

# Memorandum

To: Commissioners Brian Kroshus, Julie Fedorchak, and Randy Christmann  
From: Adam Renfandt  
Date: August 31, 2020  
Subject: Decommissioning Plan, Cost Estimate, and Self-Guaranty for Merricourt Wind Facility

On August 19, 2020, Otter Tail Power Company (Otter Tail) filed a decommissioning plan, cost estimate and self-guaranty for the Merricourt Wind Facility (Merricourt), which is anticipated to be operational on October 30, 2020. Merricourt consists of 75 2 MW turbines for a total nameplate capacity of 150 MWs. Excluding salvage offsets, the total cost to decommission the facility is approximately \$19.48 million, or \$259,704 per turbine.

Otter Tail also proposes a self-guaranty for the same amount of the decommissioning estimate, excluding salvage offsets, to fulfill its decommissioning financial assurance requirement. Otter Tail can file such a guarantee because it is an electric public utility as defined by subsection 2 of North Dakota Century Code section 49-03-01.5, and the total amount of its guarantees do not exceed twenty-five percent of the owner's tangible net worth, which would amount to self-guaranties not exceeding approximately \$160 million (estimate as of December 31, 2019).

The table below summarizes the approved decommissioning estimates guaranteed by a self-guaranty and the facility nameplate capacities for Otter Tail's wind facilities.

Facility	Decommissioning Dollar Amount Guaranteed by a Self-Guaranty	Total Nameplate Capacity
Langdon facility	\$5.994 million	40.5 MWs
Ashtabula facility	\$7.104 million	48.0 MWs
Luverne facility	\$7.326 million	49.5 MWs
<b>Total approved facilities</b>	<b>\$20.424 million</b>	<b>138 MWs</b>
<i>Proposed Facility:</i>		
Merricourt facility	\$19.4778 million	150 MWs
<b>Total approved &amp; proposed facilities</b>	<b>\$39.9018 million</b>	<b>288 MWs</b>

Staff recommends approval of the decommissioning plan, cost estimate, and self-guaranty.