

Docket Number: EL08-031
Subject Matter: Decommissioning Plan Data Request
Request to: Buffalo Ridge II, LLC
Request from: South Dakota Public Utilities Commission Staff
Date of Request: April 21, 2021
Responses Due: May 5, 2021

- 1) In accordance with Condition 24, please provide a facility status report specific to Buffalo Ridge II, including:
 - a. Expected remaining life of the facility and support for that estimate;- See attached report. Our present experience indicates a life span of 40 years for everything but the nacelle which assumes 25 years and at that time will need a gearbox and blade changeout. We operate many turbines in many wind farms; our experience is extensive.
 - b. A summary of any major repowering or other maintenance activities that have occurred at Buffalo Ridge II to extend the life of the facility beyond 30 years; None to date.
 - c. A summary of any major repowering or other maintenance activities, and the estimated cost of each, that will need to occur in the future to meet the expected remaining life of the facility in subpart a) above; See attached report. Nothing is planned as of this writing. The project strives for a 97% availability rate, and continued maintenance is undertaken on an ongoing basis to keep the turbines running
 - d. A status on any existing power purchase agreements, planned power purchase agreements, or if the project will continue to sell into the market as a merchant generator; and- Currently and in the short term, there are no PPA's or prospects for the same. The project plans to continue to sell into the market as a merchant generator
 - e. The term of the generator interconnection agreement.-The agreement is for a term of 30 years and by its terms it is then renewable each year after for one-year terms.
- 2) In accordance with Condition 24, please provide financial information of Buffalo Ridge II Wind, LLC. This should include, but is not limited to, a balance sheet and income statement in order to show the financial condition of the Applicant. Please see attached. **Confidential Info Not Included in Public Version**
- 3) Please provide support from the turbine manufacturer, or other source material, indicating that 40 years from the date of construction is a reasonable estimate for the Project's useful life, as found in section 1.2 of the decommissioning plan, since the life of the project was initially estimated to be 20-30 years as found in the Permit Application and Attachment H to the Application. The project has 40-year leases with landowners. At the time of the application, the project was anticipating that the life of the Project would be no less than 20 years. The project reserved the right in its leases to explore alternatives (retrofitting or repowering) regarding Project decommissioning.
- 4) Referring to section 2.6 of the decommissioning plan, please provide the basis for the estimate that only 75% of the access roads will need to be removed. In some instances an existing wind farm road would be of more value to the land owner and would be preferred over removal so we expect that 25% of the roads would be preferred to stay.

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- 5) Referring to section 4 of the decommissioning plan, please provide Buffalo Ridge II's proposed financial assurance for consideration should the Commission order a financial assurance be provided by Buffalo Ridge II. - See attached form of parent guarantee. The parent guarantee remains the company's preferred mechanism to guarantee the costs of decommissioning. It is low cost and low risk, and an efficient use of capital. A surety bond is less so, but acceptable. The escrow account is none of those things. **Confidential Info Not Included in Public Version**

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Docket Number: EL08-031
Subject Matter: Decommissioning Plan Data Request – Second Set
Request to: Buffalo Ridge II, LLC
Request from: South Dakota Public Utilities Commission Staff
Date of Request: May 21, 2021
Responses Due: June 7, 2021

2-1) Referring to Buffalo Ridge II's response to question 2 of the first data request set, please provide the balance sheet and annual income statement for year;' ending 2018, 2019, and 2020. Please identify if the reports provided were audited and, if so, by whom.

Answer: See attached confidential sheets responsive to this request. These are unaudited financials prepared by the company for this request. **Confidential Info Not Included in Public Version**

2-2) Has Brookings County and/or Deuel County required Buffalo Ridge II to provide a financial assurance for decommissioning the project at the end of its useful life? If so, please identify the type of financial assurance each county required and provide a copy of the financial assurance documentation.

Answer: We are unaware of any request from either county for financial assurance, and are unaware of any documentation responsive to this request.

2-3) In response to question 5 of the first data request set, Buffalo Ridge II indicated a surety bond is acceptable. Is Buffalo Ridge II amenable to a surety bond that includes the terms provided below? If not, please identify the specific term Buffalo Ridge II is not amenable to and explain why.

- 1) The surety bond shall remain in full force and effect until Buffalo Ridge II's decommissioning obligation is fulfilled.
- 2) The Surety may only cancel the bond if it provides the Commission with 90 days' advance written notice and Buffalo Ridge II provides a replacement security acceptable to the Commission.
- 3) If Buffalo Ridge II does not provide a replacement security, the Surety shall (1) rescind the bond cancellation, or (2) promptly arrange for the decommissioning of the Project as required per the decommissioning obligations, or (3) pay the bond beneficiary/ies for any out of pocket costs incurred to decommission the Project, minus salvage.

Answer: Applicant prefers parent guarantee and is amenable to surety bond. These three terms are acceptable. See attached proposed form of surety bond. Guarantee and Bond are low risk, low cost, and efficient uses of capital. An escrow account has risks, costs and is an inefficient use of capital in the Applicant's opinion.

DECOMMISSIONING SURETY BOND**BOND NO.** _____

KNOW ALL PERSONS BY THESE PRESENTS that **Wild Springs Solar, LLC, 1400 Normandale Lake Blvd, Bloomington, MN 55437**, as Principal ("Principal") and **The Ohio Casualty Insurance Company, a corporation duly organized under the laws of Massachusetts, 1001 4th Avenue, Suite 1700, Seattle, WA 98154**, and licensed to do business in the State of South Dakota, as Surety ("Surety"), are held and firmly bound unto **South Dakota Public Utilities Commission ("PUC"), Capitol Building, 1st Floor, 500 E Capitol Ave, Pierre, SD 57501** as Obligee ("Obligee"), in the penal sum **Four Million Four Hundred Eighty Thousand and 00/100 Dollars (\$4,480,000.00)**, for the payment of which sum we hereby jointly and severally bind ourselves, our heirs, executors, administrators, successors and assigns, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that:

WHEREAS, the PUC has issued an Energy Facility Permit together with Conditional Use Permit CU 20-18 issued by **Pennington County Planning Commission ("Planning Commission"), 130 Kansas City Street, Rapid City, SD 57701**, to the Principal authorizing the construction, operation, and maintenance of a utility scale solar energy system ("Facility") in Pennington County;

WHEREAS, the Principal is required to provide security to cover the costs of decommissioning the Facility in the event it is not decommissioned by the Principal as required under the Permits ("Decommissioning Obligations");

WHEREAS, the Principal is posting this Decommissioning Surety Bond as a guarantee that the Decommissioning Obligations will be completed as required.

IT SHALL BE UNDERSTOOD, that this bond shall be for the benefit of the Obligee and/or the Planning Commission as their interests may appear.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS that, if the Principal faithfully completes all the Decommissioning Obligations set forth under said Permits, then this Bond shall be void; otherwise, it shall remain in full force and effect. Provided however that the Surety may cancel this bond by giving at least 60 days' advance written notice to the Obligee, by certified or registered mail. Such notice shall not discharge the liability of the Surety for any default prior to the effective cancellation date. Further, if the Principal fails to provide the Obligee with replacement security acceptable under the terms of said Permits, then the Surety, at its sole discretion, shall 1) rescind its cancellation notice by registered or certified mail or 2) promptly arrange for the decommissioning of the Facility in accordance with the Decommissioning Obligations or 3) pay the Obligee and/or the Planning Commission for any out of pocket costs incurred for decommissioning of the Facility minus any salvage. In no event shall the liability of the Surety exceed the penal sum of the bond.

Response to DR 2-3

Signed, sealed and dated this _____ day of _____, 20____.

Wild Springs Solar, LLC
Principal

The Ohio Casualty Insurance Company
Surety

By: _____

By: _____

PUBLIC

Docket Number: EL08-031
Subject Matter: Decommissioning Plan Data Request – Third Set
Request to: Buffalo Ridge II, LLC
Request from: South Dakota Public Utilities Commission Staff
Date of Request: June 21, 2021
Responses Due: July 2, 2021

3-1) **Confidential Info Not Included in Public Version**

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