



## krystal planet

To: Customers, Energy Consultants, Staff, and other stakeholders  
From: KP Management  
Re: **FutureWind<sup>SM</sup> green tag Internal Audit Report**  
Date: February 1, 2009

This report contains the result of an internal audit of total sales of Green Power Certificates (GPCs, aka Green Tags or Renewable Energy Certificates (RECs)) for calendar years 2003, 2004 and 2005. FutureWind<sup>SM</sup> green tags purchased after January 1, 2006 have been and/or are being retired at the end of each calendar year based on green tags generated by the wind turbine built and paid for by Krystal Planet's wind development fund from FutureWind sales (the "FutureWind<sup>SM</sup> Turbine"). The FutureWind<sup>SM</sup> turbine is presently producing wind energy for the football stadium and concession stand sports complex at the College Boulevard Activity Center (CBAC) in Olathe, Kansas located just east of the northeast corner of College Boulevard and Kansas Highway 7 (K7). See photo below. The wind turbine is just north of the stadium, and can be seen from College Boulevard, as well as from the adjacent Olathe Northwest High School and junior high school.



Krystal Energy Corporation, through its commercial installation subsidiary Pristine Power Corporation, also installed the 2,100 watt solar system on the property, which produces a real-time energy production report using Fat Spaniel technology, available to the public for viewing 24 hours a day on the web at: <http://view2.fatspaniel.net/PV2Web/merge?&view=PV/standard/Simple&eid=115818>. CBAC is owned and operated by the Olathe Kansas school district. Photos of the solar system on the concession stand north of the stadium, and an example of the Unisolar thin-film system live feed are shown below:





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Screen shot from <http://view2.fatspaniel.net/PV2Web/merge?&view=PV/standard/Simple&eid=115818>:

The screenshot displays a monitoring dashboard for a solar system. At the top, there are navigation tabs for 'System Status', 'Simple', 'Detail', and 'Help'. The 'System Status' tab is active, showing 'Olathe Schools' as the monitoring customer for a 4.0 kW DC system. A central image shows solar panels. To the right, an 'Environmentals' widget shows an ambient temperature of 62.4 °F. Below this, an 'Environmental Benefits' widget lists avoided greenhouse gases: 7,482.3 lbs of CO2, 26.6 lbs of NOx, and 31.3 lbs of SO2. A central chart shows 'watt-hours' generated over the day, with a peak at 12pm. On the left, a 'Right Now' widget shows the system is 'Generating' at 321.0 W. A 'LifeTime Data' widget shows a total of 5,329.3 kWh generated. The interface includes a 'Fat Spaniel Technologies Insight View' logo and a copyright notice for 2009.

**Krystal Planet Corporation (KP) attests that this report is a true and accurate report** based on data in KP's records systems as of December 31, 2008 and shows the exact number of kilowatt hours (kWh), dollars contributed by KP towards the wind energy project development, and the total number of sales of FutureWind<sup>SM</sup> green tags from 2003-2008. Note: this report has not yet been audited by a 3<sup>rd</sup> party. However, Krystal Energy Corporation's books and financial records, including sales of green tags, were audited in 2007 by **Casey J. Russell CPA, Inc.**

### Olathe Schools Skystream wind turbine

kWh	Actual kWh	Month
594 Avg / month* lifetime as of:	2/16/2009	*Estimated
35 Expected life (years)		
<b>249,480</b> Expected kWh lifetime	<b>249</b> Green Tags	

### Olathe Schools Unisolar Solar system

kWh	Actual kWh	Month
5,329 Lifetime kWh as of:	2/16/2009	105.2 Dec-08
296 Avg / month lifetime as of:	2/16/2009	173.9 Jan-09
50 Expected life (years)		380.0 Jul-08
<b>177,633</b> Expected kWh lifetime	<b>178</b> Green Tags	*Estimated



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Year	RECs sold	RECs Purchased	Forward RECs created via project development (4) (5)	Balance in Inventory	Actual project development expenses	Wind Development Fund obligation	REC type	Obligation met?	Notes
2003	264	955	0	691	\$0	\$0	standard	YES	(1)
2004	13,517	0	15,716	2,890	\$78,582	\$67,585	FutureWind <sup>SM</sup>	YES	(2)
2005	11,280	0	17,631	9,242	\$88,156	\$56,400	FutureWind <sup>SM</sup>	YES	(2)
2006	126	0	0	9,116	\$0	\$630	FutureWind <sup>SM</sup>	YES	
2007	52	(24)	5,343	14,382	\$26,713	\$260	FutureWind <sup>SM</sup>	YES	(3)
2008	26	0	963	15,319	\$4,813	\$130	FutureWind <sup>SM</sup>	YES	(3)
2008	0	0	223	15,542	\$0	\$0			

(1) Sterling Planet REC purchase (see certificate copy in 2004-5 internal audit report).

(2) Utility scale wind project development expenses: Haskell County KS, Friona TX, Dodge City KS, Plainview TX, Fort Morgan CO, Jamaica.

(3) Olathe schools Skystream expenses (2007) and Fat Spaniel software & monitoring equipment (2008) estimated.

(4) Wind project development expenses divided by \$5 to determine forward RECs created.

(5) 2008 addition to forward RECs based on projected lifetime output of Olathe Skystream & solar system RECs less RECs already sold 2006-8.

2006-2008 REC sales estimated.

Note: two FutureWind<sup>SM</sup> customers (Barbara Walker and Bob Solger) requested that their RECs from FutureWind<sup>SM</sup> be replaced with 3<sup>rd</sup> party RECs from an existing wind farm. These were the only requests received by the company in response to its letter dated March 31, 2006 entitled "2004 Green Tags" which was sent to all FutureWind<sup>SM</sup> subscribers (a copy of which is included as an attachment). Those adjustments of 24 MWh (2 customers x 12 months for 2004) are shown in the table above in the row for 2007 as a credit to RECs purchased.

### Notes:

- This report supersedes the report dated February 15, 2006 entitled "2004-2005 Green Power Certificate Internal Audit Report" made available online to all KP customers and Ecos from 2003 to present in the KP back office, a copy of which is included as an attachment to this letter.
- This report may be subject to modification as additional data is processed and if/when a 3<sup>rd</sup> party firm certifies and audits the report, KP data included in the report, and the reporting process. KP management expects that if any modification of the report is necessary, it is expected to be non-material minor modification.
- Wind project expenses incurred in 2004 were strictly for specific project-related expenses to develop a wind turbine site in western Kansas (Haskell County) and several back-up sites for placement of utility-scale wind turbines.
- As of 2008, it costs approximately \$2 Million per megawatt to install a large number of utility scale wind turbines. For one standalone wind turbine, it would cost at least \$3 Million per megawatt. For a 1.5 MW wind turbine that would suggest an installed cost of \$4.5 Million according to industry data and figures published by law firm Chadbourne and Parke, L.P. Since KP only sold enough FutureWind green tags to equal a total of \$121,158 in its wind development fund in 2004 and 2005. This is why KP elected to forego any plans in 2006 and beyond to construct a utility scale wind turbine and elected instead to use the wind development funds for smaller educational wind turbines at schools: the costs are just too great and KP's FutureWind<sup>SM</sup> sales were not anticipated to be adequate at any time in the near future, if ever.
- Some forward RECs sold in 2004-2006, including KrystalWind and Green Machine, had obligations of less than \$5 per MWh. For example, KrystalWind had an obligation of \$3 per MWh equivalent. However, it is conservatively assumed in the figures herein that all forward RECs obligate Krystal Planet to contribute \$5 per MWh to project development. This assumption, while simplifying the math, overstates the quantity of RECs KP is actually obligated to cover.



**CONCLUSION:**

Krystal Planet Corporation has met 100% of its obligations for all REC sales since inception.

Krystal Planet Corporation has over 15,000 RECs in its existing inventory, yet to be retired.

However, at this time, Krystal Planet management believes that the Haskell County KS wind project – for which it spent over \$166,000 already – is unlikely to ever move forward. Therefore, although the funds were already spent to satisfy KP's obligation in full (and an offer was made to all those customers to replace those RECs), this decision requires KP to write-down 33,347 RECs to keep its books in full compliance with GAAP (Generally Accepted Accounting Principles). KP's existing REC balance of 15,542 less the 33,347 write-down leaves a balance of RECs to be replaced of 17,805.

At this time, KP intends to order replacement RECs of vintage 2004 or 2005 (if available, otherwise the closest vintage available) to satisfy, twice, its obligation to all FutureWind<sup>SM</sup> customers.

Existing REC balance as of 12/31/2008:	15,542
Write-down:	<u>(33,347)</u>
Shortfall of RECs to purchase:	<u><u>(17,805)</u></u>

Krystal Planet Corporation intends purchase these “make up” RECs in calendar year 2009. Any customer who objects to this policy should notify Krystal Planet Corporation, in writing via email, letter or fax, by no later than March 31, 2009.



To: FutureWind Customers  
From: KP Management  
Re: **2004 Green Tags**  
Date: March 31, 2006

Dear FutureWind customer – pursuant to the terms & conditions (T&C) of FutureWind (FW), this postcard addresses the contribution made by Krystal Planet (KP) on your behalf to a wind energy project (Project). The original T&C called for KP's contribution to build a wind turbine within 2 years. The 2004 2005 GPC Internal Audit Report shows \$67,597.50 was to be contributed to a Project for 2004 FW customers.

**KP is excited to announce that we can now publicly disclose the name & location of the 1<sup>st</sup> Project:** a 1 MW wind turbine on Rolling Plains Cattle's facility in Haskell County KS. KP has a signed 30-year power purchase agreement & contributed \$78,581.67 (\$10,984.17 more than the obligation) to 2004 pre-construction Project development (~20% of the equity; remaining equity & all debt financing is being covered by 3<sup>rd</sup> parties). You're being notified to: 1) to bring you up to date; and 2) allow you to opt out of this Project & have KP's contribution on your behalf for 2004 FW be applied towards GPCs from an existing wind facility. We offer this Opt-out to honor the exact letter of FW T&C, which states that for 2004 FW contributions, the Project must be completed in 2 years. Since the Project is not yet completed (due to a variety of delays & unexpected low # of FW customers for 2004-5), we're obligated to offer GPCs from another wind energy project already in operation. The 2005 FW T&C allows KP's contribution to go towards project development & does not require the project to be 'spinning' in 2 years.

Since KP's 2004 FW contribution on your behalf was exceeded already by our contributions to the Project, this offer goes above & beyond obligations – but it's the Right Thing to do. To Opt-out, please fax KP at 913.888.0551 or email [support@krystal-planet.com](mailto:support@krystal-planet.com) by **April 30, 2006** with your full name used when purchasing FW, customer/Eco ID#, current address, address when you purchased FW (if different), email address, & phone number – and we'll send GPCs to you.

By taking no action, you hereby authorize KP to apply all your 2004 FW contribution to the Haskell County Project development.

Thank you for your prompt attention; we'll keep you posted on our progress.

***Keeping the planet green, KP management***



**krystal planet**

To: Customers, Energy Consultants, Staff, and other stakeholders  
From: KP Management  
Re: **2004-2005 Green Power Certificate Internal Audit Report**  
Date: February 15, 2006

This report contains the result of an internal audit of total sales of Green Power Certificates (GPCs, aka Green Tags or Renewable Energy Certificates (RECs)) for calendar years 2003, 2004 and 2005. Note: this report has not yet been audited by a 3<sup>rd</sup> party.

**Krystal Planet Corporation (KP) attests that this report is a true and accurate report** based on data in the KP computer systems as of December 31, 2005 and shows the exact number of kilowatt hours (kWh), dollars contributed by KP towards the wind energy project development, and the total number of sales of FutureWind<sup>SM</sup>, KrystalWind<sup>SM</sup>, and Green Machine<sup>SM</sup> (pre-FFC) GPCs in 2003-2005.

**2003 GPC sales:**

<b>1000 kWh GPCs</b>	<b>400 kWh GPCs</b>	<b>Total kWh</b>	<b>Wind Project Development Commitment</b>
262	4	263,600	\$0.00

**2004 GPC sales:**

<b>FutureWind<sup>SM</sup> GPCs</b>	<b>KrystalWind<sup>SM</sup> GPCs</b>	<b>Green Machines</b>	<b>Total kWh</b>	<b>Wind Project Development Commitment</b>
12,926	37	115	13,516,800	\$67,597.50

**2005 GPC sales:**

<b>FutureWind<sup>SM</sup> GPCs</b>	<b>KrystalWind<sup>SM</sup> GPCs</b>	<b>Green Machines</b>	<b>Total kWh</b>	<b>Wind Project Development Commitment</b>
10,368	138	76	11,280,000	\$53,560.00

**Historical Total through 12/31/2005:**

<b>Total kWh</b>	<b>Wind Project Development Commitment</b>
25,060,400	\$121,157.50

25 Million kilowatt hours of clean wind energy reduce harmful pollution & greenhouse gas emissions by:

- 576 Million pounds of Carbon Dioxide (the leading global warming gas)
- 1.6 Million lbs of Sulfur Dioxide (causes acid rain, shown to contribute to health ailments)
- 1.32 Million lbs of Nitrogen Oxide (causes smog, shown to exacerbate asthma & health ailments)
- Equivalent to planting over 4,700 acres of carbon dioxide absorbing forests
- Plus, these figures help contribute to substantial reductions of mercury (~4.1 Million milligrams), cadmium, arsenic, particulates, carbon monoxide, and coal ash sludge, and more.
- Source: U.S. EPA website & published papers, World Resource Institute.



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Wind Project Development Contribution (“Project”) Audit:

Year	Project expenses to be spent on wind project development:	Project expenses Actually Incurred:	Overpayment of Contribution (Shortage if amount is negative)
2003	\$0.00	\$0.00	\$0.00
2004	\$67,597.50	\$78,581.67	\$10,984.17
2005	\$53,560.00	\$88,156.42	\$34,596.42
<b>Total</b>	<b>\$121,157.50</b>	<b>\$166,738.09</b>	<b>\$45,580.59 (27%)</b>

Notes:

1. During January and February of 2004 and all of 2003, KP sold GPCs obtained from Sterling Planet Corporation (SPC) sourced from wind farms in the states of Oregon and/or Vermont per SPC (certificate serial number SPI-2003-623004, which SPC claims is certified by green-e; an electronic copy of this certificate is shown below). **KPs GPCs are not, were not, and have never been certified as green-e GPCs.** Therefore, no futures GPCs were sold by KP until March 1, 2004 hence there is no obligation for any escrow contribution for any GPCs sold prior to that date.
2. This report may be subject to modification as additional data is processed and if/when a 3<sup>rd</sup> party firm certifies and audits the report, KP data included in the report, and the reporting process. KP management expects that if any modification of the report is necessary, it is expected to be non-material minor modification.
3. Wind project expenses incurred in 2004 were strictly for specific project-related expenses to develop a wind turbine site in western Kansas (Haskell County) and several back-up sites for placement of utility-scale wind turbines.
4. This report does not include GPC contributions from 2005 product sales or any GPC sales after December 15, 2005.
5. It takes approximately \$850,000 of cash equity to construct a 1.5 megawatt utility-scale wind turbine with an installed cost of ~\$1.8 to 2.3 Million (varies by site and year). The balance is generally financed with a loan. For KP to contribute \$850K to the Project, it requires 5,000 to 10,000 customers on FutureWind for a full year. KP currently has ~800 monthly FutureWind customers (including a small number of Planet Patrons). Therefore, it would take ~7-8 years with our current customer base (without growth) for KP to contribute enough to completely fund a single wind turbine (assuming turbine costs do not increase further). Look for an exciting change to the Project program in 2006.

