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April 13, 2012

Ms. Luly Massaro, Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

***Re: The Narragansett Electric Company d/b/a National Grid Review of Power Purchase Agreement with Black Bear Development Holdings, LLC Pursuant to RIGL §39-26.1***

Dear Luly:

Enclosed please find an original and ten (10) copies of the Prefiled Direct Testimony of John W. Chadbourne, Vice President of Arclight Capital Partners, LLC for Black Bear Development Holdings, LLC. Please note that a copy of this testimony has been sent to the service list via electronic mail.

Thank you for your attention to this matter.

Sincerely,



Joseph A. Keough Jr.

JAK/kf  
Enclosures  
cc: Service List (via electronic mail)

**STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION**

**REVIEW OF POWER PURCHASE AGREEMENT  
BETWEEN THE NARRAGANSETT ELECTRIC COMPANY  
D/B/A NATIONAL GRID  
AND BLACK BEAR DEVELOPMENT HOLDINGS, LLC**

**Docket 4319**

**PREFILED TESTIMONY**

**Of**

**JOHN W. CHADBOURNE  
VICE PRESIDENT  
ARCLIGHT CAPITAL PARTNERS, LLC**

**For**

**BLACK BEAR DEVELOPMENT HOLDINGS, LLC**

**April 13, 2012**

**Q. Please state your name and business address.**

A. My name is Jonathan W. Chadbourne, and my business address is 200 Clarendon Street, 55<sup>th</sup> Floor, Boston, MA 02116.

**Q. Please state your relationship with Black Bear Development Holdings, LLC.**

A. I am Vice President, Risk Management, for ArcLight Capital Partners, LLC (“ArcLight”) which is the manager of ArcLight Energy Partners Fund III, L.P. (“ArcLight Fund III”). ArcLight Fund III is the owner of Black Bear Development Holdings, LLC (“Black Bear”).

**Q. Please describe your general background and qualifications.**

A. I earned a Bachelor of Arts in Economics and Public Administration from the University of Maine and a Master of Business Administration from Northeastern University. I have sixteen years of energy trading and risk management experience. I have been at ArcLight for three years. Prior to joining ArcLight, I was a Director at Kelson Energy, Inc. where I focused on risk management and settlements for a portfolio of merchant generators in various regions across the United States.

**Q. What is the purpose of your testimony in this docket?**

A. In this docket, The Narragansett Electric Company d/b/a National Grid (“National Grid”) is requesting that the Rhode Island Public Utilities Commission (“Commission”) approve a power purchase agreement (“PPA”) it entered into with Black Bear. I am testifying in support of National Grid’s request and am also requesting that the Commission approve the PPA.

**Q. Please provide a brief description of the Orono B Project.**

A. On June 30, 2011, National Grid issued a Request for Proposals for Long-Term Contracts for Renewable Energy Projects ("RFP"). Black Bear proposed the Orono B Project in response to the RFP. The Orono B Project is a 3.75 MW (nameplate) run-of-river hydroelectric project to be located in Orono, Maine. The project will be constructed adjacent to the existing Orono A facility on an existing dam in the Stillwater Branch of the Penobscot River, and it will contain three vertical turbine generators, each with a nameplate rating of 1.25 MW at a power factor of 0.90. The Orono B Project will interconnect to an adjacent Bangor Hydro distribution substation, which is connected by the Bangor Hydro 46 kV transmission system to the Graham Substation. The Graham Substation is the location for the 115 kV interconnection to the NEPOOL Pool Transmission Facilities.

National Grid chose the Orono B project after evaluating the proposals submitted in response to the RFP. The parties subsequently entered negotiations, and on February 17, 2012, National Grid and Black Bear executed the PPA that National Grid submitted for approval to the Commission.

**Q. What is the anticipated timeline for the Orono B project?**

A. Black Bear is in the final development and pre-construction phase of building the Orono B Project. On May 18, 2011, we filed the application to amend our FERC License (P-2710) to allow for the construction of the new Orono B powerhouse utilizing the existing Orono dam. That filing was noticed for public inspection by the FERC on March 30, 2012.

1 We are also in final negotiations with our lenders to provided financing for the construction of  
2 the Orono B Project. That financing is conditioned on the approval of the PPA before this  
3 Commission.

4  
5 We are in position to start construction this summer once all approvals have been received and  
6 should complete the Project in the fourth quarter of 2013 prior to the critical December 31,  
7 2013 milestone set forth in the PPA.

8  
9 **Q. Please describe the benefits of the Orono B Project.**

10 A. As a newly developed run-of-river hydroelectric plant, the Orono B Project will provide clean,  
11 renewable energy without producing greenhouse gas emissions or associated waste. By  
12 utilizing existing dam structures, Orono B will take advantage of otherwise unused river flows  
13 and the project will be equipped with all the necessary environmental protective measures  
14 including but not limited to fish passage facilities. As a result, the Orono B Project provides a  
15 newly developed renewable energy resource at a cost that should help stabilize long-term  
16 energy prices.

17  
18 **Q. Please describe Black Bear's experience with constructing and operating projects of this**  
19 **nature.**

20 A. Black Bear, and its sister affiliates, currently own and operate six existing hydroelectric  
21 projects, five of which are on the Penobscot River and one on the Union River. These existing  
22 plants total approximately 46 MWs of installed capacity and generate an annual average of  
23 244,450 MWhs of energy. In addition, Black Bear affiliates lease two hydroelectric plants from,  
24 and operate a third plant for, a third party. These plants total approximately 18 MWs of  
25 installed capacity and generate an annual average of 88,100 MWhs of energy.

1 Black Bear is also developing the Stillwater B Project, which is a slightly smaller sister project to  
2 Orono B, on a similar timeline. Stillwater B is under a long-term contract to provide RECs to  
3 Fitchburg Gas & Electric beginning January 1, 2014, which was awarded through the  
4 Massachusetts 2010 Amended Request for Proposals for Long-Term Contracts for Renewable  
5 Energy Projects (MA DPU Docket No. 11-30).

6  
7 The management and O&M staff that will oversee the construction of the Orono B Project  
8 operates all of the Black Bear affiliated projects and have extensive experience with facilities of  
9 this size and scope as many of the staff have been associated with assets of this size and  
10 configuration for more than twenty years. The team has proven their ability to bring projects to  
11 commercial operation as evidenced by the extensive construction and restoration work  
12 required at the existing Orono A Plant, which was returned to service in March 2009 after being  
13 inoperable for nearly 15 years.

14  
15 **Q. Have you read the pre-filed testimony of Madison N. Milhous, Jr. and Corinne M. Abrams,**  
16 **dated March 19, 2012, filed in this matter?**

17 A. Yes.

18  
19 **Q. Do you have anything to add to Mr. Milhous's and Ms. Abrams's testimony, other than the**  
20 **answers set forth above?**

21 A. No, not at this time. However, I will be available for further questions and to provide  
22 additional information at the public hearing of this matter.

23  
24 **Q. Does this conclude your testimony?**

25 A. Yes.

**CERTIFICATION**

I hereby certify that on April 13, 2012, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

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