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AWA Goodhue, LLC

Docket Nos.: MPUC Docket No. IP6701/WS-08-1233 and OAH Docket 3-2500-21662-2

Response To: Patrick Hynes, Belle Creek Township Information Request No. 2

Date Received: February 14, 2011 Response Date: February 25, 2011

GENERAL OBJECTIONS

1. AWA Goodhue objects to each information request to the extent that it seeks information that is subject to the attorney-client privilege, work product privilege or other privilege on the ground that privileged matter is exempt from discovery.

2. AWA Goodhue objects to any and all instructions or definitions beyond the requirements imposed or permitted by the Minnesota Rules of Civil Procedure or Minnesota Rules Parts 1400 and 1405.

3. AWA Goodhue does not waive any of their general or particular objections in the event it furnishes information or documents coming within the scope of any such objections.

Without waiving the foregoing general objections, and pursuant to the Minnesota Rules of Civil Procedure and Minnesota Rules Parts 1400 and 1405, AWA Goodhue has enclosed responses to Belle Creek Township IR No. 2.

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Request No.	Belle Creek IR No. 2
2.	<p>1. Page 4, lines 4-11 of the Robertson Testimony refers to an “analysis” supporting AWA Goodhue’s contention that designing a project meeting the 10 RD setback “would add an additional \$10/MWhr – \$20/MWhr to our contracted PPA rate with Xcel.” Please provide all documents that comprise this analysis, including but not limited to:</p> <ul style="list-style-type: none"> a. All additional leases and easements AWA Goodhue believes would be necessary to design a project meeting the 10 RD setback; and b. The estimated cost of each additional lease and easement AWA Goodhue believes would be necessary to design a project meeting the 10 RD setback. <p>Response: The analysis discussed on page 4, lines 4-11 of my testimony was based on the following: (1) increased costs for acquiring leases and easements; (2) additional development costs; (3) increased engineering, procurement and construction costs and (4) a decrease in net capacity factor resulting in a decrease in energy production.</p> <p>First, AWA Goodhue estimated that an additional 77,000 acres of leases and easements would be needed to accomplish a layout that would fit a 10 RD setback, using a percentage of non-participating landowners that currently exist inside the current project area. Based on market rates for acquiring lease and easement agreements, additional land acquisition costs were estimated to be approximately [TRADE SECRET DATA HAS BEEN EXCISED].</p> <p>Second, AWA Goodhue estimated the additional development costs, including survey and title work, environmental study and professional fees necessary to develop the additional land area to be approximately [TRADE SECRET DATA HAS BEEN EXCISED].</p> <p>Third, AWA Goodhue acquired a quote from Carstensen Contracting Inc., for the engineering, procurement and construction costs of building a 78 MW project over a much larger geographic area. The estimated EPC cost for the 10 RD layout is a 99.5% increase from the EPC costs for the current layout, increasing from [TRADE SECRET DATA HAS BEEN EXCISED] to [TRADE SECRET DATA HAS BEEN EXCISED].</p>

Finally, AWA Goodhue adjusted the projected net capacity factor for the project to account for the inferior wind speeds at the alternative locations. We expect that the project will currently yield approximately [TRADE SECRET DATA HAS BEEN EXCISED] MWh per year. Based on our analysis of the wind resource at 34 alternate turbine sites in the area beyond our current 50 sites, if the project was required to site the turbines based on a 10 RD, we would expect to see a yield of approximately [TRADE SECRET DATA HAS BEEN EXCISED] MWh per year. This decrease in energy yield would result in a [TRADE SECRET DATA HAS BEEN EXCISED] decrease in the sponsor equity's return.

Response by: Cole Robertson

List sources of information:

Title: Manager

Company: Mesa Power Group

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2.	<p>2. Page 7, Lines 18-20 of the Robertson Testimony states that AWA Goodhue calculated that the “lost time value” of receiving Section 1603 grant money is “over \$7,000,000.” Please explain the lost time value calculation(s) performed by AWA Goodhue to reach this estimate.</p> <p>Response: AWA Goodhue anticipated receiving the 1603 Treasury Grant in 2011, 60 days after commercial operation of the project. The amount was anticipated at approximately \$42.7 million. Using an equity discount rate of [TRADE SECRET DATA HAS BEEN EXCISED] and the expected receipt date of the grant (60 days after commercial operation in 2012), the time value of money loss equates to over \$7,000,000.</p>

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2.	<p>3. Page 8, Lines 13-20 of the Robertson Testimony states that the PPAs between AWA Goodhue and Xcel Energy contain provisions that (1) impose liquidated damages, and (2) allow Xcel Energy to terminate the agreement under certain circumstances. Redacting any information contained in the PPA that AWA Goodhue considers confidential, please provide copies of the PPA language related to liquidated damages and contract termination referred to in Mr. Robertson’s testimony.</p> <p>Response: Public versions of AWA Goodhue’s PPAs with Xcel are available on eDockets in Docket Nos. E002/M-09-1349 and E002/M-09-1350, as document ID 20102-47190-02 and 20102-47189-02, respectively.</p>

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2.	<p>4. Page 9, Lines 4-11 of the Robertson Testimony refer to easements, leases, and participation agreements with “participating landowners and community members.” To the extent not previously publicly disclosed through the PUC permitting process, identify each “participating landowner” and “community member” receiving the annual payments referred to in Mr. Robertson’s testimony.</p> <p>Response: AWA Goodhue objects to this information request because it seeks information that is not relevant and is not reasonably calculated to lead to relevant information.</p> <p>Subject to and without waving the foregoing objection, Mr. Cole Robertson provides the following response:</p> <p>A copy of each recorded memoranda of wind lease and easement agreement and participation agreements between AWA Goodhue and participating landowners is included in the enclosed CD as part of the response to Belle Creek IR #1. AWA Exhibit 3-B to Mr. Chuck Burdick’s direct testimony also provides a map showing all participating landowners who have signed wind lease and easement agreements or participation agreements.</p> <p>a. For each community member identified above, state the amount of the payment that AWA Goodhue will be providing; and</p> <p>Response: Under the terms of the wind lease and easement agreements and participation agreements, payments to participating landowners range from approximately \$1,100 to \$65,000 annually, depending on the number of acres signed and equipment are placed on the property.</p> <p>b. For each community member identified above, state whether the community member is providing services related in any way to the Project in exchange for the payment, and describe the nature and extent of such services.</p>

Response: Compensation paid under the wind lease and easement and participation agreements are for wind and real estate rights granted under the respective agreements. No services are required to be rendered in connection with those agreements.

Response by: Cole Robertson

Title: Manager

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2.	<p>5. Page 9, Lines 15-18 of the Robertson Testimony states that “[o]ur analysis shows that Minnesota individuals and/or entities stand to receive more than \$161,000,000 in gross revenues over the life of the project...” Please provide all documents that comprise this analysis, including but not limited to:</p> <p>Response: AWA Goodhue objects to this information request because it is overly burdensome and seeks information that is not relevant and is not reasonably calculated to lead to relevant information. AWA Goodhue provided the quoted figure as background regarding the project. Full inquiry into the underlying financial analysis is not within the narrow scope of this administrative proceeding. The MPUC specifically considered and decided not to include issues related to the project’s C-BED designation as part of this ALJ proceeding. (Audio Recording of MPUC Hearing, October 21, 2010, available on the MPUC website and MPUC Notice and Order for Hearing IP6701/WS-08-1233 (Nov. 2, 2010)). The probative value of this information is far outweighed by the burden to AWA Goodhue of completely revisiting the C-BED analysis already performed by the MPUC in the separate PPA dockets.</p> <ul style="list-style-type: none"> a. The identity of each individual and/or entity referred to in Mr. Robertson’s testimony who will be receiving payments and/or “gross revenue”; b. The amount of payment or “gross revenue” that each such individual and/or entity will be receiving; and c. State whether the individual and/or entity will be providing services in any way related to the Project in exchange for the payment, and describe the nature and extent of such services.

Response by: Cole Robertson

List sources of information: _____

Title: Manager

Company: Mesa Power Group

Telephone: _____