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Fergus Falls, Minnesota 56538-0496
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January 11, 2019

Mr. Steve Kahl
Director of Administration/Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard, Dept. 408
Bismarck, ND 58505-0408



**RE: Ashtabula Wind Energy Center, Barnes County, ND
Case No. PU-09-245
Wind Decommissioning Plan**

Dear Mr. Kahl:

Enclosed in the above-referenced matter are an original and seven (7) copies of an updated decommissioning plan for the portion of the Ashtabula Wind Energy Center (Ashtabula Facility) owned by Otter Tail Power Company. The enclosed decommissioning plan updates the plan filed by Otter Tail in Case No. PU-09-245. Otter Tail filed its initial decommissioning plan for the Ashtabula Facility on November 21, 2008.

The decommissioning plan includes Otter Tail's financial assurance of its decommissioning obligations in accordance with North Dakota Admin. Code 69-09-09-07 and 69-09-09-08. North Dakota Admin. Code 69-09-09-08(3) authorizes the Commission to accept several different forms of financial assurance, and any other "form of financial assurance that is acceptable to the commission to cover the anticipated costs of decommissioning."

Otter Tail proposes as financial assurance incorporation of a financial test recently provided to the North Dakota Department of Health assuring that agency of Otter Tail's performance of closing and post-closing activities concerning solid waste disposal facilities at Coyote Station near Beulah, North Dakota. The Company believes the financial test assuring completion of its Coyote Station solid waste obligations provides a reasonable benchmark for financial assurance of Ashtabula Facility decommissioning obligations.


Please note that contemporaneously with this filing Otter Tail is updating its decommissioning plans for that portion of the Langdon Wind Energy Center owned by Otter Tail.

3 **PU-09-245** Filed: 1/11/2019 Pages: 15
Updated Decommissioning Plan

Mr. Kahl
January 11, 2019
Page 2

Please contact me at (218) 739-8956, or cstephenson@otpc.com should you have any questions with respect to this filing.

Very truly yours,


Cary Stephenson
Associate General Counsel

kaw
Enclosure
By electronic filing

the decommissioning plan was made by a licensed North Dakota professional engineer. Additional details are provided in the attached **Exhibit A**.

Decommissioning Cost Estimate Method -N.D. Administration Code 69-09-09-01 (6)(c)

The methodology used to prepare the cost estimate is discussed in the attached **Exhibit A**.

Decommissioning Anticipated Activity - N.D. Administration Code 69-09-09-01 (6)(d)

Otter Tail will decommission the Ashtabula I Wind Facility in accordance with N.D Admin. Code 69-09-09-05. Decommissioning shall include disassembly of turbines and removal of components, access roads, and the associated collection system. All costs associated with these decommissioning activities have been evaluated individually, as follows:

1. **Turbine Components.** Wind turbines are GE 1.5 MW mounted on steel tower sections. Estimation for the disassembly includes the steel tower sections, the wind turbine nacelle and components, and the hub and turbine blades. The turbine pad mount transformer and all associated wiring with the turbine is included as well. The estimation is based on the requirement that all materials be removed from site.
2. **Foundations.** Tower and transformer foundations, along with all connections to the turbine from the foundations, will be removed to a depth of three feet below grade. All site restoration will be reclaimed to the approximate topography that existed prior to construction.
3. **Access Roads.** Access roads will be removed and returned to pre-existing condition according to Natural Resource Conservation Service (NRCS) recommendations. The exception being a request signed by the applicable landowner requesting the road features remain in place.
4. **Collection System.** The underground collection system will be removed to a depth of twenty-four inches near the transformers. The remaining underground collection system shall be left in place at a minimum of forty-eight inches below grade to the top of the cables. Any disturbed areas requiring restoration will be reclaimed to the approximate topography that existed prior to construction according to NRCS recommendations. Best recommended practices will be followed for any unspecified restoration.

Effects of Present and Future Natural Resource Development -- N.D. Administration Code 69-09-09-01 (6)(e).

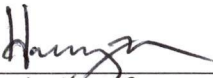
Otter Tail is committed to providing our customers with reliable renewable energy from wind resources at the Otter Tail-Ashtabula I Wind Facility. At the end of the facility's useful life Otter Tail will return the site to its pre-existing condition in accordance with the N.D. Admin. Code Chapter 69-09-09 and this decommissioning plan. Otter Tail does not anticipate that Ashtabula I

Wind Facility will materially impact present or future natural resource development with respect to both existing operations or decommissioning.

Financial Assurance -- N.D. Admin. Code 69-09-09-01 (6)(f).

Otter Tail directly owns the Langdon Wind Facility as described in this filing. Attached as **Exhibit B** is Otter Tail's financial assurance for the decommissioning of the Langdon Wind Facility.

Harvey McMahon
Manager, Renewable Energy Construction
and Operations Wind Generation Development
Otter Tail Power Company

Signed: 
Date: 1-11-99



September 06, 2018

North Dakota Public Service Commission
600 E. Boulevard, Dept. 408
Bismarck, ND 58505-0480

Regarding: *Decommissioning Estimate*
Ashtabula Wind / Otter Tail Power Co.

North Dakota Public Service Commission,

Per the request of Otter Tail Power Co., the team of DEMCO Inc. and AE2S is pleased to submit the following *Decommissioning Cost Estimate* for the existing *Ashtabula Wind Facility* located in Barnes County, North Dakota. The estimate is based on information gathered from DEMCO's historical data from the past 28 years of experience in the demolition and decommissioning industry, and AE2S's experience in engineering and environmental services throughout North Dakota over the last 25 years. Our team believes that the estimate is a conservative budgetary cost to complete this work.

Background: DEMCO Inc.

DEMCO, Inc. is a twenty eight year old, privately held, nationally recognized decontamination & decommissioning firm that specializes in environmental remediation, deconstruction and salvage for the US Government and commercial sector. DEMCO's management team is comprised of individuals with a total of over 200 years' worth of experience in environmental remediation and deconstruction services. To date, the total dollar volume of projects that DEMCO has safely and successfully performed is in excess of \$850 million. DEMCO has successfully performed over 600 remediation and deconstruction projects, including numerous fossil power plants, nuclear power plants, wind farms, and other industrial facilities.

Background: AE2S

AE2S offers a total solution by providing master planning, capital improvement planning, study and report, design, bidding administration, surveying, mapping, general civil engineering, structural engineering, electrical engineering, and site development. With over 25 years of experience in the North Dakota area, AE2S is familiar with the environment, work force, and rules/regulations involved with working in the state. With eighteen locations located within the Midwest, AE2S has a vast pool of resources and equipment that are relative to the area.

The Team:

DEMCO and AE2S partnered to help prepare a decommissioning cost estimate for the Ashtabula Wind Facility. DEMCO has experience in decommissioning wind farms throughout the country, while AE2S has experience regarding North Dakota's specific conditions, regulatory requirements, work force, hazards,



etc. With DEMCO's national decommissioning experience, and AE2S's experience in engineering and environmental services specifically in the state of North Dakota, our team is confident that our estimates are reasonable and all encompassing.

The Process:

DEMCO and AE2S worked hand in hand to prepare the attached estimate. During an initial planning phase, personnel from both parties conversed, shared notes, and had discussions about past experience, historical data, and other similar projects. Responsibilities were then assigned, and each company set out to obtain additional data and resources to assist in preparing the final document. Next, a draft version of the estimate was distributed and each team member reviewed and made notes. The final decommissioning estimate was created through a collaborative process which included discussion and agreement from all parties.

Methodology:

The cost estimate was developed on a per turbine basis. DEMCO has historical data for the labor quantity and costs, equipment, schedule, and respective costs for each phase of wind turbine decommissioning.

Each phase of decommissioning was discussed during the estimate development process. AE2S provided input on how the timing, equipment, and labor quantity could be specifically impacted by performing this work in the state of North Dakota.

Recent discussion has focused on topsoil restoration practices. It is feasible that the landowners may elect to leave the access roadways in place in lieu of removal during decommissioning. The decommissioning plan and costs assume that access roadways will be completely removed and the site restored to its native predevelopment surface profile condition.

The cost estimates assume that the aggregate surface road material will be stripped, and removed from the site to an appropriate disposal location. In practice, the land owner will almost always request that the aggregate surface material be stockpiled on the site for the land owner's future use. The avoided cost of hauling the material is inherent in the cost estimates.

Typical practice to construct the access roads and aggregate surface pads is to fold the existing topsoil to the side and then to blend it into the existing grade. In theory, there is sufficient, recoverable quantities of topsoil on the site to completely restore the roads and foundation pad. An allowance for imported topsoil would thus be needed. However, the salvage value of the aggregate materials more than compensates for this seemingly necessary expense and additional costs for topsoil materials are thus offset and are not included.

DEMCO's data originated from the decommissioning of turbines at wind farm sites with similar scopes of work. During the development of the cost estimate, DEMCO and AE2S compared labor, equipment, and material costs and made adjustments to reflect the regional rates in the North Dakota area. Additionally DEMCO/AE2S are familiar with existing site conditions and how the varying terrain would affect the cost.



Please see the attached *Exhibit A*, providing a detailed cost breakdown of the work required which is presented in current 2017 dollars. This breakdown shows the costs for each phase of work required to safely decommission the turbines. The decommissioning cost estimate is reasonable and it is our conclusion that the costs include the scope of work and project management needed to properly decommission the Ashtabula Wind Facility.

Sincerely,
DEMCO Inc

A handwritten signature in blue ink, appearing to read "Patrick Callahan".

Patrick Callahan
President

AE2S, Inc.



Jay Kleven
Senior Project Manager



EXHIBIT A



**Ashtabula Wind / Otter Tail Power Co.
Decommissioning Cost Estimate - Ashtabula Wind / Otter Tail Power Co.
Barnes County, ND**

ASHTABULA WIND - BARNES COUNTY, ND

FACILITY INFORMATION:

Facility Location:	Barnes County, ND
Facility Size:	48.0 MW
Technology	GE 1.5 SLE
Number of Turbines:	32

TURBINE COST BREAKDOWN

For (1) GE 1.5 SLE Wind Turbine & Associated Equipment

Removal Activity	Percentage of Cost (%)	Cost
Removal of Oil/Grease	4%	\$5,000.00
Nacelle & Hub Removals	35%	\$43,750.00
Tower Removal	15%	\$18,750.00
Down Tower Equipment Removal	3%	\$3,750.00
Removal of Underground Cables (24")	6%	\$7,500.00
Foundation Removals (3' Below Grade)	25%	\$31,250.00
Removal of Contaminated Soil	1%	\$1,250.00
Backfill, Topsoil, Seed	10%	\$12,500.00
Removal of Communication Tower	1%	<u>\$1,250.00</u>
Cost Per 1 Turbine		\$125,000.00

TOTAL DECOMMISSIONING COST - COMPLETE FACILITY

Cost Per Turbine	Number of Turbines	Total Cost
\$125,000.00	32	\$4,000,000.00

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www.otpco.com (web site)



January 11, 2019

Mr. Steve Kahl
Executive Secretary
Director of Administration
North Dakota Public Service Commission
600 East Boulevard, Dept 408
Bismarck, ND 58505-0408

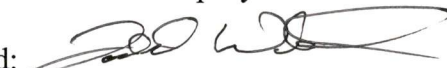
RE: Financial Assurance for Ashtabula I Wind Energy Center Decommissioning

1. I am the Chief Financial Officer for Otter Tail Power Company (Otter Tail or Company), an investor-owned electric utility regulated by the North Dakota Public Service Commission (Commission).
2. Otter Tail is the owner of 32 General Electric 1.5 MW wind turbines and associated equipment at the Ashtabula I Wind Energy Center (Ashtabula I Facility), as more fully described in Otter Tail's decommissioning plan filed with the Commission in conjunction with this letter.
3. This letter provides Otter Tail's financial assurance that the Company will complete the decommissioning of its Ashtabula I Facility. The current cost estimate for decommissioning the Ashtabula I Facility is provided in the decommissioning plan filed in conjunction with the letter. Specifically, the cost of decommissioning of the Ashtabula I Facility is estimated to be \$4,000,000, or \$125,000 per turbine. These figures do not include salvage value.
4. North Dakota Administrative Code 69-09-09-08(3) authorizes the Commission to accept several different forms of financial assurance, and any other "form of financial assurance that is acceptable to the commission to cover the anticipated costs of decommissioning."
5. On August 24, 2018, Otter Tail provided financial assurance to North Dakota Department of Health that Otter Tail will perform closing and post-closing activities concerning solid waste disposal facilities at Coyote Station, an electric generation facility located near Beulah, North Dakota. Otter Tail demonstrated financial assurance through a financial test specified by

N.D. Admin. Code 33-20-24-02 through 33-20-14-07, which included a statement Otter Tail's Tangible Net Worth derived from Otter Tail's independently audited year-end financial statements for the fiscal year 2017. A copy of the financial test filed with the North Dakota Department of Health is attached to this letter.

6. The financial test provided the North Dakota Department of Health remains an accurate statement of Otter Tail's Tangible Net Worth and demonstrates that Otter Tail has the resources necessary to complete its decommissioning obligations.
7. Otter Tail's financial assurance of its Ashtabula I Facility decommissioning obligations combined with the Company's other decommissioning obligations does not exceed twenty-five percent of the owner's tangible net worth in the United States.
8. Otter Tail respectfully requests that the North Dakota Public Service Commission accept the financial test incorporated by reference in this filing as financial assurance of Otter Tail decommissioning obligations for the Langdon Wind Facility.

Todd Wahlund
Chief Financial Office
Otter Tail Power Company

Signed: 
Date: 1-11-19

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August 24, 2018

North Dakota Department of Health
1200 Missouri Avenue
PO Box 5520
Bismarck, ND 58502

Subject: COYOTE STATION- 2017
FINANCIAL ASSURANCE FOR
SOLID WASTE DISPOSAL FACILITIES

I am the Chief Financial Officer for Otter Tail Power Company, a wholly owned subsidiary of Otter Tail Corporation. This letter is in support of this firm's use of a financial test to demonstrate financial assurance for closure and post-closure costs, as specified in Section 33-20-14-07 NDAC.

1. This firm is the owner or operator of the following facilities for which financial assurance for closure and/or post-closure care is demonstrated through the financial test specified in Section 33-20-14-02 through 33-20-14-07 NDAC. The current closure and/or post-closure cost estimates covered by the test are shown for each facility:

Coyote Station – Slag Pond Closure Special Use Permit SP-170

Closure Cost estimate: \$851,220 (Otter Tail's share¹ \$297,927)
Post-closure Cost Estimate: \$ 706,567 (Otter Tail's share \$247,299)
(30 years remaining)

Coyote Station – Blue Pit Special Use Permit SP-182

Sequence 6-8 Closure Cost Estimate: \$1,215,231 (Otter Tail's share \$425,331)
Post-closure Cost Estimate: \$498,262 (Otter Tail's share \$174,392)
(30 years remaining)

Coyote Station-Black Pit SP-090

Post-closure Cost Estimate: \$195,005 (Otter Tail's share \$68,252)
(13 years remaining)

Coyote Station – Green Pit Special Use Permit SP-032

Post-closure Cost Estimate: \$8,358 (Otter Tail's share \$2,925)
(1 years remaining)

North Dakota Department of Health
Financial Assurance for Coyote Station

2. This firm guarantees, through the guarantee specified in Sections 33-20-14-02 through 33-20-14-07 NDAC, the closure and/or post-closure of the following facilities owned or operated by the guaranteed party. The current cost estimates for the closure and post-closure so guaranteed are shown for each facility: None.

The fiscal year of Otter Tail Power Company ends on December 31. The Tangible Net Worth shown below is derived from Otter Tail Power Company's independently audited year-end financial statements for the latest completed fiscal year ended December 31, 2017.

Financial Test

	12/31/17 (In Thousands)
1. Sum of Current Cost Estimates (Total of all cost estimates shown in paragraphs above)	\$1,216
2. Current Bond Rating of Most Recent ² Issuance of this Firm and Name of Rating Service	Moody's A3 Standard & Poor's BBB Fitch BBB+
3. Date of Issuance of Bond	February 27, 2014
4. Date of Maturity of Bond	February 27, 2029 and 2044 ³
5. Tangible Net Worth (If any portion of the closure and post-closure cost estimates is included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line)	\$550,486
6. Total Assets in U.S. (Required only if less than 90% of firm's assets are located in the U.S)	N/A
7. Is line 5 at least \$10 million?	Yes
8. Is line 5 at least 4 times line 1?	Yes
9. Are at least 90% of firm's assets located in the U.S.?	Yes
10. Is Line 6 at least 4 times line 1?	N/A

I hereby certify that the wording of this letter meets the requirements specified in Subsection 5 of Section 33-20-14-07 NDAC as such regulation was constituted on the date shown above.

Included with this letter is a report on applying agreed-upon procedures from the company's independent accountant's Deloitte & Touche LLP.

North Dakota Department of Health
Financial Assurance for Coyote Station

Todd Wahlund
Chief Financial Officer
Otter Tail Power Company

Signed: 

Dated: 8/27/18

¹Otter Tail Power Company's 35% share

²These ratings are as of December 31, 2017 for our senior unsecured debt.

³\$60M matures on February 27, 2029 and \$90M matures on February 27, 2044.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Otter Tail Power Company
Fergus Falls, Minnesota:

We have performed the procedures enumerated below, which were agreed to by Otter Tail Power Company (the "Company"), a wholly owned subsidiary of Otter Tail Corporation, and the North Dakota Department of Health (NDDH), solely to assist you with respect to the Company's letter dated August 24, 2018 from the Chief Financial Officer to the NDDH (the "Letter") in evaluating the Company's compliance with the requirements of Section 33.20.14.04 and 33.20.14.07 of the North Dakota Administrative Code as of December 31, 2017. The Company's management is responsible for compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and related findings were as follows:

- We compared the amount of \$550,486,000 under the caption Financial Test (Line 5: Tangible Net Worth) in the Letter to a consolidated schedule prepared by the Company's accounting department and found the amounts to be in agreement. The Company calculates Tangible Net Worth by subtracting intangible assets from total common equity. The Company defines intangible assets to include unamortized capitalized software and licenses and to exclude regulatory assets. We compared total common equity to the audited financial statements of the Company as of and for the year ended December 31, 2017, on which we have issued our report, dated March 5, 2018 (which expressed an unqualified opinion) and noted that such amount was in agreement. We compared intangible assets included in the consolidated schedule to the Company's general ledger as of December 31, 2017 and noted such amounts were in agreement. We recalculated the Tangible Net Worth amount as of December 31, 2017, as defined above, without exception.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Company and the NDDH and is not intended to be, and should not be, used by anyone other than these specified parties.

August 24, 2018