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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

July 6, 2015

Dear Landowner,

The purpose of this letter is to provide you with important information regarding the CapX2020 Big Stone South to Brookings County 345 kV electric transmission project. The information provided with this letter includes:

- A summary of project schedule;
- A copy of the South Dakota Public Utilities Commission (PUC) permit;
- Information on safety and what activities are allowed near the transmission line;
- Information on construction damage payments; and
- Information on the construction process.

Schedule

Construction will begin in August, 2015 on the northern portion of the project. We anticipate construction to start on the southern portion of the project in early 2016. Completion of construction is expected in the fall of 2017. Additional mailings will be sent to you in the coming months that will provide you with more detailed schedule information for your specific area.

PUC Permit

On February 20, 2014, the South Dakota PUC issued a Facilities Permit authorizing Xcel Energy and Otter Tail Power Company to construct the Big Stone South to Brookings County 345 kV transmission line. For your reference, the permit order is attached to this letter.

Safety fact sheet

For most agricultural areas, the land near a transmission line can continue to be used as it has in the past. A utility is required to maintain safe clearance from energized wires and structures and to keep tall trees from growing in the right of way. Please review the attached Safety Fact Sheet for additional explanation of what activities are allowed near the transmission line.

Construction Damage

The construction process may result in damage to your crops. We have a process to compensate landowners for any crop damage that occurs. In general, we will wait until construction is complete, calculate actual damages and make payment for damages. Please review the attached crop damage procedure for a detailed description of this process.

CAPX2020 BIG STONE SOUTH - BROOKINGS COUNTY TRANSMISSION LINE 0966 CONSTRUCTION DAMAGE PAYMENTS – GENERAL PROCEDURE

Grantee will repair and/or pay for all damages to property caused by the construction of the above lines. Damages are settled after construction is completed, on an actual loss basis, by Grantee's land agent contacting the landowner, tenant or both on a share crop split, itemizing the damages, calculating the loss and making the payment in exchange for a damage release. Such losses include crop loss, compaction loss and other property damages. This handout explains how the construction damage claim process works.

Post-construction damage settlements:

1. After construction is complete, Grantee will repair or replace non-crop damages such as driveways, culverts and drainage tile. Grantee's agent will contact the landowner/tenant to identify the damages that were not repaired or replaced, calculate the total loss on an actual loss/yield basis, pay for the loss on a replacement/market/guaranteed (LDP) price and make payment to the landowner/tenant in exchange for a damage release that identifies the compensated damages. Any damages that are inadvertently overlooked at this time (i.e. damaged drain tile) will be settled later after they are identified.
2. Compaction damages will be mitigated and settled after construction based on the actual area compacted. Payment will be made in a single installment calculated on the following basis:
 - a. The compacted area will be chisel plowed or the landowner/tenant will be paid \$75/acre to chisel plow the compacted area.
 - b. In addition to the current crop damaged by the construction, a payment for future yield losses from compaction will be made based upon measurement of the actual area compacted, indicated crops planted and their yields, market or guaranteed price as follows: 1st year - 50% loss, 2nd year – 25% loss and 3rd year 25% loss.

This method has been implemented on other CapX2020 projects.

Pre-construction damage settlements:

In some cases Grantee may request landowners/tenants forego spring planting in certain areas if/when construction activities are expected to begin around the same time or shortly thereafter. In these cases, Grantee will compensate the landowner/tenant in advance of construction based on the area to be left unplanted (generally a strip of land 50 -100 feet wide) using current average yields, market prices and compaction as factored above. After construction is completed, Grantee would also compensate landowners/tenants for any actual damages that occur outside of the unplanted area.

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