CRUIKSHANK ROBERT J
Form 4
March 06, 2013

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
CRUIKSHANK ROBERT J

(Last) (First) (Middle)

2600 CITADEL PLAZA DR, #125

(Street)

HOUSTON, TX 77008-

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
WEINGARTEN REALTY INVESTORS /TX/ [WRI]

3. Date of Earliest Transaction (Month/Day/Year)
03/06/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	03/06/2013		D		3,000	D	$ 30.7073	21,227.521	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CRUIKSHANK ROBERT J 2600 CITADEL PLAZA DR #125 HOUSTON, TX 77008-	X			

Signatures

/s/Robert J. Cruikshank	03/06/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. GN="bottom"> **2014 2013 2014 2013**

Balances, beginning of period	$	$(8,001)	$68,353	$79,625
Settlements		8,001	(6,718)	(10,217)
Change in fair value, net of settlements			(7,564)	(1,664)

Balances, end of period

$	$	$54,071	$67,744

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Explanation of Responses:

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The following table presents the carrying amount and fair value, in thousands, and the fair value hierarchy of the Company s financial liabilities that are not measured at fair value in the consolidated balance sheets as of June 30, 2014 and December 31, 2013, but for which fair value is disclosed.

	As reflected on the balance sheet	Fair Value			
		Level 1	Level 2	Level 3	Total
June 30, 2014					
Long-term debt	$ 1,436,055	$	$ 1,371,824	$	$ 1,371,824
December 31, 2013					
Long-term debt	$ 1,249,218	$	$ 1,165,119	$	$ 1,165,119

Long term debt is presented on the consolidated balance sheets at amortized cost, including El Arrayán which may be adjusted if its fair value is determined to be different than amortized cost, once the accounting for the acquisition has been finalized. The fair value of variable interest rate long-term debt is approximated by its carrying cost. The fair value of fixed interest rate long-term debt is estimated based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied, using the net present value of cash flow streams over the term using estimated market rates for similar instruments and remaining terms.

13. Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The Company recognizes deferred tax assets to the extent that the Company believes these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning and results of recent operations. If the Company determines that it would be able to realize deferred tax assets in the future in excess of their net recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company files income tax returns in various jurisdictions and is subject to examination by various tax authorities. The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with the related tax authority. The Company has a policy to classify interest and penalties associated with uncertain tax positions together with the related liability, and the expenses incurred related to such accruals, if any, are included as a component of income tax expense.

14. Stock-based Compensation

The Company accounts for stock-based compensation related to stock options granted to employees by estimating the fair value of the stock option awards using the Black-Scholes option-pricing model and amortizing the fair value over the applicable vesting period. The Company accounts for stock-based compensation related to restricted stock awards by measuring the fair value of the restricted stock awards at the grant date and amortizing the fair value on a straight line basis over the applicable vesting period.

Total stock-based compensation expense for the three and six months ended June 30, 2014 was $1.6 million and $2.2 million, respectively. No such expense was recorded during the three and six months ended June 30, 2013.

15. Earnings (Loss) per Share As Restated

The Company computes basic earnings (loss) per share (EPS) for Class A and Class B common stock using the two-class method. The Company computes diluted EPS for Class A and Class B common stock using either the two-class method or the if-converted method, whichever is more dilutive. The rights, including voting and liquidation rights, of the holders of the Class A and Class B common stock are identical, except with respect to dividends, as the Class B common stock is not entitled to dividends.

Basic EPS is computed for each class of common stock by allocating net income attributable to controlling interest to Class A common stock for dividends declared or accumulated during the current period that must be paid for the current period, and to Class B common stock for deemed dividends representing accretion from the beneficial conversion feature. Net loss attributable to common stockholders is allocated to Class A and Class B common stock proportionally, as if all of the losses for the period had been distributed. Net income attributable to common stockholders is allocated only to Class A common stock because Class B common stock is not entitled to receive distributions.

Diluted EPS is computed by dividing net income attributable to controlling interest by the weighted-average number of common shares and potentially dilutive common shares outstanding, for each respective class of common stock. Potentially dilutive common stock includes the dilutive effect of the common stock underlying in-the-money stock options and is calculated based on the average share price for each period using the treasury stock method. Potentially dilutive common stock also reflects the dilutive effect of unvested restricted stock awards and Class B common stock.

For the three and six months ended June 30, 2014, 15,555,000 shares of Class B common stock and 328,357 stock options and restricted stock awards, respectively, were excluded from the calculations of diluted Class A earnings (loss) per share as their impact would have been antidilutive.

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Class B common stock is contingently convertible to Class A common stock on a one-to-one basis on the later of December 31, 2014 or commencement of commercial operations of the South Kent wind project. The computation of diluted EPS of Class A common stock would include the impact of the conversion of Class B common stock, if dilutive for Class A common stock, using either the if-converted method or the two-class method, whichever is more dilutive, once the contingency surrounding the conversion has been met. On March 28, 2014, commercial operations commenced at the South Kent wind project and, as a result, the outstanding Class B common stock will be converted to Class A common stock on December 31, 2014.

In connection with the preparation of the consolidated financial statements for the quarter ended September 30, 2014, the Company identified errors in the computation and disclosure of basic and diluted earnings per share for both Class A and Class B common stock for the three and six months ended June 30, 2014. The initial calculations did not correctly consider the recognition and accretion of a deemed dividend associated with a beneficial conversion feature of the Class B common stock as a result of the commencement of commercial operations at the Company s South Kent project on March 28, 2014.

The computations for basic and diluted earnings (loss) per share as previously reported and as restated are as follows:

	As Previously Reported		As Restated	
	Three months ended June 30, 2014	Six months ended June 30, 2014	Three months ended June 30, 2014	Six months ended June 30, 2014
Numerator for basic and diluted earnings (loss) per share:				
Net income (loss) attributable to controlling interest	$ 11,199	$ (3,690)	$ 11,199	$ (3,690)
Less: cash dividends declared on Class A common shares	(14,981)	(26,138)	(14,981)	(26,138)
Less: deemed dividends on Class B common shares*			(7,457)	(7,457)
Net loss attributable to common stockholders	$ (3,782)	$ (29,828)	$ (11,239)	$ (37,285)
Denominator for earnings (loss) per share:				
Weighted average number of shares:				
Class A common stock - basic	41,174,697	38,331,595	41,174,697	38,331,595
Add dilutive effect of:				
Stock options	107,979	100,814	107,979	100,814
Restricted stock awards	227,543	227,543	227,543	227,543
Class B common stock	15,555,000	15,555,000	15,555,000	15,555,000
Class A common stock - diluted	57,065,219	54,214,953	57,065,219	54,214,953
Class B common stock - basic and diluted	15,555,000	15,555,000	15,555,000	15,555,000

Calculation of basic and diluted earnings (loss) per share:								
Class A common stock:								
Dividends	$	0.36	$	0.68	$	0.36	$	0.68
Undistributed loss		(0.07)		(0.55)		(0.20)		(0.69)
Basic earnings (loss) per share	**$**	**0.30**	**$**	**0.13**	**$**	**0.17**	**$**	**(0.01)**
Class A common stock:								
Diluted earnings (loss) per share	**$**	**0.20**	**$**	**(0.07)**	**$**	**0.16**	**$**	**(0.07)**
Class B common stock:								
Deemed dividends*	$		$		$	0.48	$	0.48
Undistributed loss	$	(0.07)		(0.55)		(0.20)		(0.69)
Basic and diluted earnings (loss) per share	**$**	**(0.07)**	**$**	**(0.55)**	**$**	**0.28**	**$**	**(0.21)**
Cash dividends declared per Class A common share*	**$**		**$**		**$**	**0.32**	**$**	**0.63**
Deemed dividends per Class B common share*	**$**		**$**		**$**	**0.48**	**$**	**0.48**

* Line items not previously reported.

16. Geographic Information

The table below provides information, by country, about the Company s combined operations. Revenue is recorded in the country in which it is earned and assets are recorded in the country in which they are located (in thousands):

	Revenue				**Property, Plant and Equipment, net**	
	Three months ended June 30,		**Six months ended June 30,**		**June 30,**	**December 31,**
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
United States	$ 54,133	$ 47,881	$ 90,387	$ 80,988	$ 1,506,885	$ 1,210,319
Canada	11,024	10,831	24,308	21,561	259,152	265,823
Chile	(150)		(139)		339,900	
Total	$ 65,007	$ 58,712	$ 114,556	$ 102,549	$ 2,105,937	$ 1,476,142

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17. Commitments and Contingencies

From time to time, the Company has become involved in claims and legal matters arising in the ordinary course of business. Management is not currently aware of any matters that will have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

Power Sale Agreements

The Company has various PPAs that terminate from 2025 to 2039. The terms of the PPAs generally provide for the annual delivery of a minimum amount of electricity at fixed prices and in some cases include price escalation over the term of the respective PPAs. As of June 30, 2014, under the terms of the PPAs, the Company issued irrevocable letters of credit totaling $57.2 million to ensure its performance for the duration of the PPAs.

Project Finance Agreements

The Company has various project finance agreements which obligate the Company to provide certain reserves to enhance its credit worthiness and facilitate the availability of credit. As of June 30, 2014, the Company issued irrevocable letters of credit totaling $151.8 million, of which $47.6 million was from the Company s revolving credit facility, to ensure performance under these various project finance agreements.

Land Leases

The Company has entered into various long-term land lease agreements. As of June 30, 2014, total outstanding lease commitments were $107.9 million. During the three and six months ended June 30, 2014, the Company recorded rent expense of $1.8 million and $3.7 million, respectively, in project expense in the consolidated statements of operations. During the three and six months ended June 30, 2013, the Company recorded rent expense of $1.7 million and $3.3 million, respectively, in project expense in the consolidated statements of operations.

Operations and Maintenance

The Company has entered into service and maintenance agreements with third party contractors to provide operations and maintenance services and incremental improvements for varying periods over the next twelve years. As of June 30, 2014, outstanding commitments with these vendors were $281.2 million, payable over the full term of these agreements.

Purchase Commitments

The Company has entered into various commitments with service providers related to the Company s projects and operations of its business. Outstanding commitments with these vendors, excluding turbine operations and maintenance commitments were $6.0 million as of June 30, 2014.

Purchase and Sales Agreements

On December 20, 2013, the Company entered into an agreement with Pattern Development to acquire approximately 81% of the ownership interest in Panhandle 2, a 182 MW wind project being built in Carson County, Texas, for approximately $122.9 million in cash. The acquisition, which includes assumption by the Company of certain tax indemnities, is expected to close in fourth quarter of 2014 upon completion of construction, and the Company expects to fund the purchase with available cash and credit facilities.

On December 20, 2013, the Company acquired a 45.0% equity interest in Grand from Pattern Development. Subject to the terms of this agreement, to the extent that the project makes a special distribution as result of construction cost underruns, the Company will make an additional contingent payment of up to $4.7 million to Pattern Development in 2014.

Turbine Availability Warranties

In 2013, the Company entered into warranty settlements with a turbine manufacturer for blade related wind turbine outages. The warranty settlements provide for total liquidated damage payments of approximately $21.9 million for the year ended December 31, 2013. During the year ended December 31, 2013, the Company received payments of $24.1 million in connection with these warranty settlements. As of June 30, 2014, the Company recorded an accrued liability of $1.5 million related to the maximum potential future refund of liquidated damage payments to this turbine manufacturer. The warranty settlements received, net of the maximum potential future refund to the wind turbine manufacturer, have been recorded as other revenue in the consolidated statements of operations.

Indemnity

The Company provides a variety of indemnities in the ordinary course of business to contractual counterparties and to our lenders and other financial partners. Hatchet Ridge agreed to indemnify the lender that provided financing for Hatchet Ridge against certain tax losses in connection with its sale-leaseback financing transaction in December 2010. The indemnity agreement is effective for the duration of the sale-leaseback financing.

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The Company is party to certain indemnities for the benefit of the Spring Valley, Santa Isabel and Ocotillo project finance lenders. These indemnity obligations consist principally of indemnities that protect the project finance lenders from the potential effect of any recapture by the U.S. Department of the Treasury, or U.S. Treasury, of any amount of the ITC cash grants previously received by the projects. The ITC cash grant indemnity obligations guarantee amounts of any cash grant made to each of the respective projects that may subsequently be recaptured. In addition, the Company is also party to an indemnity of its Ocotillo project finance lenders in connection with certain legal matters, which is limited to the amount of certain related costs and expenses.

The Company agreed to indemnify third parties against certain tax losses in connection with monetization of tax credits under the Economic Incentives for the Development of Puerto Rico Act of May 28, 2008 up to a maximum amount of $7.2 million.

18. Related Party Transactions

From inception to October 1, 2013, the Company s project management and administrative activities were provided by Pattern Development. Costs associated with these activities were allocated to the Company and recorded in its consolidated statements of operations. Allocated costs include cash and non-cash compensation, other direct, general and administrative costs, and non-operating costs deemed allocable to the Company. Measurement of allocated costs is based principally on time devoted to the Company by officers and employees of Pattern Development. The Company believes the allocated costs presented in its consolidated statements of operations are a reasonable estimate of actual costs incurred to operate the business. The allocated costs are not the result of arms-length, free-market dealings.

Management Services Agreement and Shared Management

Effective October 2, 2013, the Company entered into a bilateral Management Services Agreement with Pattern Development which provides for the Company and Pattern Development to benefit, primarily on a cost-reimbursement basis, plus a 5% fee on certain direct costs, from the parties respective management and other professional, technical and administrative personnel, all of whom will report to and be managed by the Company s executive officers. Pursuant to the Management Services Agreement, where certain of the Company s executive officers, including its Chief Executive Officer, will also serve as executive officers of Pattern Development and devote their time to both the Company and Pattern Development as is prudent in carrying out their executive responsibilities and fiduciary duties. The Company refers to the employees who will serve as executive officers of both the Company and Pattern Development as the shared PEG executives. The shared PEG executives will have responsibilities for both the Company and Pattern Development and, as a result, these individuals will not devote all of their time to the Company s business. Under the terms of the Management Services Agreement, Pattern Development is required to reimburse the Company for an allocation of the compensation paid to such executives reflecting the percentage of time spent providing services to Pattern Development.

The table below presents allocated costs prior to October 2, 2013 and net bilateral management service cost reimbursements on and after October 2, 2013 included in the consolidated statements of operations (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2014	**2013**	**2014**	**2013**
Project expense	$	$ 668	$	$ 1,224

Related party general and administrative	1,383	2,699	2,663	5,361
Related party income				
Management Services Agreement income	(444)		(1,072)	
Management Operation and Maintenance Agreement income	68			
Related party income	(376)		(1,072)	
Other income, net		(373)		(534)
Net expenses	$ 1,007	$ 2,994	$ 1,591	$ 6,051

Prior to the Contribution Transactions, the Company had purchase arrangements with Pattern Development under which the latter purchased various services and supplies on behalf of the Company and received reimbursement for these purchases. The amounts payable to Pattern Development for these purchases were $0.7 million and $1.2 million as of June 30, 2014 and December 31, 2013, respectively.

Letters of Credit, Indemnities and Guarantees

Pattern Development agreed to guarantee $14.0 million of El Arrayán s payment obligations to a lender that has provided a $20 million credit facility for financing of El Arrayán s recoverable, construction-period value added tax payments. The remaining $6.0 million of the credit facility has been guaranteed by another investor in El Arrayán.

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Purchase and Sales Agreements

On June 30, 2014, the Company acquired a 79% ownership interest in Panhandle 1 from Pattern Development for approximately $124.4 million, following the commencement of operations on June 25, 2014.

On December 20, 2013, the Company entered into an agreement with Pattern Development to acquire approximately 81% of the ownership interest in Panhandle 2, a 182 MW wind project being built in Carson County, Texas, for approximately $122.9 million in cash. The acquisition is expected to close in the fourth quarter of 2014 upon completion of construction, and the Company expects to fund the purchase with available cash and credit facilities.

On December 20, 2013, the Company acquired a 45.0% equity interest in Grand from Pattern Development. Subject to the terms of this agreement, the Company may make an additional contingent payment of up to $4.7 million, as calculated based on final budget to actual amounts and distributions payable upon conversion of construction financing, to Pattern Development in 2014.

Puerto Rico Electric Power Authority (PREPA)

The Company s Santa Isabel project was in a dispute with PREPA over the appropriate rate being charged to the project for the electric services it uses. During the year ended December 31, 2013, the difference between what the Company believes is the appropriate monthly charge and PREPA s bill was resolved in principle, and billing is now per the understanding between the parties. Pattern Development provided the Company with an indemnity to mitigate the economic impact on the Company of this dispute.

Management Fees

The Company provides management services and receives a fee for such services under agreements with El Arrayán, Panhandle 1 and its joint venture investees, South Kent and Grand, in addition to various Pattern Development subsidiaries. Management fees of $1.0 million and $1.5 million were recorded as related party revenue in the consolidated statements of operations for the three and six months ended June 30, 2014, respectively, and $0.3 million for the same periods in the prior year. A related party receivable of $0.8 million and $0.2 million was recorded in the consolidated balance sheets as of June 30, 2014 and December 31, 2013, respectively. Subsequent to the acquisition of control of El Arrayán and Panhandle 1, the related management fees are eliminated upon consolidation. Additionally, the Company eliminates the intercompany profit from management fees related to its ownership interest in the joint ventures.

19. Subsequent Events

On July 1, 2014, Moody s further downgraded its credit rating of PREPA to Caa2, and on July 9, 2014 and July 31, 2014, S&P further downgraded its credit rating of PREPA to B- and CCC respectively. In addition, on July 7, 2014, PREPA announced that it had reached a standstill agreement with certain of its lenders not to exercise remedies as a result of credit downgrades and other events, and may delay certain, currently due payments to these lenders until July 31, 2014. Such standstill was recently extended until August 14, 2014, while PREPA continues discussions with its lenders. As of August 5, 2014, PREPA was current with respect to payments due under the PPA. The next payment under the PPA will be due from PREPA on approximately August 18, 2014.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes thereto included as part of our Annual Report on Form 10-K for the year ended December 31, 2013 and our unaudited consolidated financial statements for the three and six months ended June 30, 2014 and other disclosures (including the disclosures under Part II. Item 1A. Risk Factors) included in this Quarterly Report on Form 10-Q/A. Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and are presented in U.S. dollars. Unless the context provides otherwise, references herein to we, our, us, our company and Pattern Energy refer to Pattern Energy Group Inc., a Delaware corporation, together with its consolidated subsidiaries.

Overview

We are an independent power company focused on owning and operating power projects with stable long-term cash flows in attractive markets with potential for continued growth of our business. We hold interests in eleven wind power projects located in the United States, Canada and Chile that use proven, best-in-class technology and have a total owned capacity of 1,472 MW, including the Panhandle 2 project, which we expect to acquire prior to the end of 2014. These projects consist of nine operating projects and two projects under construction that are both scheduled to commence commercial operations prior to the end of 2014. Each of our projects has contracted to sell all or a majority of its output pursuant to a long-term, fixed-price power sale agreement with a creditworthy counterparty (one of our counterparties, PREPA, has recently been downgraded See Part II Item 1A. Risk Factors). Ninety-one percent of the electricity to be generated by our projects will be sold under these power sale agreements, which have a weighted average remaining contract life of approximately 17 years.

We intend to maximize long-term value for our stockholders in an environmentally responsible manner and with respect for the communities in which we operate. Our business is built around the core values of creating a safe, high-integrity and exciting work environment; applying rigorous analysis to all aspects of our business; and proactively working with our stakeholders in addressing environmental and community concerns. Our financial objectives, which we believe will maximize long-term value for our stockholders, are to produce stable and sustainable cash available for distribution, selectively grow our project portfolio and our dividend and maintain a strong balance sheet and flexible capital structure.

Our growth strategy is focused on the acquisition of operational and construction-ready power projects from Pattern Development and other third parties that we believe will contribute to the growth of our business and enable us to increase our dividend per share over time. We expect our continuing relationship with Pattern Development, a leading developer of renewable energy and transmission projects, will be an important source of growth for our business. In addition, opportunities in new geographic markets, such as Japan and Mexico, could form part of our growth strategy.

Recent Developments

In June 2014, we acquired a 79% ownership interest in the 218 MW Panhandle 1 project from Pattern Development for a purchase price of approximately $124.4 million, following the completion of construction and commencement of commercial operations on June 25, 2014.

In June 2014, we increased our net ownership interest in the 115 MW El Arrayán project to 70% and our owned operating capacity by an additional 44 MW. The project was completed in early June and is now fully operational. Prior to the acquisition, our net ownership interest in the El Arrayán wind project was 31.5%.

In May 2014, we completed a follow-on offering of our Class A common stock. In total, 21,117,171 shares of our Class A common stock were sold. Of this amount, we sold 10,810,810 shares of Class A common stock and Pattern Development, a selling stockholder, sold 10,306,361 shares of Class A common stock, including 2,754,413 shares upon exercise in full of the underwriters overallotment option. Net proceeds generated for us were approximately $288.7 million before deduction of transaction expenses of approximately $2.0 million. We did not receive any proceeds from the sale of the shares sold by Pattern Development.

The following table sets forth each of our construction projects as well as their respective power capacities and our anticipated date of their commencement of commercial operations.

Projects	**Location**	**Construction Start**	**Commercial Operations**	**MW Rated**	**MW Owned**
Panhandle 2 (1)	Texas	Q4 2013	Q4 2014	182	147
Grand	Ontario	Q3 2013	Q4 2014	149	67
				331	214

(1) Acquisition scheduled to occur in the fourth quarter of 2014

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We have recently encountered potential cost increases and delays in the construction of Grand, and are in discussions with Samsung C&T Canada Ltd. (a subsidiary of Samsung C&T Corporation), the project construction provider, regarding this matter. See Part II. Item 1A. Risk Factors .

In addition, below is a summary of the Right of First Offer Projects (ROFO Projects) that we expect to acquire from Pattern Development in connection with our project purchase rights in the coming six to twenty-four months. For additional discussion on the ROFO Projects, see Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Transactions , in our Annual Report on Form 10-K for the year ended December 31, 2013.

On August 5, 2014 Pattern Development announced that it had acquired the Logan s Gap project, a 200 MW wind project proposed to be built in Comanche County, Texas. Logan s Gap has a 10-year Power Purchase Agreement with Wal-Mart Stores, Inc. for approximately 60% of the expected production for the project. Pattern Development expects to arrange both construction and tax equity financing in the fourth quarter of 2014 and expects to retain an owned interest in the project of approximately 160 MW. Logan s Gap is expected to begin commercial operation in late 2015.

Identified ROFO Projects	Status	Location	Construction Start (1)	Commercial Operations (2)	Contract Type	Capacity (MW) Rated (3)	Capacity (MW) Pattern Development-Owned (4)
Gulf Wind	Operational	Texas	2008	2009	Hedge	283	76
K2	In construction	Ontario	2014	2015	PPA	270	90
Armow	Ready for financing	Ontario	2014	2015	PPA	180	90
Meikle	Ready for financing	British Columbia	2015	2016	PPA	185	185
Logan s Gap	Ready for financing	Texas	2014	2015	PPA	200	160
						1,118	601

(1) Represents date of actual or anticipated commencement of construction.
(2) Represents date of actual or anticipated commencement of commercial operations.
(3) Rated capacity represents the maximum electricity generating capacity of a project in MW. As a result of wind and other conditions, a project or a turbine will not operate at its rated capacity at all times and the amount of electricity generated will be less than its rated capacity. The amount of electricity generated may vary based on a variety of factors discussed elsewhere in this Form 10-Q/A.
(4) Pattern Development-owned capacity represents the maximum, or rated, electricity generating capacity of the project multiplied by Pattern Development s percentage ownership interest in the distributable cash flow of the project.

Key Metrics

We regularly review a number of financial measurements and operating metrics to evaluate our performance, measure our growth and make strategic decisions. In addition to traditional U.S. GAAP performance and liquidity measures, such as revenue, cost of revenue, net income and cash provided by (used in) operating activities, we also consider proportional MWh sold, average realized electricity price and Adjusted EBITDA in evaluating our operating performance and cash available for distribution as supplemental liquidity measures. Each of these key metrics is discussed below.

Proportional MWh Sold and Average Realized Electricity Price

The number of MWh sold and the average realized price per MWh sold are the operating metrics that determine our revenue, as well as the revenue of our unconsolidated investments. As a result of the commencement of commercial operations at our South Kent, El Arrayán and Panhandle 1 projects, each of which is a partially owned project, we believe it is appropriate to focus on our proportional interest in the production of our project interests. Accordingly, we are reporting proportional MWh sold (in lieu of MWh sold, which we have previously reported) and revising our calculation of average realized electricity price to reflect our proportional interest in both revenues and MWh sold. Additionally, as a result we only include in these reported figures our proportional interest in the production at our Gulf Wind project where, previously, the noncontrolling interest in the production was included in our determination of MWh sold and average realized electricity price. Proportional MWh sold for any period presented, represents the sum of the

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product of (i) the number of MWh sold by each of our projects multiplied by (ii) our percentage interest in each projects distributable cash flow. For any period presented, average realized electricity price represents (i) the sum of the products of: (a) total revenue from electricity sales and energy derivative settlements at each of our projects and (b) our percentage interest in each project s distributable cash flow divided by (ii) our proportional MWh sold.

Adjusted EBITDA

We define Adjusted EBITDA as net income before net interest expense, income taxes and depreciation and accretion, including our proportionate share of net interest expense, income taxes and depreciation and accretion of joint venture investments that are accounted for under the equity method, and excluding the effect of certain other items that the Company does not consider to be indicative of its ongoing operating performance such as mark-to-market adjustments and infrequent items not related to normal or ongoing operations, such as early payment of debt and realized derivative gain or loss from refinancing transactions, and gain or loss related to acquisitions or divestitures. In calculating Adjusted EBITDA, we exclude mark-to-market adjustments to the value of our derivatives because we believe that it is useful for investors to understand, as a supplement to net income and other traditional measures of operating results, the results of our operations without regard to periodic, and sometimes material, fluctuations in the market value of such assets or liabilities. Adjusted EBITDA is a non-U.S. GAAP measure.

The following table reconciles net income to Adjusted EBITDA for the periods presented and is unaudited (in thousands):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2014	**2013**	**2014**	**2013**
Net income (loss)	$ 7,167	$ 43,988	$ (14,732)	$ 25,204
Plus:				
Interest expense, net of interest income	15,525	15,788	29,943	31,672
Tax provision (benefit)	4,065	(7,688)	2,033	(7,394)
Depreciation and accretion	21,284	17,998	42,461	40,564
EBITDA	$ 48,041	$ 70,086	$ 59,705	$ 90,046
Unrealized loss on energy derivative	6,549	5,078	14,282	11,881
Unrealized loss (gain) on derivatives	2,942	(8,202)	6,665	(10,133)
Interest rate derivative settlements	1,035		2,052	
Net gain on transactions	(14,537)	(7,200)	(14,537)	(7,200)
Plus , proportionate share from equity accounted investments:				
Interest expense, net of interest income	4,944	(50)	5,197	(52)
Tax provision (benefit)	102	(12)	102	(48)
Depreciation and accretion	4,537	10	4,724	11
Unrealized loss (gain) on interest rate and currency derivatives	5,236	(13,731)	17,831	(3,948)
Realized (gain) loss on interest rate and currency derivatives		(14)	22	(153)

Adjusted EBITDA	$ 58,849	$ 45,965	$ 96,043	$ 80,404

Cash Available for Distribution

We define cash available for distribution as net cash provided by operating activities as adjusted for certain other cash flow items that we associate with our operations. It is a non-U.S. GAAP measure of our ability to generate cash to service our dividends. Cash available for distribution represents cash provided by (used in) operating activities as adjusted to (i) add or subtract changes in operating assets and liabilities, (ii) subtract net deposits into restricted cash accounts, which are required pursuant to the cash reserve requirements of financing agreements, to the extent they are paid from operating cash flows during a period, (iii) subtract cash distributions paid to noncontrolling interests, which currently reflects the cash distributions to our joint venture partners in our Gulf Wind project in accordance with the provisions of its governing partnership agreement and will in the future reflect distribution to other joint venture partners, (iv) subtract scheduled project-level debt repayments in accordance with the related loan amortization schedule, to the extent they are paid from operating cash flows during a period, (v) subtract non-expansionary capital expenditures, to the extent they are paid from operating cash flows during a period, and (vi) add or subtract other items as necessary to present the cash flows we deem representative of our core business operations.

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The following table presents cash available for distribution for the periods presented and is unaudited (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net cash provided by operating activities	$ 44,417	$ 33,266	$ 60,822	$ 41,657
Changes in current operating assets and liabilities	(12,336)	(938)	(5,685)	11,757
Network upgrade reimbursement	618	618	1,236	618
Release of restricted cash to fund general and administrative costs	7		61	
Operations and maintenance capital expenditures	(40)	(156)	(94)	(375)
Transaction costs for acquisitions	1,128		1,128	
Less:				
Distributions to noncontrolling interests	(1,470)	(1,000)	(1,470)	(1,168)
Principal payments paid from operating cash flows	(16,266)	(15,584)	(22,096)	(21,815)
Cash available for distribution	$ 16,058	$ 16,206	$ 33,902	$ 30,674

Class B Common Stock Beneficial Conversion Feature

Our Class B common stock is contingently convertible on a one-to-one basis into our Class A common stock as of the later of December 31, 2014 or when the South Kent project achieves commercial operations. On March 28, 2014, the South Kent project commenced commercial operations and consequently the contingency on the conversion of the Class B common stock was removed, which resulted in the recognition of a beneficial conversion feature in our additional paid-in capital account. The beneficial conversion feature represents the intrinsic value of the conversion feature, which is measured as the difference between the fair value of Class B common stock and the fair value of Class A common stock, into which the Class B common stock is convertible, as of October 2, 2013, which is the date of our initial public offering. The beneficial conversion feature is accreted on a straight-line basis as a deemed dividend from March 28, 2014 to December 31, 2014 into our additional paid-in capital account in the Consolidated Statements of Stockholders Equity, as there are no available retained earnings.

The deemed dividend represents non-cash accretion of the beneficial conversion feature on Class B common stock. The holders of Class B common stock are not entitled to receive dividends at any time, and are not entitled to any other form of preferred return over the returns available to the holders of Class A common stock, and therefore, the deemed dividend does not represent a current or future distribution of our earnings.

Results of Operations

Three Months Ended June 30, 2014 Compared to Three Months Ended June 30, 2013

The following table provides selected financial information for the periods presented and is unaudited (in thousands, except percentages):

Three months ended June 30,

	2014	2013	$ Change	% Change
Revenue	$ 65,007	$ 58,712	$ 6,295	11%
Project expense	16,700	14,492	2,208	15%
Depreciation and accretion	21,284	17,998	3,286	18%
Total cost of revenue	37,984	32,490	5,494	17%
Gross profit	27,023	26,222	801	3%
General and administrative	6,288	205	6,083	2967%
Related party general and administrative	1,383	2,699	(1,316)	-49%
Total operating expenses	7,671	2,904	4,767	164%
Operating income	19,352	23,318	(3,966)	-17%
Total other (expense) income	(8,120)	12,982	(21,102)	163%
Net income before income tax	11,232	36,300	(25,068)	69%
Tax provision (benefit)	4,065	(7,688)	11,753	-153%
Net income	7,167	43,988	(36,821)	84%
Net loss attributable to noncontrolling interest	(4,032)	(359)	(3,673)	-1023%
Net income attributable to controlling interest	$ 11,199	$ 44,347	$ (33,148)	75%

Proportional MWh sold and average realized electricity price. Our proportional MWh sold in the three months ended June 30, 2014 was 769,619 MWh, as compared to 496,763 proportional MWh sold in the three months ended June 30, 2013. This increase in proportional MWh sold during 2014 as compared to 2013 was primarily attributable to an increase in production at Ocotillo and Santa Isabel and also to the commencement of commercial operations at South Kent in March 2014. Our average realized electricity price was approximately $95 per MWh in the three months ended June 30, 2014 as compared to approximately $85 per MWh in the three months ended June 30, 2013. The average realized electricity price in 2014 was higher than the comparable period in 2013 because the pricing terms under the South Kent and El Arrayán PPAs are each higher than our overall average realized price applicable in 2013.

Wind conditions have improved at our project sites on average compared to recent quarters and, as a result, the electricity production at our fleet was close to its long-term average during the three months ended June 30, 2014. Excluding our newly operational project, South Kent, the production was less than 2% below the expected long-term average during this period. South Kent experienced some startup issues that are common for new power projects which are being addressed by Siemens.

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Revenue. Revenue for the three months ended June 30, 2014 was $65.0 million compared to $58.7 million for the three months ended June 30, 2013, an increase of $6.3 million, or approximately 11%. This increase in revenue for the three months ended June 30, 2014 as compared to the prior year was primarily attributable to the commencement of commercial operations on the final 42 megawatts at Ocotillo in July 2013.

Cost of revenue. Cost of revenue for the three months ended June 30, 2014 was $38.0 million compared to $32.5 million for the three months ended June 30, 2013, an increase of $5.5 million, or approximately 17%. The increase in cost of revenue during 2014 as compared to 2013 was attributable principally to the commencement of commercial operations on the final 42 megawatts at Ocotillo in July 2013, higher property taxes at Hatchet Ridge, and increases in depreciation expense in 2014, due to receipt of Ocotillo and Santa Isabel ITC grants during the second quarter of 2013. As each new project commences commercial operations, we incur new incremental and ongoing costs for maintenance and services agreements, property taxes, insurance, land lease and other costs associated with managing, operating and maintaining the facility, including adding site employees and other operations staff.

Operating expenses. Operating expenses for the three months ended June 30, 2014 were $7.7 million compared to $2.9 million for the three months ended June 30, 2013, an increase of $4.8 million, or approximately 164%. The increase in operating expenses during 2014 as compared to 2013 was attributable to project acquisition activities and increased costs related to being a public company, and includes $1.6 million of stock-based compensation expense. After the Contribution Transactions and the initial public offering in 2013, the Company has direct payroll costs and employee-related, audit and consulting expenses, and other administrative expenses, that were previously allocated to the Company from Pattern Development, and which were reflected in related party general and administrative expense.

Other expense . Other expense for the three months ended June 30, 2014 was $8.1 million compared to other income of $13.0 million for the three months ended June 30, 2013. The decrease of $21.1 million in other expense during 2014 as compared to 2013 was primarily attributable to a $11.1 million increase in unrealized loss on interest rate derivatives at the Ocotillo project. In addition, we had a $17.1 million increase in equity in losses in unconsolidated investments which was primarily related to unrealized loss on interest rate derivatives on the unconsolidated investee s financial statements. A decrease in the forward interest rate curve during the three months ended June 30, 2014 increased both of these unrealized losses. Offsetting these increased losses is a $7.3 million increase in net gain on transactions, principally related to our acquisition of an additional 38.5% interest in our El Arrayán project.

Tax provision. The tax provision was a $4.1 million expense for the three months ended June 30, 2014 compared to a $7.7 million benefit for the same period in the prior year. The expense provision for the three months ended June 30, 2014 was primarily the result of recording a discrete expense on the gain related to the fair value remeasurement of our original 31.5% interest in El Arrayán. The benefit for the three months ended June 30, 2013 was primarily the result of recognizing a deferred tax asset related to the basis difference for the receipt of the Internal Revenue Code Section 1603 grant at Santa Isabel.

Noncontrolling interest. The net loss attributable to noncontrolling interest was $4.0 million for the three months ended June 30, 2014 compared to a $0.4 million net loss attributable to noncontrolling interest for the three months ended June 30, 2013. The higher loss allocation for the three months ended June 30, 2014 is primarily attributable to the period over period increase in Gulf Wind s unrealized loss on energy derivative and lower electricity sales during the three months ended June 30, 2014 as well as the retention by Pattern Development of an approximate 27% interest in Gulf Wind in connection with the Contribution Transactions which occurred on October 2, 2013.

Adjusted EBITDA . Adjusted EBITDA for the three months ended June 30, 2014 was $58.8 million compared to $46.0 million for the same period in the prior year, an increase of $12.8 million. The increase in Adjusted EBITDA during

2014 as compared to 2013 was primarily attributable to the commencement of commercial operation at South Kent in March 2014.

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Six Months Ended June 30, 2014 Compared to Six Months Ended June 30, 2013

The following table provides selected financial information for the periods presented and is unaudited (in thousands, except percentages):

	Six months ended June 30,			
	2014	**2013**	**$ Change**	**% Change**
Revenue	$ 114,556	$ 102,549	$ 12,007	12%
Project expense	32,774	27,469	5,305	19%
Depreciation and accretion	42,461	40,564	1,897	5%
Total cost of revenue	75,235	68,033	7,202	11%
Gross profit	39,321	34,516	4,805	14%
General and administrative	10,191	349	9,842	2820%
Related party general and administrative	2,663	5,361	(2,698)	-50%
Total operating expenses	12,854	5,710	7,144	125%
Operating income	26,467	28,806	(2,339)	-8%
Total other expense	(39,166)	(10,996)	(28,170)	-256%
Net (loss) income before income tax	(12,699)	17,810	(30,509)	171%
Tax provision (benefit)	2,033	(7,394)	9,427	-127%
Net (loss) income	(14,732)	25,204	(39,936)	158%
Net loss attributable to noncontrolling interest	(11,042)	(3,938)	(7,104)	-180%
Net (loss) income attributable to controlling interest	$ (3,690)	$ 29,142	$ (32,832)	113%

Proportional MWh sold and average realized electricity price. Our proportional MWh sold in the six months ended June 30, 2014 was 1,315,908 MWh, as compared to 965,383 proportional MWh sold in the six months ended June 30, 2013. This increase in proportional MWh sold during 2014 as compared to 2013 was primarily attributable to an increase in production at Ocotillo and Santa Isabel and also to the commencement of commercial operations at South Kent in March 2014. Our average realized electricity price was approximately $93 per MWh in the six months ended June 30, 2014 as compared to approximately $86 per MWh in the six months ended June 30, 2013. The average realized electricity price in 2014 was higher than the comparable period in 2013 because the pricing terms under the South Kent and El Arrayán PPAs are each higher than our overall average realized price applicable in 2013.

Revenue. Revenue for the six months ended June 30, 2014 was $114.6 million compared to $102.5 million for the six months ended June 30, 2013, an increase of $12.1 million, or approximately 12%. This increase in revenue for the six months ended June 30, 2014 as compared to the prior year was primarily attributable to the commencement of commercial operations on the final 42 megawatts at Ocotillo in July 2013. During the six months ended June 30, 2014, we recorded a $14.3 million unrealized loss on energy derivative compared to an $11.9 million unrealized loss on energy derivative in 2013. The value of our energy derivative, and the amount of unrealized gain or loss we record, increases and decreases due to our monthly derivative settlements and changes in forward electricity prices, which are derived from and impacted by changes in forward natural gas prices.

Cost of revenue. Cost of revenue for the six months ended June 30, 2014 was $75.2 million compared to $68.0 million for the six months ended June 30, 2013, an increase of $7.2 million, or approximately 11%. The increase in cost of revenue during 2014 as compared to 2013 was attributable principally to the commencement of commercial operations on the final 42 megawatts at Ocotillo in July 2013, higher property taxes at Hatchet Ridge, and increases in depreciation expense in 2014, due to receipt of Ocotillo and Santa Isabel ITC grants during the second quarter of 2013. As each new project commences commercial operations, we incur new incremental and ongoing costs for maintenance and services agreements, property taxes, insurance, land lease and other costs associated with managing, operating and maintaining the facility, including adding site employees and other operations staff.

Operating expenses. Operating expenses for the six months ended June 30, 2014 were $12.9 million compared to $5.7 million for the six months ended June 30, 2013, an increase of $7.1 million, or approximately 125%. The increase in operating expenses during 2014 as compared to 2013 was attributable to project acquisition activities and increased costs related to being a public company, and includes $2.2 million of stock-based compensation expense. After the Contribution Transactions and the initial public offering in 2013, the Company has direct payroll costs and employee-related, audit and consulting expenses, and other administrative expenses, that were previously allocated to the Company from Pattern Development, and which were reflected in related party general and administrative expense.

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Other expense. Other expense for the six months ended June 30, 2014 was $39.2 million compared to $11.0 million for the six months ended June 30, 2013. The increase of $28.2 million in other expense during 2014 as compared to 2013 was primarily attributable to a $16.8 million increase in unrealized loss on interest rate derivatives at the Ocotillo project. In addition, we had a $19.6 million increase in equity in losses in unconsolidated investments which was primarily related to unrealized loss on interest rate derivatives on the unconsolidated investee s financial statements. A decrease in the forward interest rate curve during the six months ended June 30, 2014 increased both of these unrealized losses. Offsetting these increased losses is a $7.3 million increase in net gain on transactions, principally related to our acquisition of an additional 38.5% interest in our El Arrayán project.

Tax provision. The tax provision was a $2.0 million expense for the six months ended June 30, 2014 compared to a $7.4 million benefit for the same period in the prior year. The expense provision for the six months ended June 30, 2014 was related to the fair value remeasurement of our original 31.5% interest in El Arrayán, offset by recognizing equity in losses in unconsolidated investments which were primarily related to interest rate swaps that are not designated as hedges. The benefit for the six months ended June 30, 2014 was primarily the result of recognizing a deferred tax asset related to the basis difference for the receipt of the Internal Revenue Code Section 1603 grant at Santa Isabel.

Noncontrolling interest. The net loss attributable to noncontrolling interest was $11.0 million for the six months ended June 30, 2014 compared to a $3.9 million net loss attributable to noncontrolling interest for the six months ended June 30, 2013. The higher loss allocation for the six months ended June 30, 2014 is primarily attributable to the period over period increase in Gulf Wind s unrealized loss on energy derivative and lower electricity sales during the six months ended June 30, 2014 as well as the retention by Pattern Development of an approximate 27% interest in Gulf Wind in connection with the Contribution Transactions which occurred on October 2, 2013.

Adjusted EBITDA. Adjusted EBITDA for the six months ended June 30, 2014 was $96.0 million compared to $80.4 million for the same period in the prior year, an increase of $15.6 million. The increase in Adjusted EBITDA during 2014 as compared to 2013 was primarily attributable to the commencement of commercial operation at South Kent in March 2014.

Liquidity and Capital Resources

Our business requires substantial capital to fund (i) equity investments in our construction projects, (ii) current operational costs, (iii) debt service payments, (iv) dividends to our shareholders, (v) potential investments in new acquisitions (vi) modifications to our projects, (vii) unforeseen events and (viii) other business expenses. As a part of our liquidity strategy, we plan to retain a portion of our cash flows in above-average wind years in order to have additional liquidity in below-average wind years. Our sources of liquidity include cash generated by our operations, cash reserves, borrowings under our corporate and project-level credit agreements and further issuances of equity and debt securities.

The principal indicators of our liquidity are our restricted and unrestricted cash balances and availability under our credit agreements. As of June 30, 2014, our available liquidity was $470.3 million, including unrestricted cash on hand of $234.0 million, restricted cash on hand of $44.4 million, $97.4 million available under our revolving credit agreements and $94.5 million available under project financings for standby credit support at our projects.

We believe that throughout 2014, we will have sufficient liquid assets, cash flows from operations, and borrowings available under our revolving credit facility to meet our financial commitments, debt service obligations, contingencies and anticipated required capital expenditures for at least the next 24 months, without taking into account capital required for additional project acquisitions. Additionally, we believe that our construction projects have been sufficiently capitalized such that we will not need to seek additional financing arrangements in order to complete construction and achieve commercial operations at these projects. However, we are subject to business and operational risks that could adversely affect our cash flow. A material decrease in our cash flows would likely produce a corresponding adverse effect on our borrowing capacity. In connection with our future capital expenditures and other investments, including any project acquisitions that we may make in addition to our acquisition of Panhandle 2, for which we have committed $122.9 million, we may, from time to time, issue debt or equity securities.

Cash Flows

We use traditional measures of cash flows, including net cash provided by operating activities, net cash used in investing activities and net cash provided by financing activities as well as cash available for distribution to evaluate our periodic cash flow results.

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Net Cash Provided by Operating Activities

Net cash provided by operating activities was $60.8 million for the six months ended June 30, 2014 as compared to $41.7 million for the same period in the prior year. This $19.1 million increase in cash provided by operating activities was primarily the result of a $17.4 million increase in cash provided by changes in operating assets and liabilities, inclusive of acquired assets and liabilities at El Arrayán.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities was $162.0 million for the six months ended June 30, 2014, which consisted primarily of $163.6 million used to acquire Panhandle 1 and a 38.5% interest in El Arrayán, net of acquired cash. Net cash provided by investing activities was $63.4 million for the six months ended June 30, 2013, which consisted primarily of $173.4 million of ITC grant proceeds at Ocotillo and Santa Isabel and $14.3 million of proceeds from the sale of investments and tax credits, offset by $111.1 million of capital expenditures, primarily at Ocotillo and Santa Isabel, and $6.7 million for interconnection network upgrades, primarily at Hatchet Ridge and Ocotillo.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2014 was $231.4 million, which consisted of $288.7 million of net proceeds from our May equity offering (reduced by $0.8 million paid transaction costs) and a $4.7 million net decrease in restricted cash at our Santa Isabel project, offset by $22.2 million of dividend payments and $36.9 million of loan repayments. Net cash used in financing activities for the six months ended June 30, 2013 was $79.8 million, which was primarily attributable to the $57.5 million repayment of our Santa Isabel grant loan, $21.8 million repayment of our long-term debt, $116.7 million increase in restricted cash balances primarily at Ocotillo and $92.2 million distributions to Pattern Development, offset by the $118.0 million of loan borrowings at Santa Isabel and Ocotillo and a $56.0 million loan draw under our revolving credit facility.

Cash Available for Distribution

Cash available for distribution was $16.1 million for the three months ended June 30, 2014 as compared to $16.2 million for the same period in the prior year. This decrease in cash available for distribution was primarily the result of a $7.8 million increase in total revenue, exclusive of unrealized loss on energy derivative, offset by an aggregate $7.0 million increase in project and operating expenses.

Cash available for distribution was $33.9 million for the six months ended June 30, 2014 as compared to $30.7 million for the same period in the prior year. This $3.2 million increase in cash available for distribution was primarily the result of a $14.4 million increase in total revenue, exclusive of the unrealized loss on energy derivative, offset by an aggregate $12.4 million increase in project and operating expenses.

Although we commenced commercial operation at each of the South Kent, El Arrayán and Panhandle 1 projects during the first six months of 2014, they did not provide any meaningful contribution to our cash available for distribution during the first half of the year; however, we do expect each project to contribute to cash available for distribution in the second half of the year.

Cash Dividends to Investors

We intend to pay regular quarterly dividends in U.S. dollars to holders of our Class A shares. Our quarterly dividend was initially set at $0.3125 per Class A share, or $1.25 per Class A share on an annualized basis, and has been increased to a current level of $0.328 per Class A share, or $1.312 per Class A share on an annualized basis. This amount may be changed in the future without advance notice. We established our initial quarterly dividend level based on a targeted cash available for distribution payout ratio of 80% both prior to and following the Conversion Event, after considering the annual cash available for distribution that we expect our projects will be able to generate following the commencement of commercial operations at all of our construction projects and with due regard to retaining a portion of the cash available for distribution to grow our business. We intend to grow our business primarily through the acquisition of operational and construction-ready power projects, which, we believe, will facilitate the growth of our cash available for distribution and enable us to increase our dividend per Class A share over time. However, the determination of the amount of cash dividends to be paid to holders of our Class A shares will be made by our Board of Directors and will depend upon our financial condition, results of operations, cash flow, long-term prospects and any other matters that our Board of Directors deem relevant. Refer to Item 1A Risk Factors Risks Related to Ownership of our Class A Shares Risks Regarding our Cash Dividend Policy of our Annual Report on Form 10-K for the year ended December 31, 2013.

We expect to pay a quarterly dividend on or about the 30th day following each fiscal quarter to holders of record of our Class A shares on the last day of such quarter.

On August 1, 2014, we declared our third quarter 2014 dividend, payable on October 30, 2014, to holders of record on September 30, 2014, in the amount of $0.328 per Class A share, which represents $1.312 on an annualized basis.

Capital Expenditures and Investments

All capital expenditures and investments in 2013 were either funded by Pattern Development or by project finance lenders under project-level credit facilities. For 2013, total capital expenditures were $123.5 million. For 2014, we do not expect to make capital expenditures at our current construction projects as these projects have been or are held in joint ventures for which we use the equity method of accounting.

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We expect to make investments in additional projects. We have agreed to make a cash payment to Pattern Development in the amount of $122.9 million, subject to certain price adjustments based on final project size, design and modeling assumptions, at the time of the Panhandle 2 acquisition, which we expect to occur in the fourth quarter of 2014. In addition, we are in advanced discussions regarding potential acquisitions of certain wind power projects. Although we have no commitments to make any acquisitions, other than the acquisition of Panhandle 2, we consider it reasonably likely that we may have the opportunity to acquire certain other Pattern Development projects under our purchase rights within the 24 month period following December 31, 2013.

We believe that we will have sufficient cash and revolving credit facility capacity to complete the Panhandle 2 acquisition, but this may be affected by any other acquisitions or investments that we make prior to the Panhandle 2 acquisition. To the extent that we make any such investments or acquisitions, we will evaluate capital markets and other corporate financing sources available to us at the time.

In addition, we will make investments from time to time at our operating projects. Operational capital expenditures are those capital expenditures required to maintain our long-term operating capacity. Capital expenditures for the projects are generally made at the project level using project cash flows and project reserves, although funding for major capital expenditures may be provided by additional project debt or equity. Therefore, the distributions that we receive from the projects may be made net of certain capital expenditures needed at the projects.

For the year ending December 31, 2014, we have budgeted $0.9 million for operational capital expenditures and $1.9 million for expansion capital expenditures.

Critical Accounting Policies and Estimates

There have been no changes in our critical accounting policies from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013.

Contractual Obligations

We have a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to our capital expenditure programs, as disclosed in the Annual Report on Form 10-K for the year ended December 31, 2013. See also Note 8, *Long-term Debt,* and Note 17, *Commitments and Contingencies* , in the consolidated financial statements for additional discussion of contractual obligations.

Below is a summary of our proportion of debt in unconsolidated investments, as of June 30, 2014 (in thousands):

	Total Project Debt	Percentage of Ownership	Our Portion of Unconsolidated Project Debt
South Kent	$ 593,899	50.0%	$ 296,950
Grand	239,005	45.0%	107,552
Total	$ 832,904		$ 404,502

Off-Balance Sheet Arrangements

As of June 30, 2014, we had no off-balance sheet arrangements and have not entered into any transactions involving uncombined, limited purpose entities or commodity contracts.

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ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of management, including its principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of June 30, 2014.

Update of Remediation of Previously Reported Material Weakness in Internal Control Over Financial Reporting

Management previously identified and disclosed a material weakness in internal control over financial reporting with respect to design and operation of controls over the methodology used to calculate earnings per share for the three months ended March 31, 2014. In connection with performing controls over financial statement close for the third quarter, management identified an error in the calculation of earnings per share initially reported for the three and six months ended June 30, 2014. Specifically, management did not correctly consider that the commercial operations date of South Kent on March 28, 2014 results in the recognition of a beneficial conversion feature and a deemed distribution to the holders of Class B common stock resulting from accretion of the beneficial conversion feature. As a result, management has determined that a material weakness exists in internal control over financial reporting related to the review and application of technical accounting principles. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company s annual or interim financial statements will not be prevented or detected on a timely basis.

We continue to engage in the implementation of remediation efforts to address the material weakness in controls over the calculation of earnings per share and have begun implementation of additional remediation efforts to address the material weakness in controls over the review and application of technical accounting principles and have taken the following actions:

- Increased our technical accounting resources;

- Enhanced the lines of communication between those preparing technical accounting memoranda and those applying the guidance to the calculation of earnings per share and provided additional instruction to our accounting staff on the calculation of earnings per share; and

- Implemented a new control of tracking forward-looking business changes with accounting implications and communicating these to the appropriate staff.

Management continuously reviews disclosure controls and procedures, and internal control over financial reporting, and accordingly may, from time to time, make changes aimed at enhancing their effectiveness to ensure that its systems evolve with its business. Management continues to monitor progress in the remediation of the material weaknesses that resulted in our errors in calculating earnings per share.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

Exhibit No.	Description
3.1*	Amended and Restated Certificate of Incorporation of Pattern Energy Group Inc. (Incorporated by reference to Exhibit 3.1 to the Registrant s Registration Statement on Form S-1/A dated September 20, 2013 (Registration No. 333-190538)).
3.2*	Amended and Restated Bylaws of Pattern Energy Group Inc. (Incorporated by reference to Exhibit 3.2 to the Registrant s Registration Statement on Form S-1/A dated September 3, 2013 (Registration No. 333-190538)).
4.1*	Form of Class A Stock Certificate (Incorporated by reference to Exhibit 3.2 to the Registrant s Registration Statement on Form S-1/A dated September 3, 2013 (Registration No. 333-190538)).
10.1*	Purchase and Sale Agreement, dated May 1, 2014, by and among Pattern Energy Group Inc., Pattern Renewables LP and Pattern Energy Group LP (PH1 PSA) (Incorporated by reference to Exhibit 2.1 to the Registrant s Current Report on Form 8-K dated May 5, 2014)
31.2*	Certifications of the Company s Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3**	Certifications of the Company s Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4**	Certifications of the Company s Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certifications of the Company s Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2***	Certifications of the Company s Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.1****	The following financial information from our Quarterly Report on Form 10-Q/A for the quarter ended June 30, 2014 formatted in eXtensible Business Reporting Language (XBRL): (i) Unaudited Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013; (ii) Unaudited Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2014 and 2013; (iii) Unaudited Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2014 and 2013; (iv) Unaudited Consolidated Statement of Stockholders Equity for the Six Months ended June 30, 2014; (v) Unaudited Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2014 and 2013; and (vi) Notes to Unaudited Consolidated Financial Statements

* Previously filed with the Original Form 10-Q.

** Filed herewith.

*** This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

**** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act and are deemed not filed for purposes of Section 18 of the Exchange Act and otherwise are not subject to liability under these sections.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		Pattern Energy Group Inc.
Dated: October 30, 2014	By	/s/ Michael M. Garland Michael M. Garland President and Chief Executive Officer

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