

February 24, 2009
Exhibit "1c-A"

POWER AUTHORITY
OF THE
STATE OF NEW YORK

30 South Pearl Street
10th Floor
Albany, New York 12207-3425

AGREEMENT FOR THE SALE
OF PRESERVATION POWER AND ENERGY
TO NEWTON FALLS FINE PAPER COMPANY, LLC

Service Tariff No. PP-1 – Firm Preservation Power Sales

POWER AUTHORITY OF THE STATE OF NEW YORK

**30 South Pearl Street, 10th Floor
Albany, New York 12207-3425**

AGREEMENT FOR THE SALE OF PRESERVATION POWER AND ENERGY

Newton Falls Fine Paper Company, LLC (“Customer”) hereby enters into this Agreement with the Power Authority of the State of New York (“Authority,” and collectively with Customer, the “Parties”) for the sale of power and energy for its facilities at 875 County Route 60, Newton Falls, New York 13666 as follows:

WHEREAS, Customer has applied to the Authority for an allocation of Preservation Power (or “PP”) for use in its above facilities; and

WHEREAS, on February 24, 2009, the Authority’s Trustees approved an allocation of 2,000 kW of PP to Customer (“Allocation”) on the terms set forth herein; and

WHEREAS, the Allocation approved by the Authority’s Trustees shall be sold by the Authority to Customer under this Agreement for the Sale of Preservation Power and Energy (“Agreement”) with delivery service provided by Niagara Mohawk Power Corporation d/b/a National Grid (“National Grid”) in accordance with Part IV the Open Access Transmission Tariff (“OATT”) of the New York Independent System Operator, Inc. (“NYISO”), as filed with FERC.

NOW THEREFORE, the Parties hereto agree as follows:

I. Definitions

- a. **Agreement** means this Agreement.
- b. **Allocation** is the allocation of 2,000 kW of Preservation Power to Customer on the terms set forth herein.
- c. **Authority** is the Power Authority of the State of New York.
- d. **Contract Demand** will be the amount set forth in Article II or such other amount as may be determined in accordance with the provisions of this Agreement.
- e. **Customer** is the Preservation Power customer identified above.
- f. **Electric Service** is Power and Energy sold to Customer in accordance with this Agreement and applicable Service Tariffs and Rules.

- g. Preservation Power (or “PP”)** is power and associated energy allocated by the Authority for business use pursuant to Section 1005 (13) of the Public Authorities Law.
- h. FERC** means the Federal Energy Regulatory Commission (or any successor organization).
- i. FERC License** means the first new license issued by FERC to the Authority for the continued operation and maintenance of the Project, pursuant to Section 15 of the Federal Power Act, which new license became effective, October 31, 2003 after expiration of the Project’s original license issued in 1953.
- j. International Joint Commission (or “IJC”)** prevents and resolves disputes between the United States of America and Canada under the *1909 Boundary Waters Treaty* and pursues the common good of both countries as an independent and objective advisor to the two governments. The Commission rules upon applications for approval of projects affecting boundary or transboundary waters and may regulate the operation of these projects.
- k. NYISO** means the New York Independent System Operator or any successor organization.
- l. Project** means the St. Lawrence - FDR Power Project, FERC Project No. 2000-036.
- m. Rules** are the applicable provisions of the Authority's Rules and Regulations for Power Service (Part 454 of Chapter X of Title 21 of the Official Compilation of Codes, Rules and Regulations of the State of New York).
- n. Service Tariffs** are schedules of Authority establishing rates and other conditions for sale of Electric Service to Customer.

II. Electric Service to be Provided

- a. The Authority shall provide Electric Service pursuant to Service Tariff *PP-1* for Power and/or Energy to enable the Customer to receive its Allocation of Preservation Power from the Project, in the amount set forth below:

2,000 Kilowatts, which shall be the Contract Demand, with the following Take Down Schedule:

2,000 kW **Month 200X through end of contract**
Any additional takedown will occur upon request with proper notice to the Authority. (if applicable)

As part of the Allocation, the Authority shall provide Unforced Capacity in amounts necessary to meet Customer's NYISO Unforced Capacity obligations associated with the foregoing allocation of Firm Hydroelectric Power and Energy Service in accordance with the rules and tariffs of the NYISO. Neither Ancillary Services (as defined in the rules and tariffs of the NYISO), nor renewable or "green" attributes (as may be defined from time to time by the New York State Public Service Commission or other agency having jurisdiction over such matters) are included in such allocation.

- b. The Contract Demand for Preservation Power may be modified by the Authority if the amount of Firm Hydroelectric Power and Energy Service available for sale from the Project is modified as required to comply with any ruling, order or decision of any regulatory or judicial body having jurisdiction.

III. Preservation Power Commitments

Schedule A to this Agreement entitled "Preservation Power Commitments", is attached to and made a part of this Agreement ("Schedule A").

IV. Rules, Regulations and Service Tariffs

The Rules and Service Tariff No. *PP-1*, as now in effect and/or such superseding tariffs or other tariffs as the Authority may later promulgate, and may be later amended from time to time by the Authority, are hereby incorporated into this Agreement with the same force and effect as if herein set forth at length. In the event of any inconsistencies, conflicts or differences between the provisions of the Service Tariffs and the Rules, the provisions of the Service Tariffs shall govern. In the event of any inconsistencies, conflicts or differences between the provisions of this Agreement and the Service Tariffs, the provisions of this Agreement shall govern. The Authority shall provide at least thirty (30) days prior written notice to Customer of any proposed change in the above Rules and Service Tariff, but in no

event shall Authority provide less notice than that provided to similarly affected customers within New York State.

V. Transmission and Delivery of Power and Energy

Customer will pay National Grid for transmission and delivery service associated with the Allocation in accordance with all applicable tariffs, agreements, rulemakings, and orders. Customer agrees to compensate the Authority for all charges Authority incurs for transmission and delivery associated with the Allocation. Further, Customer understands that delivery of the Allocation will be made over transmission facilities under the control of the NYISO. The Authority will act as the Load Serving Entity (“LSE”) with respect to the NYISO, or arrange for another entity to do so on its behalf. Customer agrees and understands that it shall be responsible to the Authority for all costs incurred by the Authority with respect to the Allocation for the services established in the NYISO’s OATT, or other applicable tariff, as set forth in the Authority’s Service Tariff No. *PP-1*.

VI. Rates, Load Splitting and Billing

- a. Power and energy associated with the Allocation shall be sold to Customer hereunder at rates determined in accordance with Service Tariff No. *PP-1* attached hereto, the terms of which may be amended by the Authority from time to time.
- b. The charges for this Allocation shall be determined in accordance with the Load Splitting Methodology, if any, set forth in the National Grid’s service agreement with Customer to which Authority has consented. Notwithstanding anything in this Agreement to the contrary, the Parties may agree to modify in writing the Load Splitting Methodology, provided that National Grid consents to such modification.
- c. The Authority shall render bills for power and energy by the tenth (10th) business day of the month for charges due for the previous month. Such bills shall include the NYISO Charges (as defined in the Authority’s Service Tariff No. *PP-1*) associated with the Allocation on a two-month lag basis.

VII. Reduced Water Flows and Substitute Energy

- a. **Reduced Water Flows.** As a result of reduced water flows, the amount of firm demand and energy associated with the Customer’s Preservation Power service will be subject to reduction in an equitable manner consistent with the Authority’s existing practices. Upon written request by the Customer, the Authority will provide Substitute Energy to the Customer to replace the hydropower that would otherwise have been supplied.

Billing for Substitute Energy. For each kilowatt-hour of Substitute Energy so supplied by the Authority, the Customer will pay the Authority directly the difference between the average wholesale cost (including any transmission costs) incurred by the Authority for supplying the Substitute Energy to the Customer during the billing month and the Preservation Power energy charge (the Difference). Billing and payment for Substitute Energy shall be governed by the Billing and Payments provision of the Authority's current Rules (Section 454.6) and shall apply directly to the Substitute Energy service supplied to the Customer.

- b. Substitute Energy Provision Affect on Contract. All other provisions of the agreement shall continue in effect with Substitute Energy being delivered in the same manner as would have otherwise been the case. The provision of Substitute Energy may be terminated by the Authority or the Customer on 15 days' prior written notice.

VIII. Term and Termination of Service

Once initiated, service under the Agreement shall continue until the earliest of (a) termination by Customer with respect to all or part of its allocation upon ninety (90) days prior written notice, (b) termination by the Authority pursuant to the Rules upon required notice, or (c) Month 1, 201X (five years from start of takedown). The Authority may cancel service hereunder or modify the quantities of power and energy associated with the Allocation only (a) if such cancellation or modification is required to comply with any final ruling, order or decision of any regulatory or judicial body of competent jurisdiction (including any licensing or re-licensing order or orders of the FERC or its successor agency), or (b) as otherwise provided herein or in the Rules. Notwithstanding the foregoing, upon mutual agreement this Agreement may be extended beyond such date on a month to month basis pending execution of any successor agreement between the Customer and Authority.

IX. Notification

Correspondence involving the administration of this Agreement shall be addressed as follows:

To: The Authority

Mr. James F. Pasquale
Director -- Marketing Analysis & Administration
New York Power Authority
123 Main Street
White Plains, New York 10601

To: Customer

Mr. Dennis Bunnell
President/COO
Newton Falls Fine Paper Company, LLC
875 County Route 60
Newton Falls, NY 13666

X. Applicable Law

This Agreement shall be governed by and construed in accordance with the laws of the State of New York to the extent that such laws are not inconsistent with the FERC License and rulings by the IJC and without regard to conflicts of law provisions.

XI. Successors and Assigns

This Agreement shall be binding upon, shall inure to the benefit of, and may be performed by, the legal successors and assigns of either Party hereto; provided, however, that no assignment by either Party or any successor or assignee of such Party of its rights and obligations hereunder shall be made or become effective without the prior written consent of the other Party in each case obtained, which consent shall not be unreasonably withheld.

XII. Previous Agreements and Communications

Except for any appropriate modification made under Article VI.b., this Agreement shall constitute the sole and complete agreement of the Parties hereto with respect to the sale, transmission and delivery of the Allocation and supersedes all previous communications between the Parties hereto, either oral or written, with reference to the Allocation. No modifications of this Agreement shall be binding upon the Parties hereto or either of them unless such modification is in writing and is signed by a duly authorized officer of each of them.

XIII. Severability and Voidability

If any term or provision of this Agreement shall be invalidated, declared unlawful or ineffective in whole or in part by an order of the FERC or a court of competent jurisdiction, such order shall not be deemed to invalidate the remaining terms or provisions hereof.

Notwithstanding the preceding paragraph, if any provision of this Agreement is rendered void or unenforceable or otherwise modified by a court or agency of competent jurisdiction, the entire Agreement shall, at the option of either Party and only in such circumstances in which such Party's interests are materially and

adversely impacted by any such action, be rendered void and unenforceable by such affected Party.

XIV. Effectiveness of Agreement

Service shall be initiated under this Agreement on the later of Month 1, 200X, or the date on which all necessary transmission and delivery arrangements are effective under Article V hereof.

AGREED:

Newton Falls Fine Paper Company, LLC

BY: _____

Title: _____

Date: _____

(Seal)
Attest by: _____

AGREED:

POWER AUTHORITY OF THE STATE OF NEW YORK

BY: _____

Title: _____

Date: _____

(Seal)
Attest by: _____

SCHEDULE A

PRESERVATION POWER COMMITMENTS

I. Employment Commitment

A. Employment Levels.

The provision of Preservation Power to Customer hereunder is in consideration of Customer's creation and/or maintenance of the employment level set forth in Appendix A of this Schedule (the "Base Employment Level"). Such Base Employment Level shall be the number of full-time positions held by employees of the Customer at the facilities identified in such Appendix A, and shall not include part-time employees (less than 35 hours per week); provided, however, that two part-time employees each working 20 hours per week or more shall be counted as one full-time employee.

The Base Employment Level shall not be created or maintained by transfers of employees from previously held positions with the Customer or its affiliates within the State of New York, except that the Base Employment Level may be filled by employees of the Customer laid off from other Customer facilities for bona fide economic or management reasons.

B. Employment Records and Reports.

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority, of the total number of employees at Customer's facilities identified in Appendix A, as reported to the United States Department of Labor (or as reported in such other record as agreed upon by Authority and the Customer). Such report shall be certified to be correct by an officer of the Customer, plant manager or such other person authorized by the Customer to prepare and file such report and shall be provided to the Authority on or before the last day of February following the end of the most recent calendar year. The Authority shall have the right to examine and audit on reasonable advance written notice all non-confidential written and electronic records and data concerning employment levels including, but not limited to, personnel records and summaries held by the Customer and its affiliates relating to employment in New York State.

Schedule A

II. Reductions of Contract Demand

A. Employment Levels.

If the year-end monthly average number of employees is less than 90% of the Base Employment Level set forth in this Schedule A, for the subject calendar year, the Contract Demand may be reduced by the Authority subject to Paragraph II.C of this Schedule. The maximum amount of reduction will be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average monthly employment during the subject calendar year divided by the Base Employment. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

B. Power Utilization Levels.

A record shall be kept monthly by the Customer, and provided on a calendar year basis to the Authority on or before the last day of February following the end of the most recent calendar year, of the maximum demand utilized each month in the facilities receiving the power covered by this Agreement. If the average of the Customer's six (6) highest Billing Demands for Preservation Power is less than 90% of Customer's Contract Demand in such calendar year the Authority may reduce the Contract Demand. The maximum amount by which the Authority may reduce the Contract Demand shall be determined by multiplying the Contract Demand by the quantity one minus the quotient of the average of the six (6) highest Billing Demands for Preservation Power in such calendar year divided by the Contract Demand. Any such reduction shall be rounded to the nearest fifty (50) kW. In the event of a reduction of the Contract Demand to zero, this Agreement shall automatically terminate.

C. Notice of Intent to Reduce Contract Demand.

In the event that the Authority determines that the Contract Demand will be wholly or partially reduced as provided above, at least ninety (90) days prior written notice of such reduction shall be given to the Customer, specifying the amount of the reduction of Contract Demand and the reason therefore provided, however, that before making the reduction, the Authority may consider Customer's scheduled or unscheduled maintenance or facilities upgrading periods when such events temporarily reduce plant employment levels or electrical demand as well as business cycle.

Schedule B

APPENDIX A

Base Employment Level

In accordance with Article I of this Schedule, the Customer agrees to add 54 new employees above a base of 118 employees at the Customer's facility located at 875 County Route 60, Newton Falls, NY 13666, by the end of the fourth year of service.