



2. By virtue of a 1914 Lease Indenture between the predecessors-in-interest of Island Corp., TransCanada, and National Grid,<sup>5</sup> and a 1998 Amended and Restated Lease Indenture between Island Corp. and TransCanada's predecessor-in-interest, USGen New England, Inc.,<sup>6</sup> Island Corp. holds the rights to 300 kilowatts (kW) of power from TransCanada.
3. Island Corp.'s rights to 300 kW of power, which is of material value to the company, stems historically from the Project facility. The 1914 Lease Agreement is based on Island's Corp.'s predecessor-in-interest leasing mill water rights—specifically, the right to draw six mill powers from the Bellows Falls canals—to the Bellows Falls Electric Company in exchange for the 300 kW of electricity. Under the Lease, Island Corp.'s power rights extend for a period of 999 years and are binding on all successors and assigns of the Bellows Falls Electric Company.<sup>7</sup> If Island Corp. does not receive its allotted power and the Lease is terminated, Island Corp. is entitled to the return of its water power and restoration of its mill infrastructure (flume, penstock, gate, water wheels and auxiliary equipment) to a suitable and proper condition for operation and use.<sup>8</sup> The same site and canal to which the Lease applies are the subject of this proceeding.
4. In 1998, the Vermont Public Service Board approved a transfer of ownership over the Project facility from New England Power Company (“NEP”) to USGen New England

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<sup>5</sup> The 1914 Lease Indenture was entered into by Moore and Arms Paper Company, predecessor-in-interest to Island Corp., and the Bellows Falls Electric Company, predecessor-in-interest to TransCanada and National Grid/New England Power Company.

<sup>6</sup> See *In re New England Power Company*, Order Re: Transfer of Facilities, Docket No. 6039 (Vt. P.S.B. June 29, 1998).

<sup>7</sup> Article 6 of the 1914 Lease Agreement reads:  
The Electric Company for itself, its successors and assigns hereby covenants with the Paper Company, its successors and assigns that the Electric Company and its successors and assigns will deliver the electricity in the amount and under the terms and conditions herein . . . .

<sup>8</sup> See Article 12 of 1914 Lease Indenture; Article 10 of 1998 Amended and Restated Lease Indenture.

(“USGenNE”), and as part of the terms of the transfer, Island Corp., NEP, and USGenNE amended and restated the Lease Indenture between the parties as respective successors-in-interest to the Moore and Thompson Paper Co. and Bellows Falls Electric Company.<sup>9</sup> In its order approving the transfer, the Public Service Board specifically stated that:

After the sale of the Hydro Facilities to USGenNE, NEP and USGenNE have agreed to continue to provide Island with 300 kW per hour at no additional charge. Specifically, USGenNE would sell electricity at wholesale to NEP, sufficient to meet Island’s 300 kW entitlement, for resale by NEP to Island. USGenNE will also assume other applicable obligations contained in the agreements between Island’s and NEP’s predecessors, as amended.

...

NEP, Island and USGenNE have agreed to enter into an amended and restated lease indenture.<sup>10</sup>

5. In 2005, USGenNE transferred ownership of the Project facility to TransCanada, which agreed to assume USGenNE’s obligations to Island Corp. under the Lease, and Island Corp.’s rights under the Lease remained undisturbed.<sup>11</sup>
6. In light of the physical proximity between Island Corp.’s mill site and the Project facility, and the obligor/obligee relationship between TransCanada and Island Corp., Island Corp. has a material property interest that may be directly affected by the outcome of this proceeding.
7. Island Corp. does not oppose the relicensing of the Project. However, any decision of the Commission to extend or deny TransCanada’s license for the Project, subject to conditions, has the potential to affect Island Corp.’s interests given the physical

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<sup>9</sup> See *supra* note 6.

<sup>10</sup> *Id.* at 7, ¶¶ 25-26

<sup>11</sup> *Petition of USGen New England Inc.*, Order Re: Transfer of Facilities, Docket No. 7038 at 4, ¶ 10 (Vt. P.S.B. Mar. 25, 2005) (stipulating for assumption of lease obligations if option agreement between town and USGenNE did not close prior to transfer of ownership, and noting that “Island’s current rights to receive power under the Island Corporation Lease will be undisturbed by the transfer of the Bellows Falls Project to [TransCanada]”).

proximity of the Project to Island Corp's property.<sup>12</sup> The Commission's decision also has potential to affect Island Corp.'s economic interests as an obligee of TransCanada.

8. Island Corp. supports the relicensing of the Project so far as it does not adversely impact or compromise Island Corp.'s property, nor its rights to receive power under the Indentures described above. Based on Island Corp.'s unique property interests, no other party could adequately represent those interests in this matter.
9. The Commission previously granted Island Corp. intervener status in prior proceedings involving the Project facility in this Docket.<sup>13</sup>

Based on the statements above, Island Corp. respectfully requests that the Commission grant it party status in this matter, and that all communications, correspondence, and documents related to this filing be directed to the following persons:

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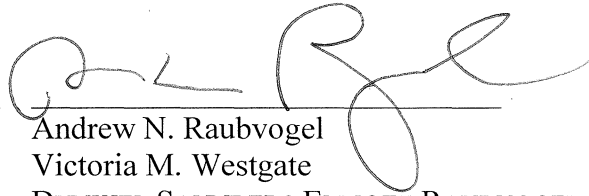
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<sup>12</sup> Operation of any hydroelectric facility carries physical risks that could have an adverse impact to abutting properties, such as Island Corp.'s, in the event of a catastrophic failure of major mechanical component such as the generators, transformers, turbines or penstocks, and resulting impacts to the dam, canal, or powerhouse.

<sup>13</sup> See Order Approving Transfers of License, Project Nos. 1855-018, *et al.* p at 2 n.7 (Feb. 27, 1998).

SIGNED at Burlington, Vermont, this 27<sup>th</sup> day of February, 2015.

By:

A handwritten signature in black ink, appearing to read 'Andrew N. Raubvogel', written over a horizontal line.

Andrew N. Raubvogel

Victoria M. Westgate

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**CERTIFICATE OF SERVICE**

Pursuant to Rule 2010 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission, I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service lists compiled by the Secretary in these proceedings.

Dated at Burlington, VT, this 27<sup>th</sup> day of February, 2015.



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