the sale of electrical power produced by the Facilities at the Premises.

(11) The term "Adjusted Gross Revenues" (hereinafter, "AGR") shall mean GR less the sum of;

(A) Lessee's Long-Term Project Debt Service Payments (as defined below), plus

(B) Real estate taxes and/or assessments (or any payments in lieu thereof pursuant to RSA 362-A:6, as amended, or otherwise) assessed against the Premises and paid by or on behalf of Lessee,

which sum is hereinafter referred to as the "DST Deduction".

(iii) The term "Long-Term Project Debt" shall mean the total amount of money loaned to, or represented by any lease or equity arrangements with, Lessee or its affiliates to capitalize or finance the entire cost of the Project (including, but not limited to, pre-construction expenditures, construction financing, and the original and any subsequent permanent bonding, financing, and/or leasing arrangements). These sums may be increased subsequent to Commercial Operation (as defined below), as Lessor acknowledges that a substantial portion of these sums will be incurred by Lessee after the commencement of Commercial Operation. The source of any such monies may be any affiliated or related company of Lessor or any third party, regardless of whether said third party is a shareholder, officer, director, or employee of, or is otherwise related to, Lessee or any of its affiliated or related companies.

(iv) The term "Long-Term Project Debt Service Payments" shall mean the total amount of money expended, or prorated during the applicable rental period, by Lessee in making any interest, principal, sinking fund, lease, and/or other payments with respect to the Long-Term Project Debt, attributable to the construction, re-construction, and/or development of the Facilities as established by the original or any subsequent permanent capitalization or financing of the Project. Once established (including subsequent charges

for Long-Term Project Debt Service Payments shall remain constant for the purpose of the calculation of the rent hereunder throughout the term of the original permanent capitalization and/or financing, regardless of whether Lessee later refinances the debt thereunder, re-leases any improvements to or equipment installed on the Premises, or otherwise amends the capital structure of the project. Long-Term Project Debt Service payments shall not include any payments or portions thereof attributable to expenses incurred at any site other than the Premises.

(v) The term "Commercial Operation" shall mean the date on which Lessee first produces, sells, and delivers electrical power at the Dam to a purchasing party.

(vi) The term "Plant Factor" shall mean the quotient obtained by dividing:

(A) the actual metered output of power (expressed ~~in kilowatt hours~~) produced by Lessee's hydroelectric generating equipment at the Dam during the rental period in question; by

(B) the product obtained by multiplying

(1) the manufacturer's rated capacity (expressed in kilowatts), as installed, of Lessee's said hydroelectric generating equipment at the Dam, by:

(2) the number of hours in the rental period in question.

(b) Upon the commencement of rental payments pursuant to subparagraph (c) below, Lessee covenants and agrees to pay to Lessor the greater of:

(1) A minimum payment of two thousand dollars (\$2,000.00) annually; or

(11) Semi-annual rental payments equal to five percent (5%) of AGR for the semi-annual rental payment in question; provided, that for any semi-annual rental period during which Plant Factor exceeds forty percent (40%), said percentage of AGR shall be increased by fifty-five hundredths of one percent (.0055) for each percentage point increase in Plant Factor over forty percent (40%).

Attached hereto as Exhibit B is a chart showing various rental computations based on certain assumptions which may or may not be true in any given year, including without limitation Plant Factor values, AGR values, and payments on power sales averaged at eight cents (\$.08) per kilowatt hour.

(c) Rent shall be payable hereunder as of the date the Dam commences Commercial Operation. The semi-annual rental payments shall be payable on or before September 30 of each year (for the period of January 1 through June 30 of that year) and March 31 (for the period July 1 through December 31 of the immediately preceeding year). The two thousand dollar (\$2,000.00) minimum annual payment, if applicable, shall be paid annually, in arrears, one (1) month following the close of each calendar year during the term of this Lease.

(d) For purposes of the initial year during which rent becomes payable hereunder, all rental payments shall be prorated as of the date the Dam commences Commercial Operation. For purposes of any year during which this Lease terminates and which ends other than on December 31 of that year, all rental payments shall be prorated as of the date of termination.

(e) At any time during the term of this Lease, Lessor may request Lessee to provide reasonable documentary, evidence of any capitalization or financing arrangements for the Project. In addition, at the time that the semi-annual rental payments are made hereunder, Lessee shall submit reasonable documentary

evidence satisfactory to Lessor of the income received by Lessee from the sale of electrical power during the period in question. Such evidence may be copies of either power sales billings or receipts.

(f) Notwithstanding the above, if, for any semi-annual rental period or any prorated portion thereof, during the term of this Lease, GR does not exceed one hundred twenty-five percent (125%) of the DST Deduction for that rental period, then the entire amount of rent payable by Lessee with respect to such rental period, as determined by subparagraph (b) above, shall be deferred until the first (and/or subsequent semi-annual rental periods if sufficient amounts are not available in the first such period) in which GR exceeds one hundred twenty-five percent (125%) of the DST deduction in that period. Said deferred rental payments shall accrue interest at a rate equal to ten percent (10%) per annum, compounded daily. Notwithstanding the above, nothing in this sub-paragraph (f) shall release Lessee of its obligation to pay the two thousand dollar (\$2,000.00) minimum payment as required by subparagraph (c) above. Any such minimum payment made with respect to a rental period for which there has occurred a deferral as set forth above shall be applied against such deferred rental payment(s). In any semi-annual rental period in which GR exceeds one hundred twenty-five percent (125%) of the DST Deduction in that period, then only so much of the sum of (i) the rent payable by Lessee to Lessor with respect to such rental period, plus (ii) any amounts, including principal and interest accrued thereon, previously deferred and remaining unpaid (which sum is herein referred to as "Amounts Owed") as is equal to such excess shall be paid by Lessee to Lessor as otherwise required in this Section. Any such payment of Amounts Owed shall first be applied to amounts previously deferred and remaining unpaid according to the earliest such amounts then outstanding; and, with respect to any one such amount, by being first applied to interest accrued thereon and then to the principal balance of such amount. Any remaining portion of Amounts Owed after the payment of such excess shall continue to

be deferred as hereinbefore provided. Any deferrals of rental payments hereunder may not be extended beyond three (3) years from the date on which the same became due and payable; although, Lessee shall retain the right to request further deferrals (or waivers) pursuant to subparagraph (g) below.

(g) At any time or times during the term of this Lease, Lessee may request from Lessor a waiver or deferral of any or all amounts owed as rent to Lessor for any rental period under this Lease. Such request shall be in written form and shall be documented sufficiently to allow Lessor to determine whether or not such request is warranted. Within sixty (60) days of Lessor's receipt of such a request, Lessor will notify Lessee in writing regarding Lessor's determination of whether or not to grant Lessee's request in full or in part and any conditions with respect thereto.

(h) In the event of any actual or proposed sale, assignment, conveyance, lease, or other transfer by Lessee of its rights under this Lease and/or in the Project to an unrelated party, either Lessee or said party may request from Lessor a readjustment in the rent to be paid under the terms of this Lease subsequent to such transfer. Such request shall be in the form of a written proposal, sufficiently documented to allow Lessor to determine whether or not such request is warranted. Within sixty (60) days of Lessor's receipt of such proposal, Lessor will notify Lessee and/or said party, as the case may be, in writing, regarding Lessor's determination of whether or not to grant such request; provided, that Lessor agrees not to withhold its consent if the projected present value of the total rent to be paid to Lessor over the then remaining term of this Lease under the terms of such proposal is greater than or equal to the projected present value of the total rent otherwise payable to Lessor under the terms of this Lease as then in effect.

#### 11- CONSTRUCTION, REPAIRS, AND MAINTENANCE.

(a) Within eighteen (18) months from the effective date of this Lease or from the granting of the FERC license (or

exemption, if applicable), whichever is later, Lessee shall commence Project construction. Lessee shall be responsible for all damages caused to the Facilities by Lessee's construction activities, including all labor, materials, and equipment costs involved in any repairs necessitated by any such damage.

(b) Lessee shall, at all times during the term of this Lease, and at Lessee's own cost and expense, keep and maintain in good condition and repair, all parts of the Premises utilized by Lessee, and Lessee shall use all reasonable precautions to prevent waste, damage, or injury to the Premises.

(c) Upon the expiration or termination of this Lease, Lessee shall quit and surrender the Premises in good condition and repair, ordinary wear and tear excepted.

(d) After the commencement of construction, Lessee shall have the right, at its own cost and expense, to construct on the Premises such improvements and to make such alterations to the Premises and the Facilities as Lessee shall determine to be proper in connection with the development, construction, and operation of the premises; provided, that the same shall be in compliance with all applicable federal, state, and local requirements.

(e) Within six (6) months after completion of construction, Lessee shall remove all temporary structures from the Premises.

#### 12- TITLE TO IMPROVEMENTS AND EQUIPMENT.

(a) Until the expiration or termination of this Lease, title shall remain solely in Lessee to any improvements, alterations, equipment, or other items erected or installed by Lessee on the Premises.

(b) Except as specifically set forth in subparagraph (c) below, upon any expiration or termination of this Lease, title to all equipment located on the Premises shall remain in Lessee, and Lessee, at its own cost and expense, may remove any or all such equipment. Alternatively, Lessee, at its option, may elect not to remove any such equipment, and, upon any such election, title to any such equipment shall vest in Lessor and Lessee shall have no further obligations to Lessor with respect thereto.

(c) Notwithstanding the provisions of subparagraph (b) above, if and only if the term of this Lease should expire (not including an early termination of this Lease as a result of a default hereunder, an election to terminate by Lessee as provided herein, or any other reason), at the end of the original term or any renewal or extension thereof, then Lessor, at its option, shall be entitled to purchase any unencumbered equipment which is owned by Lessee and which is located on the Premises, at the fair market value thereof. Such option must be exercised by Lessor giving Lessee written notice thereof within fifteen (15) days of the expiration of this Lease. Said notice shall state the item or items of equipment which Lessor desires to purchase, Lessor's determination of the fair market value of each item listed, and the name and address of an appraiser selected by Lessor. Upon receipt of said notice, Lessee shall have fifteen (15) days in which to reject Lessor's determination of the fair market value as to any one or more of the items listed. Upon rejection of Lessor's determination of the value of any of the items, Lessee shall give Lessor written notice thereof, together with a list of the disputed items, Lessee's determination of the fair market value of each such item, and the name and address of an appraiser selected by Lessee. Upon receipt of such notice of rejection, Lessor shall have fifteen (15) days in which to reject Lessee's determination of the fair market value of the items listed as disputed by Lessee. Upon Lessee's receipt of written notice of rejection by Lessor of Lessee's determination of the value of the remaining items in dispute, the two appraisers selected shall select a third appraiser and the three appraisers thus chosen shall determine the value of the remaining items in dispute, which determination shall be final and binding upon the parties. Each party shall be responsible for the cost of its respective appraiser, and both parties shall share equally the cost of the third appraiser. Lessor's above purchase option shall specifically not apply to equipment which is leased by Lessee from, or which is owned by, a third party; regardless of whether said third party is a shareholder, officer, director, or employee

of, or is otherwise related to, Lessee or is an affiliated or related company of or to Lessee. Until the expiration of this Lease and Lessor's exercise of its above purchase option, title to any equipment that might become subject to said purchase option shall remain solely in Lessee, and Lessee shall be entitled to buy, sell, lease, mortgage, encumber, substitute, and otherwise dispose of and deal freely with any such items of equipment without regard to Lessor's above purchase option.

13- ASSIGNMENT, SUBLETTING AND FINANCING.

(a) Right to Assign or Sublet. Lessor agrees that Lessee may, with Lessor's written consent, said consent not to be unreasonably withheld, assign or sublet the Premises; provided, that any such assignee or sublessee shall have agreed with Lessor to perform all of Lessee's covenants and obligations hereunder. Lessor agrees to respond to Lessee's requests for a proposed assignment or sublease within sixty (60) days from the receipt thereof. Notwithstanding the above, Lessee shall be entitled to assign this Lease, without Lessor's consent, to Lessee's nominee, which shall be a partnership or corporation to be set up to perform Lessee's covenants and obligations hereunder; provided, however, that any assignment pursuant to this subparagraph (a) shall release Lessee from any further liability hereunder only if Lessee has obtained Lessor's approval thereof, which approval Lessor agrees not to unreasonably withhold.

(b) Financing. Lessor agrees that Lessee may, with Lessor's prior written consent, mortgage, assign, transfer, lease, or otherwise create security interests (including, without limitation, sale and leaseback arrangements) in this Lease, the Premises, or the Project improvements or equipment, in order to secure indebtedness incurred by Lessee to finance the Project or to secure Lessee's obligations to a third party under a Lease of the improvements or equipment to be used on the Premises or property adjacent thereto; provided, that (i) any such encumbrance shall not be permitted to extend beyond the expiration date of this Lease; (ii) a copy (or notice) of any

such mortgage, assignment, transfer, lease, or other security interest, together with the name and address of the holder thereof (hereinafter, the "Secured Party", which term shall also include any purchaser at any foreclosure sale), is duly recorded in the Hillsborough County Registry of Deeds, if required by other provisions of law; and (iii) in the event of foreclosure, the purchaser thereof shall succeed to Lessee's interest therein, subject to the provisions of subparagraph (c) (1) below. Lessor agrees not to withhold its consent to any proposed security arrangement unless it has reasonable grounds for objecting to the mortgage, assignment, transfer, lease, or other security interest to be created thereby.

(c) Rights of Secured Party. In the event that Lessee shall create mortgages, assignments, transfers, leases, or other security interests in the Premises as permitted by subparagraph (b) above, then Lessor hereby agrees for the benefit of the Secured Party that:

(i) No Secured Party shall be liable under the terms and conditions of this Lease unless and until such Secured Party shall have exercised its rights to succeed to Lessee's interests hereunder by giving written notice thereof to Lessor, nor shall any Secured Party be liable thereafter nor for any default or breach of this agreement before Lessee's interests hereunder become vested in said Secured Party.

(ii) Lessor will, upon serving Lessee with any notice of default, simultaneously serve a copy of such notice upon the Secured Party, and no such notice to Lessee shall be effective unless a copy is so served upon the Secured Party.

(iii) In the event of any default by Lessee hereunder, or under the terms of the mortgage, lease, or other security interest, the Secured Party shall have the right to perform any of Lessee's covenants or to cure any defaults by Lessee hereunder, or to exercise any election, option, or right conferred upon Lessee by the terms of this Lease.

(iv) Lessor will not terminate this Lease for any default of Lessee (A) if within a period of one hundred twenty (120) days after the expiration of the period of time within which Lessee might cure said default under the provisions of this Lease, said default is cured or caused to be cured by the Secured Party, or (B) if within a period of ninety (90) days after the expiration of the period of time within which Lessee might commence to eliminate the cause of such default under the provisions of this Lease, the Secured Party commences to eliminate the causes of such default and proceeds diligently therewith; provided, that this subparagraph shall not apply to the obligation to pay rent, as to which the Secured Party is subject in the same manner as Lessee.

(v) Lessor will not terminate this Lease if the Secured Party takes possession of the Premises upon default by Lessee under the terms of the mortgage, lease, or other security interest; provided, that the rent due and payable under this Lease shall continue to be paid and the other covenants, conditions, and agreements of this Lease on Lessee's part to be kept and performed shall continue to be kept and performed by the Secured Party.

(vi) No exercise of any right, privilege, or option available to Lessee to cancel or terminate this Lease, nor any modification or amendment to this Lease, shall be effective without the prior written consent of the Secured Party; provided, that in the event the Lessor has the unilateral right to terminate this Lease, the Lessor need not obtain the prior written consent of the Secured Party, to do so. Nothing in this sub-paragraph shall deprive the Secured Party of its right to notice and all other rights (including the right to cure) provided herein.

(vii) Lessor agrees that it will, if requested by Lessee in writing, make such minor and reasonable amendments to this Lease as are required by a Secured Party to facilitate the creation of mortgages, leases, or other security interests permitted hereunder, provided that the rent and the other interests of Lessor are not impaired thereby. No amendment to this Lease shall be valid unless made in writing and signed by the parties.

14- TAXES, OTHER CHARGES, FEES, ETC. Lessee shall be responsible for real estate taxes assessed for and with respect to the Premises only (including assessments for betterments or improvements for all tax periods fully or partially included in the term of this Lease), or, at Lessee's option, any payments in lieu thereof pursuant to RSA 362-A:6, as amended, or otherwise. In accordance with RSA 72:23, I (1975 Supp.), Lessee shall pay all properly assessed real and personal property taxes no later than the due date, unless Lessee is in good faith contesting the same or seeking an abatement thereof.

15- PAYMENT FOR UTILITIES. Lessee shall pay promptly as and when the same become due and payable all charges for water, steam, heat, gas, hot water, electricity, light, power, and other services used by Lessee in connection with the Premises during the term of this Lease.

16- INSURANCE.

(a) Lessee shall provide, at Lessee's expense, and keep in force during the term of this Lease, general liability insurance with a good and solvent insurance company or companies, reasonably satisfactory to Lessor, in the amount of at least one million dollars (\$1,000,000.00) with respect to the Premises for one or more persons for any one occurrence. Such policy or policies shall include Lessor as an additional named insured.

(b) Commencing with construction of the Project, Lessee shall keep all existing structures, and improvements built or

erected by Lessee, on the Premises insured against loss or damage by fire (with standard extended coverage endorsements) in an amount not less than eighty percent (80%) of the current replacement cost thereof. Any such insurance policy or policies shall name Lessor as an additional named insured, as its interest may appear.

17- MUTUAL REPRESENTATIONS.

(a) Lessor represents and warrants to Lessee that this Lease and the execution hereof have been duly authorized by all necessary action on the part of Lessor and its governing bodies.

(b) Lessee represents and warrants to Lessor that this Lease and the execution hereof have been duly authorized by all necessary action on the part of the Lessee.

18- DAMAGE CLAUSE. If the Premises shall be damaged, in whole or in part, by fire, casualty, or action of public authority in consequence thereof, then:

(a) The rent hereinbefore reserved, or a just and proportionate part thereof according to the nature and extent of the damage sustained, shall be suspended or abated upon the mutual consent of Lessor and Lessee or their respective legal representatives (said consent not to be unreasonably withheld) until (i) the damage shall have been repaired, (ii) the Premises are restored substantially to their condition at the time of the damage, and (iii) the production of hydroelectricity resumes.

(b) If the Premises or Facilities are, by such damage, rendered unsuitable for Lessee's use, then this Lease may be terminated by Lessee or its legal representative. Any such election shall be made in writing within ninety (90) days after such damage or destruction occurs, and this Lease shall terminate in accordance therewith as of the date of such damage or destruction.

(c) In the event of any damage or destruction, and this Lease is not to terminate as aforesaid, then the terms and conditions of this Lease shall remain unaltered.

19- DAM FAILURE. Notwithstanding the provisions of Sections 7(d) and 18 above, in the event of an imminent or actual failure of the Dam, the Lessor has the right to immediately reenter onto the Premises for the purposes of making all necessary repairs to said Dam. In the event the Lessor repairs the subject Dam, the Lessee shall reimburse the Lessor for the reasonable cost of such repairs that were necessitated by Lessee's failure to maintain the Dam in good condition and repair, as provided in Section 11(b) above. To the extent it is practical and reasonable, the Lessor shall first afford the Lessee the opportunity to make any such repairs itself. In other than emergency situations, before making any such repairs, Lessor shall obtain Lessee's prior written consent (which consent shall not be unreasonably withheld) and to provide such plans and other information about the proposed repairs as Lessee may reasonably request. Such repairs shall be only those required to restore the Premises to their original sound and serviceable condition. Lessor shall not have the right to make significant improvements to the Premises under this sub-paragraph, but nothing herein shall be interpreted as limiting any of the Lessor's powers as provided by law.

20- INDEMNITY.

(a) Lessee does hereby agree to defend, indemnify, and save Lessor, its officers, employees and agents, harmless from and against any and all claims, losses, actions, damages, liabilities, and expenses (including, without limitation, legal fees) in connection with the loss of life, personal injury, and/or damage to property arising out of, or alleged to have arisen out of, any occurrence in, upon, and/or at the Premises occasioned by or resulting from (i) the occupancy or use by Lessee of the Premises or any part thereof, or (ii) by any act or omission of Lessee, its agents, contractors, or employees.

(b) Subject to subsection (c) below, Lessor does hereby agree to defend, indemnify, and save Lessee, its officers, employees and agents, harmless from and against any and all claims, losses, actions, damages, liabilities, and expenses

(including, without limitation, legal fees) in connection with the loss of life, personal injury, and/or damage to property arising out of, or alleged to have arisen out of, any occurrence in, upon, and/or at the Premises or other property of Lessor occasioned by or resulting from (i) the occupancy or use by Lessor of the Premises or any part thereof; (ii) any act or omission of Lessor, its agents, contractors, or employees; or (iii) any other cause whatsoever with the sole exception of those for which Lessor is to be indemnified by Lessee pursuant to subsection (a) above.

(c) Lessor's indemnification obligations pursuant to subsection (b) above shall only be enforceable and binding upon Lessor to the extent that Lessor's obligations thereunder (including, without limitation, the obligation to defend) are insured by a contractual liability or like insurance policy issued by a financially responsible insurance company licensed in the State of New Hampshire and approved by Lessee. The premium for such policy shall be the sole obligation of Lessee. Lessor agrees to cooperate with Lessee in obtaining or renewing any such policy during the term of this Lease (including without limitation, immediately advising Lessee of all notices or other communications received by Lessor with respect to any such policy).

(d) No provision in this Section 20 is intended to be, nor shall it be interpreted by either party to be, a general waiver of sovereign immunity; provided, that this subsection (d) shall not operate to relieve the Board and the State of New Hampshire from the limited obligation of indemnity set forth above.

21- LESSEE'S DEFAULT.

(a) If:

(1) Lessee neglects or fails to pay the rent or other charges payable hereunder and such default shall continue for a period of ninety (90) days;

(ii) Lessee neglects or fails to perform or observe any of the other covenants, terms provisions, or conditions on its part to be performed or observed and such default shall continue for a period of sixty (60) days from the date that written notice of such default is received by Lessee from Lessor;

(iii) the estate hereby created shall be taken on execution or by other process of law;

(iv) a receiver, guardian, conservator, trustee in voluntary or involuntary bankruptcy, or other similar officer is appointed to take charge of all or any substantial part of the Lessee's property by a court of competent jurisdiction, and, in the case of an involuntary proceeding, said proceeding is not terminated within sixty (60) days; or

(v) proceedings shall be commenced to dissolve or liquidate Lessee;

then, and in any of the said cases, Lessor lawfully may, upon the expiration of the notice periods provided herein, terminate this Lease by giving to Lessee at least thirty (30) days' written notice of such termination; provided that, in the event that Lessor gives notice of default of such a nature that it cannot reasonably be remedied within the notice period, other than a failure to pay rent as specified above; then such default shall not be deemed to continue so long as Lessee, after receiving such notice, proceeds to remedy the default as soon as is reasonably possible and continues diligently to take all steps necessary to complete such remedy within a reasonable period of time. Notwithstanding any such purported default, Lessor shall not have such right of termination if a Secured Party shall cause to be cured, within the time periods set forth in Section 13(c)(iv), all defaults of Lessee hereunder, whether in the payment of rent

or the performance of any other agreement, and shall continue to cause such rent to be paid and Lessee's other agreements to be performed.

(b) In the event of a judicially-enforced termination of this Lease following the occurrence of an event of default, as provided by and in accordance with subsection (a) above, Lessee shall be responsible for liquidated damages as more particularly set forth in this subsection. Said liquidated damages shall, at Lessor's sole option, be either (i) Lessee's payment to Lessor of an additional one (1) year's rental installment based on the average of the annual rental payments paid to Lessor to the date of termination; provided, that said average rental installment shall not exceed five percent (5%) of the long term average annual gross revenue for the project calculated at Lessee's then current contracted price for power. The long term average annual gross revenue used for this calculation shall be based on "period of record flows" recorded at appropriate USGS gauges on the Piscataquog river. Such period shall not be less than thirty (30) years unless agreed to in writing by Lessee; or (ii) Lessee's transfer to Lessor of all unencumbered equipment which is owned by Lessee and which is located on the Premises. With respect to the latter option, Lessee shall only be required to transfer equipment and only equipment which is owned by Lessee and which is not subject to any mortgage, security interest, or other lien. Said equipment shall specifically not include equipment which is leased by Lessee from, or which is owned by, a third party; regardless of whether said third party is a shareholder, officer, director, or employee of, or otherwise related to, Lessee or is an affiliated or related company of or to Lessee. Until the termination of this Lease as provided above, title to any equipment that might become subject to Lessee's aforesaid option shall remain solely in Lessee, and Lessee shall be entitled to buy, sell, lease, mortgage, encumber, substitute, and otherwise dispose of and deal freely with any such items of equipment without regard to said option.

22- LESSOR'S DEFAULT. If the Lessor shall fail to cure any material default of Lessor of which it has been notified by Lessee in writing, within the time reasonably required to cure such default, Lessee shall have the right to terminate this Lease, which right shall be in addition to any and all other remedies available to it.

23- FORCE MAJEURE. In the event Lessor or Lessee shall be delayed, hindered in, or prevented from the performance of any act required hereunder, except the payment of rent, by reason of fire, floods, storms, or other casualties, Acts of God, strikes, riots, insurrection, declared or undeclared acts of war, or other unforeseen and unforeseeable event beyond such party's control, then the performance of such act shall be excused for the period of delay occasioned thereby and the period for the performance of any such act shall be extended for a period equivalent to the period of the delay occasioned thereby.

24- EMINENT DOMAIN.

(a) Taking. If the Premises, or such portion thereof as to render the balance unsuitable for the purposes of Lessee, shall be taken by condemnation or by right of eminent domain, then either party, upon ninety (90) days' prior written notice to the other, shall be entitled to terminate this Lease.

(b) Apportionment. Notwithstanding any contrary provision of law, the award granted for any such taking shall be fairly and equitably apportioned between the Lessor and the Lessee, based on their percentage interests in the proportion taken on the Premises.

(c) Termination and Abatement. In the event that this Lease is terminated as a result of such taking, the terms of this Lease shall cease and come to an end as of the date of such taking, with the same force and effect as if such date had originally been set forth as the expiration of the term hereof, and any rental payments in advance shall be promptly refunded by Lessor to Lessee. If this Lease is not terminated as a result of

such taking, a fair and just proportion of the rent thereafter payable shall be suspended or abated, depending upon the extent to which the Lessee may be required to discontinue its business in the Premises and depending upon the nature and extent of the taking.

25- MISCELLANEOUS PROVISIONS.

(a) Recordation. Lessor and Lessee shall execute a "Notice of Lease", conforming to the standards of New Hampshire RSA 477:7-a and reasonably acceptable in form to both parties and their counsel, which notice shall be recorded in the Hillsborough County Registry of Deeds.

(b) Headings. The article, section, paragraph, and subparagraph headings throughout this instrument are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction or meaning of the provisions of this Lease.

(c) Succession; Binding Agreement. Except as otherwise set forth herein, all of the terms and provisions of this Lease shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assignees of the respective parties thereto. All of the terms and provisions of this Lease which are binding upon the Board (or Lessor) shall also be binding upon the State of New Hampshire and its agencies.

(d) Exhibits. Each exhibit attached to this Lease shall be incorporated into and be part of this Lease. If any exhibit referred to in this Lease shall not be attached hereto at the time of execution of this Lease, or if any such exhibit shall be incomplete, then any such exhibit may be later attached or completed by mutual consent of the parties evidenced by their respective initialing of such exhibits, and such exhibits shall, as later attached or completed, for all purposes be deemed a part of this Lease as if attached hereto or completed at the time of execution thereof.

(e) Merger. This agreement, including all exhibits

attached hereto, constitutes the entire agreement between the parties, and all prior understandings, agreements, and representations have been merged herein.

(f) Waiver. The waiver by either party of any breach of this Lease shall not be deemed to be a waiver of a subsequent breach of the same or any other covenant, condition, or term of this Lease.

(g) Amendment of Lease. This Lease may be modified or amended only by an instrument in writing signed by all parties hereto.

(h) Severability. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than to those which it is held invalid or unenforceable, shall not be affected and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(i) Governing Law. This Lease shall be governed exclusively by the laws of the State of New Hampshire as the same exists as of the date of this Lease.

(j) Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be postage pre-paid, return receipt requested.

(1) if to Lessor:      Water Resources Board  
                                  37 Pleasant Street  
                                  Concord, NH 03301  
                                  Attn: Delbert F. Downing  
                                  Chairman

with a copy to:      New Hampshire Attorney  
                                  General's Office  
                                  Room 208, State House Annex  
                                  Concord, NH 03301

(11) If to Lessee: Hydro Resources Corporation  
 P.O. Box 240  
 83 Bay Street  
 Manchester, NH 03104  
 Attn: George E. Sansoucy  
 Vice President

with a copy to: James G. Cook, Esq.  
 Wiggin & Nourie  
 P.O. Box 808  
 Franklin & Market Streets  
 Manchester, NH 03105

or to such other address as shall by like notice be sent to the other party.

(k) Counterparts. This Lease may be executed in counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument.

(l) Mechanics Liens. Lessee agrees to promptly take steps to discharge or cause to be discharged (either by payment or the filing of a necessary bond, the contesting of an attachment, or otherwise) any mechanic's, materialman's or similar lien placed against the Premises for the Facilities, arising out of any payment due for labor, services, materials, supplies or equipment which may have been furnished to or for the Lessee, its contractors and subcontractors.

(m) Progress Reports. Lessee shall submit to Lessor written quarterly progress reports detailing the Lessee's progress in obtaining a FERC license (or exemption, if applicable) in constructing the Project, and in bringing the Project on line.

(n) Third Parties. The parties hereto do not intend to benefit any third parties and this agreement shall not be construed to confer any such benefit.

26- COMPLIANCE WITH THE LAW. Lessee shall comply promptly with all laws, regulations, rules, requirements, and orders of State, Federal, and other public authority, local board of fire underwriters, and similar organizations having jurisdiction which are applicable to the Premises.

27- SHORTAGE CRISES. If lawful, pursuant to the express provisions of RSA 481:8, III, as amended, in the event of a shortage crisis, as determined by the Governor and Council, in either the water resources of the State of New Hampshire or the capacity to fulfill the electrical requirements of the State of New Hampshire, then the Governor and Council may suspend the terms of this Lease, (but only to the extent that hydroelectric power generated at the Premises is provided outside of the State of New Hampshire) in order to fulfill the needs and requirements of the citizens of the State of New Hampshire.

28- EXECUTION AGAINST LESSOR'S PROPERTY. Nothing in this Lease shall be deemed to be a waiver by Lessor of the benefit of the provisions of RSA 481:6-C with respect to levy and sale, execution, or other judicial process against property of Lessor.

29- NO WAIVER OF SOVEREIGN IMMUNITY. No provision in this Lease is intended to be, nor shall it be, interpreted by either party to be a waiver of Sovereign immunity; provided, that this provision shall not operate to relieve Lessor or the State of New Hampshire from their obligations set forth herein.

30- EMERGENCY ACTION PLAN. If, by virtue of Lessee's construction, operation or maintenance of its hydroelectric facilities at the Dam, a Flood or Emergency Action Plan (the "Plan") is required by FERC (pursuant to FERC Order No. 122, Docket No. RM80-31, issued January 21, 1982) or any other agency having jurisdiction, then Lessee agrees to prepare the Plan and to pay the cost thereof, subject to Lessee's rights as set forth in Section 6(a)(1v) of this Lease.

31- CERTIFICATES. Upon its execution of this Lease, Lessee shall attach hereto a Certificate of Authority to execute and be bound by this Lease, together with a Certificate of Registration with the New Hampshire Secretary of State, all as required by RSA 5:18-a.

32- PLANT OPERATION. During the entire recreational season (May 1st through October 19th), Lessee shall maintain the operational power pool elevation behind the Dam in accordance with the legal flowage rights as obtained from the Lessor under this Lease; and an elevation established by the Lessor pursuant to RSA Chapter 482.

Lessee agrees to maintain the current impoundment level behind the Dam, during the above described recreational season, at approximately 160.75 MSL; the same being the elevation established with thirty-three (33) inches of flashboards, on top of the existing permanent spillway crest. The Lessee's responsibilities for the maintenance of said elevation shall be subject to reasonable requirements for hydroelectric production at the Facility. The above described elevation (160.75 MSL), may be maintained by the Lessee at all other times of the year.

In the event of flashboard failure, the Lessee shall restore said flashboards within a reasonable time after such failure. The operation of gates shall be at the reasonable discretion of the Lessee. Nothing herein shall limit the Lessor's statutory authority or the Lessee's statutory rights to establish or seek alternatives to the existing lake level management.

The Lessee shall have the right to fluctuate the impoundment level behind the Dam a maximum of six (6) inches. Said six (6) inches shall be measured as reasonably practicable with mechanical or other water level sensing devices. The six (6) inch limitation shall apply only during the recreational season described above. At all other times, Lessee may fluctuate the impoundment level within Lessee's reasonable discretion; provided, such fluctuation is consistent with the public interest and Lessor's and Lessee's statutory requirements.

The Lessee agrees to cooperate with the abutting landowners at the Dam's impoundment on the Piscataquog River, or any association representing the same, in regulating said impoundment level for the recreational benefit of said landowners.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

NEW HAMPSHIRE WATER RESOURCES BOARD

Virginia Ingram  
WITNESS

Delbert F. Downing  
DELBERT F. DOWNING, CHAIRMAN

HYDRO RESOURCES CORPORATION

Thomas P. Connell  
WITNESS

George E. Sansoucy  
GEORGE E. SANSOUCY, VICE PRESIDENT

STATE OF NEW HAMPSHIRE  
COUNTY OF

On this, the 29<sup>th</sup> day of July, 1983, before me, the undersigned officer, personally appeared Delbert F. Downing, who acknowledged himself to be the Chairman of the Water Resources Board, a public corporation created by the State of New Hampshire, and that he, as Chairman, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

Before me:

Virginia Ingram  
NOTARY PUBLIC/JUSTICE OF THE PEACE

My Commission expires: January 12, 1987.

STATE OF NEW HAMPSHIRE  
COUNTY OF

On this, the *27<sup>th</sup>* day of *July*, 1983, before me, the undersigned officer, personally appeared George E. Sansoucy, who acknowledged himself to be the Vice President of Hydro Resources Corporation, a New Hampshire corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

Before me:

*Virginia Ingraham*  
NOTARY PUBLIC/JUSTICE OF THE PEACE



My Commission expires: *Jan. 12, 1987*.

Approved by Attorney General this *2<sup>nd</sup>* day of *August*, 1983 as to form, substance and execution.

*Edward L. Cross, Jr.*  
EDWARD L. CROSS, JR.  
ASSISTANT ATTORNEY GENERAL

At this meeting on *9/7*, 1983, the Governor and Council determined that the proposed project will be of public use and benefit and within the authority conferred upon the Board, and approved execution of this Lease.

*Robert P. Chase*  
WILLIAM GARDNER, *Secy* SECRETARY OF STATE  
ON BEHALF OF THE GOVERNOR AND COUNCIL

CERTIFICATION

The undersigned Secretary of the New Hampshire Water Resources Board (the Board) does hereby certify that at a meeting of the Board held on the 29<sup>th</sup> of June, 1983, said Board voted affirmatively as follows:

Upon motion made and seconded, it was voted to approve the lease with Hydro Resources Corporation to develop the hydropower at Kelley Falls Dam and to authorize Delbert F. Downing, Chairman, to execute said lease on behalf of the Board.

I further certify that the above vote is official and still in force and effect and that Delbert F. Downing is Chairman of the Board as of the 28<sup>th</sup> of July, 1983.

NEW HAMPSHIRE WATER RESOURCES BOARD

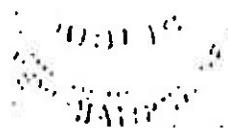
Thomas B. Conwell  
WITNESS

Harrison A. Sargent  
HARRISON A. SARGENT, SECRETARY

STATE OF NEW HAMPSHIRE  
COUNTY OF MERRIMACK

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of July, 1983, by Harrison A. Sargent, Secretary of the New Hampshire Water Resources Board.

Before me:



James F. Carter  
NOTARY PUBLIC / ~~JUSTICE OF THE PEACE~~

My Commission expires: May 7, 1985.

State of New Hampshire  
Department of State

CERTIFICATE OF GOOD STANDING

I, William M. Gardner, Secretary of State  
of the State of New Hampshire, do hereby certify that

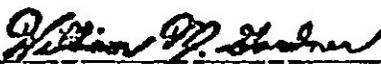
Hydro Resources Corp.

is a New Hampshire corporation formed December 28, 1979.

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 28th day of July, 1983.

  
William M. Gardner  
Secretary of State

CERTIFICATE OF VOTE

I, Kathleen St. Louis, hereby certify that George SanSoucy is the duly elected Treasurer of Hydro Resources Corp. I further certify that the following is a true copy of a vote taken at a meeting of the Board of Directors of the Corporation duly called and held on July 26, 1983, at which time a quorum of the Board was present and voting:

VOTED: That the Treasurer of this Corporation be, and he hereby is, authorized to execute and deliver on behalf of the Corporation an agreement for the lease of certain properties at the Kellys Falls Dam in Manchester, New Hampshire, from the New Hampshire Water Resources Board and/or the State of New Hampshire as may be appropriate. In connection with the above, he shall be empowered to execute and deliver all instruments and documents in connection therewith that he may deem in his sole discretion to be in the best interests of this Corporation, and to take such other action and to execute such other documents as he may deem necessary or desirable, his execution of any documents and his taking of such action to be conclusive evidence that the same was authorized by this vote.

I HEREBY CERTIFY THAT SAID VOTE HAS NOT BEEN AMENDED OR REPEALED AND REMAINS IN FULL FORCE.

DATE:

July 26, 1983

ATTEST:

Kathleen St. Louis  
Kathleen St. Louis, Clerk

PLANT

Generator vs. AGR Table with Incremental Payment Percentages

X P/F 0-100	X AGR Adder =	Tot KWH Output .0055 P/F=1 is 3942000	Tot. \$ Rev @ P/F =1 303334	Pmts To State During Debt Svc	Pmts To State After Debt Svc	Increment To State During Debt Svc	Increment To State After Debt Svc
0	.05						
.4	.05	1576800	121413.60	2820.68	6070.68		
.41	.0555	1616220	124448.94	3299.42	6906.92	.16	.28
.42	.061	1655640	127484.28	3811.54	7776.54	.17	.29
.43	.0665	1695060	130519.62	4357.05	8679.55	.18	.30
.44	.072	1734480	133554.96	4935.96	9615.96	.19	.31
.45	.0775	1773900	136590.30	5548.25	10585.75	.20	.32
.46	.083	1813320	139625.64	6193.93	11588.93	.21	.33
.47	.0885	1852740	142660.98	6873.00	12625.50	.22	.34
.48	.094	1892160	145696.32	7585.45	13693.45	.23	.35
.49	.0995	1931580	148731.66	8331.30	14798.80	.25	.36
.5	.105	1971000	151767.00	9110.54	15935.54	.26	.37
.51	.1105	2010420	154802.34	9923.16	17105.66	.27	.39
.52	.116	2049840	157837.68	10769.17	18309.17	.28	.40
.53	.1215	2089260	160873.02	11640.57	19546.07	.29	.41
.54	.127	2128680	163908.36	12561.36	20816.36	.30	.42
.55	.1325	2168100	166943.70	13507.54	22120.04	.31	.43
.56	.138	2207520	169979.04	14487.11	23457.11	.32	.44
.57	.1435	2246940	173014.38	15500.06	24827.56	.33	.45
.58	.149	2286360	176049.72	16546.41	26231.41	.34	.46
.59	.1545	2325780	179085.06	17626.14	27668.64	.36	.47
.6	.16	2365200	182120.40	18739.26	29139.26	.37	.48
.61	.1655	2404620	185155.74	19885.77	30643.27	.38	.50
.62	.171	2444040	188191.08	21065.67	32180.67	.39	.51
.63	.1765	2483460	191226.42	22278.96	33751.46	.40	.52
.64	.182	2522880	194261.76	23525.64	35355.64	.41	.53
.65	.1875	2562300	197297.10	24805.71	36993.21	.42	.54
.66	.193	2601720	200332.44	26119.16	38664.16	.43	.55
.67	.1985	2641140	203367.78	27466.00	40368.50	.44	.56
.68	.204	2680560	206403.12	28846.24	42106.24	.45	.57
.69	.2095	2719980	209438.46	30259.86	43877.36	.47	.58
.7	.215	2759400	212473.80	31706.87	45681.87	.48	.59
.71	.2205	2798820	215509.14	33187.27	47519.77	.49	.61
.72	.226	2838240	218544.48	34701.05	49391.05	.50	.62
.73	.2315	2877660	221579.82	36248.23	51293.73	.51	.63
.74	.237	2917080	224615.16	37828.79	53233.79	.52	.64
.75	.2425	2956500	227650.50	39442.73	55205.23	.53	.65
.76	.248	2995920	230685.84	41090.09	57210.09	.54	.66
.77	.2535	3035340	233721.18	42770.82	59248.32	.55	.67
.78	.259	3074760	236756.52	44484.94	61319.94	.56	.68
.79	.2645	3114180	239791.86	46232.45	63424.95	.58	.69
.8	.27	3153600	242827.20	48013.29	65567.29	.59	.70

*From Lease Agreement  
for Kelley's Falls Dam  
1-13-81*

EXHIBIT 1

Beginning at a concrete bound marking the northwesterly corner of the land hereby leased, said concrete bound being located northeasterly of but not adjacent to the intersection of Roosevelt and Agnes Streets; thence, South  $05^{\circ} 35' 37''$  West, three hundred twenty-nine and sixty-six hundredths (329.66) feet to a concrete bound; thence, South  $84^{\circ} 24' 23''$  East, two hundred twenty-six and fifty-eight hundredths (226.58) feet to a point at the high water mark on the westerly bank of the Piscataquog River; thence, North  $88^{\circ} 44'$  East, two hundred fifteen and forty-two hundredths (215.42) feet crossing the river to a point on the easterly side of the river near the existing Kelley's Falls Station; thence, North  $41^{\circ} 25' 25''$  East, thirty-six and thirty-four hundredths (36.34) feet; South  $48^{\circ} 34' 35''$  East, twenty-three and forty-four hundredths (23.44) feet; North  $27'$  East, one hundred seventy-seven and sixty hundredths (177.60) feet; North  $73^{\circ} 16' 15''$  East, one hundred twenty and fifteen hundredths (120.15) feet; South  $63^{\circ} 02' 53''$  East, sixty-two and seventy-eight hundredths (62.78) feet; and North  $45^{\circ} 47' 36''$  East, nine and forty-seven hundredths (9.47) feet to a point in the westerly line of the railroad right-of-way of the North Weare Branch of the Boston & Maine Corporation; thence, North  $33^{\circ} 56' 29''$  West, one hundred thirteen and one hundredth (113.01) feet along the westerly line of said railroad right-of-way to the easterly bank of the river; thence, North  $83^{\circ} 54' 23''$  West, six hundred forty-nine and thirty-seven hundredths (649.37) feet crossing said river to the point of beginning.

There is also hereby included all riparian rights of the Lessor and the right to maintain the flashboards to their present elevation (two feet nine inches above the existing crest).

There is also thereby included the dam, intake, powerhouse structure, and conduit as shown in the sketch entitled "Re-activation of Kelley's Falls Hydro", dated August 11, 1980.