

EXHIBIT D

STATEMENT OF PROJECT COST AND FINANCING

NORTHERN ILLINOIS HYDROPOWER, LLC

**DRESDEN ISLAND HYDROPOWER PROJECT
(FERC No. 12626)**

EXHIBIT D

STATEMENT OF PROJECT COST AND FINANCING

Exhibit D is a statement of costs and financing. The statement must contain:

1. If the application is for an initial license, a tabulated statement providing the actual or approximate original cost (approximate costs must be identified as such) of:

- (i) Any land or water right necessary to the existing project; and

The Applicant estimates the cost to acquire the land and water rights for the proposed Project, which costs include development of contractual agreements with the U.S. Army Corps of Engineers (ACOE) and the State of Illinois at approximately \$30,000.

- (ii) Each existing structure and facility described under paragraph (b) of this section (Exhibit A).

The existing Dresden Island Lock and Dam was constructed and is owned by the ACOE. The original cost of the dam is not available.

2. If the Applicant is a licensee applying for a new license, and is not a municipality or a state, an estimate of the amount which would be payable if the project were to be taken over pursuant to section 14 of the Federal Power Act upon expiration of the license in effect [see 16 U.S.C. 807], including:

The Applicant is applying for an Initial License.

3. If the application includes proposals for any new development, a statement of estimated costs, including:

(i) The cost of any land or water rights necessary to the new development; and

The Applicant estimates the cost to acquire the land and water rights for the proposed Project, which costs include development of contractual agreements with the U.S. Army Corps of Engineers (ACOE) and the State of Illinois at approximately \$30,000.

(ii) The cost of the new development work, with a specification of:

a) Total approximate cost of each major item*;

Structures and Improvements	\$4,147,000
Dams and Waterways	\$1,655,000
Turbine Generator	\$22,640,000
Accessory Electrical	\$194,000
Power Plant Equipment	\$75,000
Site Work	\$208,000
Electrical Equipment	\$650,000
Licensing and Permitting	\$125,000
Subtotal	\$29,700,000
Total Engineering Design, Engineering and Construction Monitoring (12% of Subtotal)	\$3,564,000
General Contractors General Requirements (10% of Subtotal)	\$2,970,000
Contingency (25% of Subtotal)	\$7,425,000
Summary of Cost	\$43,659,000

*All numbers are rounded to the nearest thousand dollars.

b) Indirect construction costs such as costs of construction equipment, camps, and commissaries;

N/A

c) Interest during construction; and Overhead, construction, legal expenses, taxes, administrative and general expenses, and contingencies.

Interest during construction has yet to be determined. The total cost of the project is estimated at \$43,659,000.

4. A statement of the estimated average annual cost of the total project as proposed specifying any projected changes in the costs (life-cycle costs) over the estimated financing or licensing period if the Applicant takes such changes into account, including:
 - a) The estimated average annual cost of the proposed Project is based on current costs, with no assumptions concerning future escalation or de-escalation. Assuming a 30 year amortization of the capital investment stated above, the estimated annual cost of the Project is \$1,705,000. All costs described below are in 2008 dollars.[Note for purposes of the Economic Analysis, the applicant has used a standard 30-year analysis. The Applicant is applying for a 50-year license.]
 - b) The annual local, state and federal taxes pertaining to the proposed project are unknown at this time.
 - c) The estimated annual cost of the Dresden Island Hydropower Project including operation and maintenance, annual Administration and Overhead expenses, and insurance costs is estimated by the Applicant at \$250,000. The estimated annual depreciation of the above stated project capital cost is \$1,455,300.
 - d) The additional environmental measures pertaining to the proposed project will address potential water quality and fisheries resource impacts. The Applicant anticipates requirements to meet the State of Illinois anti-degradation requirements and standards for dissolved oxygen. To accommodate equipment and operations for maintaining water quality standards, the Applicant anticipates additional engineering costs at \$230,000, increased equipment costs estimated at approximately \$1,000,000 (\$ 500,000 per unit), and efficiency reductions in operations of approximately 4% of the gross generation. Additionally the State of Illinois has requested a trashrack spacing of no more than two inches and an intake velocity at the trash rack of 1.5 feet per second (fps).

5. A statement of the estimated annual value of project power, based on a showing of the contract price for sale of power or the estimated average annual cost of obtaining an equivalent amount of power (capacity and energy) from the lowest cost alternative source, specifying any projected changes in the cost of power from that source over the estimated financing or licensing period if the Applicant takes such changes into account.

At the time of this Draft License Application, the Applicant has not completed any power sales agreements. Regional PJM values indicate the power values between \$46/MWh and \$110/MWh.

6. A statement specifying the sources and extent of financing and annual revenues available to the Applicant to meet the costs identified in paragraphs (e) (3) and (4) of this section.

The Applicant will use private financing and investments to meet the identified costs. Financing will be secured by future power sales.

7. An estimate of the cost to develop the license application.

The Applicant estimates the cost of developing the license application outside of the necessary engineering analyses and exclusive of any environmental studies at approximately \$125,000.

8. The on-peak and off-peak values of project power, and the basis for estimating the values, for projects which are proposed to operate in a mode other than run-of-river; and

The Project is proposed to operate as run-of-river.

9. The estimated average annual increase or decrease in project generation, and the estimated average annual increase or decrease of the value of project power, due to a change in project operations (*i.e.*, minimum bypass flows; limits on reservoir fluctuations).

The Applicant anticipates an approximate loss of 4% of the Project power due to requirements to maintain dissolved oxygen standards.