

**Broome County Industrial Development Agency  
Cost Benefit Incentive Analysis**

Date: 12.9.2020  
Project Name/Address: Bluestone Wind, LLC  
Project Start Date: 2020  
Project Description: \*Please see Exhibit A

**BENEFIT**

Investment: Public/Private/Equity

Building Related Costs	\$ 104,418,849.00	
Land Related Costs	\$ 1,500,000.00	
M&E Costs	\$ 106,896,500.00	
Professional Fees/ Development	\$ 300,000.00	
<b>TOTAL INVESTMENT</b>	<b>\$213,115,349.00</b>	<b><u>\$213,115,349.00</u></b>
 New Mortgages	 \$1,918,038.00	
Jobs		
New	4	
Retained	0.0	
<b>TOTAL JOBS</b>	<b>4</b>	
 Term # Years	 20 years	
<b>TOTAL PAYROLL</b>	<b>\$ 344,000.00</b>	<b>\$ 344,000.00</b>
 PILOT PAYMENTS	 \$ 5,622,897.32 (see Pilot Schedule)	 \$ 5,622,897.32
<b>TOTAL BENEFIT</b>	<b>\$ 219,082,246.32</b>	<b>\$ 219,082,246.32</b>

**Real Property Tax Exemption**

The Company executed a Host Community Agreement ("HCA") with the involved tax jurisdictions, in March 2020, which calls for an annual PILOT payment of \$1,900 per MW of installed capacity for the Project, a PILOT agreement term of 20 payment years (the "Term"), which is the useful life of the Project and generally consistent with the term of the Company's leases with underlying landowners, and annual PILOT payment escalation of two percent (2%). Based on an anticipated installed capacity of 121.8 MW, the annual PILOT payment would be \$231,420. A schedule of anticipated PILOT payments is attached hereto.

A significant majority of the cost of the Project relates to equipment that constitutes movable machinery and equipment and should not be subject to real property taxation under New York law. Excluding those elements of the Project from the total Project cost and taking into account economic obsolescence, without Agency involvement the Company would anticipate a general ad valorem property tax burden of no more than \$1.01 million per year.<sup>2</sup>

Based on the proposed annual PILOT payment and the agreed annual HCA payment combined total of \$1,157,100 per year (HCA \$925,680 + \$231,420 = \$1,157,100) the Project will result in total initial new revenue to the involved tax jurisdictions that exceeds the otherwise anticipated property tax burden per year.

**Implications of Cost-Benefit Analysis**

In the context of a Project that would be eligible for a PILOT Agreement under the RPTL Section 487 exemption, but where the Project has offered to create a significant revenue opportunity for the involved tax jurisdictions through PILOT and HCA payments, it is difficult to evaluate the relative "benefits" to the Company and "costs" for the Agency of the requested Financial Assistance. Such payments would significantly exceed potential sales tax and mortgage recording tax exemptions on the Project and, as stated previously, would significantly exceed the potential exemption from the otherwise anticipated property tax burden on the Project (if the RPTL 487 exemption and anticipated physical depreciation are taken into account).

However, the Financial Assistance would support construction of the Project because it would:

(a) involve a longer PILOT term than is available for wind projects under RPTL Section 487, (b) secure necessary operating cost certainty for the Project over its useful life, and (c) create budgeting and revenue certainty for the host tax jurisdictions.

PROPERTY TAX ABATEMENT	\$ 14,577,102.68		
SALES TAX ABATEMENT	\$ 8,807,628.00		
MORTGAGE RECORDING TAX	\$ 1,918,038.00		
AGENCY FEE	\$ 2,131,153.00		
<b>TOTAL COST</b>	<b>\$ 27,433,921.68</b>	<b>\$</b>	<b>27,433,921.68</b>
<b>NET BENEFIT/COST</b>		<b>\$</b>	<b><u>191,648,324.64</u></b>
<b>Benefit/Cost Ratio</b>			7.99 to 1
Comments/Additional Revenue:			

Any Additional Public Benefits:      The Towns of Windsor and Sanford will each receive \$925,680 in a yearly HCA payment.

**Bluestone Wind, LLC**  
**Application for Financial Assistance to Broome County IDA**

**Exhibit A**  
**Project Data**

1. Project Description

The project covered by this Application (the “Project”) will consist of: (a)(1) the acquisition of an interest in the Company’s fee, leasehold, and easement interests in certain parcels of land located in the Towns of Sanford and Windsor, Broome County, New York (collectively, the “Land”), (2) the acquisition, construction, installation and equipping on or under the Land of: (i) a buried and overhead collection and transmission line system to carry electricity to the point of interconnection, (ii) one or more electrical substations and related switching, (iii) operations, maintenance and storage buildings, (iv) one or more meteorological and communication towers and devices, and (v) a system of gravel access roads, security fencing and gates, parking, landscaping and related improvements to the Land (collectively, the “Improvements”), and (3) the acquisition, installation and equipping therein and thereon of certain equipment, including wind turbine generators with a total combined rated capacity of up to 124<sup>1</sup> megawatts (“MW”), transformers, potential battery storage and related facilities, and furniture, fixtures, machinery and equipment (collectively, the “Equipment”), all of the foregoing for use by the Company as a wind-powered electric generating facility (collectively, the “Project Facility”), and (b) the granting of certain “financial assistance” (within the meaning of Section 854(14) of the General Municipal Law) with respect to the foregoing, including exemptions from mortgage recording taxes, sales and use taxes, and real property taxes for the Project Facility (but not including special assessments and ad valorem levies) (collectively, the “Financial Assistance”).

2. Photo of the Site

Attached is an April 2019 copy of the facility layout of the Project Facility submitted in connection with the application (“Article 10 Application”) of Bluestone Wind, LLC (the “Company”) for a Certificate of Environmental Compatibility and Public Need (“Certificate”) to the New York State Board on Electric Generation Siting and the Environment (the “Siting Board”) pursuant to Article 10 of the New York Public Service Law (“Article 10”) under Case No. 16-F-0559. The Siting Board granted a Certificate of Environmental Compatibility and Public Need with respect to the Project (the “Article 10 Certificate”) on December 16, 2019.

3. Preliminary plans or sketches.

See response to #2 above. The Article 10 Application contains information regarding the Project Facility and is available for inspection on the Project’s website (<https://www.northlandpower.com/What-We-Do/Development-Projects/Wind/Bluestone-Wind.aspx>) as well as on the New York Department of Public Service’s Document and Matter Management System (<http://documents.dps.ny.gov>).

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<sup>1</sup> Project’s Interconnection Request with NYISO limits capacity to 124.2 MW.

## 20 Year Bluestone Wind PILOT Schedule

PILOT Payment Year	Payment Rate (\$ / MW)	Assumed Installed Capacity (MW)	PILOT Payment (\$)
1	1,900	121.8	231,420
2	1,938	121.8	236,048
3	1,977	121.8	240,769
4	2,016	121.8	245,585
5	2,057	121.8	250,496
6	2,098	121.8	255,506
7	2,140	121.8	260,617
8	2,183	121.8	265,829
9	2,226	121.8	271,145
10	2,271	121.8	276,568
11	2,316	121.8	282,100
12	2,362	121.8	287,742
13	2,410	121.8	293,497
14	2,458	121.8	299,366
15	2,507	121.8	305,354
16	2,557	121.8	311,461
17	2,608	121.8	317,690
18	2,660	121.8	324,044
19	2,714	121.8	330,525
20	2,768	121.8	337,135
<b>Total</b>			<b>\$ 5,622,897.32</b>