

**MEMO**

To: North Dakota Public Service Commission  
From: Casey Willis - Senior Project Manager, Sunflower Wind Project, LLC  
Date: 05/14/2014

**RE: Sunflower Wind Project Restoration Fund Description – Late File Exhibit**

As noted from my testimony at the PSC hearing that was held on Monday, May 12, 2014, Sunflower Wind Project, LLC has voluntarily included a restoration fund provision within our easements related to the future decommissioning of the Sunflower Wind Project. As requested, Attachment 1 of this memo includes the exact language from our easements related to the creation of the restoration fund.

Practically speaking, the restoration fund benefits each landowner individually, but was intended to be used collectively if the entire project was abandoned. In the unlikely event of the bankruptcy of Sunflower Wind Project, LLC, the intent of the fund is to allow the landowners that are participating in the Project to pool their funds in order to hire a salvage company to remove the abandoned turbines for the entire project. The pooled funds would provide deployment capital for the salvage company and all landowners, as a whole, will benefit from the ultimate removal of the turbines based on the salvage value of the materials present.

In addition, the question was asked about why the fund would be created starting in the 11<sup>th</sup> year of operation. The way that the project economics work for a wind project, the debt financing is generally paid off during the first 10 years of operation. After the debt is paid off, cash flow is freed up for other project activities, which includes the funding of the restoration fund.



Attachment 1 – Sunflower Restoration Fund Easement Provision.

17.2 Restoration. Upon any termination, surrender or expiration of this Easement, and within one year thereof, Developer shall restore, to the extent required by any applicable ordinance of Morton County, State of North Dakota, the subsurface of Owner's Property, but in any event Developer shall restore such subsurface as is reasonably practicable to its original condition as of the Effective Date to a depth of three (3) feet below the surface of Owner's Property. In addition, Developer shall restore the surface of Owner's Property as is reasonably practicable to its original condition as the same existed as of the Effective Date and shall repair any damage, to the extent reasonably practicable, to Owner's Property as a result of any removal of Developer's Improvements under this Section.

17.3 Restoration Fund. Upon the commencement of the eleventh (11<sup>th</sup>) year of the Operations Period, Developer shall establish a fund ("Restoration Fund") at a federally chartered bank to secure the obligations of Developer under Section 17.2. Developer shall contribute \$500.00 per WTG annually to the Restoration Fund, up to an aggregate maximum of \$15,000.00 per WTG on Owner's Property. Developer shall execute such documents and make such filings as are necessary to perfect Owner's security interest in the Restoration Fund. Upon Developer's satisfaction of its obligations under Section 17.2, Owner shall promptly execute and deliver to Developer a release of Owner's security interest in the Restoration Fund.