



March 5, 2019

Montague Selectboard
1 Avenue A
Turners Fall, MA 01376

Members of the Montague Selectboard,

I'm writing to give you an update on the federal relicensing of the Northfield Mountain and Turners Falls hydroelectric projects in Northfield, Erving, Gill, and Montague. We also want to clear up some confusion and unfounded concerns you may have been reading about concerning an internal FirstLight Power Resources corporate realignment as it pertains to these two projects.

First, some background: We currently operate these two hydroelectric power facilities along the Connecticut River under separate licenses issued by the Federal Energy Regulatory Commission (FERC), part of the U.S. Department of Energy. Under our FERC licenses, in consideration of our right to use the waters of the Connecticut River to produce clean, renewable energy, FirstLight commits to offering a wide variety of recreational benefits at our facilities, including boating, camping, hiking, nature education, skiing, and snowshoeing. We also agree to numerous FERC-mandated provisions to minimize environmental impacts so that boaters, fishermen, and other members of the public may use and enjoy the Connecticut River.

More than seven years ago, in collaboration with a broad array of stakeholders including local governments and environmental and recreational groups, FirstLight began the process of renewing the licenses prior to their expiration in 2018. During this time, we've responded to dozens of questions and comments from interested parties, submitted thousands of pages of documents, conducted numerous and comprehensive studies, and are optimistic we are now finally in the homestretch of the relicensing process. In the meantime, we continue to conduct power generation operations under all the terms of the licenses that have governed Northfield Mountain's operations since 1968 and those at Turners Falls since 1980. We also provide over \$13 million in salary and benefits to operate the facilities here in Franklin County and pay more than \$12 million a year in local property taxes.

Separately from relicensing, FirstLight has begun a corporate realignment under which Turners Falls and Northfield Mountain will be assigned to two different operating subsidiaries of FirstLight. As we explained in our FERC filing dated February 15, this is purely a corporate "paper transaction" that assigns the two operations to two different units that are both fully under FirstLight ownership. Operations of the facilities will not change as a result of this realignment and FirstLight will still be responsible for all current and future license obligations.

While we have heard some concerns and speculation about what this corporate realignment means, in our filing with FERC we noted the Commission's own clear, unambiguous precedents and proceedings: Nothing about this corporate realignment will affect FirstLight's responsibility as a company to meet all the terms of our federal licenses to operate the Northfield Mountain and Turners Falls hydroelectric plants. "Any successor or assign of the rights of [a] licensee," as we



quoted FERC policy, "shall be subject to all the conditions of the license under which such rights are held by such licensee and also subject to all the provisions and conditions of this chapter to the same extent as though such successor or assign were the original licensee under this chapter ...

When a license is transferred, the new licensee steps into the shoes of the old licensee, and is subject to any and all requirements to which the old licensee was subject under the license and the Commission's orders thereunder."

In our Feb. 15 filing with FERC, we noted that the corporate realignment, of which FirstLight divisions hold the licenses for Northfield Mountain and Turners Falls, will also help fulfill a "likely refinancing." Our intention is to better position ourselves to grow as a company and potentially add to these divisions in the future.

One important piece of background for understanding why we would assign these two projects to different corporate subsidiaries is that Northfield project serves a much different purpose in the energy markets than Cabot and Turners Falls. Built more than 100 years ago, Cabot and Turners Falls harness the energy of the Connecticut River to generate electricity all day. In contrast, Northfield Mountain, which opened in 1972, functions like a nature-powered battery, using water drawn up to the top of the mountain to generate electricity when it's most needed for the regional power grid. Given these different energy functions, these projects operate with very different operating models, costs, and financial models. The corporate restructuring simply aligns these different projects with separate corporate entities. We are not preparing to sell any of the assets.

As we said in a recent letter to the editor published by the Greenfield Recorder, FirstLight recognizes that we are stewards of beautiful and treasured lands and waters in Erving, Gill, Montague, and Northfield that are enjoyed and cherished every day by our neighbors and visitors in the Connecticut River Valley. Nothing about our recent internal corporate reorganization affects—or under federal law can affect—that commitment.

Thank you for the time you have taken to read this letter and for allowing us the chance to share this background with you. If you have questions or concerns after reading this or our most recent FERC filing, please do not hesitate to contact us at 781-653-4241. We look forward to continuing to be a good corporate citizen and responsible neighbor here in Western Massachusetts.

Respectfully,

A handwritten signature in blue ink that reads "John Shue".

John Shue
President and C.E.O.
FirstLight Power