

EnergyAnswers Arecibo

May 10, 2017

John Filippelli, Director
USEPA Region 2
Clean Air and Sustainability Division
290 Broadway
New York, NY 10007-1866

Subject: Energy Answers Arecibo, LLC
Prevention of Significant Deterioration Air Permit Limited Extension Monthly Update Report

Dear Director Filippelli:

Please find below the first monthly update report, provided as per your April 10, 2017 PSD permit extension letter. In the corresponding request letter, Energy Answers provided a summary of the tasks that we would be conducting during the extension period. These tasks included the following items and corresponding milestone dates, which have been expanded according to the completion of the initial activities:

<u>Project Milestones</u>	<u>Completion</u>	
	<u>Target Date</u>	<u>Date</u> <u>Delayed Date</u>
EPC/Turnkey Contract Executed	March 31, 2017	April 10, 2017
Commencement of Phase I work (FEMA Onsite work and test	April 7, 2017	April 7, 2017
RUS ROD Issued	April 14, 2017	TBD
FEMA CLOMR Issued	June 16, 2017	July 7, 2017
RUS Loan Commitment Letter Issued	July 14, 2017	August 4, 2017
Commencement of Phase II work (Fill & Foundation Work)	July 21, 2017	August 18, 2017
EPA Notification of Construction Start	July 28, 2017	September 1, 2017

With regards to the EPC Contract (now the Turnkey Construction Agreement) execution, the Turnkey Construction Agreement with SNC Lavalin was executed on April 10th 2017, with initial work commencing under this agreement that same day. Geotechnical work supporting the final design and construction of the project foundations continues to date, with additional test pile and soil boring work being conducted over the next several weeks.

Regarding the Phase 1 work, this commenced on April 7, 2017 with initial cleanup activities, followed by survey work, both in support of the test pile program. Additional cleanup work was done to support limited demolition work that is to occur on site later this month. Photos of the referenced work are included below for your reference.

Regarding the issuance of the USDA Rural Utilities Service (RUS) Record Of Decision (ROD), despite regular inquiries, this document has yet to be released and we have no additional information regarding the timing of its issuance. Based on our conversations with the agency, the lack of any technical

Energy Answers Arecibo, LLC

SAN JUAN: The Atrium Business Center • Suite 229 • 530 Constitution Avenue • San Juan • PR • 00901-2304 • Phone: 787 289-7804
NEW YORK: 79 North Pearl Street • Albany • NY • 12207 • Phone: 518 434 1227 • Fax: 518 436 6343

Page: 2
Letter - Director Filippelli
USEPA Region 2
May 10, 2017

questions being posed or request for additional information, we continue to expect the ROD to be issued and for it to find that the NEPA process has been properly administered, that the project causes no adverse significant environmental impacts, and that it is eligible to proceed with the next phase of the RUS process. The project remains positioned to proceed with additional work once the ROD is issued.

One additional point that should be noted: on March 30, 2017, the Puerto Rico Court of Appeals ruled in favor of Energy Answers with regards to the denial filed against the project's water franchise application. The case has now been remanded to the Department of Natural and Environmental Resources for further consideration.

Finally, we continue to believe that the Arecibo Resource Recovery Facility's ability to provide fully compliant solid waste management capacity for over 20% of the MSW generated in Puerto Rico, greatly needed renewable energy generation capacity to Puerto Rico Electric Power Authority (PREPA), a major net reduction in GHG generation, the recovery of over 200 tons per day of recyclable metals that would otherwise be lost to landfills, as well as being a major short and long term economic stimulus, providing thousands of construction jobs and hundreds of permanent jobs, represents an important part of the solution to some of the most critical challenges facing Puerto Rico, including:

- The growing landfill crisis with 20 of Puerto Rico's 28 landfills not able to comply with Sub-Title D regulations,
- The aging PREPA generating fleet, with the average age of these facilities being over 45 years, and many needing renovations and/or fuel conversions to effectively meet EPA emission standards,
- Puerto Rico's low recycling rate, which has remained below 15% for approximately 20 years, and
- Puerto Rico's historic economic crisis.

Should you have any questions, please contact me directly at your convenience.

Sincerely,



Mark J. Green
Vice President
Energy Answers Arecibo, LLC















