



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O. Box 13528 • Austin, TX 78711-3528

June 30, 2017

Dr. Cassidy McBrayer
Whiteface Consolidated School District
401 Antelope Blvd.
P.O. Box 7
Whiteface, TX 79379

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Whiteface Consolidated Independent School District and Wildcat Ranch Wind Project, LLC, Application 1186

Dear Superintendent McBrayer:

On May 30, 2017, the Comptroller issued written notice that Wildcat Ranch Wind Project, LLC (applicant) submitted a completed application (Application 1186) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on April 10, 2017, to the Whiteface Consolidated 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.
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 1186.

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

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 May 30, 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,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Wildcat Ranch Wind Project, LLC (project) applying to Whiteface Consolidated 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 Wildcat Ranch Wind Project, LLC.

Applicant	Wildcat Ranch Wind Project, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Whiteface CISD
2015-2016 Average Daily Attendance	311
County	Cochran
Proposed Total Investment in District	\$181,500,000
Proposed Qualified Investment	\$181,500,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	5*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$770.17
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$770.17
Minimum annual wage committed to by applicant for qualified jobs	\$40,049
Minimum weekly wage required for non-qualifying jobs	\$726.25
Minimum annual wage required for non-qualifying jobs	\$37,765
Investment per Qualifying Job	\$36,300,000
Estimated M&O levy without any limit (15 years)	\$17,955,621
Estimated M&O levy with Limitation (15 years)	\$6,259,983
Estimated gross M&O tax benefit (15 years)	\$11,695,638

* 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 Wildcat Ranch Wind Project, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2017	0	0	0	\$0	\$0	\$0
2018	250	314	564	\$12,500,000	\$25,500,000	\$38,000,000
2019	5	56	61	\$200,245	\$6,799,755	\$7,000,000
2020	5	32	37	\$200,245	\$4,799,755	\$5,000,000
2021	5	13	18	\$200,245	\$2,799,755	\$3,000,000
2022	5	3	8	\$200,245	\$1,799,755	\$2,000,000
2023	5	(2)	3	\$200,245	\$799,755	\$1,000,000
2024	5	(3)	2	\$200,245	\$799,755	\$1,000,000
2025	5	(2)	3	\$200,245	\$799,755	\$1,000,000
2026	5	0	5	\$200,245	\$799,755	\$1,000,000
2027	5	3	8	\$200,245	\$799,755	\$1,000,000
2028	5	6	11	\$200,245	\$799,755	\$1,000,000
2029	5	6	11	\$200,245	\$799,755	\$1,000,000
2030	5	7	12	\$200,245	\$1,799,755	\$2,000,000
2031	5	8	13	\$200,245	\$1,799,755	\$2,000,000

Source: CPA REMI, Wildcat Ranch Wind Project, 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*	ISD I&S Tax Lev	ISD M&O Tax Lev	M&O and I&S Tax Levies	Cochran County Tax Lev	Cochran Memorial Hospital Tax Lev	Countrywide School Tax Lev	Highplains UWD #1 Tax Lev	South Plains College Tax Lev
				0.3900	1.0400		1.1000	0.6000	0.1437	0.0075	0.4000
2019	\$179,685,000	\$179,685,000		\$700,772	\$1,868,724	\$2,569,496	\$1,976,535	\$1,078,110	\$258,207	\$13,476	\$718,740
2020	\$167,107,050	\$167,107,050		\$651,717	\$1,737,913	\$2,389,631	\$1,838,178	\$1,002,642	\$240,133	\$12,533	\$668,428
2021	\$155,409,556	\$155,409,556		\$606,097	\$1,616,259	\$2,222,357	\$1,709,505	\$932,457	\$223,324	\$11,656	\$621,638
2022	\$144,530,887	\$144,530,887		\$563,670	\$1,503,121	\$2,066,792	\$1,589,840	\$867,185	\$207,691	\$10,840	\$578,124
2023	\$134,413,725	\$134,413,725		\$524,214	\$1,397,903	\$1,922,116	\$1,478,551	\$806,482	\$193,153	\$10,081	\$537,655
2024	\$125,004,764	\$125,004,764		\$487,519	\$1,300,050	\$1,787,568	\$1,375,052	\$750,029	\$179,632	\$9,375	\$500,019
2025	\$116,254,431	\$116,254,431		\$453,392	\$1,209,046	\$1,662,438	\$1,278,799	\$697,527	\$167,058	\$8,719	\$465,018
2026	\$108,116,620	\$108,116,620		\$421,655	\$1,124,413	\$1,546,068	\$1,189,283	\$648,700	\$155,364	\$8,109	\$432,466
2027	\$100,548,457	\$100,548,457		\$392,139	\$1,045,704	\$1,437,843	\$1,106,033	\$603,291	\$144,488	\$7,541	\$402,194
2028	\$93,510,065	\$93,510,065		\$364,689	\$972,505	\$1,337,194	\$1,028,611	\$561,060	\$134,374	\$7,013	\$374,040
2029	\$88,834,562	\$88,834,562		\$346,455	\$923,879	\$1,270,334	\$977,180	\$533,007	\$127,655	\$6,663	\$355,338
2030	\$84,392,834	\$84,392,834		\$329,132	\$877,685	\$1,206,818	\$928,321	\$506,357	\$121,273	\$6,329	\$337,571
2031	\$80,173,192	\$80,173,192		\$312,675	\$833,801	\$1,146,477	\$881,905	\$481,039	\$115,209	\$6,013	\$320,693
2032	\$76,164,532	\$76,164,532		\$297,042	\$792,111	\$1,089,153	\$837,810	\$456,987	\$109,448	\$5,712	\$304,658
2033	\$72,356,306	\$72,356,306		\$282,190	\$752,506	\$1,034,695	\$795,919	\$434,138	\$103,976	\$5,427	\$289,425
			Total	\$6,733,358	\$17,955,621	\$24,688,978	\$18,991,522	\$10,359,012	\$2,480,983	\$129,488	\$6,906,008

Source: CPA, Wildcat Ranch Wind Project, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Cochran 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 abatements with the county, and hospital district.

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	Tax Rate*	ISD I&S Tax Lev	ISD M&O Tax Lev	M&O and I&S Tax Levies	Cochran County Tax Lev	Cochran Memorial Hospital Tax Lev	Countrywide School Tax Lev	Highplains UWD #1 Tax Lev	South Plains College Tax Lev	Estimated Total Property Taxes	
				0.3900	1.0400		1.1000	0.6000	0.1437	0.0075	0.4000		
2019	\$179,685,000	\$20,000,000		\$700,772	\$208,000	\$908,772	\$0	\$0	\$258,207	\$13,476	\$122,186	\$908,772	
2020	\$167,107,050	\$20,000,000		\$651,717	\$208,000	\$859,717	\$0	\$0	\$240,133	\$12,533	\$113,633	\$859,717	
2021	\$155,409,556	\$20,000,000		\$606,097	\$208,000	\$814,097	\$0	\$0	\$223,324	\$11,656	\$105,678	\$814,097	
2022	\$144,530,887	\$20,000,000		\$563,670	\$208,000	\$771,670	\$0	\$0	\$207,691	\$10,840	\$98,281	\$771,670	
2023	\$134,413,725	\$20,000,000		\$524,214	\$208,000	\$732,214	\$0	\$0	\$193,153	\$10,081	\$91,401	\$732,214	
2024	\$125,004,764	\$20,000,000		\$487,519	\$208,000	\$695,519	\$0	\$0	\$179,632	\$9,375	\$85,003	\$695,519	
2025	\$116,254,431	\$20,000,000		\$453,392	\$208,000	\$661,392	\$0	\$0	\$167,058	\$8,719	\$79,053	\$661,392	
2026	\$108,116,620	\$20,000,000		\$421,655	\$208,000	\$629,655	\$0	\$0	\$155,364	\$8,109	\$73,519	\$629,655	
2027	\$100,548,457	\$20,000,000		\$392,139	\$208,000	\$600,139	\$0	\$0	\$144,488	\$7,541	\$68,373	\$600,139	
2028	\$93,510,065	\$20,000,000		\$364,689	\$208,000	\$572,689	\$0	\$0	\$134,374	\$7,013	\$63,587	\$572,689	
2029	\$88,834,562	\$88,834,562		\$346,455	\$923,879	\$1,270,334	\$977,180	\$533,007	\$127,655	\$6,663	\$60,408	\$2,780,522	
2030	\$84,392,834	\$84,392,834		\$329,132	\$877,685	\$1,206,818	\$928,321	\$506,357	\$121,273	\$6,329	\$57,387	\$2,641,496	
2031	\$80,173,192	\$80,173,192		\$312,675	\$833,801	\$1,146,477	\$881,905	\$481,039	\$115,209	\$6,013	\$54,518	\$2,509,421	
2032	\$76,164,532	\$76,164,533		\$297,042	\$792,111	\$1,089,153	\$837,810	\$456,987	\$109,448	\$5,712	\$51,792	\$2,383,950	
2033	\$72,356,306	\$72,356,306		\$282,190	\$752,506	\$1,034,695	\$795,919	\$434,138	\$103,976	\$5,427	\$49,202	\$2,264,752	
				Total	\$6,733,358	\$6,259,983	\$12,993,341	\$4,421,136	\$2,411,529	\$2,480,983	\$129,488	\$1,174,021	\$19,826,005
				Diff	\$0	\$11,695,638	\$11,695,638	\$14,570,386	\$7,947,483	\$0	\$0	\$5,731,987	\$43,729,986

Source: CPA, Wildcat Ranch Wind Project, LLC

*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 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Wildcat Ranch Wind Project, 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	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2019	\$208,000	\$208,000	\$1,660,724	\$1,660,724
	2020	\$208,000	\$416,000	\$1,529,913	\$3,190,637
	2021	\$208,000	\$624,000	\$1,408,259	\$4,598,897
	2022	\$208,000	\$832,000	\$1,295,121	\$5,894,018
	2023	\$208,000	\$1,040,000	\$1,189,903	\$7,083,921
	2024	\$208,000	\$1,248,000	\$1,092,050	\$8,175,970
	2025	\$208,000	\$1,456,000	\$1,001,046	\$9,177,016
	2026	\$208,000	\$1,664,000	\$916,413	\$10,093,429
	2027	\$208,000	\$1,872,000	\$837,704	\$10,931,133
	2028	\$208,000	\$2,080,000	\$764,505	\$11,695,638
Maintain Viable Presence (5 Years)	2029	\$923,879	\$3,003,879	\$0	\$11,695,638
	2030	\$877,685	\$3,881,565	\$0	\$11,695,638
	2031	\$833,801	\$4,715,366	\$0	\$11,695,638
	2032	\$792,111	\$5,507,477	\$0	\$11,695,638
	2033	\$752,506	\$6,259,983	\$0	\$11,695,638
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$714,880	\$6,974,863	\$0	\$11,695,638
	2035	\$679,136	\$7,653,999	\$0	\$11,695,638
	2036	\$645,179	\$8,299,179	\$0	\$11,695,638
	2037	\$612,920	\$8,912,099	\$0	\$11,695,638
	2038	\$582,274	\$9,494,374	\$0	\$11,695,638
	2039	\$541,515	\$10,035,889	\$0	\$11,695,638
	2040	\$503,609	\$10,539,498	\$0	\$11,695,638
	2041	\$458,284	\$10,997,783	\$0	\$11,695,638
	2042	\$407,873	\$11,405,656	\$0	\$11,695,638
	2043	\$354,850	\$11,760,505	\$0	\$11,695,638
		\$11,760,505	is greater than	\$11,695,638	
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

Source: CPA, Wildcat Ranch Wind Project, 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 Wildcat Ranch Wind Project, 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:

- Wildcat Ranch Wind Project, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “NEER [NextEra Energy Resources] is keen to develop and build the proposed Wildcat Ranch Wind Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.”
 - B. “Due to the extremely competitive power market in SPP most if not all PPA’s economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today’s contracted power rates under a PPA.”
 - C. “Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.”
- Per the Everything Lubbock website, retrieved on June, 15, 2017, “Xcel Energy also is proposing to purchase a wind development in New Mexico under development by Invenergy that will add 522 megawatts of new wind energy. A third piece of the proposal calls for an additional 230 megawatts of wind energy to be purchased under long-term contract from two NextEra Energy Resources facilities under development in Cochran and Crosby counties in Texas.”
- An April 19, 2017 *KLVT News (Levelland, TX)* article states “NextEra representatives were in Morton Tuesday night to discuss the Wildcat Ranch Wind Project to be constructed in Cochran County.” Additionally, [t]he project will be owned, constructed and operated by a subsidiary of NextEra

Energy Resources. The expected maximum capacity of 150 megawatts produced by approximately 67 wind turbines and will be capable of generating enough electricity to power 45,000 homes.”

- Supplemental information provided by the applicant stated the following:
 - A. “The project has always been known as “Wildcat Ranch”, but Xcel Energy, who will purchase the power if this project is built, refers to Wildcat Ranch Wind and Lorenzo Wind collectively as “Bonita Wind”. Bonita Wind is the legal entity that Xcel Energy entered into agreement with to procure power from the two wind projects: Wildcat Ranch Wind, LLC (150 MW in Cochran County) and Lorenzo Wind, LLC (80 MW in Crosby County). NEER owns both Wildcat Ranch and Lorenzo and they are treated as two separate projects. The Lorenzo Wind project has a 313 in Lorenzo ISD, currently known as Fiber Wind Holdings, which we will be requesting be assigned to the Lorenzo Wind soon. Each project has, or will have, its own development contracts (with companies such as surveyors, engineering, construction, etc....), separate bank accounts, financing will be separate, as will be their interconnections.”
 - B. “[E]ven after anticipated tax abatements with the county and hospital, this wind project has one of the highest ad valorem tax burdens I’ve encountered. With this in mind, the VLA is absolutely critical to the economic success of the project.”
 - C. “Wildcat Ranch is in the Southwest Power Pool and will not interconnect to ERCOT.”

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 checked="" 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

Documentation to assist in determining if limitation is a determining factor.

NextEra Energy Resources (NEER) is one of the largest wholesale generators of electric power in the U.S., with nearly 19,880 MW of generating capacity across 24 states and four Canadian provinces as of January 2017. NEER produces the majority of its electricity from clean and renewable sources, including wind and solar. NEER also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas, natural gas liquids and oil production and pipeline infrastructure development and owns a retail electricity provider. NEER has a long term commitment to both wind and solar with an outlook to significantly expand our fleet of clean energy generating capacity.

NEER is keen to develop and build the proposed Wildcat Ranch Wind Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects. NextEra is active in states throughout the Great Plains and southwest, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to our customers and making our investment more viable and marketable. NEER has over 40 wind sites in development throughout the country and are continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, NEER currently has ongoing project developments in many states, including but not limited to, California, North Dakota and Oklahoma.

Due to the extremely competitive power market in SPP most if not all PPA's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a PPA. A signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller



Wind Energy Developers Plan Open House in Plainview on Thursday, April 27

By: News Release & Posted By Staff |
newsweb@everythinglubbock.com
Posted: Apr 26, 2017 10:25 AM CDT
Updated: Apr 26, 2017 10:25 AM CDT



Photo from Xcel Energy

AMARILLO, TX (NEWS RELEASE) - NextEra Energy Resources, the developer of the Hale Wind Project, will team up with Xcel Energy to answer questions about the new wind farm near Plainview at an open house from 3 to 5 p.m. Thursday at the Plainview Country Club.

Xcel Energy announced in March it plans to purchase the Hale Wind Project from NextEra Energy Resources and build out a 478-megawatt wind generating facility for the benefit of regional Xcel Energy customers. The proposal is conditional upon approval from regulators in both Texas and New Mexico.

Xcel Energy also is proposing to purchase a wind development in New Mexico under development by Invenergy that will add 522 megawatts of new wind energy. A third piece of the proposal calls for an additional 230 megawatts of wind energy to be purchased under long-term contract from two NextEra Energy Resources facilities under development in Cochran and Crosby counties in Texas. Total new wind energy would amount to 1,230 megawatts. The company expects this new wind generation will save customers \$2.8 billion over 30 years by displacing higher-cost fossil fuel generation.

(News release from Xcel Energy)

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Town Hall Meeting Held in Morton on Pending Wind Energy Project

Posted on [April 19, 2017](#)



NextEra representatives were in Morton Tuesday night to discuss the Wildcat Ranch Wind Project to be constructed in Cochran County.

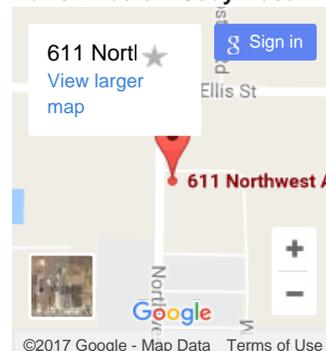
The project manager for NextEra told KLVT news the project will be constructed near the intersection of FM 1585 and Hwy 214. The project is expected to create over \$50 million in property taxes and over \$28 million in landowner payments.

The project will be owned, constructed and operated by a subsidiary of NextEra Energy Resources. The expected maximum capacity of 150 megawatts produced by approximately 67 wind turbines and will be capable of generating enough electricity to power 45,000 homes.

The target completion date is set for late 2018. The company is expecting approximately 250 construction jobs and will generate 5-7 full time positions.

NextEra Energy Resources is a subsidiary of NextEra Energy Inc., a leading renewable

News Director - Jody Rose



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energy developer in North America.. They are the largest generator of wind energy in the world and currently operate more than 115 wind projects in 20 states and more than 13,000 megawatts of generation from more than 9,000 wind turbines. They currently own and operate 20 wind and solar projects in Texas and New Mexico, a capitol investment of \$8.4 billion.

Cochran County Commissioners will be meeting soon to take action on tax abatement guidelines. NextEra Energy have requested an abatement. The project manager for NextEra said this project is totally independent from the project which has been discussed in Hockley County and an abatement has been approved by Hockley County Commissioners.

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COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Whiteface CISD– Wildcat Ranch Wind Project, LLC App. #1186

Comptroller Questions (via email on June 15, 2017):

1. *Is The Wildcat Ranch Wind Project currently known by any other project names?*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.*

Applicant Response (via email on June 16, 2017):

The project has always been known as “Wildcat Ranch”, but Xcel Energy, who will purchase the power if this project is built, refers to Wildcat Ranch Wind and Lorenzo Wind collectively as “Bonita Wind”. Bonita Wind is the legal entity that Xcel Energy entered into agreement with to procure power from the two wind projects: Wildcat Ranch Wind, LLC (150 MW in Cochran County) and Lorenzo Wind, LLC (80 MW in Crosby County). NEER owns both Wildcat Ranch and Lorenzo and they are treated as two separate projects. The Lorenzo Wind project has a 313 in Lorenzo ISD, currently known as Fiber Wind Holdings, which we will be requesting be assigned to the Lorenzo Wind soon. Each project has, or will have, its own development contracts (with companies such as surveyors, engineering, construction, etc. ...), separate bank accounts, financing will be separate, as will be their interconnections. Wildcat Ranch is in the Southwest Power Pool and will not interconnect to ERCOT.

I assume your reason for asking is your research on the “determining factor” question. Please let me know if you have any concerns. The relevant taxing jurisdictions and their tax rates for Wildcat Ranch, being Cochran County (\$1.10, Cochran County Memorial Hospital District (\$0.60), Cochran Co Wide ISD, (0.144) South Plains College (\$0.40), High Plains Water District (\$0.008), and Whiteface CISD (\$1.04 M&O and \$0.39 I&S) (a substantial I&S tax rate), comprise collectively the highest composite tax rate, being \$3.681 I have seen in my 40 years in the property tax profession. This composite rate is approximately 50% higher than the average west Texas county composite rate. As a result, even after anticipated tax abatements with the county and hospital, this wind project has one of the highest ad valorem tax burdens I’ve encountered. With this in mind, the VLA is absolutely critical to the economic success of the project. In other words, without the VLA, it is extremely unlikely this project would be built.