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US Department of Energy

US Department of Energy

December 30, 2013

DEC 30 2013

Electricity Delivery and
Energy Reliability

Electricity Delivery and Energy Reliability

Mr. Christopher Lawrence
Office of Electricity Delivery and Energy Reliability
OE-20, Room 8G-024
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Presidential Permit PP-89-1

Dear Mr. Lawrence:

Please find enclosed an original and two (2) copies of Joint Application of Maine Public Service Company and Bangor Hydro Electric Company to Rescind Presidential Permit PP-89-1 and for the Coincident Issuance of Presidential Permit. In accordance with the requirements of 10 C.F.R. § 205.326, I have enclosed a check for \$150, made payable to the Treasurer of the United States.

Please contact me if you require any additional information.

Sincerely,



Bonnie A. Suchman

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF ELECTRICITY DELIVERY AND ENERGY RELIABILITY**

Maine Public Service Company)	
Bangor Hydro Electric Company)	Docket No. PP-89-1

**JOINT APPLICATION OF
MAINE PUBLIC SERVICE COMPANY AND
BANGOR HYDRO ELECTRIC COMPANY
TO RESCIND PRESIDENTIAL PERMIT PP-89-1 AND
FOR THE COINCIDENT ISSUANCE OF PRESIDENTIAL PERMIT**

Pursuant to Executive Order No. 10485, as amended by Executive Order No. 12038, Section 202(e) of the Federal Power Act, 16 U.S.C. § 824a(e), and Section 320, *et seq.*, of the Rules of Administrative Procedure of the Department of Energy, 10 C.F.R. §§ 205.320, *et seq.*, Maine Public Service Company (“Maine Public”) and Bangor Hydro Electric Company (“Bangor Hydro”) (collectively, the “Applicants” or “Utilities”) hereby jointly tender for filing the instant Application and respectfully request that the Department:

- (1) rescind Presidential Permit 89-1 held by Bangor Hydro covering certain transmission facilities (collectively, the “Interconnection Facilities”) described, *infra*, that currently interconnect Bangor Hydro’s bulk power electrical transmission system with the transmission facilities owned by New Brunswick Power Corporation and located in the Province of New Brunswick, Canada, upon the merger of Maine Public into Bangor Hydro, with Bangor Hydro as the surviving entity; and
- (2) coincidentally issue a Presidential Permit for the Interconnection Facilities to Bangor Hydro under its new name, Emera Maine.¹

¹ Bangor Hydro will be renamed Emera Maine, effective January 1, 2014.

The Applicants seek to ensure that the provisions contained in Presidential Permit PP-89-1 authorizing the interconnection, maintenance and operation of certain specified electric transmission facilities located at the international border of the United States and Canada remain in effect during the voluntary transfer of these facilities.

I. BACKGROUND

On November 29, 2012, Maine Public and Bangor Hydro submitted a filing with the Maine Public Utilities Commission ("MPUC") requesting approval of a merger between Maine Public and Bangor Hydro. The proposed transaction would bring the two companies together as a single entity, with Maine Public merged into Bangor Hydro and Emera Maine as the surviving company. The Articles of Incorporation and Bylaws of the surviving corporation Emera Maine will remain unchanged in the merger, and the merger will not affect the identity or terms of office of the Directors and Officers of the surviving corporation.

On March 19, 2013, Bangor Hydro and Maine Public filed with the Federal Energy Regulatory Commission ("FERC") an application under Section 203 of the Federal Power Act, seeking authorization for the merger of Bangor Hydro and Maine Public. On July 18, 2013, FERC issued an order authorizing the proposed transaction.

On June 13, 2013, the MPUC conditionally approved the corporate merger of Bangor Hydro and Maine Public.² Specifically, the Commission granted its approval of the merger subject to three specific conditions:

- (1) Commission approval of the refinancing of Maine Public's existing tax-free debt pursuant to 35-A M.R.S. § 902;

² *Bangor Hydro Elec. Co., Maine Pub. Serv. Co., MEPCO and Chester SVC P'shp, Request for Approval of Reorganization (35-A M.R.S.A. §§ 708, 1101, 1103 and 2102)*, No. 2012-00571, Order Approving Stipulation (Me. P.U.C. June 13, 2013).

(2) Amendment by the Legislature of 35-A M.R.S. § 3205(2) to specify that the Marketing limitations contained therein do not apply to competitive electricity service or standard offer service in what is now Maine Public's service territory unless and until a sufficiently liquid retail electricity market becomes available to customers in that territory; and

(3) Granting by FERC of Bangor Hydro's request for a waiver of the requirement of uniform transmission rates for Emera Maine.

Regarding the first condition, on August 16, 2013, the MPUC approved the refinancing of Maine Public's existing tax-free debt pursuant to 35-A M.R.S.A. § 902.³ Maine Public closed the refinancing of Maine Public's tax free debt on September 30, 2013.

Regarding the second condition, in June 2013, the Legislature amended 35-A M.R.S.A. § 3205(2) to specify that its marketing limitations do not apply to competitive electricity service or standard offer service in what is now Maine Public's service territory unless and until a sufficiently liquid retail electricity market becomes available to customers in that territory. This amendment becomes effective on October 9, 2013.

Regarding the third condition, on July 18, 2013, FERC granted a waiver permitting the Northern and Southern Divisions of Emera Maine to maintain separate transmission rates.⁴

On October 3, 2013, the Applicants filed a request with the MPUC that the MPUC find that the Applicants have satisfied all three conditions to the approval of the merger and authorize that the merger be completed. On December 17, 2013, the MPUC issued its final order whereby it found that all of the merger conditions were satisfied, and unconditionally approved the reorganization, so that the Applicants can complete the merger by January 1, 2014.

³ *Maine Pub. Serv. Co., Application for Approval of Debt Issue and Request for Accounting Order (Amortization of Interest Rate Swap Loss)*, No. 2013-00339, Order (Me. P.U.C. Aug. 16, 2013).

⁴ *Bangor Hydro Elec. Co.*, 144 FERC ¶ 61,031 (2013).

III. INFORMATION REGARDING APPLICANTS

A. Maine Public Service Company

Maine Public, a Maine corporation and indirect, wholly-owned subsidiary of Emera, Inc. (“Emera”)⁵, is an electric utility that provides transmission and distribution service to approximately 36,000 retail customers and transmission service to three wholesale customers located in a 3,600 square mile area covering Aroostook County and a small portion of Penobscot County in the State of Maine. The total load in Maine Public’s service territory is approximately 125 MW, with a peak load of approximately 141 MW. Maine Public provides transmission service pursuant to the Maine Public Open Access Transmission Tariff (“Maine Public OATT”).⁶

The Maine Public transmission system comprises approximately 380 miles of transmission lines and 1,806 miles of distribution lines. Maine Public’s facilities are not directly interconnected with Bangor Hydro or any other portion of the United States transmission grid. Rather, Maine Public’s only access to the U.S. transmission grid is over transmission facilities in Canada owned by New Brunswick Power Corporation and Algonquin Tinker Gen Co. (“Algonquin Tinker”). Maine Public also holds a 7.5 percent voting interest in Maine Electric Power Company (“MEPCO”).

Maine Public, along with Eastern Maine Electric Cooperative, Inc. (“EMEC”),⁷ is a

⁵ Emera is a diversified energy and services company headquartered in Nova Scotia, Canada.

⁶ Maine Public Service Company, FERC Electric Tariff, 1st Revised Volume No. 4.

⁷ EMEC is a rural electric cooperative. Maine Public and EMEC are the only owners of transmission facilities within the area served by the Northern Maine ISA. The majority of EMEC’s load is not directly interconnected with Maine Public or any other portion of the United States transmission grid. Only a small portion of EMEC’s load is directly interconnected with Maine Public. As described above, EMEC and Maine Public are indirectly connected to the balance of the U.S. transmission grid only through the New Brunswick Power Corporation transmission system.

transmission-owning member of the Northern Maine ISA (which is not considered a tight power pool). The Northern Maine ISA provides for the impartial administration of the reservation, scheduling, and dispatch of the Northern Maine transmission systems, as well as the administration of certain Northern Maine markets, including markets for energy, ancillary, and related services. By order issued on November 15, 1999, the Northern Maine ISA was accepted by FERC as an Independent System Administrator and a Regional Transmission Group for the Northern Maine region.⁸

In connection with the Maine Restructuring Act, Maine Public divested all of its generation assets.⁹ Accordingly, Maine Public does not own generation and does not engage in the wholesale marketing of generation.

B. Bangor Hydro

Bangor Hydro, a Maine corporation, is an electric utility primarily engaged in the transmission and distribution of electric energy and related services to over 117,000 retail customers in eastern and coastal Maine. Bangor Hydro also makes certain wholesale power sales in these areas. Emera owns all the issued and outstanding common stock of Bangor Hydro as well as the vast majority (greater than 99 percent) of its preferred stock.

Bangor Hydro directly owns approximately 869 miles of transmission lines and approximately 4,850 miles of distribution lines. Bangor Hydro also holds a 14.2 percent voting interest in MEPCO, a transmission-only public utility.

Open access to Bangor Hydro's transmission lines is provided pursuant to the ISO New England, Inc. Transmission, Markets and Services Tariff ("ISO-NE Tariff"). As regards Bangor

⁸ *N. Me. Indep. Sys. Admin., Inc.*, 89 FERC ¶ 61,179 (1999).

⁹ *See supra* n.6.

Hydro's local transmission lines in particular, the rates, terms and conditions for their use are set forth in Schedule 21-BHE of the ISO-NE Tariff ("Schedule 21-BHE").

Bangor Hydro no longer has a franchised service area for the sale of electricity. Pursuant to the Maine Restructuring Act of 1997, Bangor Hydro divested the vast majority of its generation assets, including capacity and energy from power purchase contracts, is generally prohibited from ownership or control of generation or generation-related assets,¹⁰ and is prohibited from selling electricity or capacity to any retail consumer of electricity.¹¹

Presently, Bangor Hydro owns only 14 MW (nameplate) of generating capacity, in the form of the Bar Harbor, Eastport and Medway diesel-fired, internal combustion generating units.¹² The entire output of these units is committed to New Brunswick Power Corporation pursuant to long-term contract, but the power is sold on Bangor Hydro's electric system and not in Canada nor at the U.S.-Canada border.¹³

In addition, Bangor Hydro has long-term energy purchase contracts for the following qualifying facilities ("QFs") located in the State of Maine: (i) all of the output of the 25.3 MW (nameplate) Penobscot Energy Recovery facility owned by Penobscot Energy Recovery Company, LP, (ii) all of the output of the 13 MW (nameplate) West Enfield facility owned by

¹⁰ See *Me. Rev. Stat. Ann.*, An Act to Restructure the State's Electric Industry, 35-A, 32 §§ 3201, *et seq.* (1997) ("Maine Restructuring Act"); *Me. Rev. Stat. Ann.* 35-A, 32 § 3204(1) (1997) (an investor-owned electric utility may maintain "[o]wnership interest in a generation asset that the commission determines is necessary for the utility to perform its obligations as a transmission and distribution utility in an efficient manner"); *Bangor Hydro-Elec. Co.*, 86 FERC ¶ 61,281, *clarified* 87 FERC ¶ 61,057 (1999).

¹¹ *Me. Rev. Stat. Ann.* 35-A § 3204(1), (4), (5); *id.* § 3205(2).

¹² In 2012, four units totaling 6 MW at the Bar Harbor and Eastport facilities were retired from service.

¹³ Bangor Hydro, however, recently filed with the Maine Public Utilities Commission ("MPUC") a Petition to retire and remove from service all of the Bar Harbor and Medway units. *Petition, Request for Approval of Retirement of Diesel Generation Units*, MPUC Docket No. 2012-603 (Dec. 20, 2012).

Bangor-Pacific Hydro Associates, (iii) all of the output of four facilities totaling 2 MW (nameplate) collectively referred to as the Small Hydro Composite facilities, (iv) 20 percent of the output of the Rollins Wind Facility from Evergreen Wind Power III, LLC (a subsidiary of First Wind Holdings), and (v) all of the output of the 980 kW anaerobic digester generating facility owned by Exeter Agri-Energy, LLC. All energy produced from these facilities, however, is sold to New Brunswick Power Corporation under long-term agreements.

C. Communications

Communications concerning this Application should be addressed to the following:

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Maine Public Service Company

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A signed opinion of counsel, stating that the construction, connection, operation, and maintenance of the proposed facilities will be within the corporate powers of Emera Maine and

that Emera Maine has complied with or will comply with all pertinent federal and state laws, are attached hereto as Attachment B.

D. Foreign Ownership and Affiliations

Maine Public is a wholly-owned subsidiary of Emera, a diversified energy and services company headquartered in Nova Scotia, Canada. Emera owns all the issued and outstanding common stock of Bangor Hydro as well as the vast majority (greater than 99 percent) of its preferred stock. Following the merger of the Applicants, Emera Maine will be a subsidiary of Emera. Emera is not owned in whole or in part by any Canadian federal or provincial governmental authority.

E. Existing Contracts with Foreign Governments or Foreign Private Concerns

As discussed above, Maine Public and Bangor Hydro are subsidiaries of Emera, and Emera Maine will be a subsidiary of Emera following the merger. Emera is a Nova Scotia corporation, organized under the laws of Canada. In addition, Bangor Hydro has several contracts with New Brunswick Power Corporation for the sale of generation, which are discussed above. New Brunswick Power Corporation is a New Brunswick Crown corporation.

IV. THE INTERCONNECTION FACILITIES

The Interconnection Facilities are identified as follows:

- (a) one 345,000-volt, alternating current electric transmission line that originates at BHE's Orrington Substation and extends approximately 85 miles eastward crossing the U.S. international border with Canada in the vicinity of Baileyville, Maine.

The original Presidential Permit was issued on January 22, 1996. The Presidential Permit was amended on December 30, 2005, to allow for the construction of the previously authorized 345-kV transmission line along a different route.

In the new Presidential Permit to be issued to Emera Maine, the interconnection facilities will need to be identified as follows:

- (a) one 345,000-volt, alternating current electric transmission line that originates at Emera Maine's Orrington Substation and extends approximately 85 miles eastward crossing the U.S. international border with Canada in the vicinity of Baileyville, Maine.

All maps used in support of the original Presidential Permit application, and any amendments thereto, continue to accurately show the physical location (longitude and latitude) and ownership of the facilities on the international border, except as otherwise provided in this Application. There will be no changes in bulk power system information regarding the interconnection facilities.

V. REASONS FOR CHANGES IN CORPORATE STRUCTURE

The MPUC had approved Emera's acquisition of Maine Public in October 2010. As part of its approval, the MPUC directed Bangor Hydro and Maine Public to file with the MPUC a report on the costs and benefits of consolidating the operations of Bangor Hydro and Maine Public, or merging the Utilities into a single entity. The Utilities identified significant savings that could only be achieved through a merger into a single corporate entity. Furthermore, the Utilities anticipate that consolidating operations brings intangible benefits to the Utilities through increased corporate focus on areas such as: safety, environmental, consistency of practice and procedures, regulatory efficiency, concentration on customer engagement, alignment of Human Resource policies and programs for employees, and introduction of training and development programs. The Utilities therefore concluded that a merger was in the best interests of their ratepayers.

Following the merger, Emera Maine will administer the appropriate Open Access Transmission Tariffs. Currently, open access to Bangor Hydro's transmission lines is provided pursuant to the ISO-NE Tariff. Maine Public provides transmission service pursuant to the Maine Public OATT.

On March 19, 2013, Bangor Hydro and Maine Public filed with FERC a request for waiver of FERC's regulations so as to permit Bangor Hydro to maintain two OATTs following consummation of the merger – one for the “Northern Division” (former Maine Public transmission facilities) and one for the “Southern Division” (legacy Bangor Hydro transmission facilities).¹⁴ The Utilities noted that, following consummation of the merger, Bangor Hydro will operate two separate transmission systems that are not directly interconnected (and not interconnected at all but through transmission facilities owned by New Brunswick Power Corporation). Bangor Hydro's current facilities are under the functional control of ISO-NE and service over them is provided pursuant to the ISO-NE Tariff. The facilities to be acquired by Bangor Hydro pursuant to the merger are not to come under the functional control of ISO-NE as part of the merger. Rather they are to remain in the New Brunswick System Operator Balancing Authority Area and subject to the oversight of the Northern Maine ISA, both of which are wholly separate from ISO-NE and its Balancing Authority Area. Because, following consummation of the merger, Bangor Hydro will operate two separate transmission systems that are not directly

¹⁴ Because Emera Maine will be the single entity holding the former assets of Maine Public as well as those of its predecessor in name, Bangor Hydro, appropriate nomenclature is needed to distinguish the distinct and non-interconnected parts of the Emera Maine electric system. Therefore, the Maine Public OATT was revised to reflect the former Maine Public assets and operating region as the Maine Public District. The Bangor Hydro Tariffs have been revised to reflect the legacy Bangor Hydro assets and operating region as the Bangor Hydro District.

interconnected and will not be interconnected at all but through transmission facilities owned by New Brunswick Power Corporation, FERC approved the waiver.¹⁵

VI. ENVIRONMENTAL IMPACT INFORMATION

This Application for rescission and the coincident issuance of a Presidential Permit will have no effect on any of the subject facilities. Accordingly, since there will be no physical change in the facilities and no change in the way the facilities will be operated, the Applicants anticipate no environmental impacts whatsoever as a result of the requested actions.

VII. SERVICE AND FEE

In accordance with the requirements of 10 C.F.R. § 205.326, copies of this application will be provided to the following:

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Maine Public Utilities Commission
242 State Street
18 State House Station
Augusta, Maine 04333-0018

Maine Public Advocate Office
112 State House Station
Augusta, Maine 04333-0112

A check in the amount of \$150.00 made payable to the Treasurer of the United States is enclosed in payment of the fee specified in 10 C.F.R. § 205.326.

¹⁵ 144 FERC ¶ 61,031 (2013).

VIII. REQUEST FOR PRESIDENTIAL PERMIT ISSUANCE AND EXPEDITED CONSIDERATION

As discussed above, the Applicants initially sought regulatory approval from the MPUC for approval of the merger. In addition, the Applicants sought approval of FERC pursuant to Section 203 of the Federal Power Act. The Applicants also sought a “threshold determination” from staff of the Nuclear Regulatory Commission (“NRC”) that the transaction does not require approval of the NRC under 10 C.F.R. § 50.80 arising out of the Utilities’ ownership interest in Maine Yankee Atomic Power Company.¹⁶

As explained above, FERC approved the Utilities’ Section 203 filing on July 18, 2013. In response to a letter request dated May 6, 2013 that the proposed merger of the Utilities does not constitute a transfer that requires NRC consent pursuant to 10 CFR 50.80, NRC determined, by letter dated October 8, 2013, that the proposed merger is not a direct or indirect transfer of License DPR-36, and accordingly, NRC approval or consent is not necessary to effectuate the merger. As noted above, the MPUC unconditionally approved the merger on December 17, 2013.

Financial closing of the proposed transaction, as well as the Applicants’ intention to effect the proposed changes in corporate form will occur, effective as of January 1, 2014. Accordingly, the Applicants request that the Department issue an order rescinding Presidential Permit PP-89-1 and issue a new Presidential Permit to Emera Maine. The Applicants respectfully request that this new permit become effective on the effective date of the merger of Maine Public with and into Bangor Hydro, with Emera Maine as the surviving company.

¹⁶ Currently, Maine Public holds a 5% interest and Bangor Hydro holds a 7% interest in Maine Yankee Atomic Power Company. As a result of the merger, Maine Public’s interest in Maine Yankee will be owned by Emera Maine. Emera Maine will have a 12% interest in Maine Yankee.

With receipt of final regulatory approval by the MPUC on December 17, 2013, the Utilities now plan to close the proposed transaction on or about January 1, 2014. The instant request for rescission of PP-89-1 and the coincident issuance of a Presidential Permit is necessary to effect the proposed transaction in the most efficient and financially beneficial manner possible. Because the coincident issuance of the Presidential Permit should occur on or before the proposed transaction, the Applicants respectfully request that the Department act on this Application in an expedited manner.

The Applicants further request that notice of this filing be published in the Federal Register as soon as practicable; that the period for the submission of comments, protests, or requests to intervene be shortened; and that the Department issue an order in an expedited manner.

VII. EXHIBITS

The following exhibits are included:

Exhibit A Presidential Permit PP-89-1

Exhibit B Opinions of Counsel for the Applicants

VIII. CONCLUSION.

Maine Public and Bangor Hydro respectfully request that the Department expeditiously rescind and coincidently issue the Presidential Permit pursuant to the terms and conditions set forth in this Application.

Respectfully Submitted,

Bangor Hydro Electric Company

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ATTACHMENT A

PRESIDENTIAL PERMIT PP-89-1

United States
Department of Energy

Office of Electricity Delivery and Energy Reliability

Bangor Hydro-Electric Company
OE Docket No. PP-89-1



Amendment to Presidential Permit
Order No. PP-89-1

December 30, 2005

PRESIDENTIAL PERMIT AMENDMENT

Bangor Hydro-Electric Company

Order No. PP-89-1

I. BACKGROUND

The Department of Energy (DOE) has responsibility for implementing Executive Order (E.O.) 10485, as amended by E.O. 12038, which requires the issuance of a Presidential permit by DOE before electric transmission facilities may be constructed, operated, maintained, or connected at the borders of the United States. DOE may issue such a permit if it determines that the permit is in the public interest and after obtaining favorable recommendations from the U.S. Departments of State and Defense.

On December 16, 1988, Bangor Hydro-Electric Company (BHE) applied to DOE for a Presidential permit to construct, operate, maintain, and connect a single-circuit, alternating current (AC) 345,000-volt (345-kV) electric transmission line that would originate at BHE's existing Orrington Substation, located near Orrington, Maine, extend approximately 84 miles eastward, and cross the U.S.-Canada border near Baileyville, Maine. In August 1995, DOE published a Final Environmental Impact Statement (EIS) (DOE/EIS-0166) for the proposed action of granting a Presidential permit to BHE, and issued the Record of Decision (ROD) on January 18, 1996 (61 FR 2244, 1/25/96). On January 22, 1996, DOE issued Presidential Permit PP-89 to BHE for the construction, operation, maintenance, and connection of the proposed transmission line along a route identified in the 1995 EIS as the Stud Mill Road Route.

During the State of Maine's permitting proceeding for the proposed transmission line, the Maine Board of Environmental Protection indicated a preference for a route other than the Stud Mill Road Route, one that would be more closely aligned with existing linear facilities in the area. Therefore, on September 30, 2003, BHE applied to DOE in the current proceeding (OE Docket No. PP-89-1) to amend Presidential Permit PP-89 to allow for construction of the previously authorized 345-kV transmission line along a route different from the Stud Mill Road Route or from the other alternative routes analyzed in the 1995 EIS.

In its application, BHE requested authority to construct the proposed international transmission line along a route referred to as the Modified Consolidated Corridors Route. Like the international transmission line authorized by Presidential Permit PP-89, the proposed project, referred to as the Northeast Reliability Interconnect (NRI), also would originate at the Orrington Substation, extend eastward approximately 85 mi (137 km), and cross the U.S.-Canada border near Baileyville, Maine, but would be more closely aligned with existing linear facilities than the originally proposed route. At the U.S.-Canada border, the proposed transmission line would connect with a Canadian transmission line to be constructed, operated, and maintained by New Brunswick Power Corporation (NB Power), a Crown corporation of Canada's Province of New Brunswick.

Notice of BHE's application to amend PP-89 was placed in the *Federal Register* on October 29, 2003 (68 FR 61659), requesting that comments, protests, or petitions to intervene be submitted to DOE by November 28, 2003. A timely Petition to Intervene

and Comments was submitted by the PJM Interconnection (PJM). In its Petition to Intervene, PJM noted that it is a regional transmission organization and administrator for the Mid-Atlantic Area Council and is responsible for assuring the reliable operation of the bulk power system within the PJM Control Area. As such, PJM notes that it is concerned with the construction of any transmission facilities that may potentially have an impact on the PJM transmission system. PJM did not oppose or otherwise express an opinion on BHE's request to amend PP-89.

Pursuant to 18 CFR 385.214, there being no objection to PJM's timely request to intervene, it became a party to this proceeding.

II. DISCUSSION

As part of its permit amendment application, BHE submitted technical studies which supplemented and updated the electric reliability studies submitted in the original PP-89 proceeding. These latest studies confirm and support DOE's original finding that the proposed NRI, in combination with the existing 345-kV MEPCO line authorized by Presidential Permit PP-43, can import up to 1,000 MW from Canada, and export up to 400 MW to Canada, without adversely impacting the reliability of the regional electrical grid. Therefore, this amended permit retains these same electric reliability conditions contained in PP-89.

DOE's decision to amend PP-89 is based, in part, on the environmental analysis contained in the *Final Environmental Impact Statement for the Bangor Hydro-Electric*

Company Northeast Reliability Interconnect (Final EIS) (DOE/EIS-0372) and as discussed in the ROD in this proceeding. To the extent that the ROD is predicated on implementation of mitigation measures identified in the Final EIS, those measures are incorporated by reference as a condition in Article 12 of this permit.

III. FINDING AND DECISION

In determining whether issuance of a permit for a proposed action is in the public interest, DOE considers the environmental impacts of the proposed project pursuant to the National Environmental Policy Act of 1969 (NEPA), determines the project's impact on electric reliability by ascertaining whether the proposed project would adversely affect the operation of the U.S. electric power supply system under normal and contingency conditions, and any other factors that DOE may also consider relevant to the public interest.

DOE has assessed the impact that the installation and operation of the proposed international transmission facilities would have on the reliability of the U.S. electric power supply system. Based on the information in the docket and as discussed above, DOE has determined that amending Presidential Permit PP-89, as requested by BHE and as conditioned herein, would not adversely impact the reliability of the U.S. electric power supply system.

DOE also has assessed the impact that the amendment of Presidential Permit PP-89 would have on the environment pursuant to NEPA. This assessment is documented in the Final EIS (DOE/EIS-0372) and in the ROD.

The Departments of State and Defense have concurred in the granting of this amendment to Presidential Permit PP-89.

Based upon the above discussion and analysis, DOE has determined that amending Presidential Permit PP-89 as requested by BHE and as conditioned herein is consistent with the public interest.

IV. Order

Pursuant to the provision of EO 10485, as amended by EO 12038, and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, section 205.320 et. seq.), Presidential Permit PP-89 issued to BHE on January 22, 1996, granting permission to BHE to construct, operate, maintain, and connect electric transmission facilities at the international border of the United States and Canada is hereby amended to read as follows:

Article I. The facilities herein described shall be subject to all conditions, provisions, and requirements of this Permit. This Permit may be modified or revoked by the President of the United States without notice, or by DOE after public notice, and may be amended by DOE after proper application thereto.

Article 2. The facilities covered by and subject to this Permit shall include the following facilities and all supporting structures within the right-of-way occupied by such facilities:

One 345,000-volt, alternating current electric transmission line that originates at BHE's Orrington Substation and extends approximately 85 miles eastward crossing the U.S. international border with Canada in the vicinity of Baileyville, Maine. The transmission facilities authorized herein shall be constructed along the route identified as the Modified Consolidated Corridors Route in the *Final Environmental Impact Statement for the Bangor Hydro-Electric Company Northeast Reliability Interconnect* (DOE/EIS-0372).

The facilities authorized herein are more specifically shown and described in the application filed by BHE in this docket and in the Final EIS (DOE/EIS-0372).

Article 3. The facilities described in Article 2 above shall be designed and operated in accordance with the applicable criteria established by the Northeast Power Coordinating Council, ISO-New England, and consistent with that of the North American Electric Reliability Council or their successors.

The facilities authorized herein shall be operated such that the instantaneous rate of transmission over a combination of the facilities permitted herein and the facilities authorized by Presidential Permit PP-43 shall not exceed 1,000 MW in the import mode or 400 MW in the export mode

Article 4. No change shall be made in the facilities covered by this Permit or in the authorized operation or connection of these facilities unless such change has been approved by DOE.

Article 5. BHE shall at all times maintain the facilities covered by this Permit in a satisfactory condition so that all requirements of the National Electric Safety Code in effect at the time of construction are fully met.

Article 6. The operation and maintenance of the facilities covered by this Permit shall be subject to the inspection and approval of a properly designated representative of DOE, who shall be an authorized representative of the United States for such purposes. BHE shall allow officers or employees of the United States, with written authorization, free and unrestricted access into, through, and across any lands occupied by these facilities in the performance of their duties.

Article 7. BHE shall investigate any complaints from nearby residents of radio or television interference identifiably caused by the operation of the facilities covered by this Permit. BHE shall take appropriate action as necessary to mitigate such situations. Complaints from individuals residing within one-half mile of the centerline of the transmission line are the only ones which must be resolved. BHE shall maintain written records of all complaints received and of the corrective actions taken.

Article 8. The United States shall not be responsible or liable: for damages to or loss of the property of, or injuries to, persons; for damages to, or loss of the facilities covered by this Permit; or for damages to, or loss of the property of, or injuries to the person of BHE officers, agents, servants or employees or of others who may be on said premises; any of which may arise from or be incident to the exercise of the privileges granted herein; and BHE shall hold the United States harmless from any and all such claims.

Article 9. BHE shall arrange for the installation and maintenance of appropriate metering equipment to record permanently the hourly flow of all electric energy transmitted between the United States and Canada over the facilities authorized herein. BHE shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Canada. BHE shall furnish annual reports to DOE, by the 15th of February each year, detailing for each month of the previous year: (1) the gross amount of electricity imported into the U.S., in kilowatt hours; (2) the consideration associated with the import; and (3) the maximum hourly rate of transmission, in kilowatts. Annual reports must be filed regardless of current activity and whether or not deliveries of electric energy have been made. If no transactions have been made, a one-sentence report indicating "no activity" for the previous year is sufficient.

Reports shall be submitted to the U.S. Department of Energy, Office of Electricity Delivery and Energy Reliability, OE-20, 1000 Independence Avenue, SW, Washington,

D.C. 20585-0305. Properly identified reports will also be accepted via facsimile at (202) 586-5860 to meet time requirements, but original copies should still be filed at the above address.

Article 10. Neither this Permit nor the facilities covered by this Permit, or any part thereof, shall be transferable or assignable, except in the event of the involuntary transfer of the facilities by the operation of law. In the case of such an involuntary transfer, this Permit shall continue in effect for a period of 60 days and then shall terminate unless an application for a new permit pursuant to Title 10, Code of Federal Regulations, section 205.323, has been received by DOE. Upon receipt by DOE of such an application, this existing Permit shall continue in effect pending a decision on the new application. During this decision period, the facilities authorized herein shall remain substantially the same as before the transfer.

In the event of a proposed voluntary transfer of the facilities, the existing permit holder and the party to whom the transfer would be made shall file a joint application with DOE for a Presidential permit together with a statement of the reasons for the transfer.

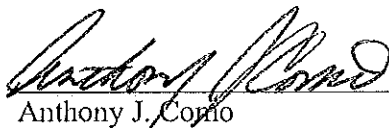
Article 11. Upon the termination, revocation or surrender of this Permit, the 345,000-volt transmission facilities which are owned, operated, maintained, and connected by BHE and described in Article 2 of this Permit, shall be removed and the land restored to its original condition within such time as DOE may specify and at the

expense of BHE. If BHE fails to remove such facilities and/or any portion thereof authorized by this Permit, DOE may direct that such actions be taken for the removal of the facilities or the restoration of the land associated with the facilities at the expense of BHE. BHE shall have no claim for damages by reason of such possession, removal or repair. However, if certain facilities authorized herein are useful for other utility operations within the bounds of the United States, DOE will not require that those facilities be removed and the land restored to its original condition upon termination of the international interconnection.

Article 12. BHE shall be required to implement those mitigation measures identified in Section 2.4, Chapter 4, and Appendices E, F, and G of the Final EIS (DOE/EIS-0372).

Article 13. This Permit shall be effective upon publication in the *Federal Register* of the ROD for this proceeding.

Issued in Washington, D.C. on December 30, 2005.

A handwritten signature in black ink, appearing to read "Anthony J. Corio", is written over a horizontal line.

Anthony J. Corio
Director, Permitting and Siting
Office of Electricity Delivery and
Energy Reliability

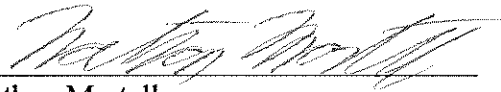
ATTACHMENT B

OPINIONS OF COUNSEL

Statement and Opinion of Counsel

The undersigned, being Counsel for Maine Public Service Company (Maine Public), states and gives his opinion, pursuant to 10 CFR Section 205.322(a)(6), as follows: (a) that he has examined and is familiar with what will be the corporate powers of Emera Maine, pursuant to its expected Articles of Organization and Operating Agreement; (b) that he has examined and is familiar with the contents of this "Joint Application of Maine Public Service Company and Bangor Hydro Electric Company to Rescind Presidential Permit PP-89-1 and for the Coincident Issuance of Presidential Permit," to which this statement and opinion is attached as an exhibit; (c) that in his opinion the construction, connection, operation and maintenance of the facilities as proposed in the Application will be within the corporate power of the Emera Maine; and (d) that, with respect thereto, Emera Maine has complied or will comply with all pertinent federal and state laws.

DATED 12-23-13

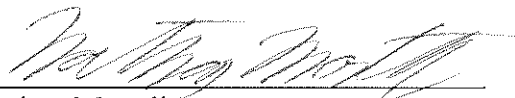


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Phone: (207) 973-2854
nmartell@bhe.com

Statement and Opinion of Counsel

The undersigned, being Counsel for Bangor Hydro, states and gives his opinion, pursuant to 10 CFR Section 205.322(a)(6), as follows: (a) that he has examined and is familiar with what will be the corporate powers of Emera Maine, pursuant to its expected Articles of Organization and Operating Agreement; (b) that he has examined and is familiar with the contents of this "Joint Application of Maine Public Service Company and Bangor Hydro Electric Company to Rescind Presidential Permit PP-89-1 and for the Coincident Issuance of Presidential Permit," to which this statement and opinion is attached as an exhibit; (c) that in his opinion the construction, connection, operation and maintenance of the facilities as proposed in the Application will be within the corporate power of the Emera Maine; and (d) that, with respect thereto, Emera Maine has complied or will comply with all pertinent federal and state laws.

DATED 12-23-13


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