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October 17, 2007

Rhode Island Utilities Commission  
89 Jefferson Blvd  
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Attn: Renewable Energy Resources Eligibility

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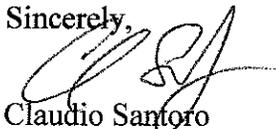
Re: Corrections to Section C12 and Appendix E

Dear Ms. Massaro,

Based on a discussion with Scott Albert, I have made corrections to the calculations in Appendix E of our Renewable Energy Resource Eligibility Form for Pioneer Hydro Electric Co., Inc. (GIS # 1048). Attached please find revised copies of Appendix E and section C12. Section C12 of the application was also updated to include the corrected value for the increase in relative production from the baseline generation period.

If you have any questions, please don't hesitate to contact us.

Sincerely,

  
Claudio Santoro

C.12

The Pioneer site has been in commercial operation since 1982. The Historical Generation Baseline for the years 1995 to 1997 is an average of 4,525.65 MW per year. The average production in the years since (1998 to 2006) has increased to 4,827.38 MW (see Appendix B). While this indicates a 6.67% increase, we believe that the improvements in efficiency are significantly higher and this result is skewed by the fact that 1996 saw rainfall that was 110% greater (see appendix C) than the annual mean from 1931 – 2004 producing, at the time, an abnormally productive year for Pioneer.

Waterflow is one of the most influential factors for absolute productivity in hydro electric generation. In order to more accurately gauge production efficiency it is necessary to compare electrical production with the water that is available. To carry out these calculations we used water data retrieved from the U.S. Geological Survey, National Water Information System data from Gibbs Crossing, a site located 2.2 miles downstream from Pioneer Hydro Co. There are no significant tributaries or water diversions between the site and this measuring station; therefore we believe the results from Gibbs Crossing to be an accurate representation of actual waterflow at the Pioneer site. The water discharge is measured in cubic feet per second (cfs).

Using this data and the records of production from 1995 – 2006, a monthly MWh/cfs ratio was calculated for both the Historical Generation Baseline and the months following the capital improvements. Please see appendix D for complete results. It should be noted that these results stop in September of 2005 because there is no water data yet available for the months following that date. These figures show significant improvement in production efficiency, with an average monthly increase in electrical production per cubic foot per second of water from the baseline of 50.45% (see appendix E). The increased efficiencies are most notably indicated in the low water months of July – October where the production ratio of MWh/cfs improves by over 100% after the capital improvements were completed. This is due to the plant running much more effectively and efficiently and being able to consistently generate more power at lower water levels.

As there have been no fundamental operational changes, we believe the increases in relative production are a direct result of the improvements made to the existing generation unit. Therefore we believe the 50.45% increase to be a good representation of the incremental production that has been achieved through capital investment.

As requested in the Renewable Energy Resources Eligibility Form, please find attached in appendix F Commonwealth Electric Invoiced Annual Reports for the years being considered as backup of the production figures presented above.

Appendix E - Pioneer Hydro Relative Production (MWh/CFS)

|           | 1995  | 1996  | 1997  | average |
|-----------|-------|-------|-------|---------|
| January   | 1.024 | 0.598 | 1.122 | 0.915   |
| February  | 1.019 | 0.680 | 1.107 | 0.935   |
| March     | 0.809 | 1.030 | 1.273 | 1.037   |
| April     | 0.836 | 0.512 | 0.874 | 0.741   |
| May       | 1.291 | 0.874 | 1.493 | 1.220   |
| June      | 0.774 | 1.245 | 1.085 | 1.035   |
| July      | 0.000 | 0.914 | 0.880 | 0.598   |
| August    | 0.026 | 0.576 | 0.333 | 0.312   |
| September | 0.000 | 0.273 | 0.074 | 0.116   |
| October   | 1.074 | 0.811 | 0.210 | 0.698   |
| November  | 1.091 | 0.903 | 1.314 | 1.103   |
| December  | 1.640 | 0.520 | 1.347 | 1.169   |

|           | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | average |
|-----------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| January   | 1.315 | 0.951 | 1.665 | 1.069 | 0.848 | 1.653 | 1.237 | 1.108 | 1.231   |
| February  | 1.236 | 1.156 | 1.130 | 1.408 | 1.294 | 1.356 | 1.022 | 1.224 | 1.228   |
| March     | 1.063 | 1.084 | 0.965 | 0.875 | 1.621 | 1.075 | 1.762 | 1.116 | 1.195   |
| April     | 1.578 | 1.590 | 0.904 | 0.659 | 1.582 | 1.281 | 1.127 | 0.559 | 1.160   |
| May       | 1.622 | 1.225 | 1.340 | 1.359 | 1.608 | 1.652 | 1.599 | 1.313 | 1.465   |
| June      | 1.247 | 0.289 | 1.107 | 1.189 | 1.527 | 1.184 | 1.238 | 1.352 | 1.142   |
| July      | 1.182 | 0.113 | 0.882 | 1.128 | 0.341 | 0.852 | 0.672 | 1.401 | 0.821   |
| August    | 0.130 | 0.000 | 0.954 | 0.146 | 0.113 | 1.300 | 0.663 | 0.000 | 0.413   |
| September | 0.119 | 1.108 | 0.112 | 0.202 | 0.062 | 0.969 | 1.097 | 0.155 | 0.478   |
| October   | 1.247 | 1.424 | 0.507 | 0.043 | 0.978 | 1.083 | 1.477 |       | 0.966   |
| November  | 0.943 | 1.365 | 1.309 | 0.392 | 1.637 | 1.685 | 1.378 |       | 1.244   |
| December  | 0.991 | 1.566 | 1.098 | 1.214 | 1.262 | 1.003 | 1.336 |       | 1.210   |

|                    | 95 - 97<br>average | post capital<br>improvement<br>average | percentage<br>difference |
|--------------------|--------------------|--|--------------------------|
| January            | 0.915              | 1.231                                  | 34.55%                   |
| February           | 0.935              | 1.228                                  | 31.31%                   |
| March              | 1.037              | 1.195                                  | 15.21%                   |
| April              | 0.741              | 1.160                                  | 56.60%                   |
| May                | 1.220              | 1.465                                  | 20.10%                   |
| June               | 1.035              | 1.142                                  | 10.33%                   |
| July               | 0.598              | 0.821                                  | 37.42%                   |
| August             | 0.312              | 0.413                                  | 32.46%                   |
| September          | 0.116              | 0.478                                  | 312.78%                  |
| October            | 0.698              | 0.966                                  | 38.25%                   |
| November           | 1.103              | 1.244                                  | 12.85%                   |
| December           | 1.169              | 1.210                                  | 3.50%                    |
| Average difference |                    |  | 50.45%                   |