



Control Number: 38290



Item Number: 330

Addendum StartPage: 0

SOAH DOCKET NO. 473-10-4790
P.U.C. DOCKET NO. 38290

APPLICATION OF SHARYLAND §
UTILITIES, L.P. TO AMEND ITS §
CERTIFICATE OF CONVENIENCE AND § BEFORE THE STATE OFFICE
NECESSITY FOR THE PROPOSED §
HEREFORD TO WHITE DEER 345 KV §
CREZ TRANSMISSION LINE § OF
(FORMALLY PANHANDLE AB TO §
PANHANDLE BA) IN ARMSTRONG, §
CARSON, DEAF SMITH, OLDHAM, § ADMINISTRATIVE HEARINGS
POTTER, AND RANDALL COUNTIES §

CIELO WIND SERVICES, INC.'S RESPONSE TO
SHARYLAND UTILITIES, L.P.'S
FIRST REQUESTS FOR INFORMATION

Cielo Wind Services, Inc. ("Cielo") submits the attached Response to Sharyland Utilities, L.P.'s ("Sharyland") First Requests for Information ("RFIs").

Pursuant to Public Utility Commission Procedural Rule §22.144(c)(2)(F), Cielo stipulates that the attached response may be treated as if the answers were filed under oath.

Respectfully submitted,

SMITH & MAJCHER
816 Congress Avenue, Suite 1270
Austin, Texas 78701
512/322-9044
512/322-9020 facsimile
lssmith@reglaw.com

By: Lawrence S. Smith
Lawrence S. Smith
State Bar No. 18639000

ATTORNEYS FOR CIELO WIND SERVICES,
INC.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document was served by U.S. mail, facsimile, hand-delivery, or electronic mail, on the 2nd day of September, 2010 to Sharyland pursuant to Order No. 1.


Lawrence S. Smith

**Cielo's Response to Sharyland
First RFI SU-Cielo 1-1
September 2, 2010**

SU-Cielo 1-1:

Please provide a map indicating the property/lease boundaries for the Wildorado Wind Two Project and identify any planned or existing wind turbine locations. Please identify any FAA-permitted tower locations on the map.

Cielo's Response to SU-Cielo 1-1:

Sharyland has agreed to withdraw SU-Cielo 1-1 pending Sharyland's review of Cielo's testimony. However, Sharyland reserves the right to resubmit the question in SU-Cielo 1-1 to Cielo at a later time and Cielo reserves its right to object if Sharyland does so.

Preparer: Lawrence S. Smith
Witness: Melissa Miller

**Cielo's Response to Sharyland
First RFI SU-Cielo 1-2
September 2, 2010**

SU-Cielo 1-2:

Please state the approximate date on which you expect the Wildorado Wind Two Project to become operational and indicated whether the Project will interconnect with ERCOT, the Southwest Power Pool, or both. Please provide any documents or communications that discuss or relate to the feasibility of interconnecting the Wildorado Wind Two Project to both the ERCOT and Southwest Power Pool grids.

Cielo's Response to SU-Cielo 1-2:

Cielo presently expects the project to become operational in 2011. The Wildorado Two project will interconnect with the Southwest Power Pool. Cielo has not considered the feasibility of interconnection to both grids, and consequently there are no documents responsive to this request.

Preparer: Lawrence S. Smith
Witness: Melissa Miller

**Cielo's Response to Sharyland
First RFI SU-Cielo 1-3
September 2, 2010**

SU-Cielo 1-3:

Please provide a copy of all documents or communications with Golden Spread Electric Cooperative, Inc. ("Golden Spread") or any other person other than Sharyland that discuss, address, or relate to the potential effect of Sharyland's proposed alternative routes, including the Preferred Route, on the Wildorado Wind Two Project.

Cielo's Response to SU-Cielo 1-3:

Some time ago, Golden Spread requested information from Cielo on this subject. The attachments were provided by Cielo to Golden Spread in response to that request. Some maps that were part of that package contain confidential information and are provided pursuant to the protective order in this docket.

Preparer: Lawrence S. Smith
Witness: Melissa Miller

Melissa Miller

From: Walter Hornaday
Sent: Wednesday, June 16, 2010 4:54 PM
To: Kevin Kelly; Joe Stark; Melissa Miller
Subject: FW: Wildorado Wind Two, LLC: CREZ Correspondence
Attachments: CREZ.zip

This is what sent previous. We should make sure the Feb 18 notice from SPP to Xcel in here and anything new (Sharyland CNN) added to this and send to Mike again and copy the GSEC attorney asking for info.

Walter Hornaday
President
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-----Original Message-----

From: Walter Hornaday
Sent: Monday, June 07, 2010 5:07 PM
To: mwise@gsec.coop
Cc: Joe Stark; Kevin Kelly
Subject: Wildorado Wind Two, LLC: CREZ Correspondence

Mr Wise,

Attached is some background information on work with Sharyland to put them on notice not to route a transmission route through the Wildorado Wind Two LLC project.

Walter Hornaday
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-----Original Message-----

From: Jade Smith
Sent: Monday, June 07, 2010 4:54 PM
To: Walter Hornaday
Subject: CREZ Correspondence

Walt,

I zipped the correspondence in an effort to make it smaller. The folder includes all of the letters and emails corresponding to the location discussion. Let me know if you need it to be sent in a different format.

Jade Smith
Project Associate
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RICHARD P. NOLAND
DIRECT LINE: 512.721.2654
E-mail: richard.noland@sutherland.com

May 17, 2010

Melissa Miller
Project Manager, Cielo Wind Services, Inc.
823 Congress Avenue, Suite 500
Austin, Texas 78701

Re: Proposed White Deer to Hereford CREZ Transmission Line

Dear Ms. Miller:

This responds to your letters of May 13 and 14, 2010, concerning the above referenced matter. As I understand from my discussions with your counsel, Larry Smith, and from your letters, Cielo Wind Services, Inc. ("Cielo") is concerned with a portion of one of the routes that Sharyland Utilities, L.P. ("Sharyland") is studying with respect to Sharyland's proposed CREZ transmission line that would run from the planned White Deer Station to the planned Hereford Station. This portion, identified as Link B1 on the map you provided with your May 14 letter, is in eastern Oldham County. You have advised us that Cielo is developing a 80-160 MW wind project in the area (known as the "Wildorado Two Wind Ranch") that is adjacent to the existing Wildorado Wind Ranch. The Wildorado Two Wind Ranch, like the existing Wildorado Wind Ranch, would interconnect with the Southwestern Power Pool ("SPP") electrical system. As I understand it, Cielo is concerned that proposed Link B1 would interfere with Cielo's development of the Wildorado Two project and in particular may adversely affect Cielo's ability to site several planned wind turbines that have already been permitted by the Federal Aviation Administration ("FAA").

As I mentioned to Larry on Friday, Sharyland's practice is to work closely with landowners and wind developers to minimize the impact of its proposed transmission lines. As you know, Link B1 is part of one of several alternative routes that Sharyland plans to submit to the Public Utility Commission of Texas ("PUCT") when Sharyland files its application to construct the White Deer to Hereford transmission line on June 14, 2010. Therefore, it is not known at this time whether the PUCT will approve the route that you have expressed concern about. However, if the PUCT does approve a route that contains Link B1, Sharyland commits that it will cooperate with Cielo to the extent feasible to adopt minor route deviations that will avoid interference with existing wind turbine locations in the project that have been permitted by the FAA as well as existing and planned infrastructure.

SUTHERLAND ASBILL & BRENNAN LLP

Melissa Miller
May 17, 2010
Page 2

I understand that Sharyland has already met with Cielo and has agreed to make certain adjustments to the proposed route in order to accommodate Cielo's needs; we will continue to work with Cielo if Link B1 is selected in order to minimize the impact of the line on the Wildorado Two project. In order to implement this commitment, after issuance of a CCN approving the proposed route and prior to beginning construction, Sharyland would designate a responsible person who would coordinate on the final routing of the proposed transmission line across the Wildorado Two project with a person designated by Cielo.

If you are not already planning on doing so, Cielo may wish to consider intervening in the CCN proceeding relating to the White Deer to Hereford transmission line in order to express Cielo's concerns and views regarding the potential impact of the proposed line on the Wildorado Two Wind Ranch. As noted above, Sharyland is currently planning on filing the application for this line on June 14, 2010.

I hope this answers your questions. Please let me know if you have any further questions regarding this matter.

Sincerely,


Richard P. Noland

cc: Larry Smith
Mark Caskey
Mark Meyer
Sherry Kunka

Jade Smith

From: Melissa Miller
Sent: Monday, June 07, 2010 4:29 PM
To: Jade Smith
Subject: FW: Sharyland Letter to Cielo points

Melissa Miller
Project Manager
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From: Walter Hornaday
Sent: Friday, May 14, 2010 2:48 PM
To: Melissa Miller
Subject: RE: Sharyland Letter to Cielo points

Agree that you will not show an alternative route through the project, but will show the one attached on this map. Short and simple.

Walter Hornaday
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From: Melissa Miller
Sent: Friday, May 14, 2010 2:40 PM
To: Walter Hornaday
Subject: Sharyland Letter to Cielo points

Sharyland Letter to Cielo points:

- Thank us for information about the impacts of the Oldham County leg for our planned Wildorado Two development
- Understand the impacts to the project if this leg is chosen as the final route
- Agree not to not to choose the segment going through the middle of the project area as the Preferred Route

- If the route is chose as the final route, will make sure the line is routed north of the project area to reduce wake loss

Attach map of where north they can go if after the CCN proceeding the final route is chosen through Oldham County.

Anything else to add?

Melissa Miller
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May 14, 2010

Rich Noland
Sutherland Asbill & Brennan LLP
701 Brazos Street
Suite 970
Austin, TX 78701-3232

Re: Proposed Route Alternative to B1

Dear Mr. Noland,

Cielo Wind Services, Inc. thanks you for Sharyland's prompt response to Cielo's request for assistance in regard to the impact of one proposed link (B1) of the White Deer to Hereford transmission line on Cielo's pending development in Oldham County. The proposed link B1 goes right through the middle of the project and jeopardizes the commercial viability of that project, for reasons we explained.

It would be helpful in going forward with our partners in this project if Sharyland could give us a letter stating that link B1 (when filed) will deviate around our planned project as indicated on the attached map.

Alternatively, it might be helpful if we could have Sharyland's written representation that, should link B1 be part of the route finally chosen by the PUC, Sharyland will make minor route deviations which will avoid all interference with the wind generation tower locations, as already permitted by the FAA, and all infrastructure within the planned development.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read 'Melissa Miller', with a stylized flourish at the end.

Melissa Miller
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May 13, 2010

Mark Caskey
Mark Meyer
Sherry Kunka
Sharyland Utilities, LP
1900 North Akard Street
Dallas, Texas 75201-2300

Re: Opposition to Oldham County route and Northern Routes for Panhandle AB to BA

Dear Mr. Caskey, Mr. Meyer, and Ms. Kunka,

Thank you for meeting with us recently to discuss Cielo Wind Services Inc.'s (Cielo) comments and opposition to the proposed potential Oldham County route as well as the northern routes for the lines between Panhandle AB and BA .

I am writing today to further define our reasoning for opposing the most northern CREZ route, specifically the leg of the route that is proposed through Oldham County, and to put forth our support of the most northern southern route, to connect in Deaf Smith County.

Of the sponsors of the Sharyland CREZ circuit, there are none with lease positions north of Hereford, Texas. Sharyland's routing around the north side of Amarillo has no business merits except to add to the amount of transmission that ratepayers have to fund for the final Sharyland project. If Cielo is the only sponsor to Sharyland with a lease position between I-40 and Hwy 60 (Amarillo to Borger), and we don't want you here, you should re-direct your route. Simply providing a collection substation at the far most northwest corner of your route per the attached map is all Cielo needs to efficiently interconnect its project area to this circuit.

As mentioned in our recent meeting, Cielo is in the process of financing a 80-160MW development in eastern Oldham County, which will be an expansion project to the 160MW Wildorado Wind Ranch™ previously developed by Cielo in Oldham County. This near term, 2011 planned Wildorado Two Wind Ranch™ will utilize the existing 230kV SPP line that serves the Wildorado Wind Ranch™ and interconnects at the Bushland Interchange in Potter County.

In our meeting, we discussed the route in Oldham County as previously proposed by Sharyland is in the process of being adjusted to "parallel" the existing 230kV SPP line that currently serves the Wildorado Wind Ranch™. It is my understanding that a typical buffer area for a paralleled route is to leave a 2500

1 | Page

foot area in between the lines, and that Sharyland is currently in discussions with SPP to possibly minimize that buffer to 500 feet.

In reading through the comments in the docket, it appears there is a misconception of the benefit of "paralleling" existing transmission routes. Instead, this buffer area will effectively condemn the land in between the two power lines, and in our case, both the new 175 foot easement for the lattice structure 345kV line as well as the 500 to 2500 foot buffer will take planned turbines out of the development plan.

Attached is a map, "CREZ Route Impact", showing a confidential project that is in escrow to close in the next weeks. Cielo respectfully demands that Sharyland confirm that it will not propose any routes through this specific area by Monday, May 17, 2010, as Cielo is now in the position of funding security for a 50MW wind development 3-5 years in the future that condemns an 80-160MW wind power project area that is in escrow for financing. This is over \$100MM of capital investment and hundreds of 2010 and 2011 local jobs that routing this circuit through this location would jeopardize. This project area has been designated by Oldham County as a wind investment zone in the public record. The memorandum's of wind leases of this area is in the public record.

The locations of the turbines for the Wildorado Two Wind Ranch™ have been planned for several years. The turbine locations received their Determination of No Hazard permits from the Federal Aviation Administration on December 2, 2008. All of this information is in the public record.

As indicated before, the routing of the transmission circuit through low pristine ranch land is inequitable when the beneficiaries of wind projects are generally cap rock top farm land country. The direct route between Hereford and White Deer would be a much more equitable route as this is where the sponsors of the CREZ circuits have lease positions.

Cielo's expectation of Sharyland was to use standards of care and judgment in selecting a transmission route that a regulated transmission service provider (TSP) would provide. Cielo is concerned that by choosing a route that has large opposition along the entirety of the route North of I 40 and West of Hwy 60, that this circuit will be delayed for years in litigation by the well funded ranchers on this route.

SPP in February 2010 directed SPS to construct a 345kV circuit from Potter County to Clovis New Mexico area that directly traverses the route that Sharyland is choosing Northwest of Amarillo. This compounds the multiple SPP 69kV, 230kV and 345kV circuits already crossing this area radiating from the Potter County major substation. Routing an ERCOT 345kV circuit directly through this cluster of SPP circuits appears to lack planning by Sharyland given the security and offset restrictions of transmission assets of two separate reliability grids.

I would also like to comment on the misconceived belief that is repeatedly referenced in the docket that the transmission lines will bring more wind energy development. In fact, it is the substation locations where the wind projects will interconnect. I understand that there is potential for a future substation located closer to Oldham County that has been discussed along the western most proposed line. This

would be beneficial to our future planned developments in Oldham County. Therefore, instead of the northernmost route, Cielo supports a hybrid route to combine the westernmost route through Deaf Smith County with the most northern southern route, to connect in Deaf Smith County as shown on the attached CREZ map. There appears to be significant support for the lines in Deaf Smith, as well as developers to support these lines.

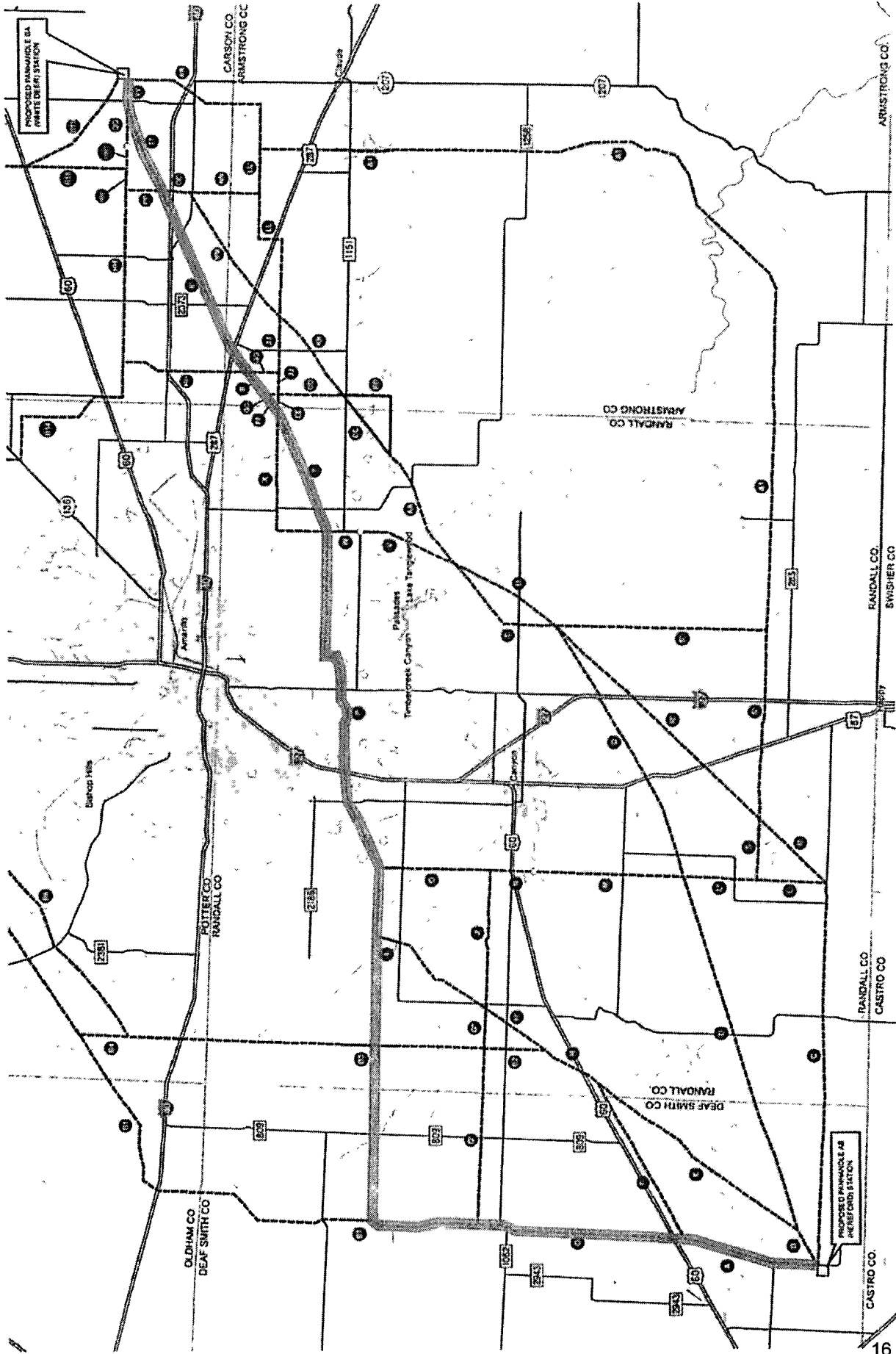
In conclusion, Cielo respectfully demands that Sharyland remove the Oldham County leg from its CCN proposal.

Cielo has been an avid supporter of the CREZ process. We supported the original McCamey 345 Subcommittee to lobby for power lines for wind energy as early as 2003. We have committed to posting collateral in the Panhandle CREZ docket, specifically \$500,000 for Panhandle A. We would like to hear from Sharyland by Monday, May 17, 2010 as to whether you will remove this route from your CCN application.

Sincerely,



Melissa Miller
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Austin, Texas 78701
512.440.0305 phone
mmiller@cielowind.com



Jade Smith

From: Melissa Miller
Sent: Monday, June 07, 2010 4:29 PM
To: Jade Smith
Subject: FW: Sharyland

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From: Walter Hornaday
Sent: Thursday, May 13, 2010 11:22 AM
To: Melissa Miller
Subject: Sharyland

1 Of the sponsors of the Sharyland CREZ circuit, there are none with lease positions north of Hereford, Texas. Sharyland's routing around the north side of Amarillo has no business merits except to add to the amount of transmission that ratepayers have to fund for the final Sharyland project. If Cielo is the only sponsor to Sharyland with a lease position between I40 and Hwy 60 (Amarillo to Borger), and we don't want you here, you should re-direct your route. Simply providing a collection substation at the far most northwest corner of your route per the attached map is all Cielo needs to efficiently interconnect its project area to this circuit.

2 Your route show little or no planning when you propose to parallel SPP transmission circuits that effectively create a 500-2500' "no man's land" that prevents SPP transmission facilities from paralleling these circuits.

3 Attached is a map showing a confidential project that is in escrow to close in the next weeks. Cielo respectfully demands that Sharyland confirm that it will not propose any routes through this specific area by no later than Monday May 17, 2010. Cielo is not going to fund security for a 50MW wind development 3-5 years in the future that condemns an 80-160MW wind power project area that is in escrow for financing. This is over \$100MM of capital investment and hundreds of 2010 and 2011 local jobs routing this circuit through this location would jeopardize. This project area has been designated by Oldham County as a wind investment zone in the public record. The memorandum's of wind leases of this area is in the public record. The FAA permitting and citing of turbine in this area in the record.

4 As indicated before, the routing of the transmission circuit through low pristine ranch land is inequitable when the beneficiaries of wind projects are generally caprock top farm land country. The direct route between Hereford and White Deer would be a much more equitable route as this is where the sponsors of the CREZ circuits have lease positions.

5 Cielo's expectation of Sharyland was to use standards of care and judgement in selecting a transmission route that a regulated transmission service provider (TSP) would provide. Cielo is concerned that by choosing a route that has large

opposition along the entirety of the route North of I 40 and West of Hwy 60, that this circuit will be delayed for years in litigation by the well funded ranchers on this route.

6 SPP in February 2010 directed SPS to construct a 345kV circuit from Potter County to Clovis New Mexico area that directly traverses the route that Sharyland is choosing Northwest of Amarillo. This compounds the multiple SPP 69kV, 230kV and 345kV circuits already crossing this area radiating from the Potter County major substation. Routing an ERCOT 345kV circuit directly through this cluster of SPP circuits appears to lack planning by Sharyland given the security and offset rescriptions of transmission assets of two separate reliability grids.

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April 21, 2010

Mr. Kenneth W. Anderson, Jr., Commissioner
Public Utility Commission of Texas
1701 N. Congress Avenue
Austin, Texas 78701

Re: Panhandle CREZ: Panhandle Zone A to Panhandle Zone B

Dear Commissioner Anderson,

Cielo Wind Services Inc. (Cielo) offers this letter to Sharyland to provide formal comments to the Preliminary Alternative Routes for Panhandle AB (Hereford) Substation to Panhandle BA (White Deer) as proposed by Sharyland Utilities.

For your reference, Cielo has developed 11 projects in Texas and New Mexico totaling 1151MW including the 161MW Wildorado Wind Ranch™ in Oldham, Potter and Randall counties and the 80MW Llano Estacado Wind Ranch™ at White Deer in Carson county. Recently, Cielo has nominated 100MW in the Panhandle CREZ Docket 37567.

Cielo Comments on Panhandle AB (Hereford) Substation and Route:

Cielo opposes the routing of the CREZ line on the ranch property north of I-40 and supports the routing of this circuit on farm land directly between the planned Hereford substation and the planned White Deer Substation, with the following considerations:

1. Transmission Facilities are Equitably Located on Wind Development Property (Farm Land, not Ranch Land)

Cielo is proud of its record of organizing projects in Texas and New Mexico, including having negotiated over 100 miles of high voltage transmission right of way. In general, the Panhandle communities welcome planned wind power development and the associated transmission infrastructure. A fair execution of this plan sites the transmission infrastructure on the high flat farm land that will benefit economically from the wind power development.

Lower elevation and rough terrain ranch land, such as that generally north and west of Amarillo, is not prime wind development property. Therefore, wind power is developed in high flat farm land that

dominates most of the Panhandle. It is generally inequitable for farm tracts to secure the wind leases on negotiated terms on one hand, with low ranch county without wind potential bearing the burden of having large 345kV lattice tower double circuit and multiple conductor structures through condemned right of way on the other hand.

2. Unique Ranch Properties

The Panhandle ranches carved out of the historic XIT generations ago are unique resources in that they offer pristine wide open spaces that have not been impacted by the growing agribusiness economy of the region. Features of these ranches include:

- Little or no overhead distribution circuits
- Little or no overhead transmission circuits
- New center pivot irrigation networks
- Little or no county road grid system
- Large open fenced pastures with little or no cultivation

The impact on these “preserved” ranches is much greater than routing circuits through properties already developed for agribusiness lying on the direct routes between Hereford and White Deer (south of Amarillo.)

3. Direct Routes Are More Cost Effective

The additional miles to circumvent Amarillo place an additional cost on rate payers versus the direct route between the Hereford substation and White Deer.

4. Impact of Cielo SPP Developments

Most of the route segments north of I-40 and west of State Hwy 136 place a cloud on near term wind power work of Cielo until the routes are either removed from the options available to Sharyland or a final route that does not impact Cielo planned work in 2010 and 2011 is approved.

While Cielo is supportive of the benefits to Cielo developments from this transmission work for 2013 or later projects, in the here and now of 2010, having a Transmission Service Provider (TSP) with the authority of condemnation place transmission corridors that impact planned 2010 and 2011 work is of concern.

There are specific uncertainties with regard to interferences of the proposed Sharyland corridor and Cielo wind turbine locations and above ground electric facilities. Even with Sharyland willing to work in cooperation with Cielo, there are no assurances while a potential corridor is planned across these near term developments to remove this cloud on near term work that is critical to economic development in this area.

Cielo advanced work on this project relying on previous routes that showed direct circuits between generally the Hereford area and the Jericho area (now moved to White Deer). These new alternative route(s) north of Amarillo have a near term negative impact on Cielo planned developments. Cielo respectfully requests that the corridor options that traverse north of I-40 and the west side of Amarillo be removed from consideration by Sharyland immediately.

Suggestion for Location and Request for Access to Panhandle BA Substation (Panhandle Zone B)

This station appears to be now sited for the benefit of primarily E.On. As an alternative, Cielo suggests that Sharyland locate this substation north of Panhandle, Texas proximate to lease position of NextEra, Babcock, Cielo and E.On.

Further, wherever the final substation location, Cielo requests that as a condition of locating a collection substation effectively dedicated to two market participants, that a corridor to Cielo developments north of Panhandle is agreed from E.On, Babcock or NextEra as a condition of serving these competitors with a close substation. Cielo similarly was required by a regulated ERCOT TSP (LCRA) to provide corridors to NextEra and AES at a project location in Texas in recent years.

Without these corridors, these competitors can effectively lock out Cielo and significantly delay access to this Panhandle BA substation. Cielo is currently experiencing these issues with lease terms negotiated in the Panhandle by competitors.

Also, if you are not bringing a circuit north of Amarillo, adjusting the Panhandle BA substation provides more central access to wind developers in this area.

Suggestion for a New Panhandle BB Substation (Panhandle Zone B)

In light of announcements of reduction or elimination of wind projects planned near the current planned Panhandle BB substation, Cielo suggests a new location. This new location is effectively at an intersection of E.On and Cielo developments. The suggested location is the intersection of Highway 70 and I-40. If there are those still interested in wind developments in the Pampa area, Cielo is agreeable to providing a corridor to access these development across Cielo developed land to provide access to the north. In the event development work in Pampa merits infrastructure, a radial circuit north along Hwy. 70 provides economic access to this collection node.

Suggestion for Panhandle AB Substation (Panhandle Zone B)

The best way to serve Oldham County potential developments (versus a circuit North of Amarillo) is to locate the Panhandle AB substation north of Highway 60 between Hereford and Canyon. The further north this substation is located, the better access to Oldham County wind developments and the more

direct route on undeveloped farm land to Panhandle BA Substation between Amarillo and the Palo Duro Canyon.

Of critical importance are Cielo comments opposing the transmission corridor being considered north of Amarillo. The balance of our comments are suggestions to provide the most competitive access to these valuable transmission improvements to the Texas Panhandle. We appreciate your attention to these matters and as a follow up to this correspondence, Cielo would like to set up a meeting with Sharyland at your earliest convenience to provide input to the routing of these lines to serve the Panhandle AB Hereford Substation. I will be in contact with you this week to follow up and to schedule this meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Miller", with a stylized flourish at the end.

Melissa Miller
Cielo Wind Services, Inc.
823 Congress Avenue, Suite 500
Austin, Texas 78701
512.440.0305 phone

CC: Walt Hornaday, President, Cielo Wind Services, Inc.
Larry Smith, Smith & Majcher, Attorneys at Law
Mark Caskey, Vice President of Operations, Sharyland Utilities, LP
Texas Public Utility Commission

April 19, 2010

Mark Caskey
Vice President of Operations
Sharyland Utilities, LP
1900 North Akard Street
Dallas, Texas 75201-2300

Re: Comments on Preliminary Alternative Routes for Panhandle AB (Hereford) Substation and 345kV CREZ lines as proposed by Sharyland Utilities

Dear Mr. Caskey,

Cielo Wind Services Inc. offers this letter to Sharyland to provide the following comments to the Preliminary Alternative Routes for Panhandle AB (Hereford) Substation and 345kV CREZ lines as proposed by Sharyland Utilities.

Cielo has developed 11 projects in Texas and New Mexico totaling 1151MW including the 161MW Wildorado Wind Ranch™ in Oldham county and the 80MW Llano Estacado Wind Ranch™ at White Deer in Carson county and is currently in the development stages of multiple projects in the Panhandle region in Oldham, Potter, Deaf Smith and Carson counties with planned interconnects in both ERCOT and the SPP.

In addition to the 100MW that Cielo has nominated in the Panhandle CREZ Docket 37567, Cielo Wind Services Inc. submitted two 1200MW interconnects totaling 2400MW in the Panhandle in January 2009 with ERCOT,GINR 12INR0023 in Oldham and Potter counties and GINR 13INR0001 in Carson and Gray counties. Cielo also has a signed interconnect agreement with SPP for 161 MW for a near term development that is the planned expansion project of Wildorado Wind Ranch in Oldham county.

Cielo has since scaled back our development plans for both of our planned 1200MW ERCOT interconnects, with each planned to be closer to 500MW. These interconnect applications are in the process of being revised.

It is for these projects that Cielo provides comment to Sharyland with specific feedback as to the impacts of certain routes for our planned developments.

Cielo Comments on Panhandle AB (Hereford) Substation and Route:

While Cielo appreciates the effort to accommodate the wind development potential of Oldham county by the siting of this route in eastern Oldham county, the proposed northern route, B1 through B5 - northwest of Amarillo, is particularly unfavorable to our near term development of the 161MW wind development as well as to the future planned developments in Oldham county to be interconnected to ERCOT.

In particular, this B1 route bisects our leased property for our 161MW SPP near term planned development, impacting the ranching operations of the Emeny, Marsh and Bivens landowners. It is absolutely certain that the northern B1 route, if constructed, will put this near term 161 MW SPP signed interconnect development on hold and jeopardize our ability to develop and to finance this project.

Cielo's preferred routing plan for the 345kV circuit is a southern route south of Amarillo. Cielo does not specifically endorse a particular route, as we are confident that whichever route that is developed other than the northern B1 route would be favorable to any of our planned developments in Oldham and Potter counties and we can simply run radial lines to interconnect the projects. Further, it appears that these routes would be shorter and more cost effective while not impacting the housing developments north of Amarillo.

In summary, Cielo's future development plans in Oldham and Potter counties are highly threatened by the northern B1 route and we make a strong recommendation for alternate routes for the Panhandle AB Substation 345kV transmission lines.

We appreciate your attention to this matter and as a follow up to this correspondence, Cielo would like to set up a meeting with Sharyland at your earliest convenience to provide input to the routing of these lines to serve the Panhandle AB Hereford Substation. I will be in contact with you this week to follow up and to schedule this meeting.

Sincerely,

Walter Hornaday
President
Cielo Wind Services, Inc.
823 Congress Avenue, Suite 500
Austin, Texas 78701
512.440.0305 phone
whornaday@cielowind.com

SU-Cielo 1-4:

For the purpose of this question, and regardless of whether you agree with this assumption, please assume that the Commission selects one of the alternative routes that would traverse a portion of the Wildorado Wind Two Project.

- a. Please state whether there are any ways that Sharyland could moderate the impact of the proposed transmission line on the Wildorado Wind Two Project by utilizing the factors set forth in P.U.C. Subst. R. 25.101(b)(3)(B). Please describe with specificity any modifications to Sharyland's proposed alternative routes that you believe would be consistent with such factors.

Cielo's Response to SU-Cielo 1-4a:

The factors set forth in P.U.C. Subst. R. 25.101(b)(3)(B) include using or paralleling existing compatible rights of way, which includes roads, and paralleling property lines. South of the Wildorado Two project, between it and Interstate 40, there is a county road running in a generally east west direction. Paralleling either the county road or Interstate 40 would be consistent with the factors described, and would avoid the adverse effects of traversing the project.

Cielo is a lessee of the project property, and may not know the property boundaries as well as do the lessor landowners. Having said that, it appears likely that a route following lessor landowners' property boundaries around the project area could be found.

- b. Using the map provided in response to SU-Cielo 1-1 above, please draw a line indicating a route through the Wildorado Wind Two Project that Cielo believes would moderate the impact of the transmission line on the planned wind farm.

Cielo's Response to SU-Cielo 1-4b:

Cielo believes that there is no sensible route through the project that would resolve the issues described in Ms. Miller's testimony. It appears likely to Cielo that additional crossings of the existing transmission lines would be required to provide adequate spacing between the Wildorado Two wind turbines and the Sharyland transmission line, and that is neither a sensible solution, nor does it resolve the other concerns related generally to site congestion and site usage by the wind farm operator.

**Cielo's Response to Sharyland
First RFI SU-Cielo 1-4
September 2, 2010**

- c. Please state whether you would be willing to meet with representatives of Sharyland to discuss minor deviations in Sharyland's proposed route or routes across the Wildorado Wind Two Project that would moderate the impact of the transmission line on the Project's operations.

Cielo's Response to SU-Cielo 1-4c:

Cielo has met with representatives of Sharyland on more than one occasion to discuss this matter, with unsatisfactory results. Cielo is willing to discuss a route that avoids traversing the project area, but if "minor deviations" means meandering through the Wildorado Two project area, Cielo's views have been clearly stated and they are unlikely to change.

Preparer: Lawrence S. Smith
Witness: Melissa Miller