

Kas Brothers Plant 25-Year Cash Crop This Season: Wind Power

From one perspective, Richard and Roger Kas of Woodstock, Minnesota are typical Midwestern farmers who have grown up farming the family land with their father, William Kas. But this family has something unmistakably unique taking place on their farm. There are seventeen modern wind turbines on their land, generating enough electricity to power 3300 households, and they're about to put up two more. What is even more unique is that the Kas brothers will own these two new commercial-scale wind turbines. This is the first project of its kind in Minnesota, and possibly in the whole Midwest. The wind development came about pretty quick in Southwest Minnesota when the legislature mandated that Northern States Power, now called Xcel Energy, contract 425 MW of wind generated electricity by 2002 in exchange for allowing nuclear waste to be stored outside the Prairie Island Nuclear Plant. Landowners signed leases giving the utility and wind development companies rights to put wind turbines on a portion of their land. The Kas family was part of this group of landowners. But they chose their developer carefully.

Roger thought, "I didn't want my land tied up without a project going on it. Once you sign something you can't do what you want." He felt that, "if someone comes to me and is ready to put a wind project on my land then let's sit down and talk." Otherwise he just felt it was a waste of time to tie his land up for two or three or five years on the option agreements. "I don't know why someone would want to do that. If you have a good wind resource it's good to be sure that a project will actually go up."

The first 17 turbines on their land were developed by Dan Juhl of Danmar Associates, and have been up and running for two years. Roger said, "Dan Juhl was here the first. And we talked, but we had an agreement that if someone else came up with a project first and made us a good offer we would go with them. There were no exclusive agreements."

While Juhl was working to put his project together he kept the Kas family up to date on the different aspects. The process took a long time. It was 1993 when Juhl installed an anemometer tower to measure the wind on the Kas farm. And it was 1999 when the 17 machines were completely installed and producing power. The machines take six acres out of crop production, on the 320 acres or half section. The life of the machines is expected to be about 25 years and power purchase agreement is 25 years.

Roger stayed with it and paid attention to the how the project came together on his land. He may not have had an equity position in the Juhl project, but he certainly had an interest in its success since his wind easement annual payments are based on a percentage of the gross revenue from each machine. "Farming the wind is not right for everyone. We're here everyday feeding the cattle and taking care of the farm, and we see the wind turbines as

just a few more machines for us to take care of." In that respect, you need to learn about the machines and take care of them just as you need to know how to take care of your crops and livestock. Roger has worked in construction on and off all his life. While Dan Juhl's project was being installed on the Kas farm, the turbine manufacturer, Vestas hired Roger, for six months to work on construction and machine maintenance. Roger believes that, "If you want to farm the wind, you should have the knowledge of how it all works."

Over time their business relationship grew and now the Kas brothers and Juhl have completed the planning and financing for a project which the Kas family will own. Juhl led the way on the key pieces to the Kas project like permitting, power purchase agreement, turbine selection and financing. In part because he had done it before and knew the path. But also, to help forge the way for a different type of project - one that is farmer owned and farmer built. Juhl said "This is possible on a small individual scale, but this is a commercial venture, it's not a hobby." There is no project without the power purchase agreement (PPA). This is what the capital financing is based on.

They had to give extra information and special attention to the local bankers to bring them along and get them interested in the wind project. It was all new to the lenders. They have put 20% down and 80% was financed with the PPA as the loan guarantee. The multiple years of wind data and Juhl's project performance were evidence of for the strength of the wind resource. "Every place is going to be different and you have to work it out." Says Kas. "Some land is better for raising corn and soybeans; some land is better for wheat and other places for rice. In the same way, some land is better for wind." The wind resource has to justify the capital investment.

Kas knows he is forging the way with his project and knows that some things will be much easier for the next guy to put up a wind project. He insists that "I am not giving anyone any advice now. I can't give any advice until mine is up and running."

contact: Dan Juhl ["Dan Juhl" <djuhl@dtgnet.com>](mailto:djuhl@dtgnet.com)

[TO TOP](#)