Licensee's Response to the Appeal

STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION

IN THE MATTER OF

Hancock Wind, LLC	)	
T16 MD/T22 MD/Aurora	)	HANCOCK WIND, LLC's
Osborn, Hancock County	)	RESPONSE TO APPEALS BY
WIND POWER FACILITY	)	DARREN W. LORD AND OSCAR
L-25875-24-A-N (approval)	)	WEIGANG, JR.
L-25875-TF-B-N (approval)	)	

Licensee Hancock Wind, LLC ("Hancock Wind" or "Licensee") hereby responds to the appeals by Darren W. Lord and Oscar E. Weigang, Jr. (collectively "Appellants").

INTRODUCTION

The Appellants claim that the Department of Environmental Protection (the "Department") failed to conduct an adequate review of Hancock Wind's application to construct an 18-turbine, 54-megawatt expedited wind energy facility (the "Project") with elements located in the unorganized townships of T16 MD and T22 MD. Specifically, the Appellants claim that the Department failed to properly consider impacts associated with a future potential wind energy project, Weaver Wind. In addition, Appellants challenge the Department's conclusions regarding financial capacity and decommissioning as well as purported errors related to the Project's demonstration of tangible benefits. The Department's determination that the Project complies with all applicable laws and regulations is based on a comprehensive review process and is conclusively supported by the record. Specifically, the Department's review solicited, analyzed and incorporated input from its sister review agencies, outside experts, comments from the public, including from Appellants. Accordingly, the Licensee respectfully requests that the Board deny the appeals and affirm the Department's decision.

BACKGROUND

A. Project Overview

On January 14, 2013, Hancock Wind submitted an application to the Department of Environmental Protection (the "Department") for approval to construct a 54-megawatt (MW) wind energy facility in the unorganized townships of T16 MD and T22 MD located in Hancock County. A map of the Project from the Hancock Wind application is attached as Exhibit A. The Project will consist of 18 either Vestas V 112 or Siemens SWT 113 turbines, each with a rated capacity of 3.0-MW. The turbines will be located on Schoppe Ridge in T22 MD and an unnamed ridge in T16 MD. See Department Order at 1-2.

The Project is located proximate to the operating Bull Hill Wind Power Project ("Bull Hill Project"), thereby utilizing existing infrastructure to the maximum possible extent and minimizing Project impacts. For example, all power generated by the Project will be directed to an existing substation located at the Bull Hill Project. The substation will be modified to accommodate power from the Hancock Project. The entire Project is located on land currently owned and managed for commercial logging. The Project area, including all new roads, turbine pad sites, the operations and maintenance building, and parking areas, will result in 30.04 acres of impervious and developed area. The Project design avoids all significant vernal pools and wetlands and will not result in any impacts to inland waterfowl and wading bird habitats or deer wintering areas. There are minimal road and utility crossings to either salmon or brook trout streams, and there are no other impacts to any rare, threatened or endangered species. See Department Order at 18.

B. Department Review Process

Hancock Wind submitted an application to the Department on January 14, 2013 for permits to construct the Project pursuant to the Natural Resources Protection Act ("NRPA") and the Site Location of Development Act ("Site Law"). The application was accepted as complete for processing by the Department on January 17, 2013. Neither Appellants nor any other member of the public requested that the Department hold a public hearing on the Project. As it has done in its review of other wind energy developments, the Department held two public meetings to seek input from interested persons. The public meetings were held on March 18, 2013 and June 6, 2013. Appellants attended at least one public meeting. The Department sent letters to all abutters notifying them of the public meeting and published a notice of the meeting in a local newspaper. The first public meeting was attended by approximately 30 people. Of the approximately 20 commenters at the June 6, 2013 meeting, the majority spoke in support of the Project. In addition, the Department received public comment on the application throughout the processing period, including from Appellants. The Licensee provided numerous submissions in response to Department and agency review comments and responded to comments from the public, including Appellants.

After extensive review, including third-party peer review of visual and noise impacts, and review by other state agencies, including the Department of Inland Fisheries and Wildlife, the Department of Marine Resources, the Maine Historic Preservation Commission, and the Maine Natural Areas Program, the Department issued a draft order for public comment on July 11, 2013, and issued a final order on July 22, 2013.

DISCUSSION

I. THE DEPARTMENT PROPERLY REVIEWED THE COMPLETE RECORD ASSOCIATED WITH THE HANCOCK WIND PROJECT AND WAS NOT REQUIRED TO CONSIDER IMPACTS FROM POTENTIAL FUTURE DEVELOPMENT

Appellant Darren Lord's principal objection to the Department's Order is that the Hancock Wind Project is part of an impermissible phased development because of its proximity to the Bull Hill Project, which is operational, and to property interests held by Weaver Wind, LLC ("Weaver Wind"), an entity gathering information for a potential wind power project. As described below, the Hancock Wind and Bull Hill projects are independent, stand-alone projects that do not constitute an impermissible phased development, and Weaver Wind is a potential future project that will be reviewed by the Department when and if it becomes a proposed project.

A. The Bull Hill and Hancock Projects Were Properly Considered and Permitted as Stand-Alone Projects

1. Bull Hill Project

The Bull Hill Project is a 34.2 megawatt (MW) grid-scale wind energy development permitted, constructed and operated by Blue Sky East, LLC ("Blue Sky East"), an indirect wholly-owned subsidiary of First Wind. The Bull Hill Project is located on Bull Hill and Heifer Hill in T16 MD, Hancock County, Maine, with an O&M Building in T16.

Blue Sky East submitted the Bull Hill application on February 2, 2011. At that time, the Land Use Regulation Commission ("LURC") was the primary review agency for a wind energy development located within the unorganized townships or plantations of Maine. As such, the Bull Hill Project was reviewed under the comprehensive provisions of the Wind Energy Act (Title 35-A, Ch. 34-A, §§ 3451 et seq.); LURC's permitting authority (Title 12 §§ 685-B(2-B),

(4) and (4-B)); the applicable provisions within LURC's Standards and rules in Chapters 4, 5 and 10; and the Comprehensive Land Use Plan. After review of an extensive administrative record, which contained written and oral testimony and a two evening and full day evidentiary hearing, LURC commissioners approved the Bull Hill Project on October 5, 2011.

2. The Hancock Wind Project

As described above, the Hancock Project is a 54-MW wind energy facility consisting of 18 turbines. The Project is located in the unorganized territories of T16 MD and T22 MD. Power generated by the Hancock Project will be directed to the existing Bull Hill substation. Hancock Wind will install new equipment and lease a portion of the Bull Hill substation from Blue Sky East. An O&M Building for the Hancock Project will be constructed in the organized town of Aurora.

Public Law 2011, Chapter 682 shifted the primary permitting authority for grid-scale wind energy development located in the unorganized areas of Maine from the Land Use Planning Commission ("LUPC", formerly LURC) to the Department. As a result, Hancock Wind submitted its application to the Department on January 14, 2013. While the Department has primary permitting responsibility, LUPC reviewed the application to determine: 1) whether the Project is an allowed use in the proposed location; and 2) whether the Project meets any applicable LUPC land use standards that are not considered by the Department in its review. The LUPC issued its Certification of the Project on April 5, 2013 and the Department issued the Project Permit on July 22, 2013.

Although the Hancock Project is proximately located near the Bull Hill Project and shares certain access roads and a substation, it is an entirely separate project. First, the Hancock Project is a distinct legal entity; second, Hancock Wind will have its own interconnection

agreement with ISO New England and enter into its own power purchase agreements for sale of the Project output. Each project has its own O&M Building, located more than 15 miles apart. Finally, the Bull Hill Project and Hancock Project were submitted two years apart and reviewed by two separate agencies.

3. The Department Properly Reviewed the Hancock Project as a Stand-Alone Project

Mr. Lord contends that the Hancock Wind Project is part of an impermissible phased development and is Phase II of the Bull Hill Project. Lord Appeal at 1. As a threshold matter, whether the Hancock Wind Project is defined as an expansion of the existing Bull Hill Project (or as Mr. Lord contends, Phase II of the Bull Hill Project), or a stand-alone project has very little regulatory significance. Specifically, an expansion of an existing LURC permitted project that exceeds the Site Law triggers is reviewed by DEP. 38 M.R.S.A. § 488, 9-A(C). Similarly, a stand-alone project exceeding the Site Law triggers would be reviewed by the Department. In either case, project impacts for the Hancock Project would receive the highest level of review by the Department.

The Department's consideration of the Hancock Wind Project as a stand-alone project was appropriate and also consistent with LURC's consideration of First Wind's Stetson I and II projects as well as TransCanada's Kibby Wind and Sisk projects. In both the Stetson and Kibby examples LURC commended the applicants for siting projects in close proximity such that infrastructure could be shared and environmental and other construction impacts minimized as a result. The Hancock Wind Project was intentionally located in a manner to facilitate use of existing infrastructure thus minimizing the need for extensive new roads, an additional substation or other unnecessarily duplicative wind energy facility components.

As part of his objection, Mr. Lord raises the issue of cumulative impacts and the timing for considering such impacts. In this case, Department specifically considered the cumulative visual impacts of both the Bull Hill turbines that were visible from scenic resources of state or national significance and those of the Hancock Project. The Department concluded that "the cumulative impacts of the Hancock Wind project onto the Bull Hill project will not constitute an unreasonable adverse effect on scenic character..." Department Order at 16 (describing cumulative impact on affected scenic resources Narraguagus Lake and Tunk Mountain). Thus, contrary to Mr. Lord's claims, cumulative impacts were analyzed as part of the Department's review.

B. There is no Basis for Considering Impacts Associated with a Potential Future Project at This Time

Mr. Lord also appears to argue that the Department must consider a potential future project, Weaver Wind, at the same time it reviewed the Hancock Project. See Lord Appeal at 1. The law is to the contrary.

There is no basis for requiring review of speculative impacts associated with a potential future project. Weaver Wind, which is a separate and distinct legal entity from Hancock Wind, is in the data collection and issue analysis stage of development. As discussed by Licensee with Department staff during the Hancock Project review process and as depicted on Premises Maps B2 (Osborn) and B2 (T22 MD) and the Sound and Shadow Easement Maps allowed as supplemental evidence, Weaver Wind has acquired land rights for a potential future project. See e-mail from Brooke Barnes to DEP dated May 16, 2013, attached as Exhibit D. In addition, Weaver Wind recently submitted an application for approval to install two temporary meteorological towers to LUPC. Met tower data is critical to understanding a potential wind project's viability and any data collected will be assessed prior to making any additional

permitting or capital investment decisions. Moreover, limited exploratory environmental studies have been performed but the detailed field evaluations required for a DEP application have not been conducted.

Indeed, Weaver Wind does not possess the requisite detailed survey information to assemble or submit an application to DEP at this time. At this stage of development, impacts associated with the potential Weaver Wind Project are purely speculative. Such speculative impacts are beyond the Department's authority to review. See Hannum v. Bd. of Envtl. Prot., 2003 ME 123, ¶¶ 14-17 (reversing Board where it made findings related to cumulative impacts based on speculative future development for which no applications were pending). Nor are the circumstances that were present in Androscoggin River Alliance v. Maine Board of Environmental Protection, which concerned the phased development of the Oxford Casino, present here.

In Androscoggin River Alliance the Applicant, BB Development, submitted a DEP application that described the Oxford Resort Casino as 'a four-season commercial and entertainment facility' and "explains that '[t]he project will be split into multiple phases for responsible growth.'" Androscoggin River Alliance v. Maine Bd. of Envtl. Prot., AP-11-44 (Me. Super. Ct., Ken. Cty., July 18, 2012) at 3. BB Development then sought DEP approval for Phase I of the project, "a casino building, 1050 parking spaces and associated utilities." Id. Notably absent from the DEP application, however, were specific plans to build restaurants, conference facilities, a 200 room hotel, spa and outdoor recreational areas, among others. After reviewing the entire record, the Superior Court found that separately permitted work constituted a "phased development" when certain phases of the project (i.e., a hotel, spa and other resort infrastructure) would have no practical utility without completion of other phases (i.e., a casino) and where the

developer explicitly marketed the project as a phased development and "the record is replete with references to, and even plans for" additional project phases. Id. at 9.

In the case of Hancock Wind and Weaver Wind, these Androscoggin River Alliance factors are not present. Hancock Wind operates independently of any potential future project by Weaver Wind and Hancock Wind has not been held out as part of a larger phased development. To the contrary, when asked by DEP, Hancock Wind specifically responded that "the Hancock Project is not the first phase of a multi-phase development." See Exhibit D.

Finally, Mr. Lord's statements regarding purported secret meetings between First Wind and the Town of Osborn are simply untrue and in no way provide legal or factual support to Mr. Lord's claim regarding phased development. The interaction between Hancock Wind and the Osborn selectmen is detailed in a letter from the Osborn selectmen to the Board dated August 28, 2013 and entered into the Board's record as a response to the Appeal on September 20, 2013.

In summary, the Department appropriately reviewed the Hancock Project as a stand-alone project and is not permitted, let alone required, to review speculative future impacts of a project by Weaver Wind.

II. APPELLANT DARREN LORD'S CLAIMS REGARDING FINANCIAL CAPACITY ARE UNFOUNDED

The Licensee has submitted substantial evidence demonstrating its commitment and ability to finance construction of the Hancock Project, and similar challenges to the sufficiency of that evidence have been expressly rejected by both the Board and the Maine Supreme Judicial Court in two prior appeals of First Wind projects.[1] Moreover, because the Department is

[1] See Oakfield I BEP Order dated June 11, 2010, at 3–4 (rejecting claim that the applicant's financial condition was precarious and additional evidence of financial capacity was required); Oakfield II BEP Order dated April 12, 2013 at 12 (concluding that applicant satisfied financial capacity requirements provided that evidence of final financial capacity was submitted prior to start of construction); Martha A. Powers Trust v. Bd. of Envtl. Prot., 2011 ME 40, ¶ 16, 15 A.3d 1273, 1279 ("We conclude that the record contains substantial evidence that Evergreen

requiring the Licensee to submit evidence of final financing prior to commencement of construction, Appellant Lord's claims regarding the sufficiency of the evidence are misplaced.

A. First Wind has Demonstrated its Ability and Commitment to Secure Financing for the Project

First Wind has an unparalleled track record of success in developing, financing, constructing and operating wind power projects in Maine and beyond. As set forth in the Application, First Wind successfully financed the construction of the Mars Hill, Stetson I, Stetson II, Rollins and Bull Hill Projects in Maine. See Application, Section 3, Exhibit 3A (the entirety of Section 3 is attached as Exhibit B). At the time the Hancock Wind application was filed, First Wind was operating 16 wind energy projects across the country with a generating capacity of 980 megawatts. See Application at 3-1. Additionally, as of January, 2013, First Wind had raised over $7 billion including project debt financings, tax equity, corporate financings and government grants, and as of September 30, 2012, held assets in excess of $2 billion. See Application Exhibits 3A and 3B. First Wind President and Chief Financial Officer, Michael Alvarez also submitted a letter indicating First Wind's intent to develop and finance the Hancock Project. See Application Exhibit 3A.

Additional information demonstrating First Wind's financial strength was submitted during the course of the application review. Specifically, Hancock Wind submitted a letter from RBS Securities, Inc. detailing its history with First Wind and a summary sheet explaining in greater detail funding typically used to finance First Wind's wind energy projects.[2] See e-mail from Brooke Barnes to DEP dated April 11, 2013 (RBS letter); e-mail from Brooke Barnes dated

has financial capacity for the project. Evergreen submitted both a commitment from First Wind that it intended to fully finance the project, and a letter from a bank reporting that it was likely to provide the project's debt financing.").

[2] As set forth in the RBS letter, Project financing will include First Wind Holdings equity funded from cash balances, bank construction and long-term debt sourced on market terms, tax equity sourced on market terms, and cash contributions from Emera Inc. pursuant to a joint venture with First Wind.

and April 19, 2013 and Department Order at 3 (the April 11, 2013 and 19, 2013 e-mails are attached as Exhibit C).

Mr. Lord's primary objection that First Wind has failed to demonstrate the ability to successfully finance projects is strikingly similar to the claim made by Protect Our Lakes in the Oakfield I project, which was rejected by both the Board and the Law Court. There, like here, opponents based their unsupported belief that First Wind's financial condition was "precarious" and First Wind was not "a going concern." BEP Oakfield Order at 4. The Board and the Law Court rejected Protect Our Lakes' claim and concluded that the evidence submitted by the applicant supported the Department's findings on financial capacity. Id.; Martha A. Powers Trust v. Bd. of Envtl. Prot., 2011 ME 40, ¶ 16, 15 A.3d 1273, 1279.

Here, oddly enough, Appellant Lord states that no further wind power projects should be considered "until First Wind can prove that it can operate it[s] current Wind Projects in the State of Maine with financial stewardship." Lord Appeal at 2. In fact, First Wind successfully owns and operates five wind power projects in Maine: Mars Hill (operational since March 27, 2007), Stetson I (operational since January 23, 2009), Stetson II (operational since March 12, 2010), Rollins (operational since July 26, 2011), and Bull Hill (operational since October 31, 2012). First Wind has done exactly what Appellant Lord apparently is seeking here: it has demonstrated its financial capacity and stewardship to build and operate five wind projects in Maine and many more outside of Maine. Accordingly, Mr. Lord's concerns are entirely unfounded and contradicted by First Wind's successful track record of developing and operating wind power projects in and outside of Maine.

B. Appellant Lord's Claims are Misplaced Because the Licensee Must Submit Additional Evidence of Final Financial Capacity Prior to Commencement of Construction

Appellant Lord also ignores the fact that the Order requires Hancock Wind to submit evidence of final financial capacity prior to commencement of construction. Department Order at 36. As a result, any concern about First Wind's financial strength at this stage is addressed by the permit condition requiring Hancock Wind to submit, for Department review and approval, a demonstration of final financial capacity prior to commencement of construction.[3] This condition renders Appellant Lord's claim regarding First Wind's financial strength premature.

In summary, Hancock Wind demonstrated and the Department properly concluded that it has the financial capacity to develop the Project.

III. APPELLANT DARREN LORD'S CLAIM REGARDING DECOMMISSIONOING IS UNFOUNDED

Appellant Darren Lord claims that the Department failed to require adequate funding for decommissioning and that the numbers used to evaluate necessary decommissioning costs were derived from a "faulty premise." See Lord Appeal at 2. In fact, the Department, drawing upon its experience in its permitting of six prior wind energy projects pursuant to the Wind Energy Act, has established criteria that applicants must follow in estimating full costs for decommissioning in the unlikely event a project requires decommissioning.

Specifically, an applicant must submit and the Department must approve a decommissioning plan for the entire proposed project. The estimate of costs shall include but is not limited to:

(1) Estimated costs for disassembly of project components;

---

[3] This is consistent with a change made to the Site Law in 1995, which expressly allows the Department to issue a permit based on a threshold showing of financial capacity and that conditions any site alterations on the developer providing further evidence that it has the capacity to construct the project. See 38 M.R.S.A. § 484(1).

(2) *Estimated removal costs, including removal, transportation, recycling and disposal costs;*
(3) *Descriptions of any temporary construction measures, such as rewidening and restabilization of access roads for crane access, required as part of the partial or full decommissioning process;*
(4) *Descriptions of any scrap, salvage or resale values included in the analysis, including descriptions of how those values were determined; and*
(5) *Descriptions of project management and other ancillary costs associated with decommissioning.*

Site Law General Instructions § 29; Department Order at 30, 31.

In its Application, Hancock Wind submitted a robust decommissioning plan that incorporates the requirements noted above. Specifically, Hancock Wind engaged the services of a professional engineering firm, the James W. Sewall Company, to prepare a report (the "Sewall Report") detailing the decommissioning budget. The Sewall Report includes required cost estimates including project management, site work, removal of turbine foundations, wind turbine generators and met towers and site restoration. See Application Section 29, Exhibit 29A.

Contrary to Appellant's claim regarding the improper use of salvage value in determining decommissioning costs, the Department's requirements specifically contemplate and permit an applicant to use salvage value in the decommissioning calculation. See Site Law General Instructions § 29(C)(4). The ability to offset costs makes sense as the components used to construct the wind energy facility retain significant resale value once deconstructed. Thus, a realistic estimate of decommissioning costs, and the appropriate number to use for funding purposes, includes a reduction for salvage value. The Sewall Report details assumptions regarding scrap value, including weight estimates (in pounds) for turbines and other project elements as well as prices for different metals. Sewall Report at 7. Moreover, to account for fluctuations in salvage value, Hancock Wind will re-evaluate the decommissioning cost at the

end of years 10 and 15 to ensure that the estimated decommissioning costs remain current and fully funded. See Department Order at 31.

The Department also requires that the decommissioning costs be fully funded prior to the start of construction. Site Law General Instructions § 29(D). This is in contrast to prior wind energy projects that could spread out, or phase, decommissioning payments as long as the decommissioning plan was fully funded at a specified time (typically seven years) prior to the expected end of the useful life of wind generation equipment.[4] Thus, the decommissioning requirements contained in the Hancock Wind permit are the most stringent of any project approved to date in Maine.[5]

Accordingly, Hancock Wind's decommissioning plan complies with Department guidance and the Act, and is consistent with or more stringent than what has been required on other wind power projects.[6]

IV. THE DEPARTMENT CORRECTLY DETERMINED THAT THE PROJECT MEETS THE WIND ENERGY ACT'S TANGIBLE BENEFIT REQUIREMENTS AND AN AGREEMENT WITH HANCOCK COUNTY COMMISSIONERS IS NOT REQUIRED

Mr. Weigang's appeal consists of the claim that Hancock Wind was required by the Maine Wind Energy Act, 35-A M.R.S.A. §§ 3451 and 3454, to enter into a community benefits agreement with Hancock County. In fact, the law is to the contrary and the Maine Attorney General's Office concluded as much in response to comments by Mr. Weigang during the

---

[4] Martha A. Powers Trust v. Bd. of Envtl. Prot., 2011 ME 40, ¶ 14, 15 A.3d 1273, 1278-79 (affirming Board's approval of decommissioning plan requiring phased funding in annual payments during years one through 15 of project operation with salvage value reassessments in years seven and 15 of project operation); Concerned Citizens to Save Roxbury v. Bd. of Envtl. Prot., 2011 ME 39, ¶¶ 29-31, 15 A.3d 1263, 1273 (same).

[5] In addition, but unrelated to any claim on appeal, Hancock Wind is also required to decommission a single turbine if the relevant triggers are satisfied. This is a more stringent requirement than in prior permitted wind energy projects where the decommissioning provisions were triggered only when the entire wind energy project ceased to generate electricity for a specified period of time.

[6] To date, LURC and DEP have collectively permitted 9 other grid-scale wind energy developments under the Wind Energy Act, including the Stetson II, Bull Hill and Sisk projects in LURC jurisdiction, and the Rollins, Oakfield I, Oakfield II, Spruce Mountain, Saddleback and Record Hill projects in DEP jurisdiction.

Department's review of the Hancock Wind application. See e-mail from Jim Beyer to Mr. Weigang dated July 9, 2013 (describing conversation with the Assistant Attorney General who confirmed that "it is not a requirement of the Wind Energy Act that the developer provide a benefit package to every community, just that the package meet the minimum requirement").

The tangible benefits provision contained in the Wind Energy Act requires an expedited wind energy development such as Hancock Wind to establish a community benefits package worth at least $4,000 per turbine per year averaged over a period of 20 years. 35-A M.R.S.A. § 3454(2). A community benefits package is statutorily defined to include the aggregate collection of tangible benefits from any of the following: (i) payments to host communities (excluding property taxes); (ii) payments that reduce energy costs in host communities; and (iii) donations for land or natural resource conservation. Id. § 3451(1-C). Host communities are statutorily defined and include the municipality (or county in the case of townships) or plantation where the generating facilities are located as well as proximate communities if the generating facilities are located in the state's unorganized or deorganized areas. 35-A M.R.S.A. § 3451(7).

The Hancock Project will provide the following community benefits packages, all of which can be used by the towns at their discretion for public purposes such as lowering tax rates, or, if deemed necessary, investment in municipal assets and/or services: (1) $56,000 annually to the Town of Osborn, a community proximate to the Hancock Project; (2) $20,000 annually to the Town of Waltham, a community located proximate to the Hancock Project; and (3) $20,000 to the Town of Eastbrook, a community located proximate to the Hancock Project. Each of these towns constitutes a host community as defined under the Act. The tangible benefits provision does not require that payments be made to every host community, just that the aggregate value of

the benefits, however they are allotted, meet or exceed the statutory minimum.[7] Thus, the Licensee has exceeded the statutory minimum by committing combined annual payments of $5,333 per turbine per year for 20 years in Community Benefit Agreements to the Towns of Osborn, Waltham, and Eastbrook.

As a result of the community benefit payments described above as well as other tangible benefits, the Department appropriately determined that the Project "will provide significant tangible benefits to the State, host communities and surrounding area pursuant to 35-A M.R.S.A. § 3454." See Department Order at 32.

CONCLUSION

As demonstrated by the foregoing, the Appellants' claims are without merit and Hancock Wind respectfully requests that the Board AFFIRM the Department's Order.

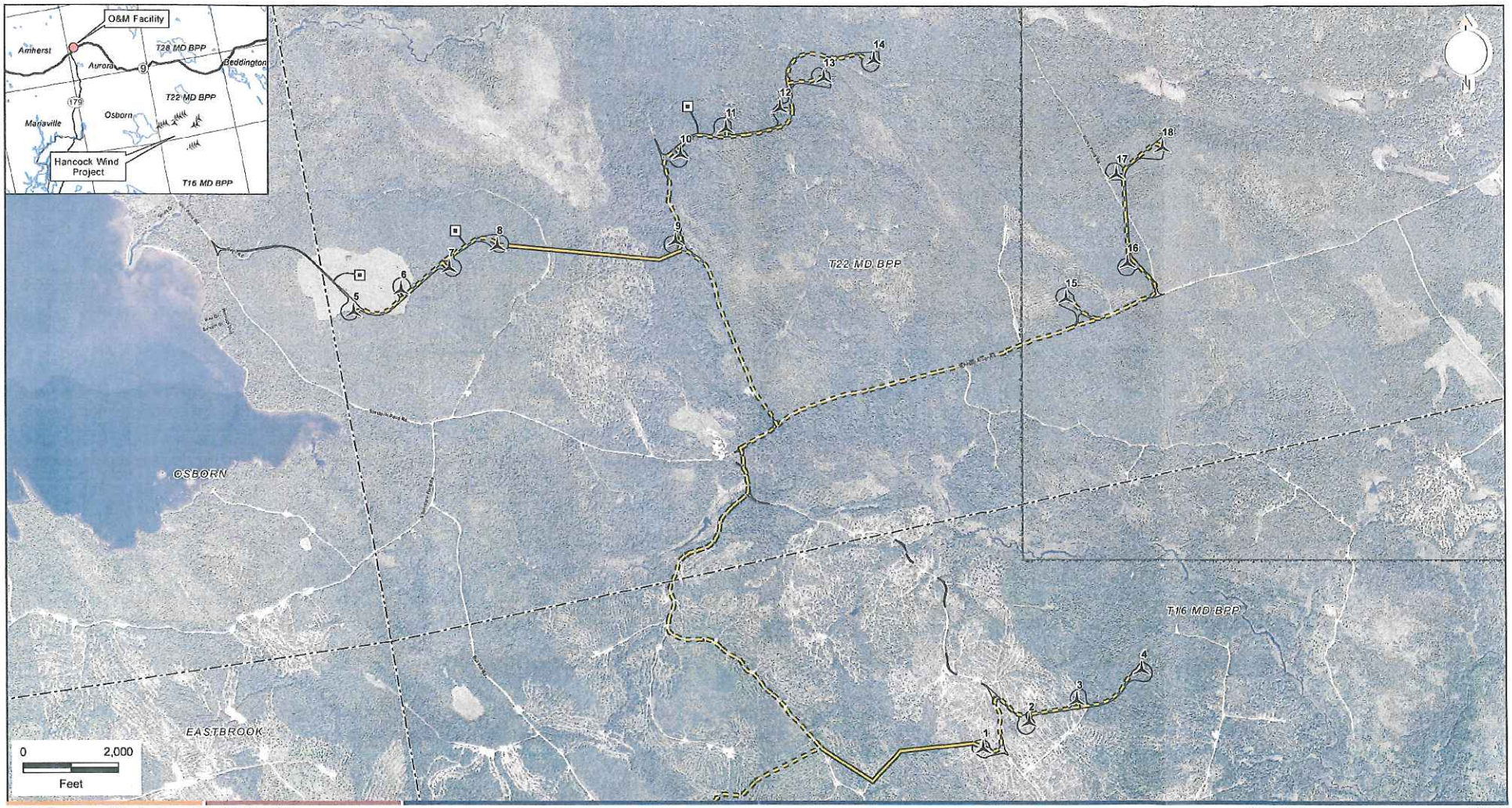
Dated: October 2, 2013

Kelly B. Boden

Juliet T. Browne, Esq.
Kelly B. Boden, Esq.
Attorneys for Hancock Wind, LLC
Verrill Dana, LLP
One Portland Square
Portland, ME 04112
(207) 774-4000

[7] Mr. Weigang made this same argument during processing of the application and, as noted above, the Office of the Attorney General concluded that there is no requirement to enter into a community benefit agreement with every host community.

EXHIBIT A



Stantec Consulting Services Inc.
30 Park Drive
Topsham, ME USA
04086
Phone (207) 729-1199
Fax: (207) 729-2715
www.stantec.com

Legend

- Proposed Turbine Layout
- Proposed Permanent MET Tower
- Town Boundary
- Proposed Above Ground Collector
- Proposed Underground Collector
- Proposed Edge of Gravel

Client/Project
Hancock Wind, LLC
Hancock Wind Project
T16 MD & T22 MD, Maine

195600763

Figure No.
1

Title
Project Location Map

1/10/2013

00763_01_Location11x17.mxd

EXHIBIT B

3.0 FINANCIAL CAPACITY

3.1 ESTIMATED PROJECT COSTS

The total cost of the Hancock Wind Project (project) is expected to be approximately $110 million, categorized as follows:

Category	Amount ($ million)
Turbines and Foundations	67.3
Transportation	1.9
Turbine installation cost	4.1
Roads	5.4
Electrical collector lines	6.0
Other construction costs (inc. O&M Building)	25.3
Total	110.0

3.2 PROJECT STRUCTURE AND FINANCING

Hancock Wind, LLC (Hancock) is the project applicant. Hancock is a wholly owned subsidiary of First Wind Maine Holdings, LLC, which in turn is a wholly-owned subsidiary of First Wind Holdings, LLC (First Wind). Paul Gaynor is the President or Chief Executive Officer of all three companies. As described in the letter in Exhibit 3A from its Chief Financial Officer, Michael Alvarez, First Wind has a demonstrated track record of successfully financing wind power projects throughout the country and in Maine. In addition, a consolidated balance sheet for First Wind and its subsidiaries is included as Exhibit 3B, and demonstrates that First Wind has in excess of $ 2 billion in assets.

3.2.1 First Wind Background

First Wind (www.firstwind.com) is an independent wind energy company exclusively focused on the development, financing, construction, ownership, and operation of utility-scale wind projects in the United States.

First Wind's strategy since inception in 2002 has been to build a company with the ability to develop, own, and operate a portfolio of wind energy projects in favorable markets. Its team of approximately 200 employees has broad experience in wind project development, transmission line development, meteorology, engineering, permitting, construction, finance, law, asset management, maintenance, and operations. It has established land control, stakeholder relationships, meteorological programs, and community initiatives, and has developed transmission solutions in the markets in which it focuses.

First Wind currently operates 16 wind energy projects across the country with a generating capacity of 980 megawatts, and as reflected in the attached balance sheet, has assets in excess of $2 billion. First Wind is providing the initial equity for development of the project and,

as described more fully in its letter of financial support in Exhibit 3A, has the financial and technical resources and ability to finance the construction and operation of the project.

3.3 CERTIFICATE OF GOOD STANDING

Hancock Wind, LLC is a Delaware corporation with a presence in Maine. Exhibit 3C is information from the Maine Secretary of State demonstrating that the corporation is in good standing.

Exhibit 3A: Letter of Financing Commitment

firstwind
CLEAN ENERGY. MADE HERE.

January 2, 2013

Ms. Patricia W. Aho
Maine Department of Environmental Protection
17 State House Station
28 Tyson Drive
Augusta, Maine 04333-0017

Re: Financial Support for Hancock Wind, LLC

Dear Commissioner Aho:

This letter is to provide evidence of the commitment and ability of First Wind Holdings, LLC ("First Wind") to fund the permitting, installation and operation of the approximately $110 million Hancock Wind Project (the "Project"), to be located in T16 MD and T22 MD, both in Hancock County, Maine, and proposed by Hancock Wind, LLC ("Hancock Wind").

Hancock Wind is a wholly-owned project subsidiary of First Wind and was formed to develop, finance, construct, own and operate the Project. First Wind is funding the development of the Project through its subsidiary. First Wind is dedicated to the business of financing, constructing and operating wind power projects in Maine. First Wind has a proven track-record of financing the construction and operation of wind energy projects. First Wind currently operates sixteen wind energy projects across the country, with a generating capacity of 980 megawatts (MW), and has assets in excess of $2 billion. Since 2004, First Wind has raised over $7 billion including project debt financings, tax equity, corporate financings and government grants. Specific examples include the following:

- In 2006, a member of D.E. Shaw group and an affiliate of Madison Dearborn Partners each made a significant investment in First Wind. The D.E. Shaw group is a specialized investment and technology development firm and Madison Dearborn Partners is a private equity management firm focusing on investments in basic industries, energy and power, communications, consumer, financial services and health care.

- In 2006, First Wind, through an affiliate company, financed and constructed the Mars Hill wind energy project located in Mars Hill, Maine. Approximately $22 million of the construction costs went to Maine firms and local spending. The Mars Hill wind energy project is a 42 MW facility consisting of 28 wind turbines and commenced commercial operations in March, 2007.

- In 2008, First Wind, through an affiliate company, financed and began construction of the first phase of the Stetson wind energy project located in Washington County, Maine

("Stetson"). An estimated $50 million of the construction costs was spent on Maine firms and local spending. Stetson is a 57 MW facility consisting of 38 wind turbines and became fully operational in January, 2009.

- In 2009, First Wind, through an affiliate company, financed and began construction of the Stetson II wind energy project located in Washington County, Maine ("Stetson II"). An estimated $23 million of the construction costs was spent on Maine firms and local spending. Stetson II is a 25.5 MW facility consisting of 17 wind turbines and became fully operational in March, 2010.

- In December, 2010, First Wind, through an affiliate company, financed and began construction of the Rollins wind energy project located in Penobscot County, Maine ("Rollins"). Rollins is a 60 MW facility consisting of 40 wind turbines and became fully operational in 2011.

- In December, 2010, First Wind, through an affiliate company, closed a $71.3 million construction loan and a $4.5 million letter of credit facility for the Sheffield Wind project located in Sheffield, Vermont ("Sheffield"). Sheffield is a 40 MW facility consisting of 16 wind turbines that became fully operational in 2011.

- In April 2012, First Wind, through an affiliate company, entered into a financing agreement for a construction loan, a cash grant bridge loan and a letter of credit facility in the aggregate amount of $76.1 million for the Bull Hill Wind project located in Bull Hill, Maine ("Bull Hill"). Additionally, First Wind, through an affiliate company, arranged term financing through a $95.2 million sale-leaseback agreement. Bull Hill is a 34.5 MW facility consisting of 19 wind turbines and became fully operational in October 2012.

- In July 2012, First Wind Holdings, LLC and Emera Inc. closed on their transaction to jointly own and operate wind energy projects in the Northeast U.S. through a new company called Northeast Wind Partners. Emera invested a total of $211 million to acquire 49 percent of Northeast Wind Partners. In addition, Emera made a $150 million loan to an intermediate subsidiary company of Northeast Wind Partners, which will be repaid in five years. Emera financed the transaction through existing credit facilities. First Wind's 385 MW portfolio of wind energy projects in the Northeast U.S., including eight operating projects in three states were transferred to Northeast Wind Partners. First Wind retains 51 percent and Emera now owns 49 percent of the new company. First Wind serves as the managing partner and continues to operate the wind energy projects. Emera affiliate Emera Energy Services provides energy management services. First Wind exclusively manages the development business and, as such, continues to develop new wind projects in the Northeast. Once these projects meet certain eligibility criteria, First Wind has the ability to transfer up to an additional 1,200 MW of new projects into the new joint venture. The completion of the joint venture could lead to up to $3 billion in future economic investment in the region in the coming years. The transaction

received unanimous approval from the Maine Public Utilities Commission in May of this year.

The foregoing should provide sufficient information about First Wind's experience and activities in wind energy and about First Wind's ability to finance the Project. However, please let me know if you require any additional information about First Wind, the Project or our plans for wind energy development in the State of Maine.

Sincerely,

Michael U. Alvarez

Michael U. Alvarez
President and Chief Financial Officer

Exhibit 3B: Consolidated Balance Sheet

FIRST WIND HOLDINGS, LLC AND SUBSIDIARIES

Condensed Consolidated Financial Statements

September 30, 2012

(Unaudited)

First Wind Holdings, LLC and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands)

	December 31, 2011	September 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 14,975	$ 108,457
Restricted cash	79,887	111,367
Accounts receivable	15,116	10,870
ARRA grant receivable	88,395	-
Prepaid expenses and other current assets	8,654	9,158
Derivative assets	12,332	12,445
Total current assets	219,359	252,297
Long-term portion of restricted cash	30,028	-
Property, plant and equipment, net	1,258,518	1,354,561
Construction in progress	148,614	418,680
Turbine deposits	179,028	15,000
Long-term portion of ARRA grant	35,915	-
Long-term derivative assets	50,405	56,311
Intangible assets, net	10,792	10,382
Other non-current assets	24,980	13,234
Deferred financing costs, net	39,049	35,260
Total assets	$ 1,996,688	$ 2,155,725
Liabilities and Members' Capital		
Current liabilities:		
Accrued capital expenditures and turbine deposits	$ 49,064	$ 10,004
Accounts payable and accrued expenses	26,173	38,005
Current portion of derivative liabilities	6,504	12,188
Current portion of long-term debt	125,069	403,736
Current portion of deferred revenue	20,857	21,085
Total current liabilities	227,667	485,018
Long-term derivative liabilities	13,743	30,493
Long-term debt, net of current portion	631,172	577,617
Deferred revenue	358,352	341,037
Other long-term liabilities	2,933	2,756
Asset retirement obligations	14,504	17,745
Total liabilities	1,248,371	1,454,666
Members' capital:		
Members' capital	850,952	808,537
Accumulated deficit	(341,245)	(528,795)
Total members' capital	509,707	279,742
Noncontrolling interests in subsidiaries	238,610	421,317
Total capital	748,317	701,059
Total liabilities and members' capital	$ 1,996,688	$ 2,155,725

Exhibit 3C: Certificate of Good Standing

State of Maine

Department of the Secretary of State

I, the Secretary of State of Maine, certify *that according to the provisions of the Constitution and Laws of the State of Maine, the Department of the Secretary of State is the legal custodian of the Great Seal of the State of Maine which is hereunto affixed and of the reports of qualification of foreign limited liability companies in this State and annual reports filed by the same.*

I further certify *that HANCOCK WIND, LLC, formerly BULL HILL II, LLC, formerly ZEPHYRUS WIND, LLC, a DELAWARE limited liability company, is a duly qualified foreign limited liability company under the laws of the State of Maine and that the application for authority to transact business in this State was filed on September 23, 2011.*

I further certify *that said foreign limited liability company has filed annual reports due to this Department, and that no action is now pending by or on behalf of the State of Maine to forfeit the authority to transact business in this State and that according to the records in the Department of the Secretary of State, said foreign limited liability company is a legally existing limited liability company in good standing under the laws of the State of Maine at the present time.*

In testimony whereof, I have caused the Great Seal of the State of Maine to be hereunto affixed. Given under my hand at Augusta, Maine, this nineteenth day of December 2012.

Charles E. Summers, Jr.

Secretary of State

EXHIBIT C

142

From: Barnes, Brooke [brooke.barnes@stantec.com]
Sent: Thursday, April 11, 2013 10:47 AM
To: DEP, HancockWindProject
Cc: 'jbagnato@firstwind.com'
Subject: RE: financial capacity
Attachments: First Wind - Interested Letter - Hancock - 032213 final.pdf

Hi Maria

Following up on your question about project financing, the final construction financing structure, including specifically the allocation between equity and debt portions of funding, will be determined closer to actual construction and will be based on market conditions at that time. To date, First Wind has successfully financed four grid-scale projects in Maine and many outside of Maine. Each Maine project utilized a combination of First Wind equity and third-party debt financing to fund construction. Consistent with how it has structured construction financing for other First Wind projects, the Applicant expects that the majority of construction financing will be provided by third-party debt and/or tax equity financing, and a smaller portion (typically in the range of 20-30%) will be funded with First Wind equity. As reflected the attached letter from RBS Securities, Inc., it is one, but certainly not the only, possible source for the debt portion of the construction financing.

Please let me know if you have any further questions regarding financial capacity.

Brooke

From: DEP, HancockWindProject [mailto:HancockWindProject.DEP@maine.gov]
Sent: Friday, February 15, 2013 10:17 AM
To: Barnes, Brooke
Subject: financial capacity

Brooke,
Would there be any way you could supply me with more detail on the final anticipated breakdown of financing for the project? For instance, First Wind proposes to secure a bank loan for $70 million, $25 million will be cash straight from the company, and $15 million will be a government grant. I understand this would not be exact, but it would give an idea of how they wish to finance.
Thanks,
Maria

Environmental Specialist
Department of Environmental Protection
(207) 941-4570/(207) 446-7120

RBS
The Royal Bank of Scotland

Mr. Kevin Feldman
First Wind Holdings, LLC
179 Lincoln Street, Suite 500
Boston, MA 02111

RE: First Wind – Hancock Wind

March 22, 2013

Dear Mr. Feldman,

First Wind Holdings, LLC (the "Company") has informed RBS Securities Inc. (RBS) that it intends to develop and construct a wind power project with up to 51MW nameplate capacity to be located in Hancock county, Maine, proposed by Hancock Wind, LLC (the "Project").

Based on our experience in providing construction and long term financing for wind energy projects and our familiarity with the financial markets generally, we are confident that, assuming the Company can (1) demonstrate the operational and engineering feasibility of its project, (2) obtain power purchase agreements from credit worthy counterparties at competitive rates, and (3) can employ appropriate equipment for the project, the Company will be able to obtain financing on market terms and conditions sufficient to cover development costs, construction financing, and other financing as necessary for the Project to reach commercial operation. Once these Project issues are addressed, we would enter into negotiations to provide a Summary of Terms and Conditions offering financing for the Project not to exceed an appropriate loan to value.

RBS is one of the most active banks in North America in the financing of independent power projects with an in depth understanding of investor demand and appetite in the loan and capital markets used to finance non-recourse power projects. RBS has acted as Lead Arranger and Bookrunner on more than $10BN in US non-recourse financings over the last 24 months. Most recently, RBS acted as:

- Joint Placement Agent / Ratings Advisor to EverPower on the Mustang Hills (fka Alta VI) $245MM private placement issuance, the most recent renewables private placement issuance
- Joint Lead Arranger / Bookrunner to Terra-Gen on their $650MM financing of the Alta 7 & 9 wind projects. RBS brought in a number of new lenders in to the syndicate, despite challenging market conditions, for a relatively large transaction, with RBS providing a significant anchor commitment
- Joint Lead Arranger / Bookrunner on MidAmerican Energy's 550MW Topaz Solar Farms LLC financing ($850MM bond plus $345MM LC's). This is currently the largest solar power transaction executed into the bond market
- Joint Lead Arranger / Bookrunner on two of the largest recent California thermal transactions, including a $795MM bank financing for CPV Sentinel and a $688MM bank for NRG El Segundo
- Joint Bookrunner and Placement Agent on the $1.4BN Shepherds Flat construction financing, which is the largest U.S. wind construction financing executed to date.

This letter is for discussion purposes only, and is not an offer of financing or any commitment on our part, nor is it intended to be legally binding or to give rise to any legal or fiduciary relationship between RBS or its affiliates and any other person. Such a commitment, if any, will be delivered upon receipt of all requisite internal approvals and completion of due diligence.

You agree that you will not and you will procure that none of your subsidiaries will, without our prior written consent, disclose the contents of this letter or its existence to any person except, on a confidential basis, your employees and your legal or financial advisers and to the Company's

shareholders and its legal or financial advisers in each case, who have a need to know this information and who are made aware of the contents of this paragraph prior to such information being disclosed to them. You may make any disclosure required under applicable law or regulation. RBS hereby consents to your disclosure of this letter to the Maine Department of Environmental Protection.

We hope that this letter demonstrates the high regard that RBS has for the Company's management and our confidence in the Company's ability to obtain financing for the Project.

Sincerely,

RBS Securities Inc.

By:
Name: Orhan Sarayli
Title: Director

From: Barnes, Brooke [brooke.barnes@stantec.com]
Sent: Friday, April 19, 2013 12:48 PM
To: Lentine-Eggett, Maria (Maria.Lentine-Eggett@Maine.gov)
Cc: 'jbagnato@firstwind.com'
Subject: Hancock Wind Project: financing information
Attachments: FW Financing.pdf

Hi Maria

Attached please find additional financing information that you requested for the Hancock Wind Project.

Please let me know if you need further information about this topic...or any other topics!

Brooke

Brooke Barnes
Senior Project Manager
Stantec Consulting Services
30 Park Drive
Topsham, ME 04086
brooke.barnes@stantec.com
Office: 207-729-1199
Cell: 207-522-4870

There are four categories of funding that have been used to finance First Wind's New England wind energy projects:

- First Wind equity funded from cash balances
- Bank construction and long-term debt sourced on market terms
- Tax equity sourced on market terms
- Cash contributions from Emera pursuant to its Joint Venture with First Wind (the "Joint Venture")

The tax equity contribution monetizes tax incentives that are available for wind energy projects. Specifically, the investment tax credit (ITC) is approximately 30% of the installation costs. 28 U.S.C. § 48. The production tax credit (PTC), which is an alternative to the ITC, is 2.3 cents per kilowatt hour of power generated, escalating annually with inflation. 26 U.S.C. § 45.

The Emera contributions are funded pursuant to the terms of the Joint Venture, which is 49% owned by Emera and 51% owned by First Wind. As a project is transferred from First Wind's development portfolio to the Joint Venture, Emera pays First Wind 49% of the First Wind's accumulated equity investment in the project, together with a development fee upon commencement of commercial operation.

Some of these capital sources are triggered during development, some at construction and others at the commencement of commercial operation of a project. For example, First Wind funds equity during the development of a project with an incremental investment at Full Notice to Proceed with construction (total equity investment at construction typically ranges 20-30% of the total construction costs). The balance of construction financing is provided by bank debt through an initial construction loan that is in place during the period of construction. When the project reaches commercial operation, the construction loan is repaid by a combination of tax equity proceeds and long-term debt. The long-term debt is typically held by the same provider as the construction debt. The permanent financing therefore consists of a First Wind equity contribution, the tax equity investment in the Project, and some long-term debt.

For those projects that are transferred into the Joint Venture, the long-term financing also reflects Emera's 49% ownership interest in the Joint Venture. Since the Joint Venture's closing in June 2012, the Bull Hill project has been transferred from First Wind into the Joint Venture. It is expected that projects currently under development in Maine will also be transferred into the Joint Venture. That transfer, however, typically does not occur until after close of construction financing for the Project, with an additional development fee paid to First Wind at commercial operation.

This is being provided for informational purposes only and is a summary of typical financing arrangements. The specific terms of financing for individual projects will differ, but this provides a general overview of the structure of financing for First Wind's Maine and New England projects.

EXHIBIT D

From: Barnes, Brooke [brooke.barnes@stantec.com]
Sent: Thursday, May 16, 2013 7:27 AM
To: DEP, HancockWindProject
Cc: josh bagnato
Subject: RE: Hancock Wind

Hi Maria

As Dave Fowler explained to Mark Bergeron, the Hancock Project is not the first phase of a multi-phase development. Although First Wind is exploring future development opportunities in this and other regions, any future development in the area of the Hancock Wind Project is preliminary at this juncture. First Wind has sought and is continuing to seek landowner rights for a potential future development, but it has not studied transmission options or sought transmission approval from ISO NE, does not have adequate wind data and generally has not taken other steps that are a necessary precondition to identifying a viable project. In the event that First Wind succeeds in developing a viable project in the region, it will seek all regulatory approvals for such a development, which would be separate and distinct from the Hancock Project.

Please let me know if you have any further questions.

Brooke

From: DEP, HancockWindProject [mailto:HancockWindProject.DEP@maine.gov]
Sent: Monday, May 13, 2013 7:44 AM
To: Barnes, Brooke
Cc: josh bagnato
Subject: Hancock Wind

Hi Brooke,
A question has been raised concerning First Wind's plans, and whether the Hancock Wind proposal should be considered together with future plans of the company. Can you please verify the extent of the project as a whole? Is this Phase 1 of a larger development?
Thanks,
Maria

Environmental Specialist
Department of Environmental Protection
(207) 941-4570/(207) 446-7120