Sheffield Wind Project Decommissioning Plan
Submitted to the Vermont Public Service Board
(Revised February 8, 2008)

1. Introduction

Pursuant to Condition 32 of the Vermont Public Service Board's (Board) Order and Certificate of Public Good dated August 8, 2007, UPC Vermont Wind, LLC (UPC) is required to submit a Decommissioning Plan for the Sheffield Wind Project, as follows:

> *UPC shall file a decommissioning plan with the Board and parties prior to commencement of construction. The decommissioning plan may allow the fund to grow as the construction process proceeds such that the funding level is commensurate with the costs of removing infrastructure in place. The amount of the fund may not net out the projected salvage value of the infrastructure. In addition, the decommissioning plan must include a description of how the fund would be secured and why that mechanism is appropriate; and if UPC elects to utilize a corporate guarantee to secure the fund, it must demonstrate how such a guarantee would be bankruptcy remote.*

The Board's Order enumerated additional details of the Decommissioning Plan:

> *Finding 333. Decommissioning would include: (1) removal of all turbine components and associated transformers from the site; (2) removal of the collector circuit components from the site, including cutting off all poles at grade; and (3) removal of all substation components from the site. Road materials would stay in place.*
>
> *Finding 334. Decommissioning would include removing all infrastructure at depths up to two feet below finished grade, including removing turbine foundations to a depth of two feet below finished grade. In the case of infrastructure at depths greater than two feet below finished grade, the top two feet of the infrastructure would be removed and the remainder would be abandoned in place. Appropriate grading and seeding would occur where subsurface infrastructure is removed.*
>
> *Finding 335. The amount of the decommissioning fund should represent the full estimated costs of decommissioning without netting out estimated salvage value.*
>
> *Finding 336. The decommissioning fund should be bankruptcy remote to protect it against creditor claims.*
>
> *Finding 337. The decommissioning fund could be funded by cash, letter of credit, bond or corporate guarantee.*

This Decommissioning Plan has been developed to satisfy each of the Board's requirements noted above.

2. Anticipated Life of Wind Turbines

The Clipper Liberty Class IIB 2.5 MW wind turbines are designed and certified by independent agencies for a minimum expected operational life of 20 years.

3. Cost of Decommissioning

The Estimated Cost of Decommissioning the Project is reflected in the September 2006 cost estimate that is a part of the Board's record in this case (Ex. UPC-CRV-Reb10), as further adjusted to include the cost of decommissioning the VELCO side of the substation, for a total of $1,331,500. See section 4 and Appendix A of this Plan.

Beginning in 2009, the Estimated Cost of Decommissioning ($1,331,500) shall be adjusted annually to account for price level changes in the preceding 12-month period. The adjustment shall be calculated no later than January 31 of each year by multiplying the Estimated Cost of Decommissioning by the percentage change in the "Other Heavy Construction" index of the Producer Price Index (obtained from the December PPI Detailed Report which is posted on the Department of Labor/Bureau of Labor Statistics website (www.bls.gov) on January 15 of the immediately succeeding year), and adding that result to the current Estimated Cost of Decommissioning to arrive at the revised Estimated Cost of Decommissioning.

4. Establishment of Decommissioning Fund

The Decommissioning Fund will initially be funded with a Letter of Credit ("LC") to be issued solely for the benefit of the Board by an A-rated institution. The Board will be entitled to make a draw on the LC in the event that UPC (or its successor) is unable or unwilling to commence decommissioning activities within a reasonable period of time, not to exceed ninety days, following the issuance of a final order by the Board for the decommissioning of the Project, which order is no longer subject to appeal. No other parties will have the ability to demand payment under the LC.

UPC shall provide the LC to the Board prior to the commencement of construction of the Project. UPC shall have the obligation either to amend the LC or post additional LCs or other security reasonably acceptable to the Board as construction progresses such that the funding level is commensurate with the costs of removing the infrastructure in place based upon the following schedule:

	Increment	Total
i. Prior to construction of MET towers	$20,000	$20,000 or 2%
ii. Prior to construction of substation/interconnection	$367,500	$387,500 or 29%
iii. Prior to construction of pad mounts and cables	$16,000	$403,500 or 30%
iv. Prior to erection of turbines	$928,000	$1,331,500 or 100%

Upon commencement of commercial operations, UPC shall post an LC equal to the Estimated Cost of Decommissioning, as adjusted under Section 3. above. On each annual anniversary thereafter, UPC shall adjust the Estimated Cost of Decommissioning as specified in Section 3. above. Within five (5) business days after each such adjustment, UPC shall post an LC or other security reasonably acceptable to the Board that reflects the revised Estimated Cost of Decommissioning.

A sample LC is attached hereto. This is a standard form LC issued by the financial institution ("Issuer"). At this juncture the name of the bank is being held as confidential given UPC's ongoing business negotiations. UPC will identify the financial institution after the Board has approved the Decommissioning Plan. The Board will be named as the "Beneficiary."[1] The "Agreement" referred to in the LC (between the Issuer and UPC) will be replaced with an appropriate reference to the Board's 8/8/07 CPG approving the Project and the Board's subsequent order approving the Decommissioning Plan.

5. Description of Decommissioning Process

Decommissioning and restoration activities will adhere to the requirements of appropriate governing authorities and will be in accordance with applicable federal, state, and local permits, if any are required.

The decommissioning and restoration process comprises removal of above-ground structures, removal of below-ground structures to a depth of 24 inches, restoration of topsoil, and seeding.

The process of removing structures involves evaluating and categorizing all components and materials into categories of recondition and reuse, salvage, recycling and disposal. In the interest of increased efficiency and minimal transportation impacts, components and material may be stored on-site in a pre-approved location until the bulk of similar components or materials are ready for transport. The components and material will be transported to the appropriate facilities for reconditioning, salvage, recycling, or disposal.

Above-ground structures include the turbines, transformers, overhead collection or transmission lines, substation(s), wind farm-owned portions of the interconnection facilities(if any), meteorological towers, and maintenance building(s). Below-ground structures include turbine, substation, and building foundations, collection system conduit and cable, fiber optic facilities, and subterranean drainage structures (if any).

Turbine removal. Access roads to turbines will be widened to a sufficient width to accommodate movement of appropriately sized cranes, trucks, and other machinery required for the disassembly and removal of the turbines. Control cabinets, electronic components, and internal cables will be removed. The rotor, nacelle and tower sections will be lowered to the ground where they may be transported whole for reconditioning and reuse, or disassembled/cut into more easily transportable sections for salvageable, recyclable, or disposable components.

[1] References to "you" in the sample Letter of Credit are intended to refer to the Beneficiary.

Turbine and substation foundation removal. Topsoil will be removed from an area surrounding the foundation and stored for later replacement, as applicable. Turbine foundations will be excavated to a depth sufficient to remove all anchor bolts, rebar, conduits, cable, and concrete to a depth of 24 inches below grade. The remaining excavation will be filled with clean sub-grade material of quality comparable to the immediate surrounding area. The sub-grade material will be compacted to a density similar to surrounding sub-grade material. All unexcavated areas compacted by equipment used in decommissioning will be de-compacted to adequately restore the topsoil and sub-grade material to the proper density consistent and compatible with the surrounding area.

Underground collection cables. The cables and conduits contain no materials known to be harmful to the environment. As part of the decommissioning, these items will be cut back to a depth greater than 24 inches. All cable and conduit and other materials buried greater than 24 inches will be left in place and abandoned.

Overhead collection lines. UPC does not intend to utilize any overhead collection lines.

Substation and interconnection facilities. Disassembly of the substation and interconnection facilities will include the areas owned by UPC Vermont Wind, LLC and VELCO. Components (including steel, conductors, switches, transformers, fencing, control houses, etc.) will be removed from the site and reconditioned and reused, sold as scrap, recycled, or disposed of appropriately at UPC Vermont Wind, LLC's sole discretion. To the extent possible to remove foundations and underground components without damaging or impacting adjacent facilities, such foundations and underground components will be removed to a depth of 24 inches and the excavation filled, contoured, and re-seeded.

Access roads and construction pads. After decommissioning activities of a turbine site are completed, access gates shall remain operational until completion of decommissioning, at which time they will be removed unless required by the landowner that they remain. Ditch crossings connecting access roads to public roads will be removed unless required that they remain by the landowner.

Improvements to Town and State roads that were not removed after construction at the request of the Town or State will remain in place.

6. Description of Site Restoration Activities

Topsoil will be removed prior to the removal of structures from all work areas and stockpiled, clearly designated, and separated from other excavated material. The topsoil will be de-compacted to match the density and consistency of the immediate surrounding area. The topsoil will be replaced to original depth and original surface contours reestablished where possible. Any topsoil deficiency and trench settling shall be mitigated with imported topsoil consistent with the quality of the affected site.

Following decommissioning activities, the sub-grade material and topsoil from affected areas will be de-compacted and restored to a density and depth consistent with the surrounding areas to a maximum depth of 18 inches. The affected areas will be inspected, thoroughly cleaned, and all construction-related debris removed.

Disturbed areas will be reseeded to promote re-vegetation of the area to a condition reasonably similar to original condition, reasonable wear and tear excepted. In all areas restoration shall include, as reasonably required, leveling, terracing, mulching, and other necessary steps to prevent soil erosion, to ensure establishment of suitable grasses and forbs, and to control noxious weeds and pests.

7. Annual Reporting on Power Production

On an annual basis, UPC shall report to the Board the annual energy production for the Project, using the same report provided by UPC to ISO-New England.

Appendix A -- Decommissioning Costs for Sheffield Wind Project (Exh. UPC-CRV-Reb10)

	Work Item	Quantity	U/M	Unit Price	Extension	Multiplier	Total
1.	Disassembly of turbine generators and towers		see estimate detail in Note 1 below				$470,000
2.	Truck turbine components to disposal/reclamation site	10	truck per	$2,000	$20,000	16	$320,000
3.	Disassembly of substation & interconnection facilities		see estimate detail in Note 2 below				$220,000
4.	Truck substation components to disposal/reclamation site	25	truck trips	$1,500	$37,500	1	$37,500
5.	Removal of WTG foundations to 2' below grade	3	days each	$750	$2,250	16	$36,000
6.	Transport of rubble & disposal (approx. 18 cu yd / foundation)	5	trucks each	$1,000	$5,000	16	$80,000
7.	Removal of pad-mount foundations & cut cables	1	each	$1,000	$1,000	16	$16,000
8.	Re-grading of individual turbine sites	8	hours each	$250	$2,000	16	$32,000
9.	Removal and disposal of substation & interconnect foundations	300	cu yds	$400	$120,000	1	$120,000
	TOTAL						$1,331,500

Notes:

1. Disassembly costs for wind turbine generators based on:

5 men x 40 hours per turbine x 16 turbines =	3,200 mh x	$50 / man-hour[5] =	$160,000
Crane rental (0.25 weeks per turbine) =	4 weeks x	$60,000 / month =	$60,000
Crane mobilization / demobilization =	2 trips x	$125,000 / trip =	$250,000
		Total =	**$470,000**

2. Disassembly costs for substation and interconnection facilities based on

5 men x 12 weeks =	2,400 mh x	$50 / man-hour[5] =	$120,000
Rental equipment allowance =	1 ls x	$100,000 =	$100,000
		Total	**$220,000**

3. Wage rates are estimated from Bulletin 459, "Wage Rate Schedule" (9/20/04, Research and Statistics Office of the Department of Labor and Industrial Relations)

Exhibit A

[Form of Letter of Credit]

<u>[NAME OF BANK]</u>

IRREVOCABLE STANDBY LETTER OF CREDIT

[***Beneficiary Name***]
[***Beneficiary Address 1***]
[***Beneficiary Address 2***]
Telephone: [***Company Phone***]
Facsimile: [***Company Fax***]
Attn: Contract Administration

Effective Date: [***Effective Date***]
Letter of Credit No.: [SB]
Expiry Date: [***Expiry Date***]

At the request of UPC Wind Partners, LLC (the "Applicant"), [**NAME OF BANK**] (the "Issuer"), hereby issues this irrevocable Letter of Credit No. [SB] in the favor of [***Beneficiary***] (the "Beneficiary") available for an aggregate amount up to the maximum amount of $[***Amount***] ([***Amount in words***] United States Dollars), effective as of the date first set forth above and expiring at our office located at _______________, (or at any other office which may be designated by us by written notice delivered to you) on the earliest to occur of (i) [***Expiration Date***] (the "Stated Expiration Date"), (ii) payment by Issuer hereunder of the maximum amount written above, or (iii) surrender of this original Letter of Credit to us for cancellation.

It is a condition of this Letter of Credit that the Stated Expiration Date shall be automatically extended without amendment, for successive periods of one year each from the Stated Expiration Date hereof or any such automatically extended Stated Expiration Date, but in no event beyond [***Long-Stop Expiration Date***] unless, no less than 30 days before any such Stated Expiration Date, Issuer sends Beneficiary notice stating that this Letter of Credit will not be extended beyond the then current Stated Expiration Date. Any such notice of non-extension shall be in writing, shall be sent by hand, by certified mail (return receipt requested), or by Federal Express or other overnight delivery service, and shall be addressed to Beneficiary at the address set forth above.

Issuer has been requested to issue this Letter of Credit in connection with the Agreement for [***Describe Underlying Agreement***] and related documents (the "Agreement") between the Beneficiary and [***UPC Affiliate Name***]. However, Issuer assumes no obligations under the Agreement or responsibility or duties thereunder.

Funds under this Letter of Credit are available to you by making a demand for payment by presentation to us at our offices at ____________________, Attention: Loan Administration (or at any other office which may be designated by us by written notice delivered to you) of your drawing certificate in the form of <u>Annex A</u> attached hereto ("Drawing Certificate") and accompanied by the original of this Letter of Credit. A presentation under this Letter of Credit may be made only on a day, and only between the hours of 9:00 AM and 5:00 PM, New York time on which such office is open for business (a "<u>Business Day</u>"). If we receive your Drawing Certificate and the original of this Letter of Credit at such office on any Business Day, all in reasonable conformity with the terms and conditions of this Letter of Credit, we will honor the same by making payment in accordance with your payment instructions on the third succeeding

Business Day after presentation so long as the amount of the drawing, together with all previous drawings honored pursuant to this Letter of Credit, is less than the aggregate amount of this Letter of Credit. Typographical errors other than in amounts will not violate the conformity provision in this paragraph. If a drawing fails to conform to the terms and conditions of this Letter of Credit it shall not (i) preclude the Beneficiary from correcting any such errors and resubmitting the request nor (ii) act as a waiver of any rights the Beneficiary has under this Letter of Credit.

Partial and multiple drawings are permitted. All of the banking charges are for Applicant's account.

This Letter of Credit sets forth in full the terms of our undertaking to you (but not any of your duties, obligations or responsibilities to Issuer hereunder or otherwise). Such undertaking to you shall not in any way be modified, amended or amplified by reference to any document or instrument referred to herein or in which this Letter of Credit is referred to or to which this Letter of Credit relates and any such reference shall not be deemed to incorporate herein by reference any document or instrument.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the International Standby Practices 1998, I.C.C. Publication No. 590 ("ISP98") and shall be governed by and construed in accordance with the laws of the State of New York. In the event of conflict between the ISP98 and a non-mandatory (variable) provision of such laws, the ISP98 shall govern.

Yours faithfully,
[NAME OF BANK]

By:__________________________
Name:
Title:

By:__________________________
Name:
Title:

Annex A
DRAWING CERTIFICATE

[NAME OF BANK]

Ladies and Gentlemen:

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Letter of Credit.
The Beneficiary hereby certifies to the Issuer, with reference to the Issuer's Irrevocable Standby Letter of Credit No. [•]) (the "Letter of Credit"); that:

In connection with the Agreement for the [***Describe Agreement***] dated [***Agreement Date***] and related documents (the "Agreement") between the Beneficiary and [***UPC Affiliate***] (the "Agreement"), the Beneficiary is making a demand for payment under the Letter of Credit of the sum of $[•], which amount does not exceed the current Stated Amount of the Letter of Credit; and

The Beneficiary issues a final order, no longer subject to appeal, in which the Beneficiary orders decommissioning to occur and UPC Vermont Wind, LLC or its successor are unable or unwilling to commence decommissioning activities within a reasonable period of time after the Board order

[This Letter of Credit has fewer than thirty (30) days remaining prior to the date of expiration and the Beneficiary has not received a replacement letter of credit as and to the extent required by the Agreement, and the undersigned hereby confirms that that the amount of this drawing does not exceed the undrawn face amount of the Letter of Credit.]

The amount demanded hereby has been calculated in accordance with the terms of the Agreement.

You are hereby directed to pay the amount so demanded to: [Insert wire transfer instruction]

IN WITNESS WHEREOF, the Beneficiary has executed and delivered this Certificate as of the [•] day of [month], [year].

Very truly yours,
[____________________]
By: ______________________________
Name:
Title: