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November 9, 2009

By Electronic and U.S. Mail

Catherine Carroll
Maine Land Use Regulation Commission
22 State House Station
Augusta, ME 04333

Re: Notification of TransCanada's Decision to File Grid-Scale Development
Application in the Expedited Permitting Area

Dear Catherine:

On behalf of TransCanada Maine Wind Development, Inc. ("TransCanada"), I am writing to update you and the Commission on TransCanada's plans for the Kibby Expansion proposed for Sisk Mountain (the "Expansion Project"). Due to (i) timing and related business considerations, and (ii) the preference for locating wind power development in the expedited permitting area, TransCanada intends to file the Expansion Project as an application for a grid scale development located entirely within the existing expedited permitting area. The reasons for and implications of this decision are discussed in greater detail below.

Timing Considerations

As discussed in my letter of September 21, 2009, to the Commission, there are critical business considerations that affect the Expansion Project and, in particular, the timing for submitting and obtaining a decision on that project.¹ For example, the construction and in-service deadlines established pursuant to the American Recovery and Reinvestment Act of 2009, require that a qualifying project be under construction in 2010 and in-service by 2012. To qualify for that investment, TransCanada must commence construction in the third quarter of 2010. That schedule would also facilitate the efficient transition of construction activities from the Kibby Project to the Expansion Project and would allow the significant economic benefits that have occurred as part of the Kibby Project to continue for an additional year or more.

¹ I do not know whether the Commission was ever provided with a copy of my September 21, 2009 letter.

In recognition of the need to commence construction in the third quarter of 2010, TransCanada began consultation on the Expansion Project with Commission staff prior to March, 2009, and filed a petition to initiate a rulemaking that would expand the expedited permitting area (the "Petition") in June, 2009. The Commission initiated the rulemaking process in August and determined at that time to hold a public hearing on the proposed rule. It was not until the November 4, 2009 Commission meeting, however, that the Commission adopted a process and schedule for the rulemaking. Moreover, that schedule would not result in a decision on the Petition until June, 2010, at the earliest – one year after TransCanada formally initiated the process and more than one year after TransCanada began consultation on the Expansion Project and associated permitting process.

TransCanada would not be able to file its subsequent development application until sometime later in 2010, and thus the schedule and process outlined on November 4, 2009, would not accommodate a 2010 construction start date. As a result, TransCanada has modified its original proposal and will locate the turbines entirely within the existing expedited permitting area. We expect to file an application for the Expansion Project later this year. The statutory periods governing consideration of such an application ensure that a decision would be made no later than the third quarter of 2010.

Preference for Locating Wind Power in the Expedited Permitting Area

In addition to the timing considerations outlined above, it is clear that there is a preference for locating wind power within the expedited permitting area and, as revealed in the many Commission discussions on this topic, a discomfort with the statutory process for adding new areas to the expedited permitting area. We are sensitive to those considerations and understand the challenges the Commission faces in applying the statutory standards for the first time. Additionally, because the Commission is applying these standards for the first time, it has articulated a process that will include consideration of the standards generally and then staff development and Commission adoption of a guidance document on how the statutory criteria are to be applied, before it considers the merits of TransCanada's proposal. While we appreciate the desire for such an approach, in addition to extending the public hearing process over a period of more than four months, it creates significant regulatory uncertainty. For example, it is not clear what additional review criteria the Commission will develop and apply to TransCanada's request to expand the expedited permitting area. The uncertainty regarding the standards to be applied in adding land to the expedited permitting area coupled with the preference for locating wind power within the currently expedited permitting area have convinced TransCanada of the merits of modifying its original proposal.

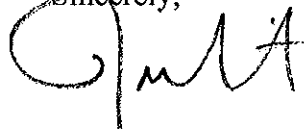
Status of Rulemaking on TransCanada's Petition to Add to the Expedited Permitting Area

TransCanada believes that the Petition process should continue as proposed, but will formally amend the information previously submitted in support of its Petition. Specifically, although the Petition was initiated to accommodate TransCanada's proposed Expansion Project, in response to the preference for locating development within the expedited permitting area and the schedule and process set forth for reaching a decision on the Petition, the Expansion Project

turbines will be located entirely within the expedited permitting area. As such, the Petition to expand the expedited area is no longer being proposed to accommodate the Expansion Project. If granted, however, it would provide an important future expansion opportunity. We do not believe that the criteria set forth in 35-A M.R.S.A. §3453 require that there be a specific project proposed for the area. Indeed, in light of the challenges associated with and timing required to add land to the expedited permitting area, we think it would be premature to propose a specific project until such time as the Commission makes a determination on the merits of the Petition.

We appreciate the time and consideration the Commission has devoted to TransCanada's rulemaking request to date and look forward to working with the Commission and staff on the Petition and the Expansion Project. As always, if you have any questions or concerns or would like any additional information, please do not hesitate to contact me or Nick or Christine from TransCanada.

Sincerely,

A handwritten signature in black ink, appearing to read 'Juliet T. Browne', written over the word 'Sincerely,'.

Juliet T. Browne

JTB/prf

cc: Samantha Horn-Olson (LURC)
Marcia Spencer Famous (LURC)
Nick Di domenico (TransCanada)
Christine Cinnamon (TransCanada)
Dana Valteau (TRC)
Amy Mills (AAG)