

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
Amendment No. 1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-35877

HANNON ARMSTRONG SUSTAINABLE INFRASTRUCTURE
CAPITAL, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

1906 Towne Centre Blvd
Suite 370
Annapolis, MD
(Address of principal executive offices)

46-1347456
(I.R.S. Employer
Identification No.)

21401
(Zip Code)

(410) 571-9860
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$0.01 par value

Name of Each Exchange on Which Registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2016, the aggregate market value of the registrant's common stock (includes unvested restricted stock) held by non-affiliates of the registrant was \$883 million based on the closing sales price of the registrant's common stock on June 30, 2016 as reported on the New York Stock Exchange.

On March 20, 2017 the registrant had a total of 51,745,332 shares of common stock, \$0.01 par value, outstanding (which includes 1,551,243 shares of unvested restricted common stock)

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the 2017 annual meeting of stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

AMENDMENT NO. 1

EXPLANATORY NOTE

Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the “Company”, “we,” “our,” or “us”) is filing this amendment (the “Form 10-K/A”) to our Annual Report on Form 10-K for the year ended December 31, 2016, originally filed with the Securities and Exchange Commission (“SEC”) on February 24, 2017 (the “Original Form 10-K”), solely for the purpose of complying with Regulation S-X, Rule 3-09. Rule 3-09 requires that Form 10-K contain separate financial statements for unconsolidated subsidiaries and investees accounted for by the equity method when such entities are individually significant.

We have determined that our equity method investment in Buckeye Wind Energy Class B Holdings LLC (Buckeye), which is not consolidated in our financial statements was significant under the income test of Rule 3-09 in relationship to our financial results for the year ended December 31, 2016. Since Buckeye’s 2016 financial statements were not available until after the date of the filing of our Original Form 10-K, Rule 3-09 provides that the financial statements may be filed as an amendment to our Original Form 10-K within 90 days after the end of our fiscal year ended December 31, 2016.

Therefore, this Form 10-K/A amends Item 15 of our Original Form 10-K filed on February 24, 2017 to include the following Exhibits:

- Exhibit 23.2 – Consent of Deloitte & Touche LLP for Buckeye Wind Energy Class B Holdings LLC, and
- Exhibit 99.1 – Buckeye Wind Energy Class B Holdings LLC, Financial Statements as of December 31, 2016 and 2015 and for the years then ended.

This Form 10-K/A does not amend or otherwise update any other information in the Original Form 10-K (including the exhibits to the Original Form 10-K, except for Exhibits 31.3, 31.4, 32.3 and 32.4). Accordingly, this Form 10-K/A should be read in conjunction with our Original Form 10-K and with our filings with the SEC subsequent to the Original Form 10-K. In addition, in accordance with applicable rules and regulations promulgated by the SEC, this Form 10-K/A includes updated certifications from our Chief Executive Officer and Chief Financial Officer as Exhibits 31.3, 31.4, 32.3 and 32.4.

Item 15. Exhibits and Financial Statement Schedules.

Documents filed as part of the report

The following documents are filed as part of this Form 10-K/A in Part II, Item 8 and are incorporated by reference:

(a)(1) Financial Statements:

See index in Item 8—"Financial Statements and Supplementary Data," filed with the Original Form 10-K for a list of financial statements.

(3) Exhibits Files:

<u>Exhibit number</u>	<u>Exhibit description</u>
3.1	Articles of Amendment and Restatement of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
3.2	Bylaws of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant's Form10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
3.3	Amended and Restated Agreement of Limited Partnership of Hannon Armstrong Sustainable Infrastructure, L.P. (incorporated by reference to Exhibit 3.3 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
4.1	Specimen Common Stock Certificate of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the Registrant's Form S-11 (No. 333-186711), filed on April 12, 2013)
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.5 to Amendment No. 3 to the Registrant's FormS-11 (No. 333-186711), filed on April 12, 2013)
10.2	2013 Hannon Armstrong Sustainable Infrastructure Capital, Inc. Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
10.3	Restricted Stock Award Agreement dated April 23, 2013 between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Jeffrey W. Eckel (incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
10.4	Form of Restricted Stock Award Agreement (Executive Officers) (incorporated by reference to Exhibit 10.3 to the Registrant's Form10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
10.5	Form of Restricted Stock Award Agreement (Non-employee Directors) (incorporated by reference to Exhibit 10.4 to the Registrant's Form10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
10.6	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Form10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
10.7	Registration Rights Agreement, dated April 23, 2013, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc. and the parties listed on Schedule I thereto (incorporated by reference to Exhibit 10.6 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)

- 10.8 Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Jeffrey Eckel (incorporated by reference to Exhibit 10.7 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
- 10.9 Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and J. Brendan Herron, Jr. (incorporated by reference to Exhibit 10.8 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
- 10.10 Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Steven L. Chuslo (incorporated by reference to Exhibit 10.9 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
- 10.11 Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Nathaniel J. Rose (incorporated by reference to Exhibit 10.10 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
- 10.12 Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Marvin R. Wooten (incorporated by reference to Exhibit 10.11 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
- 10.13 Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Daniel McMahon (incorporated by reference to Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended June 30, 2015 (No.001-35877), filed on August 7, 2015)
- 10.14 Agreement and Plan of Merger, dated as of April 23, 2013, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., HA Merger Sub I LLC, HA Merger Sub III LLC, MissionPoint HA Parallel Fund, LLC, MissionPoint ES Parallel Fund I, L.P., MissionPoint HA Parallel Fund I Corp. and MissionPoint HA Parallel Fund, L.P. (incorporated by reference to Exhibit 10.12 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No.001-35877), filed on August 9, 2013)
- 10.15 Agreement and Plan of Merger, dated as of April 23, 2013, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., HA Merger Sub II LLC, HA Merger Sub III LLC, MissionPoint HA Parallel Fund II, LLC, MissionPoint ES Parallel Fund II, L.P. MissionPoint HA Parallel Fund II Corp. and MissionPoint HA Parallel Fund, L.P. (incorporated by reference to Exhibit 10.13 to the Registrant's Form 10-Q for the quarter ended June 30, 2013 (No. 001-35877), filed on August 9, 2013)
- 10.16 Trust Agreement relating to HASI SYB2013-1 Trust, dated as of December 20, 2013, among HASI SYB2013-1 Trust, HASI SYB I LLC, HAT SYB I LLC, The Bank of New York Mellon as Trustee and Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 10.26 to the Registrant's Form 10-K for the year ended December 31, 2013 (No. 001-35877), filed on March 18, 2014)
- 10.17 Note Purchase Agreement, dated as of December 20, 2013, among HASI SYB2013-1 Trust, HASI SYB I LLC, HAT SYB I LLC, The Bank of New York Mellon as Trustee and the purchaser of the notes thereunder (incorporated by reference to Exhibit 10.27 to the Registrant's Form 10-K for the year ended December 31, 2013 (No. 001-35877), filed on March 18, 2014)
- 10.18 Unit Purchase Agreement, dated as of May 28, 2014, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., American Wind Capital Company, LLC, Northwharf Nominees Limited, DBD AWCC LLC, NGP Energy Technology Partners II, L.P. and C.C. Hinckley Company, LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended June 30, 2014 (No.001-35877), filed on August 14, 2014)
- 10.19 Agreement for Professional Services, dated as of May 28, 2014, by and among Hannon Armstrong Capital, LLC and AWCC Capital, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended June 30, 2014 (No.001-35877), filed on August 14, 2014)

- 10.20 First Amendment to the Registration Rights Agreement of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (No. 001-35877), filed on June 20, 2014)
- 10.21 Amendment No. 2 to PF Loan Agreement and Amendment No. 1 to Intercreditor Agreement dated as of May 28, 2014, by and among HASI CF I Borrower LLC, and HAT CF I Borrower LLC and Bank of America, N.A. (incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (No. 001-35877), filed on June 3, 2014)
- 10.22 Amended and Restated PF Loan Agreement, dated as of August 12, 2014, by and among HASI CF I Borrower LLC, HAT CF I Borrower LLC, HAT CF II Borrower LLC each lender from time to time party thereto and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.23 Amended and Restated PF Continuing Guaranty, dated as of August 12, 2014, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, LP, and Hannon Armstrong Capital, LLC (incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.24 Amended and Restated PF Limited Guaranty, dated as of August 12, 2014, by HAT Holdings I LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No.001-35877), filed on November 7, 2014)
- 10.25 PF Limited Guaranty, dated as of August 12, 2014, by HAT Holdings II LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.26 Amended and Restated G&I Loan Agreement, dated as of August 12, 2014, by and among HASI CF I Borrower LLC, HAT CF I Borrower LLC, HAT CF II Borrower LLC each lender from time to time party thereto and Bank of America, N.A. (incorporated by reference to Exhibit 10.5 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.27 Amended and Restated G&I Continuing Guaranty, dated as of August 12, 2014, by and among Hannon Armstrong Sustainable Infrastructure Capital, Inc., Hannon Armstrong Sustainable Infrastructure, LP, and Hannon Armstrong Capital, LLC (incorporated by reference to Exhibit 10.6 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.28 Amended and Restated G&I Limited Guaranty, dated as of August 12, 2014, by HAT Holdings I LLC (incorporated by reference to Exhibit 10.7 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No.001-35877), filed on November 7, 2014)
- 10.29 G&I Limited Guaranty, dated as of August 12, 2014, by HAT Holdings II LLC (incorporated by reference to Exhibit 10.8 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.30 Form of Amended and Restated PF and G&I Security Agreement, dated as of August 12, 2014, by and among HASI CF I Borrower LLC, HAT CF I Borrower LLC, HAT CF II Borrower LLC and Bank of New York Mellon (incorporated by reference to Exhibit 10.9 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.31 Form of Amended and Restated PF and G&I Pledge and Security Agreement, dated as of August 12, 2014 (incorporated by reference to Exhibit 10.10 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No.001-35877), filed on November 7, 2014)

- 10.32 Amendment No. 1 to Amended and Restated PF Loan Agreement, dated as of September 22, 2014, by and among HASI CF I Borrower LLC, HAT CF I Borrower LLC, HAT CF II Borrower LLC, each lender from time to time party thereto and Bank of America, N.A. (incorporated by reference to Exhibit 10.11 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.33 Amendment No. 1 to Amended and Restated G&I Loan Agreement, dated as of September 22, 2014, by and among HASI CF I Borrower LLC, HAT CF I Borrower LLC, HAT CF II Borrower LLC, each lender from time to time party thereto and Bank of America, N.A. (incorporated by reference to Exhibit 10.12 to the Registrant's Form 10-Q for the quarter ended September 30, 2014 (No. 001-35877), filed on November 7, 2014)
- 10.34 Amendment No. 2 to Amended and Restated Loan Agreement (PF) and Amendment No. 1 to Amended & Restated Intercreditor Agreement, dated December 22, 2014 (incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (No. 001-35877), filed on December 24, 2014)
- 10.35 Amendment No. 2 to Amended and Restated Loan Agreement (G&I) and Amendment No. 1 to Amended & Restated Intercreditor Agreement, dated December 22, 2014 (incorporated by reference to Exhibit 1.2 to the Registrant's Form 8-K (No. 001-35877), filed on December 24, 2014)
- 10.36 Amendment No. 1 and Reaffirmation of Guaranty to the Amended & Restated Continuing Guaranty (PF), dated December 22, 2014 (incorporated by reference to Exhibit 1.3 to the Registrant's Form 8-K (No. 001-35877), filed on December 24, 2014)
- 10.37 Amendment No. 1 and Reaffirmation of Guaranty to the Amended & Restated Continuing Guaranty (G&I), dated December 22, 2014 (incorporated by reference to Exhibit 1.4 to the Registrant's Form 8-K (No. 001-35877), filed on December 24, 2014)
- 10.38 Credit Agreement dated as of October 15, 2014, among HA WIND I LLC, as the Borrower, The Financial Institutions and Other Persons From Time To Time Parties Hereto, as the Lenders and Bank of America, N.A., as Administrative Agent and Collateral Agent (incorporated by reference to Exhibit 10.39 to the Registrant's Form 10-K for the year ended December 31, 2014 (No. 001-35877), filed on March 9, 2015)
- 10.39 Amendment No. 3 to Amended and Restated Loan Agreement (PF) and Amendment No. 2 to Amended & Restated Intercreditor Agreement, dated April 17, 2015 (incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (No. 001-35877), filed on April 21, 2015)
- 10.40 Amendment No. 3 to Amended and Restated Loan Agreement (G&I) and Amendment No. 2 to Amended & Restated Intercreditor Agreement, dated April 17, 2015 (incorporated by reference to Exhibit 1.2 to the Registrant's Form 8-K (No. 001-35877), filed on April 21, 2015)
- 10.41 Amendment No. 4 to Amended and Restated Loan Agreement (G&I) and Amendment No. 3 to Amended & Restated Intercreditor Agreement, dated July 16, 2015 (incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (No. 001-35877), filed on July 17, 2015)
- 10.42 Amendment No. 4 to Amended and Restated Loan Agreement (PF), dated July 16, 2015 (incorporated by reference to Exhibit 1.2 to the Registrant's Form 8-K (No. 001-35877), filed on July 17, 2015)
- 10.43 Reaffirmation of Guaranty (G&I), dated July 16, 2015 (incorporated by reference to Exhibit 1.3 to the Registrant's Form 8-K (No. 001-35877), filed on July 17, 2015)
- 10.44 Employment Agreement, dated April 17, 2013, by and between Hannon Armstrong Sustainable Infrastructure Capital, Inc. and Daniel McMahon (incorporated by reference to Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended June 30, 2015 (No. 001-35877), filed on August 7, 2015)

- 10.45 Indenture, dated as of September 30, 2015, among HASI SYB Trust2015-1, the Bank of New York Mellon and Hannon Armstrong Capital, LLC (incorporated by reference to Exhibit 10.4 to the Registrant's Form 10-Q for the quarter ended September 30, 2015 (No.001-35877), filed on November 5, 2015)
- 10.46 Bond Purchase Agreement (Class A), dated as of September 30, 2015, among HASI SYB Trust2015-1, HA Land Lease Holdings, LLC and the purchasers named therein (incorporated by reference to Exhibit 10.5 to the Registrant's Form 10-Q for the quarter ended September 30, 2015 (No.001-35877), filed on November 5, 2015)
- 10.47 Contribution and Sale Agreement, dated as of September 30, 2015, among HASI SYB Trust2015-1, and HA Land Lease Holdings, LLC (incorporated by reference to Exhibit 10.6 to the Registrant's Form 10-Q for the quarter ended September 30, 2015 (No.001-35877), filed on November 5, 2015)
- 10.48 Indemnity Agreement, dated as of September 30, 2015, by Hannon Armstrong Sustainable Infrastructure Capital, Inc. in favor of the Bank of New York Mellon (incorporated by reference to Exhibit 10.7 to the Registrant's Form 10-Q for the quarter ended September 30, 2015 (No. 001-35877), filed on November 5, 2015)
- 10.49 Amendment No. 5 to Amended and Restated Loan Agreement (G&I) and Amendment No. 4 to Amended & Restated Intercreditor Agreement, dated January 25, 2016 (incorporated by reference to Exhibit 1.1 to the Registrant's Form 8-K (No. 001-35877), filed on January 29, 2016)
- 10.50 Amendment No. 5 to Amended and Restated Loan Agreement (PF), dated January 25, 2016 (incorporated by reference to Exhibit 1.2 to the Registrant's Form 8-K (No. 001-35877), filed on January 29, 2016)
- 10.51 Reaffirmation of Guaranty (G&I), dated January 25, 2016 (incorporated by reference to Exhibit 1.3 to the Registrant's Form 8-K (No. 001-35877), filed on January 29, 2016)
- 10.52 Reaffirmation of Guaranty (PF), dated January 25, 2016 (incorporated by reference to Exhibit 1.4 to the Registrant's Form 8-K (No. 001-35877), filed on January 29, 2016)
- 21.1 List of subsidiaries of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 21.1 to the Registrant's Form 10-K (No. 001-35877), filed on February 24, 2017)
- 23.1 Consent of Ernst & Young LLP for Hannon Armstrong Sustainable Infrastructure Capital, Inc. (incorporated by reference to Exhibit 23.1 to the Registrant's Form 10-K (No. 001-35877), filed on February 24, 2017)
- 23.2* Consent of Deloitte and Touche LLP for Buckeye Wind Energy Class B Holdings LLC
- 24.1 Power of Attorney (incorporated by reference to Exhibit 24.1 to the Registrant's Form 10-K (No. 001-35877), filed on February 24, 2017)
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to Exhibit 31.1 to the Registrant's Form 10-K (No. 001-35877), filed on February 24, 2017)
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (incorporated by reference to Exhibit 31.2 to the Registrant's Form 10-K (No. 001-35877), filed on February 24, 2017)
- 31.3* Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.4* Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1	Certification of Chief Executive Officer pursuant to section 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002 (incorporated by reference to Exhibit 32.1 to the Registrant’s Form 10-K (No. 001-35877), furnished on February 24, 2017)
32.2	Certification of Chief Financial Officer pursuant to section 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002 (incorporated by reference to Exhibit 32.1 to the Registrant’s Form 10-K (No. 001-35877), furnished on February 24, 2017)
32.3**	Certification of Chief Executive Officer pursuant to section 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002
32.4**	Certification of Chief Financial Officer pursuant to section 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes—Oxley Act of 2002
99.1*	Buckeye Wind Energy Class B Holdings LLC, Financial Statements as of December 31, 2016 and 2015 and for the years then ended
101.INS	XBRL Instance Document (incorporated by reference to Exhibit 101.INS to the Registrant’s Form10-K (No. 001-35877), filed on February 24, 2017)
101.SCH	XBRL Taxonomy Extension Schema (incorporated by reference to Exhibit 101.SCH to the Registrant’s Form10-K (No. 001-35877), filed on February 24, 2017)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (incorporated by reference to Exhibit 101.CAL to the Registrant’s Form10-K (No. 001-35877), filed on February 24, 2017)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (incorporated by reference to Exhibit 101.DEF to the Registrant’s Form10-K (No. 001-35877), filed on February 24, 2017)
101.LAB	XBRL Taxonomy Extension Label Linkbase (incorporated by reference to Exhibit 101.LAB to the Registrant’s Form10-K (No. 001-35877), filed on February 24, 2017)
101 PRE	XBRL Taxonomy Extension Presentation Linkbase (incorporated by reference to Exhibit 101.PRE to the Registrant’s Form10-K (No. 001-35877), filed on February 24, 2017)

* Filed herewith.

** Furnished with this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**HANNON ARMSTRONG SUSTAINABLE
INFRASTRUCTURE CAPITAL, INC.**

By: /s/ Jeffrey W. Eckel

Name: Jeffrey W. Eckel

Title: Chairman, Chief Executive Officer and President

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement Nos.333-198157 and 333-198158 on Form S-3, No. 333-215229 on Form S-3ASR and No. 333-212913 on Form S-8 of Hannon Armstrong Sustainable Infrastructure Capital, Inc. of our report dated March 17, 2017, relating to the consolidated financial statements of Buckeye Wind Energy Class B Holdings LLC and Subsidiaries as of and for the years ended December 31, 2016 and 2015 appearing in this Annual Report on Form 10-K/A of Hannon Armstrong Sustainable Infrastructure Capital, Inc. for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

Chicago, Illinois
March 23, 2017

EXHIBIT 31.3
CERTIFICATIONS

I, Jeffrey W. Eckel, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 23, 2017

By: /s/ Jeffrey W. Eckel

Name: Jeffrey W. Eckel

Title: Chief Executive Officer and President

**EXHIBIT 31.4
CERTIFICATIONS**

I, J. Brendan Herron, certify that:

1. I have reviewed this Annual Report on Form 10-K of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the Audit Committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 23, 2017

By: /s/ J. Brendan Herron

Name: J. Brendan Herron

Title: Chief Financial Officer

EXHIBIT 32.3
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the "Company") for the period ended December 31, 2016 to be filed with the Securities and Exchange Commission on or about the date hereof (the "report"), I, Jeffrey W. Eckel, Chief Executive Officer and President of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: March 23, 2017

By: /s/ Jeffrey W. Eckel

Name: Jeffrey W. Eckel

Title: Chief Executive Officer and President

**EXHIBIT 32.4
CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

In connection with the Annual Report on Form 10-K of Hannon Armstrong Sustainable Infrastructure Capital, Inc. (the “Company”) for the period ended December 31, 2016 to be filed with the Securities and Exchange Commission on or about the date hereof (the “report”), I, J. Brendan Herron, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

Date: March 23, 2017

By: /s/ J. Brendan Herron
Name: J. Brendan Herron
Title: Chief Financial Officer

**Buckeye Wind Energy
Class B Holdings LLC and
Subsidiaries**

Consolidated Financial Statements as of and for the
Years Ended December 31, 2016, and 2015, and
Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

Deloitte & Touche LLP

111 S. Wacker Drive
Chicago, IL 60606
USA

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To the Managing Member of Buckeye Wind
Energy Class B Holdings LLC and Subsidiaries
Chicago, Illinois

We have audited the accompanying consolidated financial statements of Buckeye Wind Energy Class B Holdings LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Buckeye Wind Energy Class B Holdings LLC and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

March 17, 2017

BUCKEYE WIND ENERGY CLASS B HOLDINGS LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,322,161	\$ 8,611,133
Accounts receivable	1,024,092	1,295,971
Deposits	116,490	150,000
Prepaid expenses	598,976	602,159
Total current assets	5,061,719	10,659,263
LONG-TERM ASSETS:		
Property, plant and equipment — net	291,095,738	303,392,800
Restricted cash	—	100,096
Other long-term assets	1,045,559	791,123
Total long-term assets	292,141,297	304,284,019
TOTAL	\$ 297,203,016	\$ 314,943,282
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 256,070	\$ 2,701,125
Accounts payable — related parties	579,517	566,369
Accrued professional fees	179,047	143,000
Accrued landowner expense	138,506	295,008
Other liabilities and accrued expenses	28,317	726,287
Total current liabilities	1,181,457	4,431,789
LONG-TERM LIABILITIES:		
Asset retirement obligation	5,531,490	5,326,798
Long-term accrued landowner expense	540,421	72,056
Other long-term liabilities	11,250	—
Total long-term liabilities	6,083,161	5,398,854
Total liabilities	7,264,618	9,830,643
COMMITMENTS AND CONTINGENCIES		
	—	—
EQUITY:		
Members' equity	107,434,849	110,806,139
Noncontrolling interest	182,503,549	194,306,500
Total equity	289,938,398	305,112,639
TOTAL	\$ 297,203,016	\$ 314,943,282

See notes to consolidated financial statements.

BUCKEYE WIND ENERGY CLASS B HOLDINGS LLC AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the Year Ended December 31,	
	2016	2015
OPERATING REVENUES	\$ 13,029,038	\$ 4,621,963
OPERATING EXPENSES:		
Plant operating and maintenance expense	5,190,701	1,573,242
Depreciation and accretion expense	12,629,314	3,943,619
General and administrative expense	966,771	2,414,058
Taxes (other than income taxes)	620,135	150,000
Business development expense	—	544,804
Total operating expenses	<u>19,406,921</u>	<u>8,625,723</u>
LOSS FROM OPERATIONS	<u>(6,377,883)</u>	<u>(4,003,760)</u>
OTHER INCOME (EXPENSE):		
Interest expense	—	(3,870,278)
Other — net	<u>2,848</u>	<u>(1,174,377)</u>
Total other income (expense)	<u>2,848</u>	<u>(5,044,655)</u>
NET LOSS	(6,375,035)	(9,048,415)
NONCONTROLLING INTEREST SHARE	<u>9,961,000</u>	<u>(6,060,000)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO MEMBERS	<u>\$ 3,585,965</u>	<u>\$ (15,108,415)</u>

See notes to consolidated financial statements.

BUCKEYE WIND ENERGY CLASS B HOLDINGS LLC AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF EQUITY**

	Total	Members' Equity	Noncontrolling Interest
BEGINNING EQUITY — January 1, 2016	\$305,112,639	\$ 110,806,139	\$ 194,306,500
Capital distributions	(8,799,206)	(6,957,255)	(1,841,951)
Net income (loss)	<u>(6,375,035)</u>	<u>3,585,965</u>	<u>(9,961,000)</u>
ENDING EQUITY — December 31, 2016	<u>\$289,938,398</u>	<u>\$ 107,434,849</u>	<u>\$ 182,503,549</u>
	Total	Members' Equity	Noncontrolling Interest
BEGINNING EQUITY — January 1, 2015	\$ 3,880,515	\$ 3,880,515	\$ —
Capital contributions	310,280,539	122,034,039	188,246,500
Net income (loss)	<u>(9,048,415)</u>	<u>(15,108,415)</u>	<u>6,060,000</u>
ENDING EQUITY — December 31, 2015	<u>\$305,112,639</u>	<u>\$ 110,806,139</u>	<u>\$ 194,306,500</u>

See notes to consolidated financial statements.

BUCKEYE WIND ENERGY CLASS B HOLDINGS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (6,375,035)	\$ (9,048,415)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and accretion expense	12,629,314	3,943,619
Amortization of deferred financing costs	—	3,196,008
Changes in assets and liabilities:		
Accounts receivable	271,879	(1,295,971)
Prepaid expenses and other current assets	36,693	(9,040)
Other long-term assets	(254,435)	(191,743)
Accounts payable	(122,736)	77,759
Accounts payable — related parties	16,352	563,165
Other liabilities and accrued expenses	104,233	259,409
Net cash provided by (used in) operating activities	<u>6,306,265</u>	<u>(2,505,209)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	<u>(2,896,127)</u>	<u>(292,420,689)</u>
Net cash used in investing activities	<u>(2,896,127)</u>	<u>(292,420,689)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt financings	—	243,600,000
Debt repayments	—	(243,600,000)
Cost of financing activities	—	(6,743,441)
Capital contributions	—	122,034,039
Capital contributions from noncontrolling interest	—	188,246,500
Capital distributions	(6,957,255)	—
Capital distributions to noncontrolling interest	<u>(1,841,951)</u>	<u>—</u>
Net cash provided by (used in) financing activities	<u>(8,799,206)</u>	<u>303,537,098</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(5,389,068)	8,611,200
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — Beginning of year	<u>8,711,229</u>	<u>100,029</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH — End of year	<u>\$ 3,322,161</u>	<u>\$ 8,711,229</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Cash paid for interest during the year, net of capitalized interest	<u>\$ —</u>	<u>\$ 620,433</u>

See notes to consolidated financial statements.

BUCKEYE WIND ENERGY CLASS B HOLDINGS LLC AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

1. DESCRIPTION OF BUSINESS

Buckeye Wind Energy Class B Holdings LLC, a Delaware limited liability company, together with its subsidiaries is herein defined as the “Company.” The purpose of the Company is to construct, own, operate and maintain the Buckeye Wind Energy Center (the “Project”) located in Ellis County, Kansas.

The Project is a 200.5 megawatt (“MW”) electricity generating facility with 112 wind turbine generator units. The Project commenced commercial operations in September 2015.

On December 18, 2015, the Company executed the Amended and Restated Limited Liability Company Agreement of Buckeye Wind Energy Class B Holdings LLC (“Operating Agreement”), between Invenergy Wind Global LLC (“Class B Member” and “Managing Member”) and HA INV Buckeye LLC (“Class A Member”). The Class B Member is appointed to manage the day-to-day business and affairs of the Company. During 2015, the Class A Member and Class B Member made capital contributions of \$70.5 million and \$51.5 million, respectively. The funds were used to fund remaining construction costs, repay a portion of the construction loan (see Note 5) and fund the development fee (see Note 9).

The Operating Agreement calls for available cash amounts to be allocated as follows: first, 100% to the Class A Member, until the Class A Member has received the Minimum Distribution Amount, as outlined in Schedule 1.1 of the Operating Agreement; second, 100% to the Class B Member, until the Class B Member has received the amount outlined in Schedule 1.1 of the Operating Agreement; third, 66.225% to the Class A Member and 33.775% to the Class B Member until the Class A Member has achieved the targeted internal rate of return; and thereafter, 18.000% to the Class A Members and 82.000% to Class B Member.

The Company owns 100% of the Class B membership interest in Buckeye Wind Energy Holdings LLC (“Holdings”), which directly owns 100% of the membership interest in Buckeye Wind Energy LLC (“Buckeye”), the direct owner of the Project.

At December 31, 2016, consolidated members’ equity of \$107.4 million was allocated \$76.7 million to the Class A Member and \$30.7 million to the Class B Member.

At December 31, 2015, consolidated members’ equity of \$110.8 million was allocated \$73.1 million to the Class A Member and \$37.7 million to the Class B Member.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation — The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). All intercompany accounts and transactions are eliminated in consolidation.

Subsequent events were evaluated through March 17, 2017, the date the consolidated financial statements were available to be issued.

Management Estimates — The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents — Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. The carrying amount of cash equivalents approximates fair value because of the short maturity of these instruments. The Company has not experienced any losses in such accounts.

Restricted Cash — Restricted cash consists of funds held for purposes of paying operating and maintenance costs, capital expenditures, debt service obligations or collateralizing letters of credit. Classification on the consolidated balance sheets is consistent with the related agreements. The carrying amount of restricted cash approximates fair market value because of the short maturity of these instruments. The restrictions lapsed when the related debt matured in 2015.

Cash, Cash Equivalents and Restricted Cash Reconciliation — The following table reconciles the 2016 and 2015 cash, cash equivalents and restricted cash from the consolidated balance sheets to the consolidated statements of cash flows:

	As of December 31,	
	2016	2015
Cash and cash equivalents	\$3,322,161	\$8,611,133
Long-term restricted cash	—	100,096
Total cash, cash equivalents and restricted cash	<u>\$3,322,161</u>	<u>\$8,711,229</u>

Inventory — Inventory is stated at the lower of cost or market using the average cost method. Inventory consists primarily of spare parts used to generate electricity. The Company recorded \$241,178 and \$186,743 of inventory in other long-term assets on the consolidated balance sheets as of December 31, 2016 and 2015, respectively.

Property, Plant and Equipment — net — Property, plant and equipment is categorized as the following:

- Land improvements – costs associated with making the land ready for use.
- Plant – costs related to the purchase, construction or improvement of the Project.
- Other property and equipment – any costs not associated with either land improvements or plant activities that add lasting value to the Project.

Property, plant and equipment is recorded at cost and is depreciated on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 25 years. Maintenance and repairs are expensed in the period incurred, while plant and equipment improvements which extend the useful lives or improve the quality of the assets are capitalized (see Note 4).

Impairment of Long-Lived Assets — The Company assesses the recoverability of its long-lived tangible assets when conditions are present, which may indicate a potential impairment. The Company compares the carrying value of the asset to the undiscounted cash flows of the related operations to determine whether any impairment exists. Relevant factors, along with management's plans with respect to operations, are considered in assessing the recoverability of long-lived assets. If the Company determines, based on such measures, that the carrying amount is impaired, the long-lived assets will be written down to their fair value with a corresponding charge to the consolidated statements of operations. No impairment was recorded in 2016 and 2015.

Deferred Financing Costs — Financing costs incurred in connection with obtaining construction financing are deferred and amortized over the lives of the related loans using the effective interest method. Deferred financing costs are capitalized and recorded as an offset to the respective loans on the consolidated balance sheets (see Note 5). Amortization of deferred financing costs is capitalized into property, plant and equipment — net on the consolidated balance sheets during construction and recorded as interest expense on the consolidated statements of operations following commencement of commercial operation.

Asset Retirement Obligation — The Company enters into agreements to lease land on which to construct and operate its wind energy project. Pursuant to certain lease agreements, the Company is required to decommission its wind energy project to provide for the restoration of the leased property at the end of the lease terms.

The Company recognizes asset retirement obligations (“AROs”) when it has a legal obligation to perform decommissioning, reclamation or removal activities upon retirement of an asset.

When recording an ARO, the present value of the projected liability is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The liability is accreted each period over the maximum term of the contractual agreements. The Company records an offsetting asset to the obligation as an increase to the carrying amount of the related long-lived asset and depreciates that cost over the maximum term of the contractual agreements. The residual value of the related long-lived asset is excluded from the calculation (see Note 6).

The Company uses significant assumptions and estimates to determine the amount of the asset retirement obligations. Since these estimates can change based on new information, the Company periodically reevaluates these assumptions and estimates.

Noncontrolling Interest — The Company maintains control of Holdings through its management and contractual rights even though ownership interests are held by owners other than the Company or its related parties. As a result, the Company is required to consolidate Holdings and present the other owners’ interests as noncontrolling interests on the consolidated financial statements. Noncontrolling interest represents the portion of the Company’s net income (loss), net assets and comprehensive income (loss) that is allocated to the third party owners. Noncontrolling interest is included as a component of equity on the consolidated balance sheets.

The Operating Agreement of Holdings calls for the allocation of profit and loss on an income tax basis. Additionally, cash and other benefits associated to this agreement is allocated in varying amounts throughout the lives of the subsidiary. Therefore, the Company and other investors’ (collectively the “Owners”) interests in Holdings are not fixed, and the Holdings applies the Hypothetical Liquidation at Book Value (“HLBV”) method in allocating book profit or loss measured on a pre-tax basis to the Owners.

The HLBV method measures the amount of cash that each owner would receive at each reporting date, including tax benefits realized by the Owners, upon a hypothetical liquidation of Holdings at the net book value of its underlying assets. The change in the amount of cash that each owner would receive at the reporting date compared to the amount it would have received on the previous reporting date represents the amount of profit or loss and other comprehensive income or loss allocated to each owner for the reporting period.

Revenue Recognition — The Company primarily earns operating revenues from electricity delivered under a power purchase agreement (“PPA”) (see Note 7), electricity sold to wholesale electric power market (“Merchant Sales”), and renewable energy credit (“REC”) sales.

PPA – Under the PPA, the customer purchases all or a fixed amount of electricity generated from the Project and its related renewable attributes. The PPA qualifies for treatment as an operating lease. The Company has determined that the sale of electricity and the related renewable energy attributes represent one unit of accounting as the title for each item transfers as electricity is delivered. Therefore, revenue related to this PPA is recognized as electricity is delivered.

Merchant Sales – The Company sells electricity, as well as ancillary services, directly to the Southwest Power Pool (“SPP”) electric power market, through day ahead offerings or real time deliveries. The wholesale electric power market is managed by an independent system operator that purchases electricity at market prices. Merchant sales are recognized as electricity is delivered.

REC Sales – One REC is evidence that one megawatt-hour (“MWh”) of electricity was generated from a renewable energy resource. A REC, and its associated attributes and benefits, can be sold on a stand-alone basis to a third-party purchaser. Revenue from RECs sold on a stand-alone basis is recognized at the time title to the REC is transferred to the buyer (i.e., the “transfer date”). The Company recorded \$116,500 and \$0 from the sale of stand-alone RECs in operating revenues on the consolidated statements of operations for the years ended December 31, 2016, and 2015, respectively.

Concentration of Credit Risk — The Company has two main customers, the Lincoln Electric System (“LES”) and the SPP electric power market. All significant revenues are for energy delivered under the Company’s PPA and power sold to the wholesale electric power market.

The Company has experienced no credit losses to date on its sales, and does not anticipate material credit losses to occur in the future with respect to related accounts receivable; therefore, no allowance for doubtful accounts has been provided.

Land Contracts and Easements — The Company has entered into land lease agreements and easement agreements, all of which are accounted for as operating leases. Lease expense is recognized on a straight-line basis if the agreement includes known escalating payments over the existing lease term. Some of the lease agreements include contingent rent payments based on a predetermined percentage of operating revenues of the Project. Contingent rent payments are recognized in the period in which they occur (see Note 8).

Income Taxes — As a limited liability company that elected to be taxed as a partnership, the company is not subject to income taxation under United States federal law or the state laws of Kansas where it operates. Therefore, the Company has made no accrual for United States federal or state income taxes as of December 31, 2016 and 2015.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued an update to the accounting standard for revenue recognition, which provides a universal method for recognizing revenue. The standard provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. It also requires disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard will be adopted in accordance with the effective dates of the applicable accounting standards update (“ASU”). Upon adoption, the standard can be applied retrospectively to all prior reporting periods, or retrospectively with a cumulative effect to the opening retained balance. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of this revised accounting guidance on its revenue recognition policy, as well as which transition method will be utilized.

In April 2015, the FASB issued an update to the guidance on the presentation of deferred financing costs, which requires deferred financing costs related to a recognized debt liability to be presented as a direct deduction from the debt liability instead of a long-term asset on the consolidated balance sheets. The guidance is effective for annual reporting periods beginning after December 15, 2015. The Company adopted this guidance for the years ended December 31, 2016 and 2015, and the adoption did not have a material impact on the Company’s consolidated financial statements and related disclosures.

In February 2016, the FASB issued updated guidance requiring lease assets and lease liabilities, including operating leases, to be recognized on the consolidated balance sheets for all leases with terms longer than twelve months. The guidance also requires disclosure of key information about leasing arrangements. The standard will be adopted in accordance with the effective dates of the applicable ASU. Early adoption is permitted. The Company is currently evaluating the potential impact of the updated guidance on the Company’s consolidated financial statements and related disclosures.

In August 2016, the FASB issued updated guidance on the classification and presentation of certain cash receipts and cash payments on the consolidated statements of cash flows. The Company adopted this guidance for the year ended December 31, 2016 and 2015, and the adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

In November 2016, the FASB issued updated guidance on the classification and presentation of restricted cash on the consolidated statements of cash flows. The Company adopted this guidance for the year ended December 31, 2016 and 2015, and the adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

4. PROPERTY, PLANT AND EQUIPMENT — NET

Property, plant and equipment — net, consisted of the following:

	As of December 31,	
	2016	2015
Land improvements	\$ 8,809,634	\$ 8,873,971
Plant	292,176,956	291,996,031
Other property and equipment	<u>6,328,171</u>	<u>6,317,199</u>
Subtotal	307,314,761	307,187,201
Less accumulated depreciation	<u>(16,219,023)</u>	<u>(3,794,401)</u>
Property, plant, and equipment — net	<u>\$291,095,738</u>	<u>\$303,392,800</u>

The Company recorded \$12,424,622 and \$3,794,401 of depreciation expense for the years ended December 31, 2016, and 2015, respectively, on the consolidated statements of operations.

The Company recorded \$0 and \$5,734,003 in capitalized interest as a part of property, plant and equipment — net as of December 31, 2016 and 2015, respectively, on the consolidated balance sheets.

5. DEBT

On May 14, 2015, the Company entered into a credit agreement with a third party to provide construction loan financing. The construction loan bore interest of the London InterBank Offered Rate ("LIBOR") plus a fixed margin of 1.70%. The total construction loan borrowings of \$243,600,000 were repaid in full on December 18, 2015, with the equity financing proceeds from the Class A Member, Class B Member and noncontrolling interest.

During 2015, the Company wrote-off \$6,850,821 of fully amortized deferred financing costs associated with the construction loan. For the year ended December 31, 2015, \$3,196,008 was included as a part of interest expense on the consolidated statements of operations and \$3,654,813 was included as a part of property, plant and equipment — net on the consolidated balance sheets.

6. ASSET RETIREMENT OBLIGATION

The following table provides a reconciliation of the ending aggregate carrying amount of the ARO:

	For the Year Ended December 31,	
	2016	2015
Balance — January 1	\$ 5,326,798	\$ —
Liabilities incurred	—	5,177,580
Accretion expense	204,692	149,218
Balance — December 31	<u>\$ 5,531,490</u>	<u>\$ 5,326,798</u>

7. POWER AGREEMENT

On December 17, 2014, the Company entered into a 25-year PPA with LES, whereby it will sell 100.2 MWs of its electrical output from the initial delivery date through December 2039.

8. COMMITMENTS AND CONTINGENCIES

The Company leases land used by the Project under various operating lease agreements that extend through 2040. The Company recorded \$1,695,091 and \$367,064 of total lease expense, of which \$1,362,323 and \$295,008 represented minimum rent payments and \$332,768 and \$72,056 represented straight-line rent payments for the years ended December 31, 2016, and 2015, respectively.

Estimated future minimum lease payments as of December 31, 2016, are as follows:

Years Ending December 31	
2017	\$ 1,362,323
2018	1,362,323
2019	1,362,323
2020	1,362,323
2021	1,362,323
Thereafter	<u>36,677,655</u>
Total	<u>\$43,489,270</u>

Pursuant to terms under the PPA, the Company is required to make payments to LES if the Expected Annual Output of electrical output is not delivered each annual period. No such amounts were paid by the Company in 2016 and 2015 and management does not believe that such payments are likely to be required in the future.

9. RELATED PARTY TRANSACTIONS

On May 14, 2015, the Company has entered into a Facility Management Agreement (“Agreement”) with Invenergy Services LLC (“Services”). Under this Agreement, the Company pays fixed monthly administrative and management fees, both escalating annually for the Consumer Price Index (“CPI”), and reimburses Services for all direct operating costs, including facility labor. The Agreement also requires the Company to pay fees related to remote monitoring and reset services. The Company recorded \$1,929,444 and \$2,184,918 of such related party transactions, of which \$0 and \$1,117,947 was capitalized and included as a part of property, plant and equipment — net on the consolidated balance sheets and \$1,929,444 and \$1,066,971 was expensed on the consolidated statements of operations for the years ended December 31, 2016, and 2015, respectively.

Some third party invoices are paid by Services or other related affiliates on behalf of the Company. Such invoices are billed to the Company and reimbursed at cost. During 2015, the Company paid a related party a development fee of \$29,200,000, which was capitalized in property, plant and equipment — net on the consolidated balance sheets.

10. SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES

Noncash activities that have been excluded from the consolidated statements of cash flows include the following:

	For the Year Ended December 31,	
	2016	2015
Noncash investing activities:		
Additions to property, plant and equipment	\$ (204,400)	\$ (6,627,780)
Additions to asset retirement obligation	—	(5,177,580)
Noncash financing activities:		
Cost of financing activities	\$ —	\$ (94,238)
