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Frequently Asked Questions
Regarding the Second Circuit Upgrade of Sharyland Utilities' CREZ Transmission Project

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

About the Proposed Second Circuit Upgrade

1. What is this project?

Sharyland is proposing to add a second circuit to its existing 345 kilovolt (kV) transmission facilities that were previously built as part of the Competitive Renewable Energy Zone (CREZ) projects. Several of the lines that were originally constructed and placed into service in late 2013 currently only have a single circuit hanging on one side of the towers. The purpose of this project is to install a second circuit to hang on the other side of those same towers.

2. Will installation of the second circuit require new right-of-way?

Except in very limited circumstances, no new right-of way will be required. The second circuit will be added to Sharyland's existing single-circuit transmission towers.

3. How will I be affected by the construction phase of this project?

Landowners still own the property and the existing 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. Sharyland will work closely with landowners to coordinate right-of-way access throughout the construction phase.

CREZ Background

4. 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.

By the end of 2013, Sharyland Utilities had completed construction and energization of approximately 300 miles of new high voltage electric lines and four collection stations in the Texas Panhandle and South Plains.

5. 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).

6. Are the CREZ lines linked to the ERCOT grid or the SPP grid?

The CREZ lines are linked only to the ERCOT grid. Essentially, these lines help harness the wind resources from designated CREZ zones in the Texas Panhandle and South Plains and move that power to major load centers located within ERCOT.

About Sharyland's Portion of the CREZ Project & the Second Circuit Upgrade

7. What CREZ facilities did Sharyland initially construct? How many miles? Where are they located?

Sharyland initially constructed 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. These original facilities were placed into service in late 2013.

Sharyland also constructed a Transmission Operations Center (TOC) in Randall County. The TOC now controls all of Sharyland's transmission facilities in Texas and houses personnel who operate the TOC on a continuous basis, 24 hours a day / 7 days a week.

8. What are the locations of the original four collection stations?

- Alibates Station in Carson County
- Windmill Station in Deaf Smith County
- Ogallala Station in Castro County
- Tule Canyon Station in Briscoe County

9. Has Sharyland constructed and placed into service any additional collection stations since 2013?

Yes, Sharyland has constructed three additional collections stations since late 2013:

- AJ Swope Station in Potter County
- White River Station in Floyd County
- Abernathy Station in Hale County

Of note, the new AJ Swope Station is interconnected on the existing line in between Alibates Station and Windmill Station, and the new White River Station is interconnected on the existing line in between Tule Canyon Station and another station owned and operated by a separate company.

10. What transmission line segments will require the addition of a second circuit?

Using the collection stations as end points, the following transmission line segments will require the addition of a second circuit:

- Tule Canyon to Ogallala
- Ogallala to Windmill
- Windmill to AJ Swope
- AJ Swope to Alibates

11. Why is the second circuit needed?

Now that there is an additional outlet for the region's bountiful wind resources, the initial CREZ build-out is encouraging investments in large wind developments as developers are finding a market in ERCOT for their projects. With the amount of new wind generation coming into the ERCOT generation market, the PUCT directed Sharyland to file an application for a Certificate of Convenience and Necessity (CCN) to add a second circuit on the same transmission line towers so that more wind energy can be transmitted from the Panhandle and South Plains to ERCOT.

12. What is the timeline going forward?

Sharyland filed its CCN application with the PUCT on February 26, 2016, under Docket No. 45622. If approved by the PUCT, the second circuit could be completed in mid-2018.

About Jobs & Benefits to Region

13. Will construction and other related jobs be filled locally or will outside contractors be used?

Sharyland Utilities encourages its major construction contractors to use local resources, and these firms have traditionally hired additional local personnel to help with jobs related to the construction of the facilities. In addition, construction crews patronize local restaurants, hotels, and other community services throughout the project area.

14. Will Sharyland pay taxes on the additional circuit?

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 and has continued to make payments annually.

About Sharyland Utilities

15. 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, with local offices in Amarillo, and we currently serve approximately 54,000 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.