

April 12, 2012

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4319 - Review of Power Purchase Agreement Black Bear Development Holdings, LLC Pursuant to RI General Laws § 39-26.1 *et seq.***  
**Revised Exhibit 2**

Dear Ms. Massaro:

Enclosed for filing is a revised redacted version of Exhibit 2 to the testimony of Mr. Madison N. Milhous, Jr. and Ms. Corinne M. Abrams, concerning the above-referenced proceeding.

Please be advised that redacted pages 3, 4, and 5 were inadvertently missing from the redacted version of Exhibit 2 previously filed with the Commission on March 19, 2012.

The enclosed revised redacted version of Exhibit 2 now includes page 3, 4, and 5, which is the only change to the March 19, 2012 filing. In addition, the Company provided a confidential version of Exhibit 2 on March 19, 2012. The confidential version remains unchanged.

Thank you for your attention to this transmittal. If you have any questions, please contact me at (401) 784-7288.

Very truly yours,



Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4319 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division

### Certificate of Service

I hereby certify that a copy of the cover letter and / or any materials accompanying this certificate has been electronically transmitted, sent via U.S. mail or hand-delivered to the individuals listed below.



Joanne M. Scanlon

April 12, 2012

Date

**Docket No. 4319 National Grid – PPA w/ Black Bear Development Holdings, LLC**

**Service List updated 4/12/12**

Name/Address	E-mail Distribution	Phone
Jennifer Brooks Hutchinson, Esq. National Grid 280 Melrose Street Providence, RI 02907	<a href="mailto:Jennifer.hutchinson@us.ngrid.com">Jennifer.hutchinson@us.ngrid.com</a>	401-784-7288
	<a href="mailto:Thomas.teehan@us.ngrid.com">Thomas.teehan@us.ngrid.com</a>	
	<a href="mailto:Joanne.scanlon@us.ngrid.com">Joanne.scanlon@us.ngrid.com</a>	
	<a href="mailto:corinne.abrams@us.ngrid.com">corinne.abrams@us.ngrid.com</a>	
	<a href="mailto:Brooke.Skulley@us.ngrid.com">Brooke.Skulley@us.ngrid.com</a>	
Joseph A. Keough, Jr., Esq. Keough & Sweeney 100 Armistice Blvd. Pawtucket, RI 02860	<a href="mailto:jkeoughjr@keoughsweeney.com">jkeoughjr@keoughsweeney.com</a>	401-724-3600
Jonathan W. Chadbourne, Vice President Black Bear Development Holdings, LLC c/o ArcLight Capital Partners, LLC 200 Clarendon St., 55 <sup>th</sup> Floor Boston, MA 02117	<a href="mailto:jchadbourne@arclightenergy.com">jchadbourne@arclightenergy.com</a>	617-531-6397
Christine Miller, Associate General Counsel Black Bear Development Holdings, LLC c/o ArcLight Capital Partners, LLC	<a href="mailto:cmiller@arclightcapital.com">cmiller@arclightcapital.com</a>	617-531-6338
Jon Hagopian, Esq. Karen Lyons, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:Jhagopian@riag.ri.gov">Jhagopian@riag.ri.gov</a>	401-222-2424
	<a href="mailto:Klyons@riag.ri.gov">Klyons@riag.ri.gov</a>	
	<a href="mailto:Dstearns@ripuc.state.ri.us">Dstearns@ripuc.state.ri.us</a>	
	<a href="mailto:Sscialabba@ripuc.state.ri.us">Sscialabba@ripuc.state.ri.us</a>	
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a>	
Richard Hahn LaCapra Associates One Washington Mall, 9 <sup>th</sup> floor Boston, MA 02108	<a href="mailto:rhahn@lacapra.com">rhahn@lacapra.com</a>	617-778-2467
<b>File an original &amp; 10 copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	<a href="mailto:Lmassaro@puc.state.ri.us">Lmassaro@puc.state.ri.us</a>	401-780-2017
	<a href="mailto:ADalessandro@puc.state.ri.us">ADalessandro@puc.state.ri.us</a>	
	<a href="mailto:Nucci@puc.state.ri.us">Nucci@puc.state.ri.us</a>	
	<a href="mailto:Anault@puc.state.ri.us">Anault@puc.state.ri.us</a>	
	<a href="mailto:DShah@puc.state.ri.us">DShah@puc.state.ri.us</a>	

REDACTED

Exhibit 2 (Redacted)  
Review of Power Purchase Agreement  
Black Bear Development Holdings, LLC  
Pursuant to RIGL 39-26.1  
Witnesses: Madison N. Milhous, Jr. & Corinne M. Abrams  
Revised April 12, 2012  
Page 1 of 5

**Contract Cost less Forecast Market Value**  
**RI Delivery with RI Pricing; Seller Covers Price Separation (Congestion and Losses)**

Black Bear Hydro - Orono "B" Project												
ESAI Forecast							15 Yr PPA					
	ME Energy 7x24 (\$/MWh)	RI Energy 7x24 (\$/MWh)	RI REC Forecast (\$/REC)	Capacity (\$/kW-mo)	RI Energy RECs & Capacity	Zonal Price Separation (Congestion & Losses) (RI - ME) (\$/MWh)	Delivered Energy (MWh )	Bundled Energy Contract Price - RI (\$/MWh)	Bundled Energy Contract Price less Energy Market Value (\$/MWh)	[(Bundled Energy Contract Price less Energy Market Value less RECs) X Output less Capacity] Above Market Cost (\$)	Above Market Cost (\$) (from Monthly Summary Table)	Value of Zonal Price Separation
2010												
2011												
2012												
2013												
2014							31,268	\$ 99.00				
2015							31,268	\$ 100.98				
2016							31,268	\$ 103.00				
2017							31,268	\$ 105.06				
2018							31,268	\$ 107.16				
2019							31,268	\$ 109.30				
2020							31,268	\$ 111.49				
2021							31,268	\$ 113.72				
2022							31,268	\$ 115.99				
2023							31,268	\$ 118.31				
2024							31,268	\$ 120.68				
2025							31,268	\$ 123.09				
2026							31,268	\$ 125.56				
2027							31,268	\$ 128.07				
2028							31,268	\$ 130.63				
2029												
2030												
2031												
2032												
2033												
2034												
2035												
2036												
2037												
TOTAL							469,020		TOTAL	\$ (12,266,102)	\$ (12,169,767)	\$ 1,848,027
NPV (7%)							284,786		NPV (7%)	\$ (6,989,363)	\$ (6,931,540)	\$ 1,109,107
							Levelized Market Comparison (\$/MWh)					
										\$ (24.54)	\$ (24.34)	

Run-of-River Hydro                      3.858 MW  
Capacity Factor for FCM                90%  
Escalation                                    2%

**Market Cost Comparison**  
Contract Energy Cost less Energy Market Value

RI PPA Pricing; Seller Covers Price Separation (Congestion and Losses)

$$\begin{array}{c} \text{Contract Price}_{RI} - (LMP_{RI} - LMP_{ME}) - LMP_{RI} + (LMP_{RI} - LMP_{ME}) \\ \text{[ Net Contract Price ]} \end{array}$$

$\text{Contract Price}_{RI} - LMP_{RI}$
-----------------------------------------

Contract value includes price separation coverage:  $(LMP_{RI} - LMP_{ME})$ .



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 Revised April 12, 2012  
 Page 3 of 5

		Monthly Table									
RI Energy Prices (ES&I)		ME Energy Prices (ES&I)		BB Production		Capacity	RECs	Zonal Price Separation	RI Market Value	Black Bear RI Price (15 Yr)	Above Mkt Costs (15 Yr)
On-Peak	Off-Peak	On-Peak	Off-Peak	On-Peak	Off-Peak	\$/kw-mo	\$/MWH				
2014	Jan-14				1,240	1,424				\$	263,736
2014	Feb-14				1,133	1,301				\$	240,966
2014	Mar-14				1,281	1,471				\$	272,448
2014	Apr-14				1,234	1,417				\$	262,449
2014	May-14				1,204	1,382				\$	256,014
2014	Jun-14				1,138	1,305				\$	241,857
2014	Jul-14				1,170	1,342				\$	248,688
2014	Aug-14				1,204	1,381				\$	255,915
2014	Sep-14				1,164	1,335				\$	247,401
2014	Oct-14				1,262	1,449				\$	268,389
2014	Nov-14				1,244	1,427				\$	264,429
2014	Dec-14				1,285	1,475				\$	273,240
2015	Jan-15				1,240	1,424				\$	269,011
2015	Feb-15				1,133	1,301				\$	245,785
2015	Mar-15				1,281	1,471				\$	277,897
2015	Apr-15				1,234	1,417				\$	267,698
2015	May-15				1,204	1,382				\$	261,134
2015	Jun-15				1,138	1,305				\$	246,694
2015	Jul-15				1,170	1,342				\$	253,662
2015	Aug-15				1,204	1,381				\$	261,033
2015	Sep-15				1,164	1,335				\$	252,349
2015	Oct-15				1,262	1,449				\$	273,757
2015	Nov-15				1,244	1,427				\$	269,718
2015	Dec-15				1,285	1,475				\$	278,705
2016	Jan-16				1,240	1,424				\$	274,391
2016	Feb-16				1,133	1,301				\$	250,701
2016	Mar-16				1,281	1,471				\$	283,455
2016	Apr-16				1,234	1,417				\$	273,052
2016	May-16				1,204	1,382				\$	266,357
2016	Jun-16				1,138	1,305				\$	251,628
2016	Jul-16				1,170	1,342				\$	258,735
2016	Aug-16				1,204	1,381				\$	266,254
2016	Sep-16				1,164	1,335				\$	257,396
2016	Oct-16				1,262	1,449				\$	279,232
2016	Nov-16				1,244	1,427				\$	275,112
2016	Dec-16				1,285	1,475				\$	284,279
2017	Jan-17				1,240	1,424				\$	279,879
2017	Feb-17				1,133	1,301				\$	255,715
2017	Mar-17				1,281	1,471				\$	289,124
2017	Apr-17				1,234	1,417				\$	278,513
2017	May-17				1,204	1,382				\$	271,684
2017	Jun-17				1,138	1,305				\$	256,661
2017	Jul-17				1,170	1,342				\$	263,910
2017	Aug-17				1,204	1,381				\$	271,579
2017	Sep-17				1,164	1,335				\$	262,544
2017	Oct-17				1,262	1,449				\$	284,817
2017	Nov-17				1,244	1,427				\$	280,614
2017	Dec-17				1,285	1,475				\$	289,964
2018	Jan-18				1,240	1,424				\$	285,476
2018	Feb-18				1,133	1,301				\$	260,829
2018	Mar-18				1,281	1,471				\$	294,906
2018	Apr-18				1,234	1,417				\$	284,083
2018	May-18				1,204	1,382				\$	277,118
2018	Jun-18				1,138	1,305				\$	261,794
2018	Jul-18				1,170	1,342				\$	269,188
2018	Aug-18				1,204	1,381				\$	277,011
2018	Sep-18				1,164	1,335				\$	267,795
2018	Oct-18				1,262	1,449				\$	290,513
2018	Nov-18				1,244	1,427				\$	286,226
2018	Dec-18				1,285	1,475				\$	295,764
2019	Jan-19				1,240	1,424				\$	291,186
2019	Feb-19				1,133	1,301				\$	266,046
2019	Mar-19				1,281	1,471				\$	300,805
2019	Apr-19				1,234	1,417				\$	289,765
2019	May-19				1,204	1,382				\$	282,660
2019	Jun-19				1,138	1,305				\$	267,030
2019	Jul-19				1,170	1,342				\$	274,572
2019	Aug-19				1,204	1,381				\$	282,551
2019	Sep-19				1,164	1,335				\$	273,151



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Revised April 12, 2012  
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RI Energy Prices (ESAI)		ME Energy Prices (ESAI)		BB Production		Capacity	RECs	Zonal Price Separation	RI Market Value	Black Bear RI Price (15 Yr)	Above Mkt Costs (15 Yr)	
On-Peak	Off-Peak	On-Peak	Off-Peak	On-Peak	Off-Peak	\$/kw-mo	\$/MWH					
2019	Oct-19				1,262	1,449					\$ 296,323	
2019	Nov-19				1,244	1,427					\$ 291,951	
2019	Dec-19				1,285	1,475					\$ 301,679	
2020	Jan-20				1,240	1,424					\$ 297,010	
2020	Feb-20				1,133	1,301					\$ 271,367	
2020	Mar-20				1,281	1,471					\$ 306,821	
2020	Apr-20				1,234	1,417					\$ 295,560	
2020	May-20				1,204	1,382					\$ 288,313	
2020	Jun-20				1,138	1,305					\$ 272,370	
2020	Jul-20				1,170	1,342					\$ 280,063	
2020	Aug-20				1,204	1,381					\$ 288,202	
2020	Sep-20				1,164	1,335					\$ 278,614	
2020	Oct-20				1,262	1,449					\$ 302,250	
2020	Nov-20				1,244	1,427					\$ 297,790	
2020	Dec-20				1,285	1,475					\$ 307,713	
2021	Jan-21				1,240	1,424					\$ 302,950	
2021	Feb-21				1,133	1,301					\$ 276,794	
2021	Mar-21				1,281	1,471					\$ 312,957	
2021	Apr-21				1,234	1,417					\$ 301,471	
2021	May-21				1,204	1,382					\$ 294,080	
2021	Jun-21				1,138	1,305					\$ 277,818	
2021	Jul-21				1,170	1,342					\$ 285,664	
2021	Aug-21				1,204	1,381					\$ 293,966	
2021	Sep-21				1,164	1,335					\$ 284,186	
2021	Oct-21				1,262	1,449					\$ 308,295	
2021	Nov-21				1,244	1,427					\$ 303,746	
2021	Dec-21				1,285	1,475					\$ 313,867	
2022	Jan-22				1,240	1,424					\$ 309,009	
2022	Feb-22				1,133	1,301					\$ 282,330	
2022	Mar-22				1,281	1,471					\$ 319,216	
2022	Apr-22				1,234	1,417					\$ 307,501	
2022	May-22				1,204	1,382					\$ 299,961	
2022	Jun-22				1,138	1,305					\$ 283,374	
2022	Jul-22				1,170	1,342					\$ 291,378	
2022	Aug-22				1,204	1,381					\$ 299,845	
2022	Sep-22				1,164	1,335					\$ 289,870	
2022	Oct-22				1,262	1,449					\$ 314,460	
2022	Nov-22				1,244	1,427					\$ 309,821	
2022	Dec-22				1,285	1,475					\$ 320,144	
2023	Jan-23				1,240	1,424					\$ 315,189	
2023	Feb-23				1,133	1,301					\$ 287,977	
2023	Mar-23				1,281	1,471					\$ 325,601	
2023	Apr-23				1,234	1,417					\$ 313,651	
2023	May-23				1,204	1,382					\$ 305,960	
2023	Jun-23				1,138	1,305					\$ 289,042	
2023	Jul-23				1,170	1,342					\$ 297,205	
2023	Aug-23				1,204	1,381					\$ 305,842	
2023	Sep-23				1,164	1,335					\$ 295,667	
2023	Oct-23				1,262	1,449					\$ 320,750	
2023	Nov-23				1,244	1,427					\$ 316,017	
2023	Dec-23				1,285	1,475					\$ 326,547	
2024	Jan-24				1,240	1,424					\$ 321,493	
2024	Feb-24				1,133	1,301					\$ 293,736	
2024	Mar-24				1,281	1,471					\$ 332,113	
2024	Apr-24				1,234	1,417					\$ 319,924	
2024	May-24				1,204	1,382					\$ 312,080	
2024	Jun-24				1,138	1,305					\$ 294,822	
2024	Jul-24				1,170	1,342					\$ 303,149	
2024	Aug-24				1,204	1,381					\$ 311,959	
2024	Sep-24				1,164	1,335					\$ 301,580	
2024	Oct-24				1,262	1,449					\$ 327,165	
2024	Nov-24				1,244	1,427					\$ 322,337	
2024	Dec-24				1,285	1,475					\$ 333,078	
2025	Jan-25				1,240	1,424					\$ 327,923	
2025	Feb-25				1,133	1,301					\$ 299,611	
2025	Mar-25				1,281	1,471					\$ 338,755	
2025	Apr-25				1,234	1,417					\$ 326,322	
2025	May-25				1,204	1,382					\$ 318,321	
2025	Jun-25				1,138	1,305					\$ 300,719	



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		On-Peak	Off-Peak	On-Peak	Off-Peak	On-Peak	Off-Peak	\$/kw-mo	\$/MWH					
2025	Jul-25					1,170	1,342					\$	309,212	
2025	Aug-25					1,204	1,381					\$	318,198	
2025	Sep-25					1,164	1,335					\$	307,612	
2025	Oct-25					1,262	1,449					\$	333,708	
2025	Nov-25					1,244	1,427					\$	328,784	
2025	Dec-25					1,285	1,475					\$	339,740	
2026	Jan-26					1,240	1,424					\$	334,481	
2026	Feb-26					1,133	1,301					\$	305,603	
2026	Mar-26					1,281	1,471					\$	345,530	
2026	Apr-26					1,234	1,417					\$	332,849	
2026	May-26					1,204	1,382					\$	324,688	
2026	Jun-26					1,138	1,305					\$	306,733	
2026	Jul-26					1,170	1,342					\$	315,397	
2026	Aug-26					1,204	1,381					\$	324,562	
2026	Sep-26					1,164	1,335					\$	313,764	
2026	Oct-26					1,262	1,449					\$	340,382	
2026	Nov-26					1,244	1,427					\$	335,360	
2026	Dec-26					1,285	1,475					\$	346,534	
2027	Jan-27					1,240	1,424					\$	341,171	
2027	Feb-27					1,133	1,301					\$	311,715	
2027	Mar-27					1,281	1,471					\$	352,441	
2027	Apr-27					1,234	1,417					\$	339,506	
2027	May-27					1,204	1,382					\$	331,181	
2027	Jun-27					1,138	1,305					\$	312,868	
2027	Jul-27					1,170	1,342					\$	321,704	
2027	Aug-27					1,204	1,381					\$	331,053	
2027	Sep-27					1,164	1,335					\$	320,040	
2027	Oct-27					1,262	1,449					\$	347,190	
2027	Nov-27					1,244	1,427					\$	342,067	
2027	Dec-27					1,285	1,475					\$	353,465	
2028	Jan-28					1,240	1,424					\$	347,994	
2028	Feb-28					1,133	1,301					\$	317,950	
2028	Mar-28					1,281	1,471					\$	359,489	
2028	Apr-28					1,234	1,417					\$	346,296	
2028	May-28					1,204	1,382					\$	337,805	
2028	Jun-28					1,138	1,305					\$	319,125	
2028	Jul-28					1,170	1,342					\$	328,139	
2028	Aug-28					1,204	1,381					\$	337,674	
2028	Sep-28					1,164	1,335					\$	326,440	
2028	Oct-28					1,262	1,449					\$	354,134	
2028	Nov-28					1,244	1,427					\$	348,908	
2028	Dec-28					1,285	1,475					\$	360,534	