

Ed Van Berpen

# Wind

From Page 1

Because the Beethoven farm is federally defined as a "qualifying facility," NorthWestern had to purchase the power. The rule stems from the Public Utility Regulatory Policies Act of 1978, or PURPA, which, among other rules, is meant to encourage increased efficiency in the use of facilities and resources by electric utilities. Beethoven generates 79.55 megawatts of power, which is just under the 80-megawatt maximum for a qualifying facility.

pany. The proposed settlement also would allow NorthWestern to collect an additional \$9 million annually for the wind-farm purchase. The \$9 million would be adjusted after a three-year period to reflect actual costs.

The actual rates won't be determined until Nov. 1 or after, according to the proposed settlement. That will allow costs to be determined for the new pollution-control equipment at the Big Stone power plant near Milbank.

NorthWestern imposed an interim rate increase of 20.24 percent on July 1. The new rates will be less than the interim rates but they won't be determined until after Nov. 1, 2015, according to the proposed settlement.

Customers will see refunds by March 2016.

The three-led members of the state Public Utilities Commission will have the final decision on the NorthWestern rate package. They have a hearing set for Oct. 27-30.

According to supplemental documents filed by NorthWestern with the PUC, the company previously had been forced to buy power from the Beethoven wind farm under a provision in federal law, and then at times resell it at prices less than NorthWestern paid.

NorthWestern now says the purchase of the wind farm will save money for its customers because NorthWestern won't be subject to that forced-buy arrangement.

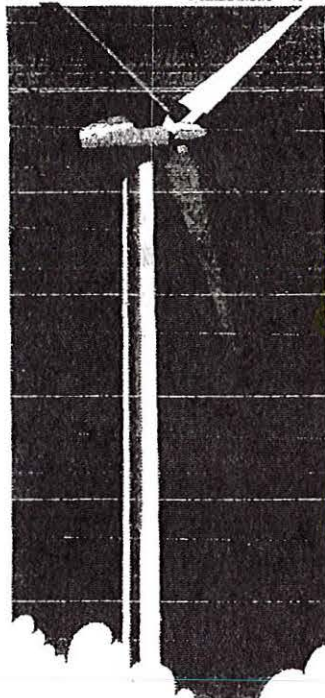
NorthWestern estimates the savings to total \$37 million for customers over the next 25 years. When wind-tax rates are added to the calculation, the savings

are estimated to total \$44 million for a 20-year period, according to the proposed settlement.

"If the energy is not needed or is not economical to sell, NorthWestern can reduce the output to zero. NorthWestern expects this operational flexibility to result in lower overall costs to customers," the company filing said.

Jason Sutton, a Sioux Falls lawyer representing Toshiba filed a letter with the PUC on Wednesday that seemed to open the door for a possible resolution of the case without going the route of a full hearing.

"All parties have agreed that the deadline for staff an intervenors' testimony to be filed and served shall be extended to October 2, 2015. This extension will allow the parties to explore settlement and analyze information recently exchanged by the parties," Sutton wrote.



## WHY DO THE LOCAL OWNERS OF PREVAILING WINDS WANT TO BUILD ANOTHER WIND PROJECT?

Well, one reason is they believe that one of the most important things we can do is provide an excellent education for our children and grandchildren.

Did you know that last year the State increased per student allocation funding by 2% or \$96? The year before was 3.36% or \$155 and over the past 5 years the State increases have averaged 0.412%. This coming year the Tripp-Delmont School District will receive its first new revenue from the Beethoven Wind Farm. It will be an increase of almost \$1,000 per student and it will be paid every year that the wind turbines are there.

As we talked about last week, a 200 megawatt wind energy project in South Dakota creates new tax revenue of \$680,000 annually. This is divided equally between county government and local school district(s). For an example, if in the Avon School District a 200 megawatt wind project like Prevailing Winds was built it would increase per student funding by \$1,360 per year, based on this past year's enrollment. Without the Prairie Wind Project to equal that same increase, annual property taxes inside the school district would have to be raised \$3 per acre.

We completely agree that the quality of one's education is not entirely dependent on how much money a school gets, but it sure would be nice to be one of the lucky school districts that could get \$1,000 or more every year for each student and maybe not have to worry about school funding so much...

Thank You for your support.

NOV 4 2015

aid for by Prevailing Winds, LLC; locally developed wind energy project.

This is not the last you will hear from Prevailing Winds, in the near future we will be submitting informational articles to the local newspapers and holding open house meetings for those who want to learn more. But, most important Prevailing Winds, LLC is locally owned by your friends and neighbors, their first priority is to the Community they live in, they have total control over the project and will make sure everything is done right. They also want everyone to be able to choose how they want to use their own land and not have someone else try to tell them what to do. Your friends and neighbors are doing it to help build a strong, economically diverse community where we can harvest all the crops that we are given, even the wind.

3-23-15  
Acce. Bl...

Tyndall Tribune

# THE FINAL NEWS FROM PIERRE ON SCHOOL FUNDING

All three of the Governor's Education Bills made it through their committee hearings and votes in both the House and Senate. On March 11, 2016 Governor Dugaard signed the amended Bills – House Bill 1182, Senate Bill 131 and Senate Bill 133 – into law.

- HB 1182 increases the sales tax by a half-penny and dedicates \$36 million for property tax relief. The new revenue will increase South Dakota's average teacher salary from \$40,000 by setting a target average of \$48,500. Individual teacher salary levels will be set by local school districts. The bill requires school districts to use at least 85 percent of new funds for teacher pay or benefits.
- SB 131 reforms the school funding formula to increase transparency and accountability. The bill also imposes new caps on school general reserve funds and on the growth of capital outlay levies.
- SB 133 includes a number of proposals to recruit and retain more teachers and to create new opportunities for school efficiency.

So what does this mean for our local schools? We have read the signed Bills and have talked to folks that understand what is in each Bill. Across the board all the schools in our area will see an increase in their State Aid Funding. We reviewed the numbers from the South Dakota Department of Education and the increases range from \$15,000 to almost \$400,000 for fiscal year 2017. This is good news.

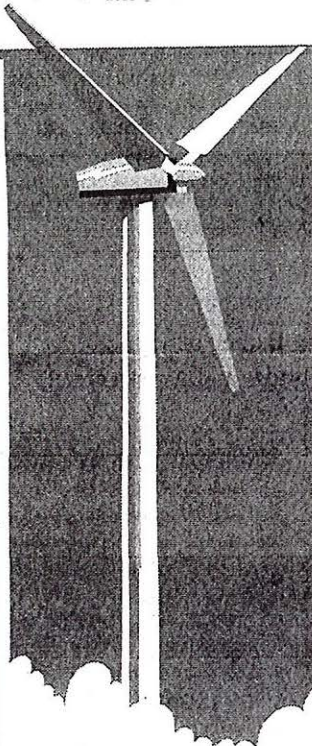
For us though the best news is that wind energy tax dollars will still go to our local schools directly for the first ten years. Plus, schools that already receive tax dollars from wind farms now have an option to keep those funds until State Aid Funding catches up to existing local funding levels. So new wind farms will benefit schools directly and existing wind farms can continue to benefit their schools!

When you add new wind energy tax dollars to increased State Aid Funding from the signed Bills, our schools will come out better than when schools got all wind tax dollars under the old formula. In the table below the second column "Funds to Local Schools" are the funds, on top of State Aid Funding that Prevailing Winds could create for our local schools over the first 10 years. In the third column are the funds that Prevailing Winds could create for all schools in South Dakota over the next 25 years. The last column shows total new school funding created by a project like Prevailing Winds.

Years	Funds to Local Schools	Funds to all Schools	Total School Funding from Prevailing Winds
1	\$340,000	\$0	\$340,000
2	\$340,000	\$0	\$340,000
3	\$340,000	\$0	\$340,000
4	\$340,000	\$0	\$340,000
5	\$340,000	\$0	\$340,000
6	\$272,000	\$68,000	\$340,000
7	\$204,000	\$136,000	\$340,000
8	\$136,000	\$204,000	\$340,000
9	\$68,000	\$272,000	\$340,000
10-25	\$0	\$340,000/year	\$5,444,000
<b>Total</b>	<b>\$2,380,000</b>	<b>\$6,120,000</b>	<b>\$8,500,000</b>

With the signed Bills everyone in South Dakota benefits, especially the schools and communities willing to host wind energy projects. Local benefits will stay local and those benefits will help grow South Dakota's economy. Our Leaders in Pierre found a way to support our children's education and growth of wind energy in the State, Good Job!

**We want to thank EVERYONE who helped move Education and Wind Energy forward!!**



## WOULD YOU LIKE TO AVOID A 14% INCREASE IN YOUR PROPERTY TAXES?

After taking a break last week to talk about how turbines get located, we want to get back to how wind energy project taxes help to fund Counties and Townships and in turn how they could reduce the taxes you pay now or in the future.

As we have talked about, a 200 megawatt wind energy project in South Dakota creates new tax revenue of \$680,000 annually for local Schools, Counties and Townships where the turbines are located. What you may not know is that the \$680,000 comes from two State Laws 10-35-18 & 10-35-19, these laws require that all Nameplate Capacity Taxes and 20% of Gross Receipts Taxes go to local Schools, Counties and Townships. Another State Law (10-35-21) requires this new revenue be apportioned 50% to School's, 15% to organized Townships, and 35% to County's.

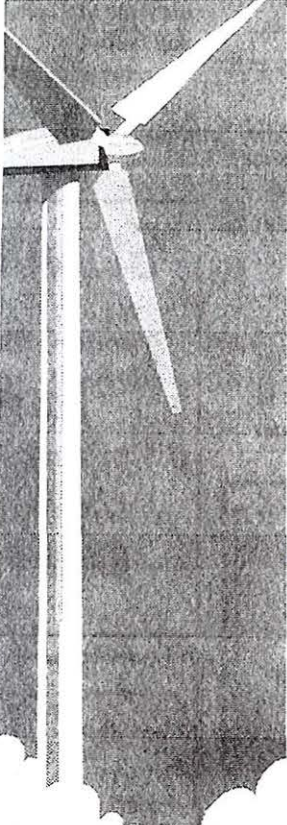
If all of the wind towers in a 200 megawatt wind energy project, like Prevailing Winds could be located in Bon Homme County then the County would receive \$238,000 annually (35%) and another \$102,000 annually (15%) because in Bon Homme County the Townships are not separately organized, that is \$340,000 in annual new tax revenue.

To give you some perspective over the past few years Bon Homme County's total property tax revenue from everyone in the County is around 2.4 million dollars. So new tax revenue from a 200 megawatt wind energy project equals 14% of current property tax revenues. That means everyone that pays property taxes in Bon Homme County could avoid the next 14% worth of incremental property tax increases or 8.5 million dollars could stay in everyone's pockets over the next 25 years because the wind turbines are in the County. We used Bon Homme County as the example here, but the similar would be true for Charles Mix County too.

If you take your property tax bill times 14% and then times 25, that is the amount you could save. Now this will not make anyone rich, but every little bit helps. Especially in those lean years when extra money is hard to come by. It is great to realize in those years the winds are still blowing and the tax dollars from wind are there to help out everyone in the county.

Paid for by Prevailing Winds, LLC;  
a locally developed wind energy project.

***Thank You for your support.***



# HOW DOES PREVAILING WINDS DECIDE WHERE THE WIND TURBINES GO?

In light of a few comments in local papers recently and approval of new wind energy zoning in Bon Homme County we thought it would be helpful this week to briefly explain how wind turbines get placed and who makes the final decisions.

First we work with landowners to determine if they want a wind turbine. The fact is that local landowners through their participation, actually create the project footprint. Prevailing Winds can only place turbines on property where the landowner agrees to have them; we cannot force anyone to accept a turbine.

Then within that project footprint we look for sensitive areas that we will have to avoid. These include places like wildlife areas, historic sites, wetlands, streams, natural prairie remnants, parks and Towns. Then we identify all homes and farms in the project footprint. Yes, we do everything we can to avoid them too! Then we add County, State, and Federal setbacks and limits to the project footprint.

We need to stop here for just a minute and clarify how setbacks work for wind energy. **Setbacks that control where turbines go are NOT 1000 or 500 foot setbacks, what controls are limits on sound and shadow flicker. Limits placed on sound and shadow flicker act as setbacks and create a much greater setback than 1000 feet.** The 1000 foot or 500 foot setback in County Zoning is simply a safety standard and are never used because the requirements for sound and shadow flicker far exceed these minimums.

Now with this site information Prevailing Winds wind assessment staff begin to look at the best places to locate the turbines. Their job is to create preliminary layouts that produce the most electricity based on the information above and onsite wind data. They then use those layouts to create very accurate sound and shadow flicker computer models to determine if there is any sound and shadow flicker impacts at any homes, farms or receptors inside or outside the project footprint. Following the results of this work the turbines with impacts are adjusted again to reduce any sound and shadow flicker impacts further. We keep doing this adjustment until we begin to see a reduction in energy output of the Wind Project to ensure we keep the turbines as far away as possible.

Finally, after all this work is done and redone many times then the turbine locations are given to Prevailing Winds local Board of Directors. The Board reviews the layout and has veto power on all locations if in their opinion any turbines impact anything too much. If that veto happens then the wind resource staff process starts over, because wind turbine layouts are like dominos move one and it triggers other moves.

After months of work a layout is ready to present to landowners and get their comments on it. We typically create several more versions of the turbine layout to incorporate landowner's requests and comments.

We hope that you realize that a great amount of thought and care goes into laying out the turbines before any turbine is constructed and Prevailing Winds Board has final say on everything. Also please realize that the reality is that the more places we have to put turbines the more we can avoid homes, farms, towns, any place where people are. Luckily the new wind energy zoning adopted by the County allows us the flexibility to place turbines in the right places and avoid impacts to people and sensitive areas. Unluckily, the opposition to Prevailing Winds is actually removing good areas where we could place turbines that would help reduce impacts to everyone... Beethoven Wind used this same process and because everyone in that project worked together we were able to create a great project for everyone.

*Thank You for your time and support!*

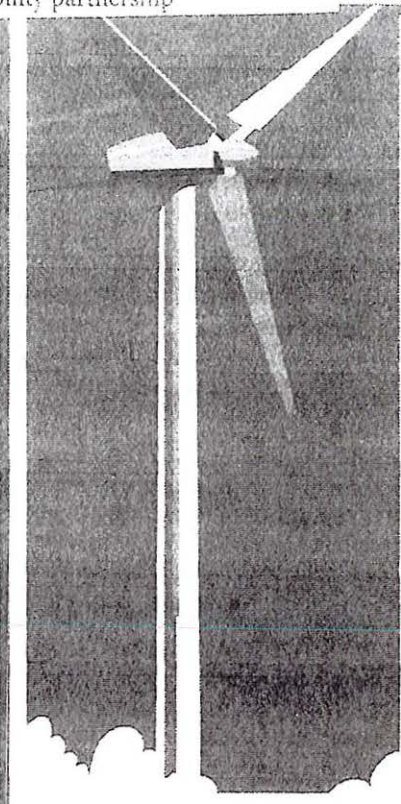
As far as the people "who may be your friends and neighbors". We are not going to give out their names, they are permitted to have their privacy. But, we will share where the project investor are from. Here is a breakdown of where the 30 owners of Prevailing Winds, LLC come from:

- 7 each from Avon and Tripp
- 3 from Springfield
- 2 each from Tyndall and Scotland
- 1 each from Delmont, Lesterville, Menno, Olivet, Sioux Falls, Tabor, Wagner, Dell Rapids and Yankton

And here is the breakdown of the ownership by type of investor:

- 27 individual investors
- 2 South Dakota limited liability companies
- 1 South Dakota limited liability partnership

19 Citings



## LOCAL WIND FARM INVESTMENT OPPORTUNITY

PREVAILING WINDS is hosting informational investment meetings for South Dakota residents to learn more about a community owned wind development near Avon, SD. The meetings will provide information regarding the scope of the project as well as the investment opportunity for local citizens to participate in wind ownership.

The meetings well be held at:

### TUESDAY, DECEMBER 1:

- |          |           |  |
|----------|-----------|--|
| Mitchell | 2:00 p.m. | Highland Conf. Center<br>(2000 Highland Way) |
| Yankton  | 7:00 p.m. | Minerva's Conf. Center<br>(1607 SD Hwy 50)   |

### THURSDAY, DECEMBER 3:

- |           |           |   |
|-----------|-----------|---|
| Watertown | 2:00 p.m. | Event Center<br>(1901 9th Ave SW)       |
| Brookings | 7:00 p.m. | Days Inn<br>(2500 E. 6th St., Exit 132) |

### TUESDAY, DECEMBER 8:

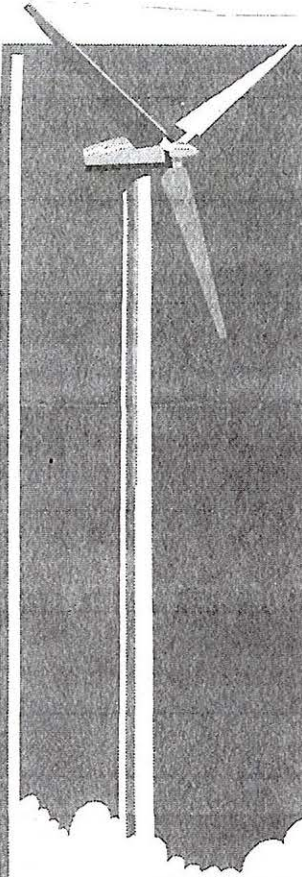
- |        |           |  |
|--------|-----------|--|
| Platte | 2:00 p.m. | Comm. Bldg. Mtg. Room<br>(310 S. Main) |
| Tripp  | 7:00 p.m. | Fire Hall                              |

### THURSDAY, DECEMBER 10:

- |             |           |   |
|-------------|-----------|---|
| Sioux Falls | 7:00 p.m. | Best Western Ramkota<br>(3200 W. Maple) |
|-------------|-----------|---|

Please call 605-271-0578 for more information.

This is not an offer to sell securities in Prevailing Winds. Investors who wish to purchase securities of Prevailing Winds must be residents of South Dakota and may only do so after reviewing a prospectus.



## LOCAL WIND FARM INVESTMENT OPPORTUNITY

**PREVAILING WINDS** is hosting informational investment meetings for South Dakota residents to learn more about a community owned wind development near Avon, SD. The meetings will provide information regarding the scope of the project as well as the investment opportunity for local citizens to participate in wind ownership.

**The meetings will be held at:**

### TUESDAY, OCTOBER 6:

Avon • 2:00 p.m. • Fire Hall (106 1st Ave)

Menno • 7:00 p.m. • Menno State Bank  
(105 S. 5th St.)

### WEDNESDAY, OCTOBER 7:

Gregory • 2:00 p.m. • Gregory Comm. Room  
(222 Main)

Wagner • 7:00 p.m. • American Legion Hall  
(121 2nd St.)

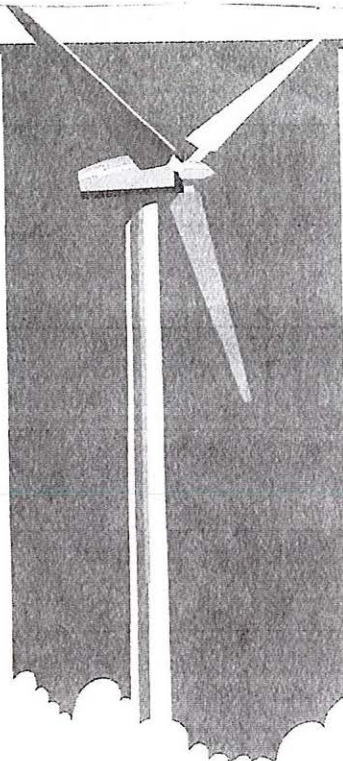
### THURSDAY, OCTOBER 8:

Parkston • 2:00 p.m. • Pony Creek Steakhouse  
(714 W. Maple)

Mitchell • 7:00 p.m. • Highland Conf. Center  
(2000 Highland Way)

**Please call 605-271-0578 for more information.**

This is not an offer to sell securities in Prevailing Winds. Investors who wish to purchase securities of Prevailing Winds must be residents of South Dakota and may only do so after reviewing a prospectus.



## LOCAL WIND FARM INVESTMENT OPPORTUNITY

**PREVAILING WINDS** is hosting informational investment meetings for South Dakota residents to learn more about a community owned wind development near Avon, SD. The meetings will provide information regarding the scope of the project as well as the investment opportunity for local citizens to participate in wind ownership.

**The meetings will be held at:**

### TUESDAY, OCTOBER 13:

Yankton • 2:00 p.m. • Minerva's Conference Center  
(1607 SD Hwy 50)

Vermillion • 7:00 p.m. • Holiday Inn (1200 N. Dakota St.)

### WEDNESDAY, OCTOBER 14:

Wessington Springs • 2:00 p.m. • Springs Inn (201 E. Main)

Oacoma • 7:00 p.m. • Community Center (100 E. 3rd St.)

### THURSDAY, OCTOBER 15:

Madison • 2:00 p.m. • Dakota Prairie Playhouse  
(820 N. Washington Ave)

Sioux Falls • 7:00 p.m. • Best Western Ramkota  
(3200 W. Maple)

**Please call 605-271-0578 for more information.**

This is not an offer to sell securities in Prevailing Winds. Investors who wish to purchase securities of Prevailing Winds must be residents of South Dakota and may only do so after reviewing a prospectus.

# Basin Electric Rates Increase

Impact to CME Members to be Determined



**Russell Gall**  
General Manager

Nobody likes to be the bearer of unwelcome news. So, when I got word that Basin Electric's Board of Directors had authorized a rate increase starting August 1st, I knew it was only a matter of time before I'd be writing this article to let our members know what, when and why they, too, would be seeing an electricity price change.

Based in Bismarck, ND, Basin Electric is a cooperative owned by cooperatives, including Charles Mix Electric. Basin is our main supplier of electricity, mostly generated from coal, but also from natural gas, heat recovery, wind, and even a small amount of nuclear power. They are darn good at what they do, and have always demonstrated they have the best interests of the member cooperatives in mind.

In early June, the Basin Electric Board decided that an immediate increase of .7¢ per kWh was needed to make up the financial shortfall which began back in October, 2015. As a member cooperative of Basin, the woes of this financial quagmire will impact Charles Mix Electric, and ultimately, its end-use consumers.

Paul Sukut, Basin Electric CEO and general manager, summed it up like this: "Basin Electric has essentially encountered the perfect storm, and it happened suddenly and rapidly in early October. The cooperative is taking several steps to mitigate the impact, but ultimately, we need the membership's help."

Here are the main reasons given for Basin's request for help:

- *Lower than anticipated member sales.* The wet summer and mild winter of 2015-16 significantly decreased electricity sales that Basin would normally make to its members. Less sales means less revenue.
- *Reduced revenue from non-member sales (surplus sales).* Again, the mild weather resulted in decreased sales to customers outside of the Basin Electric family.
- *Added costs to operate generation facilities.* Expenses from wind power cost Basin Electric more to produce electricity.
- *Generation and transmission investments.* Installation of new gas-fired generators and the construction of new lines in North Dakota have added expenses to Basin's bottom line.

- *Reduced revenue support from non-electric or subsidiary businesses, specifically Dakota Gasification Company (DGC).* This is the biggie. Due to the drop in all the commodity prices, including natural gas and oil prices, the DGC plant, owned by Basin Electric, is presently losing money, especially since it is heavily dependent on sale of natural gas.

Since the reduced revenue from DGS is the biggest issue, I'll cover that a bit more. Revenue from DGC has typically contributed financial support to Basin Electric. In fact, it is estimated that DGC typically has a benefit of \$78 million per year to Basin Electric and its membership. This includes fuel supply, power supply, shared facilities and other miscellaneous benefits. That means that DGC profits have benefited every member of Charles Mix Electric in the past. However, with depressed commodity prices, DGC was unable to provide this same level of support in 2016. This is where Basin needs help from its members. As markets rebound over the next year or so, those benefits will return to the members to help keep future rate increases at bay.

On the bright side, there is expected to be a slight decrease in the cost of power received from Western Area Power Administration (WAPA) starting in 2017. This will provide some relief, but since the amount of power received from the dams is only 27% of our total power supply, it cannot eclipse the overall increase from Basin.

The increase from Basin resulted in a 13% power cost increase to East River Electric starting August 1st. Fortunately, the frugal efforts of East River Electric's and CME's directors have delayed the impact of the increase until January of 2017.

How this rate change will affect you, the end consumers of Charles Mix Electric, is yet to be determined. CME's employees and Board of Directors are studying costs to the co-op to determine the magnitude of the price change to our members. It should be expected that a rate adjustment will be in place starting January 1st 2017.

As always, we like to keep our members informed of issues that will affect them, and will continue to do so over the next few months.

**How this will affect you has yet to be determined. A rate adjustment is expected for CME members beginning Jan 1st, 2017.**