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**Frequently Asked Questions**  
**Regarding Sharyland Utilities' CREZ Transmission Project**  
**(As of May 1, 2013)**

These Frequently Asked Questions will be updated regularly with new developments and information. For more information, please call Sherry Kunka at **866-354-3335** or send an email to **suhelp@sharyland.com**.

**About CREZ**

**1. What is CREZ?**

CREZ stands for Competitive Renewable Energy Zones. The CREZ process was established by the Texas Legislature in 2005 through the enactment of Senate Bill 20. It was created to help encourage the development of wind generation in Texas by facilitating the construction of almost 2400 miles of new electric transmission lines to areas of the state determined to have superior wind energy resources.

In 2008, the Public Utility Commission of Texas (PUCT) identified certain portions of West Texas and the Texas Panhandle and South Plains as CREZ Zones and selected a transmission scenario designed to bring 18,456 megawatts of wind power from these regions into the Electric Reliability Council of Texas (ERCOT) market.

In 2009, the PUCT designated several transmission service providers (TSPs), including Sharyland Utilities, to construct specific portions of the CREZ facilities.

**2. What is ERCOT? What is SPP?**

ERCOT is an organization that is regulated by the PUCT and that oversees the planning and operation of the electric grid that covers most of Texas. The ERCOT grid serves approximately 85% of the state's electric load. However, most residential and commercial customers located in the Texas Panhandle and South Plains are not connected to the ERCOT grid. These customers are connected to an interstate transmission grid that is managed by a different regional transmission organization, the Southwest Power Pool (SPP).

**3. So, will the new CREZ lines be linked to the ERCOT grid or the SPP grid?**

The new CREZ lines will be linked only to the ERCOT grid. Essentially, these lines will help harness the wind resources from designated CREZ zones in the Texas Panhandle and South Plains and move that power to the major load centers located within ERCOT, such as the DFW area, Austin, San Antonio, and Houston.

**About Sharyland Utilities**

**4. Who is Sharyland Utilities?**

Sharyland Utilities, L.P. is a Texas-based public electric utility that is fully regulated by the PUCT. We are committed to providing quality customer service, affordable rates, safe and reliable electric delivery, and increased investment in the electric grid of Texas.

Our corporate headquarters are located in Dallas, and we currently serve approximately 50,000 customers in 29 counties throughout Texas. Sharyland Utilities is privately-owned by Hunter L. Hunt and other members of the family of Ray L. Hunt, and is managed by Hunter L. Hunt.

**5. Does Sharyland currently provide retail electric service to customers in the Texas Panhandle and South Plains regions?**

No. At this time, Sharyland is only involved in the construction and operation of the large scale CREZ transmission facilities that will help move power from local generation facilities, including wind farms as well as traditional thermal generation, to the ERCOT grid.

**About Sharyland’s Portion of the CREZ Project**

**6. What CREZ facilities is Sharyland currently constructing? How many miles? Where are they located?**

Sharyland is constructing four (4) collection stations and five (5) transmission line segments, covering approximately 300 miles through eleven (11) counties in the Texas Panhandle and South Plains. These counties include Armstrong, Briscoe, Carson, Castro, Deaf Smith, Dickens, Floyd, Motley, Oldham, Potter, and Swisher.

Sharyland has also constructed a Transmission Operations Center (TOC) in Randall County. The TOC will ultimately control all of Sharyland’s transmission facilities in Texas and will house personnel that will operate the TOC on a continuous basis, 24 hours a day / 7 days a week.

**7. Has construction begun on the four (4) collection stations? When will they be completed?**

Yes. Construction is well underway, with the first collection station (Silverton Station) completed in April 2013. Throughout the permitting and construction process, each station was named for its geographic location. However, to comply with ERCOT naming rules, each station will ultimately be renamed. Information about each collection station is provided below.

Location	Old Station Name	New Station Name	Completion Date
Carson County	White Deer Station	Alibates Station	September 2013
Deaf Smith County	Hereford Station	Windmill Station	July 2013
Castro County	Nazareth Station	Ogallala Station	June 2013
Briscoe County	Silverton Station	Tule Canyon Station	April 2013

**8. Did the PUCT approve the final routes for the five (5) transmission line segments? Where are these line segments located? When will they be completed?**

Yes. Using the new collection stations as end points, the approved transmission line segments are as follows:

PUCT Approval Date	Segment (Old Station Names)	Segment (New Station Names)	Completion Date
December 13, 2010	Hereford to White Deer	Windmill to Alibates	September 2013
February 10, 2011	Silverton to Cottonwood	Tule Canyon to Cottonwood	April 2013
March 22, 2011	Hereford to Nazareth	Windmill to Ogallala	July 2013
March 22, 2011	Nazareth to Silverton	Ogallala to Tule Canyon	June 2013
May 9, 2011	White Deer to Silverton	Alibates to Tule Canyon	November 2013

The Silverton (Tule Canyon) to Cottonwood line connects Sharyland’s new Silverton (Tule Canyon) Station with the new Cottonwood Station that was constructed in Dickens County by another company called Wind Energy Transmission Texas (WETT).

**9. How were the routes for the transmission lines determined?**

General preliminary routes were originally established by ERCOT in late 2008. In 2009, Sharyland further refined these routes into several possible alternatives by conducting environmental assessments and meetings with affected landowners. Once Sharyland established various alternative routes for each line, we then filed applications with the PUCT in 2010 seeking to amend our Certificate of Convenience and Necessity (CCN) and asking the PUCT to approve a final route for each line segment.

**10. Did landowners have an opportunity to participate in the route selection and regulatory process?**

Yes. Sharyland hosted a series of public meetings during the late summer and early fall of 2009 where affected landowners and the general public were invited to come, review all the proposed routes near their land, and offer suggestions or voice concerns. Notices for these public meetings were sent directly to affected landowners and were posted in local newspapers.

Also, when Sharyland filed each individual CCN application, it sent written notices to all affected landowners and posted notices in the local newspapers. In addition, Sharyland provided affected landowners with contact information and instructions on how they could fully participate in the CCN proceedings before the PUCT. After the CCN's were granted, and the line routes were approved by the PUCT, Sharyland notified affected landowners and held informational meetings to inform them about the right-of-way acquisition phase of the project.

**11. What is the expected timeline going forward, and is the construction phase on schedule?**

Line construction began in the third quarter of 2011. Construction for each line segment should take approximately twelve (12) to twenty-two (22) months to complete, depending upon the length of the line. Sharyland anticipates that it will complete construction and energization of its CREZ facilities by the end of 2013, in accordance with the PUCT's final CREZ order which states that it is the PUCT's expectation that all CREZ transmission lines and collection stations should be constructed and in service by the end of 2013.

**About Right of Way**

**12. How tall are the transmission towers? How much right-of-way is needed to accommodate these towers?**

All CREZ transmission lines will be operated at a voltage of 345 kilovolts (kV), meaning they will be attached to structures that are larger than the wooden frames used to carry the 138 kV lines currently seen in the region. For the most part, Sharyland is using steel lattice structures that are approximately 125 feet tall. However, there are some instances where the PUCT authorized Sharyland to use other structures, such as monopoles.

Sharyland obtained a nominal width of 175 feet for right-of-way. However, some locations may require more or less width due to physical terrain and the type of structures used. In general, the towers are spaced approximately 1150-1200 feet apart within the right-of-way, allowing for four to six structures per mile.

**13. How will I be affected if Sharyland builds a transmission line on my property?**

Landowners still own the property and the right-of-way can continue to be used for purposes such as grazing or farming, and that do not interfere with Sharyland Utilities' transmission lines or operation.

**14. How much does Sharyland pay for right-of-way easements?**

Sharyland pays a fair market value for transmission line easements. The fair market value is determined by conducting a market study or an appraisal for the easement to be obtained. A copy of the market study is available to the property owner at the time an offer is made to purchase the easement.

**15. Has Sharyland used eminent domain to obtain right-of-way for the CREZ lines?**

Yes. Sharyland is a certificated electric utility fully regulated by the PUCT, and as such, has the power of eminent domain. However, Sharyland makes every effort to work with landowners throughout the right-of-way acquisition process to avoid a situation that involves eminent domain and the court costs and legal fees that come with it.

**About Jobs & Benefits to Region**

**16. Who is Sharyland Utilities using to build these new collection stations and transmission lines? Will construction and other related jobs be filled locally or will outside contractors be used?**

Sharyland selected Quanta Services Inc. to construct three line segments, totaling approximately 200 miles. Quanta will perform all construction activities for the Hereford to White Deer, White Deer to Silverton, and Silverton to Cottonwood line segments. A second construction contractor, Power Line Services, was selected to perform all construction activities for the Silverton to Nazareth and Nazareth to Hereford line segments. Finally, TIC Energy & Chemical, Inc. is the contractor performing construction activities on all four of the collection stations.

Sharyland Utilities encourages its major construction contractors to use local resources, and these firms have hired additional local personnel to help with jobs related to the construction of the lines, such as site clearing for towers and collection stations, setting concrete foundations, and other construction support services. In addition, construction crews have patronized local restaurants, hotels, and other community services throughout the project area.

**17. Will Sharyland pay taxes on these new transmission lines and collection stations? When does Sharyland anticipate it will begin paying ad valorem taxes?**

Yes. Local taxing authorities, such as county governments and school districts, have the ability to tax these transmission assets. Assessments of Sharyland's CREZ project are the responsibility of the local appraisal districts and subject to taxation by the county, city, and school jurisdictions in which they are located. Sharyland Utilities made its first ad valorem tax payments in 2012. These payments were made on facilities put in place during 2011 when construction began.

**About Wind Farm Development**

**18. I'm currently in discussions with a wind farm developer who is interested in putting wind turbines on my property. If you build a new transmission line on my property, will that prevent me from being able to have a wind turbine on my property as well?**

Not necessarily. Placing a transmission line on your property will not in and of itself prevent the placement of wind turbines. However, it could affect the physical location and placement of the turbines now that a final route has been selected by the PUCT.

These transmission lines will require a right-of-way with a nominal width of 175 feet, and obviously, no turbines can be placed in the direct path of the transmission line. Also, general principles and practices incorporate an additional buffer distance on either side of the right-of-way to ensure that the lines will not be harmed by activities related to the construction, operation, and maintenance of a wind turbine.

Other than that, it will be entirely up to the property owner and the wind developer to determine the appropriate number and location of wind turbines on the property and to coordinate those locations with adjacent property owners, roadways, railroads, other utilities, and other land uses.

Throughout this process, Sharyland Utilities is committed to working closely with all stakeholders, including landowners and wind developers, towards a common solution that ensures a proper balance in the use of the land.

**19. Does Sharyland currently have any interconnection agreements with developers for wind or other generation resources?**

To date, Sharyland has submitted five generation interconnection agreements to the PUCT representing up to 2,086 MW of generation, including the following developers: EC&R Development, LLC (wind); RES America Developments, Inc. (wind); Mariah North West LLC (wind); Spinning Spur Wind Two LLC (wind); and Golden Spread Electric Cooperative, Inc. (natural gas).

**20. Is there "room" or transmission capacity available on Sharyland's CREZ line for additional wind farms? If so, how many MW of wind and other capacity could be added?**

Yes, Sharyland's portion of the overall CREZ project has capacity in excess of 2500 MW and can be expanded as necessary to meet additional capacity.