

**SUBCHAPTER 01V — DECOMMISSIONING AND FINANCIAL ASSURANCE REQUIREMENTS FOR  
UTILITY-SCALE SOLAR PROJECTS**

**SECTION .0100 — DECOMMISSIONING AND FINANCIAL ASSURANCE REQUIREMENTS FOR  
UTILITY-SCALE SOLAR PROJECTS**

**15A NCAC 01V .0101    APPLICABILITY AND DEFINITIONS**

(a) The project owners of a utility-scale solar project (USSP) shall comply with Part 2J of Article 9 of Chapter 130A of the General Statutes, "Management of Solar Energy Equipment," in accordance with the applicability and effective dates of S.L. 2023-58, s. 2.(e) and s. 4, and the requirements of this Section. Non-compliance shall be addressed through penalties issued in accordance with Part 2 of Article 1 of Chapter 130A of the General Statutes, as provided in G.S. 130A-309.243, including G.S. 130A-22 for the issuance of penalties and G.S. 130A-24 for the appeal of enforcement decisions.

(b) The definitions found in G.S. 130A-290, G.S. 130A-309.240(a), and the following definitions shall apply to the rules of this Section:

- (1) "Corporation," "fiscal year," "parent," and "subsidiary" mean these terms as defined in G.S. 105-130.2.
- (2) "Project Owner" means the legal entity or entities that own the personal property that has been constructed or assembled for a USSP, which may be a different legal entity than the owner of the real property (landowner) on which the USSP has been constructed.
- (3) "Substantial Business Relationship" means the extent of a business relationship necessary under applicable State law to make a guarantee contract issued incident to that relationship valid and enforceable. A "substantial business relationship" shall arise from a pattern of recent or ongoing business transactions, in addition to the guarantee itself, that demonstrates to the Department that a business relationship between the guarantor and the project owner exists.
- (4) "USSP" means utility-scale solar project as defined in G.S. 130A-309.240(a). The Department's determination of whether a USSP meets the threshold in the statute definition of being "capable of generating 2 megawatts AC" shall be consistent with the determination made by the NC Utilities Commission as to whether a generating facility meets the two-megawatt capacity threshold for certification requirements pursuant to G.S. 62-110.1(g).
  - (A) "Existing USSP" means a USSP for which an application for a certificate of public convenience and necessity (CPCN) was submitted to the NC Utilities Commission (NCUC) pursuant to G.S. 62-110.1 before June 26, 2023.
  - (B) "New USSP" means a USSP for which an application for a CPCN was submitted to the NCUC pursuant to G.S. 62-110.1 on or after June 26, 2023, or a USSP that was generating solar energy or was interconnected to a transmission facility on June 26, 2023, but was later rebuilt or expanded after June 26, 2023.

*History Note:*    *Authority G.S. 130A-309.240(j);  
Eff. April 1, 2025.*

**15A NCAC 01V .0102    REGISTRATION AND FEE REQUIREMENTS FOR NEW AND EXISTING  
USSPS**

(a) The project owner of a USSP shall submit the registration information, periodic updates, and registration fee required by G.S. 130A-309.240(e) and (h) in a registration form prescribed by the Department. The registration form may be accessed from the Department's USSP Management Program website at <https://www.deq.nc.gov/about/divisions/waste-management/utility-scale-solar-management-program>. The initial registration and fee shall be submitted to the Department by the following deadlines:

- (1) by November 1, 2025, or
- (2) at least 90 days prior to the commencement of construction if the project is constructed after November 1, 2025; and
- (3) at least 90 days prior to commencement of rebuild or expansion of a USSP.

(b) The subsequent registration updates and fees shall be submitted to the Department every five years in accordance with G.S. 130A-309.240(e) and (h). The deadline for submittal of the five-year registration updates and registration fee shall be the last day of the month in which the five-year anniversary of the due date for the initial submittal occurs in accordance with Paragraph (a) of this Rule for each USSP.

(c) The Department shall not be required to provide notice to the project owner that the initial registration, periodic updates, or registration fee are due. The project owner shall be responsible for submittal of the registration, periodic updates, and fees by the deadlines established in this Rule.

(d) In accordance with G.S. 130A-309.240(c), the project owner of a new USSP shall submit a decommissioning plan, and subsequent updates to the plan, with the registration required to be submitted by this Rule. The Department shall review the plan and shall inform the project owner in writing of deficiencies in the plan, if any, within 60 days of submittal. The project owner shall correct the deficiencies identified by the Department and submit the corrected decommissioning plan to the Department no more than 30 days after the Department issued the notification of deficiencies. The project owner shall not commence construction, rebuild, or expansion of the project until the Department has received the decommissioning plan that complies with the requirements of G.S. 130A-309.240 and the rules of this Section.

(e) In accordance with G.S. 130A-309.240(d) the project owner of a new USSP shall submit a draft copy of the financial mechanism, or updates to the mechanism, with the registration required to be submitted by this Rule. The Department shall review the draft mechanism and shall inform the project owner in writing of deficiencies in the draft mechanism, if any, within 60 days of submittal. The project owner shall correct the deficiencies identified by the Department and submit the corrected and executed financial mechanism to the Department no more than 30 days after the Department issued the notification of deficiencies. The project owner shall not commence construction, rebuild, or expansion of the new USSP until the Department has received the executed financial assurance mechanism that complies with the requirements of G.S. 130A-309.240 and the rules of this Section.

(f) Project owners of existing USSPs shall submit copies of any decommissioning plan executed, and documentation of financial assurance established, in accordance with G.S. 130A-309.240(e)(6), with the registration required to be submitted by this Rule.

(g) In accordance with G.S. 130A-309.240(g), the project owner shall also upload with the registration a copy of any additional documentation required by the local government to comply with any more stringent local government requirements.

(h) The project owner of a USSP that is constructed on more than one parcel of land shall include with the registration the following information for each parcel on which the project is or will be constructed:

- (1) landowner name, address, and contact information;
- (2) parcel identification number; and
- (3) copies of agreements with the landowner as required by G.S. 130A-309.240(e)(6) for each parcel.

*History Note: Authority G.S. 130A-309.240(j);  
Eff. April 1, 2025.*

#### **15A NCAC 01V .0103 REGISTRATION FEE AMOUNT FOR NEW AND EXISTING USSPS**

(a) Existing USSPs. The amount of the registration fee required by G.S. 130A-309.240(h), submitted to the Department in accordance with Rule .0102 of this Section, for each existing USSP shall be as follows, and shall be adjusted in accordance with Paragraph (c) of this Rule:

- (1) The amount of the first registration fee for an existing USSP shall be one hundred and seventy-five dollars (\$175.00) per megawatt alternating current (MW AC) of nameplate capacity.
- (2) The amount of the second registration fee, and all subsequent registration fees for an existing USSP, shall be twenty-five dollars (\$25.00) per MW AC of nameplate capacity.

(b) New USSPs. The amount of the registration fees required by G.S. 130A-309.240(h), submitted to the Department in accordance with Rule .0102 of this Section, for each new USSP shall be as follows, and shall be adjusted in accordance with Paragraph (c) of this Rule:

- (1) New USSPs capable of generating 20 MW AC or less:
  - (A) The amount of the first registration fee shall be five hundred dollars (\$500.00) per MW AC of nameplate capacity.
  - (B) The amount of the second registration fee, and all subsequent registration fees, shall be fifty dollars (\$50.00) per MW AC of nameplate capacity.
- (2) New USSPs capable of generating more than 20 MW AC:
  - (A) The amount of the first registration fee shall be the lesser of three hundred dollars (\$300.00) per MW AC of nameplate capacity or fifty thousand dollars (\$50,000).
  - (B) The amount of the second registration fee, and all subsequent registration fees, shall be the lesser of twenty-five dollars (\$25.00) per MW AC of nameplate capacity for the USSP or twenty-five thousand dollars (\$25,000).

(c) Adjustment for Legislatively Mandated Salaries and Benefits. Beginning July 1, 2029, and every five years thereafter, the Department may adjust the fee amounts in Paragraphs (a) and (b) of this Rule in accordance with the Consumer Price Index computed by the Bureau of Labor Statistics during the prior two bienniums. The Department may also increase or decrease the fees or adjust the fee structures in Paragraphs (a) and (b) of this Rule, on the same five-year schedule, to meet the requirements in G.S. 130A-309.240(h) and G.S. 130A-309.242 that the fees be used to fund program administration. No amendment to this Rule shall be necessary for the Department to adjust the fees in accordance with this Paragraph. The adjustment to the fee amounts shall be rounded to the nearest dollar (\$1.00). No less than 180 days prior to a registration fee adjustment, the Department shall publish the adjusted fee amounts on the Department's website at <https://www.deq.nc.gov/about/divisions/waste-management/utility-scale-solar-management-program>.

(d) The Department may charge the project owner a late fee of seventy-five dollars (\$75.00) per month, per USSP, for every month or partial month that payment of the registration fee is delinquent.

*History Note: Authority G.S. 130A-309.240(j);  
Eff. April 1, 2025.*

#### **15A NCAC 01V .0104 DECOMMISSIONING COST ESTIMATE REQUIREMENTS FOR NEW AND EXISTING USSPS**

(a) The project owner of a new or existing USSP shall submit a cost estimate for decommissioning with the registration required by Rule .0102 of this Section, in accordance with G.S. 130A-309.240(e)(4). The project owner of a new USSP shall also include the cost estimate in the decommissioning plan, in accordance with G.S. 130A-309.240(c)(5).

(b) The calculation of the cost estimate for decommissioning shall meet the following requirements:

- (1) The cost estimate shall be based on costs for decommissioning of the USSP in accordance with G.S. 130A-309.240(b) and the rules of this Section for new and existing USSPs, the decommissioning plan required for a new USSP pursuant to G.S. 130A-309.240(c), and any decommissioning plan submitted with the registration for existing USSPs pursuant to G.S. 130A-309.240(e)(6).
- (2) The cost estimate shall be based on the costs at the time of submittal of the estimate.
- (3) The cost estimate for new USSPs shall be based on costs for a third party to conduct decommissioning, and shall be itemized to show how the total amount was determined, including itemizing costs for:
  - (A) personnel time and expenses;
  - (B) transportation of materials to the receiving facility or location, such as the nearest existing recycling or disposal facility; and
  - (C) the fees charged by the receiving facility or location to accept the materials, such as the nearest existing recycling or disposal facility.
- (4) During decommissioning, every effort shall be made to prevent breakage of photovoltaic modules. Photovoltaic modules shall not be disassembled, deconstructed, or removed from the frame at the USSP location or at a facility or location other than the facility or location that receives the modules for management, such as the recycling or disposal facility. Decommissioning activities and the management of all equipment, materials, and waste from the USSP shall comply with Article 9 of Chapter 130A of the General Statutes, and 15A NCAC 13A and 13B, which are incorporated by reference including subsequent amendments and editions. These rules may be accessed at <http://reports.oah.state.nc.us/ncac.asp> at no charge.
- (5) The cost estimate shall be adjusted in accordance with Paragraphs (d) and (e) of this Rule.

(c) The project owner of a new USSP shall also include with the decommissioning cost estimate, a separate estimate of the salvage value of the project equipment in accordance with G.S. 130A-309.240(c)(3). The salvage value estimate shall meet the following requirements:

- (1) The salvage value estimate shall be based on values for a third party to salvage the equipment. If salvage values were considered in the cost estimate provided by a third party as provided in Subparagraph (b)(1) of this Rule, the salvage value estimate shall refer to the estimate from the third party.
- (2) The salvage value estimate shall be based on the current values at the time of each submittal of the decommissioning cost estimate.

- (3) The salvage value estimate shall clarify which tasks required for decommissioning would be completed by the third-party salvage company, and whether that company would also be providing the transportation costs and paying the fees, if any, for the receiving facility or location in accordance with Paragraph (b) of this Rule.

An estimate of salvage value shall not be required for equipment, or a subset of equipment, if the value is not included in a request to reduce the amount of financial assurance for new USSPs based on salvage value in accordance with Paragraph (g) of this Rule.

(d) The project owner of a new or existing USSP shall update the decommissioning cost estimate every five years to reflect changes in costs over time, even if there are no other changes to the status, size, or operation of the USSP. The adjusted decommissioning cost estimate shall be submitted with the registration submitted in accordance with Rule .0102 of this Section.

(e) If changes to the decommissioning plan or USSP conditions or circumstances increase the decommissioning cost estimate at any time during the active life of the USSP, the project owner of a new USSP shall increase the amount of financial assurance proportionally, and shall submit the adjusted financial mechanism to the Department during their next scheduled registration update in accordance with Rule .0102 of this Section.

(f) The project owner of a new USSP may request to decrease the amount of financial assurance if changes to the decommissioning plan or project conditions over time decrease the decommissioning cost estimate during the active life of the project. The request shall comply with Paragraph (h) of this Rule.

(g) The project owner of a new USSP may request to reduce the amount of financial assurance based on the salvage value of the equipment submitted in accordance with Paragraph (c) of this Rule. The request shall comply with Paragraph (h) of this Rule. Beginning at 20 years after the project begins operation or five years prior to the end of the initial power purchase agreement, whichever is earlier, and through the end-of-life of the project, a reduction based on salvage value shall not cause the amount of financial assurance to be less than the total cost estimate to:

- (1) detach the photovoltaic modules from the base;
- (2) transport the photovoltaic modules and any hazardous waste from the USSP to the receiving facility or location; and
- (3) pay the fees charged by the receiving facility or location to accept the photovoltaic modules and any hazardous waste from the USSP.

(h) If the project owner of a new USSP requests to decrease the amount of financial assurance in accordance with Paragraphs (f) or (g) of this Rule, the request and a written justification shall be submitted with the registration submitted in accordance with Rule .0102 of this Section. The reduction to the financial assurance amount shall not be executed until the Department has issued a written approval that the adjusted cost estimates, financial assurance amount, and financial assurance mechanism comply with G.S. 130A-309.240 and the rules of this Section. No reduction of the amount of financial assurance shall be approved until the project owner of a new USSP has resolved any unresolved violations issued by the Department for non-compliance with Article 9 of Chapter 130A of the General Statutes, 15A NCAC 13B or 13C, or the rules of this Section. If the Department approves the request to reduce the amount of financial assurance, the Department shall provide written notice of the approval to the project owner of a new USSP. Upon receipt of approval, the project owner may adjust the amount of financial assurance and submit the adjusted financial assurance mechanism to the Department.

*History Note: Authority G.S. 130A-309.240(j);*

*Eff. April 1, 2025.*

#### **15A NCAC 01V .0105 GENERAL REQUIREMENTS FOR FINANCIAL ASSURANCE FOR NEW USSPS**

(a) Project owners of a new USSP shall establish, submit, and update an allowable financial mechanism, or a combination of mechanisms, provided in Rule .0106 of this Section, to ensure sufficient funds are available to cover the cost of decommissioning in accordance with G.S. 130A-309.240(d)(1).

(b) The language of the mechanism shall be identical to the instrument templates provided in Rule .0107 of this Section, and shall ensure that the instruments satisfy the following criteria:

- (1) the financial assurance mechanism shall ensure that the amount of funds assured is sufficient to cover the cost of decommissioning at any time;
- (2) the financial assurance mechanism shall ensure that the funds will be available to the Department at the time of decommissioning; and
- (3) the financial assurance mechanism shall be legally valid, binding, and enforceable in accordance with State and federal law.

The project owner of a new USSP may submit a request in writing to the Department to revise the language of the mechanism if it is necessary to accommodate USSP-specific circumstances. The request shall be submitted to the Department in the draft mechanism for approval by the Department prior to submittal of the executed mechanism.

(c) The project owner of a new USSP may use one financial assurance mechanism to ensure sufficient funds are available for decommissioning of more than one new USSP located in North Carolina and owned by the same project owner.

(d) A project owner of a new USSP may demonstrate financial assurance for decommissioning by establishing more than one mechanism per project. The mechanism shall be as specified in Rule .0106 of this Section, except that financial assurance for an amount no less than the current cost estimate for decommissioning may be provided by a combination of mechanisms rather than a single mechanism. When multiple financial assurance mechanisms are established, no more than one allowable mechanism shall be provided by the same financial institution or its corporate entities. The financial test provided by a corporation, and the corporate guarantee provided by a corporate parent, sibling, grandparent, or a substantial business relationship, shall not be combined if the financial statements of the two firms are consolidated.

(e) The amount of the financial mechanism shall be the amount of the cost estimate calculated in accordance with Rule .0104 of this Section.

(f) In accordance with G.S. 130A-309.240(d)(2), the project owner of a new USSP shall not be released from the requirement to provide continuous financial assurance for decommissioning until the Department has provided the project owner of a new USSP with written notification that the decommissioning and restoration requirements for the USSP, set forth in Part 2J of Article 9 of Chapter 130A of the General Statutes, the requirements of this Section, and the requirements of the decommissioning plan for the USSP, have been met.

(g) If the project owner of a new USSP elects to change the type of financial mechanism selected at any time, the project owner shall submit a proposal for the new mechanism and a draft copy of the new financial assurance mechanism to the Department to determine if the mechanism complies with the rules of this Section. The existing executed mechanism for a new USSP shall not be cancelled until after the Department issues written notice to the project owner that the new mechanism complies with the requirements of the rules of this Section and the project owner has executed the new mechanism.

(h) If there is a change in ownership of a new USSP, the new project owner shall establish financial assurance for the new USSP and submit the executed financial assurance mechanism to the Department no more than 30 days after the change in ownership. The prior project owner shall maintain the financial assurance mechanism until the Department releases them from the requirement in writing, and upon confirmation that the financial assurance established by the new project owner meets the requirements of Part 2J of Article 9 of Chapter 130A of the General Statutes and the rules of this Section.

(i) Maintenance of financial assurance in the amounts required by the rules of this Section does not limit the responsibility of project owners for the full cost of decommissioning of the USSP, the expenses of any on-site or off-site environmental restoration necessitated by activities at the USSP, or liability for all damages to third parties or private or public properties caused by the establishment and operation of the USSP.

(j) A corporate seal shall be required to complete the certification of acknowledgement required in the mechanism language in Rule .0107 of this Section for a corporate project owner using a trust fund, surety bond guaranteeing payment, financial test, and corporate guarantee as set forth in Rule .0106 of this Section. When a corporate seal is required to certify a financial assurance mechanism but the corporation does not have a corporate seal, a member of the corporation's senior management or a representative of the board of directors shall submit to the Department a copy of the corporation's bylaws, a corporate ownership organization chart describing the relationship of the project owner to the corporation and its parent companies, contact information for the board of directors or senior management for the corporation, and a statement on corporate letterhead stating the signee has the authority to execute correspondence and financial assurance mechanisms on behalf of the corporation, pursuant to G.S. 130A-309.240. The documentation shall be submitted to the Department of Environmental Quality, care of the Division of Waste Management at 1646 Mail Service Center, Raleigh, NC 27699. Senior management for the corporation shall be one of the following positions: the Chief Executive Officer or President, the Chief Operating Officer or Vice President, or the Chief Financial Officer or Treasurer.

(k) The executed mechanism shall be submitted to the Department as original signed hard copies.

(l) Financial assurance established for a USSP shall be an environmental liability for accounting purposes.

(m) If a local government requires financial assurance, the project owner of a new USSP may request that the Department accept evidence of executed financial assurance provided to and approved by the local government, in lieu of making the financial assurance accessible directly to the Department, to satisfy the explanation as to how the funds will be available to the Department in accordance with G.S. 130A-309.240(c)(6). In making such a request,

the project owner of a new USSP shall demonstrate that the local government financial assurance mechanism otherwise meets the requirements of G.S. 130A-309.240 and Rules .0101 through .0105 of this Section. The project owner of a new USSP shall submit the request and demonstration with the registration required by Rule .0102 of this Section, and the request shall include a copy of the local government financial assurance mechanism and a written justification for Department approval that the local government financial assurance mechanism meets the requirements of G.S. 130A-309.240 and Rules .0101 through .0105 of this Section.

*History Note: Authority G.S. 130A-309.240(j);  
Eff. April 1, 2025.*

#### **15A NCAC 01V .0106 ALLOWABLE MECHANISMS FOR FINANCIAL ASSURANCE FOR NEW USSPS**

Project owners of a new USSP shall use any combination of the following mechanisms to meet the requirements of this Section for financial assurance, unless otherwise approved in accordance with Rule .0105(m) of this Section.

- (1) Trust Fund.
  - (a) A project owner of a new USSP may demonstrate financial assurance for decommissioning by establishing a trust fund that conforms to the requirements of this Item. The trustee shall be an entity or person that has the authority to act as a trustee and whose trust operations are regulated and examined by a federal or State agency.
  - (b) The trust fund shall be fully funded for the entire amount of decommissioning established by Rule .0104 of this Section, except as provided in Rule .0105(d) of this Section.
  - (c) The trust agreement shall be effective prior to submittal of the initial executed financial mechanism pursuant to Rule .0102(e) of this Section.
  - (d) The project owner or a third party authorized by the Department to conduct decommissioning may request reimbursement from the trustee for these expenditures. Requests for reimbursement shall be granted only if sufficient funds are remaining in the trust fund to cover the remaining costs of decommissioning, and if justification and documentation of the cost is submitted to the Department and approved by the Department as complying with G.S. 130A-309.240, the rules of this Section, and the decommissioning plan.
  - (e) The trust fund may be terminated by the project owner only if the project owner has substituted alternate financial assurance as specified in this Rule, or if the project owner receives written notice from the Department that they are no longer required to provide continuous financial assurance for decommissioning in accordance with the requirements of Rule .0105(f) of this Section.
  - (f) The trust fund may be elected as a standby trust mechanism to accompany the surety bond mechanism in Item (2) of this Rule, or the letter of credit mechanism in Item (3) of this Rule; or may be elected as a standalone funded trust mechanism.
  - (g) The trust agreement shall be accompanied by a certification of acknowledgement following the language of the trust agreement as specified in Rule .0107(1) of this Section.
  - (h) Schedule A of the trust agreement shall be updated no less than 60 days after any change in the amount of the current cost estimate covered by the agreement.
- (2) Surety Bond Guaranteeing Payment into a Trust Fund.
  - (a) A project owner of a new USSP may demonstrate financial assurance for decommissioning by obtaining a payment surety bond that conforms to the requirements of this Item. The surety bond shall be effective prior to submittal of the initial executed financial mechanism pursuant to Rule .0102(e) of this Section. The surety company issuing the bond shall be among those listed as acceptable sureties on federal bonds in Circular 570 of the U.S. Department of the Treasury and shall be licensed to do business in North Carolina.
  - (b) The project owner who uses a surety bond to satisfy the requirements of the rules of this Section shall also establish a standby trust fund prior to submittal of the initial executed financial mechanism, pursuant to Rule .0102(e) of this Section. Under the terms of the bond, all payments shall be deposited by the surety directly into the standby trust fund. An originally signed duplicate of the trust agreement shall be submitted to the

Department with the surety bond. This standby trust fund shall meet the requirements specified in Item (1) of this Rule, except that the following are not required until the standby trust fund is funded pursuant to the requirements of this Item:

- (i) payment into the trust fund as specified in Sub-Item (1)(b) of this Rule;
  - (ii) updating of Schedule A of the trust agreement as specified in Sub-Item (1)(h) of this Rule;
  - (iii) annual valuations as required by the trust agreement outlined in Rule .0107(1) of this Section; and
  - (iv) notices of nonpayment as required by the trust agreement outlined in Rule .0107(1) of this Section.
- (c) The bond shall guarantee that the project owner shall:
- (i) fund the standby trust fund in an amount equal to the penal sum of the bond prior to initiating final decommissioning of the USSP, and no more than one year after cessation of operations of the USSP;
  - (ii) fund the standby trust fund in an amount equal to the penal sum of the bond within 15 days after an order to decommission the USSP is issued by a U.S. district court or other court of competent jurisdiction; or
  - (iii) provide alternate financial assurance that complies with the rules of this Section within 90 days after receipt by both the project owner and the Department of a notice of cancellation of the bond from the surety.
- (d) Under the terms of the bond, the surety shall become liable on the bond obligation when the project owner fails to perform as guaranteed by the bond.
- (e) The penal sum of the bond shall be in an amount equal to the entire amount of decommissioning established by Rule .0104 of this Section, except as provided in Rule .0105(d) of this Section.
- (f) Under the terms of the bond, the surety may cancel the bond by sending notice of cancellation by certified mail to the project owner and to the Department. Cancellation shall not occur, however, during the 120 days beginning on the date of receipt of the notice of cancellation by both the project owner and the Department, as evidenced by the certified mail return receipts. If the surety cancels the bond, the project owner shall obtain alternate financial assurance that complies with the rules of this Section prior to cancellation.
- (g) The penal sum of the surety bond shall be adjusted for any increase or decrease in the amount of financial assurance in accordance with Rule .0104 of this Section.
- (h) The surety bond may be terminated by the project owner only if the project owner has substituted alternate financial assurance that complies with the rules of this Section, or if the project owner receives written notice from the Department that they are no longer required to provide continuous financial assurance for decommissioning in accordance with Rule .0105(f) of this Section.
- (3) Letter of Credit.
- (a) A project owner of a new USSP may demonstrate financial assurance for decommissioning by obtaining an irrevocable standby letter of credit that conforms to the requirements of this Item. The letter of credit shall be effective prior to submittal of the initial executed financial mechanism pursuant to Rule .0102(e) of this Section. The issuing institution shall be an entity that has the authority to issue letters of credit and whose letter-of-credit operations are regulated and examined by a federal or State agency.
  - (b) A letter from the project owner referring to the letter of credit by number, issuing institution, and date, and providing the following information: name, project identification number, address of the USSP, and the amount of funds assured, shall be included with the letter of credit submitted to the Department.
  - (c) The letter of credit shall be irrevocable and issued for a period of no less than one year, in an amount no less than the entire amount of decommissioning established by Rule .0104 of this Section, except as provided in Rule .0105(d) of this Section. The letter of credit shall provide that the expiration date will be automatically extended for a period of no less than one year unless the issuing institution has cancelled the letter of credit by sending notice of cancellation by certified mail to the project owner and to the

Department 120 days in advance of cancellation. If the letter of credit is cancelled by the issuing institution, the project owner shall obtain alternate financial assurance prior to cancellation.

- (d) The project owner of a new USSP shall establish a standby trust fund. The standby trust fund shall meet the requirements of Item (1) of this Rule, except for the requirement to fully fund the trust as specified in Sub-Item (1)(b) of this Rule. Payments made under the terms of the letter of credit shall be deposited by the financial institution directly into the standby trust fund.
- (e) No payments shall be made from the trust fund unless approved by the trustee and the Department.
- (f) The letter of credit shall be adjusted for any increase or decrease in the amount of financial assurance in accordance with Rule .0104 of this Section.
- (g) The letter of credit and standby trust fund may be terminated by the project owner only if the project owner has substituted alternate financial assurance as specified in this Rule, or if the project owner receives written notice from the Department that they are no longer required to provide continuous financial assurance for decommissioning in accordance with the requirements of Rule .0105(f) of this Section.

(4) Insurance.

- (a) A project owner of a new USSP may demonstrate financial assurance for decommissioning by obtaining insurance that conforms to the requirements of this Item. The insurance shall be effective prior to submittal of the initial executed financial mechanism pursuant to Rule .0102(e) of this Section. The insurer shall be licensed to transact the business of insurance, or eligible to provide insurance as an excess or surplus lines insurer, in North Carolina.
- (b) The decommissioning insurance policy shall guarantee that funds will be available to decommission the USSP by cessation of operations. The policy shall also guarantee that once decommissioning begins, the insurer shall be responsible for the paying out of funds to the project owner or a third party authorized by the Department to conduct decommissioning, up to an amount equal to the face amount of the policy.
- (c) The insurance policy shall be issued for a face amount no less than the entire amount of decommissioning established by Rule .0104 of this Section, except as provided in Rule .0105(d) of this Section. The term face amount means the total amount the insurer is obligated to pay under the policy. Actual payments by the insurer shall not change the face amount, although the insurer's future liability will be lowered by the amount of the payments.
- (d) A project owner or a third party authorized by the Department to conduct decommissioning may receive reimbursements for decommissioning expenditures. Requests for reimbursement shall be granted by the insurer only if the remaining value of the policy is sufficient to cover the remaining costs of decommissioning, and if justification and documentation of the itemized cost is submitted to the Department, and the Department provides written approval that this requirement has been met. The project owner or third party shall notify the Department that reimbursement has been received.
- (e) Each policy shall contain a provision allowing assignment of the policy to a successor project owner.
- (f) The insurance policy shall provide that the insurer shall not cancel, terminate, or fail to renew the policy except for failure to pay the premium. The automatic renewal of the policy shall provide the insured with the option of renewal at the face amount of the expiring policy. If there is a failure to pay the premium, the insurer may cancel, terminate, or fail to renew the policy by sending notice by certified mail to the project owner and to the Department 120 days in advance of cancellation, termination, or failure to renew the policy. If the insurer cancels the policy, the project owner shall obtain alternate financial assurance as specified in this Rule prior to cancellation.
- (g) The insurance policy may be terminated by the project owner only if the project owner has substituted alternate financial assurance as specified in this Rule, or if the project owner receives written notice from the Department that they are no longer required to



provide continuous financial assurance for decommissioning in accordance with the requirements of Rule .0105(f) of this Section.

- (5) Financial Test. A project owner of a new USSP that satisfies the requirements of this Item may demonstrate financial assurance for decommissioning using a financial test. To pass this test the project owner shall meet the criteria of either Sub-Item (a) or (b) of this Item.
- (a) The project owner of a new USSP shall have:
- (i) two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5;
  - (ii) net working capital and tangible net worth each no less than six times the sum of the decommissioning cost estimate established by Rule .0104 of this Section;
  - (iii) tangible net worth of no less than 10 million dollars (\$10,000,000); and
  - (iv) assets located in the United States amounting to no less than 90 percent of their total assets or no less than six times the sum of the decommissioning cost estimate established by Rule .0104 of this Section.
- (b) The project owner of a new USSP shall have:
- (i) a current rating for their most recent bond issuance of AAA, AA, A, or BBB as issued by Standard and Poor's or Aaa, Aa, A or Baa as issued by Moody's;
  - (ii) tangible net worth no less than six times the sum of the decommissioning cost estimate established by Rule .0104 of this Section;
  - (iii) tangible net worth of no less than 10 million dollars (\$10,000,000); and
  - (iv) assets located in the United States amounting to no less than 90 percent of their total assets or no less than six times the sum of the decommissioning cost estimate established by Rule .0104 of this Section.
- (c) To pass this test, the project owner shall submit the following items to the Department with the registration and subsequent updates required by Rule .0102 of this Section:
- (i) a letter signed by the project owner's chief financial officer and as specified in Rule .0107(5) of this Section;
  - (ii) a copy of the independent certified public accountant's report of the project owner's financial statements for the latest completed fiscal year; and
  - (iii) a special report from the project owner's independent certified public accountant to the project owner. The special report shall be based upon agreed upon procedures, in accordance with professional auditing standards, and shall describe the procedures performed in comparing the data in the chief financial officer's letter derived from the independently audited, year-end financial statements for the latest fiscal year with the amounts in such financial statements, the findings of that comparison, and the reasons for any differences.
- (d) The project owner is no longer required to submit the documentation specified in Sub-Item (c) of this Item or comply with the requirements of this Item when:
- (i) the project owner substitutes alternate financial assurance as specified in the rules of this Section; or
  - (ii) the project owner receives written notice from the Department that they are no longer required to provide continuous financial assurance for decommissioning in accordance with the requirements of Rule .0105(f) of this Section.
- (e) If at any time the project owner of a new USSP no longer meets the requirements of Sub-Item (a) or (b) of this Item, the project owner shall send notice to the Department of intent to establish alternate financial assurance as specified in the rules of this Section. The notice shall be sent by certified mail within 90 days after the end of the fiscal year for which the year-end financial data show that the project owner no longer meets the requirements. The project owner shall provide the alternate financial assurance that meets the rules of this Section to the Department within 120 days after the end of such fiscal year.
- (f) The Department may, based on a reasonable belief that the project owner may no longer meet the requirements of Sub-Item (a) or (b) of this Item, require reports of financial condition at any time from the project owner in addition to the documentation specified

in Sub-Item (c) of this Item. If the Department finds, on the basis of such reports and documentation, that the project owner no longer meets the requirements of Sub-Item (a) or (b) of this Item, the Department shall provide written notice to the project owner of this determination. The project owner shall obtain alternate financial assurance that meets the requirements of this Rule and submit that alternate financial assurance that complies with the rules of this Section to the Department within 90 days of the issuance of the written notice from the Department.

- (g) When calculating the amount of financial assurance, the project owner shall include the cost estimates for all USSPs owned by the project owner and for which they are required to obtain financial assurance. The amount of financial assurance for the financial test shall be adjusted in accordance with Rule .0104 of this Section.
  - (h) The Department may disallow use of this test on the basis of qualifications in the opinion expressed by the independent certified public accountant in their report on examination of the project owner's financial statements pursuant to Sub-Item (c)(ii) of this Item. An adverse opinion or a disclaimer of opinion shall be cause for disallowance. The Department may evaluate other qualifications on an individual basis. The project owner shall provide alternate financial assurance that complies with the rules of this Section within 90 days of the issuance of the written notice from the Department.
- (6) Corporate Guarantee:
- (a) A project owner of a new USSP may also meet the requirements of the financial test in Item (5) of this Rule by obtaining a written guarantee. The guarantor shall be the direct or higher-tier parent corporation of the project owner, a firm whose parent corporation is also the parent corporation of the project owner, or a firm with a substantial business relationship with the project owner. The guarantor shall meet the requirements for project owners in Item (5) of this Rule and shall comply with the terms of the guarantee. A certified copy of the guarantee shall be submitted to the Department with the copies of the letter from the guarantor's chief financial officer and the independent certified public accountant's opinion for the guarantor as required by Item (5) of this Rule. If the guarantor's parent corporation is also the parent corporation of the project owner, the letter from the guarantor's chief financial officer shall describe the value received in consideration of the guarantee. If the guarantor is a firm with a substantial business relationship with the project owner, this letter shall describe this substantial business relationship and the value received in consideration of the guarantee. The project owner shall submit a corporate ownership organization chart describing the relationship of the project owner to the guarantor with the submittal of the initial executed financial mechanism, and during periodic registration updates thereafter.
  - (b) The guarantee shall be effective prior to submittal of the initial executed financial mechanism and all submissions required pursuant to this Item and Rule .0102(e) of this Section.
  - (c) The terms of the guarantee shall provide that:
    - (i) If the project owner fails to perform decommissioning of a USSP covered by the corporate guarantee, in accordance with the requirements and timelines of G.S. 130A-309.240, the rules of this Section, and the decommissioning plan, the guarantor shall either perform, or pay a third party to perform, decommissioning; or establish a fully funded trust fund as specified in Item (1) of this Rule in the name of the project owner.
    - (ii) The corporate guarantee shall remain in force for as long as the project owner is required to comply with the applicable financial assurance requirements in the rules of this Section unless the guarantor sends prior notice of cancellation by certified mail to the project owner and to the Department. Cancellation shall not occur, however, during the 120 days beginning on the date of receipt of the notice of cancellation by both the project owner and the Department, as evidenced by the return receipts.
    - (iii) If notice of cancellation is given, the project owner shall, within 90 days following receipt of the cancellation notice by the project owner and the Department, obtain alternate financial assurance that complies with the rules of

this Section and obtain written approval from the Department that the alternate financial assurance complies with the rules of this Section. If the project owner fails to provide alternate financial assurance within the 90-day period, the guarantor shall obtain alternate financial assurance in the name of the project owner that complies with the rules of this Section within 120 days of the cancellation notice and obtain written approval from the Department that the alternate financial assurance complies with the rules of this Section.

*History Note: Authority G.S. 130A-309.240(j);  
Eff. April 1, 2025.*

#### **15A NCAC 01V .0107 REQUIRED LANGUAGE FOR FINANCIAL ASSURANCE MECHANISMS FOR NEW USSPS**

The financial assurance mechanisms set forth in Rule .0106 of this Section for new USSPs shall use the language provided in this Rule unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, and shall be in accordance with the rules of this Section.

- (1) Trust Agreement. A trust agreement for a trust fund, as specified in Rule .0106(1) of this Section, shall be worded as follows unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

##### **TRUST AGREEMENT**

Trust Agreement, the "Agreement," entered into as of [date] by and between [name of the project owner], a [name of State] [insert "corporation," "partnership," "association," or "proprietorship"], the "Grantor," and [name of corporate trustee], [insert "incorporated in the State of [name of state]" or "a national bank"], the "Trustee."

Whereas, the Department of Environmental Quality, the "Department," an agency of the State of North Carolina, has established certain regulations applicable to the Grantor, requiring that a project owner of a utility-scale solar project (USSP) shall provide assurance that funds shall be available when needed for decommissioning of the USSP,

Whereas, the Grantor has elected to establish a trust to provide all or part of such financial assurance for the USSPs identified herein,

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee.

Now, therefore, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) The term "Grantor" means the project owner who enters into this Agreement and any successors or assigns of the Grantor.

(b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee.

Section 2. Identification of Projects and Cost Estimates. This Agreement pertains to the USSPs and cost estimates identified on schedule A [on schedule A, for each USSP list the name, address, project identification number, and the current decommissioning, or portions thereof, for which financial assurance is demonstrated by this Agreement].

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a trust fund, the "Fund," for the benefit of the Department. The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established initially as consisting of the property that is acceptable to the Trustee described in Schedule B. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible, nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the Department.

Section 4. Payment for Decommissioning. The Trustee shall make payments from the Fund as the Department shall direct, in writing, to provide for the payment of the costs of decommissioning of the USSPs covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the Department from the Fund for decommissioning expenditures in such amounts as the Department shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the Department specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund. Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines that the Grantor may communicate in writing to the Trustee from time to time, subject to the provisions of this Section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his or her duties with respect to the trust fund solely in the interest of the beneficiary and with the care, skill, prudence, and diligence under the circumstances then prevailing that persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (i) Securities or other obligations of the Grantor, or any other project owners, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2.(a), shall not be acquired or held, unless they are securities or other obligations of the Federal or State government;
- (ii) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and
- (iii) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

(a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and

(b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

(b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against, or in respect of, the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the fund.

Section 10. Annual Valuation. The Trustee shall annually, no less than 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the Department a statement confirming the value of the Trust. Any securities in the fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the Department shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee. The Trustee may resign, or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor Trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in writing sent to the Grantor, the Department, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in the exhibit or such other designees as the Grantor may designate by amendment to Exhibit A. The trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the Department to the Trustee shall be in writing, signed by the Department, or his designee, and the Trustee shall act, and shall be fully protected in acting, in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or Department hereunder has occurred. The trustee shall have no duty to act in the absence of such orders, requests, and instructions from the grantor or Department, except as provided for herein.

Section 15. Notice of Payment. The Trustee shall notify the Grantor and the Department of payment to the Trust by certified mail within 10 days following receipt of said payment. The notice shall contain the name of the Grantor, the date of payment, the amount of payment, and the current value of the trust fund.

Section 16. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the Department, or by the Trustee and the Department if the Grantor ceases to exist.

Section 17. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in section 16, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the Department, or by the Trustee and the Department, if the Grantor ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 18. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the Department issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 19. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of North Carolina.

Section 20. Interpretation. As used in this agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

In Witness Whereof the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written: The parties below certify that the wording of this agreement is identical to the wording specified in 15A NCAC 01V .0107(1) [if wording is otherwise approved by the Department as provided in 15A NCAC 01V .0105(b), then state here: "except as approved by the Department on [date]"] as were constituted on the date first above written.

[Signature of Grantor]

[Title]

Attest: [insert name of Corporation's Senior Management]

[Title]

[Seal]

State of North Carolina

County of [Name of County]

On this [date], before me personally came [name of project owner] to me known, who, being by me duly sworn, did depose and say that she/he resides at [address], that she/he is [title] of [corporation], the corporation described in and that executed the above instrument; that she/he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that she/he signed her/his name thereto by like order.

Witness my hand and official seal this [Day] day of [Month], 20[Year].

[insert Signature of Notary]

Official Signature of Notary

[Notary's printed or typed name]

Notary Public

[Official Seal]

My commission expires: [insert Date of Commission Expiration]

[Or for no corporate seal, see 15A NCAC 01V .0105(j) and utilize the certification of acknowledgement below]

State of North Carolina

County of [Name of County]

I, [Name of Officer Taking Acknowledgment], a [Official Title of Officer Taking Acknowledgment], certify that [Name of Corporate Officer] personally came before me this day and acknowledged that he/she is [Title of Corporate Officer] of [insert Legal Name of Corporation], a corporation, and that he/she, as [insert Title of Officer], being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal this [Day] day of [Month], 20[Year].

[insert Signature of Notary]

Official Signature of Notary

[Notary's printed or typed name]

Notary Public

[Official Seal]

My commission expires: [insert Date of Commission Expiration]

[Signature of Trustee]

[Title]

Attest: [insert name]

[Title]

[Seal]

State of North Carolina

County of [Name of County]

I, [Name of Officer Taking Acknowledgment], a [Official Title of Officer Taking Acknowledgment], certify that [Name of Corporate Officer] personally came before me this day and acknowledged that he/she is [Title of Corporate Officer] of [insert Legal Name of Corporation], a corporation, and that he/she, as [insert Title of Officer], being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal this [Day] day of [Month], 20[Year].

[insert Signature of Notary]

Official Signature of Notary

[Notary's printed or typed name]

Notary Public

[Official Seal]

My commission expires: [insert Date of Commission Expiration]

Schedule A for Trust Agreement

[For Each Utility-Scale Solar Project (USSP):]

Project Name: [Project Name]

Project Address: [Project Address]

Project ID Number: [Project ID Number]

Total Amount of Decommissioning Costs to be Funded by this Trust: \$ [Amount]

Schedule B for Trust Agreement

[For Standby Trust]

Trust Property: This Fund shall consist of funds drawn from [insert type of mechanism; ex. Letter of credit] No. [insert number] dated [date] issued by [name of bank] at such time said funds are directly deposited into the Trust account.

[For Funded Trust]

Trust Property: This Fund shall consist of cash in the amount of \$[insert cash amount]. [Aggregate full amount of decommissioning from Schedule A.]

Account Information:

Account Number assigned to this Trust Agreement: [Account Number]

Amount of Deposit: [Amount of Deposit (zero dollars if used for a standby trust)]

Date: [Date]

Bank/Branch location for this trust account:

Bank/Branch Name: [Bank/Branch Name]

Location Address: [Location Address]

City & State: [City & State]

Contact Person at Bank:

Name: [Name]

Title: [Title]

Phone Number: [Phone Number]

Exhibit A for Trust Agreement

The following persons, acting singly or collectively, shall have the right to issue instructions to the Trustee pursuant to Section 14 of the Agreement:

Name: [insert name]

Position: [insert position]

- (2) A surety bond guaranteeing payment of decommissioning as specified in Rule .0106(2) of this Section shall be worded as follows unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

#### FINANCIAL GUARANTEE BOND

Date bond executed: [insert date of bond execution]

Effective date: [insert effective date]

Principal: [legal name and business address of project owner]

Type of organization: [insert "individual", "joint venture", "partnership", or "corporation"]

State of incorporation: [insert state of incorporation]

Surety(ies): [name(s), business address(es), and contact information]

[For Each Utility-Scale Solar Project (USSP)]

Project ID number: [insert project ID number]

Project name: [insert project name]

Project address: [insert project address]

Decommissioning cost: [insert dollar amount for decommissioning]

Total penal sum of bond: \$[insert total cost of the bond]

Liability Limit: \$[insert underwriting limit of the surety company]

Surety's bond number: [insert bond number issued by surety]

Know All Persons By These Presents, That we, the Principal and Surety(ies) hereto are firmly bound to the N.C. Department of Environmental Quality (hereinafter called the Department), in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns jointly and severally; provided that, where the Surety(ies) are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

Whereas, said Principal is required by G.S. 130A-309.240 and 15A NCAC 01V to provide financial assurance for decommissioning for each utility-scale solar project (USSP) identified above, and

Whereas, said Principal shall establish a standby trust fund as is required when a surety bond is used to provide such financial assurance;

Now, Therefore, the conditions of the obligation are such that if the Principal shall faithfully, before the beginning of final decommissioning of each USSP identified above, fund the standby trust fund in the amount(s) identified above for the USSP,

Or, if the Principal shall fund the standby trust fund in such amount(s) within 15 days after a final order to begin decommissioning is issued by the Department or a U.S. district court or other court of competent jurisdiction,

Or, if the Principal shall provide alternate financial assurance and obtain the Department's written approval of such assurance, within 90 days after the date notice of cancellation is received by both the Principal and the Department from the Surety(ies), then this obligation shall be null and void; otherwise it is to remain in full force and effect.

The Surety(ies) shall become liable on this bond obligation only when the Principal has failed to fulfill the conditions described above. Upon notification by the Department that the Principal has failed to perform as guaranteed by this bond, the Surety(ies) shall place funds in the amount guaranteed for the USSP(s) into the standby trust fund as directed by the Department.

The liability of the Surety(ies) shall not be discharged by any payment or succession of payments hereunder, unless and until such payment or payments shall amount in the aggregate to the penal sum of the bond, but in no event shall the obligation of the Surety(ies) hereunder exceed the amount of said penal sum.

The Surety(ies) may cancel the bond by sending notice of cancellation by certified mail to the Principal and to the Department, provided, however, that cancellation shall not occur during the 120 days beginning on the date of receipt of the notice of cancellation by both the Principal and the Department, as evidenced by the return receipts.

The Principal may terminate this bond by sending written notice to the Surety(ies), provided, however, that no such notice shall become effective until the Surety(ies) receive(s) written authorization for termination of the bond by the Department.

[The following paragraph is an optional rider that may be included but is not required.]

Principal and Surety(ies) hereby agree to adjust the penal sum of the bond yearly so that it guarantees a new decommissioning amount, provided that the penal sum does not increase by more than 20 percent in any one year, and no decrease in the penal sum takes place without the written permission of the Department.

In Witness Whereof, the Principal and Surety(ies) have executed this Financial Guarantee Bond and have affixed their seals on the date set forth above.

The persons whose signatures appear below hereby certify that they are authorized to execute this surety bond on behalf of the Principal and Surety(ies) and that the wording of this bond is identical to the wording specified in 15A NCAC 01V .0107(2) [if wording is otherwise approved by the Department as provided in 15A NCAC 01V .0105(b), then state here: "except as approved by the Department on [date]" ] as were constituted on the date this bond was executed.

Principal

[Signature(s)]

[Name(s)]

[Title(s)]

[Corporate seal]

[For no corporate seal, see Rule .0105(j)]

Corporate Surety(ies)

[Name and address]

State of incorporation: [Surety's state of incorporation]

Liability limit: \$[Surety's liability limit]

[Signature(s)]

[Name(s) and title(s)]

[Corporate seal]

[For no corporate seal, see Rule .0105(j)]

[For each co-surety, provide signature(s), corporate seal, and other information in the same manner as for Surety above.]

Bond premium: \$[bond premium]

- (3) A letter of credit, as specified in Rule .0106(3) of this Section, shall be worded as follows unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

**IRREVOCABLE STANDBY LETTER OF CREDIT**

N.C. Department of Environmental Quality

c/o Division of Waste Management

1646 Mail Service Center

Raleigh, N.C. 27699-1646

Dear Sir/Madam:

We hereby establish our Irrevocable Standby Letter of Credit No. [insert mechanism number] in your favor, at the request and for the account of [project owner's name and address] up to the aggregate amount of [in words] U.S. dollars \$[insert U.S. dollar amount], available upon presentation of



- (1) your sight draft, bearing reference to this letter of credit No. [insert mechanism number], and
- (2) your signed statement reading as follows: "I certify that the amount of the draft is payable pursuant to requirements of N.C.G.S. 130A-309.240 and 15A NCAC 01V because the applicant has failed to properly decommission the utility-scale solar project (USSP) in accordance with applicable statutes and rules."

This letter of credit is effective as of [date] and shall expire on [date no less than 1 year], but such expiration date shall be automatically extended for a period of [no less than 1 year] on [date] and on each successive expiration date, unless, no less than 120 days before the current expiration date, we notify both you and [project owner's name] by certified mail that we have decided not to extend this letter of credit beyond the current expiration date. In the event you are so notified, any unused portion of the credit shall be available upon presentation of your sight draft for 120 days after the date of receipt by both you and [project owner's name], as shown on the signed return receipts.

Whenever this letter of credit is drawn on, under and in compliance with the terms of this credit, we shall duly honor such draft upon presentation to us, and we shall deposit the amount of the draft directly into the standby trust fund of [project owner's name] in accordance with your instructions.

We certify that the wording of this letter of credit is identical to the wording specified in 15A NCAC 01V .0107(3) [if wording is otherwise approved by the Department as provided in 15A NCAC 01V .0105(b), then state here: "except as approved by the Department on [date]" ] as were constituted on the date shown immediately below.

[Signature(s) and title(s) of official(s) of issuing institution], [Date]

This credit is subject to [insert "the most recent edition of the Uniform Customs and Practice for Documentary Credits, published by the International Chamber of Commerce," or "the Uniform Commercial Code"].

- (4) A certificate of insurance, as specified in Rule .0106(4) of this Section, shall be worded as follows unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

#### CERTIFICATE OF INSURANCE FOR DECOMMISSIONING

Name and Address of Insurer

(herein called the "Insurer"):

Name and Address of Insured

(herein called the "Insured"):

Projects Covered: [List for each utility-scale solar project (USSP): the name, address, project identification number, and the amount of insurance for decommissioning (these amounts for all USSPs covered shall total the face amount shown below).]

Face Amount: [insert dollar amount of face value]

Policy Number: [insert insurance policy number]

Effective Date: [insert effective date]

The Insurer hereby certifies that it has issued to the Insured the policy of insurance identified above to provide financial assurance for decommissioning for the utility-scale solar projects (USSPs) identified above.

The Insurer further warrants that such policy conforms in all respects with the requirements of G.S. 130A-309.240 and 15A NCAC 01V, as applicable and as such regulations were constituted on the date shown immediately below. It is agreed that any provision of the policy inconsistent with such regulations is hereby amended to eliminate such inconsistency.

Whenever requested by the N.C. Department of Environmental Quality (hereinafter called the Department), the Insurer agrees to furnish to the Department a duplicate original of the policy listed above, including all endorsements thereon.

I hereby certify that the wording of this certificate is identical to the wording specified in 15A NCAC 01V .0107(4) [if wording is otherwise approved by the Department as provided in 15A NCAC 01V .0105(b), then state here: "except as approved by the Department on [date]" ] as were constituted on the date shown immediately below.

[Authorized signature for Insurer]

[Name of person signing]

[Title of person signing]

Signature of witness or notary:

[Date]

- (5) A letter from the chief financial officer for a financial test, as specified in Rule .0106(5) of this Section, shall be worded as follows unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

FINANCIAL TEST  
LETTER FROM THE CHIEF FINANCIAL OFFICER

[Date]

N.C. Department of Environmental Quality  
c/o Division of Waste Management  
1646 Mail Service Center  
Raleigh, NC 27699-1646

Dear Sir/Madam:

I am the chief financial officer of [name and address of firm]. This letter is in support of this firm's use of the financial test to demonstrate financial assurance for decommissioning of a utility-scale solar project (USSP) as specified in N.C.G.S. 130A-309.240 and 15A NCAC 01V.

[Fill out the following five paragraphs regarding facilities and associated cost estimates. If your firm has no facilities that belong in a particular paragraph, write "None" in the space indicated. For each USSP, including its project identification number, name, address, and decommissioning cost estimates.]

1. This firm is the project owner of the following USSPs for which financial assurance for decommissioning is demonstrated through the financial test as specified in N.C.G.S. 130A-309.240 and 15A NCAC 01V. The current cost estimates for decommissioning covered by the test are shown for each USSP:

Name: [insert legal entity /principal name]

Office Address: [insert physical address of legal entity/principal]

Project Address: [insert physical address of project]

Project ID Number: [insert project ID number]

Decommissioning Cost Estimate: [insert dollar amount for decommissioning]

[Repeat the information above for each USSP included in the corporate test]

2. This firm guarantees, through the corporate guarantee as specified in Rule .0106(6) of this Section, the current cost estimates for decommissioning of the following facilities owned or operated by the guaranteed party. The current cost estimates for decommissioning so guaranteed are shown for each USSP: \_\_\_\_\_. The firm identified above is [insert one or more: (1) The direct or higher-tier parent corporation of the project owner; (2) owned by the same parent corporation as the parent corporation of the project owner, and receiving the following value in consideration of this guarantee \_\_\_\_\_.; or (3) engaged in the following substantial business relationship with the project owner \_\_\_\_\_, and receiving the following value in consideration of this guarantee \_\_\_\_\_.]. [Attach a written description of the substantial business relationship or a copy of the contract establishing such relationship to this letter].
3. This firm is the project owner or guarantor of the following USSPs, or projects substantially similar to USSPs, for which they are demonstrating financial assurance for decommissioning in other states through the use of a financial test specified in Rule .0106(5) of this Section or a mechanism substantially equivalent to the financial test, the current decommissioning cost estimates covered by such a test are shown for each USSP: \_\_\_\_\_.
4. This firm is the project owner of the following USSPs, or projects substantially similar to USSPs for which financial assurance for decommissioning is not demonstrated either to EPA or another state through the financial test or any other financial assurance mechanism specified in Rule .0106 of this Section or substantially equivalent mechanism. The current decommissioning cost estimates not covered by such financial assurance are shown for each USSP: \_\_\_\_\_.

This firm [insert "is required" or "is not required"] to file a Form 10K with the Securities and Exchange Commission (SEC) for the latest fiscal year.

The fiscal year of this firm ends on [month, day]. The figures for the following items marked with an asterisk are derived from this firm's independently audited, year-end financial statements for the latest completed fiscal year, ended [date].

[Fill in Alternative I if the criteria of Rule .0106(5)(a) of this Section is used to pass the test.

[Fill in Alternative II if the criteria of Rule .0106(5)(b) of this Section is used to pass the test.

Alternative I

1. Sum of current decommissioning cost estimate [total of all cost estimates shown in the five paragraphs above]  
\$ \_\_\_\_\_

\*2. Total liabilities [if any portion of the decommissioning cost estimates is included in total liabilities, you may deduct the amount of that portion from this line and add that amount to lines 3 and 4] \$ \_\_\_\_\_

- \*3. Tangible net worth \$ \_\_\_\_\_
- \*4. Net worth \$ \_\_\_\_\_
- \*5. Current assets \$ \_\_\_\_\_
- \*6. Current liabilities \$ \_\_\_\_\_
7. Net working capital [line 5 minus line 6] \$ \_\_\_\_\_
- \*8. The sum of net income plus depreciation, depletion, and amortization \$ \_\_\_\_\_
- \*9. Total assets in U.S. (required only if less than 90% of firm's assets are located in the U.S.) \$ \_\_\_\_\_
10. Is line 3 no less than \$10 million? (Yes/No) \_\_\_\_\_
11. Is line 3 no less than 6 times line 1? (Yes/No) \_\_\_\_\_
12. Is line 7 no less than 6 times line 1? (Yes/No) \_\_\_\_\_
- \*13. Are no less than 90% of firm's assets located in the U.S.? If not, complete line 14 (Yes/No) \_\_\_\_\_
14. Is line 9 no less than 6 times line 1? (Yes/No) \_\_\_\_\_
15. Is line 2 divided by line 4 less than 2.0? (Yes/No) \_\_\_\_\_
16. Is line 8 divided by line 2 greater than 0.1? (Yes/No) \_\_\_\_\_
17. Is line 5 divided by line 6 greater than 1.5? (Yes/No) \_\_\_\_\_

#### Alternative II

1. Sum of current decommissioning cost estimates [total of all cost estimates shown in the five paragraphs above] \$ \_\_\_\_\_
2. Current bond rating of most recent issuance of this firm and name of rating service \_\_\_\_\_
3. Date of issuance of bond \_\_\_\_\_
4. Date of maturity of bond \_\_\_\_\_
- \*5. Tangible net worth [if any portion of the decommissioning cost estimates is included in "total liabilities" on your firm's financial statements, you may add the amount of that portion to this line] \$ \_\_\_\_\_
- \*6. Total assets in U.S. (required only if less than 90% of firm's assets are located in the U.S.) \$ \_\_\_\_\_
7. Is line 5 no less than \$10 million? (Yes/No) \_\_\_\_\_
8. Is line 5 no less than 6 times line 1? (Yes/No) \_\_\_\_\_
- \*9. Are no less than 90% of firm's assets located in the U.S.? If not, complete line 10 (Yes/No) \_\_\_\_\_
10. Is line 6 no less than 6 times line 1? (Yes/No) \_\_\_\_\_

[Signature]

[Name]

[Title]

[Date]

- (6) A corporate guarantee, as specified in Rule .0106(6) of this Section, shall be worded as follows unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

#### CORPORATE GUARANTEE

##### Corporate Guarantee Terms for Decommissioning

For [Project Owner], [Project ID Number]

Guarantee made this [date] by [name of guaranteeing entity], [address and state of guaranteeing entity], herein referred to as Guarantor. The guarantee is made on behalf of the [project owner name] of [business address], which is [one of the following: "our subsidiary"; a subsidiary of [name and address of common parent corporation] or "an entity with which the Guarantor has a substantial business relationship"] to the N.C. Department of Environmental Quality (hereinafter called the Department).

##### Recitals:

1. Guarantor meets or exceeds the Financial Test criteria and agrees to comply with the reporting requirements for guarantors, as specified in N.C.G.S. 130A-309.240 and 15A NCAC 01V.
2. [Project owner] owns the following USSPs covered by this guarantee: List for each USSP the following information

Name: [insert project name]

Project Address: [insert project address]

Project ID No.: [insert Department-issued project number]

Decommissioning Cost Estimate: [insert dollar amount for decommissioning]

3. Decommissioning Cost Estimate as used above refers to the plans maintained as required by N.C.G.S. 130A-309.240 and 15A NCAC 01V for decommissioning cost estimate of USSPs identified above.

4. For value received from [insert project owner name], pursuant to N.C.G.S. 130A-309.240 and 15A NCAC 01V, Guarantor guarantees to the Department that in the event that [insert project owner name] fails to perform decommissioning of the above USSPs in accordance with the G.S. 130A-309.240, 15A NCAC 01V, and the decommissioning plan whenever required to do so, the Guarantor shall perform the required activities, or pay a third party to do so, or establish a fully-funded trust fund in conformance with G.S. 130A-309.240 and 15A NCAC 01V, in the name of the project owner in the amount of the current decommissioning cost estimate as specified in 15A NCAC 01V .0104.

5. Pursuant to G.S. 130A-309.240, Guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, the Guarantor fails to meet the Financial Test criteria the Guarantor shall, within 90 days, send by certified mail notice to the Department and to [project owner name] that the Guarantor is providing alternate financial assurance in accordance with 15A NCAC 01V in the name of [project owner name]. Within 120 days after the end of such fiscal year, the Guarantor shall establish such financial assurance unless [project owner name] has done so.

6. Guarantor agrees to notify the Department by certified mail of voluntary or involuntary proceeding under Title 11 (Bankruptcy), U.S. Code, naming Guarantor as debtor, within 10 days after commencement of the proceeding.

7. Guarantor agrees that within 30 days after being notified by the Department of a determination that Guarantor no longer meets the Financial Test criteria or that they are disallowed from continuing as a Guarantor for decommissioning of a USSP, they shall establish alternate financial assurance as required by N.C.G.S. 130A-309.240 and 15A NCAC 01V, as applicable, in the name of [project owner name] unless [project owner name] has done so.

8. Guarantor agrees to remain bound under this guarantee notwithstanding any or all of the following: modification or amendment of the decommissioning plan, the extension or reduction of the time of performance of the decommissioning of a USSP, or any other modification or alteration of an obligation of the project owner pursuant to N.C.G.S. 130A-309.240 and 15A NCAC 01V.

9. Pursuant to 15A NCAC 01V .0106(6)(c)(ii), Guarantor agrees to remain bound under this guarantee for as long as [project owner name] shall comply with N.C.G.S. 130A-309.240 and 15A NCAC 01V for the above-listed USSP(s), except as provided in paragraph 10 of this agreement.

10. [Insert the following language if the Guarantor is (a) a direct or higher-tier corporate parent, or (b) a firm whose parent corporation is also the parent corporation of the project owner]:

Guarantor may terminate this guarantee by sending notice by certified mail to the Department and to [project owner name], provided that this guarantee may not be terminated unless and until [project owner name] obtains, and the Department approves, alternate financial assurance as required by N.C.G.S. 130A-309.240 and 15A NCAC 01V. [Insert the following language if the Guarantor is a firm qualifying as a Guarantor due to its substantial business relationship with the project owner]:

Guarantor may terminate this guarantee 120 days following the receipt of notification of its intended cancellation by certified mail by both the Department and by [project owner name].

11. Guarantor agrees that if [project owner name] fails to provide alternate financial assurance as specified in N.C.G.S. 130A-309.240 and 15A NCAC 01V and obtain written approval of such assurance from the Department within 90 days after a notice of cancellation from the Guarantor is received by the Department, Guarantor shall provide such alternate financial assurance in the name of [project owner name].

12. Guarantor expressly waives notice of acceptance of this guarantee by the Department or by [project owner name]. Guarantor also expressly waives notice of amendments or modifications of the decommissioning plan, and of rebuilding or expansion of the project.

Effective date: [insert mechanism effective date]

[Name of Guarantor]

[Corporate Seal]

[For no corporate seal, see Rule .0105(j)]

[Authorized signature for Guarantor]

[Name of person signing]

[Title of person signing]

[Telephone Number]

[Email Address]

State of North Carolina

County of [Name of County]

On this [day] day of [month], [year], before me personally came [name signing for Guarantor] to me known, who, being by me duly sworn, did depose and say that she/he resides at [Guarantor address], that she/he is [title at

Guarantor Firm] described in and that executed the above instrument; that she/he knows the seal of said corporation; that the seal affixed to such instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that she/he signed her/his name thereto by like order.

Witness my hand and official seal this [Day] day of [Month], 20[Year].

[insert Signature of Notary]

Official Signature of Notary

[Notary's printed or typed name]

Notary Public

[Official Seal]

My commission expires: [insert Date of Commission Expiration]

- (7) A special report from an independent certified public accountant (CPA) is a supplemental report mechanism to the financial test mechanism as specified in Rule .0106(5) and the corporate guarantee mechanism as specified in Rule .0106(6) of this Section, and shall be worded as follows unless otherwise approved by the Department as provided in Rule .0105(b) of this Section, except that instructions in brackets are to be replaced with the relevant information and the brackets deleted:

SPECIAL REPORT  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors

[Name of Company]

[Mailing and location address]

[Project No.]

We have performed the procedures enumerated below that were agreed to by management of [Name of Company] pursuant to N.C.G.S. 130A-309.240 and 15A NCAC 01V with respect to the letter dated [insert date] from the [insert Corporate Official name and title] to the N.C. Department of Environmental Quality (hereinafter called the Department), solely to assist you in filing the Letter (prepared in accordance with the criteria specified therein) for the year ended [insert date of end of corporate fiscal year]. [Name of Company] is responsible for this Letter. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of [Name of Company] and the Department. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures, which were limited solely to the identified item numbers, are as follows:

We compared the amounts in Item Nos. [insert applicable item numbers based on Alternative I or II] of the Financial Test in the Chief Financial Officer's (CFO) Letter to corresponding amounts reported as total liabilities [amount], Tangible Net Worth [amount], and total assets [amount], respectively, in the audited financial statement as of [insert date of end of corporate fiscal year] and found them [insert either, "not to be in agreement" or "to be in agreement"].

We computed the amounts in Item Nos. [insert applicable item numbers based on Alternative I or II] of the Financial Test in the CFO's Letter as of [insert date of end of corporate fiscal year] based on amounts reported as Net Worth [amount] and the net income plus depreciation, depletion, and amortization [amount] in the audited financial statements as of [insert date of end of corporate fiscal year], compared them to the amounts in the CFO's Letter and found them [insert either, "not to be in agreement" or "to be in agreement"].

We computed the amount of environmental obligations (as determined by current decommissioning cost estimate or guarantees) that are recognized as liabilities in the amount of [amount] in the audited financial statement as of [insert date of end of corporate fiscal year], compared them to the amounts in the CFO's Letter and found them [insert either, "not to be in agreement" or "to be in agreement"].

We compared the amount in Item No. [insert applicable item number based on Alternative I or II] of the Financial Test in the CFO's Letter and the Company's total assets located in the United States in the amount of [insert amount] in the audited financial statement as of [insert date of end of corporate fiscal year] and found them [insert either, "not to be in agreement" or "to be in agreement"].

[If not in agreement, describe the procedures performed in comparing the data in the CFO's letter derived from the audited financial year-end financial statements for the latest fiscal year with the amounts in such financial statements, the findings of that comparison, and the reasons for any differences.]

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the selected financial information included in the Letter. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have

been reported to you. This report is intended solely for the use of management of the Company and is not intended to be and should not be used by anyone other than these specified parties.

[Date]

[Name of Accounting Firm]

*History Note:*     *Authority G.S. 130A-309.240(j);*  
                          *Eff. April 1, 2025.*

#### **SUBCHAPTER 01V – RESERVED FOR FUTURE CODIFICATION**