



**4) Why hasn't inflation shown up in Project Manager, Superintendent and Clerk unit cost rates between 2020 and 2024?**

The source utilized for providing estimates (RS Means) has not shown adjustments for those labor costs since 2020.

**5) Refer to the statement "Resale of PV Panels is based on 85 percent of the price quoted by We Recycle Solar on a recent similar project" as found in the updated estimate of decommission costs.**

**a. How much degradation was experienced for the panels in that quote?**

The valuation provided in the Wild Springs estimate is highly conservative and accounts for 0.5% devaluation over the life of the project. The value ascribed to the panels is \$0.056/W, significantly more conservative than the \$0.0678/W.

**b. How old were the panels of the similar project?**

The quote provided pricing for new panels and 5-year old panels. The Wild Springs estimate further discounts the quoted pricing by 0.5% annually over the lifetime of the project to conservatively reflect values.

**c. Were panels actually recycled or was the quote for planning purposes?**

The quote was for planning purposes.

**d. When was the quote received? If the quote is older than year, why shouldn't it be updated? Please explain.**

We have been unable to receive updated pricing from WeRecycle Solar as a consultant. Since the original estimates were prepared, we have updated our source for module values. We now use EnergyBin's 2022 "Module Price Index," which provides the average pricing for used, undamaged modules sold on the secondhand market in 2022 (2023 version is pending). The average value was \$0.10/watt, which we further discount by 25% to avoid overstating the value. The resulting value--\$0.077/W--is higher than the conservative value provided in the Wild Springs update.

**6) Regarding the increase in salvage value for "Inverters and Transformers," why is it reasonable to assume that the increase in model weight is only due to additional copper and not due to other components?**

Westwood assumes that, on average, 25% of the inverters and transformers are copper. Our estimate is calculated so that the updated copper weight therefore reflects ONLY the

increase in mass of copper and does not account for steel or other metals present in the equipment.

- 7) **Refer to the statement “Since SDDOT unit prices are used, where possible, the labor rates will reflect union labor rates.” Please elaborate why it is proper to use union labor rates when South Dakota is a right-to-work state.**

This was an error and should state RS Means rate are union, not SDDOT. This has been corrected in the attached updated memorandum.

- 8) **In paragraph 16 of the Memorandum, please refer to the statement “[t]he solar panels rated at 470 watts are estimated to be 4 feet by 6 feet and weigh 50 pounds so they can easily be disconnected, removed, and packed by a three person crew at a rate we estimate at 12 panels per hour.” Why are estimates used for panel dimensions and weights when the actual dimensions and weights should now be known?**

Language has been updated in the attached update memorandum. The panels are 6.5 feet by 4 ft but weigh 75 lbs. This update is not anticipated to impact panel removal rate.

- 9) **In paragraph 17 of the Memorandum, please refer to the statement “[i]nverters used on this project have been estimated based off of projects of similar size.” Why are inverter estimates based off projects of similar size when actual inverter specifications should now be known?**

This is no longer relevant. The estimates included are for the inverter model utilized for the Project. The attached memorandum has been updated to clarify. Please note the weights included are accurate and updates were not required.

- 10) **Please refer to paragraph 18 of the Memorandum. Are Wild Springs’ transformers mounted on the same concrete pads as the inverters? If no, please explain how that impacts the decommissioning cost estimate.**

Transformers are integrated in the inverter model. The attached memorandum has been updated to clarify. No updates to the estimate were required.

- 11) **In paragraph 28 of the Memorandum, please refer to the statement “[t]he collection lines are priced assuming copper conductor wire for the DC circuits, which is typical.” Was copper conductor wiring used for DC circuits at Wild Springs? If not, please explain why the cost estimate shouldn’t be updated.**

The DC circuits are copper. The attached memorandum has been updated to clarify.

**12) Referring to paragraph 28 of the Memorandum, was the cost of labor associated with stripping insulation from wiring to recycle the metals included in the cost estimate? If yes, please explain where those costs were accounted for.**

The salvage value reflects the purchase price of unstripped insulated wire and a reduction in price for labor to strip the wires is not required. However, the 50% reduction is still included to conservatively reflect regional variation in pricing.

**13) Referring to paragraph 29 of the Memorandum, please refer to the statement “[t]he underground collection lines are assumed to be aluminum conductor.” Was aluminum conductor used for the underground collection lines? If no, please explain why the decommissioning cost estimate shouldn’t be updated.**

The underground collection lines are aluminum. The attached memorandum has been updated to clarify.

**14) Please explain the difference between “underground collection lines” in paragraph 29 and “collection lines” in paragraph 28 of the Memorandum.**

Underground collection lines are AC while collection lines are DC ("DC lines" in Paragraph 29).

**15) Regarding paragraph 29 of the Memorandum, how did Wild Springs determine that reducing the scrap price by 50% is a reasonable amount to capture the costs associated with the complications of stripping insulation and separating materials? Please explain.**

The salvage value reflects the purchase price of unstripped insulated wire and a reduction in price for labor to strip the wires is not required. However, the 50% reduction is still included to conservatively reflect regional variation in pricing.

**16) Refer to Page 3 of the Updated Decommissioning Cost. Please explain and describe the 2.5% County Administration Costs for a total estimated cost of \$387,261.**

This has been removed from the attached updated cost estimate. There is no county administrative fee and this line item was a holdover from a prior estimate.

**17) On August 10, 2022, Wild Springs submitted a decommissioning cost estimate of \$2,509,993 (Total Demolition Minus Salvage). Approximately six months later, the decommissioning cost estimate almost doubled in cost to \$4,473,183. How should the commission factor in this cost volatility when establishing an appropriate bond amount?**

Subtotal salvage values are the majority of the reason why these are so different as construction totals were similar (13,398,269 in 2022 vs 13,587,110 in 2024). The price of HMS (scrap steel) in August 2022 was \$505 where as it is now \$325 in January 2024. The requirement for Wild Springs to update the decommissioning cost estimate and bond at regular intervals throughout the life of the project will account for adjustments to salvage values.

**18) The form of decommissioning surety bond lists both the South Dakota PUC and Pennington County Planning Commission as obligees. In the event that the obligees need to decommission the facility, which governmental agency would lead the effort? Could both governmental agencies make claims against the bond simultaneously? Please explain.**

In the event Wild Springs failed to complete decommissioning and a claim were made by either obligee or both obligees, the surety has the obligation to either (1) promptly arrange for the decommissioning of the project in accordance with the decommissioning obligations or (2) agree to pay the obligees for any out-of-pocket costs incurred for decommissioning the project minus any salvage. Based on prior discussions with the surety company, it is in the surety company's best interest to coordinate with both obligees regarding the completion of decommissioning activities, regardless of whether one or both make a claim. Additionally, the surety company indicated its typical practice is to "arrange for decommissioning" by either compelling Wild Springs to complete decommissioning or by retaining contractors to complete decommissioning, as these would be the more cost-effective options. These options are rights provided to a surety by statute (see SDCL 56-2-4 and 56-2-5).

Dated this 7th day of March, 2024.

By /s/ Mollie M. Smith

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