



**3/20/2017**

**To: Clark County Commissioners**

**From: Crocker Wind Farm**

**Re: Supplemental Information in Response to the Crocker Wind Farm Conditional Use Permit Application Hearing on 3/7/2017**

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Representatives from the Crocker Wind Farm (Project) had discussions with non-participating landowners about their concerns prior to the Conditional Use Permit (CUP) Application submittal and associated hearing. We also attended regularly scheduled Commission meetings on 2/7/2017 and 2/21/2017 in which non-participating landowners were given time to voice concerns to the Commission. A significant amount of effort has been spent internally to address those concerns while protecting the property rights of the Project participants and success of the Project.

There were few consistent requests from these concerned non-participants, where possible we have accommodated them and are providing modifications to the preliminary layout. We are also responding to the common request we heard, that of a 1-mile setback for turbines. Lastly, we are providing additional decommissioning information requested at the CUP application hearing on 3/7/2017.

As the initial step in the permitting process, the County CUP marks the first opportunity for formal public review on the Project. The state and federal permitting process will follow on in timeline and will be increasingly restrictive on the project. All three of these processes have opportunity for the public to introduce information that may require modifications of the project design including elimination of turbines.

#### Proposed Layout Modifications

The Clark County wind energy provisions are very common in both county and state wind development requirements across the country. As previously mentioned, Crocker has invested significant time into meeting with members of the community and participating landowners to identify and accommodate reasonable siting concerns. In response to community input and further discussion with landowners hosting turbines, Crocker proposes the following modifications to the preliminary layout:

- Remove Turbine 58 and shift Turbine 56 north, putting it approximately 1.5 miles (8,278 feet) from the end of the private airstrip located in T118N, R59W, Section 18 and approximately 1,850 feet north of the centerline of the east-west private use/private ownership airstrip
- 2,000 foot setback from occupied unsigned non-participant home sites

An updated map reflecting these changes is attached. The map also reflects an updated boundary excluding unsigned landowners on the eastern side of the Project. These modifications address the immediate concerns of the neighboring non-participating landowners by providing additional distance

between the private airstrip and potential turbine locations and doubling the county imposed setback for unsigned non-participants. We specifically discussed these modifications with our landowners to make sure they were comfortable with the changes.

### 1-mile Setback Requests

Multiple unsigned non-participants have requested a 1-mile setback from their residence. The Crocker Wind Farm CUP Application demonstrates complete compliance with Chapter 4.21 of the Clark County Zoning Ordinance and sufficiently protects the health and welfare of residents in and around the Project. Crocker has provided the Commission with studies and data not required for the CUP application that verify this conclusion including information on property values, noise, shadow flicker, EMF, and wildlife. No creditable evidence has been provided to warrant a 1-mile setback or additional setbacks beyond the current zoning ordinance.

Imposing a setback five times greater than required by the County zoning ordinance causes the Project to have generation and construction inefficiencies that are so great it would no longer be competitive and therefore ultimately making the Project unable to be constructed. Crocker has conducted an analysis of impacts to the Project if this setback was imposed. A total of 67 preliminary turbine locations (30% of the total preliminary turbine locations) would be immediately removed. The positions lost results in an inefficient design effectively eliminating the eastern half of the Project that makes the Project more expensive, less reliable, and ultimately not as desirable to potential power purchasers.

As mentioned at the CUP hearing, the federal permitting process will grant or deny Crocker the ability to construct facilities on United States Fish and Wildlife Service (USFWS) grassland easements and that process will not be completed until the summer of 2018. A total of 41 preliminary turbines locations are sited within USFWS grassland easements and only six are located within the 1 mile setback. Therefore, depending on the USFWS review of the Project, an additional 35 turbines could be eliminated from the Project layout.

### Decommissioning

As stated at the CUP hearing, decommissioning of wind energy facilities, including the potential to require financial assurance, is regulated by the South Dakota Public Utilities Commission as a component of the Facility Permit. At the end of commercial operation (approximately 30 years beyond the date of first commercial operation), Crocker or the Project owners will be responsible for removing wind facilities, and removing the turbine foundations to a depth of four feet below grade. Crocker reserves the right to extend operations instead of decommissioning at the end of the Facility Permit term. As necessary, Crocker may apply for an extension of the Facility Permit to continue operation of the Project. In this case, a decision may be made on whether to continue operation with existing equipment or to retrofit the turbines and power system with upgrades based on newer technologies.

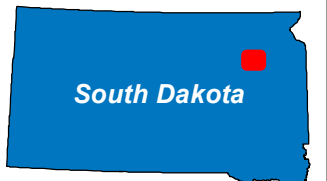
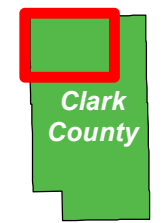
The estimated decommissioning cost per turbine, including associated facilities, is expected to be between \$100,000 - \$150,000. This information varies from comments made at the hearing but provides a more accurate estimate. Sample decommissioning plans from projects in Minnesota are attached to this memo to provide more details on the decommissioning process and a breakdown of the anticipated decommissioning costs. Crocker will be responsible for funding and updating costs on a regular basis.



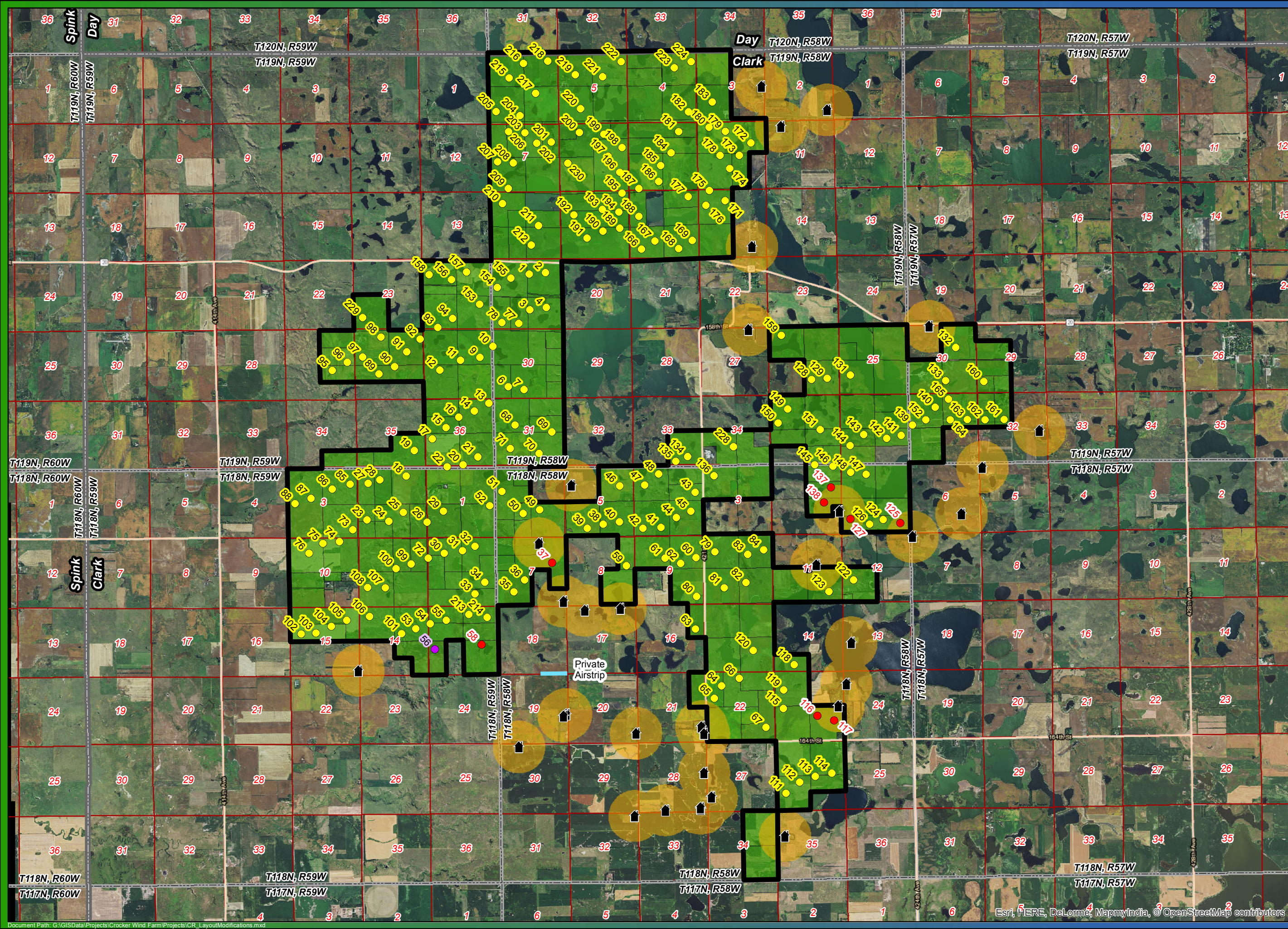
**Preliminary  
Layout  
Modifications**

- Proposed Turbine Shift
- Proposed Eliminated Turbines
- Preliminary Turbine Layout
- Home - Unsigned/ Non-Participant
- Private Air
- Crocker Project Area
- Unsigned/Non-Participating Setback (2000')
- County
- Township/ Range
- Sections
- Signed
- Other Parcels

45.066510, -97.827911



Esri, HERE, DeLorme, MapmyIndia, © OpenStreetMap contributors





## PERMIT COMPLIANCE FILING

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<b>Permittee:</b>	Black Oak Wind, LLC
<b>Permit Type:</b>	LWECS Site Permit
<b>Project Location:</b>	Stearns County
<b>Docket No:</b>	IP6853/WS-10-1240 and IP6866/WS-11-831
<b>Permit Section:</b>	Sections 9.1 and 9.3
<b>Date of Submission:</b>	October 3, 2016

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Black Oak Wind, LLC (“Black Oak”) respectfully submits this filing in compliance with Sections 9.1 and 9.3 of the Site Permits issued for the Black Oak Wind Farm and Getty Wind Project (“Projects”):

Section 9.1 of the Site Permits for the Projects requires:

“At least fourteen (14) days prior to the pre-operation compliance meeting, the Permittee shall submit to the Commission a Decommissioning Plan documenting the manner in which the Permittee anticipates decommissioning the Project in accordance with the requirements of Minnesota Rules part 7854.0500, subpart 13. The Permittee shall ensure that it carries out its obligations to provide for the resources necessary to fulfill its requirements to properly decommission the Project at the appropriate time. The Commission may at any time request the Permittee to file a report with the Commission describing how the Permittee is fulfilling this obligation.”

Section 9.3 of the Site Permit for the Projects requires:

“The Permittee shall advise the Commission of any turbines that are abandoned prior to termination of operation of the Project. The Project, or any turbine within the Project, shall be considered abandoned after one (1) year without energy production and the land restored pursuant to Section 9.2 unless a plan is developed and submitted to the Commission outlining the steps and schedule for returning the Project, or any turbine within the Project, to service.”

In accordance with Section 9.3, if any turbine within the Projects is considered abandoned, the following decommissioning plan will be applied to that turbine and the land restored pursuant to Section 9.2, unless a plan is developed and submitted to the Commission outlining the steps and schedule for returning the Projects, or any turbine within the Projects, to service.

This filing provides (1) cost estimates for decommissioning activities based on recent on-site experience, labor costs and material prices and (2) further detail on the timing and amount of funds set aside to ensure resources are available to fulfill the obligations of this decommissioning plan. In accordance with Section

9.1 and Minnesota Rules part 7854.0500, subpart 13, the Projects will implement the following decommissioning plan:

## DECOMMISSIONING AND RESTORATION

At the end of commercial operation, Black Oak will be responsible for removing wind facilities, and associated facilities to a depth of 48 inches. Black Oak reserves the right to extend the Projects instead of decommissioning at the end of the Site Permits term by applying for an extension of the Site Permits, if necessary, and continuing operation of the Projects. In this case, a decision may be made on whether to continue operation with existing equipment or to retrofit the turbines and power system with upgrades based on newer technologies.

## ANTICIPATED LIFE OF PROJECTS

The Site Permits, issued January 28, 2013, expire 30 years after the date of approvals.

## LIST OF DECOMMISSIONING AND RESTORATION ACTIVITIES

Consistent with the terms of the Site Permits and the wind lease and easement agreements with individual landowners, the Projects will complete the following decommissioning and restoration activities:

**Turbine removal** – Access roads to turbines will be widened to a sufficient width to accommodate movement of appropriately-sized cranes, trucks and other machinery required for the disassembly and removal of the turbines. Control cabinets, electronic components, and internal cables will be removed. The rotor, nacelle and tower sections will be lowered to the ground where they may be transported whole for reconditioning and reuse, or disassembled/cut into more easily transportable sections for salvageable, recyclable, or disposable components.

**Turbine and substation foundation removal** – Topsoil will be removed from an area surrounding the foundation and stored for later replacement. Turbine foundations will be excavated to a depth sufficient to remove all anchor bolts, rebar, conduits, cable, and concrete to a depth of 48 inches below grade. The excavation will be filled with clean subgrade material of quality comparable to the immediate surrounding area. The sub-grade material will be compacted to a density similar to surrounding sub-grade material. All unexcavated areas compacted by equipment used in decommissioning shall be de-compacted in a manner to adequately restore the topsoil and sub-grade material to the proper density consistent and compatible with the surrounding area.

**Underground collection cables** – The cables and conduits contain no materials known to be harmful to the environment. As part of the decommissioning, and consistent with Section 9.2 of the site permits, these items will be cut back to a depth of at least 48 inches. All cable and conduit buried greater than 48 inches will be left in place and abandoned.

**Substation and interconnection facilities** – Disassembly of the substation and interconnection facilities will include the substation and its components, substation foundations, transmission line poles, lines, wires and all other components directly required by the transmission line (limited to what is owned by Black Oak). Components (including steel, conductors, switches, transformers, fencing, control houses, etc.) will be removed from the site and reconditioned and reused, sold as scrap, recycled, or disposed of appropriately, in compliance with federal, state, and local laws governing disposal of such materials. To remove foundations and underground components without damaging or impacting adjacent facilities to the extent possible, such foundations and underground components will be removed to a depth of 48 inches. The excavation will be filled with clean subgrade material of quality comparable to the immediate

surrounding area. The sub-grade material will be compacted to a density similar to surrounding sub-grade material. Disturbed areas will be contoured and re-seeded. All unexcavated areas compacted by equipment used in decommissioning shall be de-compacted in a manner to adequately restore the topsoil and sub-grade material to the proper density consistent and compatible with the surrounding area.

Access roads – Unless, otherwise requested by the landowner, permanent access roads constructed to accommodate the Projects will be removed. Ditch crossings connecting access roads to public roads will be removed unless the landowner requests they remain. Improvements to township and county roads that were not removed after construction will remain in place.

Black Oak will restore and reclaim the site to its pre-project topography and topsoil quality using best management practices (BMPs) consistent with those outlined by 2012 USFWS *Land-Based Wind Energy Guidelines*. The goal of decommissioning will be to restore natural hydrology and plant communities to the greatest extent practical while minimizing new disturbance and removal of native vegetation. The decommissioning BMPs that will be employed on the Projects to the extent practicable with the intent of meeting this goal include:

1. Minimize new disturbance and removal of native vegetation to the greatest extent practicable.
2. Remove foundations to four feet below surrounding grade, and cover with soil to allow adequate root penetration for native plants, and so that subsurface structures do not substantially disrupt ground water movements.
3. Stockpile topsoil that is removed and use as topsoil when restoring plant communities. Once decommissioning activity is complete, restore topsoil to assist in establishing and maintaining pre-construction native plant communities to the extent possible, consistent with landowner objectives.
4. Stabilize soil and re-vegetate with native plants appropriate for the soil conditions and adjacent habitat, and use local seed sources where feasible, consistent with landowner objectives.
5. Restore surface water flows to pre-disturbance conditions, including removal of stream crossings, roads, and pads, consistent with storm water management objectives and requirements.
6. Conduct surveys, using qualified experts, to detect populations of invasive species, and implement and maintain comprehensive approaches to preventing and controlling invasive species as long as necessary.
7. Remove any unnecessary overhead pole lines.
8. After decommissioning, install erosion control measures in all disturbance areas where potential for erosion exists, consistent with storm water management objectives and requirements.
9. Remove fencing unless the landowner will be utilizing the fence.
10. Remediate any petroleum product leaks and chemical releases prior to completion of decommissioning.

Decommissioning and restoration activities will be completed within approximately 12 months after the date the Projects cease to operate.

## DECOMMISSIONING COSTS AND ESTABLISHING A FUND

Black Oak will be responsible for all costs to decommission the Projects and associated facilities. The decommissioning cost is expected to be approximately \$144,109 per turbine, including associated facilities, for a total cost of approximately \$5,620,251. Based on current scrap material prices, the estimated salvage value of the decommissioned components is anticipated to equal approximately \$109,109 resulting in a net total decommissioning cost of \$4,255,251. Black Oak sought the expertise of Amec Foster Wheeler, the general contractor for the Project, to provide this estimate based on recent on-

site experience, labor costs and material prices. A detailed breakdown of this updated cost estimate is attached as Exhibit A.

To ensure Black Oak can adequately fund the obligations of this decommissioning plan, Black Oak will obtain a letter of credit or equivalent form of security in Year 15 of the Project's operation life in an amount equal to the total decommissioning costs, less estimated salvage value of the materials. Based on the estimates provided by Amec FW Construction, it is currently estimated that the amount of the letter of credit will be approximately \$4,255,251. Providing flexibility in the form of security chosen allows Black Oak to evaluate the cost of obtaining the security at the time of issuance and move forward with the most cost-effective solution for the Projects given current market conditions.

The exact amount to be allocated for decommissioning will be determined by a third-party study in Year 15 that will reassess the difference between estimated decommissioning costs and the salvage value. Black Oak believes that reassessing the decommissioning costs and salvage values in Year 15 is prudent because it is the approximate mid-point in the Site Permit (30 years) and it occurs prior to the end of the 20-year term of the Projects' existing power purchase agreement (PPA). At this mid-point, Black Oak will be reevaluating equipment and material prices, available new technology and the market for the existing turbines to determine whether repairs or upgrades are necessary to extend the life of the facility beyond the initial term of the PPA, or if decommissioning after the initial term of the PPA is most appropriate. Conducting this evaluation in Year 15 will allow Black Oak to update its estimates to reflect current market prices for salvage values and labor and then establish a decommissioning fund to adequately fund these expected costs.

It is unnecessary to establish the security prior to Year 15 because the PPA obligates Black Oak to deliver power to Minnesota Municipal Power Agency (MMPA) throughout a 20-year term and, in return, provides a steady revenue stream to the Project, ensuring continued operations. Even in the unlikely situation that Black Oak is unable to perform its obligations under the PPA, the PPA and Black Oak's financing agreements allow MMPA and the Projects' financial partners to step in to operate the Projects. By reevaluating the estimated decommissioning cost and salvage values in Year 15, this plan ensures security is obtained while the Projects are still generating revenue but prior to the end of the term of the PPA.

If Black Oak continues operations beyond the term of the initial PPA, Black Oak will reevaluate decommissioning costs again approximately five years prior to the end of the useful life of the Projects (approximately Year 30) to ensure the amount of security remain adequate to cover the anticipated costs, less expected salvage values.

The Permittee's representative and contact information is:

Attn: Chad Quelle, Site Manager  
Black Oak Wind, LLC  
43381 370<sup>th</sup> St.  
Sauk Centre, MN 56378  
Tel: 320-533-1844  
cquelle@Semprausgp.com

Black Oak will update this filing if there are future changes in the representative or contact information.

## Exhibit A

### Estimate of Decommissioning Cost for Black Oak Getty Wind (Stearns Couty, MN)

Decommissioning cost per tower (in 2016 current dollars)

			WTG's 39	
<i>Task</i>	<i>Cost Type</i>	<i>Quantity</i>	<i>Unit Rate</i>	<i>Extended Rate</i>
<b>Removal of a Tower and Nacelle Units:</b>	Man-hours	225	\$ 85.00	\$ 19,125.00
	Crane-days	1	\$ 35,910.00	\$ 35,910.00
<b>Removal of concrete to 48" below grade:</b>	Man-hours	100	\$ 85.00	\$ 8,500.00
	Equipment	1	\$ 3,780.00	\$ 3,780.00
<b>Removal of Access Roads (.75 miles / turbine)</b>	Man-hours	210	\$ 85.00	\$ 17,850.00
	Equipment	1	\$ 44,496.00	\$ 44,496.00
<b>Seeding and Re-vegetation (approx 1.5 acres / turbine)</b>	Man-hours	120	\$ 70.00	\$ 8,400.00
	Equipment & Materials	1	\$ 6,048.00	\$ 6,048.00
	<b>Removal Cost per Turbine</b>			<b>\$ 144,109.00</b>
	<b>Removal Costs for 39 Turbines</b>			<b>\$ 5,620,251.00</b>
<b>Salvage value per unit</b>	Scrap value of tower steel (250 tons x \$200/ton):			\$50,000.00
	Scrap value of generator components:			\$5,000.00
	Cost to process steel and freight to scrap yard (200 tons @ \$100 / ton)			\$20,000.00
	<b>Total Salvage Value</b>			<b>\$35,000.00</b>
	<b>Estimated cost of decommissioning per turbine, minus salvage value:</b>			<b>\$ 109,109.00</b>
	<b>Total Cost minus salvage value</b>			<b>\$ 4,255,251.00</b>

#### Assumptions:

1. Scrap value per long ton of unprepared steel is estimated at \$200 / long ton.
2. All access roads are 16' wide with fabric and will be removed. All gravel to be hauled and stockpiled within 20 miles of project. Access road length estimated to be 3/4 mile per turbine per owner.
3. Loadout of tower sections and nacelle to be placed onto trucks. Estimated to be \$100 / ton for freight to scrap yard.
4. Topsoil if needed to be recovered from area adjacent to roadway removal. No haul more than 1/4 mile.
5. Removal of nacelle and tower section estimated with use of 450 ton main crane with 150 ton tailing crane.
6. No bond or insurance costs have been included.
7. Turbine foundation volumes estimated to be 30 cubic yards each with removal of pedestal concrete to 4' below ground elevation to be disposed of at local landfill assumed to be within 20 miles from site. Tipping fees for disposal are not included.



## Permit Compliance Filing

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<b>Permittee:</b>	Prairie Rose Wind, LLC
<b>Permit Type:</b>	LWECS Site Permit
<b>Project Location:</b>	Rock County, MN
<b>Docket No.</b>	IP-6843/WS-10-425
<b>Permit Section:</b>	Site Permit Condition 9.1 – DECOMMISSIONING PLAN
<b>Date of Submission:</b>	REVISED November 30, 2012

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Section 9.1 of the Site Permit for the Prairie Rose Wind Farm requires:

“At least ten (10) working days prior to the pre-operation compliance meeting, the Permittee shall submit to the Commission a Decommissioning Plan documenting the manner in which the Permittee anticipates decommissioning the Project in accordance with the requirements of Minn. R. part 7854.0500, subp. 13. The Permittee shall ensure that it carries out its obligations to provide for the resources necessary to fulfill its requirements to properly decommission the Project at the appropriate time. The Commission may at any time request the Permittee to file a report with the Commission describing how the Permittee is fulfilling this obligation.”

Revision 1 provides (1) updated cost estimates for decommissioning activities based on recent on-site experience, labor costs and material prices and (2) further detail on the timing and amount of funds set aside to ensure resources are available to fulfill the obligations of this decommissioning plan.

In accordance with Section 9.1 and Minn. R. part 7854.0500, subp. 13, Prairie Rose will implement the following decommissioning plan:

### DECOMMISSIONING AND RESTORATION

At the end of commercial operation, Prairie Rose will be responsible for removing wind facilities, and associated facilities to a depth of 48 inches. Prairie Rose reserves the right to extend the Project instead of decommissioning at the end of the site permit term by applying for an extension of the site permit, if necessary, and continuing operation of the Project. In this

case, a decision may be made on whether to continue operation with existing equipment or to retrofit the turbines and power system with upgrades based on newer technologies.

#### ANTICIPATED LIFE OF THE PROJECT

The anticipated Project life is approximately 30 years beyond the date of first commercial operation.

#### LIST OF DECOMMISSIONING AND RESTORATION ACTIVITIES

Consistent with the terms of the Site Permit and the wind lease and easement agreements with individual landowners, Prairie Rose will complete the following list of decommissioning and restoration activities:

**Turbine removal** - Access roads to turbines will be widened to a sufficient width to accommodate movement of appropriately-sized cranes, trucks and other machinery required for the disassembly and removal of the turbines. Control cabinets, electronic components, and internal cables will be removed. The rotor, nacelle and tower sections will be lowered to the ground where they may be transported whole for reconditioning and reuse, or disassembled/cut into more easily transportable sections for salvageable, recyclable, or disposable components.

**Turbine and substation foundation removal** - Topsoil will be removed from an area surrounding the foundation and stored for later replacement, as applicable. Turbine foundations will be excavated to a depth sufficient to remove all anchor bolts, rebar, conduits, cable, and concrete to a depth of 48 inches below grade. The remaining excavation will be filled with clean sub-grade material of quality comparable to the immediate surrounding area. The sub-grade material will be compacted to a density similar to surrounding sub-grade material. All unexcavated areas compacted by equipment used in decommissioning shall be de-compacted in a manner to adequately restore the topsoil and sub-grade material to the proper density consistent and compatible with the surrounding area.

**Underground collection cables** - The cables and conduits contain no materials known to be harmful to the environment. As part of the decommissioning, these items will be cut back to a depth of at least 48 inches. All cable and conduit buried greater than 48 inches will be left in place and abandoned.

**Substation and interconnection facilities** - Disassembly of the substation and interconnection facilities will include only the areas owned by Prairie Rose. Components (including steel,



conductors, switches, transformers, fencing, control houses, etc.) will be removed from the site and reconditioned and reused, sold as scrap, recycled, or disposed of appropriately, at the Prairie Rose's sole discretion. To remove foundations and underground components without damaging or impacting adjacent facilities to the extent possible, such foundations and underground components will be removed to a depth of 48 inches and the excavation filled, contoured and re-seeded.

Access roads - Unless requested otherwise by the landowner, permanent access roads constructed to accommodate the Project will be removed. Ditch crossings connecting access roads to public roads will be removed unless the landowner requests they remain. Improvements to Town and County roads that were not removed after construction will remain in place.

Prairie Rose will restore and reclaim the site to its pre-project topography and topsoil quality using best management practices (BMPs) consistent with those outlined by *2012 USFWS Land-Based Wind Energy Guidelines*. The goal of decommissioning will be to restore natural hydrology and plant communities to the greatest extent practical while minimizing new disturbance and removal of native vegetation. The decommissioning BMPs that will be employed on the Project to the extent practicable with the intent of meeting this goal include:

1. Minimize new disturbance and removal of native vegetation to the greatest extent practicable.
2. Remove foundations to four feet below surrounding grade, and cover with soil to allow adequate root penetration for native plants, and so that subsurface structures do not substantially disrupt ground water movements.
3. Stockpile topsoil that is removed and use as topsoil when restoring plant communities. Once decommissioning activity is complete, restore topsoils to assist in establishing and maintaining pre-construction native plant communities to the extent possible, consistent with landowner objectives.
4. Stabilize soil and re-vegetate with native plants appropriate for the soil conditions and adjacent habitat, and use local seed sources where feasible, consistent with landowner objectives.
5. Restore surface water flows to pre-disturbance conditions, including removal of stream crossings, roads, and pads, consistent with storm water management objectives and requirements.

6. Conduct survey, using qualified experts, to detect populations of invasive species, and implement and maintain comprehensive approaches to preventing and controlling invasive species as necessary.
7. Remove any unnecessary overhead pole lines.
8. After decommissioning, install erosion control measures in all disturbance areas where potential for erosion exists, consistent with storm water management objectives and requirements.
9. Remove fencing unless the landowner will be utilizing the fence.
10. Remediate any petroleum product leaks and chemical releases prior to completion of decommissioning.

Decommissioning and restoration activities will be completed within 12 months after the date the Project ceases to operate.

#### DECOMMISSIONING COSTS AND ESTABLISHING A FUND

Prairie Rose will be responsible for all costs to decommission the Project and associated facilities. The decommissioning cost is expected to be approximately \$118,500 per turbine, including associated facilities, for a total cost of approximately \$14,100,000. Based on current scrap material prices, the estimated salvage value of the decommissioned components is anticipated to equal approximately \$10,000,000. Prairie Rose sought the expertise of Mortenson Construction, the general contractor for the Project, to provide this revised estimate based on recent on-site experience, labor costs and material prices. A detailed breakdown of this updated cost estimate is attached as Exhibit A.

To ensure Prairie Rose can adequately fund the obligations of this decommissioning plan, Prairie Rose will obtain a letter of credit or equivalent form of security in Year 15 of the Project's operation life in an amount equal to the total decommissioning costs, less estimated salvage value of the materials. Based on the estimates provided by Mortenson Construction, it is currently estimated that the amount of the letter of credit will be approximately \$4,100,000. Providing flexibility in the form of security chosen allows Prairie Rose to evaluate the cost of obtaining the security at the time of issuance and move forward with the most cost-effective solution for the Project given current market conditions.

The exact amount to be allocated for decommissioning will be determined by a third-party study in Year 14 that will reassess the difference between estimated decommissioning costs and the salvage value. Prairie Rose believes that reassessing the decommissioning costs and salvage values in Year 14 is prudent because it is the approximate mid-point in the Project life



(estimated at 30 years) and it occurs prior to the end of the 20-year term of the Project's existing power purchase agreement (PPA). At this mid-point in the Project life, Prairie Rose will be reevaluating equipment and material prices, available new technology and the market for the existing turbines to determine whether repairs or upgrades are necessary to extend the life of the facility beyond the initial term of the PPA, or if decommissioning after the initial term of the PPA is most appropriate. Conducting this evaluation in Year 14 will allow Prairie Rose to update its estimates to reflect current market prices for salvage values and labor and then establish a decommissioning fund to adequately fund these expected costs.

It is unnecessary to establish the security prior to Year 15 because the PPA obligates Prairie Rose to deliver power to Xcel Energy throughout a 20-year term and, in return, provides a steady revenue stream to the Project, ensuring continued operations. Even in the unlikely situation that Prairie Rose is unable to perform its obligations under the PPA, the PPA and Prairie Rose's financing agreements allow Xcel Energy and the Project's financial partners to step in to operate the Project. By reevaluating the estimated decommissioning cost and salvage values in Year 14 and establishing the fund in Year 15, this plan ensures security is obtained while the Project is still generating revenue but prior to the end of the term of the PPA.

If Prairie Rose continues operations beyond the term of the initial PPA, Prairie Rose will reevaluate decommissioning costs again approximately five years prior to the end of the useful life of the Project (approximately Year 25) to ensure the amount of security remain adequate to cover the anticipated costs, less expected salvage values.

# EXHIBIT A



## Prairie Rose Decommissioning Cost Estimate

**199.92 MW**

**GE 1.68MW, 82.5m R, 79.7m H**

**Hardwick, MN**

**Geronimo Wind Energy**

*Project Cost Summary  
November 28, 2012*

Cost Breakdown	Quantity	Unit	Unit Cost	Total Costs
Supervision & Field Office	6	MO	\$122,551 / MO	\$735,304
Decommissioning - Access Roads	126,600	LF	\$16.71 / LF	\$2,115,669
Crane Pads & Erection Areas (Install & Removal)	119	EA	\$4,456 / EA	\$530,310
Decommissioning - Foundations - Buoyant & Non-Buoyant	119	EA	\$7,799 / EA	\$928,042
Decommissioning - Conduit & Grounding (Included in FND)	119	EA	\$0 / EA	\$0
Decommissioning - Turbine Erection	119	EA	\$47,349 / EA	\$5,634,542
Decommissioning - Turbine Wiring	119	EA	\$1,671 / EA	\$198,866
Decommissioning - Underground Collection	337,262	LF	\$8.91 / LF	\$3,005,939
Decommissioning - Transformers & Low Voltage Work	119	EA	\$2,785 / EA	\$331,444
Decommissioning - SCADA Enclosures (SCADA Included in Collection)	1	LS	\$0 / LS	\$0
Decommissioning - 115kV Substation	1	LS	\$334,229 / LS	\$334,229
Decommissioning - 115kV Switching Station	1	LS	\$167,114 / LS	\$167,114
Decommissioning - Met Towers (Self Supporting)	2	EA	\$55,705 / EA	\$111,410
<b>Decommissioning - Total Construction Cost</b>				<b>\$14,092,868</b>

Quantity of Turbines	119	Each
DECOM Power Production	199.9	MW
DEMO Cost per WTG	\$118,427	/WTG
DEMO Cost per kW	\$70	/kW

Alternate Descriptions	QTY	UM	Unit Costs / UM	Total Costs
Deduct for Scrap Steel Value of Turbine (Based on \$350/Ton Scrap Value)	119	WTG	(\$80,000) / WTG	(\$9,520,000)
Deduct for Scrap Rebar From Foundation Pedestals (Based on \$350/Ton Scrap Value)	119	PED	(\$2,450) / PED	(\$291,550)
Deduct for Scrap Value of Steel of Sub/Interconnect (Based on \$350/Ton Scrap Value)	1	LS	(\$220,000) / LS	(\$220,000)
Deduct to Salvage Road Aggregate (50% Recovery)	30,000	TONS	(\$2.00) / TONS	(\$60,000)

### NOTE:

The alternates do not include any transportation costs from the project site to the salvage steel yards / salvage aggregate pits.

The alternates only provide estimated salvage costs at the recycling plants / aggregate pits.

The Scrap Steel Clean Rate of \$350/Ton is based off the "Chicago Steel Scrap Index" dated November, 30th, 2012.