



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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P.O.Box 13528 • Austin, TX 78711-3528

May 1, 2017

Mr. Benny Hernandez  
Superintendent  
Mathis Independent School District  
602 E. San Patricio Ave  
Mathis, Texas 78368

Re: Certificate for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes by and between Mathis Independent School District  
and Pacific Wind Development, LLC, Application 1178

Dear Superintendent Hernandez:

On April 11, 2017, the Comptroller issued written notice that Pacific Wind Development, LLC (applicant) submitted a completed application (Application 1178) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on February 03, 2017, to the Mathis 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.

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<sup>1</sup> 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 1178.

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](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



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 Mathis 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	Mathis ISD
2015-2016 Average Daily Attendance	1556
County	San Patricio County/Bee County
Proposed Total Investment in District	\$141,545,000
Proposed Qualified Investment	\$141,500,000
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	\$1,142.48
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	\$35,386,250
Estimated M&O levy without any limit (15 years)	\$16,808,805
Estimated M&O levy with Limitation (15 years)	\$6,318,293
Estimated gross M&O tax benefit (15 years)	\$10,490,513

\* 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	60	110	\$2,250,000	\$4,750,000	\$7,000,000
2019	250	301	551	\$11,250,000	\$26,750,000	\$38,000,000
2020	2	53	55	\$118,818	\$6,881,182	\$7,000,000
2021	2	26	28	\$118,818	\$4,881,182	\$5,000,000
2022	2	6	8	\$118,818	\$2,881,182	\$3,000,000
2023	2	(5)	-3	\$118,818	\$1,881,182	\$2,000,000
2024	2	(9)	-7	\$118,818	\$881,182	\$1,000,000
2025	2	(9)	-7	\$118,818	-\$118,818	\$0
2026	2	(7)	-5	\$118,818	-\$118,818	\$0
2027	2	(4)	-2	\$118,818	\$881,182	\$1,000,000
2028	2	(1)	1	\$118,818	\$881,182	\$1,000,000
2029	2	2	4	\$118,818	\$881,182	\$1,000,000
2030	2	4	6	\$118,818	\$881,182	\$1,000,000
2031	2	5	7	\$118,818	\$881,182	\$1,000,000
2032	2	6	8	\$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.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		ISD I & S Tax Levy	ISD M & O Tax Levy	M & O and I & S Tax Levies	San Patricio County Tax Levy	Coastal Bend Tax Levy	Bee Water Conservation District Tax Levy	San Patricio Drainage Tax Levy	Estimated Total Property Taxes
			Tax Rate <sup>1</sup>	0.2647	1.1700		0.4919	0.1852	0.0050	0.0579	
2019	\$50,000,000	\$50,000,000		\$132,335	\$585,000	\$717,335	\$245,960	\$92,620	\$2,500	\$28,945	\$1,087,360
2020	\$141,500,000	\$141,500,000		\$374,507	\$1,655,550	\$2,030,057	\$696,067	\$262,115	\$7,075	\$81,914	\$3,077,227
2021	\$134,425,000	\$134,425,000		\$355,781	\$1,572,773	\$1,928,554	\$661,263	\$249,009	\$6,721	\$77,819	\$2,923,366
2022	\$127,350,000	\$127,350,000		\$337,056	\$1,489,995	\$1,827,051	\$626,460	\$235,903	\$6,368	\$73,723	\$2,769,505
2023	\$120,275,000	\$120,275,000		\$318,331	\$1,407,218	\$1,725,548	\$591,657	\$222,797	\$6,014	\$69,627	\$2,615,643
2024	\$113,200,000	\$113,200,000		\$299,605	\$1,324,440	\$1,624,045	\$556,853	\$209,692	\$5,660	\$65,531	\$2,461,782
2025	\$106,125,000	\$106,125,000		\$280,880	\$1,241,663	\$1,522,542	\$522,050	\$196,586	\$5,306	\$61,436	\$2,307,921
2026	\$99,050,000	\$99,050,000		\$262,155	\$1,158,885	\$1,421,040	\$487,247	\$183,480	\$4,953	\$57,340	\$2,154,059
2027	\$91,975,000	\$91,975,000		\$243,429	\$1,076,108	\$1,319,537	\$452,443	\$170,374	\$4,599	\$53,244	\$2,000,198
2028	\$84,900,000	\$84,900,000		\$224,704	\$993,330	\$1,218,034	\$417,640	\$157,269	\$4,245	\$49,149	\$1,846,336
2029	\$77,825,000	\$77,825,000		\$205,979	\$910,553	\$1,116,531	\$382,837	\$144,163	\$3,891	\$45,053	\$1,692,475
2030	\$70,750,000	\$70,750,000		\$187,253	\$827,775	\$1,015,028	\$348,033	\$131,057	\$3,538	\$40,957	\$1,538,614
2031	\$63,675,000	\$63,675,000		\$168,528	\$744,998	\$913,525	\$313,230	\$117,952	\$3,184	\$36,861	\$1,384,752
2032	\$56,600,000	\$56,600,000		\$149,803	\$662,220	\$812,023	\$278,427	\$104,846	\$2,830	\$32,766	\$1,230,891
2033	\$49,525,000	\$49,525,000		\$131,077	\$579,443	\$710,520	\$243,623	\$91,740	\$2,476	\$28,670	\$1,077,030
2034	\$49,475,000	\$49,475,000		\$130,945	\$578,858	\$709,802	\$243,377	\$91,647	\$2,474	\$28,641	\$1,075,942
			Total	\$3,802,367	\$16,808,805	\$20,611,172	\$7,067,169	\$2,661,250	\$64,053	\$741,600	\$27,859,238

Source: CPA, Pacific Wind Development, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, San Patricio 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 county, Bee Water Conservations District and Coastal Bend Tax Levy.

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

Year	Estimated Taxable Value for I & S	Estimated Taxable Value for M & O		ISD I & S Tax Levy	ISD M & O Tax Levy	M & O and I & S Tax Levies	San Patricio County Tax Levy	Coastal Bend Tax Levy	Bee Water Conservation District Tax Levy	San Patricio Drainage Tax Levy	Estimated Total Property Taxes
			<b>Tax Rate<sup>1</sup></b>	<b>0.2647</b>	<b>1.1700</b>		<b>0.4919</b>	<b>0.1852</b>	<b>0.0050</b>	<b>0.0579</b>	
2019	\$50,000,000	\$50,000,000		\$132,335	\$585,000	\$717,335	\$221,364	\$9,262	\$250	\$26,051	\$947,961
2020	\$141,500,000	\$20,000,000		\$374,507	\$234,000	\$608,507	\$244,319	\$10,222	\$276	\$73,723	\$863,049
2021	\$134,425,000	\$20,000,000		\$355,781	\$234,000	\$589,781	\$232,103	\$9,711	\$262	\$70,037	\$831,596
2022	\$127,350,000	\$20,000,000		\$337,056	\$234,000	\$571,056	\$219,888	\$9,200	\$248	\$66,351	\$800,144
2023	\$120,275,000	\$20,000,000		\$318,331	\$234,000	\$552,331	\$207,672	\$8,689	\$235	\$62,664	\$768,691
2024	\$113,200,000	\$20,000,000		\$299,605	\$234,000	\$533,605	\$195,456	\$8,178	\$221	\$58,978	\$737,239
2025	\$106,125,000	\$20,000,000		\$280,880	\$234,000	\$514,880	\$469,845	\$19,659	\$531	\$55,292	\$1,004,384
2026	\$99,050,000	\$20,000,000		\$262,155	\$234,000	\$496,155	\$438,522	\$18,348	\$495	\$51,606	\$953,025
2027	\$91,975,000	\$20,000,000		\$243,429	\$234,000	\$477,429	\$407,199	\$17,037	\$460	\$47,920	\$901,666
2028	\$84,900,000	\$20,000,000		\$224,704	\$234,000	\$458,704	\$375,876	\$15,727	\$425	\$44,234	\$850,307
2029	\$77,825,000	\$20,000,000		\$205,979	\$234,000	\$439,979	\$344,553	\$14,416	\$389	\$40,548	\$798,948
2030	\$70,750,000	\$70,750,000		\$187,253	\$827,775	\$1,015,028	\$313,230	\$13,106	\$354	\$36,861	\$1,341,364
2031	\$63,675,000	\$63,675,000		\$168,528	\$744,998	\$913,525	\$281,907	\$11,795	\$318	\$33,175	\$1,207,228
2032	\$56,600,000	\$56,600,000		\$149,803	\$662,220	\$812,023	\$250,584	\$10,485	\$283	\$29,489	\$1,073,091
2033	\$49,525,000	\$49,525,000		\$131,077	\$579,443	\$710,520	\$219,261	\$9,174	\$248	\$25,803	\$938,955
2034	\$49,475,000	\$49,475,000		\$130,945	\$578,858	\$709,802	\$219,040	\$9,165	\$247	\$25,777	\$938,007
			<b>Total</b>	<b>\$3,802,367</b>	<b>\$6,318,293</b>	<b>\$10,120,660</b>	<b>\$4,640,819</b>	<b>\$194,175</b>	<b>\$5,241</b>	<b>\$748,509</b>	<b>\$14,955,653</b>
			<b>Diff</b>	<b>\$0</b>	<b>\$10,490,513</b>	<b>\$10,490,513</b>	<b>\$2,426,350</b>	<b>\$2,467,076</b>	<b>\$58,811</b>	<b>-\$6,909</b>	<b>\$12,903,585</b>

Source: CPA, Pacific Wind Development, LLC

<sup>1</sup>Tax 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 25<sup>th</sup> 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)
<b>Limitation Pre-Years</b>	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$585,000	\$585,000	\$0	\$0
<b>Limitation Period (10 Years)</b>	2020	\$234,000	\$819,000	\$1,421,550	\$1,421,550
	2021	\$234,000	\$1,053,000	\$1,338,773	\$2,760,323
	2022	\$234,000	\$1,287,000	\$1,255,995	\$4,016,318
	2023	\$234,000	\$1,521,000	\$1,173,218	\$5,189,535
	2024	\$234,000	\$1,755,000	\$1,090,440	\$6,279,975
	2025	\$234,000	\$1,989,000	\$1,007,663	\$7,287,638
	2026	\$234,000	\$2,223,000	\$924,885	\$8,212,523
	2027	\$234,000	\$2,457,000	\$842,108	\$9,054,630
	2028	\$234,000	\$2,691,000	\$759,330	\$9,813,960
	2029	\$234,000	\$2,925,000	\$676,553	\$10,490,513
<b>Maintain Viable Presence (5 Years)</b>	2030	\$827,775	\$3,752,775	\$0	\$10,490,513
	2031	\$744,998	\$4,497,773	\$0	\$10,490,513
	2032	\$662,220	\$5,159,993	\$0	\$10,490,513
	2033	\$579,443	\$5,739,435	\$0	\$10,490,513
	2034	\$578,858	\$6,318,293	\$0	\$10,490,513
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2035	\$578,858	\$6,897,150	\$0	\$10,490,513
	2036	\$578,858	\$7,476,008	\$0	\$10,490,513
	2037	\$578,858	\$8,054,865	\$0	\$10,490,513
	2038	\$578,858	\$8,633,723	\$0	\$10,490,513
	2039	\$578,858	\$9,212,580	\$0	\$10,490,513
	2040	\$578,858	\$9,791,438	\$0	\$10,490,513
	2041	\$578,858	\$10,370,295	\$0	\$10,490,513
	2042	\$578,858	\$10,949,153	\$0	\$10,490,513
	2043	\$578,858	\$11,528,010	\$0	\$10,490,513
	2044	\$578,858	\$12,106,868	\$0	\$10,490,513
		<b>\$12,106,868</b>	is greater than	<b>\$10,490,513</b>	
<b>Analysis Summary</b>					
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					

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## 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:

- 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:
 

☒ Land has no existing improvements

☐ Land has existing improvements (*complete Section 13*)

☐ Expansion of existing operation on the land (*complete Section 13*)

☐ 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



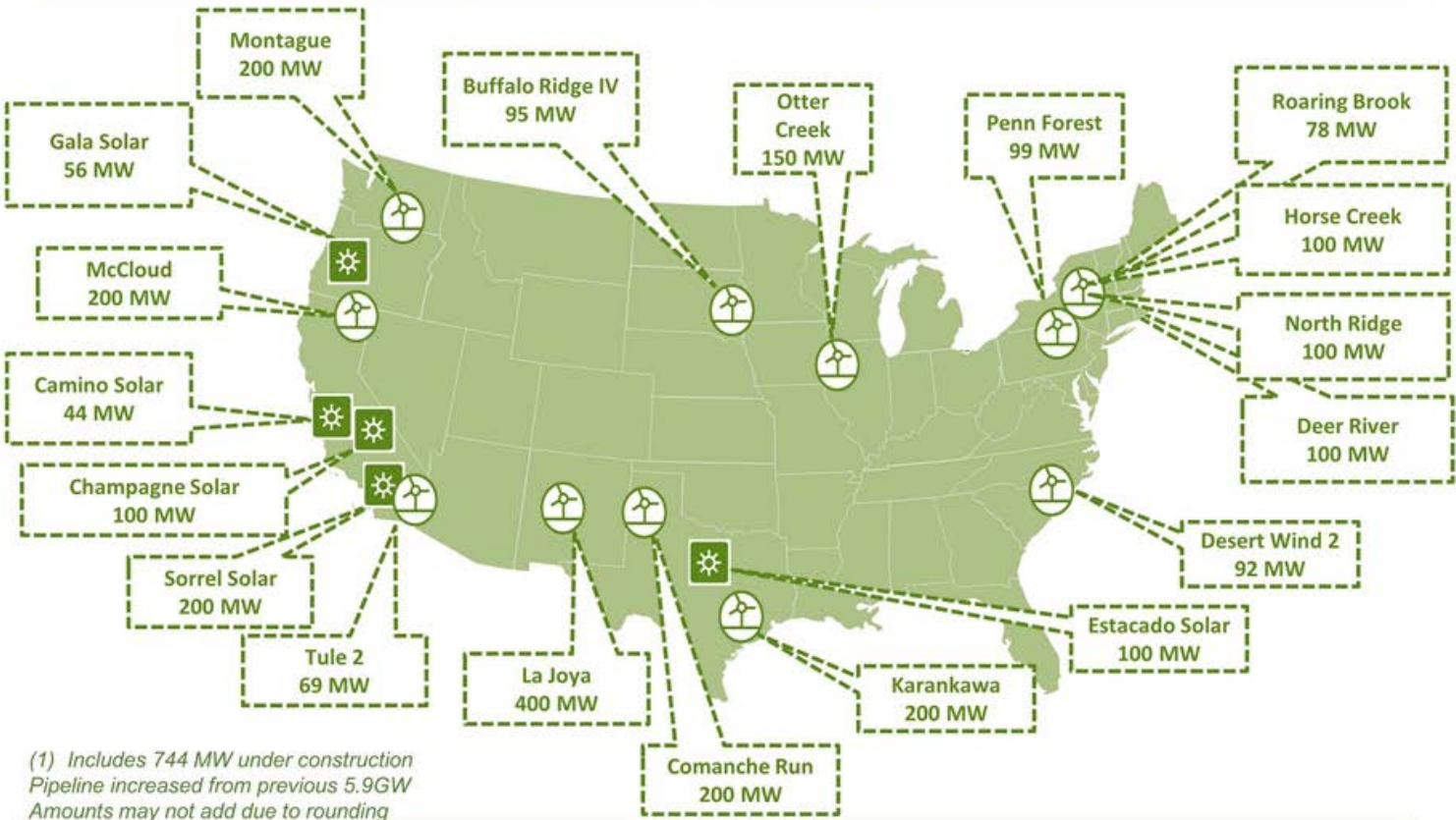
April 26, 2016

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# 1Q 2016 Earnings Presentation

AVANGRID Renewables: Pipeline

6.1GW pipeline<sup>(1)</sup>, 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.

Back



COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
– Mathis ISD – Pacific Wind Development, LLC App. #1178

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.*



[general contacts](#)

[wind & solar development](#)

[energy origination](#)

[asset management](#)

## General Contacts

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

### Avangrid Renewables — Headquarters

1125 NW Couch St., Suite 700  
Portland, Oregon 97209  
Tel. 503-796-7000

### Houston Office

20329 State Highway 249, Suite 500  
Houston, TX 77070  
Tel. 281-379-7400

### Philadelphia Office

Two Radnor Corporate Center, Suite 200  
100 Matsonford Rd.  
Radnor, PA 19087  
Tel. 610-254-9800

### Media Relations

Art Sasse  
Director, Communications & Brand  
Tel. 503-796-7740  
[art.sasse@avangrid.com](mailto:art.sasse@avangrid.com)

Paul Copleman  
Tel. 207-641-2805  
[paul.copleman@avangrid.com](mailto:paul.copleman@avangrid.com)

### Oregon ESS Services

1-855-329-6053

Diana Scholtes  
Tel. 503-796-7142  
[diana.scholtes@avangrid.com](mailto:diana.scholtes@avangrid.com)

Chris Stokley  
Tel. 503-796-6954  
[chris.stokley@avangrid.com](mailto:chris.stokley@avangrid.com)

### Landowner Contacts

Toll-Free: 866-441-4557  
[leasing@avangrid.com](mailto:leasing@avangrid.com)

### Supplier Assistance

Tel. 503-796-7050  
[supplierassistance@avangrid.com](mailto:supplierassistance@avangrid.com)

### Remittance address

Avangrid Renewables  
Attn: Accounts Payable  
1125 NW Couch St., Suite 600  
Portland, OR 97209  
[accounts.payable@avangrid.com](mailto:accounts.payable@avangrid.com)

### 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](mailto: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](#).