



September 16, 2010

Christopher J. Lent
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Extension 609

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57504-5070

Re: South Dakota Wind Partners, LLC
Notice to Commission of Planned Wind Energy Project

Dear Ms. Van Gerpen:

On behalf of our client, South Dakota Wind Partners, LLC (“Wind Partners”), we have enclosed an informational notice pursuant to SDCL § 49-41B-25.1 with respect to Wind Partners’ planned wind energy facility.

We believe that, except for the notice filing under the above-referenced provision, Wind Partners is not required to obtain a permit or other formal regulatory approval from the Commission under SDCL § 49-41B. If you disagree with this approach or have questions regarding the same, let us know at your earliest convenience.

Thank you for your courtesies.

Sincerely,

WOODS, FULLER, SHULTZ & SMITH P.C.

Christopher J. Lent

Enclosure

SOUTH DAKOTA WIND PARTNERS, LLC
INFORMATIONAL NOTICE UNDER
SDCL § 49-41B-25.1

South Dakota Wind Partners, LLC (“Wind Partners”) was formed on January 25, 2010 as a South Dakota limited liability company for the purpose of constructing, owning and operating a wind facility in South Dakota. Wind Partners’ facility will consist of seven turbines and related equipment with an aggregate name-plate capacity of approximately 10.5 megawatts per year (hereinafter referred to as “Wind Partners Facility”). Subject to the terms and conditions of a Master Participation Agreement and an Engineering and Construction Contract (“Participation and Construction Agreements”) between Wind Partners and PrairieWinds SD 1, Inc. (“PrairieWinds”), dated July 31, 2010, Wind Partners is expected to become the owner of Wind Partners Facility upon the transfer of title and ownership from PrairieWinds SD 1, Inc. on or before December 31, 2010. Wind Partners Facility will be located in Jerauld County, South Dakota, and will be located adjacent to PrairieWinds’ wind facility located in Jerauld County, Brule County and Aurora County, South Dakota. Upon the transfer of title and ownership of Wind Partners Facility from PrairieWinds to Wind Partners, PrairieWinds’ facility, currently permitted by the Commission for the construction up to 110 wind turbines pursuant to SDCL § 49-41B, will consist of 101 turbines and related equipment (hereinafter referred to as “PrairieWinds Facility”).

Construction of Wind Partners Facility and PrairieWinds Facility will be commenced and conducted concurrently and take approximately six to ten months to complete. The anticipated start of construction for both facilities is mid-to-late September 2010, and the anticipated start of operations (first spinning of the turbines) is mid-to-late winter 2011. Under the Participation and Construction Agreements, PrairieWinds will construct Wind Partners Facility and transfer title and ownership of Wind Partners Facility to Wind Partners, subject to the conditions under the Participation and Construction Agreements including, but not limited to, the following: 1) Wind Partners must obtain sufficient financing to pay for Wind Partners Facility; 2) PrairieWinds and Wind Partners must obtain all material government approvals and permits for their respective projects and for the conveyance of Wind Partners Facility; 3) there must not be any material adverse events between July 31, 2010 and the date on which Wind Partners makes a “second milestone payment”; and 4) both parties must execute certain closing documents.

The cost of Wind Partners Facility is 6.48% of the total combined costs of PrairieWinds Facility and Wind Partners Facility. Wind Partners will make “milestone construction payments” to PrairieWinds under the Participation and Construction Agreements. The first milestone construction payment is due and payable to PrairieWinds on November 15, 2010. A second milestone construction payment is due and payable no later than December 31, 2010. Upon payment of the second milestone construction payment, PrairieWinds will execute and deliver to Wind Partners all documents and instruments necessary to convey good title and ownership of Wind Partners Facility to Wind Partners. In the event, however, that Wind Partners is unable to make the second

milestone construction payment, or any other material condition under the Participation and Construction Agreements is unable to be satisfied, transfer of title and ownership of Wind Partners Facility from PrairieWinds to Wind Partners will not occur and PrairieWinds will own and operate Wind Partners Facility outright.

Following the transfer of title and ownership of Wind Partners Facility from PrairieWinds to Wind Partners, Wind Partners will enter into with PrairieWinds three separate agreements for the operation, maintenance, interconnection and sale of the energy produced at Wind Partners Facility:

Generating Facility Interconnection Agreement. Wind Partners will enter into an interconnection agreement with PrairieWinds. Under this agreement, Wind Partners will interconnect Wind Partners Facility with PrairieWinds' collector substation, with PrairieWinds performing services on our behalf. Wind Partners will connect with and use PrairieWinds' collector substation to transmit the electricity from Wind Partners Facility before it is transmitted to Western Area Power Administration's (WAPA) transmission facilities. PrairieWinds also will monitor the separate interconnection wind facility and agreement that Wind Partners has with WAPA and perform other services on behalf of Wind Partners. In exchange for these services, Wind Partners will pay PrairieWinds a fee equal to 6.48% of the capital costs incurred in building the collector substation. Wind Partners also will be responsible for paying, on an on-going basis, 6.48% of the sum of the following: 1) any costs associated with interconnection studies and other activities imposed by Western Area Power Administration (WAPA) acting in its capacity as administrator for the Integrated System Open Access Tariff, and 2) any capital costs and charges associated with the Integrated System determined by WAPA to be required in connection with the interconnection of Wind Partners Facility and PrairieWinds Facility. The Integrated System consists of the transmission facilities owned by WAPA, Basin, and Heartland Consumers Power District. Wind Partners will also enter into a separate small generator interconnection agreement with WAPA, which will be entered prior to the commencement of its operations.

Power Purchase Agreement. Wind Partners will enter into a power purchase agreement with PrairieWinds. Under the agreement, PrairieWinds will purchase the electricity generated by Wind Partners Facility through December 31, 2031. The rate at which Wind Partners will sell and PrairieWinds will purchase the electricity has been agreed to by the parties.

Operations and Maintenance Agreement. Wind Partners will enter into an operations and maintenance agreement with PrairieWinds. Under this agreement, PrairieWinds will operate and maintain Wind Partners Facility through December 31, 2031. The services provided by PrairieWinds include monitoring the turbines and equipment, implementing curtailment procedures, monitoring the quality control requirements under the interconnection agreements, maintaining and repairing the turbines, and general recordkeeping. For these services, Wind Partners will make monthly payments to PrairieWinds for two different costs: (i) the costs for capital improvement activities, and (ii) the costs for operation and maintenance activities. For

operations and maintenance activities, PrairieWinds will invoice Wind Partners each month for an operations and maintenance charge equal to 6.48% of the total expenses associated with the operation and maintenance of our wind facility and the PrairieWinds' wind facility, plus a fixed charge of \$1,675 each month. Wind Partners will be solely responsible for paying for any capital improvement activities.

Option Agreement and Right of First Refusal. Wind Partners intends to sell the Wind Partners Facility to a third party beginning in 2017. Because of the close proximity and relationship between Wind Partners Facility and PrairieWinds Facility, a potential purchaser is PrairieWinds, or an affiliate of PrairieWinds. Thus, Wind Partners will enter into an option agreement with PrairieWinds, allowing PrairieWinds to purchase and/or Wind Partners to sell Wind Partners Facility for an amount equal to the adjusted net present value of the projected future cash flow from Wind Partners Facility, the formula of which was negotiated and agreed to by the parties. In the alternative, if PrairieWinds elects not to exercise its option, Wind Partners is permitted to sell Wind Partners Facility to a third party or continue to operate the facility on its own. In the event Wind Partners has an opportunity to sell to a third party, PrairieWinds is granted a right of first refusal -- it has a period of 30 days to purchase Wind Partners Facility on the same terms and conditions as offered by the third party.