

FINAL REPORT

PREPARED FOR THE U.S. DEPARTMENT OF ENERGY

BY BOB LAWRENCE AND ASSOCIATES, INC

WIND ENERGY STAKEHOLDER OUTREACH AND EDUCATION

DE-FG36-01SF22339

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## **EXECUTIVE SUMMARY**

The U.S. Department of Energy (DOE) Wind Powering America (WPA) Program seeks to dramatically increase wind energy in the United States. Wind energy can provide new sources of income for American farmers, Native Americans, and other rural landowners while meeting the demand for clean sources of electricity. DOE, together with wind energy trade associations, stakeholder groups and other advocacy organizations, along with supportive federal and state policies, has already helped to make wind the fastest-growing new energy source in the country.

In our original Statement of Work, we noted that DOE's Wind Powering America initiative intends to have "5,000 megawatts (MW) online by 2005 and 10,000 MW by 2010. As part of this initiative, DOE intends to triple the number of states with more than 20 MW of wind capacity to 24 by 2010."

Installed wind capacity in the United States exceeded 10,000 MW in August 2006, and in that same month, there were already 23 states with more than 20 MW of wind capacity...just one state shy of DOE's 2010 goal. Clearly, the efforts of DOE, advocacy groups, the nation's utilities and many other parties have paid off in wind energy deployment that has taken place faster than DOE's goals of just a few years ago.

Therefore, we were pleased to play a role in stakeholder outreach and educational efforts throughout this period of rapid growth in the wind energy industry. With its long track record of successful outreach programs on behalf of government and industry customers, Bob Lawrence & Associates (BL&A) has utilized its skills to offer a variety of outreach products for DOE's Wind Powering America (WPA) program. Specifically, Craig Cox, BL&A's consultant, performed many of the activities in furtherance of wind energy. These outreach programs were designed to empower citizens to work through their local utilities and regulatory commissions for better implementation of cost-effective wind energy.

## **PROJECT SUMMARY**

Since August of 2001, Bob Lawrence and Associates, Inc. (BL&A) has applied its outreach and support services to lead a highly effective work effort on behalf of Wind Powering America (WPA). In recent years, the company has generated informative brochures and posters, researched and created case studies, and provided technical support to key wind program managers. BL&A has also analyzed Lamar, Colorado's 162MW wind project and developed a highly regarded "wind supply chain" report and outreach presentation. BL&A's efforts were then replicated to characterize similar supply chain presentations in New Mexico and Illinois.

Note that during the period of this contract, the recipient met with members of the DOE Wind Program a number of times to obtain specific guidance on tasks that needed to be pursued on behalf of this grant. Thus, as the project developed over the course of 5 years, the recipient varied the original tasks and work effort expended on the tasks to comply with the on-going and continuously developing requirements of the Wind Powering America Program.

This report provides only a brief summary of activities to illustrate the recipient's work for advancing wind energy education and outreach from 2001 through the end of the contract period in 2006. It provides examples of how the recipient and DOE leveraged the available funding to provide educational and outreach work to a wide range of stakeholder communities.

***SUMMARY OF Tasks [from BL&A Statement of Work for DE-FG36-01SF22339]***

**BL&A will compile a list of key stakeholder communities which have either been under-represented in previous wind energy outreach efforts and/or which may play an increased role in future wind development activities. This list will be submitted for approval by the appropriate DOE program managers.**

BL&A's senior associate Craig Cox works frequently with key wind stakeholders throughout the country, who helped identify specific local economic benefits associated with the construction of wind projects and the overall increased use of wind energy in the United States.

However, when Mr. Cox proposed compiling lists of key stakeholder communities per the Statement of Work Wind Powering America (WPA) management implored him to focus more on key targeted DOE/WPA states (and stakeholders within those states), so that we could use wind workshops and other vehicles to reach leaders in those particular states. Some of those states included Arizona, Oklahoma, New Mexico and Nevada, as well as our home state of Colorado.

As a leader in the wind energy advocacy community in the western United States, Mr. Cox was able to work with individuals and organizations who provided valuable information that helped make our outreach activities more effective. This was particularly helpful with the Colorado and New Mexico efforts. For example, he was able to use his relationships within the wind energy industry to work with the owners and operators of the New Mexico Wind Energy Center, FPL Energy, when working on that supply chain project. He was also able to obtain economic impact information on this project from other local stakeholders, such as local school district officials and businesspeople.

As part of the supply chain effort, Mr. Cox worked to obtain site-specific information on economic inputs for use in the DOE's JEDI model. Getting the information directly from project owners proved to be unfeasible, so Mr. Cox, aided by BL&A, sought the information from publicly available sources in the local communities and counties. One document of particular interest that Mr. Cox obtained in Quay County, New Mexico, was a copy of the wind project lease agreement between Quay County and FPL Energy, providing great specificity in many areas, including the company's payments to the county for schools and other services.

**Once the list of key stakeholders described in Task 1 is approved by DOE, BL&A will begin to contact leaders of these communities. Using this list, BL&A will compile an email list for future targeted communications with these communities and their leaders. BL&A will also identify important upcoming events in the targeted stakeholder communities and prepare recommendations as to which events BL&A should attend on behalf of the Wind**

**Program. All travel and living expenses at these events will be provided free of charge as cost sharing by BL&A**

Mr. Cox maintained an e-mail list for targeted communications with many key stakeholder communities and used it particularly when helping organizers of various state wind workshops.

In addition, Mr. Cox attended many wind energy-related events throughout the contract period and identified many other events for DOE. In many cases, Mr. Cox was the organizer of these events or was on the planning (or steering) committees for these events. In all cases, all travel expenses were covered either by BL&A or by Mr. Cox's non-profit coalition. A listing of many of these events is contained as part of our summary of activities, below.

**State Wind Working group meetings**

BL&A's Craig Cox has attended many state Wind Working Group meetings. He has also been on the planning committees for state wind workshops in Arizona, Colorado, Nevada, New Mexico, Oklahoma and Utah. Work with these meetings helped familiarize him with the most pressing local and state issues affecting wind development in those states.

**Wind conferences: presentations and participation**

BL&A's Craig Cox has attended numerous wind energy conferences on behalf of BL&A throughout the country, and particularly in the West, and has spoken on panels and plenary sessions at many of them. Though Mr. Cox has discussed many different topics in his presentations, ranging from rural economic development benefits to a look at the overall "future of energy," his supply chain presentation has proven to be one of the most popular topics with audiences. He has drawn from this presentation in many of his other presentations, and his photos and information have also appeared in many other presentations, including those of Wind Powering America's key personnel.

**BL&A shall obtain a display exhibit appropriate for use at stakeholder events. In consultation with DOE Wind Program, BL&A shall prepare appropriate graphic and text panels for the subject exhibit, creating event-specific panels if warranted. Material costs will be provided free of charge as cost sharing by BL&A.**

This task was not pursued, as WPA management already employs professional graphic artists with appropriate experience and equipment for creating display exhibits and text panels. Nonetheless, Mr. Cox did contribute photographs that he took for use in these graphic exhibits.

**BL&A shall place articles in stakeholder publications and produce other written materials as needed, including brochures and flyers for key stakeholder events. All such materials will be developed in cooperation with DOE as well as with other wind associations and advocacy groups.**

Mr. Cox worked with a broad range of stakeholder groups in preparing and disseminating these materials. Some of the many groups with which he worked included state energy offices, the

media, the National Wind Coordinating Committee, the American Wind Energy Association, the National Association of Regulatory Utility Commissioners, trade associations representing investor-owned utilities, public utilities and rural coops.

*Work on newsletter for DOE*

In May 2003, WPA's national coordinator recommended that we prepare a revised outreach newsletter, based on a draft we had submitted. Mr. Cox began working on this revised newsletter together with BL&A's Jodi Hamrick. He drew many story ideas from the June 2003 WPA state wind summit in Portland, Oregon. In July, Mr. Cox worked with BL&A and DOE to produce a final draft newsletter for DOE's approval. After review by DOE, several changes were recommended, which Mr. Cox and Jodi implemented. In August, Mr. Cox and Jodi followed up from DOE's recommendations with a final draft newsletter.

*Work on Supply Chain Success Stories*

Perhaps the most successful stakeholder outreach materials that Mr. Cox produced were his PowerPoint slides and short narrative report on the 162 MW Colorado Green success story: "From Snack Bars to Rebar."

Based on the success of this effort, Mr. Cox pursued similar efforts in profiling the local economic impacts of the 204 MW New Mexico Wind Energy Center and the 50 MW Mendota Hills project in Illinois.

In New Mexico, Mr. Cox found strong local support and shared some documents of interest with DOE that he uncovered during his work there, including a copy of the project's lease agreement with Quay County, outlining specific payments in lieu of taxation, school contributions, etc.

In Illinois, Mr. Cox found that the local community supported the windfarm and appreciated its benefits to the local economy. However, due to the project's much smaller size, coupled with the much larger size of the surrounding community (compared with the projects he profiled in Colorado and New Mexico), that project's local economic impact was much, much more diffuse. Nonetheless, Mr. Cox was able to share economic impact information that he gathered from local property tax officials and other stakeholders.

In both New Mexico and Illinois, Mr. Cox was able to share photographs that may be useful in future DOE/Wind Powering America materials, in a similar way that his Colorado Green photos have become such an integral part of WPA's own outreach materials.

In his work in all three states —Colorado, New Mexico and Illinois— Mr. Cox encountered greater difficulty than expected in getting specific economic data from developers, all of whom classified their project-specific information as "proprietary." Even in instances where a project developer was inclined to share data with us, they were constrained from providing it because of concerns over proprietary contractual obligations with other parties. Thus, in all cases we were forced to rely on third-party sources and documents in the public domain in compiling our reports on local economic impacts.

In early 2005, Mr. Cox updated the “Snack Bars to Rebar” presentation with a short narrative report, accompanied by photographs and related graphic materials. This report focused on the ongoing economic benefits to Lamar from the Colorado Green project and looked particularly closely at the nearby community wind project owned by Lamar Light and Power and the Arkansas River Power Authority. This small community wind project was made possible due to the economies of scale offered by Colorado Green, and Mr. Cox examined some of the factors that could lead to the replication of this model elsewhere in Colorado and the country.

**BL&A shall assist DOE in maintaining an ongoing dialogue with wind energy stakeholders, both in the targeted sectors as well as in other sectors. This dialogue will seek to facilitate their awareness of wind energy and to help break down barriers that exist to the fullest possible development of this resource. This dialogue shall be carried out by targeted e-mailings, postal mailings, visits and other tools, as the situation warrants.**

Mr. Cox has worked extensively in maintaining an ongoing dialogue with key wind energy stakeholders. In his work, he has used materials that were previously mentioned above. Here are some of the highlights of his work to maintain and enhance the dialogue with key stakeholders. Note that Mr. Cox did not use any DOE or foundation funds to do any kind of lobbying in his activities.

*Targeted Travel, Meetings, Workshops, Presentations and Other Activities*

*Participation in Wind Working Groups in Arizona, Nevada, New Mexico, Oklahoma and Utah, 2001-6*

Participation in planning for successful state wind workshops in Arizona, Nevada and Oklahoma, most of which were “targeted states” by DOE.

*Service on Colorado State Energy Task Force, summer and fall of 2001*

- Worked with various parties from other industries from around Colorado on this task force appointed by the Colorado State Senate

*Planning Committee for Oklahoma State Wind Workshop, early 2002*

This inaugural wind energy event in Oklahoma City was successful

*Statehouse briefing for Arizona legislators, February 2002*

- Attended by over a dozen Arizona state legislators and more than 35 other interested stakeholders, this briefing featured Southwest Windpower, which gave a presentation on the economic and environmental benefits of its small wind technology.

*Staging of wind and renewable energy briefing for Colorado legislators, April 2002*

Staged in conjunction with the Colorado Wind Workshop, this briefing was well attended by legislators and other interested parties and featured a presentation by Virtus Energy Research Associates of Austin, Texas, on how Texas has catapulted into national leadership through its renewable portfolio standard and other policy provisions. This briefing also featured an expert on distributed

generation from the National Renewable Energy Laboratory, and a presentation from the National Conference of State Legislatures on what other states are doing to advance clean energy technologies.

Help to NREL in staging luncheon for state legislators, April 2002

This luncheon was attended by about 20 legislators

Participation in Colorado Governor's Energy Office Mobile Energy-Saving Exhibit, Fall 2002

This bus traveled the state, visiting remote and rural areas that normally do not see much outreach of this type.

Planning Committee for Colorado State Wind Workshops in 2002 and 2004

Both of these workshops were conducted in cooperation with DOE and the Colorado state energy office, and were successful in their mission.

Participation in Windpower 2002 conference in Portland, Oregon, June 2002

Afterwards, Mr. Cox took part in WPA's state wind summit

Planning and publicizing of "Green Power Options" Seminar, July 2002

- o Craig Cox teamed up with several other entities, including the Land and Water Fund of the Rockies, in publicizing this green power seminar in Denver sponsored by the newly created Green Power magazine.

Arizona Wind Working Group meeting in Flagstaff, Arizona, August, 2002

Participation in two wind outreach workshops in Walsenburg and Akron, Colorado, September 2002

Conducted jointly with DOE and the Colorado energy office

Participation in and Planning of Denver Industry Greenhouse Roundtable, December 2002

- o Craig Cox helped plan this event, along with NREL, the Colorado Business Energy Partnership and the Colorado Pollution Prevention Partnership. It brought together several dozen representatives from the local business, governmental and advocacy communities.

Planning committee for workshop on "Carbon as a Commodity," December 2002

Mr. Cox helped plan and publicize this event in Denver, featuring key agricultural, academic and governmental stakeholders involved in carbon sequestration-related issues.

Participation in "Harvesting Clean Energy" conference, Boise, Idaho, February 2003

Mr. Cox's participation in this event helped jump start outreach efforts to rural and agricultural constituencies in targeted states.

Statehouse briefing in Salt Lake City, February 2003

Attended by eight legislators, this breakfast event featured briefings by three companies (FPL Energy, Advanced Thermal Systems and St. George Steel). Entitled “Leveraging Utah’s New Energy Wealth,” it helped to familiarize legislators with wind and renewable energy technologies in Utah.

Statehouse briefing in Denver, February 2003

Entitled “Wind Energy and Economic Development,” over 60 persons, including eight legislators, attended this briefing by FPL Energy and Prowers County (Colorado) commissioner John Stulp, both of whom spoke of the economic benefits that Colorado could enjoy with increased wind development.

Exhibit at the New Mexico state capital in Santa Fe, February 2003

This exhibit was attended by hundreds of key stakeholders and the state’s lieutenant governor. This day was proclaimed “Sustainable Energy Day” by Governor Richardson.

Participation in two-day wind rural electric coop workshop, April 2003

This workshop was sponsored by the National Rural Electric Cooperative Association, and was followed by a meeting of the Utility Wind Interest Group, both Westminster, Colorado, in April 2003

Participation in the Windpower 2003 conference in Austin, Texas, May 2003

After Windpower 2003, Mr. Cox attended the follow-up State Wind Working Group Summit

Initiation of Colorado Wind Working Group, mid-2003

After Mr. Cox convened the initial meeting on this Working Group, it met several times in mid-2003. After these meetings, its members decided to transform it into the Colorado Renewable Energy Forum, which carried out trailblazing work in engaging the state’s rural and agricultural communities in the development of renewable energy projects. This organization held a successful “Intermountain Harvesting Energy” summit in Loveland, Colorado in March 2006

*Most events that Mr. Cox participated in since May 2003 are described in the chronology of presentations of the supply chain success story.*

## ***DELIVERABLES GENERATED FOR BL&A SOW DE-FG36-01SF22339***

### ***2003 Wind Highlights brochure***



In 2004, BL&A was tasked to develop a poster for WPA discussing the year's highlights in the wind community. The poster was to be distributed at the 2004 World Wind Energy Conference. However, it was determined by WPA managers that the poster would not be utilized at the conference and therefore the project was cancelled.

### ***Oklahoma Case Study***



In 2004, BL&A developed a well received case study on Oklahoma's wind power initiative. This case study was presented as a 2-sided handout at the WINDPOWER 2004 Wind Powering America booth. This document proved to be popular in Oklahoma, as BL&A and DOE had to send more copies to the Oklahoma Wind Working Group in 2005.

### ***Wind Supply Chain: Lamar, Colorado***

The “wind supply chain” is a characterization of local businesses that benefit, directly or indirectly, from the construction of a new windfarm. A “wind supply chain” provides documented local economic benefits associated with constructing and operating windfarms, which would encourage other wind projects and promote wind growth.

BL&A’s “wind supply chain” presentation developed for the 162MW “Colorado Green” project illustrated the local economic benefits associated with the development of this project in rural southeastern Colorado. Lamar is a town of 8,800 that primarily depends on agriculture for its revenue and, like many rural communities, has had a depressed economy. However, with the development of its wind farm, the town has been able to generate much needed new tax revenue to bolster its economy and local services.

A Power Point presentation was developed for the supply chain and was presented by our Senior Associate Craig Cox at many wind conferences for the past 2+ years. The presentation was

entitled “From Snack Bars to Rebar: How Project Development Boosted Local Businesses Up and Down the Wind Energy ‘Supply Chain’ in Lamar, Colorado.” The events shown below are where Craig Cox used specific elements from “Snack Bars to Rebar” in PowerPoint presentations and do not include other events in which he participated.

| Date              | Event                                                                                                           |
|-------------------|-----------------------------------------------------------------------------------------------------------------|
| 8 January 2004    | “Rural Road Show” in Akron, Colorado                                                                            |
| 9 January 2004    | “Rural Road Show” in Burlington, Colorado                                                                       |
| 12 January 2004   | “Rural Road Show” in Greeley                                                                                    |
| 20 January 2004   | “Rural Road Show” in Monte Vista                                                                                |
| 10 February 2004  | Presentation to Colorado Farm Bureau                                                                            |
| 19 February 2004  | Presentation at Colorado Agricultural Outlook Forum, Denver                                                     |
| 31 March 2004     | Presentation at AWEA’s Windpower 2004 in Chicago                                                                |
| 8 April 2004      | Presentation to Conference on World Affairs, Boulder                                                            |
| 13 April 2004     | Presentation at Colorado Wind and Distributed Energy Conference, Colorado Springs                               |
| 20 May 2004       | Presentation to Community Leaders Forum, Boulder                                                                |
| 10 June 2004      | Presentation to Wyoming Association of Municipalities, Cheyenne                                                 |
| 12 June 2004      | Presentation to MENSA meeting, Denver                                                                           |
| 22 June 2004      | Presentation to Western Governors’ Association annual meeting, Santa Fe, N.M.                                   |
| 26 June 2004      | Presentation to Colorado Renewable Energy Conference, Denver                                                    |
| 4 October 2004    | Presentation to Energy Policy class at University of Colorado                                                   |
| 14 October 2004   | Presentation to Renewable Energy Vermont Conference, Burlington                                                 |
| 20 October 2004   | Presentation to Colorado Energy Science Center, Golden                                                          |
| 27 October 2004   | Presentation to Public Policy class at Univ. of Colorado, Denver                                                |
| 10 November 2004  | Presentation to New Mexico Wind Working Group                                                                   |
| 25 May 2005       | Participation on National Mining Assn. panel on reuse of abandoned mining sites, Denver                         |
| 24 September 2005 | Participation in panel at University of Wyoming “Future of Energy” conference, Jackson Hole                     |
| 28 September 2005 | Presentation to Energy Policy class at the University of Colorado                                               |
| 2 November 2005   | Participation in panel at 2005 Brownfields Conference on “Renewable Energy & Brownfields Redevelopment,” Denver |
| 9 December 2005   | Presentation to Rocky Mountain Agricultural Showcase, Loveland, Colorado                                        |
| 23 January 2006   | Presentation to state symposium on “Windpower and Wildlife,” Fort Collins, Colorado                             |

- The first delivery of this presentation was at AWEA’s annual conference, Global Windpower 2004, in Chicago on 31 March 2004. However, some elements (primarily talking points) of “Snack Bars to Rebar” were used in presentations before that date. Subsequently, the presentation was delivered both in its original format, and as elements of other presentations by Craig Cox (on behalf of Bob Lawrence & Associates, the Western Business Coalition for New Energy Technologies or the Interwest Energy Alliance) and by various other parties.
- Many photos and talking points from the presentation have been used in presentations by WPA management and others in DOE.
- Craig Cox has mailed or e-mailed this presentation to numerous parties, some of whom have delivered the presentation themselves to various groups. Most notable in this regard is the director of Oregon’s State Energy Office, Carel DeWinkel, who has delivered the presentation in locations around Oregon.

- This presentation has also been posted to at least three websites, and a Google search shows that it has been referenced in numerous other documents. The presentation is posted in PDF formats at:

- <http://www.state.co.us/oemc/events/cwade/2004/presentations/cox.pdf> .
- <http://egov.oregon.gov/ENERGY/RENEW/Wind/OWWG/docs/windsupplychain.pdf>
- [http://www.eere.energy.gov/windandhydro/windpoweringamerica/filter\\_detail.asp?itemid=801](http://www.eere.energy.gov/windandhydro/windpoweringamerica/filter_detail.asp?itemid=801)

### ***Case Study Brochure: From Snack bars to Rebar***



As a supplement to the supply chain PowerPoint presentation on Lamar, Colorado, BL&A developed a case study brochure. The brochure was utilized by DOE's WPA in Washington, DC.

### ***Wind Supply Chain: New Mexico***

In June 2004, BL&A's Craig Cox visited the New Mexico Wind Energy Center in House, New Mexico, to prepare a supply chain presentation similar to his Lamar 'Snack Bars to Rebar' presentation. He conducted many interviews with local businesspeople, landowners, and residents from every walk of life, and took many photographs of these people and of the project itself. Unfortunately, DOE funding for BL&A's work stopped abruptly the following month, causing this project to be shelved. Since the resumption of funding, BL&A, and, Craig Cox have provided a copy of the slides he was working on, as well as accompanying materials, such as the Quay County lease agreement with FPL Energy (owners of the New Mexico Wind Energy Center).

#### *Some of the Parties with Whom Craig Cox has Worked re the New Mexico Wind Energy Center Economic Case Study Effort*

Dr. Art Brokenbek  
Superintendent, House Schools

Don Brown  
PNM Corporate Communications

Pow Carter  
Chairman, DeBaca County Board of Commissioners and Landowner

Renee Carter  
Teacher, House School District and Landowner (with husband, Pow)

Billy & Sylvia Crenshaw  
Largest Landowners on project site

Ron Gauna  
Owner, Fred's Restaurant

John Goodwin  
Business Manager, FPL Energy

George Griese  
Plant Leader, N.M. Wind Energy Center, FPL Energy

Michael Jacobs  
Contractor, and Melrose Fire Department

Perri Jennings  
Plant Technician, N.M. Wind Energy Center, FPL Energy

Sherman Martin  
Mayor, Village of House & House Fire Department

Rosalie Rayburn  
Reporter, Albuquerque Journal

Lecil Richards  
Superintendent, Ft. Sumner Schools

Danny Tivis  
Manager, House Cooperative Association

#### ***Wind Supply Chain: Mendota, Illinois***

On a visit to the Mendota Hills, Illinois wind project in November 2005, BL&A's Mr. Cox obtained information on a number of benefits of the project to the local region. Working with local government officials, residents and economic development representatives, Mr. Cox got a picture that was considerably different from the Colorado and New Mexico experiences.

Though neighbors of the Mendota Hills project were uniformly supportive of the project, the benefits of this project were not nearly so pronounced as with other wind projects around the country. This was due to several factors, including the fact that the project, at 50 megawatts, was considerably smaller than other projects that we have examined. In addition, the surrounding region had considerably larger populations than the other projects we examined, meaning that this smaller project had a smaller impact on the surrounding area. Nonetheless, BL&A provided DOE WPA information on local benefits, obtained primarily from the county assessor of Lee County, Illinois.

Data collected from Wendy Ryerson, Lee County CCAO on the Wind Farms is as follows:

**Timeline:**

- First approached Lee County. 2001 );- Zoning approved: March 2003
- Building Permits issued: June 2003 > Construction start: July, 2003
- Date of service: Nov. 24, 2003
- Assessment date: Jan. 1, 2004

**Personal Property**

- Section 24-5 of the Property Tax Code states: (35 ILCS 200/24-5)
  - "No property lawfully assessed and taxed as personal property prior to I/ 1 /79, or property of like kind acquired or placed in use after I/ 1 /79, shall be classified as real property...."
- What is right for Lee County is not necessarily right for other counties
- It is critical to determine how your county taxed "like kind" property prior to 1979
- What is "like kind"?
  - Whiteside County v. PTAB, 276 III.App.3d 182 (3d Dist. 1995) the Appellate found that the PTAB's decision was reasonable because they considered:
    1. Does the equipment perform the same function?
    2. Does the equipment produce the same product?
    3. Does the equipment have a similar portability (or lack thereof) and a similar manner of attachment?
    4. Does the equipment replace the existing machinery?
- Lee County considered our hydro plant "like kind" because it had a generator dug produced electricity similar to the wind turbines. Despite the difference energy source, our attorney did not feel we would be successful proving there was a difference between a water turbine and the wind turbine. Both perform the same function.
- Lee County records were not detailed enough to determine how specific components are assessed.
  - Used Collector's books
  - Indicated 18-20% was real estate 80-82% was personal
- Per the Wind Farm developers, anything above ground was personal property
  - Cell Towers have always been assessed as real estate in Lee County
  - Depending upon the size of the tower this added between 5-10% to the real estate value (based on cost)
  - Results in a total real estate value of 25-30% (of construction cost)

- What if your county did not have an electric generating facility prior to 1979?
  - Examine other parcels in your county for "like kind" property
    - Hospital generator?
  - Go back to the "intention" tests for real vs. personal
    1. Is the property annexed to the realty? Would removal cause serious damage?
    2. Is the property applied to the use or purpose to which that part of the realty with which it is connected is appropriate; (Is it an integral component of the real estate); and
    3. What is the intention of the installer - permanent or temporary"
  - Another tool - examine the estimated life of the subject property. The shorter the expected life, the more likely the property is personal.
- The taxpayer has the burden of proof - but be prepared to defend your position!
  - Document everything you do!

**Lee County Assessment:**

- Improvement Value per MW of capacity, not per turbine
- 25% Real Estate/75% Personal Property
- Based on % paid prior to 1979 by Com-Ed
- Land: Leased area valued based on current values of industrial land in county
  - Per agreement with Mendota Hills Wind Farm
  - No information on the leases available (confidentiality agreements)
  - Separate parcels for leases
  - Land owner will be listed as owner on tax bill
- Future assessment changes limited to prior year value plus applicable equalization factors, except new construction
- Agreement pending

**Example:**

- Fair Market Value of Improvements: \$50,000,000 (\$1, 000, 000 per megawatt)
- Personal Property Value: \$37,500,000 (75%)
- Real Estate Value: \$ 12,500,000 (25%)
- Real Estate Assessed Value: \$4,166,000 (33 1/3%) (\$83,000/MW)
- Estimated Average Tax Rate: 7.50
- Estimated Project Tax dollars: \$312,450 (\$6,250/MW)
- Above estimate does not include land

**Does the Lee County Assessment affect other Counties?**

- Wind Energy Assessment Task Force
  - CCAO's and IDOR
- Goal is to develop a uniform method of assessing
  - Beneficial to the developers, taxing districts and CCAO's
- More questions than answers at this point
  - How can we achieve uniformity for projects that cross county lines?
    - Eliminate the "like kind" statute as it applies to wind energy?

- Who should be given the responsibility?
  - IDOR
  - CCAO's
- What methodology should be used?
  - Assess using an income approach?
    - Eliminate the personal vs real issue
    - Not uniform with other electric generating utilities
  - Use a production or tax per kw hour (currently used in MN)
    - Similar to RR tax; collected by the state and distributed to taxing districts
    - Not uniform with other electric generating utilities
  - Any change would require a legislative action
- Who would likely oppose it?
  - Wind energy companies
  - Other electric utilities
    - If wind energy is perceived to be receiving preferential treatment
  - Environmentalists
- CCAO's support a production tax (similar to MN)
  - More research is needed
    - What methods are other states using
    - Is it feasible for the IDOR to accept this responsibility
    - Will a "Production tax" result in wind energy receiving preferential treatment?
    - How much tax will be generated using this method?
- IDOR staff members are researching methodology used in other states
- Goal is to introduce legislation for the 2006 session

### **What should counties do in the interim?**

- According to the Illinois Commerce Commission, in order to make these projects economically feasible, wind energy companies need long-term power purchase agreements. The electric utility companies currently have no incentive to sign a long-term agreement. The Lee and Bureau County projects moved forward because the local utility (Com-Ed) was motivated to sign a power purchase agreement in order to comply with the City of Chicago's requirement to provide a percentage of their energy from a renewable energy source. Incentives to other utility companies could come in the form of a renewable energy bill that would require all utilities to produce some electricity from a renewable source. Until then, construction on the remaining proposed projects is not likely.
- In the meantime....
  - Counties are encouraged to contact their legislators and inform them of the issues.
  - Until there is a resolution, "proposed assessment agreements" should be avoided or contain a disclaimer indicating that state legislative action will take precedence over any county assessment agreement.

## Mendota Hills LLC Wind Energy

"The Assessed Value of Wind Farms"

Wendy Ryerson, Lee County CCAO



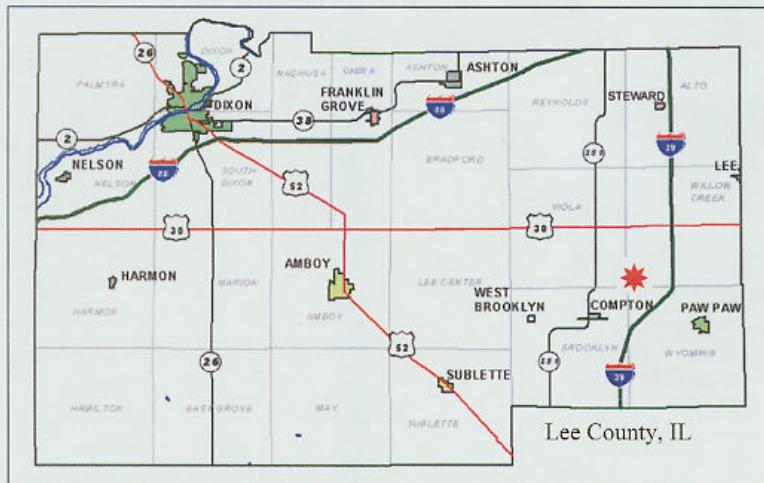
### Project Characteristics

- Size: 63 wind turbines
- Capacity of 50.4 MW of electricity
- Tower Height: 214"
- Blade Length: 83'
- Rotor Diameter: 171'
- Lease value: \$3,000-\$5,000 per turbine
- Electricity: Will generate enough electricity to power approx. 15,000 homes
- Eleven land owners

### Lee County Characteristics

Parcels: 29,000  
2005 Tentative EAV: \$607,305,956  
Residential (61%)  
Farm (21%)  
Commercial (10%)  
Industrial (8%)

### Site map:



***Travel and site visits by Craig Cox in support of supply chain work:***

**Trip to South Dakota and Minnesota:** In October 2003, Craig kicked off the supply chain work with a trip to a National Wind Coordinating Committee meeting in Huron, South Dakota. After this meeting, Craig went to southwestern Minnesota, where he spoke with various stakeholders in Lake Benton, Minnesota, which has billed itself as the “Windpower Capital of the Midwest.” This trip provided Craig with many ideas on how best to pursue the supply chain efforts in Colorado, and later in New Mexico and Illinois.

**Trips to Lamar, Colorado:** One trip in November 2003, three trips in 2004 (two in January and one in May) and one trip in February 2005. During each trip, Craig spoke with local business leaders, elected officials and other community leaders.

**Trip to New Mexico Wind Energy Center:** In June 2004, Craig visited this site to talk with a wide range of local stakeholders. He also spoke with project owner FPL Energy about obtaining financial information on the project to use in the JEDI economic development model. Unfortunately, FPL was not willing to supply the information we sought, so we had to pursue other, publicly available, sources of information, which we shared with DOE as part of our deliverables.

**Trip to Mendota Hills project:** In November 2005, Craig Cox visited the Mendota Hills wind project in Illinois and talked with local stakeholders about the project's economic impacts on the community. As reported earlier, the local community was supportive of this project, but because of the larger size of the surrounding community and the smaller size of the project (compared with the Colorado and New Mexico success stories), its impact was not so dramatic as in Colorado and New Mexico.

**Wind Energy Supply Chain Presentations**

Since completing his work on “From Snack Bars to Rebar,” Craig has delivered this presentation on numerous occasions throughout the country. A list of these presentations is contained in our final report. In addition, he has mailed it to many dozens of stakeholders over the past three years, many of whom have gone on to deliver it at various forums around the country. It has been posted to several state energy websites.

## **CONCLUSION**

Bob Lawrence and Associates prides itself on the support and outreach services it conducted on behalf of the Department of Energy's Wind Powering America (WPA) program. During its years of support services, the company has generated informative brochures and posters, researched and created case studies, and provided technical support to key wind program managers. BL&A has also analyzed and performed field research to develop a “wind supply chain” and informative PowerPoint presentation for wind projects in Lamar, Colorado, New Mexico, and Illinois.