

## Oregon Community Develops Wind Farm

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WASCO — Ormand Hilderbrand says he "now knows the real meaning of 'going for broke'" after spending five years working to launch Oregon's first small, independently developed wind farm.

"You have to have a vision and you have to stick to it," said Hilderbrand, 59, an entrepreneur whose family has farmed dryland wheat in the Mid-Columbia region east of the town of Wasco since the 1860s. "If you have the least bit of doubt, you won't get it done."

Construction started in June on the first of six wind turbines at Hilderbrand's 9-megawatt-capacity PaTu Wind Farm. PaTu is the Native American word for Mount Adams, visible from the wind farm's site along with Mount Hood, known to Native Americans as Wy'East.

When it begins generating electric power for sale to Portland General Electric Co. on Nov. 15, PaTu Wind Farm also will have the potential to generate local jobs, retail equipment sales and general economic boosters for the surrounding Columbia River Gorge region, Hilderbrand said.

Total cost of the project will be in the range of \$22 million to \$24 million.

"When I finally turn a profit, I will invest it here this is my home," said Hilderbrand, a 1969 Sherman High School graduate, who now lives on a trailer on the property. His parents still farm wheat on nearby acreage.

"I plan to build a house," he said. "I will buy vehicles from The Dalles dealers, and I will employ local workers."

Paul Woodin, executive director of The Dalles-based Community Renewable Energy Association, said there are a few other community wind projects up and running or in progress in the state, but Hilderbrand's was the first to be developed without direct corporate support.

"The John Deere Co. developed several community projects with the Echo Wind Farm (in Morrow and Umatilla counties in eastern Oregon)," Woodin said.

"There are nine projects at Echo Wind six are straight corporate and three are the flip model," Woodin added. "With the flip model, Deere retains ownership for about 10 to 12

years of the tax credit program. When that's done, they flip ownership back to the farmer."

What Hilderbrand has done that's different, Woodin said, "is that from Day 1, he has owned the project outright he is not using the flip structure."

Hilderbrand said he originally was planning to have a similar arrangement at PaTu with John Deere as exists at Echo Wind Farm, but he decided instead to do it himself. Potential for profits and revenue are greater that way but so is the risk, he said.

"Both small-scale project models such as mine and the John Deere one at Echo Wind Farm are important to Oregon," Hilderbrand said.

"My development path has significantly higher risk for me," he added. "If I stumble in the process, I pay the price.

"On the flip side," he said. "I believe my project has a higher economic return to the local or community area."

Hilderbrand is one of three owners of PaTu Wind Farm, along with his brother, Jeff Hilderbrand, and a local investor, who prefers to remain anonymous.

While he has benefited from advice, support, favorable legislation and grants from a host of local, regional, state and federal public agencies as well as significant financing from a Colorado bank Hilderbrand has done all the development work himself for the past five years.

That includes, he said, "sourcing the construction and long-term financing, selecting turbines, employing engineering firms and contracting the construction companies for the wind farm and substation build-out," he said.

"Plus," Hilderbrand added, "I provide the on-site project management and general management once the project is in commercial operation."

Some wind farm projects in central and eastern Oregon have has encountered environmental challenges. In the case of a wind farm near the Steens Mountain in Harney County, for example, the project is thought to encroach on a sage grouse habitat, Woodin said.

But Hilderbrand said his Sherman County site is mostly free of significant wildlife habitats since it has been farmed for centuries.

"These (turbines) are about as benign to the environment as you could imagine," he said.

Woodin added that there have already been numerous environmental studies in Sherman County done by the surrounding large wind projects, "so the impacts are already very well understood," he said.

As to sound issues, Hilderbrand said he just doesn't see it or hear it.

"I don't care what anyone says, these units are not noisy," Hilderbrand added. "I live in a trailer here, and I hear the wind, but that's it. If you start hearing machine noises, then you've got a problem."

Diana Enright, spokeswoman for the Oregon Department of Energy, said her office staff does not regulate community wind projects because they only deal with wind farms of 105 megawatt capacity or greater.

"We know about the large projects, because they have to go through our office for state siting," she said.

Hilderbrand said the state's economy needs both large and small wind projects if the industry is to meet a 2007 Oregon state Legislature mandate to have 25 percent of the state's energy come from renewable sources (other than hydropower) by 2025.

Fortunately for PaTu Wind Farm, of the 25 percent mandate for renewable energy, the 2007 law requires that 8 percent of it come from small community projects.

"Without that ruling, we would have had to compete with (large wind farms)" for electric company contracts, Hilderbrand said. "I think both large and small projects are important for Oregon's future."

Larger wind farms are becoming almost ubiquitous in central and eastern Oregon. PaTu Wind Farm is surrounded, for example, by scores of turbines developed by Iberdrola Renewables, a Portland-based energy company, in its Klondike wind farm projects.

According to state records, Klondike's four existing projects already have a total capacity to produce up to 389 megawatts depending on how much wind blows. In Gilliam and Morrow counties, New York-based Caithness Energy began construction May 1 on Shepherds Flat, an 845-megawatt capacity wind farm with 338 turbines. Shepherds Flat is said to be the largest such project in the nation and perhaps the world.

Hilderbrand, meanwhile, said he has started other businesses in his life, but he had no idea that a wind farm could be so risky or so volatile.

Politics, the national economy and the election cycle have had as much to do with survival of the project as almost anything else factors he didn't expect.

"I didn't realize until I got into it how high risk it was," he said. "I like risks I can control this type of risk is political, and I can't control it."

For example, he originally was seeking financing from the traditional powerhouse investment banks Wells Fargo, Bear Stearns, Lehman Brothers, to name a few until the bottom fell out of Wall Street and the national economy in 2008.

He credits help from Oregon Department of Energy, Bonneville Power Administration, Portland General Electric and the Wasco Electric Cooperative for keeping the project on track.

"We were extremely fortunate to have a chance to work with (the bank in Colorado)," he said. "They're not a retail bank they primarily loan to cooperatives."

In addition, federal legislation, namely the American Recovery and Investment Act of 2009, also was lifesaving, Hilderbrand said. Originally set up to offer production or investment tax credits for new wind farms, the program changed within the past year to also allow for outright grants of up to 30 percent of the total project cost, Hilderbrand said.

"But none of the grant money is available until you get it built and produce power," he said.

In retrospect, Hilderbrand said he would do it all over again, but would learn from his mistakes. In five years, he spent hundreds of thousands of dollars on engineering fees, permits, legal advice, equipment purchases, staff salaries and cultural, environmental and anthropological studies.

"It was a huge risk, and it all had to be done in advance, before even talking to the banks," he said.

"I now know the real meaning of going for broke," Hilderbrand added. "Once you're started, you can't stop."