

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**FPL Energy North Dakota Wind, LLC
Wind Turbine Decommissioning
Investigation**

Case No. PU-13-794

ORDER ON FINANCIAL ASSURANCE

September 2, 2014

On September 25, 2013, the Commission opened an investigation to determine the adequacy of FPL Energy North Dakota Wind, LLC's (FPL Energy) decommissioning plan for its Edgeley I wind energy project and whether financial assurance is needed.

On January 24, 2014, FPL Energy filed an updated decommissioning plan and cost estimate.

On January 29, 2014, the Commission discussed this matter at an informal hearing with FPL Energy and Commission staff.

On May 6, 2014, the Commission issued a Notice of Opportunity for Hearing, which provided until June 17, 2014 for receiving written comments and requests for hearing. The Notice identified the following issues to be considered:

1. Whether some form of financial assurance is needed to assure that the project site is decommissioned and restored in accordance with N.D.C.C. section 49-02-27 and N.D. Admin. Code chapter 69-09-09.
2. If some form of financial assurance is needed, what form of financial assurance should be required?

On June 1, 2014, FPL Energy filed written comments.

FPL Energy states that, in accordance with Generally Accepted Accounting Principles and its internal Sarbanes-Oxley 404 policy, the Edgely I asset retirement obligation is reviewed annually. FPL Energy estimates a 35 year project life, after which the total cost of decommissioning and restoration of the site is expected to be approximately \$2.23 million. The cost of decommissioning would be paid for using funds obtained from internally generated cash flows. FPL Energy reports approximately \$0.3 million has been accrued towards satisfaction of this asset retirement obligation.

FPL Energy states that it believes financial assurance is not needed to ensure decommissioning will occur and the provision of financial assurance is premature because the project is expected to be in operation another 19 years or more. FPL Energy further states that if the Commission requires assurances be posted, then FPL Energy proposes to provide a corporate guaranty from its parent company, NextEra Energy Capital Holdings, Inc. (NEECH), which is a subsidiary of NextEra Energy, Inc. (NextEra).

FPL Energy's comments note that NextEra is an industry leader with consolidated revenues of approximately \$14.3 billion and more than 42,000 MWs of installed generating capacity as of year-end 2013. FPL Energy reports NEECH's most-recent bond issuance ratings are "Baa1" from Moody's, "A-" from Standard & Poor's, and "A-" from Fitch.

Finally, FPL Energy proposes the amount of the corporate guaranty be set to match its accrual towards its asset retirement obligation, currently \$0.3 million.

The Commission finds financial assurance sufficient to assure decommissioning of the Edgeley I wind energy project is necessary. The Commission further finds that a corporate guaranty from NEECH meets the requirements of section 69-09-09-08 of the North Dakota Administrative Code.

FPL Energy's proposal to guaranty only an amount already accrued is not sufficient to assure decommissioning should it become necessary sooner than expected. The accrued amount does not represent the amount FPL Energy states in its decommissioning plan would be required to decommission. Consequently, the Commission will require a corporate guaranty in the full amount of FPL Energy's estimated \$2.23 million retirement obligation to assure decommissioning.

Having considered this matter, the Commission issues the following:

Order

The Commission Orders:

1. FPL shall file for Commission approval a corporate Guaranty from NEECH in the amount of at least \$2.23 million by December 5, 2014.
2. FPL shall report to the Commission updated bond issuance ratings for NEECH from Moody's, Standard & Poors and Fitch rating agencies annually and within 90 days after any updates occur.
3. FPL shall file with the Commission updated decommission cost estimates for the Edgeley I wind project by January 1, 2020.

PUBLIC SERVICE COMMISSION



Randy Christmann
Commissioner



Brian P. Kalk
Chairman



Julie Fedorchak
Commissioner