



Control Number: 25937



Item Number: 78

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Project No. 25937

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PUC INVESTIGATION INTO
POSSIBLE MANIPULATION
OF THE ERCOT MARKET

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BEFORE THE PUBLIC UTILITY

COMMISSION OF TEXAS

**CIELO WIND POWER, LLC'S
RESPONSE TO REQUESTS FOR ADMISSIONS
AND REQUESTS FOR PRODUCTION OF DOCUMENTS
ON BEHALF OF ITSELF AND AS GENERAL PARTNER
FOR LLANO ESTACADO WIND, LP**

COMES NOW Cielo Wind Power, LLC, ("Cielo") and files this response to the Commission's Requests for Admissions and Requests for Production of Documents dated June 12, 2002, on behalf of itself and as the sole general partner of Llano Estacado Wind, LP, during the period from July 31, 2001, through December 31, 2001.

AFFIDAVIT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

BEFORE ME, the undersigned Notary Public, on this date personally appeared Walter Hornaday who after being by me duly sworn deposed and stated:

1. "My name is Walter Hornaday. I am the President of Cielo Wind Power, LLC. I am over 18 years of age and competent to make this Affidavit. I have personal knowledge of the matters discussed herein and, to the best of my knowledge, all statements made in the following responses to Requests for Admissions and Requests for Production of Documents are true and correct."

Responses to Requests for Admissions

Request A.1 Admit or Deny: You engaged in ERCOT in any or all of the strategies outlined in the Enron memoranda, or variants thereof, for any time beginning on or after July 31, 2001.

Response: DENY.

Request A.2 If you so admit, provide complete details of all transactions you engaged in as part of any such activities, including the dates for all purchases and sales of energy and/or ancillary services, counter-parties to the transactions, prices and volumes, delivery points, and corresponding ERCOT schedules. Also, provide all documents that refer or relate to any such activities.

Response: Not Applicable.

Request B.1a Admit or Deny: You engaged in activity in ERCOT described in the Enron memoranda as "Load Shift" for any time beginning on or after July 31, 2001. This variant of "relieving congestion" involved submitting artificial schedules in order to receive inter-zonal balancing energy payments. The appearance of congestion was created by deliberately over-scheduling load in one zone and under-scheduling load in another, connecting zone; and artificially shifting load from a congested zone to a less congested zone, thereby earning payments for reducing congestion.

Response: DENY.

Request B.1b. If you so admit, provide complete details as to all transactions you engaged in as part of any such activities. Also, provide all documents that refer or relate to any such activities.

Response: Not Applicable.

Request B.2a. Admit or Deny: You scheduled or operated your resources or loads for the purpose of creating congestion in order to get paid by ERCOT for relieving that congestion or to receive transmission congestion right (TCR) revenues.

Response: DENY.

Request B.2b. If you so admit, provide complete details as to all transactions that you engaged in as part of this activity, including the dates of all transactions, all schedules of load and resources by zone, load or resource imbalance payments received, and TCR payments received. Also, provide all documents that refer or relate to this activity.

Response: Not Applicable.

Request C.1 Admit or Deny: You engaged in ERCOT in activity described in the Enron memoranda as "Fat Boy" for any time beginning on or after July 31, 2001, in

which you artificially increased load on the schedule you submitted to ERCOT with a corresponding amount of generation and then you dispatched the generation you scheduled, which was in excess of your actual load. This activity resulted in balancing energy payments to you for the excess generation.

Response: DENY.

Request C.2. If you so admit, provide complete details of all transactions that you engaged in as part of this activity, including the dates of all of the transactions, corresponding schedules, and payments from ERCOT for balancing energy (including both price and volumes). Also, provide all documents that refer or relate to this activity.

Response: Not applicable.

Request D.1a. Admit or Deny: You engaged in “Wash,” “Round Trip,” “Bragawatt,” or “Sell/Buyback” trading in ERCOT, whether scheduled through the ISO or not, for any time beginning on or after July 31, 2001. Such trading involves the sale of an electricity product to another entity together with a contemporaneous purchase of the same product at the same price.

Response: DENY.

Request D.1b. Admit or Deny: You engaged in activity in ERCOT designed to artificially increase your trading revenue or the price of electricity products traded in ERCOT.

Response: DENY.

Request D.2a. If you admit to engaging in the activity described in either D1a. or D1b., explain whether any such transactions were reported to Platts or any other entity that monitors, publishes, or reports trading data (including bid-and-ask data) or publishes or reports prices or forward indices.

Response: Not Applicable.

Request D.2b. If you admit to engaging in the activity described in either D1a. or D1b., provide complete details of all transactions that you engaged in as part of such activities, including the dates of all transactions, the amount and price at which the power was sold, and the identities of your counterparties. Also, provide all documents that refer or relate to these activities.

Response: Not Applicable.

Responses to Requests for Production of Documents

Produce all of the following documents that are within your possession or control. For purposes of this request, you may omit any documents that have been publicly filed with the Commission in any existing docket or project as well as any documents that have been disseminated or discussed at any ERCOT Board, committee, subcommittee, working group, or task force meeting:

Request A Documents addressing in any manner opportunities for manipulation of any market pertaining to electricity in ERCOT.

Response: No items have been identified that are responsive to the request.

Request B Documents addressing in any manner the strategy of overscheduling loads or resources in ERCOT.

Response: No items have been identified that are responsive to the request.


Request C Documents addressing in any manner benefits received as a result of intentional or negligent overscheduling in ERCOT.

Response: No items have been identified that are responsive to the request.

Request D Documents addressing in any manner benefits received by you resulting from activities described in D. 1a. and 1b. of the above Requests for Admissions.

Response: No items have been identified that are responsive to the request.

Further the Affiant sayeth not.



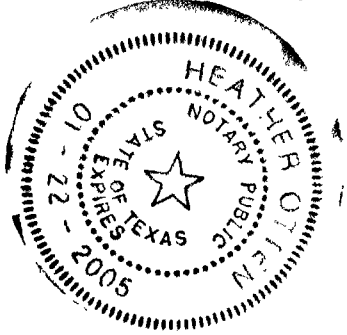
Walter Hornaday, President
Cielo Wind Power, LLC

STATE OF TEXAS

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COUNTY OF TRAVIS

Subscribed and sworn to before me this 2nd day of July 2002, to certify which
witness my hand and seal of office.



[Signature]
Notary Public

HEATHER OTTEN
Name (Printed or Typed)
My Commission Expires: 01-22-2005