

Brian R. Bjella
100 West Broadway, Suite 250
P.O. Box 2798
Bismarck, ND 58502-2798
701.223.6585
bbjella@crowleyfleck.com

June 17, 2014

Via hand delivery

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

Dear Mr. Nitschke:

In re: FPL Energy North Dakota Wind, LLC
Case No. PU-13-794

Enclosed for filing are the original and ten copies of Comments of FPL Energy North Dakota Wind, LLC.

Please feel free to call with any questions.

Very truly yours,



Brian R. Bjella

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Enc.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF NORTH DAKOTA**

FPL Energy North Dakota Wind, LLC
Wind Turbine Decommissioning Investigation

Case No. PU-13-794

COMMENTS OF FPL ENERGY NORTH DAKOTA WIND, LLC

Pursuant to the Notice of Opportunity for Hearing (“Notice”) issued by the North Dakota Public Service Commission (“Commission”) in this proceeding on May 6, 2014, FPL Energy North Dakota Wind, LLC (“FPL Energy” or “the Company”) provides comments on: (1) whether some form of financial assurance is needed to assure that FPL Energy’s project site is decommissioned and restored in accordance with North Dakota law; and (2) if some form of financial assurance is needed, the form of financial assurance to be required.

The Notice also solicited requests for hearing on these issues. FPL Energy believes that the Commission can decide the matter on the basis of the Company’s updated decommissioning plan filed on January 31, 2014 (the “Filed Decommissioning Plan”) and these comments. Staff has not raised concerns with the Company’s decommissioning plan or estimated decommissioning costs at the informal hearing and work sessions on these issues, and the form of financial assurance FPL Energy proposes in the event the Commission decides assurance is required is contemplated by the Commission’s rules. Therefore, the Company does not request a hearing unless the Commission seeks to require a form or amount of financial assurance other than the form or amount presented in these comments.

I. Background

On September 25, 2013, the Commission passed a motion opening an investigation requiring FPL Energy to submit updated decommissioning information to allow the Commission to determine the adequacy of the Company’s decommissioning plan related to the wind energy

center near Edgeley, North Dakota (“Edgeley I”), and whether bonding or other financial assurance is needed to cover anticipated costs of decommissioning. Edgeley I is comprised of 27 GE 1.5 megawatt turbines, which were installed in 2003.

The Commission’s action was pursuant to NDCC 49-02-27, which requires the Commission to adopt rules governing the decommissioning of commercial wind energy conversion facilities, including rules providing a method of ensuring that funds will be available for decommissioning and restoration, and NDAC 69-09-09-08 effectuating that statute, which provides:

After the tenth year of operation of a commercial wind energy conversion facility or wind turbine, the commission by order may require the owner or operator to secure a performance bond, surety bond, letter of credit, corporate guarantee, or other form of financial assurance that is acceptable to the commission to cover the anticipated costs of decommissioning the commercial wind energy conversion facility or turbine. The commission may accept a corporate guarantee if the corporation has a tangible net worth of at least ten million dollars, a ratio of total liabilities to net worth of 2.5 or less, and a ratio of current assets to current liabilities of 1.2 or greater; or if it has an investment grade current rating for its most recent bond issuance of “Baa” or higher as issued by Moody’s Investors Service “BBB” or higher as issued by Standard and Poor’s Corporation, or an equivalent rating by any other nationally recognized statistical rating organization, as defined and approved by the United States securities and exchange commission.

On January 24, 2014, FPL Energy submitted an updated decommissioning plan in this proceeding, which it revised on January 31, 2014. The Commission held an informal hearing on January 29, 2014, at which Company representatives answered questions from the Commissioners regarding the Company’s planned decommissioning activities, its estimate of decommissioning costs, and funds that will be available for decommissioning. The Commission held work sessions on March 10, 2014 and April 14, 2014 to further discuss issues related to financial assurance for decommissioning wind facilities in general. On May 6, 2014, the Commission issued the Notice soliciting comments and requests for hearing on whether to

require financial assurance from FPL Energy for decommissioning of Edgeley I and, if so, what type of financial assurance to require.

II. Need for Financial Assurance

The Commission's rules provide that after the tenth year of operation of a wind facility, the Commission "may" require the owner or operator to post financial assurance for decommissioning. FPL Energy believes that in the case of Edgeley I, financial assurance is not necessary to ensure that decommissioning would occur consistent with North Dakota law and applicable landowner agreements, which are subject to and governed by North Dakota law. Further, Edgeley I is expected to be in operation for at least another 19 years, if not longer, and the provision of any financial assurance is therefore premature. Edgeley I has positive cash flows, and FPL Energy assesses, maintains, and recognizes its asset retirement obligation, which includes decommissioning and restoration. The total cost of decommissioning and restoration at the end of Edgeley I's life is estimated to be approximately \$55.00 per kW, or \$2,229,318. At present, approximately \$0.3 million has been accrued towards satisfaction of this asset retirement obligation. The asset retirement obligation is reviewed on an annual basis in compliance with Generally Accepted Accounting Principles ("GAAP") and the company's internal Sarbanes-Oxley 404 policy ("SOX").

In addition, FPL Energy is an indirect wholly-owned subsidiary of NextEra Energy, Inc. ("NextEra"), a leading clean energy company with consolidated revenues of approximately \$14.3 billion, and more than 42,000 megawatts of generating capacity as of year-end 2013. NextEra has been recognized often by third parties for its efforts in sustainability, corporate responsibility, ethics and compliance, and diversity, and has been named No. 1 overall among

electric and gas utilities on Fortune's list of World's Most Admired Companies for eight consecutive years.

NextEra Energy Resources, LLC ("NEER"), an indirect wholly-owned subsidiary of NextEra and indirect parent company of FPL Energy, continues to invest in and develop clean generating facilities in the state of North Dakota. NEER, with approximately 18,300 MW of generating capacity at December 31, 2013, is one of the largest wholesale generators of electric power in the U.S., with nearly 17,800 MW of generating capacity across 24 states, and with approximately 400 MW in four Canadian provinces.

FPL Energy has every intention of meeting its decommissioning obligations related to Edgeley I and is certain that it will have the financial ability to do so, and therefore does not believe that financial assurance is required to ensure that it will meet its obligations. To provide assurance that FPL Energy will continue to have the resources necessary to decommission Edgeley I, however, the Commission could require financial assurance in the future if there is a material change in FPL Energy's financial ability to meet its decommissioning obligations. In particular, the Commission could require FPL Energy to post financial assurance in a form allowed under NDAC 69-09-09-08 in an amount equal to its obligation in the Filed Decommissioning Plan if the NextEra affiliate that owns and provides funding for NEER and its subsidiaries, NextEra Energy Capital Holdings, Inc. ("NEECH") discussed further below, experiences a credit downgrade.

FPL Energy respectfully encourages the Commission to issue an order requiring financial assurance to be posted only in the event that the above-described condition is met. Requiring financial assurance based on this triggering event would balance the need to ensure the availability of financial resources to decommission a wind facility with the recognition that

financial assurance is not required in this particular case to ensure that such resources are available. If the Commission does not adopt this proposal and instead requires that financial assurance should be posted at this time, then FPL Energy recommends the following form and amount of financial assurance.

III. Form and Amount of Financial Assurance

Under NDAC 69-09-09-08, if the Commission requires financial assurance, it may require the owner or operator to “secure a performance bond, surety bond, letter of credit, corporate guarantee, or other form of financial assurance that is acceptable to the commission.” A corporate guarantee is acceptable if the corporation meets certain financial metrics: (1) a tangible net worth of at least ten million dollars, a ratio of total liabilities to net worth of 2.5 or less, and a ratio of current assets to current liabilities of 1.2 or greater; or (2) an investment grade current rating for its most recent bond issuance of “Baa” or higher as issued by Moody’s Investors Service “BBB” or higher as issued by Standard and Poor’s Corporation, or an equivalent rating by any other nationally recognized statistical rating organization.

Consistent with the requirements of NDAC 69-09-09-08, if the Commission decides to require financial assurance, FPL Energy proposes to provide a corporate guarantee from NEECH. NEECH is a wholly-owned subsidiary of NextEra, and owns and provides funding for NEER (a wholly-owned subsidiary of NEECH) and NextEra’s other operating subsidiaries, other than Florida Power & Light Company and its subsidiaries. Attachment A is a chart showing the relationships between the NextEra companies discussed in these comments.

NEECH’s current credit ratings for its most recent bond issuance exceed the thresholds contained in NDAC 69-09-09-08. NEECH has a long-term senior unsecured issuer credit rating of “Baa1” from Moody’s Investors Service, Inc., “A-” from Standard & Poor’s Ratings Services,

and “A-” from Fitch Ratings.¹ The outlook indicated by all three rating agencies is stable. Because NEECH’s credit ratings exceed the thresholds for the Commission’s acceptance of a corporate guaranty, a corporate guaranty from NEECH is an appropriate form of financial assurance in this case.

FPL Energy proposes that if the Commission finds that financial assurance is required in this case, it require the Company to provide a corporate guarantee from NEECH in the amount FPL Energy has accrued towards its decommissioning obligation: \$0.3 million. As explained above, this obligation is reviewed on an annual basis in compliance with GAAP and SOX. Over the expected life of Edgeley I, this amount is adjusted so that at the end of the asset’s life, the entire retirement obligation of \$2,229,318² has been accrued. FPL Energy would propose that should the Commission determine that additional financial assurance is necessary in the future, the Commission could issue an order requiring FPL Energy to provide additional financial assurance to cover the amount of the existing asset retirement obligation at that future date.³

IV. Conclusion

For the reasons described above, FPL Energy does not believe that financial assurance is required to ensure that the Company will meet its decommissioning obligations, so the Commission could choose to not require financial assurance at this point or require assurance in the future should NEECH experience a credit downgrade. However, if the Commission decides to require financial assurance, FPL Energy requests that the Commission accept a corporate

¹ NextEra Energy, Inc. 2013 Annual Report at 59. *Available at:* <http://www.investor.nexteraenergy.com/phoenix.zhtml?c=88486&p=irol-reportsCorporate>.


³ FPL Energy would propose that the Commission issue such an order on a no-more-than annual basis and for no more than the amount accrued towards such obligation, in accordance with GAAP and SOX, at such date.

guarantee from NEECH in full compliance with NDAC 69-09-09-08 in the amount that the Company has accrued towards its future decommissioning obligations: \$0.3 million.

Dated this 17th day of June, 2014.

Respectfully submitted,

FPL Energy North Dakota Wind, LLC



CROWLEY FLECK PLLP

Attorneys for

FPL Energy North Dakota Wind, LLC

100 West Broadway, Suite 250

Post Office Box 2798

Bismarck, North Dakota 58502-2798

Phone: 701-223-6585

Brian R. Bjella, ND Bar ID #03549

Amie Jamieson

Senior Attorney for

FPL Energy North Dakota Wind, LLC

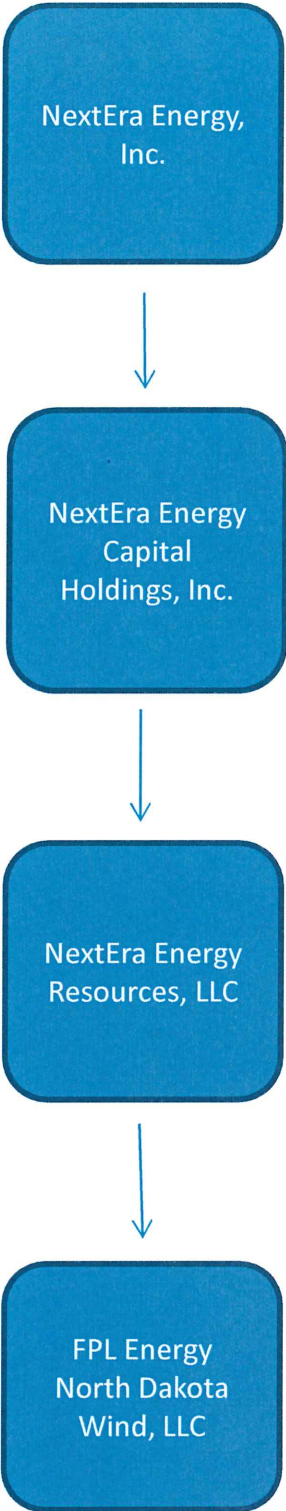
700 Universe Blvd

Juno Beach, Florida 33408

(561) 304-5802

amie.jamieson@nee.com

FPL Energy North Dakota Wind, LLC Corporate Structure



Note: Intermediary entities between NextEra Energy Resources, LLC and FPL Energy North Dakota Wind, LLC not shown.