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June 28, 2018

*Via U.S. Mail*

Mr. Darrell Nitschke  
Executive Director  
North Dakota Public Service Commission  
600 E. Boulevard, Dept. 408  
Bismarck, ND 58505-0480



In re: Acciona Wind Energy USA LLC  
Velva Wind Energy Conversion System  
McHenry County  
Case No. PU-10-109  
Our File No. 010268-000001

Dear Mr. Nitschke:

Please find enclosed for filing in the above-referenced matter an updated decommissioning plan, associated cost estimate, and proposed financial assurance.

Please feel free to contact the undersigned should you have any questions. Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Casey Furey". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Casey A. Furey

CAF/lh  
enc.

cc: Jerry Lein (via email)  
Emilie Beavers (via email)

June 21, 2018

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

Regarding: Decommissioning Estimate - Velva WECS

North Dakota Public Service Commission,

Per the request of Acciona Wind Energy USA LLC, the team of Fehr Graham and AE2S is pleased to submit the following Decommissioning Cost Estimate for the existing Velva Wind Energy Conversion System (Velva WECS) located in McHenry County, North Dakota. The estimate is based on information gathered from Fehr Graham's historical data from the past 45 years of experience in the engineering and environmental 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 the work.

Background: Fehr Graham

Fehr Graham is a 45 year old, privately held, engineering and environmental firm for the public and private sectors. With 10 locations located within the Midwest, Fehr Graham has a large pool of resources at the ready.

Background: AE2S

AE2S is an employee-owned engineering firm headquartered in Grand Forks, ND with offices throughout ND, MT, SD, and Utah. AE2S provides environmental engineering specializing in water and waste water treatment, distribution, and collection; general civil engineering, with staff with civil engineering and structural engineering experience in the wind energy development sector.

AE2S routinely manages large rural water projects, which is an asset of experience for surface restoration of cultivated fields and other rural land use functions.

The Team:

Fehr Graham and AE2S partnered to help prepare a decommissioning cost estimate for the Velva WECS facility. Fehr Graham has experience in preparing decommissioning reports for wind and solar power farms across the United States and Canada. AE2S has experience regarding the specific conditions and regulatory requirements regarding facilities within North Dakota. With Fehr Graham and AE2S's experience, the team is confident that the estimate given are reasonable and comprehensive.

The Process:

Fehr Graham and AE2S worked together to prepare the attached estimate. During the initial phase of the work, personnel from both firms talked, shared notes, and had discussions about past experience and other similar projects. Responsibilities were assigned, and each company worked to obtain the additional data to assist in preparing the final documents. A draft version of the decommissioning report was developed and distributed for all parties to review. The final decommissioning estimate was created after discussion and agreement by all parties.

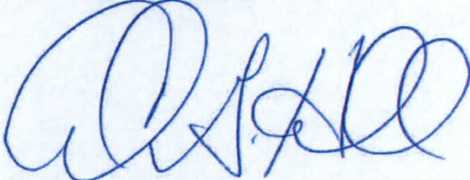
Methodology:

The estimate of cost was developed on a per turbine basis. Fehr Graham had completed an earlier decommissioning cost estimate for the Velva WECS facility and used that historical data for the respective costs for each phase of the wind turbine decommissioning. AE2S provided input on the specifics of performing this work within the state of North Dakota.

Please see the attached Exhibit A providing a detailed cost breakdown of the work required to complete the decommissioning process. This breakdown addresses the cost for each respective phase of the decommissioning process for the wind power facility. The decommissioning cost estimate is reasonable, and it is our conclusion that the costs include the scope of work needed to properly decommission the Velva WECS facility.

Sincerely,

Fehr Graham:



Adam G. Holder  
Member



**ACCIONA WIND ENERGY USA LLC**

**STATE OF NORTH DAKOTA  
PUBLIC SERVICE COMMISSION**

Acciona Wind Energy USA LLC  
Velva Wind Energy Conversion System - McHenry County

Case No. PU-10-109

**DECOMMISSIONING PLAN**

Pursuant to N.D. Admin. Code ch 69-09-09, Acciona Wind Energy USA LLC provides this decommissioning plan for the 12 MW Velva Wind Energy Conversion System in McHenry County, North Dakota ("Velva WECS").

Velva WECS is comprised of (18) V47 0.67 MW Wind Turbines, manufactured by Vestas Wind Systems which became operational December 31, 2005. This decommissioning plan is filed pursuant to the Commission's rulemaking in PU-17-023 and is filed to update the existing decommissioning plan in the above-referenced matter. The decommissioning plan is premised on the proper treatment of the asset retirement obligation, pursuant to generally accepted accounting principles or "GAAP", associated with Velva WECS.

**N.D. Admin. Code § 69-09-09-01(6)(a) - Anticipated Facility Life**

Velva WECS turbines have an anticipated useful life of at least twenty-five (25) years. Upgrades based on new technology may allow the wind facility to produce efficiently and successfully well beyond this period of time. Within twelve (12) months after the facility or turbine reaches the end of its useful life, decommissioning shall begin and will be completed within twelve months after commencement of decommissioning, or twenty-four (24) months after the facility or turbine reaches the end of its useful life.

Based on the operational date for the WECS, December 31, 2005, the 20-year analytical end of life is anticipated to occur on January 01, 2026 with decommissioning to begin on or around April 2025 and to end no later than November 2025.

**N.D. Admin. Code § 69-09-09-01(6)(b) - Decommissioning Cost Estimate**

In accordance with GAAP, Acciona Wind Energy USA LLC will assess, maintain, and recognize its asset retirement obligation, which includes decommissioning and restoration. The asset retirement obligation does not assume the recoupment of the salvage value associated with Velva WECS's components. The total cost of decommissioning and restoration at the end of the asset's life is estimated to be approximately \$2,581,400. The per turbine cost for decommissioning and restoration is approximately \$143,410. Pursuant to N.D. Admin Code § 69-09-09-06, the decommissioning cost estimate has been prepared by a licensed North Dakota professional engineer. Further details are provided in Exhibit A attached hereto and incorporated by reference.

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

See attached Exhibit A for a listing of individual line items of costs. All costs are presented as net present worth in 2018 dollars.

**N.D. Admin. Code § 69-09-09-01(6)(d) - Decommissioning Activities**

Decommissioning of turbines and towers includes dismantling of turbine components and transportation of the dismantled components offsite. The costs and activities for the removal of the tower and wind turbine components, access roadways, meteorological towers and project substation have been evaluated.

Tower and Wind Turbine Components. The turbines are Vestas 0.67 MW (18 turbines) on tubular steel towers. Activities have been estimated for dismantling the turbines, tower sections and wind turbine blades. Removal of the tower wiring and transformer is also included. All components would be removed from the property. Salvage value of the steel components is assumed, and landfill charges are not included.

The composite materials used to construct the turbine blades currently have no salvage or recycling value. The root end metal fabrication component has scrap value and will likely be cut loose from the turbine blades prior to disposal. The composite materials of the blades can be disposed as demolition waste and typical municipal waste landfills can accept the material. Therefore, special hauling costs or tipping fees are not included.

Tower and Transformer Foundations. Tower and transformer foundations, conduits and connection will be removed to a depth of approximately four (4) feet below existing grade, which is the normal location of the construction cold joint between the central pier and the foundation. This work will consist of sufficiently excavating around the foundations to provide access to, and a working platform around, the foundation. Each foundation is to be pulverized to the prescribed minimum depth, all exposed reinforcing steel is cut flush to the top surface of the remaining concrete and all demolition debris is properly disposed. All excavation is to then be backfilled full-depth with native soils and graded to match surrounding contours and will be restored to conditions that will support vegetation.

Tower Access Roads. It is feasible that the landowners may elect to leave the access roadways in place in lieu of removal during decommissioning; however, 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 request that the aggregate surface material be stockpiled on the site for the land owner's future use. This practice has not been assumed 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. However, an allowance for imported topsoil is included in the decommissioning costs.

Typical access roads are constructed with a geotextile fabric placed between the subgrade and the aggregate surface material. The geotextile fabric will also be removed and properly disposed. Remaining subgrade will be worked to provide decompaction and graded to match the existing contours. Roadway areas will be covered with topsoil recovered from the site (or imported, as needed) and seeded to establish temporary vegetative cover.

The aggregate surface working pad around the foundations will be removed prior to excavation, and the surface will be restored in a manner similar to the access roads. The topsoil allowance for each turbine site will cover as-needed costs of imported topsoil.

Collection System and Cables. The cable trenches provide for a minimum cover of 40 inches over the cables, with at least 36 inches of earthen materials and topsoil in all areas other than road crossings. Due to the nature and depth of the cable trenches, the physical removal of the collection cabling is not viewed as a required activity and costs are thus not included in the decommissioning costs of the Velva WECS.

Underground collection conduit and cables from within the foundation excavation will be removed and disposed or more likely sold for salvage value. The costs are ancillary to the foundation removal and are included in the foundation removal costs

Project Substation Electrical Components. Substation decommissioning will be performed after disconnection of the transmission line. The main transformer, circuit breakers, and switch gear equipment within the area will be removed, although buried wiring may be abandoned in place, and the concrete foundations will be removed to a depth of three (3) feet below existing grade.

Meteorological Tower. The towers will be decommissioned by lowering the towers and disconnecting the cables and tower from the foundations. The foundations will then be uncovered and removed from the site to be disposed of at a landfill operation.

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

Business operations at Velva WECS focus on harnessing wind resources during the facilities useful life until that time when the site will be restored in accordance with Commission's rules through the decommissioning process. Velva WECS has been developed to not impact the present or future development of natural resources during operation or decommissioning.

**N.D. Admin. Code § 69-09-09-01(6)(f) - Detailed Plan of Financial Assurance**

Velva Windfarm, LLC is a wholly-owned, indirect subsidiary of Acciona Wind Energy USA LLC ("AWE"). In order to ensure decommissioning of Velva Windfarm, and consistent with N.D. Admin. Code § 69-09-09-08, AWE has provided the attached parent guarantee in Exhibit B to cover the estimated amount of decommissioning costs of \$2,581,400. This guarantee provides that it will remain in effect for two year years after the end of the useful life of the project to ensure there is sufficient financial assurance in place until decommissioning is complete.

This parent guarantee meets the requirements of N.D. Admin. Code § 69-09-09-08(5) because (i) AWE has been in continuous operation as a business entity for at least five years and (ii) as

of December 31, 2017, has a tangible net worth of over \$273 million, a ratio of total liabilities to net worth of 0.13 and a ratio of current assets to current liabilities of over 1.20. As such, the amount of the parent guarantee for the Velva Windfarm decommissioning estimate does not exceed twenty-five percent of this amount.

EXHIBIT A

Acciona Wind Energy USA LLC  
Decommissioning Cost Estimate - Velva WECS  
McHenry County, ND

Facility Information:

Facility Location:	McHenry County, ND
Facility Size:	12 MW
Technology:	Vestas V47 0.67MW
Number of Turbines:	18

WTG Decommissioning Costs:

1. SWPP/Erosion Control (Each)	\$ 2,000
2. Fluid Removal (each)	\$ 6,000
3. Turbine Hub and Nacelle Removal (each)	\$ 42,000
4. Tower Removal (each)	\$ 22,000
5. Down-tower wiring and equipment (each)	\$ 6,000
6. Turbine Foundation Removal (each)	\$ 35,000
7. Access Roadway Removal (each)	\$ 9,300
8. Earthwork, backfill, seeding (each)	\$ 14,000
9. Topsoil Import (each)	\$ 3,000
<b>WTG Decommissioning Subtotal (each)</b>	<b>\$ 139,300</b>

**Total WTG Decommissioning Costs \$ 2,507,400**

Other Project Decommissioning Costs:

10. Project Substation Removal	\$ 67,000
11. Meteorological Tower Removal	\$ 7,000
<b>Other Decommissioning Subtotal</b>	<b>\$ 74,000</b>

**PROJECT TOTAL COSTS \$ 2,581,400**

**Average Cost per WTG \$ 143,410**

**EXHIBIT B**

**GUARANTY**

## PARENT COMPANY GUARANTY

This **GUARANTY** (this "Guaranty") dated as of June 21, 2018, is made and entered into by **ACCIONA WIND ENERGY USA LLC** ("Guarantor") in favor of the North Dakota Public Service Commission ("Beneficiary").

1. **GUARANTY.** Guarantor hereby absolutely, unconditionally and irrevocably guarantees the payment by Velve Windfarm, LLC ("Affiliate") of the maximum aggregate obligation and liability of Guarantor under this Guaranty, which shall in no event exceed Two Million Five Hundred Eighty-One Thousand Four Hundred Dollars ("Obligations") to Beneficiary pursuant to N.D. Admin. Code § 69-09-09-08 (the "Regulations"). To the extent that Affiliate shall fail to pay any Obligation, Guarantor shall, within fifteen (15) business days after receipt of notice from Beneficiary of such failure, promptly pay, or cause Affiliate to pay such Obligations. This Guaranty shall be subject to the following:

- (a) Guarantor's liability hereunder shall be and is specifically limited to monetary payments required to be made under the Regulations;
- (b) With respect to any claim, action or proceeding against the Guarantor in connection with this Guaranty, Guarantor shall be entitled to assert those defenses, claims, setoffs and other rights which Affiliate would be able to assert if such claim, action or proceeding were to be asserted or instituted against Affiliate based upon the Regulations; AND
- (c) The aggregate amount covered by this Guaranty shall not exceed \$2,581,400 (the "Guaranty Limit").

2. **TERM.** This Guaranty shall remain in full force and effect until the earlier of (i) the date that all Obligations have been duly fulfilled or discharged or (ii) two year years after the end of the useful life of the wind farm, whichever date is earlier (such date, the "Guaranty Expiration Date"). No termination shall effect, release or discharge any obligations already incurred by Guarantor under this Guaranty at the time of the notice of termination. Guarantor further agrees that this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time payment of any Obligation is rescinded or must otherwise be restored or returned due to bankruptcy or insolvency laws or otherwise.

3. **WAIVERS.** Guarantor hereby unconditionally and irrevocably waives, to the maximum extent permitted by applicable law, all rights and remedies accorded to sureties or guarantors and agrees not to assert or take advantage of any such rights or remedies, including the following rights:

- (a) any right to require that any action or proceeding be brought against Affiliate or any other person or entity or to require that Beneficiary seek enforcement of any Obligation against Affiliate or any other person or entity prior to any action against Guarantor under the terms hereof, or any other right of presentment, demand for payment, protest, notice of dishonor or non-payment, suit, proof of reliance by Beneficiary upon this Guaranty; and
- (b) any requirement that Beneficiary file any claim relating to the Obligations owing to it in the event that Affiliate becomes subject to a bankruptcy, reorganization, or similar proceeding and any failure by Beneficiary to so file;

Guarantor acknowledges and agrees that the foregoing provisions of this section constitute an unconditional and irrevocable waiver of any rights and defenses accorded by applicable law to sureties or guarantors; provided that the foregoing shall not limit Guarantor's ability to assert any defense to which Affiliate would be entitled under the Regulations.

4. NATURE OF GUARANTY. Guarantor agrees that this Guaranty is a guaranty of payment and not of collection and that its obligations under this Guaranty shall remain in full force and effect without regard to and shall not be impaired by:

- (a) any bankruptcy, insolvency, reorganization, arrangement, adjustment, composition, liquidation or similar proceeding affecting Affiliate or Guarantor or any rejection or disallowance of any of the Obligations in connection with the commencement by or against Affiliate or Guarantor of any case or proceeding relating to bankruptcy, insolvency, reorganization, winding up, liquidation, dissolution, or composition on adjustment of debt;
- (b) any merger or consolidation of Affiliate or Guarantor into or with any other entity, or any sale, lease or transfer of substantially all of the assets of Affiliate or Guarantor to any other entity;
- (c) any sale, transfer or other disposition by Guarantor of any direct or indirect interest it may have in Affiliate;
- (d) failure to collect any payments from, or take any action against, Affiliate or any other person or entity responsible for the Obligations;
- (e) any change of name, purpose, structure, organizational documents or ownership of Guarantor or Affiliate;
- (f) any change in the financial condition of Guarantor or Affiliate;
- (g) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters or events set forth in the foregoing subdivisions (a) through (f).

5. REPRESENTATIONS. Guarantor is a limited liability company duly organized, validly existing, and in good standing (or its equivalent) under the laws of the State of Delaware. The execution, delivery and performance of this Guaranty have been duly authorized by all necessary company action on the part of the Guarantor. This Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms (except that enforcement may be limited by bankruptcy, insolvency, reorganization, or similar laws affecting the enforcement of creditors' rights generally and general principles of equity, whether considered in a proceeding in equity or at law).

6. NOTICES. Any payment demand, notice, request, instruction, correspondence or other document to be given hereunder (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, to Guarantor or to Beneficiary at the addresses set forth below.

If to Guarantor:

Acciona Wind Energy USA LLC  
Attn: General Counsel  
55 E. Monroe St.; Suite 1925

Chicago, Illinois 60603  
Ph: (312) 673-3010  
Fax: (312) 673-3001

If to Beneficiary:

North Dakota Public Service Commission  
600 East Blvd., Department 408  
Bismarck, North Dakota 58505-0480  
Telephone: 701-328-2400  
Facsimile: 701-328-2410  
Email: [ndpsc@nd.gov](mailto:ndpsc@nd.gov)

Notice given by personal delivery or mail shall be effective upon actual receipt. Any party may change any address to which Notice is to be given to such party by giving Notice thereof as provided above.

7. MISCELLANEOUS. This Guaranty embodies the entire agreement of the parties, and supersedes all prior agreements and understandings of the parties, with respect to the subject matter hereof.

8. NO WAIVER. Subject to clause 2 hereof, no failure or delay by Beneficiary in exercising any right or remedy under the Regulations (except to the extent such failure or delay would have caused any such claim to be prohibited under the Regulations) or this Guaranty shall operate as a waiver thereof nor shall any single or partial exercise or waiver of any right or remedy preclude its further exercise or the exercise of any other right or remedy.

9. DISPUTE RESOLUTION. This Guaranty shall be governed by, and construed, interpreted and enforced in accordance with, U.S. federal laws and the substantive law of the State of North Dakota, without regard to otherwise governing principles of conflict of laws. The parties irrevocably consent to the nonexclusive jurisdiction and venue of state and federal courts located in Bismarck, North Dakota, and agree that all actions, proceedings or other matters arising directly or indirectly under this Guaranty may be initiated and prosecuted in such courts and expressly consent that any service of process may be made by personal service upon a party wherever the party can be located or by certified or registered mail directed to a party at the party's address set forth in Article 6.

10. WAIVER OF JURY TRIAL. TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES HEREBY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY AND IN CONNECTION WITH ANY CLAIM, COUNTERCLAIM OR DEFENSE ASSERTED AT ANY TIME OR AGAINST A PARTY TO THIS GUARANTY.

11. RELEASE UPON TERMINATION. Upon termination of this Guaranty, Beneficiary, immediately and without further act, hereby releases Guarantor from any and all obligations as Guarantor arising under this Guaranty.

12. SUCCESSORS AND ASSIGNS. This Guaranty is binding upon Guarantor and its successors and permitted assigns. Guarantor may not assign and/or delegate any of its obligations hereunder without the prior written consent of the Beneficiary (and any proposed assignment and/or delegation in violation of this Section shall be null and void).

13. CURRENCY. All sums payable by Guarantor hereunder shall be made in freely transferable and immediately available funds and shall be made in the currency in which the Obligations were due.

Signed for and on behalf of  
ACCIONA WIND ENERGY USA LLC

By: \_\_\_\_\_

Name: Rafael Esteban Fernández de Córdoba

Title: Authorized Signatory

By: \_\_\_\_\_

Name: Basilio Guerrero Inigo

Title: Authorized Signatory