



## Kingman County Commission

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**FOR IMMEDIATE RELEASE** – Sept. 17, 2014

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### **Kingman County reaches settlement on wind farm payments**

Kingman County has entered into an agreement with Flat Ridge 2 Wind Energy, LLC that will ensure the county continues to receive an annual payment in lieu of taxes, also known as a PILOT payment, while the commercial wind farm remains in operation and is exempt from property taxes.

In October 2011 prior to the wind farm's construction, Kingman County entered into an agreement with FR2, which is jointly owned by BP Wind Energy and Sempra U.S. Gas & Power. The first PILOT payment of \$312,000 was received by the county in 2013 for the 2012 operation year. The PILOT is based on megawatts of installed electric capacity and the agreement specifies that the payment will increase by 2 percent each year.

Flat Ridge 2 disputed making the next payment (for the 2013 year) and the county entered into legal negotiations to resolve the matter. One issue raised was a property reclassification of wind turbine sites that increased the assessed ad valorem tax on those properties. FR2 argued the wind farm was being taxed, even though the county assessed the higher taxes only to landowners.

Both parties agreed to the settlement to avoid "lengthy and costly litigation" over the annual payment, according to the document, which was signed by Kingman County commissioners on Aug. 11. The settlement allows FR2 to reduce its annual payment by the total amount of any tax increases levied on property with wind turbine sites. Flat Ridge 2 made the 2013 payment of \$310,083.20 earlier this month. The funds have been placed in the county's capital improvement fund for the Law Enforcement Center.

The Flat Ridge 2 wind farm went into operation in December 2012. It is the largest, single-build commercial wind farm in the United States and the largest CWF in Kansas. Its 294 wind turbines are located across portions of Barber, Harper, Kingman and Sumner counties. Flat Ridge 2 has contracted to sell electricity to three out-of-state utilities through the year 2037. Sixty-five wind turbines are located in Kingman County. FR2 is the first CWF built in the county.

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