



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

May 1, 2017

Dr. Randy Hoyer
Superintendent
Skidmore-Tynan Independent School District
224 W. Main Street
Skidmore, Texas 78389

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Skidmore-Tynan Independent School District and Pacific Wind Development, LLC, Application 1177

Dear Superintendent Hoyer:

On April 11, 2017, the Comptroller issued written notice that Pacific Wind Development, LLC (applicant) submitted a completed application (Application 1177) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on February 13, 2017, to the Skidmore-Tynan Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

¹ All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1177.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2017.

Note that any building or improvement existing as of the application review start date of April 11, 2017, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Reissig", is written over a circular stamp or seal.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Pacific Wind Development, LLC (project) applying to Skidmore-Tynan Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Pacific Wind Development, LLC.

Applicant	Pacific Wind Development, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Power Generation
School District	Skidmore-Tynan ISD
2015-2016 Average Daily Attendance	799
County	San Patricio County/Bee County
Proposed Total Investment in District	\$108,585,000
Proposed Qualified Investment	\$108,500,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	4*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,142.48
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)B	\$1,148.48
Minimum annual wage committed to by applicant for qualified jobs	\$59,408.80
Minimum weekly wage required for non-qualifying jobs	\$888.75
Minimum annual wage required for non-qualifying jobs	\$46,215
Investment per Qualifying Job	\$27,146,250
Estimated M&O levy without any limit (15 years)	\$13,025,025
Estimated M&O levy with Limitation (15 years)	\$5,526,788
Estimated gross M&O tax benefit (15 years)	\$7,498,238

* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).

Table 2 is the estimated statewide economic impact of Pacific Wind Development, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	50	65	115	\$2,750,000	\$5,250,000	\$8,000,000
2019	250	323	573	\$13,750,000	\$28,250,000	\$42,000,000
2020	2	54	56	\$118,818	\$6,881,182	\$7,000,000
2021	2	24	26	\$118,818	\$3,881,182	\$4,000,000
2022	2	2	4	\$118,818	\$1,881,182	\$2,000,000
2023	2	(10)	-8	\$118,818	\$881,182	\$1,000,000
2024	2	(14)	-12	\$118,818	-\$118,818	\$0
2025	2	(14)	-12	\$118,818	-\$118,818	\$0
2026	2	(11)	-9	\$118,818	-\$118,818	\$0
2027	2	(7)	-5	\$118,818	-\$118,818	\$0
2028	2	(3)	-1	\$118,818	-\$118,818	\$0
2029	2	1	3	\$118,818	\$881,182	\$1,000,000
2030	2	2	4	\$118,818	\$881,182	\$1,000,000
2031	2	4	6	\$118,818	\$881,182	\$1,000,000
2032	2	5	7	\$118,818	\$881,182	\$1,000,000
2033	2	6	8	\$118,818	\$881,182	\$1,000,000

Source: CPA REMI, Pacific Wind Development, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	San Patricio County Tax Levy	Bee County Tax Levy	Coastal Bend College Tax Levy	Bee Water Conservation District Tax Levy	San Patricio Drainage Tax Levy	Estimated Total Property Taxes
				0.3130	1.1700		0.4919	0.5179	0.1852	0.0050	0.5789	
2019	\$50,000,000	\$50,000,000		\$156,500	\$585,000	\$741,500	\$245,960	\$258,960	\$92,620	\$2,500	\$289,450	\$1,630,990
2020	\$108,500,000	\$108,500,000		\$339,605	\$1,269,450	\$1,609,055	\$533,733	\$561,943	\$200,985	\$5,425	\$628,107	\$3,539,248
2021	\$103,075,000	\$103,075,000		\$322,625	\$1,205,978	\$1,528,602	\$507,047	\$533,846	\$190,936	\$5,154	\$596,701	\$3,362,286
2022	\$97,650,000	\$97,650,000		\$305,645	\$1,142,505	\$1,448,150	\$480,360	\$505,749	\$180,887	\$4,883	\$565,296	\$3,185,323
2023	\$92,225,000	\$92,225,000		\$288,664	\$1,079,033	\$1,367,697	\$453,673	\$477,652	\$170,838	\$4,611	\$533,891	\$3,008,361
2024	\$86,800,000	\$86,800,000		\$271,684	\$1,015,560	\$1,287,244	\$426,987	\$449,555	\$160,788	\$4,340	\$502,485	\$2,831,399
2025	\$81,375,000	\$81,375,000		\$254,704	\$952,088	\$1,206,791	\$400,300	\$421,457	\$150,739	\$4,069	\$471,080	\$2,654,436
2026	\$75,950,000	\$75,950,000		\$237,724	\$888,615	\$1,126,339	\$373,613	\$393,360	\$140,690	\$3,798	\$439,675	\$2,477,474
2027	\$70,525,000	\$70,525,000		\$220,743	\$825,143	\$1,045,886	\$346,927	\$365,263	\$130,641	\$3,526	\$408,269	\$2,300,511
2028	\$65,100,000	\$65,100,000		\$203,763	\$761,670	\$965,433	\$320,240	\$337,166	\$120,591	\$3,255	\$376,864	\$2,123,549
2029	\$59,675,000	\$59,675,000		\$186,783	\$698,198	\$884,980	\$293,553	\$309,069	\$110,542	\$2,984	\$345,459	\$1,946,587
2030	\$54,250,000	\$54,250,000		\$169,803	\$634,725	\$804,528	\$266,867	\$280,972	\$100,493	\$2,713	\$314,053	\$1,769,624
2031	\$48,825,000	\$48,825,000		\$152,822	\$571,253	\$724,075	\$240,180	\$252,874	\$90,443	\$2,441	\$282,648	\$1,592,662
2032	\$43,400,000	\$43,400,000		\$135,842	\$507,780	\$643,622	\$213,493	\$224,777	\$80,394	\$2,170	\$251,243	\$1,415,699
2033	\$37,975,000	\$37,975,000		\$118,862	\$444,308	\$563,169	\$186,807	\$196,680	\$70,345	\$1,899	\$219,837	\$1,238,737
2034	\$37,925,000	\$37,925,000		\$118,705	\$443,723	\$562,428	\$186,561	\$196,421	\$70,252	\$1,896	\$219,548	\$1,237,106
			Total	\$3,484,473	\$13,025,025	\$16,509,498	\$5,476,299	\$5,765,744	\$1,841,193	\$49,698	\$5,753,977	\$32,422,450

Source: CPA, Pacific Wind Development, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, San Patricio County and Bee County with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the counties, Bee Water Conservation District, Coastal Bend College and San Patricio Drainage Tax Levies.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought													
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	ISD I&S Tax Levy	ISD M&O Tax Levy	M & O and I&S Tax Levies	San Patricio County Tax Levy	Bee County Tax Levy	Coastal Bend College Tax Levy	Bee Water Conservation District Tax Levy	San Patricio Drainage Tax Levy	Estimated Total Property Taxes	
				0.3130	1.1700		0.4919	0.5179	0.1852	0.0050	0.5789		
2019	\$50,000,000	\$50,000,000		\$156,500	\$585,000	\$741,500	\$194,062	\$54,641	\$18,524	\$500	\$231,560	\$990,203	
2020	\$108,500,000	\$20,000,000		\$339,605	\$234,000	\$573,605	\$164,235	\$46,242	\$15,677	\$1,085	\$195,969	\$784,082	
2021	\$103,075,000	\$20,000,000		\$322,625	\$234,000	\$556,625	\$156,023	\$43,930	\$14,893	\$1,031	\$186,171	\$756,578	
2022	\$97,650,000	\$20,000,000		\$305,645	\$234,000	\$539,645	\$147,812	\$41,618	\$14,109	\$977	\$176,372	\$729,074	
2023	\$92,225,000	\$20,000,000		\$288,664	\$234,000	\$522,664	\$139,600	\$39,306	\$13,325	\$922	\$166,574	\$701,570	
2024	\$86,800,000	\$20,000,000		\$271,684	\$234,000	\$505,684	\$131,388	\$36,994	\$12,541	\$868	\$156,775	\$674,066	
2025	\$81,375,000	\$20,000,000		\$254,704	\$234,000	\$488,704	\$315,837	\$88,928	\$30,148	\$814	\$376,864	\$893,468	
2026	\$75,950,000	\$20,000,000		\$237,724	\$234,000	\$471,724	\$294,781	\$82,999	\$28,138	\$760	\$351,740	\$849,503	
2027	\$70,525,000	\$20,000,000		\$220,743	\$234,000	\$454,743	\$273,725	\$77,071	\$26,128	\$705	\$326,615	\$805,539	
2028	\$65,100,000	\$20,000,000		\$203,763	\$234,000	\$437,763	\$252,669	\$71,142	\$24,118	\$651	\$301,491	\$761,574	
2029	\$59,675,000	\$20,000,000		\$186,783	\$234,000	\$420,783	\$231,614	\$65,214	\$22,108	\$597	\$276,367	\$717,610	
2030	\$54,250,000	\$54,250,000		\$169,803	\$634,725	\$804,528	\$210,558	\$59,285	\$20,099	\$543	\$251,243	\$1,074,370	
2031	\$48,825,000	\$48,825,000		\$152,822	\$571,253	\$724,075	\$189,502	\$53,357	\$18,089	\$488	\$226,118	\$966,933	
2032	\$43,400,000	\$43,400,000		\$135,842	\$507,780	\$643,622	\$168,446	\$47,428	\$16,079	\$434	\$200,994	\$859,496	
2033	\$37,975,000	\$37,975,000		\$118,862	\$444,308	\$563,169	\$147,390	\$41,500	\$14,069	\$380	\$175,870	\$752,059	
2034	\$37,925,000	\$37,925,000		\$118,705	\$443,723	\$562,428	\$147,196	\$41,445	\$14,050	\$379	\$175,638	\$751,069	
				Total	\$3,484,473	\$5,526,788	\$9,011,260	\$3,164,838	\$891,097	\$302,096	\$11,133	\$3,776,362	\$13,067,196
				Diff	\$0	\$7,498,238	\$7,498,238	\$2,311,461	\$4,874,647	\$1,539,097	\$38,565	\$1,977,615	\$19,355,255

Source: CPA, Pacific Wind Development, LLC

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Pacific Wind Development, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M & O Tax Levy Generated (Annual)	Estimated ISD M & O Tax Levy Generated (Cumulative)	Estimated ISD M & O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M & O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$585,000	\$585,000	\$0	\$0
Limitation Period (10 Years)	2020	\$234,000	\$819,000	\$1,035,450	\$1,035,450
	2021	\$234,000	\$1,053,000	\$971,978	\$2,007,428
	2022	\$234,000	\$1,287,000	\$908,505	\$2,915,933
	2023	\$234,000	\$1,521,000	\$845,033	\$3,760,965
	2024	\$234,000	\$1,755,000	\$781,560	\$4,542,525
	2025	\$234,000	\$1,989,000	\$718,088	\$5,260,613
	2026	\$234,000	\$2,223,000	\$654,615	\$5,915,228
	2027	\$234,000	\$2,457,000	\$591,143	\$6,506,370
	2028	\$234,000	\$2,691,000	\$527,670	\$7,034,040
	2029	\$234,000	\$2,925,000	\$464,198	\$7,498,238
	Maintain Viable Presence (5 Years)	2030	\$634,725	\$3,559,725	\$0
2031		\$571,253	\$4,130,978	\$0	\$7,498,238
2032		\$507,780	\$4,638,758	\$0	\$7,498,238
2033		\$444,308	\$5,083,065	\$0	\$7,498,238
2034		\$443,723	\$5,526,788	\$0	\$7,498,238
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	\$443,723	\$5,970,510	\$0	\$7,498,238
	2036	\$443,723	\$6,414,233	\$0	\$7,498,238
	2037	\$443,723	\$6,857,955	\$0	\$7,498,238
	2038	\$443,723	\$7,301,678	\$0	\$7,498,238
	2039	\$443,723	\$7,745,400	\$0	\$7,498,238
	2040	\$443,723	\$8,189,123	\$0	\$7,498,238
	2041	\$443,723	\$8,632,845	\$0	\$7,498,238
	2042	\$443,723	\$9,076,568	\$0	\$7,498,238
	2043	\$443,723	\$9,520,290	\$0	\$7,498,238
	2044	\$443,723	\$9,964,013	\$0	\$7,498,238

\$9,964,013	is greater than	\$7,498,238
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Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Pacific Wind Development, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Pacific Wind Development, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Pacific Wind Development, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Applicant has entered into various agreements that are typical during the evaluation of a potential wind-powered facility. These agreements include lease agreements with landowners, and an interconnection study request agreement, and professional services agreements for consulting services, environmental surveys, preliminary geotechnical studies, aeronautical studies, meteorological tower installation, and preliminary engineering services.”
 - B. “None of these contracts obligate Applicant to construct the project or otherwise commit that the project will be constructed in the proposed location.”
 - C. In investor presentations “Avangrid has mentioned the Karankawa Project along with many other potential projects. This reference does not constitute an indication that Applicant intends to construct this project, or any of the other projects in the enclosed filing.”
 - D. “These exhibits demonstrate that Avangrid has a variety of suitable locations for renewable energy electric generation facilities and that a Chapter 313 value limitation agreement will be a determining factor in Avangrid’s investment decision.”

- As referenced by the Applicant in Tab 5, in their First Quarter Earnings Presentation dated April 26, 2016 “Karankawa 200MW” is depicted on the “AVANGRID Renewables: Pipeline Figure”.
- Per the Mathis Independent School District website, retrieved on March 28, 2017, “Jason Du Terroil, Director of Business Development for Avangrid, told the Board members that the San Patricio County and Bee County location is desirable because it has available land and wind during the day when energy is most required on the Texas electric grid.”
- Supplemental information provided by the applicant states that “Pacific Wind has applied to ERCOT, and its Generation Interconnection Request # is 18INR0014.”
- Avangrid Renewables is a subsidiary of AVANGRID, Inc, and part of the IBERDROLA, S.A. Group.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

<input type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab
5
of the Application for a
Limitation on Appraised
Value

Tab 5

Information Supporting Limitation as a Determining Factor and Explanation of Affirmative Answers in Section 8

Applicant's parent, Avangrid Renewables, LLC ("Avangrid"), is part of a network of diversified energy and utility companies affiliated with Iberdrola, S.A. with operations in 25 countries around the globe. Avangrid operates utility scale renewable energy facilities throughout the United States and actively pursues various development opportunities. The Karankawa Project is one of Avangrid's many alternative development opportunities.

Avangrid has more than \$10 billion of operating assets and owns or controls 6,000 MW of wind and solar generation facilities in 19 states. As a publicly-traded company with operations in 19 states, Avangrid maintains a multitude of potential projects, comparing the potential economic return of projects across the United States. In determining which projects to construct, Avangrid considers a variety of factors, including wind patterns, local regulatory climates, and state and local tax effects. Using these factors, Avangrid projects the estimated costs and revenues associated with the project to compare it with other alternative projects that Avangrid contemplates contemporaneously. The first attached exhibit ("Avangrid Renewables: Pipeline") shows a variety of Avangrid's potential projects that are under consideration. The proposed project is in direct competition for internal capital expenditures with most of these other projects. The second attached exhibit ("Advancements in Wind Turbine Technology") shows the broad availability of appropriate sites for renewable energy electric generation throughout of the United States. These exhibits demonstrate that Avangrid has a variety of suitable locations for renewable energy electric generation facilities and that a Chapter 313 value limitation agreement will be a determining factor in Avangrid's investment decision.

Applicant has entered into various agreements that are typical during the evaluation of a potential wind-powered electric generation facility. These agreements include lease agreements with landowners, and an interconnection study request agreement, and professional services agreements for consulting services, environmental surveys, preliminary geotechnical studies, aeronautical studies, meteorological tower installation, and preliminary engineering services. None of these contracts obligate Applicant to construct the project or otherwise commit that the project will be constructed in the proposed location. Entering into these agreements does not mean that Avangrid will necessarily construct the project, but instead secures the opportunity to evaluate the projected costs and revenues in order to compare the project to other alternative projects.

Out of an abundance of caution, applicant has checked box 4 of Section 8 of this application. In investor presentations (including the enclosed exhibit to Avangrid's Form 8-K filed with the Securities and Exchange Commission on April 26, 2016), Avangrid has mentioned the Karankawa Project along with many other potential projects. This reference does not constitute an indication that Applicant intends to construct this project, or any of the other projects in the enclosed filing. Rather, Applicant views this project as one project under consideration (an "opportunity" as the enclosure shows) subject to a variety of contingencies including, but not limited to, securing a value limitation agreement.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

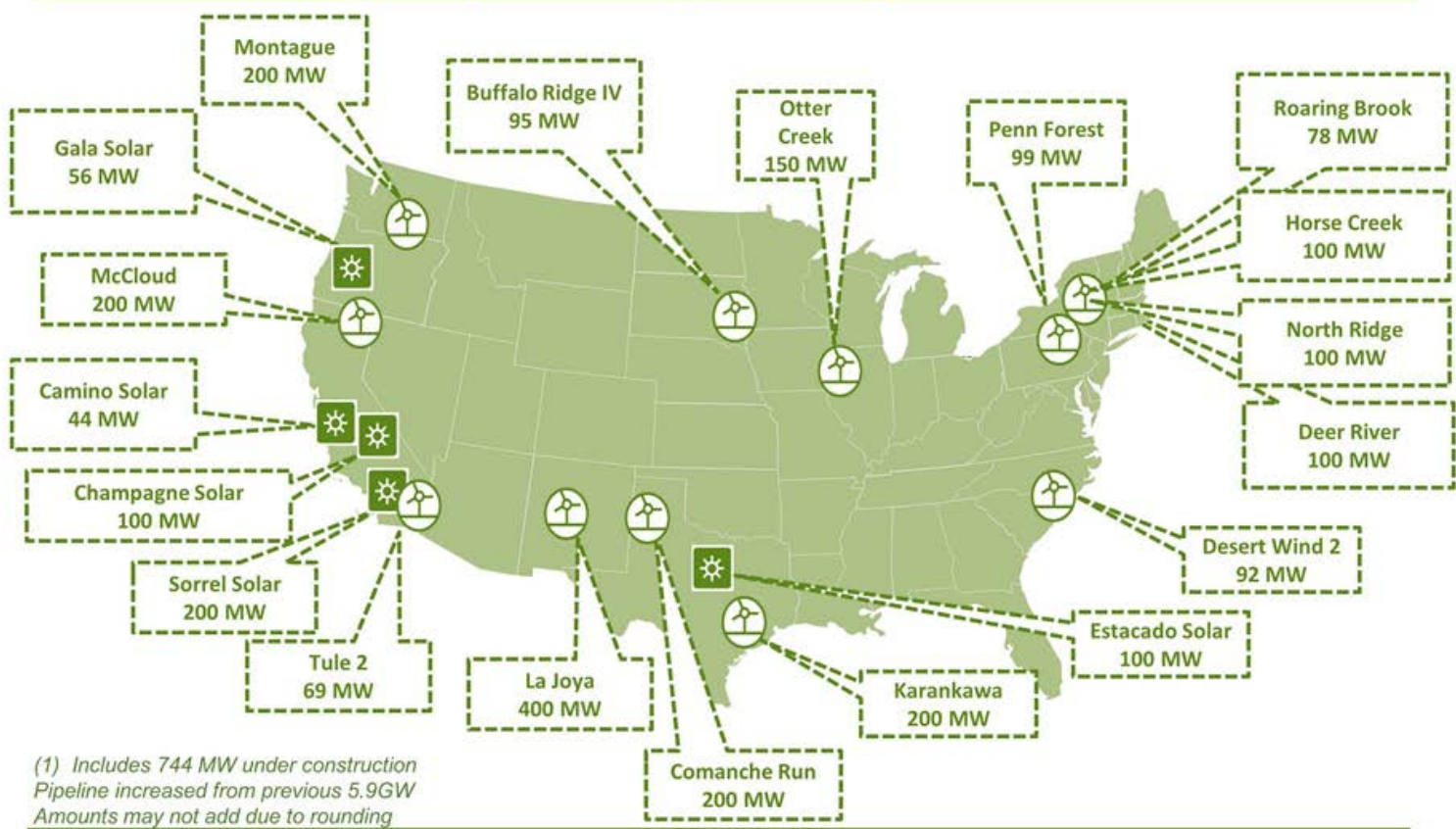


April 26, 2016

1Q 2016 Earnings Presentation

AVANGRID Renewables: Pipeline

6.1GW pipeline⁽¹⁾, of which 1,700 MW of Wind & 550 MW of Solar projects provides opportunity in 2018-2020



*(1) Includes 744 MW under construction
Pipeline increased from previous 5.9GW
Amounts may not add due to rounding*



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Mathis ISD Begins Negotiations With Wind Farm Developer



Mathis Board of Trustees Agrees to Begin Negotiations with Wind Farm

The Mathis ISD Board of School Trustees voted at their regular meeting on February 6 to begin negotiations with Avangrid on a tax limitation agreement. Avangrid will create Karankawa Wind Farm, a 200 megawatt wind farm with 75 to 93 turbines to be located in southern Bee County and in northern San Patricio County. The wind farm footprint includes Skidmore-Tynan ISD and Mathis ISD.

The project will cost \$250 million to build and will be operational in late 2019 or 2020.

Avangrid is the second largest provider of clean energy and renewable power in the United States with more than 6,000 megawatts of owned and controlled wind and solar facilities. In South Texas Avangrid operates the 600 megawatt Baffin wind farm in Kennedy County.

Jason Du Terroil, Director of Business Development for Avangrid, told the Board members that the San Patricio County and Bee County location is desirable because it has available land and wind during the day when energy is most required on the Texas electric grid.



COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Skidmore-Tynan ISD – Pacific Wind Development, LLC App. #1177

Comptroller Question (via email on April 24, 2017):

Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.

Applicant Response (via email on April 25, 2017):

Pacific Wind has applied to ERCOT, and its Generation Interconnection Request # is 18INR0014.

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Avangrid Renewables is a subsidiary of [AVANGRID, Inc. \(NYSE: AGR\)](#) and part of the [IBERDROLA, S.A.](#) Group.

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Commercial contacts

[Energy Origination](#) | [Wind & Solar Asset Management](#) | [Wind & Solar Development](#) | [Biomass](#)

Human Resources

To join our team in the U.S., [visit our careers section](#). Questions? Please email staffing@avangrid.com. *We do not accept phone inquiries or unsolicited resumes.*

To apply for jobs internationally with our parent company, IBERDROLA, S.A., click [here](#).