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June 25, 2004

VIA MESSENGER

Honorable Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E., Room 1A
Washington, D.C. 20426

Re: **PPL Maine, LLC; Project Nos. 2403, 2534, 2666, 2710, 2712, 2721, and 10981, Docket No. DI97-10** – 002
PPL Great Works, LLC; Project No. 2312 – 018
Bangor Pacific Hydro Associates; Project No. 2600 – 057

Dear Secretary Salas:

Enclosed for filing in the above-referenced proceedings are the original and eight copies of the "Submittal Of The Lower Penobscot River Basin Comprehensive Settlement Accord With Explanatory Statement" ("Submittal"). The Submittal transmits, for informational purposes only, the Lower Penobscot River Basin Comprehensive Settlement Accord ("Comprehensive Settlement") composed of agreements entered into by PPL Maine, LLC ("PPL Maine"), PPL Great Works, LLC ("PPL Great Works"; together with PPL Marine "PPL"), the Penobscot Indian Nation, the United States Department of the Interior acting through its bureaus the Fish and Wildlife Service ("FWS"), the Bureau of Indian Affairs, and the National Park Service, the Maine Agencies,[1] the Conservation Interests,[2] and the Penobscot River Restoration Trust ("Trust") (collectively "Parties").

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1 The Maine State Planning Office, the Maine Atlantic Salmon Commission, the Maine Department of Inland Fisheries and Wildlife, and the Maine Department of Marine Resources.

2 American Rivers, Inc., the Atlantic Salmon Federation, the Maine Audubon Society, the Natural Resources Council of Maine, and Trout Unlimited.

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ORIGINAL

The Comprehensive Settlement consists of the Lower Penobscot River Multiparty Settlement Agreement dated June 2004 and executed by the Parties and PPL Generation, LLC (signing for certain limited purposes only) ("PPL Generation") (the "MPA") and certain additional agreements that are appended to it, all of which are included as part of the Submittal for information purposes only. The MPA is appended to the Submittal as TAB A. TAB A contains the following:

TAB A:

- The MPA.

- Attachments to the MPA:

  a. Attachment A, containing details regarding the fish passage provisions applicable to PPL Maine's Penobscot River hydroelectric projects.

  b. Attachment B, containing provisions regarding the establishment and funding of a Contingent Mitigation Fund.

- Exhibits to the MPA:

  a. (Exhibit 1) Lower Penobscot River Option Agreement dated June 2004 and executed by PPL Maine, PPL Great Works, PPL Generation, and the Trust, together with all schedules and exhibits thereto including the form of the associated Turbine Unit Agreement (TAB 1 under TAB A).

  b. (Exhibit 2) Comprehensive Settlement Agreement Between The Penobscot Indian Nation, PPL Maine, LLC, And The Bureau Of Indian Affairs Of The Department Of The Interior dated June 2004 and executed by the referenced Parties (TAB 2 under TAB A).

The Submittal does not request that the Commission approve the Comprehensive Settlement. Rather, the Parties to the Comprehensive Settlement request in the Submittal that the Commission approve eight applications and other requests to implement the initial phase of the Comprehensive Settlement (the "Phase 1 Requests"). The first of those requests is appended to the Submittal as TAB B, while the remaining Phase 1 Requests are being submitted concurrently under separate cover letters. TAB B contains the following:

TAB B: Joint Request For The Commission To Suspend Its Relicensing Proceedings For The Howland And Great Works Project Nos. 2721 And 2312 And To Extend Certain Requirements Of The Licenses For The Veazie And Milford Project Nos. 2403 And 2534 ("Joint Request").

The additional Phase 1 Requests are as follows:

1. Application of PPL Maine to amend the license for Milford.

2. Application of PPL Maine to amend the license for Veazie.

3. Application of PPL Maine to amend the license for the Stillwater Project No. 2712.

4. Application of PPL Maine to amend the license for the Medway Project No. 2666.

5. Application of PPL Maine for a new 40-year license for the Orono Project No. 2710.

6. Application of Bangor Pacific Hydro Associates to amend the license for the West Enfield Project No. 2600.

7. FWS' Preliminary Prescription Modifications And Preliminary Prescriptions for Milford, Veazie, Stillwater, and Orono ("FWS Modified Prescriptions").

Copies of the Submittal and this transmittal letter are being served on all parties on the Distribution List included at the end of the Submittal.

By copy of this letter, all parties in these proceedings are hereby notified, pursuant to Rule 602(f) of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.602(f)), that comments on the Comprehensive Settlement, the Joint Request, and the FWS Modified Prescriptions must be filed with the Commission no later than 20 days after the filing of the Comprehensive Settlement and reply comments must be filed no later than 30 days after such filing, unless otherwise provided by the Commission.

A form of notice suitable for publication in the Federal Register regarding the filing of the Comprehensive Settlement, the Joint Request, and the FWS Modified Prescriptions is included in the Submittal (TAB C). A computer diskette containing the form of notice is included in the original.

Should you have any questions regarding this matter, please do not hesitate to contact me at (202) 371-5766.

Sincerely,

John A. Whittaker IV

John A. Whittaker, IV
Attorney For PPL Maine, LLC
and Affiliated Companies
ON BEHALF OF ALL PARTIES

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PPL Maine, LLC	)	**Project Nos. 2[illegible], 2534, 2666, 271[illegible], 2712, 2721, and 10981**
	)	
	)	**Docket No. DI97-10**
	)	
PPL Great Works, LLC	)	**Project No. 2312**
	)	
Bangor Pacific Hydro Associates	)	**Project No. 2600**

SUBMITTAL OF THE LOWER PENOBSCOT RIVER BASIN COMPREHENSIVE SETTLEMENT ACCORD WITH EXPLANATORY STATEMENT

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June 25, 2004

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PPL Maine, LLC	)	**Project Nos. 2403, 2534, 2666, 2710, 2712, 2721, and 10981**
	)	**Docket No. DI97-10**
PPL Great Works, LLC	)	**Project No. 2312**
Bangor Pacific Hydro Associates	)	**Project No. 2600**

SUBMITTAL OF THE LOWER PENOBSCOT RIVER BASIN COMPREHENSIVE SETTLEMENT ACCORD WITH EXPLANATORY STATEMENT

Pursuant to Rule 602 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.602), PPL Maine, LLC ("PPL Maine"), PPL Great Works, LLC ("PPL Great Works"; together with PPL Maine "PPL"), the Penobscot Indian Nation ("PIN"), the United States Department of the Interior acting through its bureaus the Fish and Wildlife Service ("FWS"), the Bureau of Indian Affairs ("BIA"), and the National Park Service (collectively "DOI"), the Maine Agencies,[1] the Conservation Interests,[2] and the Penobscot River Restoration Trust ("Trust") (collectively "Parties") hereby submit for informational purposes only the Lower Penobscot River Basin Comprehensive Settlement Accord ("Comprehensive Settlement") involving Commission-licensed projects in the Lower Penobscot River Basin in Maine, and respectfully request that the Commission grant the applications and other requests submitted

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[1] The Maine State Planning Office, the Maine Atlantic Salmon Commission, the Maine Department of Inland Fisheries and Wildlife, and the Maine Department of Marine Resources.

[2] American Rivers, Inc. ("AR"), the Atlantic Salmon Federation ("ASF"), the Maine Audubon Society ("MAS"), the Natural Resources Council of Maine ("NRCM"), and Trout Unlimited ("TU").

herewith or concurrently to implement the initial phase of the Comprehensive Settlement (the "Phase 1 Requests"), as discussed below.[3]

Consistent with the requirements of 18 C.F.R. § 385.602(c), set forth below is an Explanatory Statement explaining the background of these proceedings, the components of the Comprehensive Settlement and Phase 1 Requests, and the specific actions the Parties are requesting that the Commission take at this time.

EXPLANATORY STATEMENT

I. Background

On April 20, 1998, the Commission issued new licenses to PPL Maine's predecessor in interest (Bangor Hydro-Electric Company ("Bangor")) for the Milford Project No. 2534 ("Milford"), the Stillwater Project No. 2712 ("Stillwater"), and the Veazie Project No. 2403 ("Veazie").[4] Also on that date the Commission denied Bangor's application for an original license for the proposed new Basin Mills Project No. 10981 ("Basin Mills") and requested that Bangor inform the Commission of its plans for its Orono Project No. 2710 ("Orono") in light of the denial of the application for Basin Mills, which, if licensed and built, would have required the decommissioning of Orono.[5]

Bangor requested rehearing of the denial of the Basin Mills application, of various fish passage and other provisions of the licenses for Milford, Stillwater, and Veazie, and of the

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[3] A form of notice suitable for publication in the Federal Register regarding the filing of the Comprehensive Settlement, the Joint Request, and the FWS Modified Prescriptions is included herewith (TAB C). A computer diskette containing the form of notice in electronic form (in Word format) is also included in TAB C (original copy only).

[4] Milford (83 FERC ¶ 61,037); Stillwater (83 FERC ¶ 61,038); Veazie (83 FERC ¶ 61,040).

[5] 83 FERC ¶ 61,039. The Commission in that order also denied Bangor's challenge to DOI's authority to prescribe fishways for the fish species at issue (in Docket No. DI97-10).

Commission's denial of its challenge to DOI's prescription authority. DOI and PIN requested rehearing of the April 20, 1998 orders contending that the Commission, in issuing the new license for Milford, had erred in concluding that the PIN reservation lands occupied by Milford did not constitute a "reservation" as defined in § 3(2) of the Federal Power Act ("FPA"), 16 U.S.C. § 796(2), and therefore that Milford was not subject to the mandatory conditioning provisions of § 4(e) of the FPA, 16 U.S.C. § 797(e), or to the requirement to pay annual land use charges pursuant to § 10(e) of the FPA, 16 U.S.C. § 803(e). They requested that the Commission reverse its holding on the "reservation" issue and include in the new Milford license the § 4(e) conditions and § 10(e) annual charge provisions that DOI had submitted in the proceeding. DOI also contested the changes the Commission had made to the fishway prescriptions submitted by DOI for Milford, Stillwater, and Veazie pursuant to § 18 of the FPA, 16 U.S.C. § 811.[6] Intervenors ASF, the Maine Council of the Atlantic Salmon Federation, MAS, and TU also requested rehearing, contending that the new license for Veazie should be denied and the project removed. Tolling orders were issued, and these rehearing requests remain pending before the Commission.

Because compliance with various articles of the new licenses (pertaining primarily to fish passage) for Milford, Stillwater, and Veazie depended on resolution of the pending rehearing requests, first Bangor and then PPL Maine[7] requested and received a series of extensions of time to comply with those articles and to inform the Commission of the plans for

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6 The Commission had concluded that the FWS had submitted its fishway prescriptions in an untimely manner and therefore that they were not mandatory upon the Commission. *See, e.g.*, 83 FERC ¶ 61,037 at p. 61,080.

7 By order issued April 1, 1999, the Commission approved the transfer of the licenses for Milford, Stillwater, Veazie, Orono, and Bangor's additional hydroelectric projects from Bangor to Penobscot Hydro, LLC (subsequently renamed PPL Maine, LLC). *See* 87 FERC ¶ 62,001.

Orono pending Commission action on the rehearing requests. In January 2000, PPL Maine, PIN, DOI, and certain of the Conservation Interests began discussions regarding potential settlement of the fish passage, Tribal, and other issues raised in the pending rehearing requests in the Basin Mills, *et al.* proceedings and requested that the Commission delay action on the rehearing requests and grant extensions of time for PPL Maine to comply with the referenced articles of the Milford, Stillwater, and Veazie licenses (and to inform the Commission of its plans for Orono) to allow settlement discussions to proceed. The Commission granted the extension request in an unpublished letter order issued February 11, 2000. Since then, PPL Maine has requested and the Commission has granted a series of additional extensions.[8]

The settlement discussions begun in January 2000 subsequently expanded to include the Maine Agencies and additional parties now collectively comprising the Conservation Interests. Further, in order for the settlement discussions to address fishery resources in the Penobscot River Basin in a more comprehensive manner, the parties expanded the scope of their discussions to include PPL Maine's Howland Project No. 2721 ("Howland"), located on the Piscataquis River tributary to the Penobscot River, and the Great Works Project No. 2312 ("Great Works"), located on the Penobscot River between Veazie and Milford and licensed to PPL Maine's subsidiary PPL Great Works.[9]

The Howland license expired on September 30, 2000; an application for new license for Howland was filed on September 28, 1998. DOI, PIN, ASF, and the State of Maine

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[8] The current deadline for compliance with the referenced articles of the Milford, Stillwater, and Veazie licenses is June 20, 2004. *See* the unpublished letter order issued March 26, 2004. PPL Maine filed another extension request on May 20, 2004.

[9] By order issued December 28, 1999, the Commission approved the transfer of the license for Great Works from the Fort James Operating Company to PP&L Great Works, LLC (subsequently renamed PPL Great Works, LLC). *See* 89 FERC ¶62,255.

intervened in the Howland relicensing proceeding. While PPL Maine proposed to relicense Howland at its current capacity, DOI and others requested in their pleadings in that proceeding that Howland be decommissioned and the Howland dam removed. By notice issued August 8, 2003, the Commission indicated that the Howland application was ready for environmental analysis ("REA Notice") and established October 7, 2003, as the due date for comments, recommendations, terms and conditions, and prescriptions. The Great Works license expired on March 31, 2002;[10] an application for new license for Great Works was filed on March 31, 2000. The ASF indicated in its motion to intervene in the Great Works relicensing proceeding that it had concerns as to fish passage at the project, while DOI and PIN filed comment letters requesting dam decommissioning/removal studies.

In August 2003, PPL Maine, PIN, DOI, the Maine Agencies, and the Conservation Interests[11] ("Conceptual Agreement Parties") entered into the Lower Penobscot River Conceptual Agreement ("Conceptual Agreement"), and PIN, PPL Maine, and DOI entered into the Lower Penobscot River Conceptual Agreement Between PIN, PPL Maine, and DOI (collectively the "Conceptual Agreements"). By letter dated August 29, 2003, the Conceptual Agreement Parties requested the appointment of non-decisional staff to assist them in the final negotiations to transform the Conceptual Agreements into final agreements. The Commission, by letter dated September 11, 2003, appointed non-decisional staff to assist the Conceptual Agreement Parties, and on September 23, 2003, these parties met with the non-decisional staff.

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10 The Commission issued notices of authorization for continued project operations for Howland and Great Works on November 21, 2000, and April 8, 2002, respectively.

11 Excluding MAS, which joined with other Conservation Interests and became involved in negotiations subsequent to execution of the Conceptual Agreement.

By letter dated September 24, 2003, the Conceptual Agreement Parties requested (1) that the Commission extend the October 7, 2003 deadline for the submittal of responses to the REA Notice in the Howland relicensing proceeding by 60 days and (2) an opportunity to brief the Commission regarding the terms of the Conceptual Agreements during an on-the-record, publicly-noticed meeting. In a letter dated October 1, 2003, the Commission established October 14, 2003, as the date for the briefing and suspended the October 7 deadline pending the outcome of the October 14 briefing.

On October 8, 2003, the Conceptual Agreement Parties filed the Conceptual Agreements with the Commission, provided an explanation of their components, and requested that the Commission suspend the Howland and Great Works relicensing proceedings for approximately six months (until April 7, 2004) to provide them with the time necessary to complete their settlement negotiations, transform the Conceptual Agreements into final agreements and prepare related applications, obtain final internal approvals, and continue their community outreach efforts. The Conceptual Agreement Parties briefed Commission staff on the Conceptual Agreements and the status of their settlement negotiations on October 14, 2003. By letter dated December 8, 2003, the Commission granted their October 8 request to suspend the relicensing proceedings for Howland and Great Works until April 7, 2004.

By letter dated March 10, 2004, the Commission requested that PPL Maine provide an update on the status of the settlement negotiations. PPL Maine responded thereto by letter dated March 22, 2004, wherein it indicated that, while the Parties were making considerable progress towards finalizing their agreements, PPL Maine was unable to ascertain at that time whether meeting the April 7, 2004 deadline would be possible. By letter dated April 1, 2004, PPL Maine indicated that the Parties planned on filing all of the settlement documents with the Commission by May 17, 2004.

In a letter dated May 14, 2004, PPL Maine reported to the Commission that the Parties had agreed upon and essentially completed all of the documents necessary to effectuate the settlement, but that because the process of reaching final agreement took longer than the Parties had anticipated, the Parties would not be able to meet the previously-referenced May 17 filing date. PPL Maine indicated therein that the Parties planned on filing all of the settlement materials with the Commission on or about June 14, 2004.

II. Overview Of Comprehensive Settlement Documents, "Phases" Of Implementation, And Specific Phase 1 Requests

A. Comprehensive Settlement Documents

The Comprehensive Settlement consists of the Lower Penobscot River Multiparty Settlement Agreement dated June 2004 and executed by the Parties and PPL Generation, LLC (*signing for certain limited purposes only*) ("PPL Generation") (the "MPA"), and certain additional agreements that are appended to it, all of which are submitted herewith for informational purposes only. These documents comprising the Comprehensive Settlement are appended hereto as TAB A. Specifically, TAB A contains the following:

TAB A:

- The MPA.
- Attachments to the MPA:
  - a. Attachment A, containing details regarding the fish passage provisions applicable to PPL Maine's Penobscot River hydroelectric projects.
  - b. Attachment B, containing provisions regarding the establishment and funding of a Contingent Mitigation Fund.
- Exhibits to the MPA:

a. (Exhibit 1) Lower Penobscot River Option Agreement dated June 2004 and executed by PPL Maine, PPL Great Works, PPL Generation, and the Trust ("Option Agreement"), together with all schedules and exhibits thereto including the form of the associated Turbine Unit Agreement (TAB 1 under TAB A).

b. (Exhibit 2) Comprehensive Settlement Agreement Between The Penobscot Indian Nation, PPL Maine, LLC, And The Bureau Of Indian Affairs Of The Department Of The Interior dated June 2004 and executed by the referenced Parties ("PIN Agreement") (TAB 2 under TAB A).

B. Summary Of The Phases Of The Comprehensive Settlement

As explained in detail *infra,* the Parties contemplate that the Comprehensive Settlement will be implemented through "phased" filings with the Commission, beginning with this Submittal and concurrent filings. In overview, these phases are as follows:

1. **Phase 1 (Upon Execution Of MPA, PIN Agreement, And Option Agreement) (*i.e.*, the instant filing of the Comprehensive Settlement and concurrent filing of Phase 1 Requests)**

- Parties jointly file Comprehensive Settlement for informational purposes only with Explanatory Statement.
- Parties file Joint Request to (1) suspend the relicensing proceedings for Howland and Great Works, and (2) extend the requirements for PPL Maine to install an additional turbine/generating unit at Milford and to submit a final recreation plan for Veazie, until the Option has been exercised, has expired, or has been terminated.
- PPL Maine (BPHA in the case of West Enfield) files applications to amend the licenses for Milford, Stillwater, Veazie, Medway, and West Enfield to incorporate the articles required by the PIN Agreement and the pertinent provisions of the FWS Modified

Prescriptions, to request the headpond increases, and to implement the other provisions discussed herein.

- PPL Maine files application for new license for Orono.
- DOI files FWS Modified Prescriptions.

2. <u>**Phase 2 (Upon Final Regulatory Approval Of Phase 1 Requests)**</u>

- PPL Maine, DOI, PIN, and Conservation Interests file notices withdrawing their pending requests for rehearing in the Basin Mills, *et al.* proceedings.[12]
- DOI files notice withdrawing its § 4(e) conditions and § 10(e) requests for Milford.

3. <u>**Phase 3 (Upon Notice That Option Is Being Exercised)**</u>

- PPL and Trust file joint applications to transfer licenses and Part II facilities for Designated Projects from PPL to Trust.
- Trust files applications to surrender the licenses for the Designated Projects and for authorization to decommission and remove Veazie and Great Works and to decommission and remove or alter Howland after following designated process.

4. <u>**Phase 4 (Upon Final Regulatory Approval Of Phase 3 Applications)**</u>

- PPL Maine files applications for those second stage energy enhancements it elects to pursue (or promptly offers to third parties the opportunity to pursue certain of the enhancements).

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12 The only entity that had requested rehearing of the Basin Mills, *et al.* proceedings that is not a signatory to the MPA, the Maine Council of the Atlantic Salmon Federation, has authorized the ASF to act on its behalf and directed ASF to withdraw the Maine Council's request for rehearing if and when ASF does so as well, pursuant to the terms of the MPA.

In accordance with the MPA, applications will also be filed for any regulatory approvals required by other agencies in association with (1) the Phase 1 Requests and (2) requests to the Commission during subsequent phases.[13]

C. **Specific Phase 1 Requests**

The Phase 1 Requests specifically consist of eight additional applications and other requests, the first of which is submitted herewith as TAB B, while the remaining items are being submitted concurrently under separate cover letters. TAB B contains the following:

TAB B: Joint Request For The Commission To Suspend Its Relicensing Proceedings For The Howland And Great Works Project Nos. 2721 And 2312 And To Extend Certain Requirements Of The Licenses For The Milford And Veazie Project Nos. 2403 And 2534 ("Joint Request").

The additional Phase 1 Requests are as follows:

1. Application of PPL Maine to amend the license for Milford ("Milford Application").
2. Application of PPL Maine to amend the license for Veazie ("Veazie Application").
3. Application of PPL Maine to amend the license for Stillwater ("Stillwater Application").
4. Application of PPL Maine to amend the license for the Medway Project No. 2666 ("Medway") ("Medway Application").
5. Application of PPL Maine for a new 40-year license for Orono ("Orono Application").

[13] For example, as indicated in the Milford Application, Stillwater Application, Orono Application, Medway Application, and West Enfield Application, applications requesting the modification of existing § 401 Clean Water Act water quality certifications for Milford, Stillwater, Medway, and West Enfield and the issuance of a new water quality certification for Orono have been filed with the Maine Department of Environmental Protection ("MDEP"). An application is not being filed at MDEP with respect to the Veazie Application, since no changes in discharges are being proposed in that application.

6. Application of Bangor Pacific Hydro Associates ("BPHA")[14] to amend the license for the West Enfield Project No. 2600 ("West Enfield") ("West Enfield Application").

7. FWS' Preliminary Prescription Modifications And Preliminary Prescriptions for Milford, Veazie, Stillwater, and Orono ("FWS Modified Prescriptions").

III. <u>Overview Of The Comprehensive Settlement</u>

The Comprehensive Settlement submitted herewith is the result of thousands of hours of painstaking and complicated negotiations over four years, among all parties that have been involved in the contentious energy, fisheries and Tribal issues on the Lower Penobscot River that have troubled these parties (and their predecessors) for almost two decades, and until now have been unresolved by the parties and the Commission. It is also the result of the patience that the Commission exhibited during these four years, as the extensions granted by the Commission and the trust placed by the Commission in the Parties provided the Parties with the time necessary to resolve many difficult issues. The Comprehensive Settlement that has resulted from this process is indeed comprehensive, bold in its vision, fair to all Parties and the interests they represent, and carefully balanced. And it is a settlement of which the Parties are extremely proud. Since the elements of the Comprehensive Settlement were first announced publicly in October 2003 by the Governor of Maine (accompanied by Maine's Second District Congressman, a Vice President of PPL, the Chief of PIN, the Director of the FWS, and the Executive Director of NRCM), it has received widespread public praise.[15]

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[14] BPHA, the licensee and owner of West Enfield, is a general partnership in which PPL Maine holds a 50% partnership interest through its wholly-owned subsidiary Penobscot Hydro Co., Inc. BPHA has authorized PPL Maine to act on its behalf with respect to matters pertaining to the West Enfield Application.

[15] *See, e.g., Letter to Magalie Salas from Ronald Kreisman,* October 21, 2003, in Project No. 2712, presenting the Commission with editorial opinions concerning the October 2003 announcement, and other materials.

The Comprehensive Settlement is structured around the use of an innovative "phased" approach that will resolve all fish passage, energy generation, and Tribal issues associated with PPL's Lower Penobscot River Basin hydroelectric projects and result in the withdrawal of the pending requests for rehearing in the Basin Mills, *et al.*, proceedings. Its implementation will maximize benefits for recognized non-developmental interests under the FPA, such as fishery resources and PIN, while at the same time providing a means to maintain hydropower generation. The Parties believe that the balance between competing resources and interests struck by the Parties in the Comprehensive Settlement is both equitable and in the public interest under § 10(a)(1) of the FPA, 16 U.S.C. § 803(a)(1). The Parties strongly urge the Commission to allow the process envisioned in the Comprehensive Settlement to unfold by approving without change the Phase 1 Requests.

A. **The Option Process**

A key element of the Comprehensive Settlement is the Parties' agreement for PPL to provide the Trust -- the non-profit entity created in May 2004 for this endeavor -- with a five-year option ("Option")[16] to acquire Veazie, Howland, and Great Works (the "Designated Projects") from PPL for $24 - $26 million (depending on when the Option is exercised).[17] If the Trust provides written notification to PPL at any time during the five-year Option period that it is exercising the Option, PPL and the Trust will file joint applications to transfer the licenses for the Designated Projects to the Trust and to substitute the Trust as the applicant on the pending

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16 The five-year Option period began running on the Effective Date of the MPA, which was the date the last MPA signature was obtained.

17 The purchase price is $24 million if the Option is exercised during the first three years of the Option period, $25 million if the Option is exercised during the fourth year, and $26 million if the Option is exercised during the fifth year. The purchase price will escalate by three (3) percent per annum, accrued and compounded daily, if closing of the acquisition occurs more than one year after the Trust provides written notification that it is exercising the Option.

applications for new license for Howland and Great Works, along with the applications required by Part II of the FPA to transfer the Designated Projects' associated jurisdictional transmission facilities. The Trust at that time will also file applications seeking Commission authorization to surrender the licenses for the Designated Projects and to decommission and remove Veazie and Great Works and decommission and either alter Howland by constructing a fish bypass system that would substantially or entirely maintain the existing dam structure and impoundment ("Proposed Bypass") or remove the dam. These Trust applications will also include notices of withdrawal of the pending applications for new license for Howland and Great Works effective upon issuance of Commission orders approving these various applications. Once these Commission approvals are obtained, the sale of the Designated Projects will close, PPL will receive the agreed-upon purchase price, and the Trust will proceed to decommission and remove/alter them in accordance with any requirements imposed by the Commission.

The decision on whether to seek Commission authorization to either construct the Proposed Bypass at Howland or remove the dam will be made by the Trust after extensive consultation with the FWS, the Maine fishery agencies, PIN, the Conservation Interests, and the Town of Howland pursuant to a detailed process set forth in the MPA. If safe, timely, and effective fish passage at Howland can be accomplished with the installation of the Proposed Bypass, authorization to install that system and retain substantially or entirely the Howland dam structure and impoundment will be sought. If such safe, timely, and effective fish passage cannot be accomplished with the Proposed Bypass, authorization to remove Howland will be sought.

As noted, the Option to be granted to the Trust is for a five-year period. Because two of the Designated Projects that might be acquired, decommissioned, and removed by the

Trust are subject to pending relicensing proceedings (Howland and Great Works), the Parties are requesting in the Joint Request submitted herewith, as part of the mutually-dependent Phase 1 Requests, that the Commission suspend its relicensing proceedings as to these projects, including its National Environmental Policy Act ("NEPA") analyses and any requirement for the submittal of comments, recommendations, terms and conditions, and mandatory conditions in response to REA Notices, until the Option has been exercised, has expired, or has been terminated. The Parties believe that it would make little sense, and would be an inefficient use of Commission resources, for the Commission to continue with the relicensing proceedings for these two projects given that the Trust may exercise the Option and file applications to surrender their licenses and to decommission and remove them. Further, if the Commission were to proceed with the relicensing proceedings, any conclusions reached by the Commission or its staff as to such things as environmental impacts or § 10(a)(1) FPA comprehensive planning matters associated with the issuance of new licenses for Howland and Great Works would have to be reconsidered if the Option were exercised. Finally, continuation of these relicensing proceedings would hinder (1) the Trust's efforts to raise the funds necessary to acquire the Designated Projects and thereafter decommission and remove/alter them and (2) the other Parties' efforts to continue to build support for that process. In short, suspension of the relicensing proceedings for Howland and Great Works until the Option has been exercised, has expired, or has been terminated is necessary to provide the opportunity for the Option process to work, and is seen by the Parties as a critical and material component of their Phase 1 Requests to the Commission.

If the Option period expires without the Trust exercising the Option or if the Trust otherwise terminates it because it determines that exercise of the Option would be imprudent or infeasible (*e.g.*, because sufficient funds cannot be raised), the Parties will file a joint request at the Commission requesting that the relicensing proceedings for Howland and Great Works be resumed.

The specific provisions regarding the grant and exercise of the Option are contained in Section III of the MPA. Section V of the MPA describes the Commission applications that will be filed and the other steps that will be taken after the Option is exercised, while Section VII of the MPA describes the actions that will be taken if the Trust does not acquire the Designated Projects. Section XI of the MPA sets out the detailed process that will be followed by the Trust in determining whether it will seek authorization to either install the Proposed Bypass and substantially or entirely maintain the existing Howland dam structure and impoundment or remove the dam.

The Option Agreement (appended as Exhibit 1 to the MPA) is the agreement between PPL Maine, PPL Great Works, PPL Generation, and the Trust covering the commercial transaction details associated with the Trust's exercise of the Option and acquisition of the Designated Projects by the Trust. It addresses the parties' obligations regarding the preservation of the Designated Projects, conditions to the exercise of the Option and closing, the parties' respective liabilities for known and currently unknown environmental conditions at the sites, risk of loss provisions, indemnification requirements, and the other commercial matters typically included in asset purchase agreements of this nature.

B. Energy Enhancements

The decommissioning of the Designated Projects will result in the loss of approximately 18 MW of installed hydroelectric generating capacity that produces approximately 90,000 MWH of energy per year. In order to minimize the amount of hydropower that would be eliminated, the Parties sought to provide for the possibility of replacing the vast majority of this 90,000 MWH of lost annual energy production with increased hydroelectric energy production elsewhere. The Comprehensive Settlement accomplishes this.

Specifically, the Parties agreed in the MPA to provide PPL Maine with a number of opportunities to increase energy production at its remaining hydroelectric projects so that the hydroelectric energy production lost through the decommissioning of the Designated Projects could be replaced. These energy enhancement opportunities would occur in two phases.

The first set of energy enhancements would occur upon Commission approval of the applications submitted as part of the Phase 1 Requests. The West Enfield Application, the Stillwater Application, and the Medway Application each contain a request that the Commission authorize PPL Maine (BPHA in the case of West Enfield) to increase the elevation of the project's headpond by one foot. Additionally, the Orono Application seeks the issuance of a new 40-year license to PPL Maine for Orono at its currently authorized installed capacity of 2,332 kW. The three one-foot headpond increases and the refurbishment of Orono pursuant to the new license (Orono is currently inoperable due to the failure of its penstocks) will result in approximately 27,000 MWH of additional hydroelectric generation per year. PPL Maine (and BPHA) will be able to retain these initial energy enhancements even if the Trust does not subsequently exercise the Option and acquire the Designated Projects.

The second set of energy enhancements may occur in Phase 4 if the Trust exercises the Option. Specifically, after the Commission has approved the applications to transfer the licenses for the Designated Projects (and their Part II facilities) to the Trust and the Trust applications to decommission and remove them, and assuming they are economically justified at the time, PPL Maine has the right to file applications, which would be supported by the other Parties, to amend its licenses for Orono, Stillwater, Medway, and the Ellsworth Project No. 2727 ("Ellsworth") to seek authorization for the following enhancements:

- A second powerhouse at Orono containing four turbine/generating units with a total installed capacity of approximately 5,277 kW (and extension of the license term to 50 years).
- A second powerhouse at Stillwater containing four turbine/generating units with a total installed capacity of approximately 2,720 kW (and extension of the license term to 50 years).
- Installation of an additional turbine/generating unit at Medway to increase that project's installed capacity by 700 kW.
- Installation of an additional turbine/generating unit at the Graham Lake development at Ellsworth to increase that project's installed capacity by 500 kW.

In order to maximize the use of existing resources, the Parties agreed in the MPA that PPL Maine has the option to buy (for $25,000 each) and remove certain of the turbine/generating units from Veazie and Great Works upon those projects' decommissioning and use those purchased units to accomplish the above-referenced Phase 4 energy enhancements. The Parties also agreed that it would be appropriate for PPL Maine to use a turbine/generating unit from Veazie to implement the capacity upgrade at Milford that was authorized by the Commission when it issued the new license for Milford in 1998.[18] Because the Veazie unit will not be available until the Option has been exercised and Veazie acquired/decommissioned by the Trust, the Parties in the MPA agreed to include (and have included) in their Joint Request to the Commission submitted herewith a request that the Commission extend the requirement that PPL Maine commence and complete the installation of an additional unit at Milford (and the requirement that PPL Maine file progress reports regarding such installation) until the Option has

[18] The April 20, 1998 order issuing a new license for Milford authorized PPL Maine to install an additional 1,600 kW turbine/generator unit in an empty turbine pit in the powerhouse.

been exercised, has expired, or has been terminated, whichever is earlier.[19] If the Option is exercised, PPL Maine will have the ability to file, in conjunction with any of the other four Phase 4 energy enhancement applications it chooses to file, a notification that it was proceeding with the installation of the additional unit at Milford. Consistent with the request to extend the requirement to commence and complete installation of the additional unit and the provisions of Section IV(c) of the MPA, PPL Maine has included in its Milford Application a request that the Commission modify the time deadlines included in the Milford license article pertaining to the installation of the additional unit (Article 301) to "as ordered by the Commission."

Finally, the MPA provides that, if either or both of the second powerhouses at Orono and Stillwater are constructed, PPL Maine will take the steps necessary (including seeking appropriate modifications of the Milford license) to reallocate flows between the Main Stem and Stillwater branches of the Penobscot River to maximize use of the additional installed capacity on the Stillwater branch and thus increase overall generation at the affected projects.

The second powerhouses at Orono and Stillwater and the addition of the additional units at Medway, Ellsworth, and Milford would result in approximately 36,000 MWH of additional hydroelectric generation per year, while the reallocation of flows between the Main Stem and Stillwater branches would result in approximately 19,000 MWH of additional hydroelectric generation per year. The Parties note, however, that PPL Maine is not required by the MPA to pursue any Phase 4 energy enhancement (or purchase the associated

[19] The original deadlines for commencing and completing installation of the additional unit at Milford were April 1, 2000, and April 1, 2002. *See* Article 301 of the 1998 Milford license. These deadlines were subsequently extended by two years by order issued March 3, 2000 (unreported) and, by order issued March 5, 2002 (unreported), the Commission further extended these dates to April 1, 2004, and April 1, 2006, and ordered PPL Maine to file progress reports every four months. In its May 20, 2004 letter to the Commission, PPL Maine requested that the Commission suspend these time deadlines until after the Commission has acted on the Joint Request submitted herewith.

turbine/generating units from the Trust) if it determines that the enhancement is uneconomic or no longer desirable (depending on the enhancement involved; *see* Sections VI(f) and (g) of the MPA). However, in the event PPL Maine decides not to pursue the second powerhouses at Orono or Stillwater or install the additional generating unit at the Graham Lake development at Ellsworth, the MPA requires PPL Maine to promptly offer to third parties the opportunity to pursue such energy enhancements upon fair and reasonable terms. Further, the MPA requires PPL Maine to take the steps necessary to effectuate the flow reallocation between the Main Stem and the Stillwater branches if a third party constructs one or both of the second powerhouses.

The specific provisions regarding the Phase 1 energy enhancements are contained in Section IV of the MPA. The specific provisions regarding the Phase 4 energy enhancements, including the flow reallocation, are contained in Section VI of the MPA.[20] The form of the Turbine Unit Agreement appended to the Option Agreement (Exhibit 1 to the MPA) contains the commercial transaction details associated with PPL Maine's acquisition of the turbine/generating units from the Trust upon the decommissioning of Veazie and Great Works.

C. **Resolution Of All PIN Issues**

A very divisive issue during the Milford relicensing proceedings was whether the PIN reservation lands occupied by Milford constituted a § 3(2) FPA "reservation." DOI and PIN contended that those PIN lands constituted such a "reservation," while PPL Maine (Bangor) and the State of Maine contended they did not. As noted previously, the Commission ruled that those lands did not constitute such a "reservation," and DOI and PIN have challenged that ruling in their pending rehearing requests. How to address the impacts of Milford operations on PIN reservation lands and interests and to accommodate other PIN concerns were also contentious

[20] Attachment A to the MPA contains additional details (at pp. A-9 to A-10) regarding the flow reallocation.

issues during those relicensing proceedings. During the current settlement discussions, concerns were also raised as to the impact of the West Enfield headpond increase on the additional PIN reservation lands that would be inundated with that increase and the appropriate amount of compensation for use of those lands.

The Parties were able to address satisfactorily all of these matters in the Comprehensive Settlement. Specifically, PPL Maine, PIN, and BIA agreed in the PIN Agreement (Exhibit 2 to the MPA) that PPL Maine would include in the license amendment applications for Milford and West Enfield submitted to the Commission as part of the Phase 1 Requests (Milford Application, West Enfield Application) requests that the Commission add articles to the Milford and West Enfield licenses requiring PPL Maine (in the case of Milford) and BPHA (in the case of West Enfield) to take certain actions with regard to PIN and its reservation.

Consistent with the PIN Agreement, the Milford Application proposes to add six articles to the Milford license that would require PPL Maine to: implement an erosion control and stream bank stabilization program directed at those areas of the PIN reservation within the project impoundment most severely impacted by Milford operations; contribute funds to PIN annually for a ten-year period to be used by PIN for monitoring the impacts of project operations and for participation in studies, etc; provide advance notification to PIN and BIA of project inspections by the Commission and provide them with an opportunity to participate in such inspections; provide PIN a specified amount of land (or funds in lieu thereof) to compensate it for its lands flooded by Milford; construct a canoe portage trail around Milford dam on the west shore of the Penobscot River if it is concluded after consultation that such a trail would be appropriate; and consult with PIN and BIA on post-licensing studies and similar matters. The

Milford Application also proposes to (1) amend Article 402 of the Milford license (governing run-of-river operation) to require PPL Maine to provide notice to PIN and BIA of temporary modifications in run-of-river operation and to require PPL Maine to maintain a stream-flow gauge at Sunkhaze Rips and (2) modify a previously-approved 1998 Log Removal Plan for Milford to better reflect PIN's participation in the log-removal program.

Also consistent with the PIN Agreement, the West Enfield Application proposes to add four articles to the West Enfield license that would require BPHA to: contribute funds to PIN annually for a five-year period to be used by PIN for curational activities; modify an existing agreement between PIN and BPHA to increase the annual fee BPHA pays to PIN for West Enfield's use of PIN reservation lands; transfer certain parcels of land to PIN and contribute funds to PIN annually for a three-year period to be used by PIN to acquire additional lands; and consult with PIN and BIA on post-licensing studies and similar matters.

The PIN Agreement also specifies that PPL Maine and BPHA will comply with many of the proposed articles irrespective of whether they are added to the licenses, so long as doing so would not be inconsistent with the licenses or other Commission requirements. Further, the PIN Agreement contains a dispute resolution provision, and two of the articles proposed to be added to the Milford license require PPL Maine to use that process if disputes arise.

The Parties did not attempt to resolve the legal issue of whether the PIN reservation lands occupied by Milford constitute a § 3(2) FPA "reservation" or the related issues as to the applicability of § 4(e) mandatory conditions and § 10(e) annual charges. Rather, and as discussed in more detail *infra*, the MPA provides (in Section IV(h)) that, if the Commission approves without change all of the Phase 1 Requests submitted by the Parties, in Phase 2 all of the entities that filed requests for rehearing in the Basin Mills, *et al.* proceedings -- including

DOI and PIN -- will file with the Commission notices of withdrawal of their requests for rehearing, and DOI will file with the Commission "a notice withdrawing, without prejudice to its position, its asserted conditions/requests under Sections 4(e) and 10(e) of the FPA it submitted for Milford." The MPA also specifies (*id.*) that the "Parties agree that all issues relating to DOI's authority under Sections 4(e) and 10(e) of the FPA as to Milford shall be rendered moot as a result of the withdrawal [of DOI's § 4(e) conditions and § 10(e) requests]. Thus, assuming that the Commission approves all of the Parties' Phase 1 Requests without change, the "reservation" matter will cease to be an issue, and the Commission will not have to address it on rehearing in the Basin Mills, *et al.* proceedings.

D. Fish Passage

As noted previously, a number of issues pertaining to fish passage were raised in the rehearing requests filed in the Basin Mills, *et al.*, proceedings. The Comprehensive Settlement fairly resolves those issues and all other fish passage issues as to PPL Maine's Lower Penobscot River Basin hydroelectric projects in a manner that will improve fish passage and enhance fish restoration efforts in the Basin and, in the event that the Veazie and Great Works dams are removed and Howland is either removed or bypassed, the Comprehensive Settlement creates an historic and unparalleled opportunity to successfully restore all species of sea-run fish native to the Lower Penobscot River, including Atlantic salmon, American shad, American eel, alewife, blueback herring, Atlantic and Shortnose sturgeon, and tomcod.

If the Commission approves all of the Parties' Phase 1 Requests without change, the fish passage issues raised in the pending rehearing requests in the Basin Mills, *et al.* proceedings will be mooted and will not have to be addressed by the Commission, since those rehearing requests will be withdrawn in the Phase 2 filings.

1. Substantive Fish Passage Provisions

The primary Comprehensive Settlement document as to fish passage matters is Attachment A to the MPA, which is incorporated into the MPA by reference as if fully restated therein. Attachment A sets forth measures PPL Maine will implement with regard to fish passage in three different situations: a. initially in association with the Phase 1 Requests; b. if the Option is exercised and the Designated Projects are acquired by the Trust; and c. if the Option is not exercised or if the Designated Projects are not otherwise acquired by the Trust. The major substantive provisions of Attachment A for these situations are set forth below.

a. Initially In Association With The Phase 1 Requests

- Upstream Eel Passage

Upon approval of the Phase 1 Requests, PPL Maine will install an upstream eel fishway at both Milford and Stillwater, while BPHA will do the same at West Enfield. They will consult with the fishery agencies and PIN as to the appropriate location for the fishways, and upon approval of the location, complete installation and initial testing and have the fishways fully operational prior to the beginning of the third upstream eel migration season. PPL Maine will follow the same process for upstream eel passage in association with its refurbishment of Orono.

- Veazie

PPL Maine will operate with existing fish passage facilities; no new facilities or measures will be required, with deadlines for installing new facilities extended through the Option period.

- Orono

Upon issuance of the new license, PPL Maine will operate Orono with a 200 cfs minimum flow in the bypass reach and implement downstream fish passage as prescribed by

DOI on May 20, 1997,[21] except that two-week shutdowns at night for downstream eel passage can be required if shown to the necessary, but not before expiration of the "safe harbor" provision (discussed *infra*). Other than the new fishway for eels, no other upstream fish passage facilities or measures will be required at this time.

- **Stillwater**

Upon approval of the Phase 1 Requests, PPL Maine will change the bypass minimum flow at Stillwater from 195 cfs to 70 cfs. PPL Maine will also implement downstream fish passage as prescribed by DOI on May 20, 1997, except that two-week shutdowns at night for downstream eel passage can be required if shown to be necessary, but not before expiration of the "safe harbor" provision. Other than the new fishway for eels, no other upstream fish passage facilities or measures will be required.

- **Milford**

PPL Maine will operate with existing fish passage facilities; other than the new fishway for eels, no new facilities or measures will be required, with deadlines for installing new facilities extended through the Option period.

b. **If The Option Is Exercised And The Designated Projects Are Acquired By The Trust**

- **Veazie, Howland, and Great Works**

No fish passage facilities or measures will be required; Designated Projects will be decommissioned and removed.

[21] DOI's May 20, 1997 fishway prescriptions for Orono, Veazie, Stillwater, and Milford appear at pp. A-12 to A-17 of Attachment A to the MPA.

- **Orono**

PPL Maine will install a fish trapping facility at the Orono spillway similar to the trap currently in use at Ellsworth, after appropriate consultation. PPL Maine will be responsible for operating, maintaining, and monitoring the trap and for "short-distance" transfer of trapped fish, with the resource agencies and PIN responsible for "long-distance" transfer. If the fish trapping facility cannot accommodate all the fish returning to the site, PPL Maine will consult with the other Parties on how to address the matter. PPL Maine will make any minor operational changes that may be required and, if major modifications or new or additional facilities are required, PPL Maine will file a request to amend the Orono license to authorize those modifications/facilities provided that PPL Maine receives funding for such modifications/facilities. Other than the trapping facility, no additional upstream fish passage facilities or measures will be required.

- **Stillwater**

No additional fish passage facilities or measures will be required.

- **Milford**

PPL will discontinue use of the existing Denil fishway and install a state of the art fish lift, including the installation of a rubber dam at the spillway crest, alteration of the existing log sluice, and removal of the supporting ledge outcrop. No additional downstream fish passage facilities or measures will be required.

c. **If the Option Is Not Exercised Or If The Designated Projects Are Not Otherwise Acquired By The Trust**

- **Howland and Great Works**

Relicensing proceedings will resume and the Parties will be free to advance any positions they want as to fish passage.

- **Veazie**

PPL Maine will implement fish passage measures as prescribed by DOI on May 20, 1997, except that (1) in the event the Option is not exercised or is terminated prior to the expiration of the Option period, PPL Maine will file facility design drawings with the Commission no later than 66 months after the effective date of the MPA, and have the fishways fully operational within 18 months of Commission approval of the design drawings and (2) in the event that the Option is exercised but the Designated Projects are not acquired, PPL Maine will file the facility design drawings with the Commission no later than six months after a final determination by a court or administrative agency that prevents acquisition of the Designated Projects, and have the fishways fully operational as specified above.

- **Orono**

PPL Maine will implement upstream fish passage measures as prescribed by DOI on May 20, 1997, and follow similar time schedules as discussed above in relation to Veazie.

- **Stillwater**

PPL Maine will implement upstream fish passage measures as prescribed by DOI on May 20, 1997, and follow similar time schedules as discussed above in relation to Veazie. However, DOI will consider deferral of the installation of the prescribed upstream fishway for anadromous fish at the Stillwater spillway if studies conducted by PPL Maine demonstrate that safe, timely, and effective fish passage is occurring with only the powerhouse fishway.

- **Milford**

PPL Maine will implement fish passage measures as prescribed by DOI on May 20, 1997, and follow similar time schedules as discussed above in relation to Veazie.

2. Additional Provisions

The Comprehensive Settlement contains two additional significant provisions pertaining to fish passage. First, the Parties have agreed to a ten-year "safe harbor" provision. Under this provision, DOI and the other non-PPL Parties will not request that the Commission require PPL Maine to make any "major" changes in the fish passage facilities constructed by PPL Maine pursuant to Attachment A at Milford, Orono, Stillwater, and Veazie for a period of ten years after their installation and "certification" (affirmation by DOI that PPL Maine has designed and installed the facilities as prescribed, the facilities have completed a year of testing and fine tuning, and the facilities are ready for routine operations). "Major" changes are defined as those requiring an expenditure by PPL Maine of more than $50,000 in any one calendar year, excluding routine operations and maintenance expenditures. The "safe harbor" applies even if the Designated Projects are not acquired by the Trust . *See* pp. A-10 to A-11 of Attachment A to the MPA for the specifics on the "safe harbor."

Second, the Parties have agreed that any use by the Secretary of DOI or the Department of Commerce ("DOC") of the authority reserved to them in the licenses to prescribe fishways in the future pursuant to § 18 of the FPA should be limited to prescriptions consistent with the MPA.

3. Phase 1 Requests Pertaining To Implementation Of The Fish Passage Provisions

To implement the above-described provisions that are susceptible to inclusion in licenses, the Parties agreed in the MPA that DOI would submit to the Commission modified § 18 FPA fishway prescriptions for Veazie, Milford, Stillwater, and Orono consistent with the pertinent provisions of Attachment A, and PPL Maine would include in its license amendment applications (new license application in the case of Orono) for those projects (and BPHA would include in its license amendment application for West Enfield) requests regarding fish passage consistent with Attachment A. *See generally* Section IV(b) - (e) of the MPA.

As required by the MPA, the FWS Modified Prescriptions submitted concurrently herewith by DOI request, pursuant to the § 18 FPA authority reserved to DOI in each such license, that the Commission (1) replace the fish passage related articles of the Milford (Articles 407, 408, and 409) and Stillwater (Articles 406, 407, and 408) licenses with substitute articles included therein, and (2) modify the fish passage related articles of the Veazie (Articles 407, 408, and 409) license as specified therein. As specified in Attachment A, the replacement articles for Milford and Stillwater address both the fish passage measures that will be implemented initially (*i.e.*, upon approval of the Phase 1 Requests) and those measures that will be required in the event the Designated Projects are acquired by the Trust. The modifications to the Veazie fish passage articles simply change the dates specified therein pertaining to when various fish passage requirements must be completed to coincide with the scenario provided for in Attachment A to the MPA; *i.e.*, nothing has to be done unless and until either the Option has expired without exercise or has been terminated or the Option has been exercised but the Trust is prohibited from acquiring the Designated Projects.

With regard to Orono, the FWS Modified Prescriptions address both the fish passage measures that will be required initially (when the project is relicensed) and those measures that will be required in the event the Designated Projects are acquired by the Trust.

Consistent with the provisions of the MPA, the FWS Modified Prescriptions propose to modify the § 18 reserved authority articles currently contained in the Veazie (Article 410), Milford (Article 411), and Stillwater (Article 409) licenses to limit the reservation of prescription authority for the Secretaries of DOI and DOC to fishways that are "consistent with the Lower Penobscot River Multiparty Settlement Agreement." The FWS Modified Prescriptions also propose that the § 18 reservation of authority article that the Commission would include in the new license for Orono include the same limitation.

Although the Parties agreed in the MPA and Attachment A thereto what fish passage measures will be required at Milford, Stillwater, and Orono in the event the Designated Projects are not acquired,[22] as specified in Section IV(b) of the MPA the FWS Modified Prescriptions do *not* include the prescriptions for this scenario. As specified in Section VII(a)(2) and (3) of the MPA, if the Trust terminates or does not exercise the Option or if, subsequent to exercise of the Option, the Trust does not acquire the Designated Projects, DOI, pursuant to its § 18 reserved authority, will submit to the Commission modified fishway prescriptions consistent with Attachment A to the MPA after following its notice and comment policy as to such prescriptions (*see* Section II(b) of the MPA), and the other Parties -- including PPL Maine -- will file pleadings supporting those modified fishway prescriptions.

PPL Maine's license amendment applications for Veazie, Milford, and Stillwater and application for new license for Orono transmitted concurrently herewith as part of the Phase 1 Requests request that the Commission adopt fish passage provisions identical to those proposed in the FWS Modified Prescriptions. In addition, consistent with the revised fish passage deadlines proposed by the Parties and Section IV(c) and (e) of the MPA, the Veazie Application and Milford Application include requests that the Commission modify the article included in the licenses for Veazie and Milford requiring the submittal of a schedule for submission of design documents and plans and specifications for *inter alia*, fishways (Article

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22 As indicated previously, if the Designated Projects are not acquired by the Trust, the relicensing proceedings for Howland and Great Works will resume and the Parties will have the right to advance any position they choose regarding fish passage at those two projects.

306 for Veazie; Article 305 for Milford),[23] to change the date specified therein for such submittal from "within 90 days from the effective date of the license" to "as ordered by the Commission." Finally, the Parties in the MPA agreed that, in light of the changes being made to fish passage measures at Milford, it would be inappropriate to require PPL Maine to propose and implement a plan to mitigate for any unavoidable losses to Atlantic salmon due to fish passage inefficiencies as currently required by Article 410 of the Milford license. Accordingly, and consistent with Section IV(c) of the MPA, the Milford Application proposes to delete Article 410 from the license.

E. Additional Comprehensive Settlement Provisions

1. Contingent Mitigation Fund

The proposed one-foot headpond increases at West Enfield, Stillwater, and Medway, the proposed reduction in the bypass minimum flow at Stillwater, and the minimum flow in the bypass reach proposed for Orono (all part of the Phase 1 Requests) would cause adverse impacts to habitat. The Parties agreed that the decommissioning and removal of Veazie and Great Works would mitigate for those impacts, but that if such decommissioning/removal did not occur, a mechanism would be needed to otherwise mitigate for those impacts. The mechanism the Parties agreed to is the Contingent Mitigation Fund ("CMF") (discussed in Attachment B to the MPA). *See also* Section VIII of the MPA.

As explained in Attachment B, the CMF will be established, and the obligation to make annual payments into it will be triggered, if Veazie and Great Works are not acquired or their dams removed by the Trust either because (1) the Trust either terminates or does not exercise the Option or (2) subsequent to exercise of the Option, the Trust does not acquire

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[23] There is no comparable article included in the Stillwater license.

Veazie and Great Works or remove their dams. The annual payments will be $17,000;[24] PPL Maine will be obligated to make these payments if Veazie and Great Works are not acquired by the Trust, while the Trust will be obligated to make the payments if it acquires Veazie and Great Works but does not remove their dams.

PIN, BIA, and the state and federal fishery agencies will by mutual agreement provide for the establishment of the CMF and designation of a third party to manage it. Monies in the CMF will be used for replacing fish and wildlife habitat lost or degraded by the headpond increases, etc., compensating for such loss or degradation by means other than replacement, and supporting efforts directed at restoring fisheries and fisheries habitat to the Penobscot River.

As required by Section IV(d) of the MPA, the West Enfield, Stillwater, Medway, and Orono Applications submitted concurrently as part of the Phase 1 Requests contain a request that the Commission include in each of the licenses for these projects an article requiring PPL Maine (BPHA in the case of West Enfield) to comply with Attachment B to the MPA.

2. Endangered Species Act

The MPA contains a section (Section IX) describing Endangered Species Act ("ESA")-related actions certain Parties will take upon execution of the MPA and in the event the Option is exercised.

Specifically, pursuant to that section, DOI agrees that, upon exercise of the Option, it will negotiate with PPL Maine and BPHA for an appropriate instrument under the ESA regulations that recognizes the benefits to Atlantic salmon that shall be realized from PPL Maine's voluntary action in entering into and implementing the MPA and provides it with

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24 $13,000 of this is attributable to the headpond increase at West Enfield, while the other two headpond increases and the two minimum bypass flow situations are each attributed $1,000 of the $17,000 total.

assurances that, if the Designated Projects are acquired, further actions will not be required by PPL Maine and BPHA in the event the Penobscot run of Atlantic salmon are listed as "endangered" under the ESA. DOI also agrees that it will consider appropriate instruments under the ESA regulations for individual property owners in the Basin who commit to take voluntary conservation measures to benefit Atlantic salmon, provide appropriate technical assistance to property owners, and consider entering into certain umbrella programs under the ESA regulations for recognition of voluntary conservation measures by property owners. Finally, the Conservation Interests agree that, in the event the Penobscot run of Atlantic salmon is listed as "endangered," they will not file an ESA "citizen suit" against PPL or BPHA alleging an illegal "take" of the salmon until the Option is exercised and the Designated Projects are acquired, the MPA terminates, or the Option Agreement expires or terminates. They also agree not to initiate any action seeking to apply the ESA consultation requirements to Great Works or Howland until the Option is exercised and the Designated Projects are acquired, the MPA terminates, or the Option Agreement expires or terminates, provided that the Commission grants the Parties' request to stay the relicensing proceedings for those projects.

3. Veazie Recreation Plan

Article 413 of the Veazie license requires PPL Maine to file with the Commission for approval a revised final recreation plan for the project. In recognition of the fact that the need to file such a plan would be obviated if Veazie were acquired, decommissioned, and removed by the Trust as contemplated by the Parties in the MPA, the Parties in the MPA agreed to include (and have included) in their Joint Request to the Commission submitted herewith a request that the Commission extend the requirement that PPL Maine submit this final recreation plan until the Option has been exercised, has expired, or has been terminated, whichever is earlier. *See* Section IV(a)(2) of the MPA.

IV. Actions Requested Of The Commission At This Time

As noted previously, the Parties are submitting herewith the documents constituting the Comprehensive Settlement (the MPA and its Attachments and Exhibits) for informational purposes only to provide the Commission with a clear understanding of the total comprehensive agreement the Parties have reached. However, the Parties are *not* requesting that the Commission at this time approve or otherwise bless any component of the Comprehensive Settlement relating to actions that may occur subsequent to the Phase 1 Requests. Rather, the Parties are only requesting that the Commission at this time approve the Phase 1 Requests submitted herewith or concurrently by individual Parties. In other words, the Parties are requesting that the Commission:

- Grant the relief requested in the Joint Request by suspending all aspects of the Commission's relicensing proceedings for Howland and Great Works, including its NEPA analyses and any requirement to respond to REA Notices, and the requirements for PPL Maine to install an additional turbine/generating unit at Milford and to submit a final recreation plan for Veazie, until the Option has been exercised, has expired, or has been terminated.
- Amend the licenses for Milford, Veazie, Stillwater, and Medway as requested in PPL Maine's amendment applications submitted for those projects (Milford Application, Veazie Application, Stillwater Application, and Medway Application).
- Amend the license for West Enfield as requested in BPHA's amendment application submitted for that project (West Enfield Application).

- Issue a new 40-year license to PPL Maine for Orono as requested in PPL Maine's application for new license for that project (Orono Application).
- Incorporate into the amended licenses for Milford, Veazie, and Stillwater and into the new license for Orono the fishway prescriptions included in the FWS Modified Prescriptions.

The Parties are *not* requesting that the Commission at this time approve the transfer of the licenses for the Designated Projects from PPL to the Trust, the surrender of the licenses for the projects, or their decommissioning and removal. Appropriate requests for the Commission to take such actions will be made subsequently as part of the Phase 3 filings in the event that the Trust exercises the Option. Similarly, the Parties are not requesting that the Commission at this time approve any of the second set of energy enhancements provided for in the Comprehensive Settlement. Any PPL Maine applications for such energy enhancements it decides to pursue will be filed as the Phase 4 requests. In the case of both the Phase 3 and Phase 4 filings, the Commission will be able to conduct its § 10(a)(1) FPA public interest reviews, associated NEPA analyses, etc. and act on the filings if and when they are made.

What the Parties are requesting the Commission to do is to approve the Phase 1 Requests without change so as to (1) provide an opportunity for the innovative Option process carefully negotiated by the Parties to unfold and (2) allow the Parties and the Commission to bring the Basin Mills, *et al.* proceedings to an end through the withdrawal of the pending rehearing requests and DOI's § 4(e)/§ 10(e) submittals in relation to Milford.

V. The Phase 1 Requests Are Mutually Dependent

Like all of the aspects of the Comprehensive Settlement, the Phase 1 Requests represent a carefully negotiated balance of the Parties' respective interests. Thus, the Phase 1

Requests are interrelated and mutually dependent. As specified in the MPA (*see* Section IV(g)), if the Commission, in acting on the Phase 1 Requests, takes action in response thereto that materially prejudices a Party, that Party can elect to terminate the MPA (following a dispute resolution process set forth in Section XII of the MPA), in which case all of the Phase 1 Requests will be withdrawn by the submitting Party, or other appropriate action will be taken by the Party filing a Phase 1 Request to rescind any approvals that may have been granted, and the provisions of the MPA shall become void. In other words, if the Commission does not approve all of the Phase 1 Requests without material change, there is a high likelihood that the MPA will become void and all the Phase 1 Requests withdrawn. Similarly, the MPA specifies (in Section IV(h)) that the Parties will not make the Phase 2 filings (*i.e.*, PPL Maine, DOI, PIN, and the Conservation Interests will not file notices withdrawing their pending requests for rehearing in the Basin Mills, *et al.* proceedings and DOI will not file a notice withdrawing its § 4(e)/§ 10(e) submittals for Milford) unless the Commission has approved all of the Phase 1 Requests without alteration or change in any term or provision thereof in a manner that materially prejudices any Party.

In light of the above, and in order to allow the innovative Option process an opportunity to unfold, the Parties request that the Commission approve all of the Phase 1 Requests without change.

VI. Approval Of The Phase 1 Requests Is In The Public Interest

The Parties believe that Commission approval of the Phase 1 Requests without change is clearly in the public interest under § 10(a)(1) of the FPA. Approval of the Phase 1 Requests will provide an opportunity for the innovative "phased" approach and Option process jointly developed by the Parties to unfold and potentially resolve all fish passage, energy generation, and Tribal issues associated with PPL's Lower Penobscot River Basin hydroelectric projects, while significantly enhancing fish restoration efforts in the Basin. In addition, approval of the Phase 1 Requests will be beneficial even if the Trust does not subsequently exercise the Option, acquire the Designated Projects, and decommission and remove them. Approval of the Phase 1 Requests will result in considerable energy enhancements at West Enfield, Stillwater, Medway, and Orono, immediate and substantial benefits to PIN through the amendments to the Milford and West Enfield licenses, and installation of upstream eel passage facilities at Milford, Stillwater, Orono, and West Enfield. Further, as explained in the Exhibit Es included in the license amendment (and new license) applications, these various benefits will not otherwise cause adverse environmental impacts. Finally, approval of the Phase 1 Requests will allow the Parties and the Commission to bring the highly contentious Basin Mills, *et al.* proceedings to an end.

In developing the MPA and other components of the Comprehensive Settlement, the Parties engaged in an extensive public "outreach" program to inform private interests, local communities, and interest groups of the Parties' proposal and to listen to their potential concerns. Because of the need to protect certain operational aspects of Georgia Pacific Corporation's ("GPC") Fort James paper mill operations during and after the removal of the adjacent Great Works dam, meetings between GPC and representatives of PPL, the Conservation Interests, the Trust, and the State of Maine have already begun to work out appropriate arrangements, and will continue should the Commission approve the Phase 1 Requests.

As described in the Parties' October 8, 2003 filing with the Commission, the Parties on October 6, 2003, publicly announced the proposal that was eventually incorporated into the Comprehensive Settlement (the Parties designated this the "Penobscot River Restoration Project" ("Project")), including the Conceptual Agreements and their intent to reach a final agreement for filing with the Commission within months. In that widely publicized event, covered in hundreds of local, state and national articles, the Parties indicated their intent, both together and individually, to begin a series of public meetings with communities along the river. This broad public announcement followed several pre-announcement discussions with representatives from several towns where the affected projects are located.

Two major public meetings were held, strategically located in opposite ends of the Project area to provide maximum opportunity for participation and accessibility. Each of these meetings was advertised through various means, including web site, local and statewide newspapers, and notices to various town offices. Representatives of each of the Parties attended the meetings to provide information and to answer questions.

On November 24, 2003, the Parties held the first general information session in coordination with and at the town offices of the Town of Orono. Representatives from all of the parties to the Conceptual Agreements participated in this very well attended meeting. Representatives from each of the major Parties provided an overview of Project details, and then provided ample time for community members to ask questions. Following the same format and also upon publication of notice in local newspapers, a public information session was held in Howland, Maine, on December 3, 2003.[25]

In addition, the Parties extended invitations to individual towns in and around the Project area and began a series of meeting with towns that responded thereto or otherwise requested a meeting. Also beginning in January 2004, a series of Town Council meetings were attended by Project representatives: Brewer on January 13, 2004, Bradley on January 27, 2004, Veazie on February 9, 2004, and Eddington on April 6, 2004. On March 2, 2004, representatives

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[25] As DOI indicated in a November 10, 2003 letter to the Commission in Project Nos. 10981, *et al.*, DOI issued formal public notices of the November 24 and December 3 meetings.

of all Parties met again with representatives of the Town of Howland. Representatives have also met with and exchanged information with Howland on several additional occasions. Other meetings intended to facilitate direct interactions with local government include a meeting with the Penobscot Valley Council of Governments in Bangor on December 12, 2003, and a meeting with the Penobscot County Soil and Water Conservation District in Bangor on January 20, 2004. These meetings were an opportunity to again provide details of the Project but also to answer specific community concerns and questions.

Also, the Town of Veazie, on March 2, 2004, held a publicly-noticed meeting related to the Project, at which several communities, including Veazie, Bradley, Orono, Milford, Old Town, and Howland, as well as many interested citizens, discussed an application by the Eastern Maine Economic Development Center and Veazie on behalf of several towns for a Community Development Block Grant planning grant to address questions regarding dam removal as well as planning for related economic development opportunities presented by the Comprehensive Settlement. The Maine Department of Community and Economic Development has since approved the grant.

Finally, the Parties have, individually or in some combination, provided detailed information regarding the Project in various meetings, primarily public, throughout the local Project area and state. These have included, but are not limited to: the Union River Watershed Coalition meeting (November/Ellsworth); Project SHARE (February/Machias); Maine Sportsmen's Show (March/Augusta); Orono Sportsmen's Show (March/Orono); and the Maine Water conference sponsored by the University of Maine (April/Augusta).

The responses the Parties received on the Project at these various outreach meetings were generally highly positive, and no entity expressed significant concerns with the

Phase 1 Requests. In accordance with the MPA, the Parties will continue working with municipalities, businesses, individuals, and other potentially affected entities, to address as appropriate concerns regarding the Comprehensive Settlement.

CONCLUSION

The Parties respectfully request that the Commission approve the Phase 1 Requests as submitted without change.

Respectfully submitted,

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Dated: June 25, 2004

LOWER PENOBSCOT RIVER MULTIPARTY SETTLEMENT AGREEMENT

June 2004

LOWER PENOBSCOT RIVER MULTIPARTY SETTLEMENT AGREEMENT

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LOWER PENOBSCOT RIVER MULTIPARTY SETTLEMENT AGREEMENT

This Multiparty Settlement Agreement (the "Agreement") is hereby entered into by PPL Maine, LLC ("PPL Maine"), PPL Great Works, LLC ("PPL Great Works"), PPL Generation, LLC ("PPL Generation") (for the limited purposes set forth in Sections XIII(c) and XIV hereof); the Penobscot River Restoration Trust (the "Trust"); the Penobscot Indian Nation ("PIN"); the United States Department of the Interior acting through its bureaus the Fish and Wildlife Service ("FWS"), the Bureau of Indian Affairs ("BIA"), and the National Park Service ("NPS") (collectively "DOI"); the Maine State Planning Office, the Maine Atlantic Salmon Commission, the Maine Department of Inland Fisheries and Wildlife, and the Maine Department of Marine Resources (collectively the "Maine Agencies"); American Rivers, Inc. ("AR"), the Atlantic Salmon Federation ("ASF"), the Maine Audubon Society ("MAS"), the Natural Resources Council of Maine ("NRCM"), and Trout Unlimited ("TU") (AR, ASF, MAS, NRCM, and TU, hereinafter referred to collectively as the "Conservation Interests"); (except for PPL Generation, each a "Party" and collectively the "Parties").

WHEREAS, PPL Maine (on behalf of itself, its parent corporation and PPL Great Works), PIN, DOI, the Maine Agencies, AR, ASF, NRCM, and TU entered into a Lower Penobscot River Conceptual Agreement ("CA") in August, 2003 in which the designated negotiating representatives of those parties agreed to recommend the provisions of the CA to their respective principals and, upon receiving authorization, to proceed as promptly as possible to negotiate and finalize a comprehensive settlement agreement, as set forth in the CA, which provides that PPL Maine and PPL Great Works shall, in exchange for valuable consideration, grant a not-for-profit corporation an option to purchase and thereafter decommission and remove Veazie and Great Works and decommission and remove or alter Howland as provided herein (collectively the "Designated Projects"), upon receipt of necessary regulatory approvals and otherwise in accordance with this Agreement;

WHEREAS, PPL Maine, PPL Great Works, PPL Generation and the Trust are executing among themselves a separate Lower Penobscot River Option Agreement ("Option Agreement"), a copy of which is attached as Exhibit 1, that establishes the terms of the Option;

WHEREAS, BIA, PIN, and PPL Maine are executing among themselves a separate settlement agreement (the "PIN Agreement"), a copy of which is attached as Exhibit 2, regarding (1) Milford and Milford's impacts on PIN lands, resources, and other interests, and (2) the non-habitat impacts on PIN lands, resources, and other interests of the one-foot increase in the authorized maximum elevation of the reservoir at West Enfield contemplated in this Agreement;

WHEREAS, the Trust and PPL Great Works recognize that removal of the Great Works dam will influence certain operational aspects of the Georgia Pacific Corporation's ("GPC") paper mill that is located immediately adjacent to Great Works. The Trust and PPL Great Works will work with GPC to accomplish the removal of the Great Works dam in a manner consistent with legal obligations to GPC;

WHEREAS, the purchase price for the Designated Projects represents, in the view of the Parties, fair compensation for the economic value of the Designated Projects;

WHEREAS, implementation of this Agreement will significantly enhance fishery restoration efforts in the Penobscot River Basin and will resolve to the Parties' satisfaction all pending fish passage issues associated with the Designated Projects and other hydroelectric projects in the Penobscot River Basin currently owned or operated by PPL Maine, while implementation of this Agreement and the separate PIN Agreement will resolve to the Parties' satisfaction all issues raised in the requests for rehearing filed by PPL Maine's predecessor in interest, DOI, PIN, ASF, MAS, Maine Council of the Atlantic Salmon Foundation ("MCASF"), and TU of the Federal Energy Regulatory Commission's ("FERC") April 20, 1998 orders for Basin Mills, Veazie, Milford, Orono, and Stillwater;

WHEREAS, MCASF is a not-for-profit corporation which, in addition to ASF, MAS, and TU, filed a request for rehearing of certain aspects of FERC's above-mentioned April 20, 1998 orders, and has authorized ASF to withdraw its request for rehearing of said orders so long as ASF does the same;

WHEREAS, PPL Maine is the indirect owner of the managing general partner of Bangor Pacific Hydro Associates ("BPHA"), the licensee of West Enfield, and has obtained written authorization from the indirect owner of the only other general partner of BPHA to act on behalf of BPHA to file all applications and take all other actions required of BPHA in this Agreement in association with West Enfield;

WHEREAS, the Parties understand that: this Agreement is not related to the issue of whether the run of Atlantic salmon on the Penobscot River should be included within the Maine population of Atlantic salmon that is listed as endangered under the Endangered Species Act; by enhancing upstream and downstream fish passage and restoring habitat, the actions contemplated under this Agreement will improve significantly the prospect of recovery of Atlantic salmon, as well as other migratory fish populations, in the Penobscot River Basin; and implementation of this Agreement is unlikely to affect the responsibilities or rights of others if the Penobscot run of Atlantic salmon is included within the listed endangered population;

WHEREAS, this Agreement contains provisions to significantly enhance hydroelectric energy production at remaining facilities owned or operated by PPL Maine and thereby replace substantially all of the hydroelectric energy lost through the removals or alterations of Great Works, Howland, and Veazie;

WHEREAS, the Parties have commenced and intend to continue to explore with affected communities, businesses, and other persons ways in which the benefits of the proposed removals or alteration can be maximized, and potential impacts minimized or mitigated;

WHEREAS, the Conservation Interests and PIN are committed to securing, with the appropriate coordination and support of the other Parties, funding necessary to carry out the purposes of this Agreement;

WHEREAS, the Parties believe that the provisions contained in this Agreement are in the best interests of the Parties, and DOI and the Maine Agencies believe (without pre-determining the outcome of notice and comment procedures) that such provisions are consistent with the missions, goals, and, where applicable, the statutory obligations of DOI and the Maine Agencies;

WHEREAS, the Conservation Interests, DOI, the Maine Agencies, and PIN (collectively, the "Restoration Interests") recognize and commend PPL Generation, PPL Maine, and PPL Great Works for their environmental stewardship and commitment to restoration of fisheries of the Penobscot River, as evidenced by its willingness to execute this Agreement;

NOW, THEREFORE, for good and valuable consideration, the Parties agree as follows:

I. Definitions

(a) **"Applicable Laws and Regulations"** means all duly promulgated federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions or legal requirements of any Governmental Authority.

(b) **"Basin Mills"** means the dam and appurtenant property and facilities proposed by PPL Maine's predecessor in interest under FERC Project No. 10981.

(c) **"BPHA"** means Bangor Pacific Hydro Associates.

(d) **"Closing"** means the transfer of all right, title and interest in the Designated Projects from PPL Maine and PPL Great Works to the Trust pursuant to the terms of the Option Agreement.

(e) **"DEP"** means the Maine Department of Environmental Protection.

(f) **"Effective Date"** means the date upon which the last Party executes this Agreement.

(g) **"FERC"** means the Federal Energy Regulatory Commission.

(h) **"FPA"** means the Federal Power Act, 16 U.S.C. § 791a *et seq.*

(i) **"Great Works"** means the dam and appurtenant property and facilities owned by PPL Great Works under FERC Project No. 2312.

(j) **"Governmental Authority"** means any federal, state, local or other governmental regulatory, legislative, or administrative agency, court, commission, department, board, or other governmental subdivision with jurisdiction over any of the Parties, their respective facilities, or the respective services they provide, and which is exercising, or is entitled to exercise, any authority over any of the Parties, their respective facilities, or the respective services they provide under the terms of this Agreement.

(k) **"Howland"** means the dam and appurtenant property and facilities owned by PPL Maine under FERC Project No. 2721.

(l) **"Medway"** means the dam and appurtenant property and facilities owned by PPL Maine under FERC Project No. 2666.

(m) **"Milford"** means the dam and appurtenant property and facilities owned by PPL Maine under FERC Project No. 2534.

(n) **"NEPA"** means the National Environmental Policy Act, 42 U.S.C. § 4321 *et seq.*

(o) **"Option"** means the option to purchase the Designated Projects as described in Section III(a)(1) of this Agreement.

(p) **"Orono"** means the dam and appurtenant property and facilities owned by PPL Maine under FERC Project No. 2710.

(q) **"PIN Agreement"** means the agreement, attached hereto as Exhibit 2, executed by PIN, BIA and PPL Maine regarding the impacts of operational changes at Milford and West Enfield.

(r) **"Restoration Interests"** means collectively the Conservation Interests, DOI, the Maine Agencies, and PIN.

(s) **"Regulatory Application"** means any application, petition, or other request for a license, permit, certification, or other regulatory approval or action filed by any Party with any Governmental Authority as required by this Agreement or by Applicable Laws and Regulations.

(t) **"Stillwater"** means the dam and appurtenant property and facilities owned by PPL Maine under FERC Project No. 2712.

(u) **"Veazie"** means the dam and appurtenant property and facilities owned by PPL Maine under FERC Project No. 2403.

(v) **"West Enfield"** means the dam and appurtenant property and facilities owned by BPHA under FERC Project No. 2600.

II. **Regulatory Approvals And Related Activities**

(a) Each Party shall file all Regulatory Applications required of it by this Agreement and Applicable Laws and Regulations. Each Party also shall file with FERC, DEP, DOI, and any other Governmental Authority appropriate pleadings, as required of it by this Agreement, supporting the Regulatory Applications filed by other Parties; *provided, however*, that, on matters not specifically addressed in this Agreement, DOI and the Maine Agencies reserve the right to make specific comments and recommendations pursuant to their statutory and regulatory authorities that are consistent with the terms and intent of this Agreement.

(b) Attachment A hereto describes the Parties' agreement as to PPL Maine and PPL Great Work's obligations regarding upstream and downstream fish passage measures at their hydroelectric projects during each phase of this Agreement. DOI shall submit to FERC at the times identified herein modifications of its prescriptions for fishways consistent with the provisions of Attachment A. In each instance where DOI so proposes to modify its prescriptions for fishways, consistent with the provisions of Attachment A, it shall (1) comply with its policy for notice and comment before submitting any modified prescriptions to FERC, and (2) thereafter file the modified prescriptions resulting from the notice and comment process for fishways with FERC for inclusion in the respective licenses.

III. **Grant And Exercise Of Option**

(a) PPL Maine, PPL Great Works, PPL Generation and the Trust shall, on the Effective Date, execute the Option Agreement attached hereto as Exhibit 1. As expressly set forth in the Option Agreement:

(1) The Trust will receive an option from PPL Maine and PPL Great Works to purchase the Designated Projects ("Option");

(2) The Option may be exercised by the Trust for a period of five years, beginning on the Effective Date, by means of the Trust providing written notification to PPL Maine and PPL Great Works; *provided, however*, that the Trust may not exercise the Option unless final orders/approvals that are no longer subject to administrative or judicial appeal granting/approving the applications/requests set forth in Section IV have been issued and without alteration or change in any term or provision of the applications/requests that materially prejudices any Party, unless such alteration or change is deemed acceptable to the Parties in accordance with the provisions of Section XII;

(3) Exercise of the Option shall contractually bind the Trust to purchase the Designated Projects, which PPL Maine and PPL Great Works shall sell to the Trust. The Trust and PPL Maine and PPL Great Works shall not be so bound if the conditions precedent to closing, as described Section V(d), are not achieved;

(4) At any time prior to its exercise of the Option, the Trust may terminate the Option, upon written notification to PPL Maine and PPL Great Works of its intent to do so;

(5) The purchase price for the Designated Projects shall be $24 million if the Option is exercised before the end of its third year, $25 million if the Option is exercised during its fourth year, and $26 million if the Option is

exercised during its fifth year; *provided, however*, that, if Closing occurs more than one year after the written notification to exercise the Option is provided to PPL Maine and PPL Great Works, the purchase price shall be escalated by three (3) percent per annum, accrued and compounded daily, beginning on the day following such one-year period and continuing until Closing occurs; and

(6) The purchase price shall be paid by the Trust to PPL Maine and PPL Great Works at Closing.

(b) Closing shall occur within 60 days (unless extended by mutual agreement of PPL Maine, PPL Great Works, and the Trust) of the completion of the events described in Section V(d) of this Agreement.

(c) Subject to the unanimous approval of the Restoration Interests, the Trust may assign all of its rights and obligations under this Agreement and the Option Agreement to another not-for-profit corporation or governmental entity. Prior to any such assignment, the Restoration Interests and the Trust shall consult with PPL Maine and PPL Great Works regarding the proposed assignment.

IV. Actions After Execution Of The Agreement

Contemporaneously with the execution of this Agreement, the Parties shall take the following actions:

(a) The Parties shall make an initial joint filing at FERC explaining the overall structure of this Agreement and submitting a copy of this Agreement for informational purposes only. This initial joint filing at FERC shall also include the following Regulatory Applications requesting that FERC take the following actions:

(1) Suspend the FERC relicensing proceedings, including the NEPA analyses, for Howland and Great Works until the Option has been exercised, has expired, or has been terminated; and

(2) Extend, until the Option has been exercised and the Designated Projects are purchased, or the five-year Option period expires, or has been terminated, whichever is earlier, and for appropriate periods of time to permit the Parties to comply with the provision of Sections V, VI, and VII, the requirements (i) that PPL Maine initiate and complete the installation of an additional turbine/generating unit at Milford, including the requirement that PPL Maine file progress reports regarding the installation of the additional generating unit; and (ii) that PPL Maine submit a final recreation plan for Veazie.

(b) DOI shall submit to FERC modified fishway prescriptions for Veazie, Milford, Stillwater, and Orono consistent with the pertinent provisions of Attachment A, for inclusion in the licenses for such projects as articles. DOI shall inform FERC that the requirements contained in the modified fishway prescriptions for Milford, Stillwater and Veazie are to replace the fish passage related articles of the Milford (Articles 407, 408, and 409) and Stillwater (Articles 406, 407, and 408) licenses and modify the fish passage related articles of the Veazie (Articles 407, 408, and 409) license. These prescriptions shall address PPL Maine's responsibilities for fish passage (1) upon the Effective Date of this Agreement, and (2) upon acquisition of the Designated Projects by the Trust, all as defined in Attachment A.

(c) PPL Maine shall file (or shall cause BPHA to file, as appropriate) Regulatory Applications at FERC (1) requesting that FERC amend the appropriate articles of the licenses for

Milford, Stillwater, and West Enfield to incorporate the pertinent fish passage and minimum flow requirements as provided for in Attachment A, and (2) requesting an amendment to the licenses for Milford and West Enfield to implement the relevant provisions of the PIN Agreement, with the Restoration Interests filing supportive pleadings. The Regulatory Application to be filed at FERC hereunder with respect to Milford shall also include requests that FERC delete Article 410 from the license and modify the time deadlines specified in Articles 301 and 305 thereof to "as ordered by the Commission." The Regulatory Applications to be filed at FERC hereunder with respect to Milford and Stillwater shall also include requests that FERC amend Article 411 of the Milford license and Article 409 of the Stillwater license by adding at the end of each thereof before the period the following: "that are consistent with the Lower Penobscot River Multiparty Settlement Agreement dated June 2004".

(d) PPL Maine shall file (or shall cause BPHA to file, as appropriate) Regulatory Applications at FERC requesting (1) that the licenses for West Enfield, Stillwater, and Medway each be amended to increase the authorized maximum elevation of the project reservoir by one foot ("Headpond Increases"), and (2) requesting that FERC issue to PPL Maine a new 40-year license for Orono at its current authorized installed capacity of 2,332 kW incorporating the pertinent fish passage and minimum flow requirements provided for in Attachment A, with the Restoration Interests filing supportive pleadings. The Regulatory Application to be filed at FERC hereunder with respect to the new 40-year license for Orono shall also include a request that FERC limit any article reserving FERC's authority to require the licensee to construct, operate, and maintain such fishways as may be prescribed by the Secretary of the Interior or the Secretary of Commerce under Section 18 of the FPA to fishways "that are consistent with the Lower Penobscot River Multiparty Settlement Agreement dated June 2004". The Regulatory

Applications to be filed at FERC hereunder shall also include a request that FERC add to or include in each such license an article requiring the licensee to comply with the provisions of the Contingent Mitigation Fund contained in Attachment B hereto.

(e) PPL Maine shall file a Regulatory Application at FERC requesting that FERC modify the time deadlines specified in Articles 306 and 406 of the Veazie license to "as ordered by the Commission" and amend Article 410 of the Veazie license by adding at the end thereof before the period the following: "that are consistent with the Lower Penobscot River Multiparty Settlement Agreement dated June 2004", with the Restoration Interests filing supportive pleadings.

(f) (1) PPL Maine and PPL Great Works shall file, and PPL Maine shall have BPHA file, with DEP any Regulatory Applications required by Applicable Laws and Regulations to be filed with DEP in association with the Regulatory Applications required by Section IV(a), (b), (c), (d), and (e), with the Restoration Interests filing supportive pleadings.

(2) Notwithstanding the requirement in the opening paragraph of this Section IV regarding contemporaneous filings, at the times determined appropriate by PPL Maine and PPL Great Works, PPL Maine and PPL Great Works shall file (or shall cause BPHA to file, as appropriate) any Regulatory Applications required by Applicable Laws and Regulations to be filed with any other Governmental Authority in association with the Regulatory Applications required by Section IV(a), (b), (c), (d), and (e), with the Restoration Interests filing supportive pleadings.

(g) If FERC, DEP, DOI, or any other Governmental Authority takes action in response to any Regulatory Application made in accordance with this Section IV in a manner that materially prejudices a Party and that Party elects to terminate this Agreement in accordance with Section XII, all Regulatory Applications made in accordance with this Section IV shall be withdrawn by the Party making such application, or other appropriate action shall be taken by the Party making such application to rescind any approvals that may have been granted pursuant to any such Regulatory Application, and the provisions of this Agreement shall be void. Each Party submitting a Regulatory Application pursuant to this Section IV (a), (b), (c), (d), (e), and (f)(1) shall notify FERC and DEP that a failure by FERC or DEP to grant any of said Regulatory Applications will cause all such Regulatory Applications to be withdrawn and may result in the termination of this Agreement pursuant to Section XII.

(h) Within 30 days following the later of (1) issuance by FERC and DEP of a final order(s), that is no longer subject to administrative or judicial appeal approving all the Regulatory Applications filed pursuant to Section IV (a), (b), (c), (d), (e), and (f)(1) and incorporating as license articles/provisions those provisions requested as part of such Regulatory Applications, and any relevant provisions contained in the PIN Agreement, and (2) resolution of any administrative and judicial appeals of such orders in a manner that is no longer subject to appeal, all without alteration or change in any term or provision thereof in a manner that materially prejudices any Party, the following Parties shall take the following actions:

(1) PPL Maine, DOI, PIN, ASF, MAS, and TU shall file with FERC notices of withdrawal of the requests for rehearing filed by such entities and MCASF (or their predecessors) of FERC's April 20, 1998 orders for Basin Mills, Veazie, Milford, Orono, and Stillwater; and

(2) DOI shall file with FERC a notice withdrawing, without prejudice to its position, its asserted conditions/requests under Sections 4(e) and 10(e) of the FPA that it submitted for Milford.

The Parties agree that all issues relating to DOI's authority under Sections 4(e) and 10(e) of the FPA as to Milford shall be rendered moot as a result of the withdrawal referenced in Section IV(h)(2) above.

V. **Actions After Exercise Of The Option**

(a) As expressly set forth in the Option Agreement, and within thirty (30) days from the date the Trust delivers written notice to PPL Maine and PPL Great Works that the Option is being exercised, PPL Maine, PPL Great Works and the Trust shall file the following Regulatory Applications at FERC:

(1) PPL Maine and the Trust shall file joint Regulatory Applications (i) requesting a transfer of the licenses for Howland and Veazie (pursuant to Part I of the FPA) and requesting a transfer of all jurisdictional transmission facilities included with such licenses (pursuant to § 203 of the FPA) from PPL Maine to the Trust and (ii) requesting that the Trust be substituted as the applicant on the pending application for a new license for Howland;

(2) PPL Great Works and the Trust shall file joint Regulatory Applications (i) requesting a transfer of the license for Great Works (pursuant to Part I of the FPA) and requesting a transfer of all jurisdictional transmission facilities included with such license (pursuant to § 203 of the FPA) from PPL Great Works to the Trust and (ii) requesting that the Trust be substituted as the applicant on the pending application for a new license for Great Works;

(3) The Trust shall file a Regulatory Application requesting authority to either (i) surrender the licenses for the Designated Projects and for FERC authorization to decommission and remove them, with PPL Maine and PPL Great Works filing supporting pleadings; or (ii) surrender the licenses for Great Works and Veazie and for FERC authorization to decommission and remove them, and, in accordance with Section XI, to decommission Howland and construct a fish bypass system at Howland in accordance with Section XI, with PPL Maine and PPL Great Works filing a supportive pleading. The application to FERC pursuant to this subsection (3) shall also include (i) a notice of withdrawal of the pending applications for new licenses for Howland and Great Works effective upon issuance of FERC orders in accordance with the requests referenced in subsections (1), (2), and (3) hereof; and (ii) a statement of the financial resources that the Trust has or anticipates having to acquire, decommission and remove or alter the Designated Projects and the anticipated costs of these actions.

(b) Contemporaneously with the filing of the requests with FERC referenced in subsections (a) hereof, the Parties making such filings shall file with DEP and any other Governmental Authority all additional Regulatory Applications required by Applicable Laws and Regulations to implement the transfer and decommissioning (or decommissioning and construction) actions described in Section V(a), with PPL Maine or PPL Great Works, as appropriate, when not a requesting party, filing a supportive pleading.

(c) For all Regulatory Applications filed pursuant to Sections V(a) and (b), the Restoration Interests shall file timely supportive pleadings. In addition, for all Regulatory

Applications and supportive pleadings filed pursuant to Sections V(a) and (b), the Trust, PPL Maine or PPL Great Works, as appropriate, and the Restoration Interests shall all request the relevant Governmental Authority to consider the Regulatory Applications on an expedited basis; *provided, however,* that (1) no Party shall request that any such Governmental Authority waive any public notice or comment period in considering any such Regulatory Application and (2) the Maine Agencies shall not be required to request that any state or local Governmental Authority consider any Regulatory Application on an expedited basis.

(d) As expressly set forth in the Option Agreement, Closing shall occur within sixty (60) days (unless extended by mutual agreement of PPL Maine, PPL Great Works and the Trust), following the later of (1) issuance of final orders or approvals, that are no longer subject to administrative or judicial appeal, by FERC, DEP and any other Governmental Authority, approving the Regulatory Applications filed pursuant to Section V(a) and (b) of this Agreement; or (2) resolution of any administrative or judicial appeals of the final orders and approvals referenced herein in a manner that is no longer subject to appeal; all without alteration or change in any term or provision of the Regulatory Applications filed pursuant to Section V(a) and (b) in a manner that materially prejudices any Party, unless such alteration or change is deemed acceptable to the Parties in accordance with the provisions of Section XII. A FERC order approving a Regulatory Application filed pursuant to subsection (a)(1) or (2) that requires PPL Maine or PPL Great Works, as the case may be, to remain a co-licensee or to be directly or indirectly responsible for the decommissioning or removal of the Designated Projects or the costs thereof shall constitute material prejudice to PPL Maine or PPL Great Works under Section XII(a), and in such event Closing shall not occur and this Agreement shall terminate without PPL Maine or PPL Great Works, as the case may be, following the procedures set forth in Section

XII(a)(1) and (2), unless PPL Maine or PPL Great Works, as the case may be, in its sole discretion, notifies the other Parties to the contrary.

VI. Actions After Closing

After Closing the following Parties shall take the following actions:

(a) As expressly set forth in the Option Agreement, promptly after receipt of the instruments of conveyance ("Conveyance Documents") for the Designated Projects, the Trust shall file the Conveyance Documents with FERC, together with any other document required by Applicable Laws and Regulations to be filed, accepting the licenses for the Designated Projects. The Trust shall make any filings with DEP and any other Governmental Authority that may be required by Applicable Laws and Regulations regarding notification of the transfer of the Designated Projects.

(b) At the earliest time practicable, consistent with this Agreement and all FERC, DEP, and other Applicable Laws and Regulations, the Trust shall (1) decommission and remove Veazie and Great Works; and (2) decommission and, according to the requirements in Section XI of this Agreement, either remove or alter Howland.

(c) In the event that PPL Maine pursues an energy enhancement specified in Section VI(d), PPL Maine shall remove and take ownership of the appropriate existing turbine/generating unit(s) associated with that energy enhancement from the powerhouses at Veazie and Great Works as expressly set forth in the Option Agreement.

(d) Subject to the conditions stated in Section VI(f) and (g) herein, as soon after Closing as it is reasonably able to do so PPL Maine shall file the following Regulatory Applications at FERC, with the Restoration Interests filing supportive pleadings:

(1) A notification that it intends to proceed with the installation of the previously-authorized additional turbine/generating unit at Milford using a 1,500 kW turbine/generating unit removed from Veazie.

(2) A request to amend the appropriate provisions of the Orono license to authorize PPL Maine to construct a second powerhouse containing four turbine/generating units removed from Great Works with a total installed capacity of approximately 5,277 kW, and to extend the term of the license to 50 years.

(3) A request to amend the appropriate provisions of the Stillwater license to authorize PPL Maine to construct a second powerhouse containing four turbine/generating units removed from Great Works with a total installed capacity of approximately 2,720 kW, and to extend the term of the license to 50 years.

(4) A request to amend the appropriate provisions of the Medway license to authorize PPL Maine to increase the installed capacity by approximately 700 kW through the installation of a turbine/generating unit removed from Veazie.

(5) A request to amend the appropriate provisions of the Ellsworth license, Project No. 2727, to authorize PPL Maine to increase the installed capacity by approximately 500 kW through the addition at the Graham Lake development of a turbine/generating unit removed from Veazie.

(e) Contemporaneously with the filing at FERC of the Regulatory Applications referenced in subsection (d) hereof, PPL Maine shall file with DEP and any other Governmental

Authority, all Regulatory Applications required by Applicable Law and Regulations, with the Restoration Interests filing supportive pleadings.

(f) PPL Maine shall not be required to pursue an energy enhancement referenced in Sections VI(d)(1) and (4), notwithstanding PPL Maine's determination that these energy enhancements are currently economic and therefore would be constructed today, if PPL Maine determines that any such enhancement would be uneconomic because of significant changes in the regulatory and competitive conditions applicable to wholesale generators, the cost of construction, the prices of electricity, or other PPL Corporation capital commitments.

(g) PPL Maine shall not be required to pursue an energy enhancement referenced in Sections VI(d)(2), (3) and (5), notwithstanding PPL Maine's determination that these energy enhancements are currently economic and therefore would be constructed today, if PPL Maine determines, within three months of Closing, in its discretion, that such enhancement is no longer desirable because of changes in the regulatory and competitive conditions applicable to wholesale generators, the cost of construction, the prices of electricity, other PPL Corporation capital commitments, or other relevant factors. If PPL Maine makes such a determination not to pursue the energy enhancement(s), then PPL Maine shall promptly offer to third parties the opportunity to pursue such energy enhancement(s) on terms comparable to those that would have applied if PPL Maine had itself chosen to pursue such energy enhancement(s); *provided, however*, that any such third party must apply for and obtain all necessary regulatory approvals, including FERC approval, and must reach agreement with PPL Maine as to appropriate lease, water rights use, right-of-way and operating issues to permit both parties to reasonably and fairly operate together on the site of the energy enhancement. PPL Maine shall assist and support any such third party in obtaining the necessary regulatory approvals, including FERC approval, to pursue such energy enhancement(s). Unless otherwise agreed to by PPL Maine and the third party, the agreement(s) between PPL Maine and a third party regarding the latter's construction and operation of an energy enhancement must be consistent with the following criteria:

(1) PPL Maine shall be entitled to compensation for: any actual damages to its property and facilities resulting from the third party's construction and operation of the energy enhancement; any loss in the economic value of the existing generation at PPL Maine's project resulting from the third party's construction and operation of the energy enhancement; any increased operation, maintenance, and capital costs incurred by PPL Maine as a result of the third party's construction and operation of the energy enhancement; the fair market value of any property sold by PPL Maine to the third party; and a proportionate share of PPL Maine's operation, maintenances, and capital costs (including a reasonable rate of return on investment) of the PPL Maine project facilities jointly used by the third party's energy enhancement.

(2) PPL Maine and the third party will provide each other with access rights over or through the other's property reasonably necessary for the entity to construct, operate, and maintain its project or energy enhancement and to comply with all Applicable Laws and Regulations, subject to reasonable restrictions regarding security and safety and commercially reasonable requirements regarding liability, insurance, and related matters.

(3) PPL Maine and the third party will mutually agree on operating requirements that will permit PPL Maine's project and the energy

enhancement to operate in a coordinated manner to maximize the total economic generation at the site but subject to PPL Maine's right to determine when water available at the site may be used for generation purposes; *provided, however*, that PPL Maine shall not take any action regarding allocation of flows between the Main Stem and Stillwater branches of the Penobscot River which is inconsistent with subsection (h) below and the relevant provisions in Attachment A.

(h) Upon receipt by PPL Maine of all necessary approvals of the Regulatory Applications referenced in subsections (d) and (e) hereof, and consistent with any requirements contained in such approvals, PPL Maine shall implement the energy enhancements so approved. Upon construction of either or both of the second powerhouses at Orono and Stillwater by either PPL Maine or a third party, PPL Maine shall reallocate the flows between the Main Stem and Stillwater branches of the Penobscot River consistent with the provisions contained in Attachment A. PPL Maine hereby represents that it is the successor in interest to all of the parties to the decree allocating flows between the Main Stem and Stillwater branches issued in 1911 by the Circuit Court of the United States, District of Maine.

VII. Actions If the Trust Does Not Acquire The Designated Projects

If FERC, DEP, DOI, and all other Governmental Authorities take all actions requested by the Parties in Section IV in a manner which does not materially prejudice any Party as set forth in Section XII, and if the Trust thereafter either terminates or does not exercise the Option, or if, subsequent to exercise of the Option, the Trust does not acquire the Designated Projects:

(a) The following actions shall be taken:

(1) The Parties shall jointly file a Regulatory Application at FERC requesting that the relicensing proceedings for Howland and Great Works be resumed;

(2) DOI shall submit to FERC modified fishway prescriptions, consistent with the pertinent provisions of Attachment A;

(3) PPL Maine, or PPL Great Works, as appropriate, and the other Parties shall file pleadings supporting DOI's modified fishway prescriptions submitted pursuant to subsection (2) above; and

(4) Contemporaneously with the filing at FERC of supportive pleadings referenced in subsection (3) above, PPL Maine or PPL Great Works, as appropriate, shall file with DEP and any other Governmental Authority, all Regulatory Applications required by Applicable Laws and Regulations in order to implement the modified fishway prescriptions submitted pursuant to subsection (2) above, with the Restoration Interests filing supportive pleadings.

(b) Subject to the conditions agreed to in Attachment B (contingent mitigation fund), PPL Maine (and, as appropriate, BPHA) shall be entitled to operate West Enfield, Stillwater, and Medway consistent with the approved Headpond Increases and reduced minimum flows (as to Stillwater and Orono) and to operate Orono under the new license consistent with Section IV(c) and (d) and with Applicable Laws and Regulations. All other Parties hereto shall not challenge or contest such regulatory approvals, and agree not to request that FERC or any other Governmental Authority (1) reverse or overturn such Governmental Authority's prior authorization or approval of such operations or (2) limit or condition such prior approval or authorization in a manner that would prevent PPL Maine from being able to operate the project economically.

VIII. Contingent Mitigation Fund

If the Option is not exercised or Veazie and Great Works are not decommissioned and removed by the Trust, a Contingent Mitigation Fund shall be established and funded for the purpose of providing monetary compensation to mitigate for the impacts to habitat that may be caused by PPL Maine's implementation of provisions in Attachment A governing minimum bypass flows at the Orono and Stillwater projects and the Headpond Increases at the Medway, West Enfield, and Stillwater projects, in accordance with Attachment B.

IX. Endangered Species Act ("ESA")

The following provisions describe ESA-related actions that certain Parties shall take or refrain from taking (1) upon execution of this Agreement and (2) in the event that the Option is exercised:

(a) Assurances to PPL Maine and BPHA from DOI. Upon exercise of the Option, DOI agrees to negotiate with PPL Maine (and BPHA, as appropriate) for an appropriate instrument under the ESA regulations, such as, but not limited to, an incidental take permit under § 10 of the ESA or a Candidate Conservation Agreement with Assurances, that recognizes the benefits to Atlantic salmon that shall be realized from PPL Maine's voluntary action in entering into and implementing this Agreement, and provides assurances that, if the Designated Projects are acquired in accordance with this Agreement, further actions shall not be required by PPL Maine at its remaining facilities on the Penobscot River, or by BPHA at West Enfield, in the event that the Penobscot run of Atlantic salmon is included in the listed endangered population in Maine. DOI's final approval of such an instrument depends upon compliance with Applicable

Laws and Regulations, including public notice and any environmental analysis that may be required under NEPA. The PIN, the Maine Agencies, and the Conservation Interests agree to support the application(s) of PPL Maine (and BPHA, as appropriate) for such an instrument.

(b) Other Assurances from DOI. DOI shall consider appropriate instrument(s) under the ESA regulations for individual property owners in the Penobscot basin who commit to take voluntary conservation measures to benefit Atlantic salmon. Such instruments may include assurances, if necessary and warranted, that participating property owners may engage in land uses that may involve incidental take of Atlantic salmon. The nature and terms of any such instruments shall depend on the specific circumstances of the individual property owner, and DOI's final approval of any such instrument depends upon compliance with Applicable Laws and Regulations, including public notice and any environmental analysis that may be required under NEPA. DOI shall provide technical assistance to property owners who lack resources or expertise to develop such instruments, and may assist or train property owners to implement conservation measures. After exercise of the Option, DOI would be willing to consider an application from interested State, Tribal, or local agencies regarding creation of umbrella programs under the ESA regulations for recognition of voluntary conservation measures to benefit Atlantic salmon taken by individual property owners in the Penobscot basin.

(c) Assurances to PPL Maine, PPL Great Works, and BPHA from the Conservation Interests. In the event that the Penobscot run of Atlantic salmon is added to the listed endangered population in Maine, the Conservation Interests agree that, until the occurrence of (1) the exercise of the Option and the acquisition of the Designated Projects; (2) the termination of this Agreement; or (3) the expiration or termination of the Option Agreement, the Conservation Interests shall not file a citizen suit against PPL Maine, PPL Great Works, or BPHA asserting a claim that PPL Maine, PPL Great Works, or BPHA is illegally taking Atlantic salmon in violation of § 9 of the ESA, nor shall the Conservation Interests encourage any other person or entity to either file similar claims or take any other action against PPL Maine, PPL Great Works, or BPHA under the ESA in relation to Atlantic salmon on the Penobscot River. In addition, provided that licensing proceedings for Great Works and Howland are stayed as a result of Regulatory Applications filed pursuant to Section IV(a)(1) of this Agreement, the Conservation Interests further agree not to initiate any administrative or legal action seeking to apply the consultation requirements of the ESA (16 U.S.C. § 1536) for Great Works or Howland until the Option is exercised and the Designated Projects are acquired, the termination of this Agreement, or, alternatively, until the Option expires or is terminated.

X. Commitment By PPL To Properly Maintain Designated Projects

PPL Maine and PPL Great Works commit to properly maintain the Designated Projects prior to the acquisition of the Designated Projects by the Trust, as expressly set forth in the Option Agreement.

XI. Additional Provisions Governing Howland

(a) It is the intent of the Restoration Interests, working with the Trust, the Town of Howland, and other interested persons, and subject to any order issued by FERC, and other applicable legal requirements and provisions in this Agreement, to achieve fish passage at Howland by construction of a bypass system that would substantially or entirely maintain the existing dam structure and impoundment ("Proposed Bypass").

(b) The decision of the Trust to pursue construction of the Proposed Bypass will require a prior determination by the FWS, the Maine Departments of Inland Fisheries and Wildlife and Marine Resources, the Maine Atlantic Salmon Commission ("Resource Agencies"), and PIN, based upon a review of the complete administrative record, that the Proposed Bypass will provide safe, timely and effective fish passage sufficient to allow the fisheries management goals and objectives of the Resource Agencies and PIN to be met. Said administrative record shall include engineering design plans for the proposed bypass system, the results of consultation with the Town of Howland, the Conservation Interests, the Trust, and other interested persons, and any other information necessary to make a decision as to whether the Proposed Bypass provides safe, timely and effective fish passage. If the Resource Agencies and PIN decide that the Proposed Bypass will provide safe, timely and effective fish passage, the Resource Agencies and PIN shall thereafter support issuance of necessary regulatory approvals for construction and maintenance of the Proposed Bypass.

(c) Upon receipt of the commitment of support from the Resource Agencies and PIN pursuant to subsection (b) above, the Trust shall seek all necessary regulatory approvals to construct the proposed bypass pursuant to Section V(a) and (b) if the Trust determines that:

(1) In addition to the commitment of support from the Resource Agencies and PIN pursuant to subsection (b) above, there is sufficient support for constructing the Proposed Bypass from the Town of Howland as well as others whose support is necessary for construction and implementation of the Proposed Bypass;

(2) All necessary property interest, ownership, liability, and operational issues related to construction and operation of the proposed bypass are resolvable;

(3) Receipt of the necessary regulatory approvals is reasonably achievable; and

(4) Adequate funding for construction and implementation of the proposed bypass is available. The Conservation Interests commit their best efforts to raise these funds, and the Resource Agencies and PIN commit their best efforts to provide ongoing technical support.

(d) Subject to the support of the Resource Agencies and PIN as set forth in subsection (b) above, and the determination by the Trust that the criteria set forth in subsection (c) above have been met, the Trust shall cause the Proposed Bypass to be constructed consistent with all required approvals from any Governmental Authority and all Applicable Laws and Regulations.

(e) In the event that the Trust does not pursue construction of the Proposed Bypass due to a determination by the Resource Agencies or PIN, pursuant to subsection (b), that the Proposed Bypass will not provide safe, timely and effective fish passage sufficient to allow the fisheries management goals and objectives of the Resource Agencies and PIN to be met, or due to the determinations made by the Trust pursuant to subsection (c) above, its Regulatory Applications submitted pursuant to Section V(a) and (b) shall request removal of Howland dam. If the Trust's Regulatory Applications, submitted pursuant to Section V(a) and (b), request authorization to construct the Proposed Bypass in lieu of removing Howland dam but the regulatory authorities deny the request to construct the Proposed Bypass and instead order removal of Howland dam, the Trust shall remove Howland dam consistent with any approvals from any Governmental Authority, Applicable Laws and Regulations, and other conditions above.

(f) If the Trust elects to construct the Proposed Bypass pursuant to this section:

(1) The Trust shall submit final design drawings, consistent with the conceptual engineering designs in subsection (b) hereof, for approval by the Resource Agencies and PIN.

(2) The Trust shall conduct monitoring of the effectiveness of the Proposed Bypass, in consultation with the Resource Agencies and PIN, and make minor adjustments, as necessary, for a period of 15 years from installation of the fish passage facility at Milford. No major adjustments will be required during this monitoring period. For purposes of this Section XI, the term "major" shall mean an adjustment or recommendation which requires the Trust to expend in excess of five-thousand dollars ($5,000) during any one calendar year.

(3) The Trust shall meet with the Resource Agencies, PIN, and other interested parties on a yearly basis, or as appropriate, to discuss the progress of the monitoring.

(4) At the close of the 15-year monitoring period set forth in subsection f(2) above, the Resource Agencies, PIN, and the Trust shall publish for public comment a report on the effectiveness of the bypass system.

(5) Thereafter, based upon the results of the monitoring, other biological or engineering information related to the effectiveness of the bypass system,

and any comments or data submitted by the Trust, the Town of Howland, or other interested parties, the Resource Agencies and PIN shall:

i. recommend, or, in the case of FWS, recommend and grant final approval of the Proposed Bypass; or

ii. recommend modification(s) to the Proposed Bypass, which may be minor or major but must be feasible for the Trust given cost and technological concerns, and which may include extending the 15-year monitoring period, if necessary, to ensure effectiveness of the modification(s); or

iii. recommend removal of Howland if the record supports a finding that the bypass system cannot provide safe, timely and effective fish passage, even with any modification(s) proposed pursuant to subsection (ii) above, and therefore cannot meet identified management goals of the Resource Agencies and PIN.

(6) If the Resource Agencies and PIN recommend modification(s) of the Proposed Bypass which are consistent with the provisions of subsection (ii) above, the Trust shall implement such modification(s) subject to any necessary approvals of any Governmental Authority and Applicable Laws and Regulations.

(7) If following the 15-year monitoring period (including any extensions pursuant to subsection (ii) above), the Resource Agencies and PIN conclude that removal of Howland is necessary in order to provide safe, timely and effective fish passage at Howland, the Trust shall seek the

necessary approvals from each Governmental Authority for removal of the dam, and shall remove the dam.

(g) The Trust may assign, transfer or sell its ownership interest in Howland to another entity, subject to the unanimous approval of the Resource Agencies and PIN, which approval shall be granted if the assignment, transfer or sale includes all rights and obligations of the Trust in Section XI of this Agreement and if the assignee has the legal, financial and technical ability to carry out the responsibilities of the Trust under said Section XI. Prior to any such assignment, the Resource Agencies, PIN and the Trust shall consult with PPL Maine regarding the proposed assignment.

XII. Dispute Resolution

(a) If FERC, DOI, DEP, or any other Governmental Authority denies any of the Regulatory Applications submitted pursuant to this Agreement, except for any Regulatory Application filed pursuant to Section VI(d) or (e), or in approving or granting such Regulatory Applications alters or changes any term or provision thereof in a manner that materially prejudices any Party, including if a court of competent jurisdiction issues a decision or order relating to a Regulatory Application or other action required of the Parties pursuant to this Agreement that would materially prejudice any Party, the Parties shall take the following actions:

(1) PPL Maine or PPL Great Works, as the licensee, or on behalf of BPHA as licensee, upon its own initiative or upon the request of any other Party, shall promptly call together and meet with the other Parties to evaluate, on an expedited basis, the effect of the Governmental Authority's action on the Parties' interests and to determine the appropriate response. The Parties shall assess together in good faith with due consideration for the

time frames specified by Applicable Laws and Regulations for seeking rehearing, administrative reconsideration, or further judicial review, as appropriate, whether to seek such action, or whether actions different from those set forth in this Agreement should be undertaken and, as appropriate, corresponding Regulatory Applications submitted to FERC, DEP, DOI, or any Governmental Authority, in order to achieve the purposes of this Agreement. The Parties shall file all necessary protective pleadings required by Applicable Laws and Regulations during this process of assessment, to protect the opportunity to seek rehearing or other administrative reconsideration of agency action or judicial review *provided, however*, that prior approval of the State of Maine's Attorney General may be required for the Maine Agencies to file any such protective pleadings and the prior approval of the Department of Justice may be required for DOI to file any such protective pleadings.

(2) If the Parties do not mutually agree that one or more proposals different from those set forth in this Agreement should be submitted to FERC, DEP, DOI, or other Governmental Authorities, any Party that has been materially prejudiced by any such action by a Governmental Authority may seek rehearing or administrative reconsideration of the agency action, as appropriate (an "Administrative Appeal") as provided for by Applicable Laws and Regulations, and the remaining Parties shall join in such an Administrative Appeal to the extent that a Party is permitted by Applicable Laws and Regulations to do so, subject to the prior approval

and support provisions set forth below. If the agency's final decision on rehearing or reconsideration continues to materially prejudice a Party, such Party may seek judicial review of such agency action, and all other Parties shall join in the petition or complaint seeking such judicial review ("Judicial Appeal") to the extent that a Party is permitted by law to do so; *provided, however*, that prior approval of the State of Maine's Attorney General is required for the Maine Agencies to join in any Judicial Appeal and the prior approval of the Department of Justice is required for DOI to join in any Judicial Appeal. If a Party is not permitted by Applicable Laws and Regulations to join either an Administrative or Judicial Appeal filed by any other Party, it shall provide all reasonable support permitted by Applicable Laws and Regulations. If a Party is unable to participate in any Administrative or Judicial Appeal, such Party shall not oppose any relief sought by the Parties in a manner that is inconsistent with the terms and intent of this Agreement. If a Party (1) is materially prejudiced and does not pursue an Administrative or Judicial Appeal as provided herein after completion of the actions specified in subsection (a)(1) hereof, or (2) remains materially prejudiced by the Governmental Authority's action after the conclusion of the Administrative or Judicial Appeal, such Party may elect, upon 30-days prior written notice to all other Parties, to terminate this Agreement, which renders those provisions of this Agreement pertaining to Regulatory Applications that have not yet been granted void as to all Parties. Except as otherwise provided in Section

IV(g), all actions and activities covered by Regulatory Applications that have been granted pursuant to any provision of this Agreement prior to the date the Agreement is terminated according to this Section XII, including PPL Maine's activities referenced in Section VII(b), shall remain in effect and shall not be deemed nullified or affected in any way by such voiding, and PPL Maine and PPL Great Works shall continue to comply with the pertinent fish passage provisions of Attachment A, to the extent such fish passage provisions are not inconsistent with any order issued by FERC or any other Governmental Authority.

(b) If any dispute arises under this Agreement among any of the Parties that is not settled promptly in the ordinary course of business, the disputing Parties shall first seek to resolve such dispute by negotiating promptly in good faith. If the Parties are unable to resolve the dispute within 20 business days (or such period as the Parties shall otherwise agree) following the date one Party notifies the other(s) of the existence of such dispute (the "Dispute Notice Date"), then the disputing Parties shall employ the services of a mutually acceptable mediator; *provided, however*, that the Party or Parties seeking to mediate the dispute shall arrange to retain the mediator. The use of mediation will not be construed under the doctrine of laches, waiver or estoppel to affect adversely the rights of any Party, and, except as otherwise provided by law, any mediation discussions shall be deemed to be confidential settlement discussions and not admissible in any subsequent proceedings. If the disputing Parties are not able to resolve any dispute arising out of or relating to this Agreement within 90 days of the Dispute Notice Date, the disputing Parties may pursue any remedy available to the Parties under Applicable Laws and Regulations. Prior to the termination of the mediation process, a disputing Party shall be entitled to take such legal action as is necessary to preserve or retain its ability to pursue any remedy lawfully available to it in the event that the dispute is not resolved through mediation.

XIII. Efforts of the Parties

(a) PPL Maine and PPL Great Works commit to providing public support for the goals of this Agreement, including the basic goal of restoration of the fish populations of the Penobscot River.

(b) Upon reasonable prior request by any Party, each of the Parties, to the extent permitted by Applicable Laws and Regulations, agrees to meet with potential sources of public and private funds for the purchase, removal, or alteration of the Designated Projects in order to express support for this Agreement and the restoration of the fish populations and other ecological values of the Penobscot River.

(c) PPL Generation commits to provide PPL Maine and PPL Great Works, from appropriate levels of the PPL corporate organization, reasonable support necessary for PPL Maine and PPL Great Works to fulfill their obligations under subsections (a) and (b).

(d) DOI, the Maine Agencies, and PIN commit to continue providing appropriate technical assistance and support in furtherance of the objectives of this Agreement.

(e) If a third party files an administrative or judicial challenge to a regulatory approval or authorization received by any Party in accordance with this Agreement ("Third Party Challenge"), the Parties shall participate in or intervene in the Third Party Challenge, to the extent the Parties are permitted by Applicable Laws and Regulations to do so, to defend the validity and terms of the regulatory action at issue to the extent that the regulatory action is in accordance with this Agreement or otherwise acceptable to the Parties under Section XII; *provided*, *however*, that prior approval of the State of Maine's Attorney General is required for the Maine Agencies to join in any judicial Third Party Challenge and prior approval of the Department of Justice is required for DOI to join in the same. If a Party is materially prejudiced by a term or condition which results from any Third Party Challenge, such Party may appeal such term or condition in accordance with Section XII while defending terms or conditions resulting from the Third Party Challenge that are consistent with this Agreement or otherwise acceptable to the Parties under Section XII.

(f) In the manner and, at a minimum, to the extent required under Applicable Laws and Regulations, the Parties shall continue to coordinate with each other and continue to work with municipalities, businesses, individuals, and other potentially affected entities to further assess and maximize the benefits of and, to the extent appropriate, minimize or mitigate for potential adverse effects to property or other legal rights or interests of these entities due to changes to hydro power projects pursuant to this Agreement.

XIV. Miscellaneous.

(a) Incorporation of Attachments/Entire Agreement

Attachment A (fish passage measures) and Attachment B (contingent mitigation fund) are hereby incorporated by reference into this Agreement as if fully restated herein. This Agreement, including its Attachments, constitutes the entire agreement between the Parties and PPL Generation with respect to its subject matter, and supercedes all prior and contemporaneous representations, understandings, and agreements with respect to the subject matter of this Agreement. Except as expressly provided in connection with documents incorporated by reference, no amendment to this Agreement shall be valid unless in writing and signed by all Parties and PPL Generation.

(b) **Exhibits Not Incorporated**

Exhibit 1 (Option Agreement) and Exhibit 2 (PIN Agreement) (collectively, the "Exhibits") are attached to this Agreement for informational purposes only and are not hereby incorporated by reference.

(c) **Binding Effect**

This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties and PPL Generation hereto.

(d) **Governing Law**

Except for provisions of this Agreement which are governed exclusively by federal law, including, but not limited to, the FPA, this Agreement shall be construed and governed in accordance with the laws of the State of Maine, without regard to Maine's conflict of law principles.

(e) **Multiple Counterparts**

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

(f) **Authority**

By executing this Agreement, each Party and PPL Generation makes the following representations, warranties and covenants:

(1) **Good Standing.** With regard to the non-governmental Parties and PPL Generation, such entity is duly organized, validly existing and in good standing under the laws of the state or province in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the entity is located; and that it has the

corporate power and authority to own its properties and to carry on its business as now being conducted.

(2) **Authority.** Such entity has the right, power and authority to enter into this Agreement, to become a signatory hereto and to perform its obligations hereunder; and that this Agreement is a legal, valid and binding obligation of such entity, enforceable against such entity in accordance with its terms.

(3) **No Conflict.** The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such entity, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such entity or any of its assets.

(g) **No Waiver**

No failure by a Party or PPL Generation, at any time, to enforce any right of remedy available to it under this Agreement shall be construed to be a waiver of such entity's right to enforce each and every provision of this Agreement in the future. Any waiver of any rights under this Agreement must be provided in writing.

(h) **No Third Party Beneficiaries**

Nothing in this Agreement is intended to confer on any person other than the Parties and PPL Generation and, where permitted, their assigns, any rights or remedies under or by reason of this Agreement.

(i) **Non-Appropriation of Funds**

Nothing in this Agreement shall be construed to require the State of Maine or any of its agencies to expend any monies beyond those appropriated and allocated for the purpose for which they are to be expended, as solely determined by the commissioner or other department head of the agency involved. The Parties and PPL Generation further acknowledge that nothing in this Agreement shall be construed as obligating any federal agency to expend in any fiscal year any sum in excess of appropriations made by Congress or administratively allocated for the purpose of this Agreement for the fiscal year or to involve any federal agency in any contract or obligations for the future expenditure of money in excess of such appropriations or allocations. DOI, through the execution of this Agreement, is not obligated to seek any specific appropriations and may oppose efforts to seek funding from Congress for this project, if such funding would involve an offset to DOI's existing budget or the cutback and/or curtailment of current programs.

(j) **Compliance with Applicable Law**

The performance by the Parties and PPL Generation of this Agreement will be subject to all Applicable Laws and Regulations.

(k) **No Precedent**

This Agreement establishes no precedents with regard to any issue addressed herein, or with regard to PPL Generation or any Party's participation in future relicensing or other proceedings, and that neither PPL Generation nor any of the Parties to this Agreement will cite it as establishing any principles except with respect to the matters to which the Parties and PPL Generation have herein agreed.

Signed:

American Rivers, Inc.

By: Rebecca R. Wodder

Print: Rebecca R. Wodder

Its: Pres

Date: 6/8/04

Atlantic Salmon Federation

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Bureau of Indian Affairs

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Fish and Wildlife Service

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Signed:

American Rivers, Inc.

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Atlantic Salmon Federation

By: Bill Taylor

Print: BILL TAYLOR

Its: President

Date: June 14/04

Bureau of Indian Affairs

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Fish and Wildlife Service

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Signed:

American Rivers, Inc.

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Atlantic Salmon Federation

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Bureau of Indian Affairs

By: Aurene M. Martin

Print: AURENE M. MARTIN

Its: Principal Deputy Assistant Secretary-Indian Affairs

Date: June 15, 2004

Fish and Wildlife Service

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Signed:

American Rivers, Inc.

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Atlantic Salmon Federation

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Bureau of Indian Affairs

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Fish and Wildlife Service

By: Craig Manson

Print: Craig Manson

Its: Assistant Secretary

Date: 6-18-04

National Park Service

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Natural Resources Council of Maine

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Maine Atlantic Salmon Commission

By: [signature]

Print: Patrick C Keliher

Its: Executive Director

Date: 6/14/2004

Maine Audubon Society

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

National Park Service

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Natural Resources Council of Maine

By: Everett B. Carson

Print: Everett B. Carson

Its: Executive Director

Date: June 8, 2004

Maine Atlantic Salmon Commission

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Maine Audubon Society

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

National Park Service

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Natural Resources Council of Maine

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Maine Atlantic Salmon Commission

By: [signature]

Print: Patrick C Keliher

Its: Executive Director

Date: 6/14/2004

Maine Audubon Society

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

National Park Service

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Natural Resources Council of Maine

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Maine Atlantic Salmon Commission

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Maine Audubon Society

By:

Print: Kevin P. Carley

Its: Executive Director

Date: 6.7.04

Maine Department of Inland Fisheries ~~and~~ Wildlife

By:

Print: Roland D. Martin

Its: Commissioner

Date: June 10, 2004

Maine Department of Marine Resources

By:

Print: George D. Lapointe

Its: Commissioner

Date: 14 June 2004

Maine State Planning Office

By: Martha E. Freeman

Print: Martha E. Freeman

Its: Director

Date: June 14, 2004

Penobscot Indian Nation

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Maine Department of Inland Fisheries and Wildlife

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Maine Department of Marine Resources

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Maine State Planning Office

By: ____________________

Print: ____________________

Its: ____________________

Date: ____________________

Penobscot Indian Nation

By: Barry Dana

Print: Barry Dana

Its: Chief

Date: 6/15/04

Penobscot River Restoration Trust

By: ______________________

Print: DANIEL GOODE

Its: President

Date: 6/22/04

PPL Generation, LLC

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

PPL Great Works, LLC

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

PPL Maine, LLC

By: ______________________

Print: ______________________

Its: ______________________

Date: ______________________

Penobscot River Restoration Trust

By: ________________

Print: ________________

Its: ________________

Date: ________________

PPL Generation, LLC

By: James H. Miller

Print: James H. Miller

Its: President

Date: 6/8/04

PPL Great Works, LLC

By: James H. Miller

Print: James H. Miller

Its: President

Date: 6/8/04

PPL Maine, LLC

By: James H. Miller

Print: James H. Miller

Its: President

Date: 6/8/04

Trout Unlimited

By:

Print: Charles Gauvin

Its: President / CEO

Date: June 13, 2004

ATTACHMENT A
TO LOWER PENOBSCOT RIVER CONCEPTUAL AGREEMENT

This Attachment, in combination with the Agreement, constitutes the agreement of the Parties with respect to fish passage issues at the Veazie, Great Works, Milford, Orono, Stillwater, Howland, West Enfield, Medway and Ellsworth Projects. This Attachment addresses fish passage actions to be undertaken after the Effective Date of the Agreement, as well as those to be undertaken upon purchase of Veazie, Great Works, and Howland ("Designated Projects"), as contemplated in the Agreement, and those to be undertaken should the Designated Projects not be purchased.

I. PROJECT-SPECIFIC AGREEMENTS

a. Project: Veazie

1) **Upon the Effective Date of the Agreement:** The licensee will continue to operate the project without modifications in existing generating facilities or fish passage facilities, including full responsibility for their operation and maintenance. DOI will amend its prescription to delay the requirement to construct fish passage, consistent with subsection a(3), below.

2) **Upon Acquisition of Designated Projects by the Trust:** The license will be transferred to the Trust and the dam removed in compliance with required federal and other governmental approvals.

3) **If Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project. The licensee will implement the specific requirements of the current DOI fishway prescription (May 20, 1997- attached hereto and incorporated herein by reference) as follows, to the extent not already implemented. In the event that the Option is not exercised or is terminated prior to the expiration of the Option period, no later than six months following the five-year anniversary date of the Effective Date of the Agreement the licensee will file facility design drawings with FERC (and as necessary with Maine DEP), based upon the current DOI fishway prescription. The licensee will (consistent with what DOI will prescribe pursuant to subsection a(1)) have the fishways fully operational within eighteen months of FERC approval of the design drawings. In the event that subsequent to the exercise of the Option the Designated Projects are not acquired, no later than six months following the completion of the dispute resolution process pursuant to Section XII of the Agreement and a final determination by a court or administrative agency that prevents acquisition of the Designated Projects, the licensee will file facility design drawings with FERC (and as necessary with Maine DEP) based upon the current DOI fishway prescription. In said filing, the licensee will propose to FERC (consistent with what DOI will prescribe pursuant to subsection a(1)) to have the fishways fully operational within eighteen months of FERC approval of the design drawings. Changes to the constructed fish passage facilities shall be governed by the provisions in Section II.c of this Attachment.

b. **Project:** Great Works

1) **Upon the Effective Date of the Agreement:** The licensee will continue to operate the project without modifications in existing generating facilities or fish passage facilities, including full responsibility for their operation and maintenance.

2) **Upon Acquisition of the Designated Projects by the Trust:** The license is to be transferred to the Trust and the dam removed in compliance with all required federal and other governmental approvals.

3) **If Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project, and will proceed with its relicensing application. This Agreement does not restrict the Parties' actions in that proceeding.

c. **Project:** Milford

1) **Upon the Effective Date of the Agreement:** The licensee will continue to operate the project without modifications in existing generating facilities or fish passage facilities, except that the licensee will provide for upstream passage of eels by promptly filing at FERC an amendment to its license to authorize installation of a new upstream eel fishway. DOI will simultaneously amend its prescription to require said eel fishway and to modify/delay all other fish passage requirements until after acquisition of the Designated Projects, when the requirements of subsection c(2), below, come into effect. Upon receiving approval to install the upstream fishway for eels, the licensee will assess the appropriate location for the siting of the new upstream eel fishway, and upon approval of its proposed location by the resource agencies and PIN, the licensee shall complete installation and initial testing, and have the fishway fully operational prior to the beginning of the third upstream eel migration season (approximately May 1) following the Effective Date of the Agreement.

2) **Upon Acquisition of Designated Projects by the Trust:** The licensee will retain the license and continue to operate the project. The licensee will install a new state-of-the-art fish lift (below) and downstream passage as prescribed in the attached May 20, 1997 Prescription (attached hereto and incorporated by reference), to the extent not already implemented, and will discontinue use of the existing Denil fishway.

State of the Art Fish Lift

In general, this facility will consist of:

i) A shore-based fish lift with a single entrance immediately downstream from the powerhouse; an exit channel to include fish counting station and facilities for sorting, trapping-and-trucking (similar to the Cataract Project, FERC #2528, on the Saco River). The exit channel would pass through the basement of powerhouse. This fish lift would require an attraction flow of 210 cfs, an operation control center computer module (similar to that at the Cataract Project), and a separate underground viewing facility for public use (similar to what exists at the fishway at the Brunswick Project, FERC #2284, on the Androscoggin River.)

ii) A rubber dam at the spillway crest, installed on the 390-ft. section of spillway between the mid-river ledge outcrop and the east abutment. This rubber dam will enhance passage at the single fish lift and avoid the need for a west shore fishway.

iii) Alteration of the log sluice and removal of the supporting ledge outcrop to enhance attraction of fish to fish lift entrance. Removal of the ledge outcrop will be completed by the licensee no later than 10 years from the effective date of the Agreement.

3) **If the Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project. The licensee will implement, by filing for license amendments in conjunction with appropriate simultaneous DOI filings, the specific requirements of the current DOI fishway prescription (May 20, 1997- attached hereto and incorporated herein by reference) as follows, to the extent not already implemented. In the event that the Option is not exercised or is terminated prior to the expiration of the Option period, no later than six months following the five-year anniversary date of the effective date of the Agreement, the licensee will file facility design drawings with FERC (and as necessary with Maine DEP), based upon the current DOI fishway prescription. In said filing, the licensee will propose to FERC (consistent with what DOI will prescribe) to have the fishways fully operational within eighteen months of FERC approval of the design drawings. In the event that subsequent to the exercise of the Option the Designated Projects are not acquired, no later than six months following the completion of the dispute resolution process pursuant to Section XII of the Agreement and a final determination by a court or administrative agency that prevents acquisition of the Designated Projects, the licensee will file facility design drawings with FERC (and as necessary with Maine DEP) based upon the current DOI fishway prescription. In said filing, the licensee will propose to FERC (consistent with what DOI will prescribe) to have the fishways fully operational within eighteen months of FERC approval of the design drawings. Changes to the constructed fish passage facilities shall be governed by the provisions in Section II.c of this Attachment.

d. Project: Orono

1) **Upon the Effective Date of the Agreement:** The licensee will file for new 40-yr license to: redevelop the existing 2.3 MW powerhouse; operate the project with a 200 cfs minimum flow in the bypass reach below the dam, subject to the provisions in the Agreement regarding the contingent mitigation fund; install an upstream fishway for eels; and install permanent downstream passage. No upstream fish passage is required at this time, other than the new fishway for eels. DOI will prescribe, and the licensee will install, downstream passage as previously prescribed on May 20, 1997 (attached hereto and incorporated herein by reference) by DOI as part of the Basin Mills licensing proceeding, adding 2-week shutdowns at night for downstream eel migration if shown to be necessary by effectiveness studies, but in no case earlier than the expiration of the safe harbor period delimited in section II(c) below. Upon receiving approval to install the

upstream fishway for eels, the licensee will assess the appropriate location for the siting of the new upstream eel fishway, and upon approval of its proposed location by the resource agencies and PIN, the licensee shall complete installation and initial testing, and have the fishway fully operational prior to the beginning of the third upstream eel migration season (approximately May 1) following the Effective Date of the Agreement.

2) **Upon Acquisition of Designated Projects by the Trust:** The licensee will retain the license, and as soon after Closing as it is reasonably able to do so, will file for an amendment to authorize installation of a fish trapping facility at the Orono project spillway, and will continue operation of the fishway for eels and downstream passage as prescribed. DOI will file appropriate simultaneous filings. The licensee will consult with, and receive approval from the agencies and PIN prior to filing the design plans for the trap with FERC. However, PPL and the agencies and PIN agree that the design of the trap would be similar to that in use on the Effective Date of the Agreement at PPL Maine's Ellsworth project on the Union River. The purpose of the trap would be to gain access to any fish that are attracted to spill or minimum flow releases at the dam. The licensee will have no obligation to install additional upstream fish passage facilities for anadromous species on the Stillwater Branch during the term of the licenses for the Orono and Stillwater projects. The licensee will also, as soon after closing as it is reasonably able to do so, and subject to the conditions in Section VI of the Agreement, file for an amendment to authorize a second powerhouse (5.3 MW) at Orono dam.

The licensee will be responsible for operating and maintaining the trap, and for "short-distance" transfer of trapped fish (i.e., to the headpond above the Stillwater Dam, the tailwater below Orono Dam, or the main stem Penobscot River at the confluence with the Stillwater Branch). The licensee will be responsible for monitoring the fish captured at the trap, and will notify the agencies and PIN of the species and numbers of fish trapped each year, in connection with the annual meeting described in Section II.a of this Attachment. The agencies and PIN will be responsible for "long-distance" transfer of trapped fish to upstream spawning habitat or to a hatchery. The licensee will provide the agencies and PIN with access to the trap, and will work cooperatively with the agencies and PIN to achieve efficient handling procedures, which might include the sharing of trap and transport equipment.

If information collected by the licensee demonstrates that more fish are arriving at the Orono Project than might be accommodated by the fish trapping measures in place, the licensee will convene a special meeting with the Restoration Interests to discuss the scope of the problem, if any, and discuss reasonable solutions.

To the extent that the Parties are in general agreement that resolution requires minor operational adjustments, the licensee agrees to implement those measures or modifications in cooperation with the Restoration Interests, subject to any necessary regulatory approvals.

To the extent that the Parties are in general agreement that resolution of identified problems can only be addressed by construction of new or additional facilities or by major modifications in operations, the licensee agrees to cooperate and petition the FERC for the appropriate license amendments, provided that the licensee receives the funding for such modifications.

3) If Designated Projects are not acquired in accordance with the Agreement: The licensee will continue to operate the project with a single 2.3 MW powerhouse, and will complete construction, if necessary, and otherwise operate the upstream eel fishway and prescribed downstream passage pursuant to subsection d(1). The licensee will implement, by filing for license amendments in conjunction with appropriate simultaneous DOI filings, the current (May 20, 1997 -attached hereto and incorporated herein by reference) DOI prescription for upstream fish passage as follows, to the extent not already implemented. In the event that the Option is not exercised or is terminated prior to the expiration of the Option period, no later than twelve months following the five-year anniversary date of the Effective Date of the Agreement the licensee will file for approval by FERC drawings of permanent upstream fish passage. In said filing, the licensee will propose to FERC (consistent with what DOI will prescribe) to have the fishways fully operational within eighteen months of FERC approval of the design drawings. In the event that subsequent to the exercise of the Option the Designated Projects are not acquired, no later than twelve months following the completion of the dispute resolution process pursuant to Section XII of the Agreement and a final determination by a court or administrative agency that prevents acquisition of the Designated Projects, the licensee will file for approval by FERC drawings of permanent upstream fish passage. In said filing, the licensee will propose to FERC (consistent with what DOI will prescribe) to have the fishways fully operational within eighteen months of FERC approval of the design drawings. Changes to the constructed fish passage facilities shall be governed by the provisions in Section II.c of this Attachment.

e. Project: Stillwater

1) Upon the Effective Date of the Agreement: The licensee will file for an amendment to: authorize increasing the headpond by 1 foot; change the bypass minimum flow from 195 to 70 cfs, subject to the provisions in the Agreement regarding the contingent mitigation fund; and install upstream fish passage for eels. DOI will make appropriate simultaneous supportive filings with FERC, including altering its fishway prescription to require upstream passage for eels only, and downstream passage as described herein and upon acquisition, as described in subsection e(2), below, adding 2-week shutdowns at night for downstream eel migration if shown to be necessary by effectiveness studies, but in no case earlier than the expiration of the safe harbor period delimited in section II(c) below. The licensee will continue to operate the existing downstream passage facilities, and will reduce trashrack spacing to 1-inch no later than one year from the Effective Date of the Agreement. Upon receiving approval to install the upstream fishway for eels, the licensee will assess the appropriate location for the siting of the new upstream eel fishway, and upon approval of its proposed location by the resource agencies and PIN, the licensee shall complete installation and initial testing, and have the fishway fully operational prior to the beginning of the third upstream eel migration season (approximately May 1) following the Effective Date of the Agreement.

2) **Upon Acquisition of Designated Projects by the Trust:** The licensee will retain the license, and as soon after closing as it is reasonably able to do so, will file for an amendment to authorize installation of a second powerhouse (2.7 MW) at the spillway, subject to the conditions in Section VI of the Agreement. The licensee will continue to operate the fishway for eels, but there will be no additional requirement for upstream fish passage facilities. The licensee will implement, to the extent not already implemented, the downstream fish passage measures contained in the current DOI Prescription (May 20, 1997 -- attached hereto and incorporated by reference).

3) **If Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project with the existing powerhouse, and will complete construction, if necessary, and otherwise operate the upstream eel fishway pursuant to subsection e(1). Except as noted below, the licensee will implement, by filing for license amendments in conjunction with appropriate simultaneous DOI filings, the specific requirements of the current DOI fishway prescription (May 20, 1997-attached hereto and incorporated herein by reference), as follows, to the extent not already implemented. In the event that the Option is not exercised or is terminated prior to the expiration of the Option period, no later than twelve months following the five-year anniversary date of the Effective Date of the Agreement, the licensee will file facility design drawings with FERC (and as necessary with Maine DEP) based upon the current DOI fishway prescription. In said filing, the licensee will propose to FERC (consistent with what DOI will prescribe) to have the fishways fully operational within eighteen months of FERC approval of the design drawings. In the event that subsequent to the exercise of the Option the Designated Projects are not acquired, no later than twelve months following the completion of the dispute resolution process pursuant to Section XII of the Agreement and a final determination by a court or administrative agency that prevents acquisition of the Designated Projects, the licensee will file facility design drawings with FERC (and as necessary with Maine DEP) based upon the current DOI fishway prescription. In said filing, the licensee will propose to FERC (consistent with what DOI will prescribe) to have the fishways fully operational within eighteen months of FERC approval of the design drawings. Changes to the constructed fish passage facilities shall be governed by the provisions in Section II(c) of this Attachment.

DOI will consider deferral of installation of an upstream fishway for anadromous fish at the spillway of the Stillwater Project if studies financed and conducted by the licensee demonstrate that safe, timely, and effective fish passage of target species is occurring, as described below, with only the powerhouse fishway. (The licensee would continue to operate a separate upstream fishway for American eel at the Stillwater Project.) Before conducting the studies, the licensee will consult with, and receive approval by DOI, other resource agencies, and PIN on the methods and schedule for conducting the assessment of the need for a spillway fishway. The licensee subsequently will file its study plans with FERC for approval. If DOI, after consultation with other resource agencies and PIN, concludes based on the results of the studies that target upstream passage efficiencies can be achieved with a single fishway at the powerhouse, it will exercise its reserved authority, subject to its regulatory process, to allow the licensee to satisfy its upstream fish passage obligation with said single fishway.

Criteria for studies on the need for a spillway fishway at the Stillwater Project:

Study goals: Document upstream passage at the Stillwater Project using a single fishway installed at the powerhouse.

Target species: Atlantic salmon; American shad; river herring (alewife, blueback herring).

Study initiation and duration: Studies to be initiated within one year of the expiration or termination of the Option (i.e., the Designated Projects are not acquired). Studies will be carried out for three years for each species (overall duration will depend upon availability of species).

Target efficiency: 95% upstream passage efficiency (as measured by passage at Stillwater of marked fish of each target species, released at or above the Orono dam).

f. **Project:** Howland

1) **Upon the Effective Date of the Agreement:** The licensee will continue to operate the project without modifications in existing generating facilities or fish passage facilities, including full responsibility for their operation and maintenance.

2) **Upon Acquisition of Designated Projects by the Trust:** The license will be transferred to the Trust and the project decommissioned; either the spillway will remain and fish bypass system constructed and operated in accordance with Section XI of the Agreement, or the dam will be removed, in accordance with Section XI of the Agreement.

3) **If Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project, and will proceed with its relicensing application. This agreement does not restrict the Parties' actions in that proceeding.

g. **Project:** West Enfield

1) **Upon the Effective Date of the Agreement:** The licensee will file for a license amendment to authorize increasing the West Enfield headpond by 1 foot, subject to the provisions in the Agreement regarding the contingent mitigation fund. The licensee will provide for upstream passage of eels upon execution of the Agreement, by filing to amend its license to authorize installation of an eel fishway. Upon receiving approval to install the upstream fishway for eels, the licensee will assess the appropriate location for the siting of the new upstream eel fishway, and upon approval of its proposed location by the resource agencies and PIN, the licensee shall complete installation and initial testing, and have the fishway fully operational prior to the beginning of the third upstream eel *migration season (approximately May 1) following the Effective Date of the Agreement.*

2) **Upon Acquisition of Designated Projects by the Trust:** The licensee will continue to operate the project with modified headpond, and with existing and new fish passage (for eels).

3) **If Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project with modified headpond, and with existing and new fish passage (for eels).

4) **Current Fishway Prescription:** There was no formal fishway prescription provided by DOI as part of the West Enfield licensing proceeding; however, existing upstream and downstream fish passage facilities were installed and are being operated according to DOI criteria and specifications.

h. **Project:** Medway

1) **Upon the Effective Date of the Agreement:** The licensee will file for a license amendment to authorize increasing the Medway headpond by 1 foot, subject to the provisions in the Agreement regarding the contingent mitigation fund. The licensee will continue to operate the existing fish passage for eels.

2) **Upon Acquisition of Designated Projects by the Trust:** The licensee will continue to operate the project with modified headpond, and as soon after closing as it is reasonably able to do so, will install an additional 0.7 MW turbine, subject to the conditions in Section VI of the Agreement, and will continue to operate the existing fish passage for eels.

3) **If Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project with modified headpond, and with existing fish passage for eels.

i. **Project:** Ellsworth

1) **Upon the Effective Date of the Agreement:** The licensee will continue to operate the project without modifications in existing generating facilities or license conditions.

2) **Upon Acquisition of Designated Projects by the Trust:** As soon after closing as it is reasonably able to do so, the licensee will file for a license amendment to install a new 0.7 MW turbine at Graham Lake dam, subject to the conditions in Section VI of the Agreement. If not already in place, the licensee will file a license amendment application proposing to install downstream fish passage at Graham Lake dam, along with the new turbine, and will continue to operate existing upstream and downstream fish passage at Ellsworth dam pursuant to the Union River Comprehensive Fishery Management Plan in collaboration with Union River Stakeholder Group, which includes DOI and other agencies.

3) **If Designated Projects are not acquired in accordance with the Agreement:** The licensee will continue to operate the project with existing generating facilities and license conditions.

II. AGREEMENTS NOT SPECIFIC TO ONE PROJECT

a. Implementation of fish passage measures and fishery management activities

The licensee of each of the Projects subject to the Agreement will develop and submit for approval by DOI and any other governmental agency with approval authority all fishway design plans and installation schedules as described above in paragraphs that are specific to individual projects. The licensee will be fully responsible for operations and maintenance activities associated with fish passage facilities at its projects. The FWS, the Maine Departments of Inland Fisheries and Wildlife and Marine Resources and the Maine Atlantic Salmon Commission ("resource agencies") and PIN will be fully responsible for carrying out any routine fishery management activities, including but not limited to counting, sorting, trapping and trucking (except as provided specifically for the Orono project, as described above) that they deem appropriate. The licensee will provide the resource agencies and PIN with access to the projects and to the passage facilities for purposes of carrying out routine fishery management activities. The licensee will be responsible for conducting all fishway effectiveness studies in accordance with approved plans developed in consultation with the resource agencies and PIN.

Operations and maintenance activities associated with fish passage facilities include, but are not limited to the following: repair and replacement of baffles; operation and maintenance of gates and associated equipment (drive motors, gate stems and guides); maintenance in constant working order of all equipment providing for attraction and conveyance flows (gravity pipes, debris racks); and daily evaluations of all facility components to ensure proper operation. In addition, the licensee will develop a manual of standard operating procedures for each of the fishways at its projects, following consultation with the resource agencies and PIN. Each manual will describe in detail the operations and maintenance activities associated with fish passage facilities to be carried out each year, and will identify provisions for access to the projects by resource agencies and PIN. The licensee, the resource agencies and PIN agree to exchange and maintain current information on key personnel contacts in case of emergencies. The licensee will convene a meeting each year with the resource agencies and PIN to discuss fish passage operations, and to share information on fish restoration activities on the Penobscot River.

b. Flow reallocation

Allocation of flows between the main stem of the Penobscot River and its Stillwater Branch are established in a 1911 court decree, and in the current FERC license and 401 Water Quality Certification for the Milford Project. Under the court decree, the total Penobscot River flow above Milford (as measured at the Sunkhaze gage) is incrementally allocated between the main stem and Stillwater Branch. Currently, up to 30 percent of the total river flow may be routed into the Stillwater Branch, following a specific schedule (rule curve) in the court decree.

The current FERC license and Maine DEP 401 Water Quality Certification for the Milford Project require a release of 3,800 cfs or inflow, whichever is less, with the following distribution: 3,268 cfs in the main stem from the Milford powerhouse, and 532 cfs in the Stillwater, measured as 60 cfs from Gilman Falls dam, and 472 cfs from the west channel breachway at Gilman Falls. The distribution of flows between the main stem and Stillwater Branch required in the FERC license and DEP 401 is consistent with the allocation in the court decree.

If the energy enhancements at the Orono or Stillwater projects contemplated in Section VI of the CA are built by PPL or a third party, the Parties agree that PPL will reallocate the flows between the main stem Penobscot and Stillwater Branch, by modifying the current Milford license and taking any action necessary to modify the 1911 court decree, as follows: (based on total river flows as measured at the Sunkhaze gage):

- River flows greater than 5446 cfs: 60 % main stem; 40 % Stillwater Branch up to the limit of project operational control of flows (approximately 15,000 cfs), at which point flows will revert to the historic allocation (i.e., approximately 70% main stem, 30% Stillwater Branch).
- River flows between 5446 and 3800 cfs, May 1 – October 31: no change from existing court decree allocation.
- River flows between 5446 and 3800 cfs, November 1 – April 30: reallocate up to 40% total river flow into the Stillwater Branch, while complying with minimum flows in current FERC license and Maine DEP 401 Certification.
- River flows below 3800 cfs: comply with minimum flows in current FERC license and Maine DEP 401 Certification.

All changes in allocation between the main stem and Stillwater Branch will be made in accordance with ramping procedures agreed to by PPL, the resource agencies and PIN.

c. **Safe Harbor**

If the Designated Projects are not acquired by the Trust pursuant to the Agreement, the Restoration Interests will not request that FERC require the licensee to make any "major changes" in the fish passage facilities constructed by the licensee at Veazie, Milford, Orono, and Stillwater pursuant to the provisions contained in Sections I.a.3), I.c.3), I.d.3), and I.e.3) of this Attachment for a period of 10 years after installation and "certification" of the facilities. Certification will consist of affirmation by DOI that the licensee has designed and installed the facilities as prescribed, completed a year of testing and fine tuning, and that the facilities are ready for routine operations.

If the Designated Projects are acquired by the Trust, the Restoration Interests will not request that FERC require the licensee to make any "major changes" in the fish passage facilities constructed by the licensee at the Milford, Stillwater, and Orono Projects for a period of 10 years after installation and "certification" of the facilities. Certification will consist of affirmation by DOI that the licensee has designed and installed the facilities as prescribed, completed a year of testing and fine tuning, and that the facilities are ready for routine operations.

For purposes of this provision, "major changes" shall mean changes in facilities or operations requiring an expenditure by the licensee(s)of more than an aggregate of $50,000 in any one calendar year, for modifications at all the projects covered by the safe harbor. Routine operations and maintenance expenditures shall not be counted against this $50,000, which will be measured in 2004 dollars. Turbine shutdowns for downstream passage of eels will not be required, if at all, until after the expiration of the 10-yr. safe harbor.

MAY 20, 1997 DOI FISHWAY PRESCRIPTIONS FOR VEAZIE, MILFORD, ORONO, AND STILLWATER

Veazie

Upstream Fishways

Veazie Plant A

Prescription #1 - Modify the existing vertical slot fishway pools and baffles to enhance the passage of anadromous fish and minimize injury to American shad. Modifications shall include rounding of exposed edges of the baffle slots and adding aluminum baffle slot plates as designated by the U.S. Fish and Wildlife Service.

Prescription #2 - Add a new gated spillway entrance on the east side of the fishway and a downward opening gate at the existing fishway entrance.

Prescription #3 - Provide for up to 100 cfs of attraction flow at each of the Plant A fishway entrances (200 cfs total) as soon as possible.

Prescription #4 - Construct fish counting facilities at the upstream end of the Plant A fishway.

Prescription #5 - The Plant A fishway shall be operational at river flows up to 40,000 cfs as measured at the Eddington gaging station.

Prescription #6 - To provide for effective (safe, timely, convenient) upstream passage of juvenile American eels at the Veazie development, construct a separate eel fishway at the existing Plant A upstream fish passage facility, or other suitable location.

Veazie Plant B

Stage 1

Prescription #1 - Construct either a vertical slot fishway (with pools 10.5 feet W x 11 feet L x 9 inch drop per pool), or a fish lift (with 1,650 gallon ultimate hopper capacity) at the powerhouse, with a fish collection gallery, trapping and trucking facilities, and a fish counting station in the exit channel - if Plant C is not built according to the schedule in any license the Commission may issue for the Basin Mills Project.

Stage 2

Prescription #1 - If not already in existence, construct a fishway, either vertical slot or fish lift, at the Plant B powerhouse in accordance with U.S. Fish and Wildlife Service approved functional design plans prepared during Stage 1, if effectiveness studies of the fishway at Plant C provide evidence that a fishway at Plant B is needed.

Veazie Plant C

Prescription #1 - Construct an upstream fishway at the powerhouse of either the vertical slot (with pools 10.5 feet W x 11 feet L x 9 inch drop per pool) or fish lift (with 1,650 gallon ultimate hopper capacity) design, with a fish collection gallery, trapping and trucking facilities, and a fish counting station in the exit channel.

Prescription #2 - The powerhouse fish collection gallery is to have 3 or 4 gated entrances as determined by hydraulic model studies of the Plant C tailrace, which are to be designed and undertaken by the Licensee in consultation and cooperation with the U.S. Fish and Wildlife Service, other fishery agencies, PIN, and interested parties. The entrances shall discharge up to 280 cfs total attraction flow.

Prescription #3 - Plant C fish passage facilities shall be operational at river flows up to 40,000 cfs as measured at the Eddington gaging station.

Prescription #4 - Plant C shall be operated as the first plant on line and last off line during the upstream migration period at the Veazie development.

Prescription #5 - As soon as is possible after completion of the stage one fish passage facilities at Plant C, the licensee shall conduct (at its expense) an evaluation of the effectiveness of the Plant C fishway for passing fish upstream at the Veazie development. The evaluation shall be designed and conducted in consultation and cooperation with the U.S. Fish and Wildlife Service, other fishery agencies, PIN, and interested parties to assist the Department in determining any need to modify the existing fishways and/or to construct new upstream fishways at Plant B if none exist.

Downstream Fishways

Veazie Plant A

Prescription #1 - Install trashracks with a 1-inch clear opening at the Plant A powerhouse and operate the units to guide downstream migrants to the bypass at Plant B.

Veazie Plant B

Stage 1

Prescription #1 - Install trashracks with 1-inch clear opening, and provide both a gated surface and bottom bypass at the Plant B powerhouse. Provide a bypass flow of up to 200 cfs during the downstream migration period.

Stage 2

Prescription #1 - Install angled trashracks with 1-inch clear opening at the Plant B intake to guide downstream migrants to the bypass, if studies provide evidence that the existing trashracks are not effective for guiding fish to the bypass.

Veazie Plant C

Prescription #1 - Install either 1-inch trashracks, angled bar racks, or louvers at the Plant C powerhouse turbine intake and appropriate gated surface and bottom bypasses discharging up to 240 cfs during the downstream migration period. The type, location and size of the gated bypasses and fish screening facilities will be determined by hydraulic model studies of the powerhouse forebay. These studies are to be undertaken by the Licensee in consultation and cooperation with the U.S. Fish and Wildlife Service, other fishery agencies, PIN, and interested parties. If so indicated by the results of initial effectiveness studies at Veazie Plant C, evaluate restricted generation at night over a two-week period to enhance downstream passage of adult American eels.

Milford

Upstream Fishways

Prescription #1 - Modify the existing Denil fishway adjacent to the powerhouse at the Milford Project as described in BHE's filing, dated January 12, 1990 (Response to Commission's AIR, Items 10 through 13), with the following changes:

a) add a spillway entrance near the existing log sluice; and

b) install additional timber baffles in the upstream end of the fishway to facilitate operation at high headpond levels.

Prescription #2 - Install a new fishway on the west end of the spillway, adjacent to the shoreline. Fishway type is to be a conventional Denil (4 feet W x 1-on-8 slope), vertical slot fishway (pools 8 feet W x 10 feet L x 9 inch drop per pool), or a fish lift (with 800 gallon ultimate hopper capacity).

Prescription #3 - All upstream fishways at the Milford Project should be operational for river flows up to 40,000 cfs as measured at the USGS gaging station at Eddington.

Prescription #4 - Provide attraction flows for the upstream fishways as follows:

a) Existing powerhouse fishway:

Two powerhouse entrances = 210 cfs total
Spillway entrance = 100 cfs

b) New west side spillway fishway = 100 cfs.

Prescription #5 - Replace the existing and new Denil fishways at the Milford Project with larger capacity facilities, consisting of either a vertical slot fishway (pools 11 feet W x 11 feet L x 9 inch drop per pool), or a fish lift/elevator system (with 1700 gallon ultimate hopper capacity), when the annual numbers of fish using the Denil fishways exceed 20,000 American shad or 200,000 river herring (alewife and blueback herring), or a combination of the two, with one shad equivalent to ten river herring (e.g., 10,000 shad plus 100,000 river herring).

Prescription #6 - Construct a separate fishway at the existing upstream fish passage facility at the powerhouse, or other suitable location at the Milford Project, to enhance the upstream passage of American eels.

Prescription #7 - Fishway designs for the Milford Project shall include the following two additional effectiveness measures, which are necessary for carrying out fishway operation and maintenance activities, and monitoring and evaluating activity inside the fishway:

1) access walkways and railings along the entire length of the existing and future fishways for safety purposes;

2) a side mounted vertical fish counting window at the powerhouse and spillway fishways for enumerating fish runs.

<u>**Downstream Fishways**</u>

Prescription #1 - Provide a downstream fishway at the Milford Project as described in BHE's filing dated January 12, 1990, (Response to Commission AIR, Items 10-13), with the following changes:

a) Reduce the clear bar spacing at the outer trashrack from 4 inches to 1 inch over the upper 12 feet of rack. (If the Licensee elects to use 1 inch spacing on the inner trashrack, the bars on the outer trashrack can remain 4 inch clear opening. However, two additional entrance ports will be required along the inner rack.)

b) Install twin 4 feet-wide (8 feet total) weirs at the outer trashrack capable of passing up to 280 cfs. The location of the weirs is to be west of the edge of the new generating Unit #2. Attraction flow to the downstream fishway is to range up to 280 cfs.

c) Include a gated bottom intake to the downstream migrant facilities to provide for the downstream passage of American eels. If so indicated by the results of initial effectiveness studies at Milford, evaluate restricted generation at night over a two-week period to enhance downstream passage of adult American eels.

Prescription #2 - Design and install the downstream migrant conduit at the Milford powerhouse so that the discharge jet does not impact vertical walls.

Orono

Upstream Fishways

Prescription #1 - Construct either a vertical slot fishway (pools 8 feet W x 10 feet L x 9 inch drop per pool), Denil fishway (4 feet W x 1-on-8 slope), or a fish lift (with 600 gallon hopper capacity) at the Orono Dam.

Prescription #2 - Provide up to 50 cfs attraction flow at the fishway entrance.

Downstream Fishways

Prescription #1 - Install trashracks with 1-inch clear opening at the powerhouse turbine intake, and a gated surface and bottom bypass discharging up to 70 cfs during the downstream migration period. (This prescription would apply only if the Orono powerhouse is relicensed, and not decommissioned.)

A. Stillwater

Upstream Fishways

Powerhouse

Prescription #1 - Construct either a vertical slot fishway (pools 8 feet W x 10 feet L x 9 inch drop per pool), Denil fishway (4 feet W x 1-on-8 slope), or a fish lift (with 600 gallon hopper capacity) at the powerhouse.

Prescription #2 - Provide up to 50 cfs attraction flow at the fishway entrance.

Spillway

Prescription #1 - Construct either a vertical slot fishway (pools 8 feet W x 10 feet L x 9 inch drop per pool), a Denil fishway (4 ft. W x 1-on-8 slope), or a fish lift (with 600 gallon hopper capacity) at the spillway.

Prescription #2 - Provide up to 50 cfs attraction flow at the fishway entrance of the spillway.

Downstream Fishways

Prescription #1 - Install trashracks with a 1-inch clear opening at the powerhouse turbine intake and gated surface and bottom bypasses discharging up to 70 cfs during the downstream migration period.

* * *

ATTACHMENT B
TO LOWER PENOBSCOT RIVER CONCEPTUAL AGREEMENT

The Parties agree to the following provisions pertaining to the establishment and funding of a Contingent Mitigation Fund ("Mitigation Fund") to provide mitigation for habitat impacts of certain PPL Maine activities if Veazie and Great Works are not acquired and their dams removed by the Trust:

1. Purpose of the Contingent Mitigation Fund. The purpose of the Mitigation Fund is to provide for monetary compensation to mitigate for the impacts to habitat that may be caused by PPL Maine's implementation of provisions in Attachment A governing minimum bypass flows at Orono and Stillwater and the Headpond Increases at Medway, West Enfield and Stillwater ("Habitat Impacts") if Veazie and Great Works are not acquired or their dams are not removed by the Trust either because:

   A. The Trust either terminates or does not exercise the Option, or;

   B. Subsequent to exercise of the Option, the Trust does not acquire Veazie and Great Works or remove their dams.

For purposes of the Agreement, the Parties agree that the Habitat Impacts will occur.

2. Establishment. If the Trust either terminates or does not exercise the Option, or if, subsequent to exercise of the Option, the Trust does not acquire Veazie and Great Works or remove their dams, the Trust shall contemporaneously provide notice to the Restoration Interests and PPL Maine. Within 30 days of such notice, and following consultation with PPL Maine and the Conservation Interests, the Maine Agencies, FWS, BIA, NOAA Fisheries, and PIN shall by mutual agreement provide for the establishment of the Mitigation Fund and designation of a third party to manage it.

3. Valuation of Habitat Impacts; Annual financial obligation. Beginning on the date each minimum bypass flow change and Headpond Increase provided for in Attachment A occurs, and continuing for each calendar year thereafter during the term of the current FERC license for each respective project (including as may be extended through the issuance of annual licenses) ("current license"), the Payor shall incur a corresponding annual financial obligation to the Mitigation Fund in the following amounts (with such amounts to be pro rated for the first calendar year in which such an obligation arises after initiation of the bypass flow change or Headpond Increase to reflect payment for only the portion of the year the habitat impact existed): West Enfield headpond increase - $13,000; Stillwater headpond increase - $1,000; Medway headpond increase - $1,000; Orono minimum bypass flow - $1,000; Stillwater minimum bypass flow - $1,000 (hereinafter individually "annual financial obligation" and collectively "annual mitigation obligation"). The amount of each aforementioned annual financial obligation shall be adjusted annually in accordance with the Consumer Price Index ("CPI"), with said adjustment beginning in the calendar year following the Effective Date of the Agreement. The annual financial obligation for the calendar year in which the

current license for the respective project expires shall be pro rated to reflect the portion of the year during which the current license was in effect.

4. Schedule for Payment into the Mitigation Fund. No payment by the Payor of its annual mitigation obligation into the Mitigation Fund shall be due unless and until the Trust either terminates or does not exercise the Option, or if, subsequent to exercise of the Option, the Trust does not acquire Veazie and Great Works or remove their dams. Acquisition of Veazie and Great Works and removal of their dams by the Trust shall extinguish permanently all annual mitigation obligations of the Payor. If the Trust either terminates or does not exercise the Option, or if, subsequent to exercise of the Option, the Trust does not acquire Veazie and Great Works or remove their dams, the Payor shall have the following duties:

A. The Payor shall pay into the Mitigation Fund an amount of money equal to the sum of the annual mitigation obligations incurred by the Payor to date. The Payor shall pay one half of this sum into the Mitigation Fund within 30 days after the end of the calendar year in which the Trust either terminates or does not exercise the Option, or if, subsequent to exercise of the Option, the Trust does not acquire Veazie and Great Works or remove their dams. The Payor shall pay the other half of this sum into the Mitigation Fund within 30 days after the end of the following calendar year; and

B. The Payor shall pay into the Mitigation Fund the annual mitigation obligation incurred for each calendar year after the Trust either terminates or does not exercise the Option, or if, subsequent to exercise of the Option, the Trust does not acquire Veazie and Great Works or remove their dams, within 30 days after the end of the calendar year in which it is incurred.

For the purpose of paragraph 3. and this paragraph 4., the term "Payor" shall be deemed to be (1) PPL Maine if Veazie and Great Works are not acquired by the Trust or (2) the Trust, or its successor or assign, if Veazie and Great Works are acquired but their dams are not removed by the Trust.

5. Disposition of monies in Mitigation Fund. Monies in the Mitigation Fund shall be expended, as determined by mutual agreement of PIN, BIA, FWS, NOAA Fisheries and the Maine Agencies, for:

A. Replacing the fish and wildlife habitat lost or degraded by the Habitat Impacts;

B. Compensating for loss or degradation of fish and wildlife habitat due to the Habitat Impacts by means other than replacement; and

C. Supporting efforts directed at restoring to the Penobscot River fisheries and the habitat on which these fisheries rely.

EXHIBIT 1

LOWER PENOBSCOT RIVER OPTION AGREEMENT

Dated as of June 22, 2004

among

PPL MAINE, LLC

PPL GREAT WORKS, LLC,

and

PPL GENERATION, LLC,
and

PENOBSCOT RIVER RESTORATION TRUST

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LOWER PENOBSCOT RIVER OPTION AGREEMENT

This Option Agreement (this "Agreement") is made and entered into this 22nd day of June 2004, by and among PPL MAINE, LLC, a Delaware limited liability company ("PPL Maine"), PPL GREAT WORKS, LLC, a Delaware limited liability company ("PPL Great Works" and, together with PPL Maine, the "Grantors"), PPL GENERATION, LLC, a Delaware limited liability company, for the limited purposes set forth herein ("PPL Generation"), and PENOBSCOT RIVER RESTORATION TRUST, a Maine nonprofit corporation ("Grantee"). Each of PPL Maine, PPL Great Works, PPL Generation and the Grantee is individually referred to herein as a "Party" and together are referred to herein as the "Parties."

RECITALS

A. The Grantors are the owners of a number of dams and hydroelectric power projects in Maine in the Penobscot River Basin, including: the project commonly known as the Veazie facility located between the towns of Veazie and Eddington, Maine, as more particularly described in the FERC license for Project No. 2403 ("Veazie"); the project commonly known as the Great Works facility located in Old Town, Maine, as more particularly described in the FERC license for Project No. 2312 ("Great Works"); and the project commonly known as the Howland facility located in the town of Howland, Maine, as more particularly described in the FERC license for Project No. 2721 ("Howland") (collectively the "Designated Projects"); the project commonly known as the Milford facility located in the town of Milford, Maine, as more particularly described in the FERC license for Project No. 2534 ("Milford") and the project commonly known as the West Enfield facility located in the towns of Enfield and Howland, Maine, as more fully described in the FERC license for Project No. 2600 ("West Enfield"); and the project commonly known as the Stillwater facility located in Old Town, Maine, as more particularly described in the FERC license for Project No. 2712 ("Stillwater"), the project commonly known as the Medway facility located in the town of Medway, Maine, as more particularly described in the FERC license for Project No. 2666 ("Medway"), and the project commonly known as the Orono facility located in the town of Orono, Maine, as more particularly described in the FERC license for Project No. 2710 ("Orono").

B. Concurrent with the execution of this Agreement, the Grantors, PPL Generation and the Grantee are entering into the Lower Penobscot River Multiparty Settlement Agreement relating to the Designated Projects and other of Grantors' dams and hydroelectric power projects in the Penobscot River Basin (the "MPA"), along with the Penobscot Indian Nation ("PIN"), the United States Department of the Interior through its Fish and Wildlife Service, Bureau of Indian Affairs ("BIA"), and National Park Service (collectively "DOI"), the Maine State Planning Office, the Maine Atlantic Salmon Commission, the Maine Department of Inland Fisheries and Wildlife, and the Maine Department of Marine Resources (collectively the "Maine Agencies"), American Rivers, Inc., the Atlantic Salmon Federation, the Natural Resources Council of Maine, the Maine Audubon Society and Trout Unlimited.

C. PPL Maine, PIN and BIA have entered into a separate agreement regarding Milford and West Enfield relating to the impact of those projects on PIN lands, resources and other interests (the "PIN Agreement").

D. The Grantors, PPL Generation and the Grantee are entering into this Agreement as contemplated in the MPA.

E. On the terms and subject to the conditions set forth herein, (i) the Grantee wishes to have the option to purchase the Purchased Assets (as defined below) and assume the Assumed Liabilities (as defined below) from the Grantors and thereafter operate and then decommission and remove Veazie and Great Works and operate and then decommission and either remove or alter Howland, and (ii) the Grantors wish to sell the Purchased Assets and assign the Assumed Liabilities to the Grantee.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements hereinafter set forth, and intending to be legally bound hereby, the Grantors, PPL Generation and the Grantee agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms have the meanings specified in this Section 1.1:

(a) "AAA" has the meaning set forth in Section 6.7(b).

(b) "Additional MPA Parties" means all of the parties to the MPA except the Grantors, the Grantee and PPL Generation.

(c) "Affiliate" means any Person now or hereafter controlling, controlled by or under common control with, another Person.

(d) "Assignment and Assumption Agreement" means the Assignment and Assumption Agreement substantially in the form of Exhibit A hereto pursuant to which the Grantors shall assign certain intangible assets and other Purchased Assets to the Grantee as required by this Agreement and the Grantee shall assume the Assumed Liabilities.

(e) "Assumed Environmental Liabilities" means any Liability or responsibility under or related to Environmental Laws arising as a result of or in connection with (i) any violation or alleged violation of Environmental Laws, whether prior to, on or after the Closing Date, with respect to the ownership or operation of any of the Purchased Assets, including any liability assumed pursuant to Section 6.9(b) as a result of the Grantee's exercise of the Option; (ii) loss of life, injury to Persons or Purchased Assets or damage to natural resources (whether or not such loss, injury or damage arose or was made manifest before the Closing Date or arises or becomes manifest on or after the Closing Date) caused (or allegedly caused) by the presence or Release of Hazardous Substances at, on, in, under or migrating from the Purchased Assets prior to, on or after the Closing Date, including Hazardous Substances contained in building materials at the Purchased Assets or in the soil, surface water, sediments, groundwater, landfill cells, or in other environmental media at the Purchased Assets; and (iii) the investigation and/or Remediation (whether or not such investigation or Remediation commenced before the Closing Date or commences on or after the Closing Date) of Hazardous Substances that are present or have been Released prior to, on or after the Closing Date at, on, in, under or migrating from, the Purchased Assets or in the soil, surface water, sediments, groundwater, landfill cells or in other environmental media at the Purchased Assets; provided that the term "Assumed Environmental Liabilities" shall not include any Liabilities that are Excluded Environmental Liabilities.

(f) "Assumed Liabilities" has the meaning set forth in Section 3.3.

(g) "BHE" means Bangor Hydro-Electric Company, a Maine corporation.

(h) "BHE Separation Document" means the Separation Document, dated as of May 27, 1999, by and between BHE and Penobscot Hydro, LLC (predecessor to PPL Maine).

(i) "BIA" has the meaning set forth in the Recitals.

(j) "Bill of Sale" means the Bill of Sale, substantially in the form of Exhibit B hereto, to be delivered at the Closing, with respect to the tangible personal property included in the Purchased Assets to be transferred to the Grantee at the Closing.

(k) "BPHA" means Bangor Pacific Hydro Associates, a Maine general partnership.

(l) "Business Day" means any day other than Saturday or Sunday and any day which is a day on which banking institutions in the State of Maine are authorized or required by law or other governmental action to close.

(m) "CERCLA" means the Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended.

(n) "Closing" has the meaning set forth in Section 3.5.

(o) "Closing Date" has the meaning set forth in Section 3.5.

(p) "Code" means the Internal Revenue Code of 1986, as amended.

(q) "Commercially Reasonable Efforts" means efforts which are reasonably within the contemplation of the Parties at the time of executing this Agreement and which do not require the performing Party to expend any funds other than expenditures which are customary and reasonable in transactions of the kind and nature contemplated by this Agreement in order for the performing Party to satisfy its obligations hereunder.

(r) "Conceptual Agreement" means the Lower Penobscot River Conceptual Agreement and all Attachments thereto entered into by the MPA Parties (except for the Maine Audubon Society) in August 2003.

(s) "Conditions to Exercise" has the meaning set forth in Section 2.2.

(t) "Designated Projects" has the meaning set forth in the Recitals.

(u) "Direct Claim" has the meaning set forth in Section 8.2(c).

(v) "Dispute Notice Date" has the meaning set forth in Section 10.3(b).

(w) "DOI" has the meaning set forth in the Recitals.

(x) "Easements" means the reservations of easements in favor of BHE and Fort James which are of record and included in the deeds recorded on the Penobscot County Registry of Deeds at Book 7058, Page 193, Book 7058, Page 176 and Book 7302, Page 102, and the reservations of easements in favor of (i) BHE under the Interconnection Agreement and the BHE Separation Document, as such easements may be modified by agreement between BHE and Grantee on or before the Closing Date and (ii) Fort James under the Facilities Agreement, the Reciprocal Easement Agreement and the Fort James Separation Document, as such easements may be modified by agreement between Fort James and Grantee on or before the Closing Date.

(y) "Encumbrance" means any mortgage, pledge, lien, claim, security interest, agreement, easement, restriction, defect of title or encumbrance of any kind.

(z) "Environmental Condition" means the presence or Release into the environment of Hazardous Substances, including any migration of those Hazardous Substances through air, soil or groundwater regardless of when such presence or Release occurred or is discovered.

(aa) "Environmental Consultant" means an environmental consultant, engineer or other professional retained by or on behalf of the Grantee in connection with this Agreement and reasonably satisfactory to the Grantors.

(bb) "Environmental Insurance Policy" has the meaning set forth in Section 6.10.

(cc) "Environmental Investigation" means the activities that are collectively part of a scope of work plan by an Environmental Consultant to investigate or assess Environmental Conditions of the Purchased Assets, including any environmental assessment (including a Phase I environmental site assessment), investigation, inspection, sampling or testing including subsurface testing, including sediments in the river.

(dd) "Environmental Laws" means all federal, state or local laws (including common law), statutes, conventions, treaties, regulations, rules, ordinances, codes, decrees, judgments, injunctions, criteria, guidelines, Environmental Permits, directives, or judicial or administrative orders relating to pollution, the environment, natural resources, Hazardous Substances, noise or human health and safety, including, without limitation, the Clean Water Act, the Clean Air Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, and CERCLA, in each case as amended.

(ee) "Environmental Permits" has the meaning set forth in Section 4.7(a).

(ff) "Excess Remedial Amount" has the meaning set forth in Section 6.9(b)(i).

(gg) "Exercise Date" has the meaning set forth in Section 2.3(c).

(hh) "Exercise Notice" has the meaning set forth in Section 2.3(c).

(ii) "Exercise Period" has the meaning set forth in Section 2.3(a).

(jj) "Excluded Assets" has the meaning set forth in Section 3.2.

(kk) "Excluded Environmental Liabilities" means (i) any liability under or related to Environmental Laws which is retained by the Grantors pursuant to Section 6.9; (ii) any Liability under or related to Environmental Laws arising as a result of or in connection with loss of life, injury to Persons or Purchased Assets or damage to natural resources (whether or not such loss, injury or damage arose or was made manifest before the Closing Date or arises or becomes manifest on or after the Closing Date) caused (or allegedly caused) by the disposal, storage, transportation, discharge, Release, or recycling of Hazardous Substances by the Grantors, or the arrangement for such activities by the Grantors, at a location other than the Real Estate in connection with the ownership or operation of the Purchased Assets by the Grantors, provided that for purposes of this definition such location does not include any location to which Hazardous Substances disposed of or Released at the Real Estate have migrated; (iii) any Liability under or related to Environmental Laws arising as a result of or in connection with the investigation and/or Remediation (whether or not such investigation or Remediation commenced before the Closing Date or commences on or after the Closing Date) of Hazardous Substances that are disposed, stored, transported, discharged, Released, or recycled by the Grantors, or the arrangement of such activities by the Grantors, at a location other than the Real Estate, in connection with the ownership or operation of the Purchased Assets by the Grantors, provided that for purposes of this definition such location does not include any location to which Hazardous Substances disposed of or Released at the Real Estate have migrated; (iv) any Liability related to or arising out of criminal conduct by either of the Grantors; (v) any Liability related to or arising out of the fraud, gross negligence or intentional misconduct of either of the Grantors; and (vi) any civil or criminal penalties or fines related to or arising out of non-compliance or alleged non-compliance with the terms of any Environmental Permits by either of the Grantors.

(ll) "Excluded Liabilities" has the meaning set forth in Section 3.4.

(mm) "Facilities Agreement" means the Facilities Agreement, dated as of March 2, 2002, by and between Fort James and PPL Great Works, as amended or assigned after the date hereof with the Grantee's consent.

(nn) "FERC" means the Federal Energy Regulatory Commission, or any successor agency thereto.

(oo) "Final Order" means an order or approval after all opportunities for rehearing or appeal are exhausted and that has not been stayed, enjoined, appealed, set aside or suspended, with respect to which any required waiting or appeal period has expired or has been waived, and as to which all conditions to effectiveness prescribed therein or otherwise by law have been satisfied.

(pp) "FIRPTA Affidavit" means the Foreign Investment in Real Estate Tax Act Certification and Affidavit, substantially in the form of Exhibit C hereto.

(qq) "Fort James" means Fort James Operating Company, a Virginia corporation.

(rr) "Fort James Separation Document" means the Separation Document, dated as of February 28, 2002, by and between Fort James and PP&L Great Works, LLC (predecessor to PPL Great Works).

(ss) "FPA" means the Federal Power Act, 16 USCA §791 a, et seq., as amended to date.

(tt) "Grantee" has the meaning set forth in the first paragraph of this Agreement.

(uu) "Grantee's Environmental Information" has the meaning set forth in Section 6.2(c).

(vv) "Grantor Agreements" has the meaning set forth in Section 3.1(e).

(ww) "Grantors" has the meaning set forth in the first paragraph of this Agreement.

(xx) "Great Works" has the meaning set forth in the Recitals.

(yy) "Hazardous Substances" means (a) any petroleum, petrochemical or petroleum products, oil or coal ash, explosives, radioactive materials, radon gas, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, dioxins, furans or lead; or (b) any chemicals, materials or substances, products, derivatives, compounds, mixtures, wastes, solids, liquids or gases, in each case whether naturally occurring, human-made or the by-product of any process (i) that is now or hereafter becomes, defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "hazardous chemicals," "restricted hazardous materials," "extremely hazardous substances," "toxic chemicals," "toxic substances," "extremely hazardous substances," "contaminants" or "pollutants" or words of similar meaning under any Environmental Law; or (c) exposure to which or the presence, use, generation, treatment, Release, transport or storage of which is now or hereafter is prohibited, limited or regulated by any applicable Environmental Law.

(zz) "Howland" has the meaning set forth in the Recitals.

(aaa) "Indemnifiable Loss" has the meaning set forth in Section 8.1(a).

(bbb) "Indemnifying Party" has the meaning set forth in Section 8.2(a).

(ccc) "Indemnitee" has the meaning set forth in Section 8.2(a).

(ddd) "Independent Expert" has the meaning set forth in Section 6.7(b).

(eee) "Interconnection Agreement" means the Interconnection Agreement, dated as of May 27, 1999, by and between BHE and PPL Maine.

(fff) "Liability" means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential, and whether due or to become due).

(ggg) "Maine Agencies" has the meaning set forth in the Recitals.

(hhh) "Maine Courts" has the meaning set forth in Section 10.3(c).

(iii) "Material Adverse Effect" means any change or changes in, or effect on, the operation, maintenance or condition (financial or otherwise) of the Purchased Assets, or the business of any of the Grantors or PPL Generation (insofar as it relates to the Purchased Assets) after the date of this Agreement, in each case that individually is, or in the aggregate are, materially adverse to the Post-Closing Plan, other than any such matter that (i) results from changes in general economic or market conditions or changes in law that apply generally to similarly situated Persons, (ii) is cured (including by the payment of money) by the Grantors or PPL Generation to the reasonable satisfaction of the Grantee, (iii) is permitted pursuant to clauses (a) and (b) of Section 6.1 or (iv) is a requirement or condition imposed (other than pursuant to the request of a Grantor) by a governmental authority, including FERC. This term is not intended to bear any relationship to the term "materially prejudice" as used in the MPA.

(jjj) "MDEP" means the Maine Department of Environmental Protection.

(kkk) "Medway" has the meaning set forth in the Recitals.

(lll) "Milford" has the meaning set forth in the Recitals.

(mmm) "MPA" has the meaning set forth in the Recitals.

(nnn) "Notice of Intention to Exercise" has the meaning set forth in Section 2.3(a).

(ooo) "Option" has the meaning set forth in Section 2.1.

(ppp) "Orono" has the meaning set forth in the Recitals.

(qqq) "Party" and "Parties" have the meanings set forth in the first paragraph of this Agreement.

(rrr) "Permitted Encumbrances" means:

(i) those Encumbrances and exceptions to title to the Purchased Assets set forth in Schedule 4.6(c), (Schedule 4.6(c) being in part a list of all changes to title to real property of any of the Purchased Assets that have occurred since the relevant Grantor took title to such Purchased Assets), contained in the applicable FERC project license (with respect to the period prior to the effective date of the transfer of such license to the Grantee) and the Easements, provided that, to the knowledge of the Grantors and PPL Generation, such Encumbrances, exceptions and Easements do not render title to those Purchased Assets to which the Grantors acquired a fee simple interest unmarketable or prevent adequate access to the Purchased Assets to which they relate or create a Material Adverse Effect;

(ii) all encroachments, exceptions, restrictions, easements, charges, licenses, leases, rights of way and Encumbrances with respect to the Purchased Assets which existed as of the time the relevant Grantor took title to such Purchased Assets or are contained in the applicable FERC project license (with respect to the period prior to the effective date of the transfer of such license to the Grantee) except for such Encumbrances which secure indebtedness, provided that to the knowledge of the Grantors and PPL Generation, no such items render title to those Purchased Assets to which the Grantors acquired a fee simple interest unmarketable or prevent adequate access to the Purchased Assets to which they relate or create a Material Adverse Effect;

(iii) mechanics', carriers', workers', repairers' and other similar liens arising or incurred in the ordinary course of business securing obligations that (A) are not overdue for a period of more than 30 days or (B) are being contested in good faith in appropriate proceedings, provided, that at or prior to the Closing Date, the Grantors shall either (x) satisfy such liens, (y) cause such liens to be omitted from the exceptions to the Title Policy being obtained by the Grantee by bonding, escrow or otherwise (if the Grantee obtains the Title Policy) or (z) cause the Title Insurance Company to insure the Grantee that such liens will not be collected out of or enforced against the Purchased Assets (if the Grantee obtains the Title Policy);

(iv) with respect to the period prior to the Closing Date only, Encumbrances incurred in connection with the Grantors' purchase of properties or assets constituting the Purchased Assets in the ordinary course of business securing all or a portion of the purchase price therefor, provided that such Encumbrance must be discharged or released at the Closing with no additional act by or payment from the Grantee;

(v) statutory liens for current taxes or assessments not yet delinquent or the validity of which is being contested in good faith by appropriate proceedings, provided that, at or prior to the Closing Date, the Grantor shall either (x) satisfy such liens, (y) cause such liens to be omitted from the exceptions to the Title Policy being obtained by the Grantee by bonding, escrow or otherwise (if the Grantee obtains the Title Policy) or (z) cause the Title Insurance Company to insure the Grantee that such liens will not be collected out of or enforced against the Purchased Assets (if the Grantee obtains the Title Policy);

(vi) zoning and other land or water use or Environmental Laws or regulations administered by governmental authorities; and

(vii) other liens, imperfections in or failures of title, charges, easements, restrictions and Encumbrances, whether or not of record, which, individually or in the aggregate, are immaterial.

(sss) "Person" means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization or governmental entity or any department or agency thereof.

(ttt) "PIN" has the meaning set forth in the Recitals.

(uuu) "PIN Agreement" has the meaning set forth in the Recitals.

(vvv) "Post-Closing Plan" means the plan of the Grantee (i) to operate Veazie, Great Works and Howland after the Closing, until they have been decommissioned and removed or altered, as the case may be, (ii) to decommission and remove Veazie and Great Works and (iii) to decommission and either remove or alter Howland, as contemplated under the MPA.

(www) "PPL Generation" has the meaning set forth in the first paragraph of this Agreement.

(xxx) "PPL Great Works" has the meaning set forth in the first paragraph of this Agreement.

(yyy) "PPL Maine" has the meaning set forth in the first paragraph of this Agreement.

(zzz) "Proprietary Information" of a Party means all information about the Party or its properties or operations furnished to the other Party or its agents by the Party or its agents, after the date hereof, regardless of the manner or medium in which it is furnished. Proprietary Information does not include information that: (i) is or becomes generally available to the public, other than as a result of a wrongful disclosure by the other Party or its agents; (ii) was available to the other Party on a non-confidential basis prior to its disclosure by the Party or its agents; (iii) becomes available to the other Party on a non-confidential basis from a Person, other than the Party or its agents, who, to the other Party's knowledge, is not otherwise bound by a confidentiality agreement with the Party or its agents, or is not otherwise under any obligation to the Party or its agents not to transmit the information to the other Party or its agents; or (iv) is independently developed by the other Party.

(aaaa) "Prudent Utility Practices" means the utility practices followed from time to time by the electric utility industry in the United States, having regard to engineering, safety, reliability and operational considerations, including manufacturer's recommendations.

(bbbb) "Purchase Price" has the meaning set forth in Section 3.6(a).

(cccc) "Purchased Assets" has the meaning set forth in Section 3.1.

(dddd) "Quitclaim Deeds" has the meaning set forth in Section 3.8(a)(iv).

(eeee) "Real Estate" has the meaning set forth in Section 3.1(a).

(ffff) "Reciprocal Easement Agreement" means the Reciprocal Easement Agreement, dated as of February 28, 2000, by and between Fort James and PPL Great Works, and recorded in the Penobscot County Registry of Deeds March 2, 2000.

(gggg) "Regulatory Approvals" means all licenses, permits, certifications, or other regulatory approvals by FERC, MDEP, DOI, and any other governmental or regulatory bodies pursuant to requests made by Grantors, Grantee and any Additional MPA Parties under the MPA.

(hhhh) "Release" means any actual or threatened release, deposit, disposal or leakage of any Hazardous Substances at, into, upon or under any land, water or air or otherwise into the environment, or into the indoor air, including by means of burial, spillage, leakage, discharge, disposal of, pumping, pouring, emitting, emptying, injecting, leaching, dumping, escaping, seepage, migrating, placement and the like.

(iiii) "Remedial Response Plan" has the meaning set forth in Section 6.9(b).

(jjjj) "Remediation" means action of any kind to address a Release or the presence of Hazardous Substances at any location including any or all of the following activities to the extent they relate to or arise from the presence of a Hazardous Substance at such location: (a) monitoring, investigation, assessment, treatment, cleanup, containment, removal, mitigation, response or restoration work; (b) obtaining any permits, consents, approvals or authorizations of any governmental authority necessary to conduct any such activity; (c) preparing and implementing any plans or studies for any such activity; (d) obtaining a written notice from a governmental authority with jurisdiction over the Real Estate under Environmental Laws that no material additional work is required by such governmental authority; (e) the use, implementation, application, installation, operation or maintenance of removal actions on the Real Estate, remedial technologies applied to the surface or subsurface soils, excavation and off-site treatment or disposal of soils, systems for long-term treatment of surface water or ground water, engineering controls or institutional controls; and (f) any other activities reasonably determined to be necessary or appropriate or required under Environmental Laws to address the presence or Release of Hazardous Substances.

(kkkk) "Required Permits" has the meaning set forth in Section 4.9.

(llll) "Stillwater" has the meaning set forth in the Recitals.

(mmmm) "Tax" means all taxes, charges, fees, penalties or other assessments imposed by any federal, state or local taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions attributable thereto.

(nnnn) "Tax Return" means any return, report, information return or other document (including any related or supporting information) required to be supplied to any authority with respect to Taxes.

(oooo) "Third Party Claim" has the meaning set forth in Section 8.2(a).

(pppp) "Title Commitment" means the title policy commitments issued by the Title Insurance Company at the request of the Grantee after the date hereof with respect to the Real Estate.

(qqqq) "Title Insurance Company" means Lawyers' Title Insurance Corporation or First American Title Insurance Corporation or another reputable title insurance company selected by the Grantee.

(rrrr) "Title Policy" means the title policy or policies, if any, issued to the Grantee at the Closing by the Title Insurance Company with respect to the Real Estate.

(ssss) "Transferable Permits" means those Required Permits and Environmental Permits (and any application pertaining thereto) which are lawfully transferable by Grantors to Grantee (with or without a filing with, notice to, consent or approval of any governmental authority) and are set forth in Schedule 3.1(f).

(tttt) "Turbine Unit Agreement" has the meaning set forth in Section 3.8(a)(xii).

(uuuu) "Update Certificate" has the meaning set forth in Section 2.3(b).

(vvvv) "Veazie" has the meaning set forth in the Recitals.

(wwww) "West Enfield" has the meaning set forth in the Recitals.

ARTICLE II
THE OPTION

2.1 Grant of Option. Upon the terms and subject to the conditions of this Agreement, the Grantors hereby grant to the Grantee the exclusive right and option (the "Option") to purchase the Purchased Assets and assume the Assumed Liabilities on the Closing Date.

2.2 Conditions to Exercise. The Grantee's ability to exercise the Option is subject to the satisfaction of each of the following conditions, some of which may be waived or modified by the Parties and the Additional MPA Parties pursuant to Section XII(a) of the MPA (such conditions, as so waived or modified, the "Conditions to Exercise"):

(a) as contemplated by and more fully set forth in Sections IV(a), (b), (c), (d) and (e) of the MPA, the issuance of Final Orders by FERC:

(i) suspending the FERC relicensing proceedings, including its NEPA analyses, for Howland and Great Works until the earliest of the exercise, termination or expiration of the Option;

(ii) extending, until the earliest of the Closing or the termination or expiration of the Option, for appropriate periods of time to permit the MPA Parties to comply with the provisions of Sections V, VI and VII of the MPA, the requirements that PPL Maine: (A) initiate and complete the installation of an additional turbine/generating unit at Milford, including the requirement that PPL Maine file progress reports regarding the installation of the additional generating unit; and (B) submit a final recreation plan for Veazie;

(iii) approving DOI's request for inclusion of modified fishway prescriptions consistent with the pertinent provisions of Attachment A to the MPA as articles in the licenses of Veazie, Milford, Orono and Stillwater;

(iv) granting the request of PPL Maine and BPHA, as applicable (A) to amend the appropriate articles of the licenses for Milford, Stillwater and West Enfield to incorporate the pertinent fish passage and minimum flow requirements as provided for in Attachment A to the MPA, (B) to amend the licenses for Milford and West Enfield to implement the relevant provisions of the PIN Agreement, (C) to delete Article 410 from the Milford license and to modify the time deadlines specified in Articles 301 and 305 thereof to "as ordered by the Commission" and (D) to amend Article 411 of the Milford license and Article 409 of the Stillwater license by adding at the end of each such article the following: "consistent with the Lower Penobscot River Multiparty Settlement Agreement dated June 2004";

(v) granting the request of PPL Maine and BPHA, as applicable (A) to amend the licenses for West Enfield, Stillwater and Medway to increase the authorized maximum elevation of the project reservoir by one foot, (B) to issue a new 40-year license for Orono at its current authorized installed capacity of 2,332 kW (1) incorporating the pertinent fish passage and minimum flow requirements provided for in Attachment A to the MPA and (2) limiting any article thereof reserving FERC's authority to require the licensee to construct, operate and maintain such fishways as may be prescribed by the Secretary of the Interior or the Secretary of Commerce under Section 18 of the FPA to fishways "that are consistent with the Lower Penobscot River Multiparty Settlement Agreement dated June 2004" and (C) to add or include in the West Enfield, Stillwater, Medway and Orono licenses an article requiring the licensee to comply with the provisions of the Contingent Mitigation Fund contained in Attachment B to the MPA;

(vi) modifying the time deadlines specified in Articles 306 and 406 of the Veazie license to "as ordered by the Commission" and amending Article 410 of the Veazie license by adding at the end thereof before the period the following: "consistent with the Lower Penobscot River Multiparty Settlement Agreement dated June 2004"; and

(b) the issuance of Final Orders granting any regulatory applications required to be filed with MDEP and any other governmental authorities pursuant to Section IV(f) of the MPA.

2.3 Option Exercise Procedures.

(a) The Grantee may exercise the Option only during the period commencing on the date of the satisfaction of the Conditions to Exercise and ending on June 22, 2009 (the "Exercise Period"). To exercise the Option, on or before the end of the Exercise Period the Grantee must first give to the Grantors (i) written notice of its intent to exercise in accordance with the terms of this Section 2.3 (the "Notice of Intention to Exercise") and (ii) a written summary of the factors that cause the Grantee's board of directors to be reasonably satisfied that the Grantee has or will have sufficient financial resources to acquire, decommission and remove or alter the Designated Projects in accordance with the MPA.

(b) Within 120 days after the Notice of Intention to Exercise is given, the Grantors shall prepare and deliver to the Grantee a certificate (the "Update Certificate"), certified by an officer of each of the Grantors (and PPL Generation, to the extent set forth in Article IV), supplementing or amending the Grantors' and PPL Generation's representations and warranties and related schedules with respect to any matter relating to the subject matter thereof arising after the date of this Agreement through the date of the Update Certificate which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in the schedules by such Grantor or PPL Generation, as the case may be. Except as expressly provided in Section 2.3(c), no such supplement or amendment shall be deemed to cure any breach of, or expand or limit the scope of, or otherwise modify or affect any representation or warranty made in this Agreement.

(c) If the Update Certificate reflects any development that has had a Material Adverse Effect, the Grantee shall have 30 days from delivery of the Update Certificate to elect by written notice given to the Grantors either (i) to terminate this Agreement or (ii) to exercise the Option (the "Exercise Notice"), thereby triggering the Grantors' obligations under Section 2.3(d). If the Update Certificate does not reflect any Material Adverse Effect, the Option shall be deemed to have been exercised. If the Grantee elects to exercise the Option, or if the Option is deemed to have been exercised, the Update Certificate will not be deemed to have (1) amended and qualified the Grantors' representations and warranties contained in Article IV and the related schedules or (2) cured any misrepresentation or breach of warranty that otherwise might have existed hereunder if not for the changes reflected in the Update Certificate, except in each case to the extent, and only to the extent, that such changes resulted from the Grantors' operation of the Designated Projects in a manner consistent with Section 6.1. If the Grantee elects to terminate the Option, the provisions of Section 9.1(b)(v) and 9.2 shall apply. The date as of which the Notice of Intent to Exercise is deemed to have been given, as determined in accordance with Section 10.9, is hereinafter referred to as the "Exercise Date."

(d) Subject to Sections 6.7(b) and 6.9(b), and provided the Option has been exercised or deemed to have been exercised, during the period between the Exercise Date and the Closing Date the Grantors shall cure any misrepresentation or breach of warranty reflected in the Update Certificate or otherwise identified by the Grantee prior to the Closing. If any such cure has not been completed to the reasonable satisfaction of the Grantee prior to the Closing Date, the Grantors shall make arrangements mutually satisfactory to the Grantors and the Grantee for the completion of such cure.

(e) If the Option is properly exercised, the Grantors and the Grantee shall consummate the purchase and sale of the Purchased Assets, and the assumption of the Assumed Liabilities, in accordance with this Agreement. Notwithstanding anything herein to the contrary, if the Exercise Date does not occur before the expiration of the Exercise Period, the Option shall terminate and no longer be exercisable.

ARTICLE III
PURCHASE AND SALE OF PURCHASED ASSETS

3.1 Purchase and Sale of Purchased Assets. Upon the terms and subject to the conditions of this Agreement, and provided that the Option has been properly exercised in accordance with Section 2.3, on the Closing Date, the Grantors shall sell, transfer, assign, convey and deliver to the Grantee and the Grantee shall purchase from the Grantors, free and clear of all Encumbrances (except for Permitted Encumbrances, as such term is defined with respect to any date after the Closing Date), all of the Grantors' right, title and interest in and to the real property described in clause (a) below and the personal property, tangible or intangible, constituting or used or held for use in connection with, or necessary for the ownership, operation or maintenance of, the Designated Projects, including the following assets but excluding the Excluded Assets (collectively, the "Purchased Assets"):

(a) with respect to each of the Designated Projects, the real property (including all buildings, structures, fixtures and other improvements thereon) in which the Grantors acquired a fee simple interest and the real property in which the Grantors acquired an interest other than in fee simple contained within the boundary description set forth or referred to in the applicable FERC license, and easements and rights of way of record relating to the Designated Projects in favor of the Grantors (the "Real Estate");

(b) all inventories of supplies, materials and spares (a partial listing or which, as of the date of this Agreement, is included in Schedule 3.1(b)) located at, held for use principally in connection with or in transit to any of the Designated Projects on the Closing Date;

(c) the machinery, equipment and other personal property located at or held for use principally in connection with the ownership or operation of the Designated Projects on the Closing Date, including the items of personal property identified in Schedule 3.1(c) as of the date of this Agreement;

(d) the vehicles, boats, trailers, trash raking equipment and other rolling stock utilized or held for use by the Grantors principally in connection with any of the Designated Projects on the Closing Date, including the items set forth in Schedule 3.1(d) as of the date of this Agreement;

(e) the contracts, agreements and personal property leases listed on Schedule 3.1(e) that are assignable, as indicated on such schedule (the "Grantor Agreements");

(f) the Transferable Permits listed on Schedule 3.1(f), together with their supporting documents, including applications, exhibits and drawings;

(g) except for prepaid expenses and deposits of the Grantors attributable to contracts constituting Excluded Assets, all prepaid expenses, progress payments and deposits of or by the Grantors, rights to receive a prepaid expense, deposit or progress payment, and cash in transit that constitutes a prepaid expense, progress payment or deposit, relating to the ownership, operation or maintenance of any of the Designated Projects, including the items listed on Schedule 3.1(g);

(h) all books, operating and maintenance records, operating, safety and maintenance manuals, engineering or design plans, drawings, blueprints and as-built plans, specifications, procedures and similar items of the Grantors relating specifically to any of the Designated Projects or any of the Purchased Assets, other than books of account, provided that the Grantors may retain copies of any such documents not constituting indicia of title;

(i) all trade secrets, patents and patentable inventions owned by the Grantors to the extent necessary for the ownership, operation or maintenance of any of the Designated Projects;

(j) all rights, privileges, claims (other than claims under the Environmental Insurance Policy), causes of action and options (other than the Turbine Unit Agreement) related to the assets described above;

(k) all water rights including rights to flood and flow, however created or evidenced, associated with any of the Designated Projects;

(l) any warranties and indemnities given by third parties with respect to any of the assets described above, or in connection with the ownership, operation or maintenance of any of the Designated Projects, or in connection with any Assumed Liabilities, in each case to the extent transferable (without any Grantor being required to pay any consideration for any required consent or to accept any conditions, requirements, amendments or limitations which such Grantor determines in its sole discretion to be unacceptable); and

(m) all of either Grantor's claims or rights against third parties to the extent relating to Assumed Liabilities (other than under the Environmental Insurance Policy).

3.2 Excluded Assets. Notwithstanding any provisions herein to the contrary, the Purchased Assets shall not include the following assets of the Grantors (hereinafter referred to as the "Excluded Assets"):

(a) all cash, cash equivalents, bank deposits, accounts receivable, notes receivable, checkbooks and canceled checks and any income, sales, payroll or other Tax receivables;

(b) certificates of deposit, shares of stock, securities, bonds, debentures, evidences of indebtedness, and interests in joint ventures, partnerships, limited liability companies and other entities;

(c) any trade names, trademarks, service marks or logos incorporating or associated with any names of the Grantors; provided that the Grantee shall be authorized to continue to use for internal purposes only and not for public use, materials bearing such names, trademarks or logos used by the Grantors prior to the Closing Date until such materials are reprinted or otherwise replaced;

(d) all contracts between any Grantor and customers that concern the purchasing of electric capacity and energy from such Grantor and all contracts of any nature of any Grantor which do not expressly constitute Purchased Assets;

(e) any refund or credit (i) related to the real property or personal property, excise, sales or use Taxes paid by the Grantors prior to the Closing Date in respect of the Purchased Assets, or paid by the Grantors after the Closing Date but relating to periods prior to the Closing Date, whether such refund is received as a payment or as a credit against future real or personal property, excise, sales or use Taxes payable, or (ii) arising under any Grantor Agreement and relating to a period before the Closing Date;

(f) all employees of the Grantors, and any and all records, contracts, accounts, documents or other information or data relating to employees of the Grantors;

(g) any amounts payable or which become payable pursuant to claims asserted by the Grantors with respect to periods prior to the Closing Date relating to the Purchased Assets except to the extent related to Assumed Liabilities (such exception shall not include any amounts payable pursuant to the Environmental Insurance Policy);

(h) all documents relating to the organization, maintenance and existence of the Grantors as limited liability companies;

(i) all contracts of insurance and all insurance policies and the assets thereof; and

(j) the other items set forth on Schedule 3.2(j).

3.3 Assumed Liabilities. Upon the terms and subject to the conditions of this Agreement, and provided that the Option has been properly exercised in accordance with Section 2.3, on the Closing Date, the Grantors and the Grantee shall enter into the Assignment and Assumption Agreement, pursuant to which, among other things, the Grantee shall assume and agree to discharge, when due, all of the Liabilities of the Grantors which arise and are attributable to the period after the Closing Date and related solely to the Purchased Assets or which arose or relate to the period on or prior to the Closing Date and are specifically referred to in this Section 3.3, in accordance with the respective terms and subject to the respective conditions thereof, but in no event shall such Liabilities include the Excluded Liabilities (collectively, the "Assumed Liabilities"). Without limitation of the foregoing, the following Liabilities shall be included in the Assumed Liabilities:

(a) all Liabilities of the Grantors, to the extent and only to the extent arising and attributable to the period after the Closing Date, under (i) the Grantor Agreements in accordance with the terms thereof, (ii) the Transferable Permits that are transferred to the Grantee and (iii) the contracts, leases and other agreements entered into by the Grantors with respect to the Purchased Assets after the date hereof in the ordinary course of business and consistent with the terms of this Agreement (including agreements with respect to Liabilities for real or personal property Taxes on any of the Purchased Assets entered into by any Grantor and any local government); provided that (A) Assumed Liabilities shall not include Liabilities to the extent such Liabilities, but for a breach or default by either of the Grantors, would have been paid, performed or otherwise discharged specifically by their terms or the terms hereof on or prior to the Closing Date or to the extent the same arise out of any such breach or default and (B) without the Grantee's written consent, the Grantee shall not assume any such obligation under clause (iii) hereof that (1) constitutes an obligation to sell electric power or capacity or other electric products, (2) consists of debt in any form (including lease financing), (3) includes any indemnity liability, (4) extends for more than six months after the Closing Date or (5) together with all such obligations, requires the payment of more than $5,000 in the aggregate;

(b) all Liabilities in respect of Taxes for which the Grantee is liable pursuant to Sections 3.12, 3.13 and 6.3;

(c) any Liabilities associated with the Purchased Assets for which the Grantee has indemnified the Grantors pursuant to Section 8.1;

(d) the Assumed Environmental Liabilities; and

(e) with respect to the Purchased Assets, (i) any Tax that may be imposed by any state or local government on the ownership, sale, operation or use of the Purchased Assets with respect to the periods after the Closing Date, including real or personal property Taxes, (ii) any software license transfer, reissuance or similar costs relating to any of the Purchased Assets which shall not, in the aggregate, exceed $5,000 and (iii) Permitted Encumbrances, but only to the extent that they are expressly permitted by definition to survive the Closing Date.

3.4 Excluded Liabilities. Except as expressly stated in this Agreement to the contrary, the Grantee shall not assume and shall not be responsible for, and the Grantors shall be and remain liable for, the payment, performance or discharge of any Liability of the Grantors whatsoever other than the Assumed Liabilities. Without limiting the foregoing, (a) the Grantee shall not assume any Liabilities of (i) PPL Generation, (ii) the Grantors relating to their employees or (iii) the Grantors relating to the provision of electric capacity or energy or other electric products and (b) the Grantee shall not assume any obligation, pursuant to Section 10(f) of the FPA, to make reimbursements for headwater benefits provided to the Designated Projects, including all applicable costs incurred by the United States in making a headwater benefits determination as to the Designated Projects, for the period of time prior to the Closing Date. All such Liabilities not being assumed by the Grantee pursuant to Section 3.3, including the Excluded Environmental Liabilities, are herein called the "Excluded Liabilities."

3.5 Closing Date. The purchase and sale of the Purchased Assets provided for in Section 3.1 (the "Closing") shall be consummated at 10:00 a.m., local time, on a date agreed upon by the Grantors and the Grantee, occurring within 60 days after the conditions set forth in Article VII of this Agreement are satisfied or, if permissible, waived or such other date, as may be agreed upon by the Grantors and the Grantee, at the offices of Verrill & Dana, LLP, One Portland Square, Portland, Maine, or at such other place or at such other time as shall be agreed upon by the Grantors and the Grantee (such date and time being hereinafter called the "Closing Date").

3.6 Purchase Price.

(a) As adjusted in accordance with Sections 3.6(b) and 3.12, the purchase price for the Purchased Assets (the "Purchase Price") shall be:

(i) if the Exercise Date is on or before June 22, 2007, Twenty-Four Million Dollars ($24,000,000);

(ii) if the Exercise Date is after June 22, 2007 but on or before June 22, 2008, Twenty-Five Million Dollars ($25,000,000); or

(iii) if the Exercise Date is after June 22, 2008 but on or before June 22, 2009, Twenty-Six Million Dollars ($26,000,000).

(b) If the Closing Date occurs more than one year after the Exercise Date, the Purchase Price will be increased by three percent (3%) per year, accrued and compounded daily, beginning on the day following such one-year period and continuing until the Closing Date; provided that such interest shall not accrue to the extent that the delay in Closing is attributable solely to the Grantors.

3.7 Payment of the Purchase Price. Subject to adjustment as provided in Section 3.12 and any withholding in accordance with Section 3.13, the Purchase Price shall be paid on the Closing Date by bank wire transfer of immediately available funds to such bank account or accounts in the United States designated by the Grantors for such purpose no less than two Business Days before the Closing Date.

3.8 Closing Date Deliveries.

(a) On the Closing Date, the Grantors shall execute and deliver or cause to be delivered to the Grantee:

(i) the Bill of Sale, duly executed by the Grantors, for the transfer of good and valid title to the personal property included in the Purchased Assets, free and clear of all Encumbrances other than the Permitted Encumbrances (as such term is defined with respect to the period after the Closing Date);

(ii) the Assignment and Assumption Agreement, duly executed by the Grantors;

(iii) copies of any and all governmental and other third party consents, waivers or approvals obtained by the Grantors with respect to the transfer of the Purchased Assets, or the transactions contemplated by this Agreement, to the extent explicitly required hereunder;

(iv) quitclaim with covenant deeds of conveyance of the Real Estate, subject to Permitted Encumbrances, the forms of which are attached hereto as Exhibit D (the "Quitclaim Deeds"), duly executed and acknowledged by the appropriate Grantors, together with transfer Tax declarations and a Maine REW-3 (or similar form) with respect to such conveyances;

(v) all of the documents required to be delivered by the Grantors pursuant to Article VII;

(vi) copies of the articles of organization of the Grantors, each certified as of a recent date by the Secretary of State of the State of Delaware;

(vii) certificates of good standing of the Grantors, each issued as of a recent date by the Secretary of State of the State of Delaware;

(viii) a certificate of an appropriate official of each of the Grantors as to the resolutions of its manager and members (if applicable) authorizing the execution and delivery of this Agreement and the transactions contemplated hereby and the incumbency and signatures of its officers executing this Agreement;

(ix) copies of all of the Transferable Permits;

(x) such affidavits and indemnities reasonably requested by the Title Insurance Company issuing the Title Commitments;

(xi) the FIRPTA Affidavit executed by or on behalf of the Grantors; and

(xii) an agreement in the form of Exhibit E regarding the purchase by PPL Maine from the Grantee of certain turbine/generating units (the "Turbine Unit Agreement"), duly executed by PPL Maine.

(b) On the Closing Date, the Grantee shall execute and deliver or cause to be delivered to the Grantors:

(i) the Purchase Price, payable in the manner described in Section 3.7;

(ii) copies of any and all governmental and other third party consents, waivers or approvals obtained by the Grantee with respect to the transfer of the Purchased Assets, or the transactions contemplated by this Agreement, to the extent explicitly required hereunder;

(iii) all of the documents required to be delivered by the Grantee pursuant to Article VII;

(iv) copies of the charter of the Grantee, certified as of a recent date by the Secretary of State of the State of Maine;

(v) a certificate of good standing of the Grantee, issued as of a recent date by the Secretary of State of the State of Maine;

(vi) a certificate of an appropriate officer of the Grantee as to the resolutions of its board of directors and members (if applicable) authorizing the execution and delivery of this Agreement and the transactions contemplated hereby and the incumbency and signatures of its officers executing this Agreement;

(vii) the Assignment and Assumption Agreement, duly executed by the Grantee; and

(viii) the Turbine Unit Agreement, duly executed by the Grantee.

3.9 Great Works. PPL Great Works and the Grantee shall use their respective reasonable best efforts to negotiate an agreement among PPL Great Works, the Grantee and Fort James with respect to the assignment to the Grantee of the rights and obligations under the Facilities Agreement, Reciprocal Easement Agreement and the Fort James Separation Document that will be commercially reasonable and allow the Grantee to implement the Post-Closing Plan; provided that nothing in this Agreement shall require PPL Great Works to pay any consideration for any required consent or to accept any conditions, requirements, amendments or limitations (other than those contained in the underlying agreement) which PPL Great Works determines, in its sole discretion, to be unacceptable.

3.10 Further Assurances.

(a) From time to time following the Closing, the Grantors shall deliver to the Grantee such other bills of sale, deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer as are necessary to vest in the Grantee all of the right, title and interest of the Grantors in, to or under any or all of the Purchased Assets. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any license, certificate, approval, authorization, agreement, contract, lease, Easement or other commitment included in the Purchased Assets if an attempted assignment thereof without the consent of a third party thereto would constitute a breach thereof. To the extent that the Grantors' rights under any Grantor Agreements may not be assigned without the consent of another Person which consent has not been obtained, the Grantors, at their expense, shall use their Commercially Reasonable Efforts to obtain any such required consents as promptly as reasonably possible. The Grantors and the Grantee agree that if any consent to an assignment of any Grantor Agreements shall not be obtained or if any attempted assignment would be ineffective or would impair the Grantee's rights and obligations under the Grantor Agreement in question so that the Grantee would not acquire the benefit of any such agreement, the Grantors, to the maximum extent permitted by law and such Grantor Agreements, shall after the Closing appoint the Grantee to be the Grantors' representative and agent with respect to such Grantor Agreements, and the Grantors shall, to the maximum extent permitted by law and such Grantor Agreements, enter into such reasonable arrangements with the Grantee as are necessary to provide the Grantee with the benefits of such Grantor Agreements. The Grantors and the Grantee shall cooperate and shall each use their Commercially Reasonable Efforts after the Closing to obtain an assignment of such Grantor Agreements to the Grantee. Notwithstanding the foregoing, it is agreed that the preceding three sentences do not apply to the Interconnection Agreement, the BHE Separation Document, the Facilities Agreement, the Reciprocal Easement Agreement or the Fort James Separation Document. From time to time after the Closing, the Grantors shall also deliver to the Grantee other undertakings and assumptions and other good and sufficient instruments of assumption as are necessary to evidence the Grantors' retention of, and obligation to pay, perform and discharge, the Excluded Liabilities.

(b) From time to time after the Closing, the Grantee shall deliver to the Grantors other undertakings and assumptions and other good and sufficient instruments of conveyance, transfer and assumption as are necessary to evidence the Grantee's acquisition of the Purchased Assets and assumption of and obligation to pay, perform and discharge the Assumed Liabilities.

3.11 Intentionally Omitted.

3.12 Proration.

(a) The Grantors and the Grantee agree that all of the items normally prorated, including real estate Taxes (other than transfer Taxes), personal property Taxes, school Taxes, water rates, sewer and other utility charges, rents, fees relating to Transferable Permits and similar items relating to the Purchased Assets will be prorated as of the Closing Date, with the Grantors being liable with respect to the Purchased Assets being sold by them to the extent such items relate to any time period through the Closing Date, and the Grantee liable to the extent such items relate to periods subsequent to the Closing Date with, to the extent practicable, a cash settlement on the Closing Date.

(b) If actual figures are not available at the Closing Date, the proration shall be based upon the actual Taxes or fees for the preceding year (or appropriate period) for which actual Taxes or fees are available and such Taxes or fees shall be prorated upon request of the affected Grantor or the Grantee within 60 days after the date that the actual amounts become available. The Grantors and the Grantee agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section 3.12.

(c) If in any Tax year, including or subsequent to the Closing Date, a separate assessment cannot be obtained for any portion of the Real Estate and a Tax bill or assessment is levied against a larger parcel owned by any of the Grantors which includes all or a portion of the Real Estate, the Grantors and the Grantee agree that each shall pay its pro rata share and discharge all such Taxes before they become delinquent based on the relative value of the resulting parcels, provided that in the Tax year of the Closing, the Grantee shall be responsible only for the portion of such pro rata share attributable to the period after the Closing.

(d) With respect to Taxes to be prorated in accordance with this Section 3.12, (i) the Grantors shall prepare and timely file all Tax Returns required to be filed with respect to the Purchased Assets for the period through the Closing Date and shall duly and timely pay all such Taxes shown to be due from the Grantors on such Tax Returns and (ii) the Grantee shall prepare and timely file all Tax Returns required to be filed with respect to the Purchased Assets for the period after the Closing Date and shall duly and timely pay all such Taxes shown to be due from the Grantee on such Tax Returns.

3.13 Transfer Taxes. Notwithstanding anything contained in Section 3.12, the Grantee, on the one hand, and the Grantors, on the other hand, shall each pay on the Closing Date to the appropriate governmental authority one-half of all federal, state and local documentary or revenue stamps, transfer, sales and other Taxes (other than income Taxes), if any, relating to the sale of the Purchased Assets. The Grantors and the Grantee agree to execute any Tax Returns, forms and questionnaires required to be filed in connection with any such Taxes, including the Maine Declaration of Value and REW-3, and to file all necessary related regulatory notices as may be required to consummate the Closing. The Grantors and the Grantee shall make any withholdings required under Maine law with respect to the conveyance of real or personal property.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE GRANTORS AND PPL GENERATION

Each of the Grantors hereby represents and warrants to the Grantee (and PPL Generation hereby represents to the Grantee as to itself, to the extent specifically applicable to PPL Generation) as follows as of the date hereof and, subject to any changes after the date hereof consistent with the Grantors' rights and obligations under Section 6.1, as of the date of the Update Certificate and the Closing Date:

4.1 Organization; Ownership. Each of PPL Maine, PPL Great Works and PPL Generation is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite limited liability company power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. PPL Generation owns, directly or indirectly, all of the membership interests of PPL Maine and PPL Great Works.

4.2 Authority Relative to this Agreement. Each of PPL Maine, PPL Great Works and PPL Generation has full limited liability company power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by each of the Grantors and PPL Generation of this Agreement and the consummation of the transactions contemplated herein have been duly and validly authorized by the managers and members of the Grantors and the manager of PPL Generation and no other limited liability proceedings on the part of the Grantors or PPL Generation are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Grantors and PPL Generation, and constitutes a valid and binding agreement of the Grantors and PPL Generation, enforceable against the Grantors and PPL Generation in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

4.3 Consents and Approvals; No Violation.

(a) Except as set forth in Schedule 4.3, neither the execution and delivery of this Agreement by the Grantors or PPL Generation nor the consummation of the transactions contemplated herein will (A) conflict with or result in any breach of any provision of the respective organizational documents of the Grantors or PPL Generation; (B) result in or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default), or give rise to any right of termination, cancellation or acceleration, or result in the creation of any Encumbrance upon any of the Purchased Assets, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which any of the Grantors or PPL Generation are a party or by which any of the Grantors or PPL Generation or any of the Purchased Assets may be bound, except for such defaults (or events which, with notice or lapse of time, or both, would constitute a default), or rights of termination, cancellation or acceleration as to which requisite waivers or consents have been obtained; or (C) violate any order, writ, injunction, decree, statute, rule or regulation applicable to any of the Grantors or PPL Generation, or any of the Purchased Assets.

(b) Except as set forth in Schedule 4.3 and except for the Regulatory Approvals, no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental or regulatory body or authority is necessary for the consummation by the Grantors or PPL Generation of the transactions contemplated under this Agreement.

4.4 Reports. Since December 31, 2003, the Grantors and PPL Generation have filed or caused to be filed with the applicable federal, state and local utility commissions and regulatory bodies, including FERC, all material forms, statements, reports and documents (including all exhibits, amendments and supplements thereto) required to be filed by the Grantors and PPL Generation with respect to their respective business and operations, as such relates to the Purchased Assets, under applicable state public utility laws, the FPA, and the respective rules and regulations thereunder, all of which complied in all material respects with all applicable requirements of the foregoing in effect on the date each such report was filed, and there were no material misstatements or omissions contained in such reports as of the respective dates thereof, in each case with respect to their business and operations as such relates to the Purchased Assets.

4.5 Absence of Certain Changes or Events. Except as set forth in Schedule 4.5 and as otherwise contemplated in this Agreement, since December 31, 2003, there has not been, with respect to the Purchased Assets or the businesses of the Grantors or PPL Generation related to the Purchased Assets (i) any Material Adverse Effect (other than any Material Adverse Effect governed by Section 6.7(b)); or (ii) any sale, lease, or other transfer or disposition of any properties or assets of the Grantors other than dispositions (A) in the ordinary course of business or (B) of obsolete or unusable Purchased Assets.

4.6 Title to and Condition of the Purchased Assets.

(a) Except as set forth in Schedule 4.6(a), the Grantors have (A) good and marketable title to that portion of the Real Estate in which either of the Grantors acquired a fee simple interest and good and valid title to that portion of the Real Estate in which either of the Grantors acquired less than a fee simple interest, all of which is free and clear of all Encumbrances other than Permitted Encumbrances and (B) good and valid title to all of the personal property included within the Purchased Assets, free and clear of all Encumbrances other than Permitted Encumbrances. Except as expressly set forth herein, none of the Purchased Assets is subject to any restrictions with respect to the transferability thereof. PPL Generation does not own any of the Purchased Assets. The Purchased Assets constitute all of the Grantors' assets, except for the Excluded Assets, constituting or used or held for use in connection with, or necessary for the ownership, operation or maintenance of, the Designated Projects. Subject to Section 6.7(b) and to changes consistent with the Grantors' rights and obligations under Section 6.1, and changes in applicable law or regulation or interpretation thereof, the Purchased Assets are sufficient to allow the Grantee, if it has obtained all necessary governmental approvals and reached agreement with BHE and Fort James, to operate the Designated Projects after the Closing in substantially the same manner as the Grantors.

(b) Except as set forth in Schedule 4.6(b), the tangible assets, taken as a whole, constituting the Purchased Assets have been operated and maintained in accordance with Prudent Utility Practices and are in good operating and usable condition and repair, free from any defects (except ordinary wear and tear, in light of their respective ages and historical usages).

(c) Schedule 4.6(c) sets forth all of the changes to title to the real property included in the Purchased Assets that have occurred since the relevant Grantor took title to such Purchased Assets. Except as set forth on Schedule 4.6(c), the Grantors have not received written notice, with respect to the period since the relevant Grantor took title to such Purchased Assets, of (A) any claim of adverse possession or prescriptive rights involving any of the Real Estate, (B) any structure located on any of the Real Estate which encroaches on or over the boundaries of neighboring or adjacent properties or (C) any structure of any other party which encroaches on or over the boundaries of any of the Real Estate. Except as set forth on Schedule 4.6(c), the Grantors have no knowledge of any (w) planned or proposed increase in assessed valuations of any Real Estate, (x) order, writ, injunction, or decree requiring repair, alteration, or correction of any existing condition affecting any Real Estate or the systems or improvements thereat, (y) condition or defect which could give rise to an order of the sort referred to in clause (x) above, or (z) any structural, mechanical, or other defects of material significance affecting any of the Real Estate or the systems or improvements thereat.

4.7 Environmental Matters. Except as disclosed in Schedule 4.7:

(a) The Grantors hold, and to the Grantors' knowledge are in compliance in all material respects with, all of the permits, licenses and governmental authorizations identified in Schedule 4.7, which are all of the permits, licenses and governmental authorizations required for the Grantors to own, operate and maintain the Purchased Assets under applicable Environmental Laws (collectively, the "Environmental Permits"), and, to the knowledge of the Grantors (i) the Grantors are otherwise in compliance in all material respects with all Environmental Laws that are presently applicable to the Purchased Assets and (ii) there is no Environmental Condition that requires Remediation or other cure.

(b) (i) Neither of the Grantors has received any written request for information, or been notified in writing that it is a potentially responsible party, under CERCLA or any other Environmental Law, for contamination, Hazardous Substances or Releases at, on or from the Purchased Assets; (ii) there are no claims, actions, proceedings or investigations pending or, to the knowledge of the Grantors, threatened against the Grantors or relating to any of the Purchased Assets before any court, governmental or regulatory authority or body acting in an adjudicative capacity relating in any way to any Environmental Laws and concerning contamination, Hazardous Substances or Releases at, on or from the Purchased Assets; and (iii) neither of the Grantors has knowledge of circumstances or facts that could reasonably be expected to result in any such claims, actions, proceedings or investigations.

(c) (i) Neither of the Grantors has received any written request for information, or been notified in writing that they are a potentially responsible party, under CERCLA or any other Environmental Law, for contamination, Hazardous Substances or Releases arising out of the disposal, storage, transportation, discharge, Release or recycling of a

Hazardous Substance or the arrangement for such activities at a location other than the Real Estate in connection with the ownership or operation of the Purchased Assets; (ii) there are no claims, actions, proceedings or investigations pending or, to the knowledge of the Grantors, threatened against the Grantors relating to the disposal, storage, transportation, discharge, Release or recycling of Hazardous Substances or the arrangement for such activities at a location other than the Real Estate in connection with the ownership or operation of the Purchased Assets; and (iii) neither Grantor has knowledge of circumstances or facts that could reasonably be expected to result in any such claims, actions, proceedings or investigations.

(d) Neither of the Grantors has entered into or agreed to any consent decree or order relating to the Purchased Assets or the Assumed Liabilities, and neither is subject to any outstanding judgment, decree, or judicial order relating to the Purchased Assets or the Assumed Liabilities concerning compliance with any Environmental Law or the investigation or cleanup of Hazardous Substances under any Environmental Law relating to the Purchased Assets.

(e) To the knowledge of the Grantors, no portion of the Real Estate has been used as a landfill or for storage or landfill of Hazardous Substances and there are no underground storage tanks located on the Real Estate.

(f) The representations and warranties made in this Section 4.7 are the Grantors' exclusive representations and warranties relating to environmental matters. Nothing in this Section 4.7 shall affect the Grantors' obligation to comply fully with the provisions of Section 6.2(b). The Grantors shall not be deemed to be in breach of this Section 4.7 with respect to any liability under or related to Environmental Laws which is retained by the Grantors pursuant to Section 6.9.

4.8 Legal Proceedings, etc. Except as set forth in Schedule 4.8, there are no claims, actions, proceedings or investigations pending or, to the knowledge of any of the Grantors, threatened against or relating to the Grantors or the Purchased Assets before any court, governmental or regulatory authority or body acting in an adjudicative capacity. Except as set forth in Schedule 4.8, the Grantors are not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court, governmental or regulatory authority.

4.9 Permits; Compliance with Laws. All material permits, licenses, franchises and other governmental authorizations, consents and approvals, other than the Environmental Permits, necessary to own or otherwise utilize, operate or maintain, or engage in the business of the Grantors in connection with the Purchased Assets as presently conducted, are identified in Schedule 4.9 (collectively, the "Required Permits"). Except as set forth in Schedule 4.9, neither of the Grantors has received any written notification that it is, or in the future may be considered to be, in violation in any material respect of any of the Required Permits, or any law, statute, order, rule, regulation, ordinance or judgment of any governmental or regulatory body or authority applicable to any Required Permits. Each of the Grantors is in compliance in all material respects with all Required Permits, laws, statutes, orders, rules, regulations, ordinances or judgments of any governmental or regulatory body or authority applicable to it.

4.10 Taxes. With respect to the Purchased Assets and the business of the Grantors and PPL Generation associated with the Purchased Assets, (i) all Tax Returns regarding real and personal property Taxes required to be filed, in each case when filed, were true, complete and correct in all material respects, and (ii) all material Taxes shown to be due on such Tax Returns have been paid in full. Except as set forth in Schedule 4.10, no written notice of deficiency or assessment has been received from any taxing authority with respect to Liabilities for real and personal property Taxes of the Grantors or PPL Generation in respect of the Purchased Assets (nor to the knowledge of Grantors or PPL Generation has any such taxing authority threatened in writing to issue such notice or assessment), which have not been fully paid when due or finally settled, and any such deficiency shown in such Schedule 4.10 is being contested in good faith through appropriate proceedings. Except as set forth in Schedule 4.10, there are no outstanding agreements or waivers extending the applicable statutory periods of limitation for real or personal property Taxes associated with the Purchased Assets for any period.

4.11 Insurance. The Grantors and PPL Generation, as the case may be, maintain fire, liability, worker's compensation and other forms of insurance, as listed in Schedule 4.11, with respect to the Purchased Assets. Except as set forth in Schedule 4.11, all material policies of fire, liability, worker's compensation and other forms of insurance owned or held by the Grantors (including self insurance) with respect to the Purchased Assets are in full force and effect, all premiums with respect thereto covering all periods up to and including the date as of which this representation is being made have been paid, and no notice of cancellation or termination has been received with respect to any such policy which was not replaced on substantially similar terms prior to the date of such cancellation.

4.12 DISCLAIMERS REGARDING PURCHASED ASSETS. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS ARTICLE IV, THE PURCHASED ASSETS ARE SOLD "AS IS, WHERE IS", AND THE GRANTORS EXPRESSLY DISCLAIM ANY OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, INCLUDING THOSE RELATED TO LIABILITIES, OPERATIONS OF THE PURCHASED ASSETS, THE TITLE, CONDITION, VALUE OR QUALITY OF THE PURCHASED ASSETS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE PURCHASED ASSETS AND EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS ARTICLE IV THE GRANTORS EXPRESSLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PURCHASED ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS, OR THE APPLICABILITY OF GOVERNMENTAL REQUIREMENTS, INCLUDING ANY ENVIRONMENTAL LAW, OR WHETHER THE GRANTORS POSSESS SUFFICIENT REAL ESTATE OR PERSONAL PROPERTY TO OPERATE THE PURCHASED ASSETS.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THE GRANTORS FURTHER SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS SUBSTANCES OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS WITH RESPECT TO THE PURCHASED ASSETS. WITHOUT LIMITING THE GENERALITY OF THE

FOREGOING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THE GRANTORS EXPRESSLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE PURCHASED ASSETS OR THE SUITABILITY OF THE PURCHASED ASSETS FOR OPERATION OF A POWER PLANT AND NO SCHEDULE OR EXHIBIT TO THIS AGREEMENT, NOR ANY OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATION MADE BY THE GRANTORS OR THEIR RESPECTIVE REPRESENTATIVES EXCEPT AS OTHERWISE PROVIDED HEREIN WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE PURCHASED ASSETS.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE GRANTEE

The Grantee represents and warrants to the Grantors as follows as of the date hereof, as of the date of the Update Certificate and as of the Closing Date:

5.1 Organization. The Grantee is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Maine.

5.2 Authority Relative to this Agreement. The Grantee has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by the Grantee of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of the Grantee and no other corporate proceedings on the part of the Grantee are necessary to authorize this Agreement or to consummate the transactions contemplated herein. This Agreement has been duly and validly executed and delivered by the Grantee, and constitutes a valid and binding agreement of the Grantee, enforceable against the Grantee in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

5.3 Consents and Approvals; No Violation.

(a) Except as set forth in Schedule 5.3, neither the execution and delivery of this Agreement by the Grantee nor the consummation of the transactions contemplated herein will (A) conflict with or result in any breach of any provision of the Articles of Incorporation or Bylaws of the Grantee, (B) result in or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default), or give rise to any right of termination, cancellation or acceleration, or result in the creation of any Encumbrance upon any of the assets of the Grantee under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, agreement or other instrument or obligation to which the Grantee is a party or by which any of its assets may be bound, except for such defaults (or events which, with notice or lapse of time, or both, would constitute a default) or rights of termination, cancellation or acceleration as to which requisite waivers or consents have been obtained; or (C) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Grantee, or its assets.

(b) Except as set forth in Schedule 5.3 and except for the Regulatory Approvals, no declaration, filing or registration with, or notice to, or authorization, consent or approval of any governmental or regulatory body or authority is necessary for the consummation by the Grantee of the transactions contemplated herein.

5.4 Legal Proceedings. There are no claims, actions, proceedings or investigations pending or, to the knowledge of the Grantee, threatened against or relating to the Grantee or the Purchased Assets before any court, governmental or regulatory authority or body acting in an adjudicative capacity. Except as set forth in Schedule 5.4, the Grantee is not subject to any outstanding judgment, rule, order, writ, injunction or decree of any court, governmental or regulatory authority.

5.5 Qualified Buyer. The Grantee will be qualified as of the Closing to obtain under applicable law or regulation any Required Permits and Environmental Permits necessary for the Grantee to own the Purchased Assets and to effect the Post-Closing Plan.

5.6 "AS IS" Sale. The Grantee acknowledges the provisions of Section 4.12. Except for the representations and warranties set forth in this Agreement and any certificates delivered by the Grantors in connection herewith, the Grantee disclaims reliance on any representations, warranties or guarantees, either express or implied, by the Grantors.

5.7 Grantee's Affiliate. If the Grantee elects to use one or more Affiliates to hold title to any or all of the Purchased Assets, the Grantee shall be deemed to have made the representations and warranties in this Article V on behalf of itself and any such Affiliates as if the Affiliates were a signatory to this Agreement.

ARTICLE VI
COVENANTS

6.1 Preservation of the Purchased Assets. Except as described in Schedule 6.1, until the Closing Date, the Grantors will operate the Purchased Assets in the ordinary course of business in a manner consistent with Prudent Utility Practices. Notwithstanding the foregoing, the Grantors shall be entitled (a) to sell or otherwise transfer some or all of the Purchased Assets to another party who will operate them in the existing location so long as (i) the Grantee is reasonably satisfied that such transferee has the financial and technical capability to discharge such Grantor's obligations under this Agreement and (ii) such transferee assumes such Grantor's obligations hereunder, to the extent that such obligations are related to such Purchased Assets, in writing and in form and substance acceptable to the Grantee; and (b) to elect not to repair or replace turbine units, transformers, transmission lines and generators (but only if such equipment is not necessary for the safe operation of the facility to which it relates and is not required by FERC or other regulatory authorities to be functional) in any case where (i) the payback period (based on the applicable locational marginal price at the applicable interconnection point then in effect as established by the New England Independent System Operator) exceeds the lesser of two years or the balance of the Exercise Period and (ii) the total installed generating capacity of the Designated Projects, as set forth in Schedule 6.1, will not be reduced (when taken in conjunction with any other repairs permitted not to be undertaken pursuant to this Section) in a cumulative amount in excess of five percent (for purposes of this provision total installed generating capacity shall be measured at the respective interconnection points of the Designated Projects). The Parties further agree that any election not to repair or replace permitted by this Section does not, in any case where equipment not so repaired or replaced is subject to the Turbine Unit Agreement, affect PPL Maine's right to purchase such equipment or the purchase price thereof or impose any burden on the Grantee to make any repair not made by the Grantors. For purposes of this provision, any change in the beneficial ownership of either of the Grantors shall constitute a transfer of the Purchased Assets. No transfer of some or all of the Purchased Assets shall relieve the Grantors of their obligations with respect to the Excluded Liabilities.

6.2 Access to Information; Confidentiality.

(a) Until the Closing Date, the Grantors will, during ordinary business hours and upon reasonable notice (i) give the Grantee and its agents reasonable access to all books, records, plants, offices and other facilities and properties constituting the Purchased Assets or the Assumed Liabilities except to the extent such access would violate applicable law; (ii) permit the Grantee and its agents to make such reasonable inspections and surveys thereof as the Grantee may reasonably request; (iii) furnish the Grantee with such financial and operating data and other information with respect to the Purchased Assets and the Assumed Liabilities as the Grantee may from time to time reasonably request; (iv) furnish the Grantee a copy of each material report, schedule or other document filed or received by any Grantor with respect to the Purchased Assets or the Assumed Liabilities with the MDEP, FERC, or other relevant governmental or regulatory body; provided, however, that (A) any investigation pursuant to this Section 6.2 shall be conducted in such a manner as not to interfere unreasonably with the operation of the Purchased Assets or the business related thereto; (B) the Grantors shall not be required to take any action which would constitute a waiver of the attorney-client or work product privilege; and (C) the Grantors need not supply the Grantee with any information which the Grantors are under a legal or contractual obligation not to supply; provided, further, that the foregoing exceptions to disclosure shall not apply to any data or reports that include or address any Environmental Condition on or relating to the Purchased Assets, it being the intent of the Parties that the Grantee shall have access to all such material. Notwithstanding anything in this Section 6.2(a) to the contrary, prior to the Closing Date, the Grantee shall not have the right to perform or conduct any environmental sampling or testing at, in, on, or underneath the Purchased Assets other than as set forth in Section 6.9.

(b) Until the Closing Date, and without limiting subsection (a) above, each of the Grantors agrees to provide to the Grantee all information in its possession regarding the viability and costs of operation and removal of the Purchased Assets and alteration of Howland and mitigation required, including information on: (i) all known environmental Liabilities at the sites of the Real Estate regardless of whether these environmental Liabilities are associated with activities occurring before or after the acquisition of the Designated Project by the Grantors; and (ii) all known environmental Liabilities and physical structures located in the Penobscot River and any impoundments immediately upstream and in the waters immediately downstream of the Designated Projects.

(c) All information furnished to or obtained by the Grantee and its agents pursuant to this Section 6.2 and Section 6.9 shall be Proprietary Information unless it is information for which an exclusion exists in the definition of "Proprietary Information." Each Party shall, and shall cause its agents to, (i) keep all Proprietary Information of the other Party confidential and not disclose or reveal any such Proprietary Information to any Person other than such Party's agents and (ii) not use such Proprietary Information other than in consummation of the transactions contemplated hereby. After the Closing Date, any Proprietary Information solely related to the Purchased Assets or the Assumed Liabilities (other than the information provided pursuant to this Section 6.2 and Section 6.9) shall be the Proprietary Information of the Grantee and the Grantors shall have the same rights and obligations with regard thereto after Closing as the Grantee has regarding the Grantors' Proprietary Information prior to the Closing. The Proprietary Information provided pursuant to this Section 6.2 and Section 6.9 shall remain subject to the restrictions set forth herein indefinitely. The obligations of the Parties under this Section 6.2(c) shall survive the termination of this Agreement. Notwithstanding the terms of this Section 6.2(c), (A) the Grantee may disclose to any other Persons in connection with the Grantee's fund raising or financing in connection with the Purchased Assets (i) any environmental information regarding the Purchased Assets generated by the Grantee ("Grantee's Environmental Information"), provided that the Grantee first uses reasonable efforts to obtain the written agreement of the intended recipient of such information to maintain the confidentiality of such information, and (ii) any other Proprietary Information of the Grantors provided that such Person agrees in writing to maintain the confidentiality of the Proprietary Information in accordance with this Agreement; and (B) a Party may provide Proprietary Information to FERC or any other governmental authority or any stock exchange, as may be necessary to obtain required regulatory approvals, including the Regulatory Approvals, or to comply generally with any relevant law. The Grantee agrees to notify the Grantors of its intention to disclose the Grantee's Environmental Information to any Person prior to doing so, and to discuss in good faith any concerns of the Grantors regarding such disclosure, provided that this obligation shall not extend to subsequent disclosures of the same information to similarly situated Persons. The disclosing Party will seek confidential treatment for the Proprietary Information (other than the Grantee's Environmental Information) provided to any governmental authority and will notify the other Parties as far in advance as practicable of its intention to release any Proprietary Information to any governmental authority.

(d) For a period of seven years after the Closing Date, each Party and its agents shall have reasonable access to all of the books and records of the Purchased Assets or other matters relating to or affected by the Purchased Assets, but only to the extent relating to the time period ending on the Closing Date. Such access shall be afforded by the Party in possession of any such books and records upon receipt of reasonable advance notice and during normal business hours. The Party exercising this right of access shall be solely responsible for any costs or expenses incurred by it or the other Party with respect to such access pursuant to this Section 6.2(d). If the Party in possession of such books and records shall desire to dispose of any books and records upon or prior to the expiration of such seven-year period, such Party shall, prior to such disposition, give the other Party a reasonable opportunity at such other Party's expense, to segregate and remove such books and records as such other Party may select.

(e) The Grantee agrees that, prior to the Closing Date, it will not contact any vendors, suppliers, employees or other contracting parties of the Grantors or their Affiliates with respect to any aspect of the Purchased Assets or the transactions contemplated hereby, without the prior written consent of the Grantors, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the Grantee shall be under no such restriction with respect to BHE or Fort James.

(f) If this Agreement is terminated in accordance with its terms, the recipient Party will return to the disclosing Party all copies, extracts or other reproductions in whole or in part of the disclosing Party's Proprietary Information in the possession of the recipient Party or its agents, and the recipient Party will destroy all copies of any memoranda, notes, analyses, compilations, studies or other documents prepared by the recipient Party or for the recipient Party's use based on, containing or reflecting any Proprietary Information. Such destruction shall, if requested, be certified in writing to the disclosing Party by an authorized officer of the recipient Party supervising such destruction.

(g) The Parties agree that each shall be entitled to equitable relief, including injunction and specific performance, in the event of any breach of the provisions of this Section 6.2, in addition to all other remedies available to such Party at law or in equity.

6.3 Expenses. Except to the extent specifically provided herein, whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the Party incurring such costs and expenses, including any expenses associated with litigation arising out of this Agreement or any of the transactions contemplated hereby. Notwithstanding anything to the contrary herein, the Grantee will be responsible for (a) all costs and expenses associated with the obtaining of any Title Policy and all endorsements thereto that the Grantee elects to obtain, (b) all costs and expenses for any survey work that the Grantee elects to obtain and (c) all filing fees and deed recording fees required pursuant to the transactions contemplated hereby.

6.4 Post-Exercise Assistance. From and after the Exercise Date and through and including the Closing Date, the Grantors shall use their Commercially Reasonable Efforts to (a) assist the Grantee in obtaining the transfer of all necessary Required Permits, Environmental Permits, licenses, consents, approvals and authorizations of all governmental bodies and (b) obtain all necessary consents, approvals and authorizations required in connection with the transfer or assignment to the Grantee of the Transferable Permits or the Grantor Agreements.

6.5 Advice of Changes.

(a) After the Exercise Date and prior to the Closing, each Party will advise the other in writing with respect to any matter arising after the Exercise Date of which that Party obtains knowledge and which, if existing or occurring at the date of this Agreement, would have been required to be set forth in this Agreement, including any of the Schedules hereto.

(b) After the Exercise Date and prior to the Closing Date, each Party shall supplement or amend the Schedules required by this Agreement with respect to any matter relating to the subject matter thereof arising after the Exercise Date which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in the Schedules by such Party. No disclosure made pursuant to Section 6.5(a) or supplement or amendment of any Schedule made pursuant to this Section 6.5(b) shall be deemed to cure any breach of, or expand or limit the scope of, or otherwise modify or affect any representation or warranty made in this Agreement unless the Parties agree thereto in writing.

(c) If the Purchase Price increases pursuant to the provisions of Section 3.6(b), then, within 90 days thereafter, and on each anniversary thereof prior to the Closing, the Grantee shall provide to the Grantors a written summary updating its summary under Section 2.3(a) regarding the availability of sufficient financial resources to acquire, decommission and remove or alter the Designated Projects in accordance with the MPA, including the Purchase Price, as increased.

6.6 <u>Title Commitment</u>. If the Grantee elects, at its own cost and expense, to obtain a Title Commitment for the Real Estate, it shall promptly provide a copy thereof to the Grantors. At the Closing, the Grantors shall deliver to the Grantee the Purchased Assets free and clear of all Encumbrances other than Permitted Encumbrances.

6.7 <u>Risk of Loss</u>.

(a) Except as provided in Section 6.7(b), from the date hereof until the Closing Date, all risk of loss or damage to the real and personal property included in the Purchased Assets shall be borne by the Grantors, except to the extent that the loss or damage is caused by the acts or negligence of the Grantee or any of its agents, which loss or damage shall be the responsibility of the Grantee to such extent.

(b) If, before the Closing Date, all or any portion of the Purchased Assets is (i) taken by eminent domain or is the subject of a pending or, to the knowledge of the Grantors, contemplated taking which has not been consummated, or (ii) damaged or destroyed by fire or other casualty, the Grantors shall notify the Grantee promptly in writing of such fact, and (A) in the case of condemnation, the Grantors shall assign or pay, as the case may be, any proceeds thereof to the Grantee at the Closing and (B) in the case of a casualty, the Grantors shall either, at the Grantee's election, restore the damage to the reasonable satisfaction of the Grantee prior to the Closing or pay the insurance proceeds therefor to the Grantee at the Closing. Notwithstanding the above, if such casualty or loss materially and adversely affects the Grantee's ability to implement the Post-Closing Plan, or if the Grantee elects to have the Grantors restore the damage and the Grantors would not undertake such restoration if they were retaining title to the affected assets and were not required to restore such assets under this Agreement, then the Grantors and the Grantee shall negotiate to settle the loss (net of any condemnation or insurance proceeds) resulting from such taking (and such negotiation may include the negotiation of a fair and equitable reduction in the Purchase Price, the possibility of amending this Agreement to apply only to the Designated Projects that are not affected by such loss, the possibility of a partial restoration and a partial reduction in the Purchase Price, and the possibility of an adjustment to any of the relevant time periods hereunder). If no such settlement is reached within 180 days after the Grantors have notified the Grantee of such casualty or loss, then the Grantors or the Grantee shall submit the matter of a fair and equitable reduction in the Purchase Price as a result of such loss to the Independent Expert (as determined below) for resolution. The Grantors and the Grantee shall furnish or cause to be furnished to the Independent Expert such work papers and other documents and information related to the Purchase Price reduction as the Independent Expert may request and are available to that party or its agents and shall be afforded the opportunity to present to the Independent Expert any material related to the Purchase Price reduction and to discuss such reduction with the Independent Expert. The determination of the Independent Expert as to the amount of the Purchase Price reduction, as set forth in a notice to be delivered to the Grantors and the Grantee within 60 days of the submission of the Purchase Price reduction issue to the Independent Expert, shall be final, binding and conclusive on the Parties. The Independent Expert shall not limit, expand or otherwise modify the terms of this Agreement. Each party shall bear its own expenses, but those related to the compensation of the Independent Expert shall be borne equally by the Grantors, on the one hand, and the Grantee, on the other hand. If the Parties are unable to agree on the Independent Expert, then the Grantors, on the one hand, and the Grantee, on the other hand, shall each identify a valuation expert and such experts shall jointly select a valuation expert (the "Independent Expert"). If such two valuation experts are unable to agree on the Independent Expert within 30 days, the matter shall be submitted to the American Arbitration Association ("AAA") for the appointment of a single arbitrator for the sole purpose of selecting the Independent Expert who shall then resolve the dispute outside arbitration in accordance with the provisions of this Section 6.7(b). Any AAA fee shall be borne equally by the Grantors, on the one hand, and the Grantee, on the other hand.

6.8 Tax Matters. After the Closing Date, the Grantee and the Grantors shall use Commercially Reasonable Efforts to provide each other with such cooperation and information relating to each other as either Party reasonably may request in (a) filing any Tax Return, amended Tax Return or claim for Tax refund, (b) determining any Tax liability or a right to refund of Taxes, (c) conducting or defending any audit or other proceeding in respect of Taxes or (d) effectuating the terms of this Agreement relating to Taxes. The Parties shall retain all Tax Returns relating to any period prior to or including the Closing Date and the related schedules and work papers, and all material records and other documents relating thereto, until the expiration of the statute of limitations (and, to the extent notified by any Party, any extensions thereof) of the taxable years to which such returns and other documents (or copies thereof) relate and, unless such Tax Returns and other documents are offered to the Grantors or the Grantee, as applicable, until the final determination of any Tax in respect of such years. Any information obtained under this Section 6.8 shall be kept confidential, except as may be otherwise necessary in connection with filing any Tax Return, amended Tax Return, or claim for Tax refund, determining any Tax liability or right to refund of Taxes, or in conducting or defending any audit or other proceeding in respect of Taxes. Notwithstanding the foregoing, neither the Grantors nor the Grantee, nor any of their Affiliates, shall be required unreasonably to prepare any document, or determine any information not then in its possession, in response to a request under this Section 6.8.

6.9 Environmental Investigation; Remediation.

(a) From and after the date hereof, the Grantee shall be permitted to conduct, at its sole cost and expense, up to three Environmental Investigations with respect to each of the Designated Projects and as many Environmental Investigations as may be required in connection with the pursuit of any Regulatory Approvals by any governmental authority in connection with the Post-Closing Plan. All such Environmental Investigations shall be performed by an Environmental Consultant. If the Environmental Consultant performing the

Environmental Investigation reasonably concludes as a result of such Environmental Investigation that additional investigation, inspection, sampling or testing (including subsurface testing) is warranted, the Grantee may, at the Grantee's sole cost and expense, undertake such additional activities and they shall not be considered a separate Environmental Investigation for purposes of the numerical limitation on Environmental Investigations set forth herein. All Environmental Investigations and related activities shall be subject to the following terms and conditions:

(i) the Grantee shall comply with and shall cause its agents, employees, and contractors to comply with all Environmental Laws applicable to its Environmental Investigation;

(ii) the Grantee shall obtain all permits, licenses, governmental authorizations, consents and approvals required for its Environmental Investigation;

(iii) the Grantee shall restore the Purchased Assets to a substantially similar condition that existed prior to the Grantee's Environmental Investigation;

(iv) the Grantee shall request in writing the Grantors' consent, which shall not be unreasonably withheld or delayed, no less than 72 hours in advance each time the Grantee or its agents, employees, or contractors intends to enter the Real Estate for purposes of conducting its Environmental Investigation;

(v) the Grantee shall take all necessary steps to ensure that its Environmental Investigation does not unreasonably interfere with either the Grantors' operation of the Purchased Assets or the business related thereto;

(vi) the Grantee shall cause any Environmental Consultant conducting an Environmental Investigation of the Real Estate at the Grantee's request to provide to the Grantors, at the Grantors' sole cost, at the same time as the Grantee a copy of all draft and final environmental reports prepared by the Environmental Consultant regarding the Environmental Investigation of the Real Estate and any underlying data relating thereto whether or not such data is part of such report; and

(vii) the Grantee shall give the Grantors reasonable opportunity to communicate with the Environmental Consultant regarding the Real Estate and the Environmental Investigation thereof.

(b) If an Environmental Investigation identifies an Environmental Condition that is either not in compliance with Environmental Laws or is a condition that a governmental authority with jurisdiction determines (or would, if the facts were known to it, determine) requires Remediation, the Environmental Consultant shall prepare, at the Grantors' sole cost and expense, an appropriate remedial response plan (each, a "Remedial Response Plan"), which plan may include additional investigative activities, designed to bring the Real Estate into compliance with Environmental Laws. Each Remedial Response Plan shall include a cost estimate for its implementation. Notwithstanding the foregoing, the Grantors shall have no such obligation with respect to any Environmental Condition at, on or under the Real Estate that requires Remediation to the extent that such Remediation is required as a result of the Grantee's implementation of the Post-Closing Plan and would not otherwise be required.

(i) If the cost estimates for the implementation of any and all Remedial Response Plans are in the aggregate equal to or greater than $350,000, no later than 120 days following the delivery of the Notice of Intention to Exercise, the Grantors may, by delivering written notice to the Grantee, elect either (A) to arrange for the implementation of such Remedial Response Plans and assume all costs related thereto or (B) to terminate this Agreement unless the Grantee elects, within 120 days after delivery of such notice, to pay, subject to Closing hereunder, for the amount of the remedial cost for such Remedial Response Plans in excess of $350,000, as such amount may be adjusted from time to time (the "Excess Remedial Amount"). If the Grantee so elects, then the Excess Remedial Amount shall be deemed an Assumed Environmental Liability and the Grantee shall, at Closing, deposit the Excess Remedial Amount into an escrow account maintained by a mutually agreeable escrow agent and shall enter into an escrow agreement with the Grantors and the escrow agent governing the payment of remedial costs. If the cost estimate is modified from time to time, the Excess Remedial Amount on deposit in the escrow account shall be adjusted accordingly within 30 days after the adjustment of the cost estimate by the Environmental Consultant. If the Grantee does not so elect, this Agreement shall terminate and the Parties shall have no obligation hereunder.

(ii) If the aggregate cost estimate for the implementation of the Remedial Response Plans is less than $350,000, the Grantors shall, at the Grantors' sole cost and expense, implement and, subject to Section 6.9(c), pursue diligently to completion the Remedial Response Plans.

(c) Prior to the Exercise Date, the Grantors shall have no obligation hereunder to commence implementation of any Remedial Response Plan. If any Remedial Response Plan has not been completed prior to the Closing Date, the Grantee may elect in writing as of the Closing Date (i) to require the Grantors to place into an escrow account (to be maintained by a mutually agreeable escrow agent pursuant to an escrow agreement among the Parties and the escrow agent) an amount equal to the cost estimate for the completion of any such plans or make other arrangements reasonably satisfactory to Grantee for the payment of costs associated with the completion of such plans, provided that the total amount payable by the Grantors with respect to the implementation of such plans shall in no event exceed $350,000 (except under the circumstances contemplated by Section 6.9(b)(i)(A)) and (ii) to assume responsibility for implementing and completing any incomplete Remedial Response Plans following the Closing Date. If the Grantee does not make such an election, the Grantors shall remain responsible for implementing and completing the Remedial Response Plans, but the total amount payable by the Grantors with respect to such Remedial Response Plans shall in no event exceed $350,000 (except under the circumstances contemplated by Section 6.9(b)(i)(A)) and the Grantee shall remain responsible for the Excess Remedial Amount following the Closing Date. In the event that the Grantors shall remain responsible for implementing any Remedial Response Plan after the Closing Date, the Grantors shall deposit an amount sufficient to cover the costs of implementing such plan(s), up to the Grantors' cap of $350,000 (less any amounts previously expended by the Grantors in implementing such plan(s)), into an escrow account maintained by a mutually agreeable escrow agent and shall enter into an escrow agreement with the Grantee and the escrow agent governing the payment of remedial costs from that account. If the cost estimate for completing the Remedial Response Plans is increased, the Grantors shall deposit into escrow such additional amounts, up to $350,000 (less any amounts previously expended by the Grantors in implementing such plan(s)). In the event that the Grantors shall remain responsible for implementing any Remedial Response Plan after the Closing Date, the Grantee shall grant to the Grantors, their employees, agents and contractors, sufficient access to the Real Estate to complete any outstanding Remedial Response Plan, subject to Grantee's implementation of the Post-Closing Plan and subject to the terms and conditions set forth in Section 6.9(a) (but replacing "Grantee" with "Grantors", "Grantors" with "Grantee", and "Environmental Investigation" with "Remedial Response Plans"). For any Remedial Response Plan undertaken by the Grantors, the Grantors shall (1) promptly after receipt by the Grantors, provide the Grantee (at the Grantee's sole cost and expense) with a copy of all proposed work plans, draft and final environmental reports prepared by the Grantors' consultants regarding any such Remedial Response Plan and any underlying data relating thereto, (2) provide the Grantee reasonable opportunity to communicate with such consultant regarding such Remedial Response Plan and (3) use Commercially Reasonable Efforts to resolve with the Grantee any disagreements regarding the scope and implementation of the Remedial Response Plan. With respect to any Remedial Response Plan implemented to completion by the Grantors, the Grantors shall provide to the Grantee evidence of completion of such plan. With respect to any Remedial Response Plan completed after the Closing Date for which the Grantee has elected to assume responsibility for completion, the Grantee shall provide to the Grantors evidence of completion of such plan.

(d) Notwithstanding anything to the contrary contained herein, the Grantors shall not be liable for or required to cure or remediate any noncompliance with Environmental Laws which would be permitted to remain "as-is" but for the Grantee's implementation of the Post-Closing Plan or that would be cured or removed as part of the Post-Closing Plan with no additional cost to the Grantee and without any additional conditions, requirements or limitations which the Grantee determines in its reasonable discretion to be unacceptable. Furthermore, notwithstanding anything to the contrary contained herein, there shall be no dollar limit on Grantors' obligations with respect to (i) the liabilities described in clauses (ii) through (vi), inclusive, of the definition of Excluded Environmental Liabilities and (ii) remediation of any Environmental Condition arising out of the Grantors' operations of the Purchased Assets that is identified prior to Closing, nor shall costs incurred by the Grantors in connection with such obligations be credited toward the Grantors' cap of $350,000 referred to in Sections 6.9(b) and (c). Each of the Grantors' and the Grantee's obligations pursuant to this Section 6.9 shall survive the Closing.

6.10 Environmental Insurance. Prior to and as a condition to the Closing, if so elected in writing by the Grantors within 60 days after the Exercise Date, effective on the Closing Date the Grantee shall obtain, to the extent it is available, a policy of environmental pollution legal liability insurance or other substantively similar policy with respect to the Purchased Assets with a term of the greater of ten years from the Closing Date or five years following completion of the Post-Closing Plan (the "Environmental Insurance Policy"). The Environmental Insurance Policy shall provide for coverage limits of $10 million, be in form and substance acceptable to the Grantors, name the Grantee as the first named insured responsible for the deductible and the Grantors as the second named insureds, provide for a deductible in a commercially reasonable amount, be issued by a company with at least an "A+" rating from Standard & Poors and authorized to engage in the business of issuing such policies in the State of Maine, provide that such policy shall not be changed, reduced, cancelled or expire without the prior written consent of the Grantors and the Grantee, and provide further that no act or omission of the Grantee or any contractor performing services at the Purchased Assets (including operational, decommissioning, removal and alteration services) which may exacerbate an Environmental Condition at or in the vicinity of the Purchased Assets shall affect the obligation of the insurer to pay the full amount of any loss sustained, and be primary to and not contributing with any insurance maintained by the insureds or additional insureds. The premium paid by the Grantee for the Environmental Insurance Policy shall not exceed $250,000. If the cost of the Environmental Insurance Policy exceeds $250,000, the Grantors shall either (i) elect to reduce the coverage limit under, and/or the term of, the Environmental Insurance Policy so that the cost of the Environmental Insurance Policy does not exceed $250,000, (ii) require the Grantee to pay $250,000 toward the insurance premium with the Grantors paying the balance of the premium or (iii) waive the requirement to obtain the Environmental Insurance Policy as a Closing condition and an obligation of the Grantee (which the Grantors shall be deemed to have done if they have not elected either (i) or (ii) above prior to the Closing). The Grantee shall not terminate or modify the terms of the Environmental Insurance Policy prior to its expiration. The Grantee's obligations pursuant to this Section 6.10 shall survive the Closing.

6.11 Post-Closing Filings. Promptly after the Closing, and in accordance with Section VI of the MPA, the Grantee shall file with FERC the requisite conveyance documents, and any other documents required to be filed with FERC by applicable laws and regulations, and shall accept the licenses for the Designated Projects. The Grantee shall also make any required filings with the MDEP and any other governmental authorities regarding notification of the transfer of the Designated Projects.

ARTICLE VII
CLOSING CONDITIONS

7.1 Conditions to Obligations of Each Party. The respective obligations of the Grantors and the Grantee to effect the purchase and sale of the Purchased Assets and the other transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing Date (or the waiver by the Grantors and the Grantee) of the following conditions (provided that, to the extent that any of the following conditions relate to the MPA and are waived or modified by the Parties and the Additional MPA Parties pursuant to Section XII(a) of the MPA then, to that extent, they shall also be deemed waived or modified for the purposes of this Section):

(a) No preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the sale of the Purchased Assets and the assumption of the Assumed Liabilities contemplated herein shall have been issued and remain in effect (each Party agreeing to use its Commercially Reasonable Efforts to have any such injunction, order or decree lifted) and no statute, rule or regulation shall have been enacted by any state or federal government or other governmental authority in the United States which prohibits the consummation of the sale of the Purchased Assets and the assumption of the Assumed Liabilities; and

(b) As contemplated by and more fully set forth in Sections V(a) and (b) of the MPA, the issuance of Final Orders by FERC:

(i) granting the requests of PPL Maine and the Grantee (A) to transfer the licenses for Howland and Veazie pursuant to Part I of the FPA and all jurisdictional transmission facilities associated with such licenses pursuant to Section 203 of the FPA and (B) to substitute the Grantee as the applicant on the pending application for a new license for Howland;

(ii) granting the requests of PPL Great Works and the Grantee (A) to transfer the license for Great Works pursuant to Part I of the FPA and all jurisdictional transmission facilities associated with such license pursuant to Section 203 of the FPA and (B) to substitute the Grantee as the applicant on the pending application for a new license for Great Works; and

(iii) granting the request of the Grantee (A) either (1) to surrender the licenses for the Designated Projects and to decommission and remove them or (2) to surrender the licenses for Great Works and Veazie and to decommission and remove them and to decommission Howland and, in accordance with Section XI of the MPA, construct a fish bypass system at Howland and (B) to withdraw the pending applications for new licenses for Howland and Great Works effective upon issuance of Final Orders by FERC in accordance with the requests of clauses (i) and (ii) above; and

(c) the issuance of Final Orders granting any regulatory applications required to be filed pursuant to Section V(b) of the MPA.

7.2 <u>Conditions to Obligations of the Grantee</u>. The obligation of the Grantee to effect the purchase of the Purchased Assets and the other transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing Date (or the waiver by the Grantee) of the following conditions:

(a) the Grantors shall have obtained all of the consents and approvals for the consummation of the sale of the Purchased Assets listed on <u>Schedule 4.3</u>;

(b) the representations and warranties of the Grantors set forth in Article IV, as updated by the Update Certificate (to the extent, and only to the extent, that such updates resulted from the Grantors' operation of the Designated Projects in a manner consistent with Section 6.1), shall be true and correct in all material respects at and as of the Closing Date, provided that each such representation and warranty, as so updated by the Update Certificate, that contains an express materiality qualification shall be true and correct in all respects at and as of the Closing Date;

(c) the Grantors shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(d) the Grantors shall have delivered to the Grantee a certificate to the effect that each of the conditions specified above in Sections 7.1(a) and 7.2(a), (b) and (c) is satisfied in all respects;

(e) the Grantors shall have delivered, or cause to be delivered, to the Grantee at the Closing, the Grantors' closing deliveries described in Section 3.8(a);

(f) there shall not have occurred since the Exercise Date and be continuing a Material Adverse Effect (other than any Material Adverse Effect governed by Section 6.7(b));

(g) the Purchased Assets shall be free and clear of all Encumbrances other than Permitted Encumbrances;

(h) the Grantors shall have transferred to the Grantee (or the Grantee shall have acquired satisfactory substitutes for) each of the Required Permits and Environmental Permits listed on Schedule 4.7 and Schedule 4.9 which are necessary to be transferred or to be acquired by the Grantee to implement the Post-Closing Plan;

(i) the Grantee shall have received an opinion from counsel to the Grantors, dated the Closing Date, substantially to the effect that (A) each Grantor is a limited liability company organized, existing and in good standing under the laws of the State of Delaware and qualified to do business as a foreign limited liability company in the State of Maine; (B) each Grantor has the limited liability company power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and (C) the execution and delivery of this Agreement and the consummation of the sale of the Purchased Assets contemplated hereby have been duly authorized by all requisite limited liability company action taken on the part of the Grantors; and

(j) the Title Policies (if requested by the Grantee) shall have been issued to the Grantee.

7.3 Conditions to Obligations of the Grantors. The obligation of the Grantors to effect the sale of the Purchased Assets and the other transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing Date (or the waiver by the Grantors) of the following conditions (provided that, to the extent that any of the following conditions relate to the MPA and are waived or modified by the Parties and the Additional MPA Parties pursuant to Section XII(a) of the MPA then, to that extent, they shall also be deemed waived or modified for the purposes of this Section):

(a) the Grantee shall have obtained all of the consents and approvals for the consummation of the sale of the Purchased Assets listed on Schedule 5.3;

(b) the representations and warranties of the Grantee set forth in Article V shall be true and correct in all material respects at and as of the Closing Date;

(c) the Grantee shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(d) the Grantee shall have delivered to the Grantors a certificate to the effect that each of the conditions specified above in Sections 7.1(a) and 7.3(a), (b) and (c) is satisfied in all respects;

(e) the Grantee shall have obtained the Environmental Insurance Policy required pursuant to Section 6.10 and shall have delivered to the Grantors evidence of such insurance reasonably acceptable to the Grantors;

(f) BHE and PPL Maine shall have amended the Interconnection Agreement to remove the Designated Projects therefrom;

(g) the Facilities Agreement, the Reciprocal Easement Agreement, the BHE Separation Document and the Fort James Separation Document shall either have been (i) terminated and replaced by a similar agreement with the Grantee or (ii) assigned to the Grantee;

(h) the FERC order approving the regulatory application filed pursuant to Section V(d)(1)(i) or (2)(i) of the MPA shall not require PPL Maine or PPL Great Works to remain a co-licensee of Veazie, Howland or Great Works or to be directly or indirectly responsible for the decommissioning or removal of the Designated Projects or the cost thereof;

(i) the Grantee shall have provided the Grantors with a written update as of the Closing Date of the Grantee's summary under Section 2.3(a) and Section 6.5, if applicable, regarding the availability of sufficient financial resources to acquire, decommission and remove or alter the Designated Projects in accordance with the MPA; and

(j) the Grantee shall have deposited into escrow the Excess Remedial Amount, if any;

(k) the Grantors shall have received an opinion from counsel to the Grantee, dated the Closing Date, substantially to the effect that (A) the Grantee is a nonprofit corporation organized, existing and in good standing under the laws of the State of Maine; (B) the Grantee has the corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby; and (C) the execution and delivery of this Agreement and the consummation of the sale of the Purchased Assets contemplated hereby have been duly authorized by all requisite corporate action taken on the part of the Grantee; and

(l) the Grantee shall have delivered, or cause to be delivered, to the Grantors at the Closing, the Grantee's closing deliveries described in Section 3.8(b).

ARTICLE VIII
INDEMNIFICATION

8.1 Indemnification.

(a) Each of the Grantors shall jointly and severally indemnify, defend and hold harmless the Grantee from and against any and all claims, demands or suits (by any Person), losses, Liabilities, damages (including consequential or special damages), obligations, payments, costs and expenses (including the costs and expenses of any and all actions, suits, proceedings, assessments, judgments, settlements and compromises relating thereto and reasonable attorneys' fees and reasonable disbursements in connection therewith) (each, an "Indemnifiable Loss"), asserted against or suffered by the Grantee to the extent relating to, resulting from or arising out of (i) any breach by any of the Grantors of any covenant or agreement of theirs contained in this

Agreement or the inaccuracy of any representation or warranty of theirs in this Agreement (including any certificate or Schedule to be delivered pursuant to the terms of this Agreement), (ii) any fraud, intentional misrepresentation or deliberate or willful misconduct by any of the Grantors relating to this Agreement or the transactions contemplated herein, and (iii) the Excluded Liabilities, including the Excluded Environmental Liabilities.

(b) PPL Generation shall indemnify, defend and hold harmless the Grantee from and against any and all Indemnifiable Losses asserted against or suffered by the Grantee (i) to the extent relating to, resulting from or arising out of (A) any breach of the representations and warranties in Article IV (including any certificate or Schedule to be delivered pursuant to the terms of this Agreement) to the extent and only to the extent such representations and warranties pertain to PPL Generation specifically, and (B) any breach of the representation and warranty set forth in Section 4.6 and (ii) to the full extent of the indemnification to be provided by the Grantors under Section 8.1(a), but only if the Grantors have been dissolved or are otherwise unable to fulfill their obligations under Section 8.1(a).

(c) The Grantee shall indemnify, defend and hold harmless the Grantors from and against any and all Indemnifiable Losses asserted against or suffered by the Grantors to the extent relating to, resulting from or arising out of (i) any breach by the Grantee of any covenant or agreement of the Grantee contained in this Agreement or the inaccuracy or breach of any representation or warranty of the Grantee in this Agreement (including any certificate or Schedule delivered pursuant to the terms of this Agreement), (ii) any fraud, intentional misrepresentation or deliberate or willful misconduct by the Grantee relating to this Agreement or the transactions contemplated herein, (iii) the Assumed Liabilities, including the Assumed Environmental Liabilities, and (iv) any Third Party Claims against a Grantor arising in connection with the Grantee's ownership, use or operation of the Purchased Assets on or after the Closing Date.

(d) The amount of any Indemnifiable Loss shall be reduced (i) to the extent that any Indemnitee receives any insurance proceeds with respect to any such Indemnifiable Loss (which Indemnitee shall use Commercially Reasonable Efforts to seek and each Indemnitee shall allow the Indemnifying Party to seek such proceeds directly at the Indemnifying Party's sole cost and expense), (ii) to take into account any net Tax benefit realized by the Indemnitee arising from the recognition of such Indemnifiable Loss and (iii) by the amount of any payment actually received by the Indemnitee with respect to such Indemnifiable Loss.

(e) Notwithstanding anything to the contrary herein, no Party (including an Indemnitee) shall be entitled to recover from another Party (including an Indemnifying Party) for any Liabilities, damages, obligations, payments, losses, costs or expenses under this Agreement any amount in excess of the actual compensatory damages, together with the amount of any reasonable costs and expenses related thereto, including court costs, expert witness fees and attorneys' fees, suffered by such Party. The Grantors and the Grantee waive any right to recover punitive, special, exemplary and consequential damages arising in connection with or with respect to this Agreement. The provisions of this Section 8.1(e) shall not apply to indemnification for a Third Party Claim.

(f) Except for willful, knowing or intentional breach or misrepresentation, as to which claims may be brought without limitation as to amount: (i) neither the Grantors, PPL Generation nor the Grantee, as the case may be, shall have any Liability to an Indemnitee for breaches of representations or warranties pursuant to this Section 8.1 until the aggregate amount of such indemnification obligation exceeds $100,000 (at which point such indemnification obligation shall equal the full amount of all claims without deduction of $100,000) and (ii) the Liability of the Grantors, PPL Generation or the Grantee, as the case may be, for breaches of representations and warranties pursuant to this Section 8.1 shall not exceed, in the aggregate, fifty percent (50%) of the Purchase Price, as adjusted. The limits set forth in this Section 8.1(f) shall not apply to Assumed Liabilities or Excluded Liabilities.

(g) The Parties intend that their respective indemnification obligations hereunder are not to be diminished by any immunity or other protection that might otherwise apply to an Indemnifying Party as a result of the law relating to workers' compensation claims, and that an Indemnifying Party will remain liable hereunder even if the Indemnifiable Loss is one which it would not, absent the indemnity it has provided hereunder, be liable for as a result of such workers' compensation laws.

8.2 Defense of Claims.

(a) If any Party entitled to receive indemnification under this Agreement (an "Indemnitee") receives notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any Person who is not a Party to this Agreement (a "Third Party Claim") with respect to which indemnification is to be sought from another Party to this Agreement (an "Indemnifying Party"), the Indemnitee will give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 20 days after receipt of notice thereof. Such notice shall specify this Section of this Agreement, describe the nature of the Third Party Claim in reasonable detail and will indicate the estimated amount, if practicable, of the Indemnifiable Loss that has been or may be sustained by the Indemnitee. The Indemnifying Party will have the right to participate in or, by giving written notice to the Indemnitee, to elect to assume the defense of any Third Party Claim at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, provided that the counsel for the Indemnifying Party who shall conduct the defense of such Third Party Claim shall be reasonably satisfactory to the Indemnitee. The Indemnitee will cooperate in good faith in such defense at such Indemnitee's own expense.

(b) If within 20 days after an Indemnitee provides written notice to the Indemnifying Party of any Third Party Claim, the Indemnitee receives written notice from the Indemnifying Party that such Indemnifying Party has elected to assume the defense of such Third Party Claim as provided in the last sentence of Section 8.2(a), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof. If the Indemnifying Party fails to defend a Third Party Claim actively and in good faith, within a reasonable period of time after receipt of written notice from the Indemnitee to such effect, specifying that the Indemnitee intends to invoke its rights under this Section, the Indemnitee may assume the defense of such claim and the Indemnifying Party shall be liable for all reasonable expenses thereof. Without the prior written consent of the Indemnitee, the Indemnifying Party will not enter into any settlement of any Third Party Claim which would lead to Liability or create any financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder. If a firm offer is made to settle a Third Party Claim without leading to Liability or the creation of a financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party will give written notice to the Indemnitee to that effect. If the Indemnitee fails to consent to such firm offer within 10 days after its receipt of such notice, the Indemnifying Party shall be relieved of its obligations to defend such Third Party Claim and the Indemnitee may contest or defend such Third Party Claim. In such event, the maximum Liability of the Indemnifying Party as to such Third Party Claim will be the amount of such settlement offer, plus reasonable costs and expenses paid or incurred by the Indemnitee up to the date of such notice.

(c) Any claim by an Indemnitee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a "Direct Claim") will be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than 20 days after the Indemnitee becomes aware of such claim, stating the nature of such claim in reasonable detail, specifying this Section of this Agreement and indicating the estimated amount, if practicable, and the Indemnifying Party will have a period of 30 days within which to respond to such Direct Claim. If the Indemnifying Party does not respond within such 30-day period, the Indemnifying Party will be deemed to have accepted such claim. If the Indemnifying Party rejects such claim, the Indemnitee will be free to seek enforcement of its rights to indemnification under this Agreement.

(d) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an indemnity payment in respect thereof, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other entity, the amount of such reduction, less any costs, expenses or premiums incurred in connection therewith, will promptly be repaid by the Indemnitee to the Indemnifying Party. Nothing in this Section 8.2(d) shall be construed to require any Party hereto to obtain or maintain any insurance coverage.

(e) A failure to give timely notice as provided in this Section 8.2 will not affect the rights or obligations of any Party hereunder except if, and only to the extent that, as a result of such failure, the Party which was entitled to receive such notice was actually prejudiced as a result of such failure.

8.3 Survival. Each covenant and obligation contained in this Agreement shall survive the Closing indefinitely and the representations and warranties contained in this Agreement shall survive the Closing for a period of 24 months (except for any willful, knowing or intentional misrepresentation or breach of warranty which shall survive for the period of the applicable statute of limitations); provided that representations and warranties as to title of the Real Estate shall expire at the Closing. A written claim for indemnification hereunder must be made within such survival period and, if so made, shall survive until resolution thereof notwithstanding the expiration of such survival period.

8.4 Exclusive Remedy. The Parties acknowledge and agree that the foregoing indemnification provisions of this Article VIII shall be the exclusive remedy of the Grantors and the Grantee for monetary relief in respect of any breach or failure to perform any representation, warranty, covenant or agreement under this Agreement, including the satisfaction of Assumed Liabilities and Excluded Liabilities. The Parties reserve the right to seek any available injunctive or other non-monetary equitable relief, including specific performance.

ARTICLE IX
TERMINATION

9.1 Termination.

(a) This Agreement shall terminate automatically if the Exercise Date has not occurred prior to the expiration of the Exercise Period or if the MPA is terminated in accordance with its terms prior to the Closing Date.

(b) This Agreement may, by notice given prior to or at the Closing, be terminated:

(i) by mutual written consent of the Grantors and the Grantee;

(ii) by the Grantors or the Grantee if:

(1) any federal or state court of competent jurisdiction shall have issued a Final Order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing;

(2) any statute, rule, order or regulation shall have been enacted or issued by any governmental authority which, directly or indirectly, prohibits the consummation of the Closing; or

(3) a Final Order shall have been issued denying any of the regulatory applications and requests referenced in Section 2.2(a) and 7.1(b), provided that the right to terminate this Agreement under this Section 9.1(b)(ii) shall not be available to any Party if such denial was caused by such Party's breach of this Agreement;

(iii) by the Grantors, if there has been a material violation or breach by the Grantee of any covenant, representation or warranty contained in this Agreement which has rendered the satisfaction of any condition to the obligations of the Grantors to effect the Closing impossible and such violation or breach is not cured by the earlier of the Closing Date or the date 45 days after receipt by the Grantee of notice specifying particularly such violation or breach, and such violation or breach has not been waived by the Grantors;

(iv) by the Grantee, if there has been a material violation or breach by the Grantors of any covenant, representation or warranty contained in this Agreement which has rendered the satisfaction of any condition to the obligations of the Grantee to effect the Closing impossible and such violation or breach is not cured by the earlier of the Closing Date or the date 45 days after receipt by the Grantors of notice specifying particularly such violation or breach, and such violation or breach has not been waived by the Grantee; or

(v) by the Grantee in accordance with Section 2.3(c);

(vi) by the Grantee, if it determines, prior to its delivery of the Notice of Intention to Exercise, that exercise of the Option would be imprudent or infeasible; or

(vii) by the Grantors in accordance with Section 6.9(b).

9.2 Procedure and Effect of Termination. In the event of termination of this Agreement by any of the Parties pursuant to Section 9.1(b), written notice thereof shall forthwith be given by the terminating Party to the other Party and this Agreement shall be terminated without further action by any of the Parties. If this Agreement is terminated pursuant to any of Section 9.1, the Liabilities of the Parties hereunder will terminate, except for any Liability of any Party then in breach and except as otherwise expressly provided in this Agreement, and thereafter no Party shall have any recourse against the other by reason of this Agreement. Notwithstanding the foregoing, the confidentiality provisions of Section 6.2 shall survive termination.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1 Press Releases and Public Announcements.

(a) The Parties acknowledge that the Grantee will need to discuss and make presentations regarding this Agreement in public forums. The Grantee agrees to use its reasonable best efforts to provide the Grantors with prior notice of any such discussions or presentations, including copies of any written materials to be disseminated and summaries of material topics to be discussed orally, if available prior to such presentations, provided that this obligation shall not extend to subsequent substantially similar presentations and discussions. The Grantee agrees to discuss in good faith with the Grantors regarding any objections of the Grantors to the substance of any such presentations.

(b) Except as provided in Section 10.1(a), each Party shall provide the other with an opportunity to review and comment on any press release or other public announcement relating to the subject matter of this Agreement and the Parties agree to discuss in good faith regarding any objections with respect thereto; provided that any Party may make any public disclosure it believes in good faith is required by applicable law or any listing or trading agreement concerning the publicly traded securities of any Affiliate (in which case the disclosing Party will use its reasonable best efforts to advise the other Party prior to making the disclosure).

10.2 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Grantors and the Grantee and their respective successors and permitted assigns.

10.3 Dispute Resolution.

(a) If any dispute arises under this Agreement that is not settled promptly in the ordinary course of business, the Parties shall seek to resolve the dispute, first, by negotiating promptly with each other in good faith in face-to-face negotiations.

(b) If the Parties are unable to resolve the dispute within 20 Business Days (or such period as the Parties shall otherwise agree) following the date of notification (the "Dispute Notice Date") by one Party to the other(s) of the existence of the dispute, then the Parties shall endeavor to resolve the dispute by mediation, using a mutually acceptable mediator. The use of mediation will not be construed under the doctrine of laches, waiver or estoppel to affect adversely the rights of either Party and any mediation discussions shall be deemed to be settlement discussions and not admissible in any subsequent proceedings.

(c) If the dispute has not been resolved by mediation within 90 days of the Notice Date, any Party may pursue the dispute exclusively in the federal courts located in Maine or the state courts of Maine ("Maine Courts"). Each of the Parties hereby irrevocably and unconditionally (i) submits to the jurisdiction of the Maine Courts for any such proceeding, and (ii) agrees not to commence any such proceeding except in the Maine Courts.

(d) No Party shall be precluded by this Section 10.3 from securing equitable remedies in courts of any jurisdiction including temporary restraining orders and preliminary injunctions, to protect its rights and interests, but such equitable remedies shall not be sought as a means to avoid or stay any of the provisions of this Section 10.3.

(e) Each Party shall be required to continue to perform its respective obligations under this Agreement pending final resolution of any matter under this dispute resolution provision, unless to do so would be impossible or impracticable under the circumstances.

(f) The prevailing Party in any dispute shall be entitled to reimbursement of its costs of pursuing such dispute including reasonable attorneys' fees.

(g) The provisions of this Section 10.3 shall not apply to the resolution of matters by the Independent Expert and arbitration as called for under Section 6.7(b).

10.4 WAIVER OF JURY TRIAL. THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. THE PARTIES AGREE THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

10.5 Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Subject to the provisions of Section III(c) of the MPA, the Grantee may assign this Agreement to another not-for-profit corporation having the same characteristics as required of the Grantee under this Agreement or to a governmental authority provided that such corporation or governmental authority demonstrates to the reasonable satisfaction of the Grantors that it has the legal and financial capability and willingness to carry out the responsibilities and exercise the rights of the Grantee under this Agreement, whereupon the assignee of the Grantee shall acquire all of the rights and privileges and shall be obligated to perform all of the duties of the Grantee hereunder. In addition, the Grantee may require the Grantors to convey the portion of the Purchased Assets relating to one or more of the Designated Projects to one or more Affiliates of the Grantee. The Grantee agrees to notify the Grantors in writing at least ten (10) Business Days in advance of an assignment to a permitted assign other than an Affiliate of the Grantee and to include in such notification evidence of such assignee's legal and financial capability and willingness to carry out the responsibilities and exercise the rights of the Grantee under this Agreement. In addition, the Grantee shall provide the Grantors with a copy of the instrument of assignment promptly upon the execution of any assignment.

10.6 No Broker. The Grantors and the Grantee agree that no brokers have been involved in this transaction, and each agrees to hold harmless and indemnify the other from and against any losses, damages, costs or expenses (including attorneys' fees) that either Party may suffer as a result of claims made or suits brought by any broker in connection with this transaction, the obligated Party hereunder to be the Party whose conduct gives rise to such claim.

10.7 Recording. The Grantors and the Grantee shall each execute and deliver a Memorandum of this Agreement, in multiple original counterparts, that includes such information (other than financial information) as either Party shall reasonably request, a counterpart of which Memorandum may be recorded by any Party in the Registry of Deeds for each county in Maine in which any of the Purchased Assets are located. If the Grantee fails to exercise the Option during the Exercise Period or if this Agreement is otherwise terminated in accordance with its terms, the Grantee agrees promptly thereafter to execute and deliver to the Grantors an instrument suitable for recording confirming the termination of the Option.

10.8 Governing Law. **THIS AGREEMENT SHALL BE CONSTRUED UNDER AND GOVERNED BY THE LAWS OF THE STATE OF MAINE WITHOUT REGARD TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF MAINE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MAINE.**

10.9 Notices. All notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly given or delivered (i) when delivered personally to the recipient, (ii) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid), (iii) one Business Day after being sent to the recipient by facsimile transmission or electronic mail, or (iv) four Business Days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to PPL Generation, PPL Maine or PPL Great Works:

Jim Miller, President
PPL Generation, LLC
Two N. Ninth Street
Allentown, Pennsylvania 18101
Fax no.: 610-774-6726
Email address: jhmiller@pplweb.com

Copy to:

General Counsel
PPL Corp.
Two N. Ninth Street
Allentown, Pennsylvania 18101
Fax no.: 610-774-6726
Email address: jadillon@pplweb.com

If to the Grantee:

Andrew Goode, President
Penobscot River Restoration Trust
P.O. Box 5695
Augusta, Maine 04332-5695
Fax no.: 207-725-2967
Email address: goodeasf@blazenetme.net

Copy to:

Juliet T. Browne, Esq.
Verrill & Dana LLP
One Portland Square
P.O. Box 586
Portland, Maine 04112-0586
Fax no.: 207-774-7499
Email address: jbrowne@verrilldana.com

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner set forth herein.

10.10 Captions and Construction. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof. The use in this Agreement of the masculine pronoun in reference to a Party hereto shall be deemed to include the feminine or neuter, and the singular shall include the plural, as the context may require. The word "including" shall mean including without limitation. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

10.11 Execution in Counterparts. For the convenience of the Parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

10.12 Entire Agreement. This Agreement, the MPA, and the Exhibits, Schedules, documents, certificates and instruments referred to herein or therein, embody the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated in this Agreement. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter hereof, including, to the extent applicable, the Conceptual Agreement.

10.13 Amendments and Waivers. The terms of this Agreement may not be amended, waived or terminated orally, but only by an instrument in writing signed by the Grantors and the Grantee. No waiver by any Party of any provision of this Agreement or any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver, nor shall such waiver by deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way rights arising by virtue of any prior or subsequent such occurrence.

10.14 No Joint Venture. Nothing in this Agreement is intended to create an association, trust, partnership or joint venture between the Grantors and/or PPL Generation, on the one hand, and the Grantee, on the other hand, or impose a trust, partnership, fiduciary duty, obligation, or Liability on or with respect to any Party.

10.15 Time of Essence. Time is of the essence under this Agreement.

10.16 Bulk Sales Laws. The Grantee acknowledges that, notwithstanding anything in this Agreement to the contrary, the Grantors will not comply with the provision of the bulk sales laws of any jurisdiction in connection with the transactions contemplated by this Agreement. The Grantee hereby waives compliance by the Grantors with the provisions of the bulk sales laws of all applicable jurisdictions.

IN WITNESS WHEREOF, the Parties hereto have duly executed this instrument as of the day and year first above written.

WITNESS:	PPL MAINE, LLC
Carrie Kiwak	By: [signature]
	Name: James H. Miller

Title: President

PPL GREAT WORKS, LLC

Darene L Weh

By: Jim H Miller
Name: James H. Miller
Title: President

PPL GENERATION, LLC

Darene L Weh

By: Jim H Miller
Name: James H. Miller
Title: President

PENOBSCOT RIVER RESTORATION TRUST

By:
Name:
Title:

STATE OF Pennsylvania
COUNTY OF Lehigh

June 8, 2004

Then personally appeared before me the above-named James H. Miller, ______ of PPL Maine, LLC, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said limited liability company.

Diane M. Koch
Notary Public/~~Attorney at Law~~
Print Name: DIANE M. KOCH
My Commission Expires: 9/29/07

NOTARIAL SEAL
DIANE M. KOCH, NOTARY PUBLIC
CITY OF ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES SEPT. 29, 2007

STATE OF Pennsylvania
COUNTY OF Lehigh June 8, 2004

Then personally appeared before me the above named James H. Miller, __________ of PPL Great Works, LLC, and acknowledged the foregoing instrument to be his free act and deed in said capacity, and the free act and deed of said limited liability company.

Diane M. Koch
Notary Public
Print Name: DIANE M. KOCH
My Commission Expires: 9/29/07

NOTARIAL SEAL
DIANE M. KOCH, NOTARY PUBLIC
CITY OF ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES SEPT. 29, 2007

STATE OF Pennsylvania
COUNTY OF Lehigh June 8, 2004

Then personally appeared before me the above-named James H. Miller, __________ of PPL Generation, LLC, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said limited liability company.

Diane M. Koch
Notary Public/~~Attorney-at-Law~~
Print Name: DIANE M. KOCH
My Commission Expires: 9/29/07

NOTARIAL SEAL
DIANE M. KOCH, NOTARY PUBLIC
CITY OF ALLENTOWN, LEHIGH COUNTY
MY COMMISSION EXPIRES SEPT. 29, 2007

STATE OF MAINE
COUNTY OF __________ __________, 2004

Then personally appeared before me the above-named __________, __________ of Penobscot River Restoration Trust, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said nonprofit corporation.

____
Notary Public/Attorney-at-Law
Print Name: __________
My Commission Expires: __________

PPL GENERATION, LLC

_______________________________ By: _______________________________
Name:
Title:

PENOBSCOT RIVER RESTORATION TRUST

Maryb d Barrett _______________ By: _______________________________
Name: Andrew Goode
Title: President

STATE OF ____________________
COUNTY OF __________________________ ___________, 2004

Then personally appeared before me the above-named ____________________________, ________________ of PPL Maine, LLC, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said limited liability company.

____
Notary Public/Attorney-at-Law
Print Name: ____________________
My Commission Expires: ______________

STATE OF __________
COUNTY OF __________________________ ___________, 2004

Then personally appeared before me the above named ____________________________, ______________________ of PPL Great Works, LLC, and acknowledged the foregoing instrument to be his free act and deed in said capacity, and the free act and deed of said limited liability company.

____
Notary Public
Print Name: ____________________
My Commission Expires: ______________

STATE OF ___________
COUNTY OF ___________________________ ____________, 2004

Then personally appeared before me the above-named ______________________________, ________________ of PPL Generation, LLC, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said limited liability company.

____
Notary Public/Attorney-at-Law
Print Name:___________________________
My Commission Expires:________________

STATE OF MAINE
COUNTY OF Cumberland June 22, 2004

Then personally appeared before me the above-named Andrew Goode, President of Penobscot River Restoration Trust, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity, and the free act and deed of said nonprofit corporation.

____
Notary Public/Attorney-at-Law
Print Name: J. MASON MORFIT
My Commission Expires: 1/05/10

J. Mason Morfit
NOTARY PUBLIC
State of Maine
My Commission Expires 01/05/10

EXHIBIT A - FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT, dated as of _________, ____ ("Agreement"), by and between PPL GREAT WORKS, LLC, a Delaware limited liability company, and PPL MAINE, LLC, a Delaware limited liability company (collectively, the "Sellers"), and PENOBSCOT RIVER RESTORATION TRUST, a Maine nonprofit corporation ("Buyer" and each a "Party").

WITNESSETH:

WHEREAS, pursuant to that certain Lower Penobscot River Option Agreement dated as of June __, 2004 (as amended, supplemented or otherwise modified from time to time, the "Option Agreement"), by and among the Sellers, the Buyer and PPL Generation, LLC, a Delaware limited liability company, each of the Sellers agreed, among other things, to sell, transfer, assign, convey, and deliver to the Buyer all of its right, title and interest in and to the Purchased Assets which constitute intangible personal property, the Buyer agreed to assume certain liabilities and obligations of the Sellers as are expressly described as being Assumed Liabilities in Section 3.3 of the Option Agreement and the Sellers agreed to retain the Excluded Liabilities described in Section 3.4 of the Option Agreement;

WHEREAS, it is the Parties' intention to reflect the transfer of title to certain of the Purchased Assets and the assumption of the Assumed Liabilities by the execution and delivery of this Agreement between the Sellers and the Buyer;

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Sellers and the Buyer hereby agree as follows:

1. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meaning ascribed to them in the Option Agreement.

2. The Sellers hereby sell, transfer, assign, convey and deliver to the Buyer, free and clear of all Encumbrances, other than the Permitted Encumbrances permitted by definition to survive after the Closing Date, all of the Sellers' right, title and interest in and to the Purchased Assets constituting intangible personal property as described under Section 3.1 and relevant schedules thereto in the Option Agreement ("Assigned Assets").

3. The Buyer hereby assumes and agrees to pay, perform or discharge in accordance with their terms, to the extent not heretofore paid, performed or discharged and subject to the limitations contained in this Agreement and the Option Agreement, the Assumed Liabilities as described under Section 3.3 of the Option Agreement. Notwithstanding anything to the contrary herein, or in any other writing delivered in connection herewith, the Buyer will not assume or perform any liabilities or obligations not specifically contemplated in the Option Agreement and, in particular, will not assume any of the Excluded Liabilities.

4. The Sellers warrant and represent to the Buyer, its successors and assigns, that, as of the date hereof, the Sellers are the true and lawful owners of the Assigned Assets; that the

Sellers have the full right and power to assign and transfer the Assigned Assets to the Buyer; that the Assigned Assets are free from Encumbrances (except for those Permitted Encumbrances permitted by definition to survive after the Closing Date) and that the Assigned Assets have not been sold, assigned or transferred to any Person other than the Buyer.

5. The assumption by the Buyer of the Assumed Liabilities shall not be construed to defeat, impair or limit in any way the rights, claims or remedies of the Buyer under the Option Agreement.

6. The Sellers hereby agree with the Buyer to execute and deliver to the Buyer such further documents and instruments as may be necessary to further confirm and perfect the assignment and transfer of the Assigned Assets to the Buyer.

7. The Parties agree that nothing in this Agreement or in Section 3.3 of the Option Agreement shall constitute a waiver or release of any claims arising out of the contractual relationships between the Sellers and the Buyer.

8. This Agreement shall bind and inure to the benefit of the Parties and their respective successors and permitted assigns.

9. This Agreement shall be governed by and construed in accordance with the laws of the State of Maine (regardless of the laws that might otherwise govern under applicable Maine principles of conflicts of laws).

10. This Agreement is delivered pursuant to and is subject to the Option Agreement. In the event of any conflict between the terms of the Option Agreement and the terms of this Agreement, the terms of the Option Agreement shall prevail.

11. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this instrument under seal as of the date first above written.

PENOBSCOT RIVER RESTORATION TRUST

By:______________________________

Name: ____________________________

Title: ______________________________

PPL GREAT WORKS, LLC

By:______________________________

Name:____________________________

Title: ______________________

PPL MAINE, LLC

By:______________________________

Name:____________________________

Title:_____________________________

EXHIBIT B - FORM OF BILL OF SALE

BILL OF SALE, dated as of ________________, _____ (the "Bill of Sale"), by and among PPL GREAT WORKS, LLC, a Delaware limited liability company, and PPL MAINE, LLC, a Delaware limited liability company (collectively, the "Sellers"), and PENOBSCOT RIVER RESTORATION TRUST, a Maine nonprofit corporation ("Buyer" and each a "Party").

WITNESSETH:

WHEREAS, pursuant to that certain Lower Penobscot River Option Agreement, dated as of June __, 2004 (as amended, supplemented or otherwise modified from time to time, the "Option Agreement"), by and among the Sellers, the Buyer and PPL Generation LLC, a Delaware limited liability company, each of the Sellers has agreed to sell, transfer, assign, convey and deliver all of its right, title and interest in the Purchased Assets (as defined in the Option Agreement) to the Buyer and the Buyer has agreed to purchase and acquire such Purchased Assets from the Sellers, all as more fully described in the Option Agreement; and

WHEREAS, pursuant to the Option Agreement, the Sellers have agreed to execute and deliver this Bill of Sale to the Buyer pursuant to which that part of the Purchased Assets which constitutes personal property will be conveyed to the Buyer.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Sellers hereby agree as follows:

1. Capitalized terms which are used but not otherwise defined in this Bill of Sale shall have the meaning ascribed to such terms in the Option Agreement.

2. Except as set forth in Section 3 below and subject to the terms and conditions of the Option Agreement, each of the Sellers does hereby sell, transfer, assign, convey and deliver to the Buyer all of its right, title and interest in and to the Purchased Assets which constitute tangible personal property as described in the Option Agreement (the "Tangible Personal Assets"), free and clear of all Encumbrances, except those Permitted Encumbrances permitted by definition to survive after the Closing Date.

3. Notwithstanding anything herein to the contrary, the Excluded Assets are specifically excluded from the Purchased Assets and shall be retained by the Sellers at and following the Closing Date.

4. The Sellers warrant and represent to the Buyer, its successors and assigns, that, as of the date hereof, the Sellers are the true and lawful owners of the Tangible Personal Assets; that the Sellers have the full right and power to assign and transfer the Tangible Personal Assets to the Buyer; that the Tangible Personal Assets are free from Encumbrances (except for those Permitted Encumbrances permitted by definition to survive after the Closing Date) and that the Tangible Personal Assets have not been sold, assigned or transferred to any Person other than the Buyer.

5. The Sellers hereby agree to execute and deliver to the Buyer such further documents and instruments as may be necessary to further confirm and perfect the purchase and transfer of the Tangible Personal Assets to the Buyer.

6. This Bill of Sale shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns.

7. This Bill of Sale shall be governed by and construed in accordance with the laws of the State of Maine (regardless of the laws that might otherwise govern under applicable Maine principles of conflict of laws).

8. This Bill of Sale is delivered pursuant to and is subject to the Option Agreement. In the event of any conflict between the terms of the Option Agreement and the terms of this Bill of Sale, the terms of the Option Agreement shall prevail.

9. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Bill of Sale has been duly executed and delivered by the duly authorized officers of the undersigned as of the date first above written.

PPL GREAT WORKS, LLC

By:________________________

Name: ________________________

Title: ________________________

PPL MAINE, LLC

By:________________________

Name: ________________________

Title: ________________________

EXHIBIT C - FORM OF FIRPTA AFFIDAVIT

Affidavit of [Appropriate PPL Entity]
Under Section 1445(b)(2) of the Internal Revenue Code

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform Penobscot River Restoration Trust, a Maine nonprofit corporation (the "Transferee"), that withholding of tax is not required upon the disposition of a U.S. real property interest by **[Appropriate PPL Entity]**, a [________________] (the "Transferor"), the undersigned hereby certifies the following on behalf of the Transferor:

1. The Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Treasury Regulations thereunder);

2. The Transferor is not a disregarded entity as defined in Proposed Treasury Regulations section 1.1445-2(b)(2)(iii);

3. The Transferor's U.S. employer identification number is [__________]; and

4. The Transferor's office address is [________________________].

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the Transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

Date: __________, 200_

Signature: ____________________________
Name: ____________________________
Title: ____________________________

EXHIBIT D – FORMS OF QUITCLAIM DEEDS

QUITCLAIM DEED WITH COVENANT
[Veazie]

PPL MAINE, LLC, (previously known as Penobscot Hydro, LLC) a Delaware limited liability company, with a place of business in Old Town, Maine (the "Grantor"), FOR CONSIDERATION PAID, grants to PENOBSCOT RIVER RESTORATION TRUST, a Maine nonprofit corporation, with a place of business in Augusta, Maine (the "Grantee"), with QUITCLAIM COVENANT, all that certain real estate, together with any improvements thereon, and all easements, flowage rights, mill privileges, water rights and any and all other rights appurtenant thereto, which were conveyed by and more particularly described in deed from Bangor Hydro-Electric Company to Penobscot Hydro, LLC dated May 26, 1999 and recorded in the Penobscot County Registry of Deeds in Book 7058, Page 193, which descriptions are hereby incorporated by reference as if more fully set forth herein.

Subject to those reservations, rights, easements, covenants, conditions, agreements, carve-outs and limitations on title set forth in the aforesaid deed and contained in that certain Interconnection Agreement entered into by and between Bangor Hydro-Electric Company and PPL Maine LLC (then named Penobscot Hydro LLC) as of May 26, 1999 and recorded in the Penobscot County Registry of Deeds in Book 7058, Page 1, as amended.

Grantee by acceptance of this deed understands and acknowledges that the real estate interests herein conveyed vary amongst fee, easement and other rights.

IN WITNESS WHEREOF, the said PPL Maine, LLC has caused this instrument to be executed by ______________ its ________________, thereunto duly authorized, as of this _____ day of ___________, 20__.

WITNESSETH: PPL MAINE, LLC

________________________ By: ________________________

Print Name: Print Name:
Its

State of ____________________
County of ________________, ss. ______________

PERSONALLY APPEARED the above-named ________________, ________________ of PPL MAINE, LLC as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity and the free act and deed of said limited liability company.

Before me,

____
Notary Public
Print Name:
Commission Expires:

QUITCLAIM DEED WITH COVENANT
[Howland]

PPL MAINE, LLC, (previously known as Penobscot Hydro, LLC) a Delaware limited liability company, with a place of business in Old Town, Maine (the "Grantor"), FOR CONSIDERATION PAID, grants to PENOBSCOT RIVER RESTORATION TRUST, a Maine nonprofit corporation, with a place of business in Augusta, Maine (the "Grantee"), with QUITCLAIM COVENANT, all that certain real estate, together with any improvements thereon, and all easements, flowage rights, mill privileges, water rights and any and all other rights appurtenant thereto, which were conveyed by and more particularly described in deed from Bangor Hydro-Electric Company to Penobscot Hydro, LLC dated May 26, 1999 and recorded in the Penobscot County Registry of Deeds in Book 7058, Page 176, which descriptions are hereby incorporated by reference as if more fully set forth herein.

Subject to those reservations, rights, easements, covenants, conditions, agreements, carve-outs and limitations on title set forth in the aforesaid deed and contained in that certain Interconnection Agreement entered into by and between Bangor Hydro-Electric Company and PPL Maine LLC (then named Penobscot Hydro LLC) as of May 26, 1999 and recorded in the Penobscot County Registry of Deeds in Book 7058, Page 1, as amended.

Grantee by acceptance of this deed understands and acknowledges that the real estate interests herein conveyed vary amongst fee, easement and other rights.

IN WITNESS WHEREOF, the said PPL Maine, LLC has caused this instrument to be executed by _______________ its _________________, thereunto duly authorized, as of this ______ day of ____________, 20__.

WITNESSETH:

____
Print Name:

PPL MAINE, LLC

By: _____________________________
Print Name:
Its

State of ________________________
County of __________________, ss.

____

PERSONALLY APPEARED the above-named _________________, __________________ of PPL MAINE, LLC as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity and the free act and deed of said limited liability company.

Before me,

____
Notary Public
Print Name:
Commission Expires:

QUITCLAIM DEED WITH COVENANT

PPL GREAT WORKS, LLC, (previously known as PP&L GREAT WORKS, LLC), a Delaware limited liability company, with a place of business in Old Town, Maine (the "Grantor"), FOR CONSIDERATION PAID, grants to PENOBSCOT RIVER RESTORATION TRUST, a Maine nonprofit corporation, with a place of business in Augusta, Maine (the "Grantee"), with QUITCLAIM COVENANT, all that certain real estate, together with any improvements thereon, and all easements, flowage rights, mill privileges, water rights and any and all other rights appurtenant thereto, which were conveyed by and more particularly described in deed from Fort James Operating Company to PP&L Great Works, LLC dated February 25, 2000 and recorded in the Penobscot County Registry of Deeds in Book 7302, Page 102, which descriptions are hereby incorporated by reference as if more fully set forth herein.

Subject to those reservations, rights, easements, covenants, conditions, agreements, carve-outs and limitations on title set forth in the aforesaid deed and contained in that certain Reciprocal Easement Agreement between Fort James Operating Company and PP&L Great Works, LLC, dated February 28, 2000 and recorded in the Penobscot County Registry of Deeds in Book 7302, Page 114.

Grantee by acceptance of this deed understands and acknowledges that the real estate interests herein conveyed vary amongst fee, easement and other rights.

Excepting from this conveyance, the land previously conveyed by PPL Great Works, LLC to Oscar Emerson et al by deed acknowledged on May 21, 2002 and recorded in the Penobscot County Registry of Deeds in Book 8211, Page 1.

IN WITNESS WHEREOF, the said PPL GREAT WORKS, LLC has caused this instrument to be executed by _______________ its _________________, thereunto duly authorized, as of this ______ day of _____________, 20__.

WITNESSETH: PPL GREAT WORKS, LLC

____________________________ By: ____________________________

Print Name: Print Name:

Its

State of ____________________
County of ________________, ss. ______________

PERSONALLY APPEARED the above-named ________________, ________________ of PPL Great Works, LLC as aforesaid, and acknowledged the foregoing instrument to be his/her free act and deed in his/her said capacity and the free act and deed of said limited liability company.

Before me,

____
Notary Public
Print Name:
Commission Expires:

EXHIBIT E -- FORM OF TURBINE UNIT AGREEMENT

This Turbine Unit Agreement (this "Agreement") is made and entered into this [•] day of [•] 200[•], by PENOBSCOT RIVER RESTORATION TRUST, a Maine nonprofit corporation (the "Trust") and PPL MAINE, LLC, a Delaware limited liability company ("PPL Maine"). Each of the Trust and PPL Maine is individually referred to herein as a "Party" and together are referred to herein as the "Parties."

RECITALS

A. The Trust, PPL Maine, PPL Great Works, LLC, a Delaware limited liability company ("PPL Great Works"), and PPL Generation, LLC, a Delaware limited liability company, have entered into a Lower Penobscot River Option Agreement dated [•], 2004 (the "Lower Penobscot River Option Agreement") under which PPL Maine and PPL Great Works granted the Trust an option to purchase: (i) the hydroelectric project commonly known as the Veazie facility located between the towns of Veazie and Eddington, Maine, as more particularly described in the Federal Energy Regulatory Commission ("FERC") license for Project No. 2403 ("Veazie"); (ii) the hydroelectric project commonly known as the Great Works facility located in Old Town, Maine, as more particularly described in the FERC license for Project No. 2312 ("Great Works"); and (iii) the hydroelectric project commonly known as the Howland facility located in the town of Howland, Maine, as more particularly described in the FERC license for Project No. 2721 ("Howland") (collectively the "Designated Projects").

B. PPL Great Works and PPL Maine are the owners of a number of additional dams and hydroelectric power projects in Maine in the Penobscot River Basin, including: (i) the project commonly known as the Milford facility located in the town of Milford, Maine, as more particularly described in the FERC license for Project No. 2534 ("Milford"); (ii) the project commonly known as the Stillwater facility located in Old Town, Maine, as more particularly described in the FERC license for Project No. 2712 ("Stillwater"); (iii) the project commonly known as the Medway facility located in the town of Medway, Maine, as more particularly described in the FERC license for Project No. 2666 ("Medway"); and (iv) the project commonly known as the Orono facility located in the town of Orono, Maine, as more particularly described in the FERC license for Project No. 2710 ("Orono").

C. The Parties and PPL Great Works are also parties to a Lower Penobscot River Multiparty Settlement Agreement dated June, 2004 ("MPA"), that (i) defines certain conditions under which PPL Maine shall pursue certain energy enhancements ("Energy Enhancements") subsequent to the purchase by the Trust of the Designated Projects, and (ii) generally describes the conditions under which the Trust shall sell and PPL Maine shall buy certain turbine units, currently installed in the Designated Projects, if PPL Maine pursues one or more of the Energy Enhancements;

D. In satisfaction of a condition to closing the transactions contemplated by the Lower Penobscot River Option Agreement, the Parties desire to enter into this Agreement pursuant to which, upon the terms and subject to the conditions set forth herein, the Trust will agree to sell to PPL Maine, and PPL Maine will agree to buy from the Trust, certain turbine units currently installed in the Designated Projects.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties hereby agree as follows:

1. Agreement to Sell. Upon the terms and subject to the conditions of this Agreement, the Trust hereby grants to PPL Maine the exclusive right to purchase all of the Trust's right, title, and interest in and to turbine/generating units 1 ("Veazie 1"), 15 ("Veazie 15"), and 17 ("Veazie 17") of Veazie and turbine/generating units 4, 5, 10 and 11 ("Great Works 4 and 5, 10 and 11") and 6 through 9 ("Great Works 6-9") of Great Works (collectively, the "Turbine Units" and each individually, a "Turbine Unit"), in each case together with all headgates, step-up transformers, circuit breakers, switchgear, relays, and interconnection equipment related primarily to such Turbine Unit, and together with the following items related primarily to such Turbine Unit: (i) all inventories of supplies, materials, and spares held for use principally in connection with the ownership or operation of such Turbine Unit; (ii) all books, operating, and maintenance records, operating, safety, and maintenance manuals, engineering or design plans, drawings, blueprints, and as-built plans, specifications, procedures and similar items of the Trust relating specifically to such Turbine Unit; and (iii) any transferable warranties and indemnities given by third parties with respect to such Turbine Units or in connection with the operation or maintenance thereof.

2. Purchase and Sale Procedures.

(a) No less than 150 days prior to the date upon which the Trust intends to cease operations of a specific Turbine Unit (each, a "Cessation Date"), the Trust shall provide PPL Maine with written notice (each, a "Notice") of the Cessation Date. Subject to the closing conditions set forth in Section 5 below and to Sections VI(d), (f) and (g) of the MPA, PPL Maine shall, in each case, purchase each Turbine Unit on the first Business Day following the Cessation Date, or such other date as may be agreed upon by the Parties (each, a "Closing Date").

(b) If PPL Maine decides to pursue any Energy Enhancement in which PPL Maine does not acquire the specific Turbine Units associated with such Energy Enhancement from the Trust when required hereunder to do so, PPL Maine shall pay the Trust twenty-five thousand dollars ($25,000) for each Turbine Unit associated with such Energy Enhancement plus any reasonable removal and disposal costs incurred by the Trust.

3. Purchase Price. The purchase price for each Turbine Unit shall be $25,000 (the "Purchase Price"). On each Closing Date, PPL Maine shall pay the Purchase Price for each Turbine Unit being purchased on such Closing Date either by wire transfer of immediately available funds to a bank account designated by the Trust for such purpose no less than two Business Days before the Closing Date or by a cashier's or certified check.

4. Closing. The purchase and sale of Turbine Units that are the subject of a Notice shall be consummated at a closing (each a "Closing") that will take place on the Closing Date.

5. Closing Conditions.

(a) *Conditions to Obligations of Each Party.* The respective obligations of PPL Maine and the Trust to effect the purchase and sale of the Turbine Units shall be subject to the fulfillment at or prior to each Closing Date (or the waiver by PPL Maine and the Trust) of the following conditions:

(i) no preliminary or permanent injunction or other order or decree by any federal or state court which prevents the consummation of the sale of the applicable Turbine Units shall have been issued and remain in effect (each Party agreeing to use its Commercially Reasonable Efforts to have any such injunction, order, or decree lifted) and no statute, rule, or regulation shall have been enacted by any state or federal government or other governmental authority in the United States which prohibits the consummation of the sale of the Turbine Units;

(ii) with respect only to any Closing Date on which Veazie 17 will be purchased and sold, PPL Maine shall have filed a notification to FERC that it intends to proceed with the installation of the previously-authorized additional turbine/generating unit at Milford using a 1,500 kilowatt ("kW") turbine/generating unit removed from Veazie;

(iii) with respect only to any Closing Date on which Veazie 1 will be purchased and sold, PPL Maine shall have filed with FERC, and FERC shall have approved, a request to amend the license for Medway to authorize PPL Maine to increase the installed capacity by approximately 700 kW through the installation of a turbine/generating unit from Veazie;

(iv) with respect only to any Closing Date on which Veazie 15 will be purchased and sold, PPL Maine shall have filed with FERC, and FERC shall have approved, a request to amend the license for Ellsworth (Project No. 2727) to authorize PPL Maine to increase the installed capacity by approximately 500 kW through the addition at the Graham Lake development of a turbine/generating unit removed from Veazie;

(v) with respect only to any Closing Date on which any one or more of Great Works 6-9 will be purchased and sold, PPL Maine shall have filed with FERC, and FERC shall have approved, a request to amend the license for Orono to authorize PPL Maine to construct a second powerhouse containing four turbine/generating units removed from Great Works with a total installed capacity of approximately 5,277 kW, and to the extend the term of the license to 50 years; and

(vi) with respect only to any Closing Date on which any one or more of Veazie 4 and 5, 10 and 11 will be purchased and sold, PPL Maine shall have filed with FERC, and FERC shall have approved, a request to amend the license for Stillwater to authorize PPL Maine to construct a second powerhouse containing four turbine/generating units removed from Great Works with a total installed capacity of 2,720 kW.

(b) *Conditions to Obligations of PPL Maine.* The obligation of PPL Maine to effect the purchase of the Turbine Units shall be subject to the fulfillment at or prior to each Closing Date (or the waiver by PPL Maine) of the following conditions:

(i) the representations and warranties of the Trust set forth in Section 9 shall be true and correct in all material respects at and as of such Closing Date, provided that the representations and warranties set forth in Section 9(d) shall be true and correct in all respects only with respect to the Turbine Units being sold;

(ii) the Trust shall have performed and complied with all of its covenants hereunder in all material respects through the applicable Closing with respect to the Turbine Units being sold;

(iii) the Trust shall have delivered to PPL Maine a certificate to the effect that each of the conditions specified above in Sections 5(b)(i) and 5(b)(ii) have been satisfied in all material respects;

(iv) the Trust shall have delivered, or caused to be delivered, to PPL Maine at the applicable Closing, the Trust's closing deliveries described in Section 6(a) with respect to the Turbine Units being sold;

(v) there shall not have occurred since the date of Notice and be continuing any event, condition, or circumstance having a material adverse effect on the ability of the Trust to consummate the transactions contemplated by this Agreement with respect to the Turbine Units being sold; and

(vi) the applicable Turbine Units shall be free and clear of all Encumbrances.

(c) *Conditions to Obligations of the Trust.* The obligation of the Trust to effect the sale of the Turbine Units shall be subject to the fulfillment at or prior to each Closing Date (or the waiver by the Trust) of the following conditions:

(i) the representations and warranties of PPL Maine set forth in Section 10 shall be true and correct in all material respects at and as of such Closing Date;

(ii) PPL Maine shall have performed and complied with all of its covenants hereunder in all material respects through the applicable Closing;

(iii) PPL Maine shall have delivered to the Trust a certificate to the effect that each of the conditions specified above in Section 5(c)(i) and 5(c)(ii) have been satisfied in all material respects; and

(iv) PPL Maine shall have delivered, or cause to be delivered, to the Trust at such Closing, PPL Maine's closing deliveries described in Section 6(b) with respect to the Turbine Units being purchased.

6. Closing Date Deliveries.

(a) *Deliveries by the Trust.* On each Closing Date, the Trust shall execute and deliver or cause to be delivered to PPL Maine with respect to the Turbine Units being sold:

(i) a Bill of Sale, duly executed by the Trust, for the transfer of good and valid title to the personal property included in the applicable Turbine Units, free and clear of all Encumbrances, subject to the provisions of Section 16;

(ii) all of the documents required to be delivered by the Trust pursuant to Section 5(b); and

(iii) copies of all of the Trust's transferable permits necessary for the operation of the applicable Turbine Units, if any.

(b) *Deliveries by PPL Maine.* On each Closing Date, PPL Maine shall execute and deliver or cause to be delivered to the Trust with respect to the Turbine Units being purchased:

(i) the Purchase Price, payable in the manner described in Section 3; and

(ii) all of the documents required to be delivered by PPL Maine pursuant to Section 5(c).

7. Further Assurances. From time to time following each Closing, the Trust shall deliver to PPL Maine such other bills of sale, deeds, endorsements, assignments, other good and sufficient instruments of conveyance and transfer, agreements, and other documents as are necessary to vest in PPL Maine all of the right, title, and interest of the Trust in and to the applicable Turbine Units or to further accomplish the intent of this Agreement.

8. Proration. The Trust and PPL Maine agree that all of the items normally prorated, including personal property taxes, fees relating to transferable permits, and similar items relating to the applicable Turbine Units will be prorated as of the applicable Closing Date, with the Trust being liable with respect to the Turbine Units being sold by it to the extent such items relate to any time period through the applicable Closing Date, and PPL Maine liable to the extent such items relate to periods subsequent to the applicable Closing Date with, to the extent practicable, a cash settlement on the Closing Date.

9. Representations and Warranties of the Trust.

The Trust hereby represents and warrants to PPL Maine as follows as of the date hereof and as of each Closing Date:

(a) *Organization.* The Trust is a Maine nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State of Maine and has all requisite corporate power and authority to own, lease, and operate its properties and to carry on its business as it is now being conducted.

(b) *Authority Relative to this Agreement.* The Trust has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated herein. The execution and delivery by the Trust of this Agreement and the consummation of the transactions contemplated herein have been duly and validly authorized by the board of directors of the Trust and no other corporate proceedings on the part of the Trust are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by the Trust, and constitutes a valid and binding agreement of the Trust, enforceable against the Trust in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting or relating to enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

(c) *Consents and Approvals; No Violation.*

(i) Neither the execution and delivery of this Agreement by the Trust nor the consummation of the transactions contemplated herein will: (A) conflict with or result in any breach of any provision of the organizational documents of the Trust; (B) result in or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default), or give rise to any right of termination, cancellation, or acceleration, or result in the creation of any Encumbrance upon any of the Turbine Units, under any of the terms, conditions, or provisions of any note, bond, mortgage, indenture, license, agreement, or other instrument or obligation to which the Trust is a party or by which the Trust or any of the Turbine Units may be bound, except for such defaults (or events which, with notice or lapse of time, or both, would constitute a default), or rights of termination, cancellation, or acceleration as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, materially adversely affect the Trust's ability to consummate the transactions contemplated by this Agreement; or (C) violate any order, writ, injunction, decree, statute, rule, or regulation applicable to the Trust, or any of the Turbine Units, which violation, individually or in the aggregate, would materially adversely affect the Trust's ability to consummate the transactions contemplated by this Agreement.

(ii) No declaration, filing, or registration with, or notice to, or authorization, consent, or approval of any governmental or regulatory body or authority is necessary for the consummation by the Trust of the transactions contemplated herein, other than such declarations, filings, registrations, notices, authorizations, consents or approvals which, if not obtained or made, would not, individually or in the aggregate, materially adversely affect the Trust's ability to consummate the transactions contemplated by this Agreement.

(d) *Title to and Condition of the Turbine Units.*

(i) The Trust has good and valid title to all of the Turbine Units, free and clear of all Encumbrances. Except as expressly set forth herein, none of the Turbine Units are subject to any restrictions with respect to the transferability thereof.

(ii) With the exception of normal wear and tear, and except for the matters that the Trust is not required to repair or replace as set forth in Section 11(a), the Turbine Units are in the condition they were in when PPL Maine and PPL Great Works transferred them to the Trust pursuant to the Lower Penobscot River Option Agreement.

(e) *Legal Proceedings.* There are no claims, actions, proceedings, or investigations pending or, to the knowledge of the Trust, threatened against or relating to the Trust or the Turbine Units before any court, governmental, or regulatory authority or body acting in an adjudicative capacity, which, if adversely determined, individually or in the aggregate, would materially adversely affect the Trust's ability to consummate the transactions contemplated by this Agreement. The Trust is not subject to any outstanding judgment, rule, order, writ, injunction, or decree of any court, governmental, or regulatory authority which, individually or in the aggregate, would materially adversely affect the Trust's ability to consummate the transactions contemplated by this Agreement.

(f) *Taxes.* With respect to the Turbine Units and the business of the Trust associated with the Turbine Units, (i) all tax returns regarding real and personal property taxes required to be filed, other than those tax returns the failure of which to file would not materially adversely affect the Trust's ability to consummate the transactions contemplated by this Agreement or result in the imposition of an Encumbrance on any of the Turbine Units, in each case when filed, were true, complete and correct in all material respects, and (ii) all material taxes shown to be due on such tax returns have been paid in full. No written notice of deficiency or assessment has been received from any taxing authority with respect to liabilities for real and personal property taxes of the Trust in respect of the Turbine Units (nor to the knowledge of the Trust has any such taxing authority threatened in writing to issue such a notice or assessment), which have not been fully paid or finally settled. There are no outstanding agreements or waivers extending the applicable statutory periods of limitation for real or personal property taxes associated with the Turbine Units for any period.

10. Representations and Warranties of PPL Maine.

PPL Maine hereby represents and warrants to the Trust as follows as of the date hereof and as of each Closing Date:

(a) *Organization.* PPL Maine is a Delaware limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware.

(b) *Authority Relative to this Agreement.* PPL Maine has full limited liability company power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by PPL Maine of this Agreement and the consummation of the transactions contemplated herein have been duly and validly authorized by the managers and members of PPL Maine and no other limited liability company proceedings on the part of PPL Maine are necessary to authorize this Agreement or to consummate the transactions contemplated herein. This Agreement has been duly and validly executed and delivered by PPL Maine, and constitutes a valid and binding agreement of PPL Maine, enforceable against PPL Maine in accordance with its terms, except that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, or other similar laws affecting or relating to enforcement of creditors' rights generally and general principles of equity (regardless of whether enforcement is considered in a proceeding at law or in equity).

(c) *Consents and Approvals; No Violation.*

(i) Neither the execution and delivery of this Agreement by PPL Maine nor the consummation of the transactions contemplated herein will (A) conflict with or result in any breach of any provision of the organizational documents of PPL Maine, (B) result in or constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default), or give rise to any right of termination, cancellation, or acceleration, or result in the creation of any Encumbrance upon any of the assets of PPL Maine under any of the terms, conditions, or provisions of any note, bond, mortgage, indenture, license, agreement, or other instrument or obligation to which PPL Maine is a party or by which any of its assets may be bound, except for such defaults (or events which, with notice or lapse of time, or both, would constitute a default) or rights of termination, cancellation, or acceleration as to which requisite waivers or consents have been obtained or which would not, individually or in the aggregate, materially adversely affect PPL Maine's ability to consummate the transactions contemplated by this Agreement, or (C) except for the filings and approvals referenced in Section 5, violate any order, writ, injunction, decree, statute, rule or regulation applicable to PPL Maine, or its assets, which violation, individually or in the aggregate, would materially adversely affect PPL Maine's ability to consummate the transactions contemplated by this Agreement.

(ii) Except for the filings and approvals referenced in Section 5, no declaration, filing, or registration with, or notice to, or authorization, consent, or approval of any governmental or regulatory body or authority is necessary for the consummation by PPL Maine of the transactions contemplated herein.

(d) *Legal Proceedings*. Except for the filings and approvals referenced in Section 5, there are no claims, actions, proceedings, or investigations pending or, to the knowledge of PPL Maine, threatened against or relating to PPL Maine or the Turbine Units before any court, governmental, or regulatory authority or body acting in an adjudicative capacity, which, if adversely determined, individually or in the aggregate, would materially adversely affect PPL Maine's ability to consummate the transactions contemplated by this Agreement. PPL Maine is not subject to any outstanding judgment, rule, order, writ, injunction, or decree of any court, governmental, or regulatory authority which, individually or in the aggregate, would materially adversely affect PPL Maine's ability to consummate the transactions contemplated by this Agreement.

11. Covenants.

(a) *Preservation of Turbine Units*. Until each applicable Closing Date, the Trust will operate the Turbine Units in accordance with Prudent Utility Practices and use Commercially Reasonable Efforts to preserve the Turbine Units intact. Notwithstanding the foregoing, the Trust shall have no obligation to repair or replace any Turbine Unit if the cost of such repair or replacement exceeds $25,000. In such event, PPL Maine shall have the right, but not the obligation, to purchase any such Turbine Unit. If PPL Maine does not elect to purchase any such Turbine Unit, then the Trust shall pay $25,000 to PPL Maine.

(b) *Transfer of Turbine Units*. Except as provided in Section 20 of this Agreement the Trust shall not sell, convey, lease, or otherwise transfer any Turbine Unit prior to the termination of this Agreement with respect to such Turbine Unit.

(c) *Pre-Closing Access to Turbine Units and Information.* Until each applicable Closing Date, the Trust will, during ordinary business hours and upon reasonable notice and at the sole cost and expense of PPL Maine: (i) give PPL Maine and its agents reasonable access to the Turbine Units regarding which this Agreement has not terminated pursuant to Section 14 and all books, records, plants, offices, and other facilities and properties constituting or housing the Turbine Units; (ii) permit PPL Maine and its agents and contractors to make such reasonable inspections thereof as PPL Maine may reasonably request; and (iii) furnish PPL Maine a copy of each material report, schedule, or other document filed or received by the Trust with respect to such Turbine Units with the Maine Department of Environmental Protection, FERC, or any other relevant governmental or regulatory body.

(d) *Post-Closing Removal of Turbine Units.* Within 90 days of each Closing, PPL Maine shall remove, or cause the removal of, each Turbine Unit that was the subject of such Closing. The Trust shall grant PPL Maine and its contractors and agents all access to the properties of the Trust (including overhead cranes and other powerhouse resources) as may reasonably be required by them to remove the Turbine Units. PPL Maine shall be liable for all damages arising out of or related to such removal other than such damages as do not interfere with, or increase the costs of, the Trust's operation or removal of the Designated Projects. If PPL Maine has failed to remove a Turbine Unit within such time period, then, without limiting any other rights or remedies that the Trust may have, the Trust may remove such Turbine Unit at PPL Maine's cost and sell or otherwise dispose of such Turbine Unit, free of any restriction hereunder.

(e) *Satisfaction of Conditions Precedent.* From and after the date on which the Trust shall have delivered a Notice until the date on which each applicable condition identified in Section 5 has been satisfied or waived, each Party shall, to the extent they are under the control of such Party, use its Commercially Reasonable Efforts to satisfy such conditions as they pertain to the Turbine Unit or Units which are the subject of such Notice.

12. Risk of Loss; Limit to the Trust's Liability.

(a) Subject to the limitations in Section 11(a), from the date hereof until the Closing Date, all risk of loss or damage to the Turbine Units shall be borne by the Trust, other than the loss or damage caused by the acts or negligence of PPL Maine or any of its agents or contractors, which loss or damage shall be the responsibility of PPL Maine.

(b) Notwithstanding anything in this Agreement to the contrary, in no event shall the aggregate liability of the Trust under this Agreement with respect to a Turbine Unit exceed $25,000.

13. Termination Payment; Escrow. Notwithstanding anything in this Agreement to the contrary, if, on the fourth anniversary of the date of this Agreement, there are Turbine Units for which no Notice has been given or, if a Notice has been given, for which the Cessation Date has not occurred, then the Trust shall pay or cause to be paid to PPL Maine $25,000 for each such Turbine Unit and this Agreement shall terminate and the Parties shall have no further rights or obligations regarding such Turbine Unit. To ensure the availability of such funds, the Trust has paid $275,000 into an escrow account maintained by a mutually agreeable escrow agent and

entered into an escrow agreement with PPL Maine and the escrow agent governing the disposition of such funds. Such escrow funds shall also secure the Trust's obligations under this Agreement.

14. Termination.

(a) This Agreement shall terminate automatically with respect to any Turbine Unit, and the Parties shall have no further rights or obligations regarding such Turbine Unit, if PPL Maine has not purchased such Turbine Unit on the applicable Closing Date due to a failure to satisfy the closing conditions set forth in Section 5(a).

(b) This Agreement may be terminated with respect to any Turbine Unit, by notice given at any time prior to or at the Closing for such Turbine Unit:

(i) by mutual written consent of the Trust and PPL Maine;

(ii) by the Trust or PPL Maine if:

(A) any federal or state court of competent jurisdiction shall have issued a final order, judgment, or decree permanently restraining, enjoining, or otherwise prohibiting any Closing (but such termination shall only apply to the Closing or Closings so affected);

(B) any statute, rule, order, or regulation shall have been enacted or issued by any governmental authority which, directly or indirectly, prohibits the consummation of any Closing (but such termination shall only apply to the Closing or Closings so affected); or

(C) a final order shall have been issued denying any of the regulatory applications and requests referenced in Section 5 (but such termination shall only apply to the Closing or Closings so affected), provided that the right to terminate this Agreement under this Section 14(b)(ii)(C) shall not be available to any Party if such denial was caused by such Party's breach of this Agreement;

(iii) by the Trust, if there has been a material violation or breach by PPL Maine of any covenant, representation, or warranty contained in this Agreement which has rendered the satisfaction of any condition to the obligations of the Trust to effect a Closing on the applicable Closing Date impossible and such violation or breach is not cured by the earlier of the applicable Closing Date or the date that occurs 15 days after receipt by PPL Maine of notice specifying particularly such violation or breach, and such violation or breach has not been waived by the Trust (but such termination shall only apply to the Closing or Closings so affected); or

(iv) by PPL Maine, if there has been a material violation or breach by the Trust of any covenant, representation, or warranty contained in this Agreement which has rendered the satisfaction of any condition to the obligations of PPL Maine to effect a Closing on the applicable Closing Date impossible and such violation or breach is not cured by the earlier of the applicable Closing Date or the date that occurs 15 days after receipt by the Trust of notice specifying particularly such violation or breach, and such violation or breach has not been waived by PPL Maine (but such termination shall only apply to the Closing or Closings so affected).

(c) Without limiting any other rights or remedies the Parties may have, (i) the Trust shall be entitled to recover $25,000 plus reasonable removal and disposal costs incurred by the Trust from PPL Maine for any Turbine Unit PPL Maine fails to purchase when required to do so hereunder and (ii) PPL Maine shall be entitled to recover $25,000 from the Trust for any Turbine Unit the Trust fails to sell when required to do so hereunder.

15. Survival. Unless otherwise expressly provided, each covenant and obligation contained in this Agreement shall survive the Closings indefinitely and the representations and warranties contained in this Agreement shall survive the Closing for a period of 24 months.

16. As Is, Where Is. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 9(d), THE TURBINE UNITS ARE SOLD "AS IS, WHERE IS", AND THE TRUST EXPRESSLY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, INCLUDING THOSE RELATED TO LIABILITIES, OPERATIONS OF THE TURBINE UNITS, THE TITLE, CONDITION, VALUE OR QUALITY OF THE TURBINE UNITS OR THE PROSPECTS (FINANCIAL AND OTHERWISE), RISKS AND OTHER INCIDENTS OF THE TURBINE UNITS AND EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN SECTION 9(d) THE TRUST EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE TURBINE UNITS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, OR COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS, OR THE APPLICABILITY OF GOVERNMENTAL REQUIREMENTS, INCLUDING ANY ENVIRONMENTAL LAW, OR WHETHER THE TRUST POSSESSES SUFFICIENT REAL ESTATE OR PERSONAL PROPERTY TO OPERATE THE TURBINE UNITS. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THE TRUST FURTHER SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING THE ABSENCE OF HAZARDOUS SUBSTANCES OR LIABILITY OR POTENTIAL LIABILITY ARISING UNDER ENVIRONMENTAL LAWS WITH RESPECT TO THE TURBINE UNITS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THE TRUST EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE CONDITION OF THE TURBINE UNITS OR THE SUITABILITY OF THE TURBINE UNITS FOR OPERATION OF A POWER PLANT AND NO SCHEDULE OR EXHIBIT TO THIS AGREEMENT, NOR ANY OTHER MATERIAL OR INFORMATION PROVIDED BY OR COMMUNICATION MADE BY THE TRUST OR ITS RESPECTIVE

REPRESENTATIVES EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN WILL CAUSE OR CREATE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, CONDITION, VALUE OR QUALITY OF THE TURBINE UNITS.

17. No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or organization other than the Parties and their respective successors and permitted assigns.

18. Dispute Resolution.

(a) If any dispute arises under this Agreement that is not settled promptly in the ordinary course of business, the Parties shall seek to resolve the dispute, first, by negotiating promptly with each other in good faith in face-to-face negotiations.

(b) If the Parties are unable to resolve the dispute within 20 Business Days (or such period as the Parties shall otherwise agree) following the date of notification (the "Dispute Notice Date") by one Party to the other(s) of the existence of the dispute, then the Parties shall endeavor to resolve the dispute by mediation, using a mutually acceptable mediator. The use of mediation will not be construed under the doctrine of latches, waiver or estoppel to affect adversely the rights of either Party and any mediation discussions shall be deemed to be settlement discussions and not admissible in any subsequent proceedings.

(c) If the dispute has not been resolved by mediation within 90 days of the Notice Date, any Party may pursue the dispute exclusively in the federal courts located in Maine or the state courts of Maine ("Maine Courts"). Each of the Parties hereby irrevocably and unconditionally (i) submits to the jurisdiction of the Maine Courts for any such proceeding, and (ii) agrees not to commence any such proceeding except in the Maine Courts.

(d) No Party shall be precluded by this Section 18 from securing equitable remedies in courts of any jurisdiction including temporary restraining orders and preliminary injunctions, to protect its rights and interests, but such equitable remedies shall not be sought as a means to avoid or stay any of the provisions of this Section 18.

(e) Each Party shall be required to continue to perform its respective obligations under this Agreement pending final resolution of any matter under this dispute resolution provision, unless to do so would be impossible or impracticable under the circumstances.

(f) The prevailing Party in any dispute shall be entitled to reimbursement of its costs of pursuing such dispute, including reasonable attorneys' fees.

19. WAIVER OF JURY TRIAL. THE PARTIES HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE. THE PARTIES AGREE THAT EITHER OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY,

AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE TRIAL BY JURY AND THAT ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS SHALL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

20. Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. PPL Maine may assign this Agreement, or the rights and obligations hereunder with respect to particular Turbine Units, to any third party that has purchased or otherwise acquired its interest in Milford, Stillwater, Medway, or Orono and the Trust may assign this Agreement, or the rights and obligations hereunder with respect to particular Turbine Units, to a third party, provided that any such third party has agreed in writing to assume the obligations of PPL Maine or the Trust, as the case may be, with respect to such Turbine Units, whereupon: (i) the assignee shall acquire the rights and privileges and shall be obligated to perform the duties so assigned and delegated; and (ii) the assignor shall cease to have any obligation to perform the duties or exercise the rights so assigned (provided, however, that the assignor shall remain liable for any obligations relating to the period prior to such assignment). Each Party agrees to notify the other Party in writing at least 14 calendar days in advance of an assignment to a permitted assign other than an Affiliate and to include in such notification evidence of such assignee's legal and financial capability to carry out the responsibilities and exercise the rights of the assignor under this Agreement. In addition, the assignor shall provide the other Party with a copy of the instrument of assignment promptly upon the execution of any assignment.

21. No Broker. The Trust and PPL Maine agree that no brokers have been involved in this transaction, and each agrees to hold harmless and indemnify the other from and against any losses, damages, costs, or expenses (including attorneys' fees) that either Party may suffer as a result of claims made or suits brought by any broker in connection with this transaction, the obligated Party hereunder to be the Party whose conduct gives rise to such claim.

22. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED UNDER AND GOVERNED BY THE LAWS OF THE STATE OF MAINE WITHOUT REGARD TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF MAINE OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF MAINE.

23. Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given or delivered (i) when delivered personally to the recipient, (ii) one Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid), (iii) one Business Day after being sent to the recipient by facsimile transmission or electronic mail, or (iv) four Business Days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to PPL Maine:

Jim Miller, President
PPL Maine, LLC
Two N. Ninth Street
Allentown, Pennsylvania 18101
Fax no.: 610-774-6726
Email address: jhmiller@pplweb.com

Copy to:

General Counsel
PPL Corp.
Two N. Ninth Street
Allentown, Pennsylvania 18101
Fax no.: 610-774-6726
Email address: jadillon@pplweb.com

If to the Trust:

Andrew Goode, President
Penobscot River Restoration Trust
P.O. Box 5695
Augusta, Maine 04332-5695
Fax no.: 207-725-2967
Email address: goodeasf@blazenetme.net

Copy to:

Juliet T. Browne, Esq.
Verrill & Dana LLP
One Portland Square
P.O. Box 586
Portland, Maine 04112-0586
Fax no.: 207-774-7499
Email address: jbrowne@verrilldana.com

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner set forth herein.

24. Terms Defined in Lower Penobscot River Option Agreement. Capitalized terms used but not defined herein shall have the meaning given to such terms in the Lower Penobscot River Option Agreement.

25. Captions and Construction. The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof. The

use in this Agreement of the masculine pronoun in reference to a Party hereto shall be deemed to include the feminine or neuter, and the singular shall include the plural, as the context may require. The word "including" shall mean including without limitation. The Parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

26. Execution in Counterparts. *For the convenience of the Parties and to facilitate* execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

27. Entire Agreement. This Agreement, the MPA, the Lower Penobscot River Option Agreement, and the exhibits, schedules, documents, certificates, and instruments referred to herein or therein, embody the entire agreement and understanding of the Parties hereto in respect of the transactions contemplated in this Agreement. This Agreement supersedes all prior agreements and understandings between the Parties with respect to the subject matter hereof.

28. Amendments and Waivers. The terms of this Agreement may not be amended, waived, or terminated orally, but only by an instrument in writing signed by the Trust and PPL Maine. No waiver by any Party of any provision of this Agreement or any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver, nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way rights arising by virtue of any prior or subsequent such occurrence.

29. Time of Essence. Time is of the essence under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have duly executed this instrument as of the day and year first above written.

WITNESS:	PPL MAINE, LLC
______________________	By:______________________ Name: Title:
	PENOBSCOT RIVER RESTORATION TRUST
______________________	By:______________________ Name: Title:

Introduction to the Schedules to the Lower Penobscot River Option Agreement

The schedules to the Lower Penobscot River Option Agreement appear on the succeeding pages. This introduction to the schedules and the schedules themselves constitute a component of the Lower Penobscot River Option Agreement.

In the interest of brevity, the Parties have included facts, circumstances, occurrences, and other matters that could appear on multiple schedules on only one of the schedules to which such facts, circumstances, occurrences, and other matters apply. Such facts, circumstances, occurrences, and other matters shall be deemed incorporated into all relevant schedules notwithstanding their appearance on only a single schedule, provided that this sentence shall not apply to Schedules 3.1(b), 3.1(c), 3.1(d), 3.1(e), 3.1(f), 3.1(g), 3.2(j) and 4.6(c).

The inclusion of any fact, circumstance, occurrence, or other matter on any schedule shall not be deemed an admission that such fact, circumstance, occurrence, or other matter is material or that its existence has caused or is reasonably likely to cause a Material Adverse Effect.

Schedule 3.1(b) to the Lower Penobscot River Option Agreement

Veazie

Supplies:

40 gallons assorted paint
Supply of rags and absorbent pads
Supply of cleaning products
Various office supplies

Spare Parts:

Misc. waterwheel parts, i.e., gates, pins, links

Furniture:

2 four–legged rolling chairs
1 refrigerator
1 air conditioner
3 metal storage shelves
small parts storage bins on wheels
work bench
computer desk
picnic table
2 wooden desks

Howland

Supplies:

Supply of rags and absorbent pads
Supply of cleaning products
Various office supplies

Spare Parts:

Misc. waterwheel parts, i.e., gates, pins, links

Great Works

Supplies:

Supply of rags and absorbent pads
Supply of cleaning products

Spare Parts:

Misc. waterwheel parts, i.e., gates, pins, links

Schedule 3.1(c) to the Lower Penobscot River Option Agreement

Veazie

Hydro Turbines:

Unit 1 – Smith, vertical, Francis, 18 ft., 941 hp, installed 1933
Unit 2 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 3 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 4 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 5 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 6 – Leffel, vertical, Francis, 16 ft., 517 hp, installed 1920
Unit 7 – Smith, vertical, Francis, 16 ft, 560 hp, installed 1920
Unit 8 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 9 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 10 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 11 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 12 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 13 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 14 – Smith, vertical, Francis, 14. 5 ft, 385 hp, installed 1920
Unit 15 – Smith, vertical, Francis, 16 ft., 760 hp, installed 1914
Unit 16 – Smith, vertical, Propeller, 17 ft., 2070 hp, installed 1938
Unit 17 – Smith, vertical, Propeller, 17 ft., 2070 hp, installed 1938

Hydro Governors:

Unit 1 through Unit 17 – Woodward

Hydro Generators:

Unit 1 – General Electric, 700 KW, installed 1933, rewound 1970
Unit 2 – General Electric, 320 KW, installed 1920
Unit 3 – General Electric, 320 KW, installed 1920
Unit 4 – General Electric, 320 KW, installed 1920, rewound 1986
Unit 5 – General Electric, 320 KW, installed 1920, rewound 1986
Unit 6 – General Electric, 320 KW, installed 1920, rewound 1986
Unit 7 – General Electric, 320 KW, installed 1920, rewound 1994
Unit 8 – General Electric, 320 KW, installed 1920
Unit 9 – General Electric, 320 KW, installed 1920
Unit 10 –General Electric, 320 KW, installed 1920, rewound 1980
Unit 11 – General Electric, 320 KW, installed 1920
Unit 12 – General Electric, 320 KW, installed 1920
Unit 13 – General Electric, 320 KW, installed 1920
Unit 14 – General Electric, 320 KW, installed 1920
Unit 15 –General Electric, 540 KW, installed 1914, rewound 1989
Unit 16 – General Electric, 1500 KW, installed 1938,rewound 1987
Unit 17 –General Electric, 1500 KW, installed 1938,rewound 1986

Hydro Exciters:

Unit 1 – General Electric, MG set
Unit 2 – supplied by Unit 1
Unit 3 – supplied by Unit 1
Unit 4 – supplied by Unit 1
Unit 5 – supplied by Unit 1
Unit 6 – supplied by Unit 1
Unit 7 – supplied by Unit 1
Unit 8 – General Electric, MG set
Unit 9 – supplied by Unit 8
Unit 10 – supplied by Unit 8
Unit 11 – supplied by Unit 8
Unit 12 – supplied by Unit 8
Unit 13 – supplied by Unit 8
Unit 14 – supplied by Unit 8
Unit 15 – supplied by Unit 8
Unit 16 – General Electric, shaft mounted
Unit 17 – General Electric – shaft mounted
Spare MG Set – General Electric

Machinery:

1 parts cleaner – R & D
outboard motors – Yamaha 25 hp
1 60 hp outboard motor – Mariner

Equipment:

1 drill press – Moore
1 jobox tool box – Delta
1 bench grinder – Delta
drills – Black & Decker
1 bandsaw
1 tool box – Knaack
1 mitre chop saw
1 thirty ton press
1 ac/dc welder – Lincoln
1 mower – Lawnboy
1 hand truck – Milwaukee
1 dust collection system – Reliant
1 dura cart 2' x 4'
1 battery charger – NAPA
1 chainsaw – Shindawa
1 chainsaw – Jonsered
1 macho II – Black & Decker
1 generator 5.0 – Onan
1 compressor 3 hp – Campbell Hausfeld
1 generator – Coleman

1 hone 20"
1 barrel cart – C&H
assorted wheelbarrows
gas monitor sets
1 fish tank trailer
1 trailer
1 boat trailer
1 gasoline storage cabinet
tool boxes and assorted hand tools
spill kits and lockers
1 electrical metal cutting saw
1 mounted bench vise
1 small drill press
assorted small hand tools
1 table top grinder, six inch
1 pipe thread cutter
assorted electrical coils and stones for rings
3 basket strainer spare baskets
1 T–30 Ingersoll Rand air compressor
2 Inflatable dam air compressors
1 Obermeyer Inflatable Flashboard System

Furniture:

1 washer & dryer – Maytag
3 office chairs
4 office desks

Other Personal Property:

1 wooden scow 10' x 20', 1982, Reg # ME–5751W
1 shop vac
1 utility trailer, 1990 Big Tex
1 horse trailer 6' x 10', 1991 Interstate
1 boat trailer
1 aluminum scow – custom built, 20' long
1 cart 3' x 5'
1 dot matrix printer – Epsom
1 boat 16' – Starcraft, 1984, Reg # ME 2415E

Auxillary and Ancillary equipment:

Switchgear
Motor Control Center
Main and Station Transformers
Deicing Blower System (pipes, compressor, etc.)
Head gates
Powerhouse Crane (2)
Spillway gates

Flashboard System
Misc. Flashboard Materials
Misc. Generator Parts

Howland

Hydro Turbines:
Unit 1 – Leffel, vertical, Francis, 20 ft., 1050 rpm, installed 1921
Unit 2 – Leffel, vertical, Francis, 20 ft., 1050 rpm, installed 1916
Unit 3 – Leffel, vertical, Francis, 20 ft., 1050 rpm, installed 1916

Hydro Governors:
Unit 1 through Unit 3 – Woodward
Hydro Generators:
Unit 1 – Westinghouse, 625 KW, installed 1921
Unit 2 – General Electric, 625 KW, installed 1916
Unit 3 – – General Electric, 625 KW, installed 1916

Hydro Exciters:
Unit 1 – Westinghouse, shaft mounted
Unit 2 – Westinghouse, MG set
Unit 3 – supplied by Unit 2

Machinery:
2 cooling water pumps
1 air compressor

Equipment:
1 power mower
1 trimmer
1 spill locker and kit
phones
assorted small hand tools

Furniture:
1 office desk
1 chair

Auxillary and Ancillary equipment:
Switchgear
Motor Control Center
Main and Station Transformers
Head gates
Spillway gates
Flashboard System
Misc. Flashboard Materials
Misc. Generator Parts

Great Works

Hydro Turbines:

Unit 1 – Voith, horizontal, Kaplan, 1600 hp, installed 1988
Unit 2 – Voith, horizontal, Kaplan, 1600 hp, installed 1988
Unit 3 – Voith, horizontal, Kaplan, 1600 hp, installed 1988
Unit 4 – SM Smith, horizontal, Francis, 1000 hp, installed 1911
Unit 5 – SM Smith, horizontal, Francis, 1000 hp, installed 1916
Unit 6 – Leffel, horizontal, Francis, 1250hp, installed 1936
Unit 7 – Leffel, horizontal, Francis, 1280hp, installed 1928
Unit 8 – Leffel, horizontal, Francis, 1280hp, installed 1925
Unit 9 – SM Smith, horizontal, Francis, 1000 hp, installed 1912
Unit 10 – SM Smith, horizontal, Francis, 1000 hp, installed 1911
Unit 11 – SM Smith, horizontal, Francis, 1000 hp, installed 1912

Hydro Generators:

Unit 1 – Westinghouse, induction, 1200 KW, installed 1988
Unit 2 – Westinghouse, induction, 1200 KW, installed 1988
Unit 3 – Westinghouse, induction, 1200, installed 1988
Unit 4 – Electric Machinery, synchronous, 600 KW, installed 1964
Unit 5 – Electric Machinery, synchronous, 600 KW, installed 1965
Unit 6 – General Electric, synchronous, 700 KW, installed 1936
Unit 7 – General Electric, synchronous, 600 KW, installed 1928
Unit 8 – General Electric, synchronous, 600 KW, installed 1925
Unit 9 – General Electric, synchronous, 500 KW, installed 1912
Unit 10 – General Electric, synchronous, 600 KW, installed 1911
Unit 11 – General Electric, synchronous, 480 KW, installed 1912

Hydro Governors:

Unit 1 – Airline Hydrolics
Unit 2 – Airline Hydrolics
Unit 3 – Airline Hydrolics
Unit 4 – Lombard
Unit 5 – Lombard
Unit 6 – Woodward
Unit 7 – Lombard
Unit 8 – Lombard
Unit 9 – Lombard
Unit 10 – Lombard
Unit 11 – Lombard

Machinery:

1 Mariner outboard motor 40 hp
1 Mariner outboard motor 25 hp

Auxillary and Ancillary equipment:

Switchgear

Backbay Level Control PLC
Motor Control Center
Head gates
Powerhouse Crane
Spillway gates
Flashboard System
Misc. Flashboard Materials
Misc. Generator Parts

Schedule 3.1(d) to the Lower Penobscot River Option Agreement

Veazie

Hydro Boats:
1 homemade, aluminum scow, 10' x 20', Reg # ME 2308F
1 Starcraft, aluminum, Reg ME 2415E, 1984
1 Wooden scow, 10' x 20', 1982, Reg # ME 5751W

Vehicles: 1 Chevrolet Pickup, 1988, VIN # 1gcfc24zxj1291408

Trash Raking Equipment:
All machinery and equipment installed for the purpose of removing trash and other debris from the intake area of the project.

Howland

Hydro Boats:
1 Aluminum Crestliner. 14', Reg # ME 4875Y, 1980

Trash Raking Equipment:
All machinery and equipment installed for the purpose of removing trash and other debris from the intake area of the project.

Great Works

Hydro Boats:
1 Aluminum scow 12' x 37 '
2 Fiberglass Bateau

Trash Raking Equipment:
All machinery and equipment installed for the purpose of removing trash and other debris from the intake area of the project.

Schedule 3.1(e) to the Lower Penobscot River Option Agreement

(None)

Schedule 3.1(f) to the Lower Penobscot River Option Agreement

Veazie

Hydroelectric Permits:

1) FERC Operating License, permit number 2403, expiration date 4/1/2038

2) DEP Maine Pollution Discharge Elimination System Permit #ME0001686, issued 4/2/2004

3) DEP Water Quality Certification, permit number L-16880-35-D-N, tied to FERC license

Howland

Hydroelectric Permits:

1) FERC Operating License, permit number 2721, expiration date 9/30/2000, currently operating on an annual license; relicense application filed March 2000

3) DEP Maine Pollution Discharge Elimination System Permit #ME0036633, issued 4/2/2004

Great Works

Hydroelectric Permits:

1) FERC Operating License, permit number 2312, expiration date 3/31/2003, currently operating on an annual license; relicense application filed September 1998

4) DEP Maine Pollution Discharge Elimination System Permit #ME0036651, issued 4/2/2004

Schedule 3.1(g) to the Lower Penobscot River Option Agreement

(None)

Schedule 3.2(j) to the Lower Penobscot River Option Agreement

Veazie

Vehicles:
1 Ford pickup, 2002, VIN # 1ftnx21l12ec78921
1 GMC Pickup, 1992, VIN # 1gtec14z5ne549554

Personal Property:
Radios with chargers, Motorola Radio Headsets

Howland

(None)

Great Works

General Electric Unit Substation Transformer
No. C-500300 Class OA-TV Three Phase 60 Cycle

Schedule 4.3 to the Lower Penobscot River Option Agreement

(None)

Schedule 4.5 to the Lower Penobscot River Option Agreement

(None)

Schedule 4.6(a) to the Lower Penobscot River Option Agreement

(None)

Schedule 4.6(b) to the Lower Penobscot River Option Agreement

(None)

Schedule 4.6(c) to the Lower Penobscot River Option Agreement

Veazie

(None)

Howland

(None)

Great Works

Rights, easements, restrictions, covenants, exceptions, reservations, limitations on title, and conditions, if any, set forth or referenced in the deed from PPL Great Works LLC to Oscar Emerson and Linda L. Emerson dated May 21, 2002 and recorded in Volume 8211, Page 1.

Schedule 4.7 to the Lower Penobscot River Option Agreement

For Environmental Permits see Schedule 3.1(f).

All facts identified on the following environmental reports:

> Phase I Environmental Site Assessment of the Veazie Hydroelectric Generating Facility prepared by Summit Environmental Consultants, Inc., dated January 15, 2004.
>
> Phase I Environmental Site Assessment of the Great Works Hydroelectric Generating Facility prepared by Summit Environmental Consultants, Inc., dated January 15, 2004.
>
> Phase I Environmental Site Assessment of the Howland Hydroelectric Generating Facility prepared by Summit Environmental Consultants, Inc., dated January 15, 2004.

Veazie and Howland: Bangor Hydro–Electric Company conveyed Veazie and Howland, together with other projects, to the Grantors. Bangor Hydro–Electric Company sold or disposed of used oil which may or may not have been stored at any given time at the Real Estate associated with Veazie and/or Howland.

Great Works: Fort James Operating Company conveyed Great Works to the Grantors. Fort James Operating Company disclosed the following information pursuant to that transaction:

"(i) 6–30–88, Lubricating Oil, Several ounces, Spilled at flood gate. Lost to River.

(ii) 7–11–88, Hydraulic Oil, 1 Gallon, Leaky flange. Lost to River.

(iii) 7–28–88, Lubricating Oil, 75 Gallons, Pumped from sump onto ground. Some lost to River.

(iv) 8–23–93, Lubricating Oil, Several ounces, Spilled at flood gate. Sheen on River.

(v) 9–17–95, Lubricating Oil, Several Ounces, Lost from turbine. Sheen on River"

Schedule 4.8 to the Lower Penobscot River Option Agreement

Veazie

Legal Proceedings:

1) BHE's "Request for Rehearing and Clarification" files at the FERC on May 20, 1998 in respect of Project Nos. 10981, 2712, 2534, 2403, and 2710 and Docket No. D197-10, and all causes of action and rights thereunder, and all causes of action and rights in any of those proceedings.

2) Pending rehearing proceedings of FERC operating license described in Schedule 3.1(f)

Howland

Legal Proceedings:

1) The licensing proceedings described in Schedule 3.1(f)

Great Works

Legal Proceedings:

1) The licensing proceedings described in Schedule 3.1(f)

Veazie & Great Works

Claims:

1) November 15, 2002 letter from Great Northern Paper, Inc. ("GNP") to James Miller, President of PPL Generation, LLC ("PPL Generation"), asserting that PPL Generation owes GNP approximately $8.4 million for headwater benefits provided to PPL Generation's hydroelectric projects on the Penobscot River by upstream hydroelectric projects owned by GNP for the 1977-2001 period.

Schedule 4.9 to the Lower Penobscot River Option Agreement

For Required Permits See Schedule 3.1(f).

Schedule 4.10 to the Lower Penobscot River Option Agreement

(None)

Schedule 4.11 to the Lower Penobscot River Option Agreement

Workers' Compensation	Maine Employers' Mutual Insurance Company Policy Number 1810059273
Public Liability LTD	Associated Electric & Gas Insurance Services, X0117-A1A-03
All Risk Property	FM Global LR195
Vehicle	Massachusetts Bay Insurance Company

Schedule 5.3 to the Lower Penobscot River Option Agreement

(None)

Schedule 5.4 to the Lower Penobscot River Option Agreement

(None)

Schedule 6.1 to the Lower Penobscot River Option Agreement

Veazie – 8.4 MW

Howland – 1.875 MW

Great Works – 7.917 MW

Total Installed Generating Capacity – 18.192 MW

EXHIBIT 2

COMPREHENSIVE SETTLEMENT AGREEMENT BETWEEN THE PENOBSCOT INDIAN NATION, PPL MAINE, LLC, AND THE BUREAU OF INDIAN AFFAIRS OF THE DEPARTMENT OF THE INTERIOR

June 2004

I. Parties

The parties to this Comprehensive Settlement Agreement ("Agreement") are the Penobscot Indian Nation ("PIN"), PPL Maine, LLC ("PPL Maine") on behalf of itself and Bangor-Pacific Hydro Associates ("BPHA"), and the Bureau of Indian Affairs ("BIA") of the United States Department of the Interior ("DOI") (hereinafter PIN, PPL Maine, and BIA individually referred to as a "Party" or collectively as "the Parties").

II. Purpose

The purpose of this Agreement is to resolve the mitigation measures that are to be implemented by PPL Maine and BPHA at the direction of PPL Maine to address certain impacts to PIN lands, resources, and interests from PPL Maine's operation of the Milford Project No. 2534 and BPHA's operation of the West Enfield Project No. 2600 and, together with the June 2004 Lower Penobscot River Multiparty Settlement Agreement ("MPA"), to resolve the issues currently in dispute before the Federal Energy Regulatory Commission ("FERC") that were raised in the requests for rehearing of FERC's April 20, 1998 orders in Project Nos. 10981 (Basin Mills), 2403 (Veazie), 2534 (Milford), 2710 (Orono), and 2712 (Stillwater). The Parties believe that the provisions of this Agreement are in the best interests of the Parties, and BIA believes that such provisions are consistent with the missions, goals, and, where applicable, the statutory obligations of BIA.

III. Definitions

A. "BPHA" is Bangor-Pacific Hydro Associates, the FERC licensee and owner of the West Enfield Project No. 2600 that is a general partnership with two general partners each with a 50 percent ownership interest, one of which is a wholly-owned subsidiary of PPL Maine. BPHA has authorized PPL Maine to act on its behalf with respect to the matters herein pertaining to West Enfield.

B. "DEP" means the Maine Department of Environmental Protection.

C. "Milford" is the Milford Project No. 2534 located on the Penobscot River and the Stillwater Branch thereof in Maine licensed to PPL by FERC pursuant to a new license issued on April 20, 1998.

D. "PPL Maine" is PPL Maine, LLC, the FERC licensee and owner of Milford.

E. "West Enfield" is the West Enfield Project No. 2600 located on the Penobscot River in Maine licensed to BPHA by FERC pursuant to a new license issued on June 26, 1984.

IV. Applications

A. Contemporaneously with the filings contemplated by Section IV of the MPA, PPL Maine shall file an application with FERC requesting that the existing license for Milford be amended by (1) adding the new articles set forth in Sections VI A, VII A, IX, X A, XI, and XII hereof, (2) revising Article 402 as specified in Section V hereof, and (3) approving the changes to the 1998 Log Removal Plan as specified in Section VIII hereof.

B. Contemporaneously with the filings contemplated by Section IV of the MPA, PPL Maine shall have BPHA file an application with FERC requesting that the existing license for West Enfield be amended by adding the new articles set forth in Sections XIV A, XV, XVI, and XVII hereof.

C. Contemporaneously with the filing of the applications referenced in subsections A and B hereof, PPL Maine shall file, and have BPHA file, with DEP applications to amend the existing Clean Water Act Section 401 water quality certifications for Milford and West Enfield, respectively, as necessary to make such certifications consistent with the amendments to the FERC licenses for Milford and West Enfield set forth herein.

D. Contemporaneously with the filing of the applications referenced in subsections A and B hereof, PPL Maine shall file, and have BPHA file, any regulatory applications required by applicable laws and regulations to be filed with any other governmental authority in association with the applications referenced in subsections A and B hereof.

V. Run-Of-River Operation - Milford

PPL Maine shall include in the application to be filed by it with FERC a request that Article 402 of the existing license for Milford be amended to read as follows:

> Article 402. The licensee shall operate the Milford Project in a run-of-river mode for the protection of fishery resources and recreational opportunities in the Penobscot River and the Stillwater Branch of the Penobscot River.
>
> The licensee shall at all times act to minimize the fluctuation of the reservoir surface elevation by maintaining a discharge from the project so that, at any point in time, flows, as measured immediately downstream from the project tailrace, approximate the sum of inflows to the project reservoir.
>
> Run-of-river operation may be temporarily modified if required by operating emergencies beyond the control of the licensee, and for short periods of time upon mutual agreement between the licensee and the Maine Department of Environmental Protection. If the flow is so modified, the licensee shall notify the Commission and the Penobscot Indian Nation (PIN) as soon as possible, but no later than 10 days after each such incident.
>
> The licensee shall immediately notify the United States Bureau of Indian Affairs (BIA) and the PIN Department of Natural Resources of emergencies at the project beyond the control of the licensee other than those referenced in the preceding paragraph,

such as emergency maintenance activities and unusual operating conditions. Upon request, the licensee shall provide BIA and PIN with appropriate records regarding unscheduled outages, drawdowns of the project reservoir, and the powerhouse flows during such emergencies.

The licensee shall maintain a stream-flow gauge at Sunkhaze Rips on the Penobscot River and shall provide to BIA and PIN upon request flow data sufficient to demonstrate compliance with the run-of-river operation requirement of this article.

VI. Erosion Control, Stream Bank Stabilization, And Erosion Monitoring - Milford

A. PPL Maine shall include in the application to be filed by it with FERC a request that the following new article be added to the existing license for Milford:

Article __. (a) Within 180 days after the date an order is issued adding this article to the license, the licensee shall file, for Commission approval, a plan for it to stabilize on an ongoing basis the stream banks of the project impoundment with stream bank stabilization measures directed at those areas of the Penobscot Indian Nation (PIN) Reservation within the project impoundment most severely impacted by project operations, including, but not limited to, the area of Indian Island beginning at Sockalexis Arena and extending to the southern tip of Indian Island and the southeastern shore of Orson Island.

(b) The overall goal of the plan is to prevent further erosion. The plan shall be developed in consultation with PIN and the United States Bureau of Indian Affairs (BIA). The plan shall include: (1) a description of the licensee's proposal; (2) a proposed schedule for implementing the plan consistent with the requirements of paragraph (c) hereof; (3) documentation of consultation with PIN and BIA; (4) copies of comments and recommendations of PIN and BIA on the completed plan after it has been prepared and provided to PIN and BIA; and (5) specific descriptions of how the comments and recommendations of PIN and BIA are accommodated by the plan. The licensee shall allow a minimum of 30 days for PIN and BIA to comment and make recommendations on the plan before filing the plan with the Commission. If the licensee is unable to reach agreement with PIN and BIA on the appropriate stream bank stabilization measures to be included in the plan, it will utilize the dispute resolution procedures set forth in Section XIX of the June 2004 Comprehensive Settlement Agreement Between The Penobscot

Indian Nation, PPL Maine, LLC, And The Bureau Of Indian Affairs Of The Department Of The Interior.

(c) The Commission reserves the right to require changes to the proposed plan. The licensee shall commence implementation of the stream bank stabilization measures included in the plan as approved by the Commission within 90 days following Commission approval of the plan, or within the first construction season following such approval, subject to any changes to such implementation schedule ordered by the Commission in approving the plan.

(d) Beginning one year after the date the above-referenced plan is filed with the Commission and continuing through the term of this license, the licensee shall annually survey the erosive effects of project operations on PIN Reservation lands within the project impoundment in order to ascertain whether unforeseen or new erosive conditions have occurred. Beginning three years after the date the above-referenced plan is filed with the Commission and continuing every three years thereafter through the term of this license, the licensee shall file with the Commission and provide copies to PIN and BIA a report on the results of the annual monitoring.

(e) Within 90 days of the filings of the three-year monitoring reports, the licensee shall consult with PIN and BIA to review the results of the annual monitoring and to determine if the approved stream bank stabilization plan should be revised. If the licensee, PIN, and BIA so agree, and subject to the dispute resolution procedures referenced in paragraph (b) hereof, the licensee shall thereafter promptly file, for Commission approval, revisions to the plan in accordance with the procedures set forth in paragraph (b) hereof.

(f) The Commission reserves the right to require changes to the proposed revisions. The licensee shall commence implementation of the stream bank stabilization measures included in the revisions as approved by the Commission within 90 days following Commission approval of the revisions, or within the first construction season following such approval, subject to any changes to such implementation schedule ordered by the Commission in approving the revisions.

B. PPL Maine shall initiate the consultation with PIN and BIA referenced in paragraph (b) of the proposed new license article set forth in subsection A hereof within 30 days of execution of this Agreement.

VII. PIN Monitoring Fund - Milford

A. PPL Maine shall include in the application to be filed by it with FERC a request that the following new article be added to the existing license for Milford:

> Article __. Within 60 days of the date the withdrawal of all the requests for rehearing of the Commission's April 20, 1998 orders in Project Nos. 10981, 2403, 2534, 2710, and 2712 becomes effective and final, the licensee shall contribute $20,000 to the Penobscot Indian Nation (PIN) for use by PIN for monitoring and other activities at the project and thereafter shall annually contribute $20,000 (adjusted annually based on the Consumer Price Index for that current year) to PIN for use by PIN for such purposes for a nine-year period beginning on the one-year anniversary date of the initial $20,000 contribution.

B. PIN shall establish a Milford Project Monitoring Fund ("Monitoring Fund") in which it will deposit the monies received by it from PPL Maine pursuant to the new license article set forth in subsection A hereof. The Monitoring Fund shall be used by PIN solely for purposes of monitoring impacts to PIN lands and resources from operation of Milford and participating in post-licensing studies, consultations, or other necessary activities. Nothing in this section is intended to relieve PPL Maine of any of its obligations under the Milford license.

C. PIN, in consultation with PPL Maine, shall develop a monitoring plan that sets forth in detail how the monies in the Monitoring Fund will be utilized, including anticipated activities and associated expenditures. PIN shall file the initial monitoring plan with the Secretary of the Interior for review and approval no later than 120 days of the execution of this Agreement. Thereafter, PIN shall file, on an annual basis, a monitoring report and plan that describes in detail the monitoring activities and expenditures in the previous year and anticipated activities and expenditures for the coming year. The Monitoring Fund report and plan shall be filed with the Secretary of the Interior on an annual basis until all monies in the Monitoring Fund are expended.

VIII. Removal of Semi-Buoyant Logs - Milford

PPL Maine shall include in the application to be filed by it with FERC a request that FERC approve the following changes to the 1998 Log Removal Plan for Milford approved by FERC by order issued June 1, 1998 (87 FERC ¶ 62,245):

> In Section B (Scope of Plan) thereof, delete the last two sentences in the third paragraph and insert in lieu thereof the following sentence: "Additional log removal shall be governed by the provisions of Section E hereof."
>
> In Section D (Implementation Responsibility) thereof, add the following proviso at the end of the second sentence of the first paragraph: "*provided, however*, that the licensee will consider using a PIN tribal member for necessary log removal activities."
>
> In Section E (Schedule for Implementation), delete the existing text of this section and insert in lieu thereof the following: "The licensee will work with the PIN Department of Natural Resources on an annual basis through the term of the existing Milford license to relocate semi-buoyant logs that PIN has determined to be navigational hazards within the Milford impoundment. The PIN Department of Natural Resources will contact the licensee on or before June 30 of each year to confirm its interest in either meeting to discuss and plan for removal of logs, or to confirm that no such navigational hazards are present and and that log removals are not necessary for that calendar year."
>
> In Section F (Methods), delete the second sentence of the first paragraph, delete the second paragraph in its entirety, and replace the deleted paragraph with the following: "Identified logs shall be relocated to an area where they do not present a navigation hazard."

IX. Inspection Notification and Access Arrangement - Milford

PPL Maine shall include in the application to be filed by it with FERC a request that the following new article be added to its existing license for Milford:

Article __. The licensee shall promptly notify the Penobscot Indian Nation (PIN) and the United States Bureau of Indian Affairs (BIA) upon receipt of confirmation from the Commission that the Commission expects to perform an inspection of the project. The licensee shall allow representatives of the PIN Department of Natural Resources and BIA to participate in such inspections if they notify the licensee of their intent to participate following their receipt of the above-referenced notice. The licensee shall also afford PIN representatives, upon request, accompanied access to all project areas consistent with applicable safety and liability guidelines and Commission requirements.

X. Compensation (Land) to PIN for Flooded Land - Milford

A. PPL Maine shall include in the application to be filed by it with FERC a request that the following new article be added to the existing license for Milford:

Article __. (a) The licensee, within five (5) years of the date the withdrawal of all the requests for rehearing of the Commission's April 20, 1998 orders in Project Nos. 10981, 2403, 2534, 2710, and 2712 becomes effective and final, and after consultation with the Penobscot Indian Nation (PIN) and the United States Bureau of Indian Affairs (BIA), shall acquire and convey to PIN clear title to a parcel or parcels of land consisting of 164 acres, or such other amount of land mutually agreeable to the licensee, PIN, and BIA, that are acceptable to PIN.

(b) The licensee, in lieu of acquiring and conveying to PIN any or all of the acreage referenced in (a) hereof, may, with the agreement of PIN, contribute funds to PIN to acquire land. The amount of such funds will be determined in consultation with the PIN Land Committee and in consideration of the fair market value of comparable parcels of riverfront or river access land along the Penobscot River north of Milford. If the licensee is unable to reach agreement with PIN on the appropriate amount of funding, it will utilize the dispute resolution procedures set forth in Section XIX of the June 2004 Comprehensive Settlement Agreement Between The Penobscot Indian Nation, PPL Maine, LLC, And The Bureau Of Indian Affairs Of The Department Of The Interior.

B. In determining the acceptability of parcels of land pursuant to subsection (a) of the new license article set forth in subsection A hereof, preference shall be given to parcels with the following criteria: river frontage or access to the river, cultural significance, and proximity to the PIN Reservation. If PPL Maine does not agree with any determination made by PIN regarding the acceptability or non-acceptability of any parcel, PIN and PPL Maine will utilize the dispute resolution procedures set forth in Section XIX hereof.

XI. Canoe Portage Trail - Milford

PPL Maine shall include in the application to be filed by it with FERC a request that the following new article be added to the existing license for Milford:

> Article __. (a) If the Veazie and Great Works dams are removed from the Penobscot River as contemplated by Section VI of the June 2004 Lower Penobscot River Multiparty Settlement Agreement, the licensee, within two (2) years from the date removal of both dams is completed, shall consult with the Penobscot Indian Nation (PIN), the United States Bureau of Indian Affairs (BIA), the City of Old Town, Maine (City), and other affected landowners regarding whether a canoe portage trail should be constructed by the licensee around the Milford Dam on the west shore of the Penobscot River and file with the Commission a report on such consultation. If it is concluded as a result of such consultation that such a canoe portage trail should be constructed, the licensee shall include in the report, for Commission approval, a plan to construct the trail.
>
> (b) The plan shall be developed in consultation with PIN, BIA, the City, and other affected landowners, and shall include: (1) a description of the licensee's proposal; (2) a proposed schedule for implementing the proposal; (3) documentation of consultation with the above entities; (4) copies of comments and recommendations of such entities on the completed plan after it has been prepared and provided to them; and (5) specific descriptions of how the comments and recommendations of such entities are accommodated by the plan. The licensee shall allow a minimum of 30 days for such entities to comment and make recommendations on the plan before filing the plan with the Commission.
>
> (c) The Commission reserves the right to require changes to the proposed plan. Upon Commission approval, the licensee shall implement the plan, including any changes required by the Commission.

XII. Consultation - Milford

PPL Maine shall include in the application to be filed by it with FERC a request that the following new article be added to the existing license for Milford:

> Article ___. To the extent not otherwise required in any article of this license, the licensee shall include the Penobscot Indian Nation (PIN) and the United States Bureau of Indian Affairs (BIA) in all consultations associated with all post-licensing studies, reports or activities related to archaeological, cultural and historic resources, land and water resources, fisheries and wildlife, navigation, and recreation in the project area. The licensee shall provide any related draft reports to the PIN Department of Natural Resources and BIA and provide a minimum of 30 days for their comments and recommendations before filing them with the Commission. The licensee shall further address and incorporate all such comments and recommendations in any final reports filed with the Commission.

XIII. Agreements In The Absence Of FERC Action - Milford

To the extent not inconsistent with the license for Milford and other applicable FERC requirements, PPL Maine shall comply with the provisions of the proposed new/amended license articles set forth in Sections V, VI A, IX, XI, and XII hereof irrespective of whether FERC includes such articles in the license for Milford. PPL Maine shall not be required to comply with the provisions of the proposed new license articles set forth in Section VII A or Section X A hereof if the withdrawal of all the requests for rehearing referenced in said sections has not become effective and final.

XIV. Curational Facility Funding And Staffing - West Enfield

A. PPL Maine shall have BPHA include in the application to be filed by BPHA with FERC a request that the following new article be added to the existing license for West Enfield:

> Article ___. To ensure the protection of Penobscot Indian Nation (PIN) properties and resources of traditional, religious and cultural significance, within 60 days of the date the withdrawal of all the requests for rehearing of the Commission's April 20, 1998 orders in Project Nos. 10981, 2403, 2534, 2710, and 2712 becomes

> effective and final the licensee shall contribute $75,000 to PIN for use by PIN for curational activities associated with such properties and resources and thereafter shall annually contribute an additional $60,000 to PIN for use by PIN for such purposes for a four-year period beginning on the one-year anniversary date of the initial $75,000 contribution.

B. PIN shall establish a Penobscot Indian Nation Curational Fund ("Curational Fund") in which it will deposit the monies received by it from PPL Maine pursuant to the new license article set forth in subsection A hereof. The Curatorial Fund shall be used by PIN solely for the construction, maintenance and support of the Penobscot Indian National Curational Facility ("Facility"). Plans for the Facility shall be developed by PIN in consultation with BIA and shall meet applicable federal standards for the housing, curation, and maintenance of Indian artifacts.

C. PIN shall develop a plan that sets forth in detail how monies in the Curational Fund will be utilized, including anticipated activities and associated expenditures. PIN shall file the initial plan with the Secretary of the Interior for review and approval no later than 120 days of the execution of this Agreement. Thereafter, PIN shall file, on an annual basis, a report and plan that describes in detail activities and expenditures under the Curational Fund in the previous year and anticipated activities and expenditures for the coming year. The Curational Fund report and plan shall be filed with the Secretary of the Interior on an annual basis until all monies in the Curational Fund are expended.

D. In addition to the contributions to be made by BPHA pursuant to the new license article set forth in subsection A hereof, PPL Maine will consider a matching contribution to the Fund consistent with the guidelines of PPL Maine's parent corporation governing such charitable donations.

XV. Compensation (Financial) to PIN for Flooding of Additional Reservation Lands - West Enfield

PPL Maine shall have BPHA include in the application to be filed by BPHA with FERC a request that Article 41 of the existing license for West Enfield be deleted in its entirety and that the following new Article 41 be added in lieu thereof:

> Article 41. The licensee, within 30 days of the date the withdrawal of all the requests for rehearing of the Commission's April 20, 1998 orders in Project Nos. 10981, 2403, 2534, 2710, and 2712 becomes effective and final, shall cause the May 16, 1986 Agreement between Bangor Hydro-Electric Company, Pacific Energy Lighting Systems, and the Penobscot Indian Nation (PIN) to be amended by deleting the second sentence of Section 2(a)(i) thereof and by revising the annual fee formula contained in the first sentence thereof from "an annual fee in an amount equal to $0.00075 for each kilowatt-hour of electric energy production from the West Enfield Project" to "an annual fee in an amount equal to $0.001 (adjusted annually based on the Consumer Price Index for that current year beginning on the one-year anniversary of the date the $0.001 amount first goes into effect) for each kilowatt-hour of electric energy production from the West Enfield Project"; *provided, however*, that such revision in the annual fee formula shall not become effective unless and until (a) PIN has revised (or reissued) in a manner satisfactory to the licensee and appropriately recorded in county land records PIN's March 8, 1988 easement to the licensee so that the licensee is granted the right to flood and flow with water the islands and lands described in such easement in connection with licensee's construction, ownership, and operation of the project dam with flashboards with a normal maximum water surface elevation of 156.1 feet M.S.L. and (b) the United States Department of the Interior has issued all approvals of the revision (or reissuance) of the easement required by law and such approvals are final.

XVI. Compensation (Land) to PIN for Flooding of Additional Reservation Lands - West Enfield

PPL Maine shall have BPHA include in the application to be filed by BPHA with FERC a request that the following new article be added to the existing license for West Enfield:

> Article __. (a) The licensee, within 90 days of the date the withdrawal of all the requests for rehearing of the Commission's

April 20, 1998 orders in Project Nos. 10981, 2403, 2534, 2710, and 2712 becomes effective and final, shall affect the transfer to the Penobscot Indian Nation (PIN) clear title to the parcels of land located in the Town of Bradley, Maine, consisting of approximately 46.8 acres that are identified on the Bradley Tax Map as Map 25, Lot 7, Map 26, Lot 20-1, and Map 26, Lot 15.

(b) The licensee, within 90 days of the date the withdrawal of all the requests for rehearing of the Commission's April 20, 1998 orders in Project Nos. 10981, 2403, 2534, 2710, and 2712 becomes effective and final, shall contribute $25,000 to PIN for use by PIN in acquiring additional parcels of land along the Penobscot River and thereafter shall annually contribute an additional $25,000 (adjusted annually based on the Consumer Price Index for that current year) for use by PIN for such purpose for a two-year period beginning on the one-year anniversary date of the initial $25,000 contribution.

XVII. Consultation - West Enfield

PPL Maine shall have BPHA include in the application to be filed by BPHA with FERC a request that the following new article be added to the existing license for West Enfield:

Article ___. To the extent not otherwise required in any article of this license, the licensee shall include the Penobscot Indian Nation (PIN) and the United States Bureau of Indian Affairs (BIA) in all consultations associated with all post-licensing studies, reports or activities related to archaeological, cultural and historic resources, land and water resources, fisheries and wildlife, navigation, and recreation in the project area. The licensee shall provide any related draft reports to the PIN Department of Natural Resources and BIA and provide a minimum of 30 days for their comments and recommendations before filing them with the Commission. The licensee shall further address and incorporate all such comments and recommendations in any final reports filed with the Commission.

XVIII. Agreements In The Absence Of FERC Action - West Enfield

To the extent not inconsistent with the license for West Enfield and other applicable FERC requirements, PPL Maine shall have BPHA comply with the provisions of the proposed new license article set forth in Section XVII hereof irrespective of whether FERC includes such article in the license for West Enfield. PPL Maine shall not be required to require

BPHA to comply with the provisions of the proposed new license articles set forth in Section XIV A, Section XV, or Section XVI hereof if either the regulatory applications filed pursuant to Section IV(d) and (f) of the MPA to authorize the increase in the authorized maximum elevation of the West Enfield reservoir by one foot are not approved or the withdrawal of all the requests for rehearing referenced in said Sections XIV A, XV, and XVI has not become effective and final.

XIX. Dispute Resolution

A. If FERC, DEP, or any other governmental authority denies any of the regulatory applications submitted pursuant to this Agreement, or in approving or granting such regulatory applications alters or changes any term or provision thereof in a manner that materially prejudices any Party, including if a court of competent jurisdiction issues a decision or order relating to a regulatory application or other action required of the Parties pursuant to this Agreement that would materially prejudice any Party, the Parties shall take the following actions:

(1) PPL Maine, as the licensee, or on behalf of BPHA as licensee, upon its own initiative or upon the request of any other Party, shall promptly call together and meet with the other Parties to evaluate, on an expedited basis, the effect of the governmental authority's action on the Parties' interests and to determine the appropriate response. The Parties shall assess together in good faith with due consideration for the time frames specified by applicable laws and regulations for seeking rehearing, administrative reconsideration, or further judicial review, as appropriate, whether to seek such action, or whether actions different from those set forth in this Agreement should be undertaken and, as appropriate, corresponding regulatory applications submitted to FERC, DEP, or any governmental

authority, in order to achieve the purposes of this Agreement. The Parties shall file all necessary protective pleadings required by applicable laws and regulations during this process of assessment, to protect the opportunity to seek rehearing or other administrative reconsideration of agency action or judicial review; *provided, however*, that prior approval of the Department of Justice may be required for BIA to file any such protective pleadings.

(2) If the Parties do not mutually agree that one or more proposals different from those set forth in this Agreement should be submitted to FERC, DEP, or any other governmental authority, any Party that has been materially prejudiced by any such action by a governmental authority may seek rehearing or administrative reconsideration of the agency action, as appropriate (an "Administrative Appeal") as provided for by applicable laws and regulations, and the remaining Parties shall join in such an Administrative Appeal to the extent that a Party is permitted by applicable laws and regulations to do so, subject to the prior approval and support provisions set forth below. If the agency's final decision on rehearing or reconsideration continues to materially prejudice a Party, such Party may seek judicial review of such agency action, and all other Parties shall join in the petition or complaint seeking such judicial review ("Judicial Appeal") to the extent that a Party is permitted by law to do so; *provided, however*, that prior approval of the Department of Justice is required for BIA to join in any Judicial Appeal. If a Party is not permitted by

applicable laws and regulations to join either an Administrative or Judicial Appeal filed by any other Party, it shall provide all reasonable support permitted by applicable laws and regulations. If a Party is unable to participate in any Administrative or Judicial Appeal, such Party shall not oppose any relief sought by the Parties in a manner that is inconsistent with the terms and intent of this Agreement. If a Party (1) is materially prejudiced and does not pursue an Administrative or Judicial Appeal as provided herein after completion of the actions specified in subsection (a) hereof, or (2) remains materially prejudiced by the governmental authority's action after the conclusion of the Administrative or Judicial Appeal, such Party may elect, upon 30-days prior written notice to all other Parties, to terminate this Agreement, which renders those provisions of this Agreement pertaining to Regulatory Applications that have not yet been granted void as to all Parties.

B. If any dispute arises under this Agreement among any of the Parties that is not settled promptly in the ordinary course of business, the disputing Parties shall first seek to resolve such dispute by negotiating promptly in good faith. If the Parties are unable to resolve the dispute within 20 business days (or such period as the Parties shall otherwise agree) following the date one Party notifies the other(s) of the existence of such dispute (the "Dispute Notice Date"), then the disputing Parties shall employ the services of a mutually acceptable mediator; *provided, however*, that the Party or Parties seeking to mediate the dispute shall arrange to retain the mediator. The use of mediation will not be construed under the doctrine of latches, waiver or estoppel to affect adversely the rights of any Party and, except as otherwise provided by law, any mediation discussions shall be deemed to be confidential settlement discussions and not admissible in any subsequent proceedings. If the disputing Parties are not able to resolve any dispute arising out of or relating to this Agreement within 90 days of the Dispute Notice Date, the disputing Parties may pursue any remedy available to the Parties under applicable laws and regulations. Prior to the termination of the mediation process, a disputing Party shall be entitled to take such legal action as is necessary to preserve or retain its ability to pursue any remedy lawfully available to it in the event that the dispute is not resolved through mediation.

XX. Miscellaneous

A. Binding Effect

This Agreement and the rights and obligations hereof, shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties hereto.

B. Governing Law

Except for provisions of this Agreement that are governed exclusively by federal law, including, but not limited to, the Federal Power Act, this Agreement shall be construed and governed in accordance with the laws of the State of Maine, without regard to Maine's conflict of law principles.

C. Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

D. Authority

By executing this Agreement, each Party makes the following representations, warranties and covenants:

(1) **Good Standing.** With regard to the non-governmental Parties, such Party is duly organized, validly existing and in good standing under the laws of the state or province in which it is organized, formed, or incorporated, as applicable; that it is qualified to do business in the state or states in which the Party is located; and that it has the corporate power and authority to own its properties and to carry on its business as now being conducted.

(2) **Authority.** Such Party has the right, power and authority to enter into this Agreement, to become a Party hereto and to perform its obligations hereunder; and that this Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms.

(3) **No Conflict.** The execution, delivery and performance of this Agreement does not violate or conflict with the organizational or formation documents, or bylaws or operating agreement, of such Party, or any judgment, license, permit, order, material agreement or instrument applicable to or binding upon such Party or any of its assets.

E. <u>No Waiver</u>

No failure by a Party, at any time, to enforce any right of remedy available to it under this Agreement shall be construed to be a waiver of such Party's right to enforce each and every provision of this Agreement in the future. Any waiver of any rights under this Agreement must be provided in writing.

F. <u>No Third Party Beneficiaries</u>

Nothing in this Agreement is intended to confer on any person other than the Parties any rights or remedies under or by reason of this Agreement.

G. **Non-Appropriation of Funds**

Nothing in this Agreement shall be construed as obligating any federal agency to expend in any fiscal year any sum in excess of appropriations made by Congress or administratively allocated for the purpose of this Agreement for the fiscal year or to involve any federal agency in any contract or obligations for the future expenditure of money in excess of such appropriations or allocations.

H. **Compliance with Applicable Law**

The performance by the Parties of this Agreement will be subject to all applicable laws and regulations.

I. **No Precedent**

This Agreement establishes no precedents with regard to any issue addressed herein, or with regard to any Party's participation in future relicensing or other proceedings, and that none of the Parties to this Agreement will cite it as establishing any principles except with respect to the matters to which the Parties have herein agreed.

Signed:

PPL Maine, LLC

By: ______________________, President
Date: 6/8/04

Penobscot Indian Nation

By: ______________________,
Date: ______________________

G. **Non-Appropriation of Funds**

Nothing in this Agreement shall be construed as obligating any federal agency to expend in any fiscal year any sum in excess of appropriations made by Congress or administratively allocated for the purpose of this Agreement for the fiscal year or to involve any federal agency in any contract or obligations for the future expenditure of money in excess of such appropriations or allocations.

H. **Compliance with Applicable Law**

The performance by the Parties of this Agreement will be subject to all applicable laws and regulations.

I. **No Precedent**

This Agreement establishes no precedents with regard to any issue addressed herein, or with regard to any Party's participation in future relicensing or other proceedings, and that none of the Parties to this Agreement will cite it as establishing any principles except with respect to the matters to which the Parties have herein agreed.

Signed:

PPL Maine, LLC

By: ________________________, President
Date: ________________________

Penobscot Indian Nation

By: Barry Dana
Date: 6/15/04

U.S. Department of the Interior, Bureau of Indian Affairs

By: Aurene M Martin - Principal Deputy Assistant Secretary-Indian Affairs
Date: June 15, 2004

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

PPL Maine, LLC	)	**Project Nos. 2403, 2534, 2666, 2710, 2712, 2721, and 10981**
	)	**Docket No. DI97-10**
PPL Great Works, LLC	)	**Project No. 2312**
Bangor Pacific Hydro Associates	)	**Project No. 2600**

JOINT REQUEST FOR THE COMMISSION TO SUSPEND ITS RELICENSING PROCEEDINGS FOR THE HOWLAND AND GREAT WORKS PROJECT NOS. 2721 AND 2312 AND TO EXTEND CERTAIN REQUIREMENTS OF THE LICENSES FOR THE VEAZIE AND MILFORD PROJECT NOS. 2403 AND 2534

Pursuant to Rule 207 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.207), PPL Maine, LLC ("PPL Maine"), PPL Great Works, LLC ("PPL Great Works"; together with PPL Maine "PPL"), the Penobscot Indian Nation ("PIN"), the United States Department of the Interior acting through its bureaus the Fish and Wildlife Service ("FWS"), the Bureau of Indian Affairs ("BIA"), and the National Park Service (collectively "DOI"), the Maine Agencies,[1] the Conservation Interests,[2] and the Penobscot River Restoration Trust ("Trust") (collectively "Parties") hereby jointly request that the Commission (1) suspend its relicensing proceedings for PPL's Howland and Great Works Project Nos. 2721 and 2312 ("Howland" and "Great Works") and (2) extend certain requirements of the licenses for PPL Maine's Veazie and Milford Project Nos. 2403 and 2534 ("Veazie" and "Milford"). This request

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1 The Maine State Planning Office, the Maine Atlantic Salmon Commission, the Maine Department of Inland Fisheries and Wildlife, and the Maine Department of Marine Resources.

2 American Rivers, Inc., the Atlantic Salmon Federation ("ASF"), the Maine Audubon Society ("MAS"), the Natural Resources Council of Maine, and Trout Unlimited ("TU").

("Joint Request") is one of eight applications/requests (the "Phase 1 Requests") being submitted by the Parties to implement the initial phase of the Lower Penobscot River Basin Comprehensive Settlement Accord ("Comprehensive Settlement") involving Commission-licensed projects in the Lower Penobscot River Basin in Maine that the Parties are jointly submitting concurrently herewith in the "Submittal Of The Lower Penobscot River Basin Comprehensive Settlement Accord With Explanatory Statement" ("Submittal").

BACKGROUND

On April 20, 1998, the Commission issued new licenses to PPL Maine's predecessor in interest (Bangor Hydro-Electric Company ("Bangor")) for Milford, the Stillwater Project No. 2712 ("Stillwater"), and Veazie.[3] Also on that date the Commission denied Bangor's application for an original license for the proposed new Basin Mills Project No. 10981 ("Basin Mills") and requested that Bangor inform the Commission of its plans for its Orono Project No. 2710 ("Orono") in light of the denial of the application for Basin Mills, which, if licensed and built, would have required the decommissioning of Orono.[4]

Bangor requested rehearing of, *inter alia*, the denial of the Basin Mills application and various fish passage and other provisions of the licenses for Milford, Stillwater, and Veazie. DOI and PIN requested rehearing of the April 20, 1998 orders contending that the Commission, in issuing the new license for Milford, had erred in concluding that the PIN reservation lands occupied by Milford did not constitute a "reservation" as defined in § 3(2) of the Federal Power Act ("FPA"), 16 U.S.C. § 796(2), and therefore that Milford was not subject to the mandatory conditioning provisions of § 4(e) of the FPA, 16 U.S.C. § 797(e), or to the requirement to pay

[3] Milford (83 FERC ¶ 61,037); Stillwater (83 FERC ¶ 61,038); Veazie (83 FERC ¶ 61,040).

[4] 83 FERC ¶ 61,039.

annual land use charges pursuant to § 10(e) of the FPA, 16 U.S.C. § 803(e). They requested that the Commission reverse its holding on the "reservation" issue and include in the new Milford license the § 4(e) conditions and § 10(e) annual charge provisions that DOI had submitted in the proceeding. DOI also contested the changes the Commission had made to the fishway prescriptions submitted by DOI for Milford, Stillwater, and Veazie pursuant to § 18 of the FPA, 16 U.S.C. § 811.[5] Intervenors ASF, the Maine Council of the Atlantic Salmon Federation, MAS, and TU also requested rehearing, contending that the new license for Veazie should be denied and the project removed. Tolling orders were issued, and these rehearing requests remain pending before the Commission.

Because compliance with various articles of the new licenses (pertaining primarily to fish passage) for Milford, Stillwater, and Veazie depended on resolution of the pending rehearing requests, first Bangor and then PPL Maine[6] requested and received a series of extensions of time to comply with those articles and to inform the Commission of the plans for Orono pending Commission action on the rehearing requests. In January 2000, PPL Maine, PIN, DOI, and certain of the Conservation Interests began discussions regarding potential settlement of the fish passage, Tribal, and other issues raised in the pending rehearing requests in the Basin Mills, *et al.* proceedings and requested that the Commission delay action on the rehearing requests and grant extensions of time for PPL Maine to comply with the referenced articles of the Milford, Stillwater, and Veazie licenses (and to inform the Commission of its plans for Orono) to

[5] The Commission had concluded that the FWS had submitted its fishway prescriptions in an untimely manner and therefore that they were not mandatory upon the Commission. *See, e.g.*, 83 FERC ¶ 61,037 at p. 61,080.

[6] By order issued April 1, 1999, the Commission approved the transfer of the licenses for Milford, Stillwater, Veazie, Orono, and Bangor's additional hydroelectric projects from Bangor to Penobscot Hydro, LLC (subsequently renamed PPL Maine, LLC). *See* 87 FERC ¶ 62,001.

allow settlement discussions to proceed. The Commission granted the extension request in an unpublished letter order issued February 11, 2000. Since then, PPL Maine has requested and the Commission has granted a series of additional extensions.[7]

The settlement discussions begun in January 2000 subsequently expanded to include the Maine Agencies and additional parties now collectively comprising the Conservation Interests. Further, in order for the settlement discussions to address fishery resources in the Penobscot River Basin in a more comprehensive manner, the parties expanded the scope of their discussions to include Howland (licensed to PPL Maine), located on the Piscataquis River tributary to the Penobscot River, and Great Works, located on the Penobscot River between Veazie and Milford and licensed to PPL Maine's subsidiary PPL Great Works.[8]

The Howland license expired on September 30, 2000; an application for new license for Howland was filed on September 28, 1998. By notice issued August 8, 2003, the Commission indicated that the Howland application was ready for environmental analysis ("REA Notice") and established October 7, 2003, as the due date for comments, recommendations, terms and conditions, and prescriptions. The Great Works license expired on March 31, 2002;[9] an application for new license for Great Works was filed on March 31, 2000.

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7 The current deadline for compliance with the referenced articles of the Milford, Stillwater, and Veazie licenses is June 20, 2004. *See* the unpublished letter order issued March 26, 2004. PPL Maine filed another extension request on May 20, 2004.

8 By order issued December 28, 1999, the Commission approved the transfer of the license for Great Works from the Fort James Operating Company to PP&L Great Works, LLC (subsequently renamed PPL Great Works, LLC). *See* 89 FERC ¶62,255.

9 The Commission issued notices of authorization for continued project operations for Howland and Great Works on November 21, 2000, and April 8, 2002, respectively.

In August 2003, PPL Maine, PIN, DOI, the Maine Agencies, and the Conservation Interests[10] ("Conceptual Agreement Parties") entered into the Lower Penobscot River Conceptual Agreement ("Conceptual Agreement"), and PIN, PPL Maine, and DOI entered into the Lower Penobscot River Conceptual Agreement Between PIN, PPL Maine, and DOI (collectively the "Conceptual Agreements"). As explained in greater detail in the Submittal, the Commission, at the request of the Conceptual Agreement Parties and later the Parties, has suspended the relicensing proceedings for Howland and Great Works, including the deadline for responding to the Howland REA Notice, until further order of the Commission to provide the Parties with time to transform the Conceptual Agreements into final agreements and file appropriate applications at the Commission. The Comprehensive Settlement constitutes the Parties' final agreements, while the Phase 1 Requests are the applications/requests necessary to implement the initial phase of the Comprehensive Settlement.

DISCUSSION

A. <u>The Commission Should Suspend The Howland And Great Works Relicensing Proceedings</u>

The Comprehensive Settlement consists of the Lower Penobscot River Multiparty Settlement Agreement dated June 2004 and executed by the Parties and PPL Generation, LLC (signing for certain limited purposes only) (the "MPA"), and certain additional agreements that are appended thereto. The Comprehensive Settlement is structured around the use of an innovative "phased" approach that resolves all fish passage, energy generation, and Tribal issues associated with PPL's Lower Penobscot River Basin hydroelectric projects and will result in the withdrawal of the pending requests for rehearing in the Basin Mills, *et al.*, proceedings. Its

10 Excluding MAS, which joined with other Conservation Interests and became involved in negotiations subsequent to execution of the Conceptual Agreement.

implementation will maximize benefits for recognized non-developmental interests under the FPA such as fishery resources and PIN, while at the same time providing a means to maintain hydropower generation.

A key element of the Comprehensive Settlement is the Parties' agreement for PPL to provide the Trust -- the non-profit entity created in May 2004 for this endeavor -- with a five-year option ("Option") to acquire Veazie, Howland, and Great Works (the "Designated Projects") from PPL. If the Trust provides written notification to PPL at any time during the five-year Option period that it is exercising the Option, PPL and the Trust will file joint applications to transfer the licenses for the Designated Projects to the Trust and to substitute the Trust as the applicant on the pending applications for new license for Howland and Great Works, along with the applications required by Part II of the FPA to transfer the Designated Projects' associated jurisdictional transmission facilities. The Trust at that time will also file applications seeking Commission authorization to surrender the licenses for the Designated Projects and to decommission and remove Veazie and Great Works and decommission and either alter Howland by constructing a fish bypass system that would substantially or entirely maintain the existing dam structure and impoundment ("Proposed Bypass") or remove the dam. These Trust applications will also include notices of withdrawal of the pending applications for new license for Howland and Great Works effective upon issuance of Commission orders approving these various applications. Once these Commission approvals are obtained, the sale of the Designated Projects will close, PPL will receive an agreed-upon purchase price, and the Trust will proceed to decommission and remove/alter them in accordance with any requirements imposed by the Commission.[11]

As noted, two of the Designated Projects that might be acquired, decommissioned, and removed by the Trust upon its exercise of the Option are subject to pending relicensing proceedings (Howland and Great Works). In order to provide the opportunity for the Option process to work, the Parties, consistent with the requirements of Section IV(a)(1) of the MPA, request herein, as part of the mutually-dependent Phase 1 Requests, that the Commission suspend its relicensing proceedings as to these projects, including its National Environmental Policy Act ("NEPA") analyses and any requirement for the submittal of comments, recommendations, terms and conditions, and mandatory conditions in response to REA Notices, until the Option has been exercised, has expired, or has been terminated.

The Parties believe that suspension of the relicensing proceedings for Howland and Great Works is clearly appropriate. First, it would make little sense, and would be an inefficient use of Commission resources, for the Commission to continue with the relicensing proceedings -- especially the time-consuming and expensive process of preparing NEPA analyses -- for these two projects given that the Trust may exercise the Option and file applications to surrender their licenses and to decommission and remove them. If the Commission were to proceed with the relicensing proceedings, any conclusions reached by the Commission or its staff as to such things as environmental impacts or § 10(a)(1) FPA

11 As noted in the Submittal, the MPA specifies that applications will also be filed for any regulatory approvals required by other agencies in association with (1) the Phase 1 Requests and (2) requests to the Commission during subsequent phases such as when authorization to transfer and surrender the licenses for the Designated Projects and to decommission and remove/alter them are sought.

comprehensive planning matters associated with the issuance of new licenses for Howland and Great Works would have to be reconsidered if the Option were exercised.

Second, continuation of these relicensing proceedings would hinder (1) the Trust's efforts during the Option period to raise the funds necessary to acquire the Designated Projects and thereafter decommission and remove/alter them and (2) the other Parties' efforts to continue to build support for that process. Continuation of these relicensing proceedings would also interfere with the detailed consultation and study process Section XI of the MPA requires the Trust to undertake to decide whether it will seek Commission authorization to either construct the Proposed Bypass at Howland or remove the dam. The Trust and the other Parties cannot devote the time and resources needed to accomplish these efforts if they at the same time have to participate in relicensing proceedings for Howland and Great Works as if new licenses were going to be issued.

Finally, the Commission's denial of the Parties' request that it suspend the relicensing proceedings would likely destroy the Comprehensive Settlement at the outset. As explained in detail in the Submittal, all of the eight Phase 1 Requests -- including this Joint Request -- are interrelated and mutually dependent. As specified in the MPA (*see* Section IV(g)), if the Commission, in acting on the Phase 1 Requests, takes action in response thereto that materially prejudices a Party, that Party can elect to terminate the MPA (following a dispute resolution process set forth in Section XII of the MPA), in which case all of the Phase 1 Requests will be withdrawn by the submitting Party, or other appropriate action will be taken by the Party filing a Phase 1 Request to rescind any approvals that may have been granted, and the provisions of the MPA shall become void. In other words, if the Commission does not approve all of the Phase 1 Requests -- including this Joint Request -- without material change, there is a high likelihood that the MPA will become void and all the Phase 1 Requests withdrawn. If this were to occur, all of the benefits associated with the granting of the Phase 1 Requests would be lost. As discussed in detail in the Submittal, these benefits include a number of energy enhancements, immediate and substantial benefits to PIN, and the installation of upstream eel passage facilities. The Commission's denial of this Joint Request would also eliminate the possibility of amicably resolving the Basin Mills, *et al.* proceedings through the Parties' withdrawal of their pending rehearing requests and DOI's withdrawal of its § 4(e) conditions and § 10(e) requests as to Milford. As specified in Section IV(h) of the MPA, these "Phase 2" withdrawals will not occur unless the Commission has approved all of the Phase 1 Requests without alteration or change in any term or provision thereof in a manner that materially prejudices any Party. Most importantly, the Commission's denial of the Parties' request to suspend the relicensing proceedings for Howland and Great Works will prevent the Option process from unfolding, thus eliminating any chance that the fish restoration benefits associated with the removal/alteration of the Designated Projects could occur.

B. The Commission Should Extend The Requirements That PPL Maine Comply With Article 301 Of The Milford License And Article 413 Of The Veazie License

Consistent with the requirements of Section IV(a)(2) of the MPA, the Parties also request that the Commission extend the requirement that PPL Maine commence and complete the installation of an additional unit at Milford (and the requirement that PPL Maine file progress reports regarding such installation) until the Option has been exercised, has expired, or has been terminated, whichever is earlier.[12] As explained in the Submittal, the Parties agreed that it would

[12] The April 20, 1998 order issuing a new license for Milford authorized PPL Maine to install an additional 1,600 kW turbine/generator unit in an empty turbine pit in the powerhouse. The original deadlines for commencing and completing installation of the additional unit at Milford were April 1, 2000, and April 1, 2002. *See* Article 301 of the 1998 Milford license.

be appropriate for PPL Maine to use a turbine/generating unit from Veazie to implement the capacity upgrade authorized by the Commission at Milford. However, since that Veazie unit will not be available until the Option has been exercised and Veazie acquired/decommissioned by the Trust, it is appropriate to extend the deadline for commencing and completing the installation of the additional unit at Milford until this has occurred.

Also consistent with Section IV(a)(2) of the MPA, the Parties also request that the Commission extend the requirement contained in Article 413 of the Veazie license that PPL Maine file with the Commission for approval a revised final recreation plan for the project until the Option has been exercised, has expired, or has been terminated, whichever is earlier. This request is appropriate given the fact that the need to file such a plan would be obviated if Veazie were acquired, decommissioned, and removed by the Trust.

These deadlines were subsequently extended by two years by order issued March 3, 2000 (unreported) and, by order issued March 5, 2002 (unreported), the Commission further extended these dates to April 1, 2004, and April 1, 2006, and ordered PPL Maine to file progress reports every four months. In its May 20, 2004 letter to the Commission, PPL Maine requested that the Commission suspend these time deadlines until after the Commission has acted on this Joint Request.

CONCLUSION

The Parties respectfully request that the Commission suspend the relicensing proceedings for Howland and Great Works and extend the time for PPL Maine to comply with the requirements of Article 301 of the Milford license and Article 413 of the Veazie license as requested herein.

Respectfully submitted,

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ON BEHALF OF ALL PARTIES

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Dated: June 25, 2004

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

PPL Maine, LLC	)	Project Nos. 2403-___, 2534-___, 2666-___, 2710-___, 2712-___, 2721-___, and 10981-___
	)	Docket No. DI97-10-___
PPL Great Works, LLC	)	Project No. 2312-
Bangor Pacific Hydro Associates	)	Project No. 2600-___

NOTICE OF COMPREHENSIVE SETTLEMENT ACCORD AND SOLICITING COMMENTS

June __, 2004

Take notice that the following Comprehensive Settlement Accord has been filed with the Commission and is available for public inspection.

a. Type of Application: Lower Penobscot River Basin Comprehensive Settlement Accord With Explanatory Statement (Comprehensive Settlement).

b. Project Nos.: 2403-___, 2534-___, 2666-___, 2710-___, 2712-___, 2721-___, 10981-___, 2312-___, and 2600-___.
Docket No.: DI97-10-___.

c. Date Filed: June __, 2004.

d. Applicant: PPL Maine, LLC (PPL Maine) and affiliated companies (PPL).

e. Names of Projects: Veazie (2403), Milford (2534), Medway (2666), Orono (2710), Stillwater (2712), Howland (2721), Basin Mills (10981), Great Works (2312), and West Enfield (2600)

f. Location: The Veazie, Great Works, and West Enfield Projects are located on the Penobscot River in Penobscot County, Maine. The Milford Project is located on the Penobscot and Stillwater Rivers in Penobscot County, Maine. The Stillwater and Orono Projects are located on the Stillwater River in Penobscot County, Maine. The Medway Project is located on the West Branch Penobscot River in Penobscot County, Maine. The Howland Project is located on the Piscataquis River in Penobscot County, Maine. The

Basin Mills Project would be located on the Penobscot River in Penobscot County, Maine.

g. Filed Pursuant to: Rule 602 of the Commission's Rules of Practice and Procedure, 18 CFR 385.602.

h. Applicant Contact: John A. Whittaker, IV, Winston & Strawn, 1400 L Street, N.W., Washington, D.C. 20005, (202) 371-5766, jwhittak@winston.com.

i. FERC Contact: Ed Lee at (202) 502-6082 or Ed.Lee@ferc.gov.

j. Deadline for Filing Comments: The deadline for filing comments on the Comprehensive Settlement, the Joint Request (see below), and the FWS Modified Prescriptions (see below) is 20 days from the date of this notice. The deadline for filing reply comments is 30 days from the date of this invoice. All documents (original and eight copies) should be filed with: Magalie R. Salas, Secretary, Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426. The Commission will publicly notice for comment the five license amendment applications and the application for new license discussed below when those applications are accepted for Commission processing.

The Commission's Rules of Practice and Procedure require all intervenors filing documents with the Commission to serve a copy of that document on each person on the official service list for the project. Further, if an intervenor files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency.

Comments may be filed electronically via the Internet in lieu of paper. See 18 CFR 395.2001(a)(1)(iii) and the instructions of the Commission's website (http://www.ferc.gov) under the "e-filing" link.

k. Description of Filing: PPL filed the Comprehensive Settlement jointly with 12 stakeholders: the Penobscot Indian Nation (PIN), the United States Department of the Interior acting through its bureaus the Fish and Wildlife Service (FWS), the Bureau of Indian Affairs (BIA), and the National Park Service (collectively DOI), the Maine Agencies (the Maine State Planning Office, the Maine Atlantic Salmon Commission, the Maine Department of Inland Fisheries and Wildlife, and the Maine Department of Marine Resources), the Conservation Interests (American Rivers, Inc., the Atlantic Salmon Federation, the Maine Audubon Society, the Natural Resources Council of Maine, and Trout Unlimited), and the Penobscot River Restoration Trust (Trust) (collectively Parties). The Comprehensive Settlement is embodied in the Lower Penobscot River Multiparty Settlement Agreement dated June 2004 (the MPA) and in two additional agreements attached to the MPA: the Lower Penobscot River Option Agreement dated June 2004 (Option Agreement) and the Comprehensive Settlement Agreement Between

The Penobscot Indian Nation, PPL Maine, LLC, And The Bureau Of Indian Affairs Of The Department Of The Interior dated June 2004 (PIN Agreement).

The Parties propose in the Comprehensive Settlement a phased approach to resolving all fish passage, energy generation, and Tribal issues associated with PPL's Lower Penobscot River hydroelectric projects. Under the Comprehensive Settlement, PPL will grant the Trust a five-year option to acquire Veazie, Howland, and Great Works (Designated Projects), and thereafter decommission and remove Veazie and Great Works and decommission and either alter Howland by constructing a fish bypass system that would substantially or entirely maintain the existing dam structure and impoundment or remove the dam. If the option is exercised, PPL and the Trust would file applications to transfer the licenses for the Designated Projects to the Trust and the Trust would file applications to surrender the licenses and to obtain Commission authorization to decommission and remove/alter them. If the Commission approves those subsequent applications, the MPA provides an opportunity for certain energy enhancements to be pursued. To allow the option process to work, the Parties propose in a Joint Request submitted with the Comprehensive Settlement that the Commission suspend the relicensing proceedings for Howland and Great Works and extend certain requirements of the Milford and Veazie licenses until the option has been exercised, has expired, or has been terminated (Joint Request). As required by the MPA, PPL has separately filed separate applications to amend the licenses for Veazie, Milford, Stillwater, Medway, and West Enfield and an application for a new 40-year license for Orono. These applications propose energy enhancements at West Enfield, Stillwater, and Medway (one-foot headpond increases) and at Orono (refurbishment at existing capacity). The Milford and West Enfield applications propose the addition of provisions to address impacts on the PIN Reservation and other interests. The Parties also propose that the fish passage provisions of the Veazie, Milford, Stillwater, and West Enfield licenses be modified (and the new Orono license contain provisions) as specified in an attachment to the MPA (Attachment A). To implement these modified fish passage provisions, PPL has included in four of the license amendment applications and in the new license application requests for incorporation of provisions consistent with Attachment A, and the FWS has separately submitted Preliminary Prescription Modifications And Preliminary Prescriptions for Milford, Veazie, Stillwater, and Orono (FWS Modified Prescriptions). The FWS Modified Prescriptions contain fish passage provisions to be implemented initially and when the Designated Projects are acquired by the Trust.

The Parties included the MPA, the Option Agreement, and the PIN Agreement with the Comprehensive Settlement filing for informational purposes only and are not requesting that the Commission approve any of these three agreements. Rather, they request that the Commission approve the applications/requests that they have submitted to implement the initial phase of the Comprehensive Settlement (Phase 1 Requests): the Joint Request, the license amendment applications for Veazie, Milford, Stillwater, Medway, and West Enfield, the application for new license for Orono, and the FWS Modified Prescriptions.

The MPA provides that, if the Commission approves all of the Phase 1 Requests without material change, the requests for rehearing of the Commission's April 20, 1998 orders in the Basin Mills, *et al.* proceedings and certain submittals made by DOI in the Milford relicensing proceeding will be withdrawn.

l. Copies of the Comprehensive Settlement, the Joint Request, and the FWS Modified Prescriptions are available for review at the Commission in the Public Reference Room or may be viewed on the Commission's website at http://www.ferc.gov, using the "e-Library" link. Enter the docket number, excluding the last three digits in the docket number field to access the documents. For assistance, contact FERC Online Support at FERCOnlineSupport@ferc.gov or toll-free at 1-866-208-3676, or for TTY, (202) 502-8659. A copy is also available for inspection and reproduction at the address in item h above.

Register online at http://www.ferc.gov/esubscribenow.htm to be notified via e-mail of new filings and issuances related to this or other pending projects. For assistance, contact FERC Online Support.

Secretary

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on the parties listed on the Distribution List attached hereto.*

Dated at Washington, D.C., this 25th day of June 2004.

John A. Whittaker, IV

John A. Whittaker, IV

* The official service lists compiled by the Secretary for the various dockets affected by foregoing document are out of date, and contain numerous errors as to party representatives, participating parties, etc. The attached Distribution List updates and corrects the service lists and adds entities the Parties believe will be interested in the Comprehensive Settlement but are not currently listed on any of the official service lists.

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