

PETITIONER KENYON WIND, LLC'S RESPONSE TO COMMENTS

**In the Matter of the State Permit of Kenyon
Wind, LLC for a Large Wind Energy
Conversion System Site Permit for an
18.9MW Wind Farm in Goodhue County**

**Issue Date: July 18, 2007
Previous Amendment: February 28, 2009
Petition to Amend: October 21, 2010**

Docket No. IP6605/WS-06-1445

Procedural History

On July 18, 2007, the Minnesota Public Utilities Commission issued a Site Permit to Kenyon Wind, LLC to construct an 18.9MW Large Wind Energy Conversion System in Goodhue County, Minnesota pursuant to Minn. Rules Ch. 7836 (since renumbered to 7854).

Thereafter, on February 18, 2009, the Minnesota Public Utilities Commission amended the Site Permit in four (4) ways:

1. Allowing additional types of wind turbines to be deployed.
2. Changing the location of turbines within permit boundaries.
3. Granting additional time to secure a Power Purchase Agreement or other enforceable mechanism for sale of the project's output.
4. Granting additional time to begin construction.

Under the Amended Site Permit, Kenyon Wind, LLC must obtain a Power Purchase Agreement or some other enforceable mechanism for the sale of the electricity by December 31, 2010, and begin construction by February 18, 2011.

By timely Petition, on October 21, 2010, Kenyon Wind, LLC seeks to amend its Site Permit in only one respect. It has petitioned to extend the time in which to obtain the Power Purchase Agreement or some other enforceable mechanism for sale of the electricity to December 31, 2012, and the time within which to begin construction to February 18, 2013.

Relevant documents on file include the following:

1. Petition for Amendment to Site Permit dated October 21, 2010.
2. Notice of Comment Period on Permit Amendment dated November 3, 2010.
3. Various public comments received on and before November 29, 2010.
4. Comments and recommendations of the Office of Energy, Security, Energy Facility Permitting Staff dated December 1, 2010.

The Office of Energy, Security, Energy Facility Permitting Staff comments delineate six decision options. In essence, the Office of Energy, Security, Energy Facility Permitting Staff has recommended that the Public Utilities Commission amend Kenyon Wind, LLC's Amended Large Wind Energy Conversion System Site Permit by providing that in the event Kenyon Wind, LLC does not obtain a Power Purchase Agreement by September 30, 2011, Kenyon Wind, LLC must so advise the Public Utilities Commission of the reason for not having an off-taker commitment and the Public Utilities Commission may at that time determine whether the Permit should be amended or revoked. Staff recommendations would also require Kenyon Wind, LLC to complete pre-construction surveys and to have commenced construction of the project by November 18, 2011, or to advise the Public Utilities Commission of the reason construction has not commenced.

Energy Facility Permitting Staff further recommends that Kenyon Wind, LLC submit a proposal to the Public Utilities Commission for the conduct of a noise study and, upon approval of the Public Utilities Commission, Kenyon Wind, LLC shall carry out the study.

Lastly, Energy Facility Permitting Staff recommends that Staff prepare an all-encompassing Amended and Restated Site Permit incorporation 2009 amendments in addition to such amendments as are adopted by the Public Utilities Commission.

Response to The Office of Energy, Security, Energy Facility Permitting Staff Comments and Recommendations

It is respectfully submitted that the Office of Energy, Security, Energy Facility Permitting Staff Recommendations proposed in response to Kenyon Wind, LLC's Petition represent a viable path for the timely construction of this project, and Kenyon Wind, LLC would abide by the recommendations should the Commission deem to accept Staff recommendations in light of Kenyon Wind, LLC's Petition.

Consistent with the previous amendment to its Site Permit, Kenyon Wind, LLC asks that language previously included pertaining to off-taker status specifically include language previously adopted by the Public Utilities Commission. So, where Staff recommendations at paragraph 4, amending language to Section III.J.4 reads, per Staff recommendations, "In the event Permittee does not obtain a Power Purchase Agreement by September 30, 2011," Kenyon Wind, LLC asks that language previously accepted by the Commission in its 2009 Amendment broadening the base of offtaker options continue in use and the sentence read "In the event Permittee does not obtain a Power Purchase Agreement, *or some other enforceable mechanism*, by September 30, 2011...." The language "or some other enforceable mechanism" contemplates merchant sale of electricity by the project, thereby extending Kenyon Wind, LLC's commercial options for the sale of its electricity and strengthening its bargaining power with prospective off-takers.

In all other respects, Kenyon Wind, LLC believes that the recommendations of the Office of Energy, Security, Energy Facility Permitting Staff to this Commission are viable and will lead to the timely construction of this project.

General Response to Comments

A review of public comments offered in response to Kenyon Wind, LLC's Petition for Amendment, it would appear that most comments have in common a general lack of information regarding the viability of the Kenyon project. Much of our information is publicly available. However, some further amplification as to the general status of this project may be helpful. Accordingly, we attach a succinct summary of our progress in the project to date as Attachment A hereto—Kenyon Wind Project, Information Memorandum.

Our 18.9MW wind project is commercially viable, embraced by its landowners and ready to build. The *only* factor which inhibits immediate construction is off-taker status. Off-taker status is a function of the economy. It is a matter of public knowledge that the past year has seen relatively few new Power Purchase Agreements issued for wind projects and little new development—all due to the general state of the economy. Prevailing economic factors simply cannot be ignored.

Kenyon Wind, LLC is presently an active participant in Xcel Energy's most recent Request for Proposal for Power Purchase Agreements. Kenyon Wind, LLC is also in conversation with other potential off-takers and also plans to participate in an additional Request for Proposal for Power Purchase Agreement issued by Minnesota Power recently released on December 3, 2010. Suffice it to say that the *only* factor inhibiting construction of this project is a viable off-taker arrangement. The availability of an off-taker arrangement is almost solely a function of prevailing economic conditions.

To illustrate Kenyon Wind, LLC's general readiness to begin construction, please consider the attached Kenyon Wind Project Information Memorandum, Attachment A. As noted, the Kenyon project features a Class III/IV wind resource with an average wind speed of 17 mph at 80 meters above ground level, and net capacity factor, utilizing GE 1.6MW XLE machines of 38%, based upon recent analysis performed by WindLogics, Inc., a local firm specializing in meteorology. Project grid interconnection has been assured, and an Interconnection Agreement has been executed and is currently in suspension mode.

By way of response to public comments which question Kenyon Wind, LLC's financial viability and business acumen, Kenyon Wind, LLC wishes to advise that project organization now includes financial involvement with EBF & Associates.

All project assets of the Kenyon Wind Project are currently held by Kenyon Wind Holdings LLC, a limited liability company owned by investment funds affiliated with EBF & Associates. The Kenyon Wind Project does not have any debt.

EBF has an established track record as an investor in wind development projects and was an early investor in Midwest Renewable Energy Partners, which has built or developed over 360 MW of projects to date (EBF sold in 2006). EBF has since formed Compass Wind (www.compasswind.com), a wind development company focused on the Rocky Mountain Region with project sizes of 20 to 30 MW each. EBF has been an active investor in other energy assets, including over 1,200 MW of gas-fired turbine equipment, an 800,000 ton Municipal Solid Waste Refuse Derived Fuel Processor (Resource Recovery Technologies), and a natural gas distribution utility.

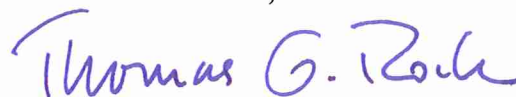
Some comments suggest that this project should comply with the Wind Energy Conversion Systems Ordinance adopted by Goodhue County. It should be noted that that ordinance addresses, on its face, projects having a total nameplate capacity of 5MW or less (Small Wind Energy Conversion Systems). The ordinance specifically provides that for Large Wind Energy Conversion Systems “the county does not assume regulatory responsibility or permit authority under Minn. Stat. § 216F.08.” Goodhue County has *not* requested that the Kenyon Project, which has previously been approved by this Commission, meet the requirements of the County ordinance. County authorities have been advised, formally and informally, of Kenyon Wind, LLC’s requests for amendment. It is Kenyon Wind, LLC’s understanding that no request that the Goodhue County siting ordinance be applied to this project has been made by County authorities. It is understood by Kenyon Wind, LLC that there is no opposition by the Goodhue County Board to this project. Indeed, the County Board has previously unanimously passed a Resolution endorsing the construction of the project as a C-BED project.

Lastly, the Kenyon project has enjoyed, and continues to enjoy, the wholehearted and enthusiastic support of its various landowners. Landowners participating in the project include twelve (12) Goodhue County families, all of whom have entered into active lease option arrangements with the project and all of whom wish to see the project built. The support of Kenyon Wind, LLC’s 12 landowner families is ongoing, and we are advised by our discussions with them that they wholeheartedly join in Kenyon Wind, LLC’s request for extension of its Site Permit.

Dated: December 8, 2010.

Respectfully submitted,

KENYON WIND, LLC



Tom Rock

Its: Authorized Representative

Attachment A

Kenyon Wind Project

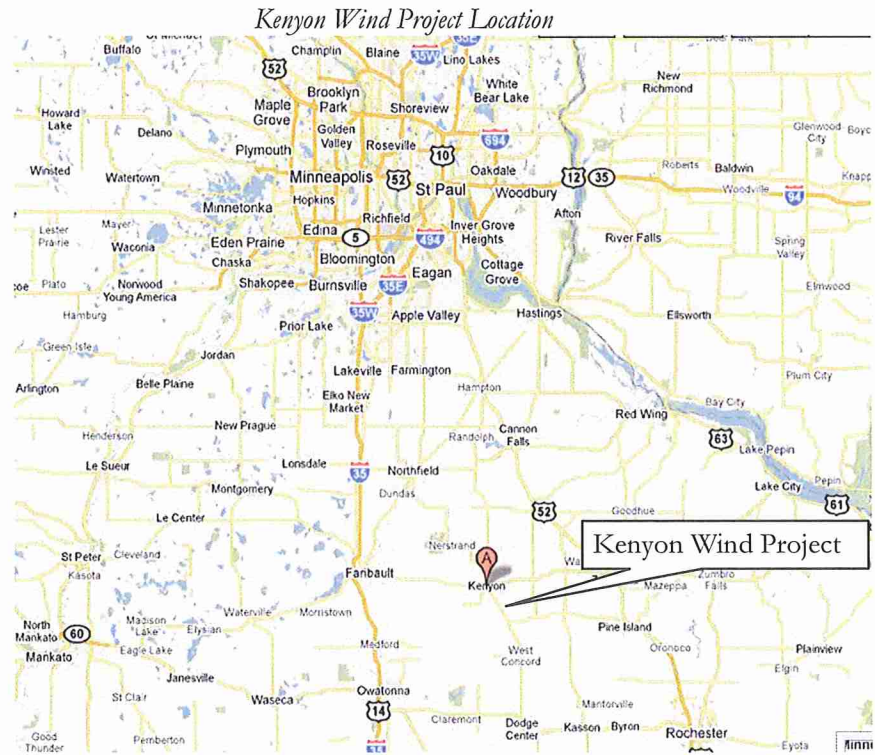
Information Memorandum

Kenyon Wind Project

Information Memorandum

Executive Summary

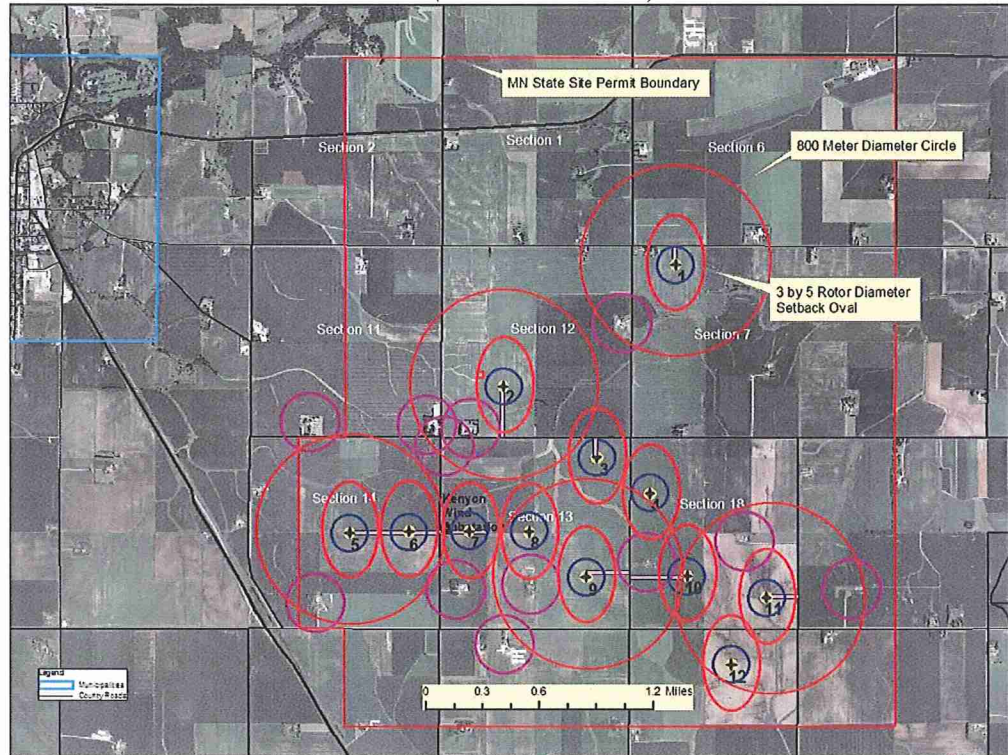
The Kenyon Wind, LLC wind project is a wind-powered electricity generating project with a nameplate capacity up to 18.9 MW and is owned by affiliated funds of EBF & Associates (www.ebf.com), a Minnetonka based investment manager with a successful track record in the wind energy industry. The project has been developed by Wind Management, LLC which includes a local development team of wind energy experts. The Kenyon Wind project is located at a superb wind plant site with minimal environmental impact. The new project substation will interconnect through a line-tap connection to the existing 69 kV transmission line that runs through the project. For market operations, it will interconnect with the Midwest Independent Transmission System Operator (MISO) RTO. The project can be structured as a Minnesota C-BED project.



Kenyon Wind Project

Information Memorandum

*Preliminary Layout of the Kenyon Wind Project using 11 GE 1.6 MW Wind Turbines
(with one alternate site)*



Site

The project is located in Goodhue County, Minnesota, immediately east of the town of Kenyon, approximately 60 miles south of Minneapolis. The site consists of 2,000 acres, used largely as corn and soybean crop farmland, on the higher ridges of Goodhue County. The average elevation is approximately 1,240 feet, with some portions exceeding 1,265 feet in elevation. The project allows a string of wind turbines to be erected on top of the ridge, generally in a U-shape. The project company holds long-term leases with the landowners of the nineteen parcels required for the project site.

Project Size

Up to 18.9 MW which is the nameplate capacity included in the interconnection agreement. The current wind turbine choice results in one row of wind turbines that will be installed along the nearly 4 1/2 mile-long U-shaped path.

Kenyon Wind Project

Information Memorandum



Top of Iowa project – developed and built by Midwest Renewable Energy Partners, a company partly owned by EBF at time of development

Wind Resource

The Project features a Class 3/4 wind resource with an average wind speed at 80 meters above-ground-level (“AGL”) of approximately 17 mph. While at this time the wind turbine selection for the Project has not been finalized, we have used the GE 1.6 MW XLE wind turbine as the reference turbine for this proposal. Based on this selection, the net capacity factor is projected at approximately 38 percent, and annual net energy production is projected to be approximately 58 GWH.

Energy production estimates are based on:

1. More than twenty-seven months of on-site wind data from an on-site 50 meter meteorological tower. The data from this tower strongly correlates with long-term (greater than 5 years) reference data garnered from comparable sites in the region.
2. Computer modeling of the project site, the site wind resource, and the project layout through the use of Windfarmer and other proprietary wind resource analysis programs used by AWS TrueWind and WindLogics.
3. Data analysis and energy forecast have been prepared for the project by WindLogics and AWS TrueWind.

Kenyon Wind Project

Information Memorandum

Grid Interconnection

The project will interconnect at the existing Kenyon Substation, owned by Xcel Energy (Northern States Power Company), which is located on the site of the project. Direct access to the substation is available across property belonging to private landowners, with whom the project sponsors are in advanced negotiation for easement agreements.

The project has secured a queue position (G-620) for an 18.9 MW grid-interconnection with MISO. A feasibility study and System Impact Study was performed by MISO in September 2006 and October 2007 respectively, which confirmed the feasibility of the grid-interconnection. The Facility Study was completed in December 2007 by Xcel Energy Services, Inc. The interconnection was executed in July, 2008 and is currently in suspension mode.

Kenyon Wind Project

Information Memorandum

Permitting

The Kenyon wind project has successfully completed all aspects of the Minnesota Public Utilities Commission (“MN PUC”) permit process, which takes precedence over local permitting authority for projects larger than 5 MW in capacity. The project currently holds a state site permit for large wind energy facilities. In February of 2009, the project’s state site permit was amended to extend the permit activation period to February 2011 and Kenyon is currently taking measures to extend this permit. The amended permit also allows the project to make a final wind turbine selection from a variety of suitable wind turbines.

During the PUC permit process, 4G Consulting performed a detailed archeological survey and prepared a report stating that the Kenyon wind farm project is not in an area that contained any significant cultural resources.

As part of the site permit process, the Minnesota Department of Natural Resources determined that no endangered species would be impacted by the installation of the wind project. The DNR has also performed on-site review and submitted a letter of support for the project, on file with the PUC, which indicates the project will not adversely affect local wild life.

The Goodhue County Water Conservation District has surveyed the project area and found that the project will not disturb any wetlands areas.

Late in the pre-construction checklist review process, it was found that the proposed routing of the project’s electrical collector would cross a ditch that is designated as a wetland. The project obtained a water crossing permit from the DNR. This permit allows the project to bore under the ditch area to install the electrical collector cable under the ditch.

The Minnesota Pollution Control Agency has granted the National Pollution Discharge Elimination System / State Disposal System / Stormwater permit to the project for its associated construction activity. Prior to construction, this permit will need to be updated with the final layout.

At Kenyon’s request, the FAA has performed a study of the impact to air navigation for a total of thirteen wind turbine sites. In each case the study resulted in a determination that the construction of the proposed wind turbine would not present a hazard to air navigation. The nearest airport is the Dodge Center Airport, located approximately 15 miles to the south-southeast.

Kenyon Wind Project

Information Memorandum

Community Acceptance

Through the MN PUC site permit process, the Kenyon development team, in conjunction with state officials, held two open house public meetings to introduce the Kenyon Wind project to the community at large. During these meetings, there was overwhelming support by community members for the project. During the site permit amendment hearings, the project enjoyed wide support from the community.

Project Organization

The project team consists of several individuals within EBF & Associates and Wind Management, LLC who have been involved in the successful development and construction of wind projects. These individuals have more than 50 years' combined experience in the windpower industry and have been involved in the development of more than 1,000 MW of successfully operating windpower projects.

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| Project management: | EBF & Associates Steve Kavan, <i>project manager</i> Hendrik Vroege, <i>project finance</i> |
| | Wind Management, LLC Rory Artig, <i>technical design & landowners</i> Todd Andrews, <i>landowners & contracts</i> Lisa Daniels, <i>power marketing</i> John Daniels, <i>permitting & power marketing</i> |
| Wind resource assessment: | Wind Logics |
| Electrical engineering: | Vince Grandquist of Consulting Engineers Group |
| Civil engineering (surveying): | Carstensen Construction, Inc. |
| Permitting and environmental: | Wind Management, LLC |
| Wind turbine supplier: | Undecided |
| Construction contractor: | Carstensen Construction, Inc. or equivalent |

Kenyon Wind Project

Information Memorandum

Power Marketing

The Kenyon Wind Project is currently exploring options to sell its generated power under a power purchase agreement with a term of at least ten (10) years.

The other conditions of the power purchase agreement would be in accordance with industry standards.

The Kenyon Wind Project can qualify as a Minnesota C-BED project.

Project Financing

During the construction process the sponsors will bring in additional capital partners for the construction and long-term financing of the project.

Project Structure

All project assets of the Kenyon Wind Project are currently held by Kenyon Wind Holdings LLC, a limited liability company owned by investment funds affiliated with EBF & Associates.

EBF has an established track record as an investor in wind development projects and was an early investor in Midwest Renewable Energy Partners, which has built or developed over 360 MW of projects to date (EBF sold in 2006). EBF has since formed Compass Wind (www.compasswind.com), a wind development company focused on the Rocky Mountain Region with project sizes of 20 to 30 MW each. EBF has been an active investor in other energy assets, including over 1,200 MW of gas-fired turbine equipment, an 800,000 ton Municipal Solid Waste Refuse Derived Fuel Processor (RRT), and a natural gas distribution utility. For more information on EBF & Associates, please visit their website at www.ebf.com.

The Wind Management, LLC development team is a diverse and effective group with considerable experience in the wind industry. The team is made up of wind energy experts Rory Artig, John H. Daniels Jr., Lisa Daniels, and Todd Andrews. The main focus of Wind Management is to initiate and develop commercial scale wind facilities in Minnesota, Wisconsin, and Illinois. Wind Management also performs a variety of consulting services in support of the wind energy industry.

This Information Memorandum has been prepared by EBF & Associates solely for the purpose of providing information on the project. EBF & Associates make no guarantee as to the accuracy or completeness of this document. By accepting this Information Memorandum, each recipient agrees to i) not copy, reproduce or distribute this document to any third party; ii) keep confidential the proprietary information contained herein; and iii) use this document and information contained herein only for the purpose of evaluating the opportunity.