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FEDERAL ENERGY
REGULATORY COMMISSIONHampshire Paper Company, Inc.P. O. Box 339
Gouverneur, NY 13642
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May 13, 2010

Ms. Kimberly Bose, Secretary
Federal Energy Regulatory Commission (FERC)
Mail Code DLC, HL-11.2
888 First Street, NE
Washington, DC 20426RE: Hampshire Paper Company
Emeryville Hydroelectric Project (FERC Project #2850-NY)
Settlement Agreement

Dear Ms. Bose:

Hampshire Paper Co. (HPC) hereby submits a signed copy of the "Emeryville Hydroelectric Project Settlement Agreement". This Settlement Agreement was developed as part of the ongoing relicensure of the Emeryville Hydroelectric Project (FERC #2850-NY). The purpose and goal of the Settlement Agreement is to provide for the continued operation of the Emeryville Hydroelectric Project with appropriate long-term environmental and recreational protection and mitigation measures that will meet diverse objectives for maintaining a balance of non-power and power values in the Oswegatchie River.

The Parties, having given careful and equal consideration to non-power and power values, provide in the Settlement Agreement the terms and conditions for the resolution of operational, fisheries, wildlife, water quality, and recreational issues raised by and analyzed by the Parties as they are applicable to the issuance of a new license and water-quality certification for the Emeryville Hydroelectric Project.

The Settlement Agreement has been signed by the U.S. Fish and Wildlife Service (USFWS), New York State Department of Environmental Conservation (NYSDEC), New York State Council of Trout Unlimited as well as the Licensee, HPC. In addition, St Lawrence County, NY actively participated in development of the Settlement Agreement, although they have declined to sign due to their concern over the forebay bridge ownership issue.

As part of the relicensure process, HPC has coordinated with various stakeholders including those shown in the appended Draft Settlement Agreement Distribution Lists. An initial Draft Settlement Agreement was issued on June 8, 2009 with subsequent reissues on November 12, 2009, January 13, 2010, February 16, 2010 and March 2, 2010. The later distributions were limited to those parties that were active in the negotiating process, namely the final parties. The resultant final Settlement Agreement was executed on April 2, 2010.

An overview of the major items contained within the Settlement Agreement is as follows:

1. Impoundment Operations

HPC will operate the project in a Run-of-River mode. This will be accomplished by maintaining a normal impoundment elevation of 786.6 which is equal to the top of the existing flashboards. A tolerance of 0.3' is allowed for normal conditions. For abnormal conditions such as routine spillway maintenance, a maximum drawdown of 2.0 ft below the spillway crest is allowed. Restoration of the normal impoundment elevation shall be done gradually to maintain a minimum outflow as determined by consultation with the NYSDEC.

2. Bypass flows

HPC shall continuously release a minimum flow of 20 cfs or inflow, whichever is less into the bypassed reach. Modifications will be made to the bypassed reach to accommodate this flow as well as downstream fish passage. The modifications include:

- a. Replacement of the existing spillway minimum flow bypass weir with a new bypass weir/flume.
- b. Enhancement of the existing plunge pool by constructing a weir wall across its downstream face.
- c. Enhancement of the existing minimum flow channel from the plunge pool to the tailrace through selective excavation.

3. Fish Protection and Downstream Passage

In addition to the previously referenced bypassed reach improvements to enhance downstream fish passage, HPC will also increase protection of the fishery through installation of overlay trashracks with 1.0 inch clear spacing at the powerhouse intake. These trashracks shall be maintained in place for the period March 15 is through November 30 of each year.

4. Flow and Water Level Monitoring

As part of the bypassed reach improvements HPC will install a concrete benchmark within the plunge pool to allow visual confirmation of the minimum bypass flow. In addition, a staff gage or monument will be placed in the downstream minimum flow channel to verify minimum bypass flow measurements.

HPC will also install a binary staff gage at an appropriate location within the project impoundment to permit independent verification of the impoundment elevation.

5. Recreation

HPC will maintain the existing recreational facilities for the duration of the new license. HPC will also prepare a Recreation Management Plan outlining its operations management responsibilities. This Plan has concurrently been prepared, reviewed by resource agencies and filed with FERC (March 8, 2010).

6. Invasive species

In accordance with the stipulations of the Settlement Agreement, an Invasive Species Management Plan has been developed, renewed and approved by resource agencies and filed with FERC (March 8, 2010).

7. 401 Water Quality Certification

HPC will submit an application to the NYSDEC for Section 401 – Water Quality Certification concurrent with filing the final License Application with FERC.

8. License Term

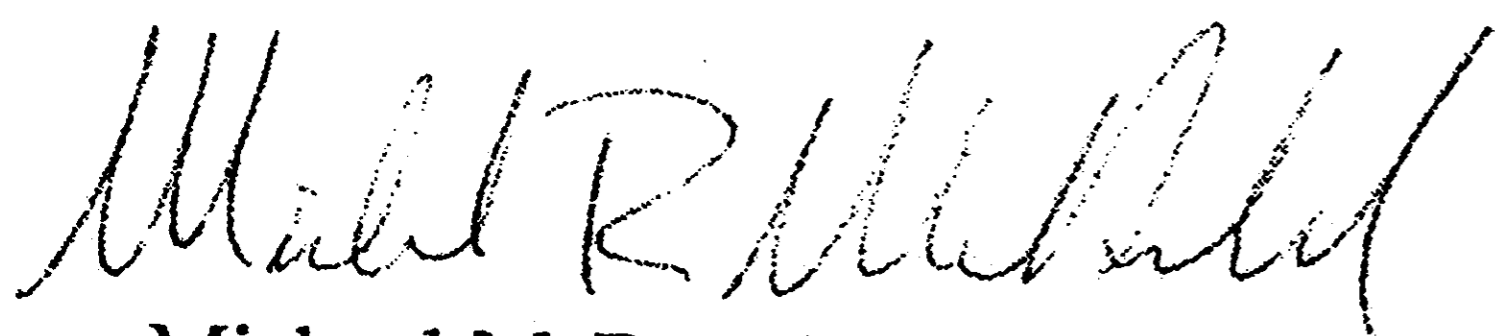
It was agreed during negotiation of the Settlement Agreement that authority for establishing the duration of the new license rests with FERC. A proposed license term was therefore not included in the Settlement Agreement.

It is HPC's intent to pursue a 40 year term for this relicensure. HPC therefore respectfully requests that FERC issue the new (subsequent) license for a term of 40 years.

Per 18 CFR #385.602(f) regulations, all comments on this document must be filed with the Secretary of the FERC no later than 20 days after the filing of this Settlement Agreement. By copy of this letter to those parties on the attached distribution list, HPC has notified those parties of this deadline.

Any questions or comments on this material can be directed to myself at (315) 287-1990 or by email hamppap.mike@verizon.net or Dana Dougherty, Stantec Consulting Michigan Inc., at (734) 761-1010 or by email dana.dougherty@stantec.com.

Sincerely,



Michael McDonald, Facility Manager
Hampshire Paper Company

Attachment: Settlement Agreement
Distribution List

Emeryville Hydroelectric Distribution List – Final Settlement Agreement May, 2010

<p>Ms. Kimberly D. Bose, Secretary Federal Energy Regulation Commission Mail Code: DLC, HL-11.2 888 First Street, NE Washington, DC 20426</p>	<p>Mr. Patrick Murphy Federal Energy Regulation Commission 888 First Street, NE Washington, DC 20426 Phone: 202-502-8755 patrick.murphy@ferc.gov</p>
<p>Mr. Richard (Dick) McDonald *</p> <p>New York State Department of Environmental Conservation Region 6 Headquarters 317 Washington Street Watertown, NY 13601-3787 Phone: 315-785-2264 rpmcdona@gw.dec.state.ny.us</p>	<p>Ms. Alice P. Richardson *</p> <p>NY State Dept of Environmental Conservation Region 6 Headquarters 317 Washington St. Watertown, New York 13601 Phone: 315-785-2267 aprichar@gw.dec.state.ny.us</p>
<p>Mr. David S. Sampson, Associate Counsel *</p> <p>Office of General Counsel NY State Dept. of Environmental Conservation 625 Broadway Albany, New York 12233-1010 Phone: 518-401-9188 dssapmso@gw.dec.state.ny.us</p>	<p>Mr. Stephen Patch, Senior Fish & Wildlife Biologist *</p> <p>U.S. Fish and Wildlife Service New York Field Office 3817 Luker Road Cortland, New York 13045 Phone: 607-753-9334 Cell: 607-423-2901 Stephen_Patch@fws.gov</p>
<p>Mr. Robert Wakefield</p> <p>Adirondack Mountain Club 210 Kearney Road Gouverneur, New York 13642 Phone: 315-287-4129 robertorjanet@msn.com</p>	<p>Mr. William H. Wellman, Region 5 Vice President *</p> <p>New York Council of Trout Unlimited (NYSCTU) 7 Helen Street Plattsburgh NY 12901 Phone: 518-563-1985 wellman1985@!charter.net</p>
<p>Mr. Jon Montan, Planner III</p> <p>St. Lawrence County Planning Office Environmental Management Council 48 Court Street Canton, New York 13617 Phone: 315-379-2292 Fax: 315-379-2252 jmontan@co.st-lawrence.ny.us</p>	<p>Mr. Michael R. McDonald *</p> <p>Resident Manager Hampshire Paper Company 1827 County Route 22 P.O. Box 339 Gouverneur, NY 13642 Phone: 315-287-1990 hamppap.mike@verizon.net</p>

Emeryville Hydroelectric Distribution List – Final Settlement Agreement May, 2010

<p>Ms. Grace Musumeci Chief, Environmental Review Section U.S. Environmental Protection Agency – Region 2 290 Broadway, 25th Floor New York, New York 10007 musumeci.grace@epa.gov</p>	<p>Lingard Knutson, Environmental Scientist Environmental Review Section U.S. Environmental Protection Agency – Region 2 290 Broadway, 25th Floor New York, New York 10007 Knutson.lingard@epamail.gov</p>
<p>Mr. Jon Kurland National Marine Fisheries Service Northeast Regional Office One Blackburn Drive Gloucester, Massachusetts 01930-2298</p>	<p>Mr. James Snyder, Chairman St. Lawrence County Fish Advisory Board 3062-C Route 6 Hammond, New York 13646 Phone: 315-375-8269 sndyers@gisco.net</p>
<p>Mr. David Stillwell * U.S. Fish and Wildlife Service New York Field Office 3817 Luker Road Cortland, New York 13045</p>	<p>Town of Gouverneur, Supervisor Town of Gouverneur Town Barn, Route 11 Gouverneur, New York 13642</p>
<p>Mr. Duncan Hay National Park Service Hydropower Assistance Boston Support Office 15 State Street Boston, Massachusetts 02109 Phone: 617-223-5056 Duncan_Hay@nps.gov</p>	<p>Mr. Lawrence R. Ambeau, Environmental Analyst * NY State Dept of Environmental Conservation Region 6 Headquarters 317 Washington St. Watertown, New York 13601 Phone: 315-785-2247 irambeau@gw.dec.state.ny.us</p>
<p>Mr. William Lutz, Supervisor Town of Fowler 87 Little York Road Gouverneur, New York 13642 Phone: 315-287-2113</p>	<p>Director New York Public Service Commission 3 Empire State Plz Albany, New York 12223-1000</p>

Emeryville Hydroelectric Distribution List – Final Settlement Agreement May, 2010

<p>Regional Engineer Federal Energy Regulatory Commission New York Regional Office 19 W 34th St. Room 400 New York, New York 10001-3006</p>	<p>Director, Env. Protection Agency Water Quality Branch (WQB) JFK Federal Building Boston, , Massachusetts 02203-0002</p>
<p>Regulatory Branch US Army Corps of Engineers Buffalo District 1776 Niagara St. Buffalo, New York 14207-3111</p>	<p>Ms. Ruth Pierpont, Director New York State Office of Parks, Recreation, and Historic Preservation P.O. Box 189 Waterford, New York 12188-0189</p>

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