

## 4906-17-06      **Financial Data**

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### (A)      **OWNERSHIP**

IBR is the sole member and manager of the Applicant. IBR is the largest owner and operator of wind generating assets with more than 10,000 MW of wind power capacity in operation globally. In the United States, IBR owns and operates approximately 3,500 MW of wind facilities and employs more than 800 people. IBR currently operates wind farms in 20 states and constructed five new projects in 2009. The Applicant and its parent company, IBR, are well capitalized and committed to providing the necessary financial resources to develop and build the Facility.

Applicant currently owns all leases and other Facility assets, *with the exception of the Interconnection Substation, which will be owned by the transmission line operator*. Before construction, a Facility-specific entity, for example Blue Creek Wind Farm, LLC, would be created and own all assets of the Facility, including leases, permits, wind turbines and related facilities, and other assets. Electricity generated by the Facility would be integrated into the existing transmission 345 kV transmission line system for delivery of the power to the PJM transmission grid system.

The majority of the land to be used in the construction and operation of the Facility is privately owned by approximately **106** participating landowners. The Applicant has entered into voluntary lease agreements with the landowners under the Applicant's standard Wind Energy Lease Agreement to construct and operate the Facility. These lease agreements are long-term leases that could extend for up to 60 years, if all lease agreement extensions are exercised. The lease agreements allow the Applicant to capture the flow of wind across the property and install the facilities necessary to do so, among other privileges. The landowners are paid an annual fee per acre plus a portion of the production of the wind turbines. This type of lease agreements represents approximately 99 percent of the agreements for total leased area.

The Applicant also has Good Neighbor Agreements (GNAs) that allow for reduced property line setbacks and other rights. *If a residence is enrolled in the GNA and as such receives financial compensation, the Applicant considers these residences "participating" landowners*. Some of

the GNAs are for relatively large (greater than 20-acre) parcels where construction of wind turbines would be feasible; however, most of the GNAs are for small parcels within the Project area where construction of wind power facilities is impracticable. The purpose of these agreements is to allow all landowners in the Project area to be a part of the Facility and share in the financial gain.

*Once a GNA is signed by a participant, the agreement remains in place until the cessation of operations of the Facility. The GNAs are voluntary documents, and a Grantor would understand that signing the agreement constitutes acceptance of the effects of the Wind Facility. The Applicant's OPSB Application has been made available to all potential Grantors, so they have an opportunity to quantitatively understand potential effects they may experience. The GNA provides compensation to a landowner in return for acceptance of potential Project effects.*

*Although the situation has never arisen, in theory, a landowner could violate the agreement by making a claim against the Project for the waived effects. The Applicant would, at that point, be able to cite the landowner's prior consent in defense of such claim. The sole breach by Applicant would be failure to pay the required amounts. Assuming the Applicant failed to cure that breach, the landowner would be able to make a claim for either payment of the amount or would be able to reassert his/her right to assert a claim against the Project. As with any contract, the breach of agreement by a party would lead to a civil dispute in which, as noted, damages could be sought, or the waiver of rights by the landowner could either be asserted (if the breach is by the landowner) or revoked (if the breach is by the Applicant). Although the Applicant has the discretionary right to terminate the agreement on 120 days' notice (which would end the restrictions on the landowner's ability to file a claim against the Project), that termination does not terminate the Applicant's obligation to make previously accrued payments to the landowner. The landowner does not have the discretionary right to terminate the agreement.*

The GNAs are fundamentally about communication, giving owners of small parcels a direct line to IBR to better address any issues that come up during development, construction, and operations. A signed GNA also demonstrates that the neighboring landowner understands the

implications of having a large wind energy generating facility in their neighborhood, and they accept any possible inconveniences, such as sound, shadow flicker, and television interference.

At the time of application submission, the Applicant estimates that greater than 99 percent of the land agreements that would be necessary to construct the Facility have been obtained. No changes in current landownership patterns are anticipated. Gaps in ownership and other details of land title would be discovered during the ALTA<sup>®</sup> survey, expected to be performed in Spring 2010. At that time, any additional agreements would be entered into, as necessary, to allow for the construction of the Facility.

A model wind energy lease agreement and GNA, which the Applicant considers to be proprietary and a trade secret, will be provided for OPSB staff inspection at the offices of Bricker & Eckler, LLP.

Before construction, the Applicant would exercise multiple land purchase options to acquire ownership of the land where the substations would be located. It is expected that eventually the transmission operator, AEP, would own the land under the interconnection substation.

**(B) CAPITAL AND INTANGIBLE COSTS**

**(1) Capital and Intangible Cost Estimates**

No text changes from the December 21, 2009 Blue Creek OPSB Application text have occurred in this section.

**(2) Cost Comparison**

No text changes from the December 21, 2009 Blue Creek OPSB Application text have occurred in this section.

**(3) Tabulation of Present Worth and Annualized Capital Costs**

No text changes from the December 21, 2009 Blue Creek OPSB Application text have occurred in this section.

**(C) OPERATION AND MAINTENANCE EXPENSES**

**(1) Estimate of Annual Operation and Maintenance Costs**

No text changes from the December 21, 2009 Blue Creek OPSB Application text have occurred in this section.

**(2) Cost Comparison**

No text changes from the December 21, 2009 Blue Creek OPSB Application text have occurred in this section.

**(3) Present Worth and Annualized Capital Costs**

No text changes from the December 21, 2009 Blue Creek OPSB Application text have occurred in this section.

**(D) DELAYS**

No text changes from the December 21, 2009 Blue Creek OPSB Application text have occurred in this section.