



STATE OF MAINE  
BOARD OF ENVIRONMENTAL PROTECTION

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GOVERNOR

July 14, 2010

David Van Slyke, Esq.  
Preti Flaherty  
One City Center  
Portland, Maine 04101

Re: Calais LNG Project Company, LLC and Calais Pipeline Company, LLC

Dear Mr. Van Slyke:

I am in receipt of your letter of July 13, 2010 requesting postponement of the public hearing on Calais LNG's pending applications for a liquefied natural gas import terminal and pipeline project in Washington County that is scheduled for July 19-23, 2010. It is my understanding that Calais LNG seeks postponement because certain information relevant to the applications has not yet been provided to the Department. I have also considered the comments from the intervenors both in support of and in opposition to a postponement.

As an initial matter, I am surprised that this problem has only now been brought to my attention. The Board, its staff, and the parties have worked diligently over the past four months to prepare for a public hearing on this application in the ambitious timeframe requested by Calais LNG, and to learn at this late date that the applicant is not ready to proceed because it has not yet submitted certain relevant information is disappointing. Calais LNG bears the burden of demonstrating that its proposed project meets the licensing criteria.

Postponement at this point in the proceeding comes at a considerable cost in time and resources to the Board and the other parties. However, since information needed for the Board to make a fully informed decision on the application is apparently lacking, I have reluctantly concluded that the hearing should be postponed.

It is imperative that the Board's ability to review the application under all applicable laws not be compromised by this postponement of the hearing. Therefore, as represented in the July 14, 2010 letter from you on behalf of Calais LNG, the Board expects Calais LNG to take the necessary steps now and on an ongoing basis at both the state and federal level to ensure that the Board's processing time is extended for a period of time at least equal to the amount of time the public hearing process is postponed. This will include a procedural withdrawal and re-filing of the request for a Water Quality Certification and the signing of an agreement to stay the request for a Consistency Determination pursuant to the Coastal Zone Management Act to allow adequate time frames for state decision-making. Specifically, the Board's understanding is that Calais LNG will sign an agreement to stay the time period for the State's Consistency Review of this project under §307 of the Coastal Zone Management Act for a period of time beyond

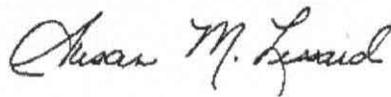


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January 1, 2011 at least equal to the number of days of the hearing postponement and that the time period for a decision on a Water Quality Certification under § 401 of the Clean Water Act will be extended to that same time frame.

I will call a conference of counsel in the near future to discuss re-scheduling the public hearing on the Calais LNG applications, the parties' requests for the applicant's payment of their lost deposits, and other issues created by the postponement.

Sincerely,

A handwritten signature in cursive script that reads "Susan M. Lessard".

Susan M. Lessard, Chair  
Board of Environmental Protection

cc: Service List