

1/24/2008
Minnesota Public Utilities Commission

Minnesota Department of Commerce

Re: Bear Creek Wind Partners (Docket Number IP 6629/WS-07-297)
Glacial Ridge Wind Project (Docket Number IP 6650/WS-07-1073)

Dear Sirs,

Due to market conditions, ie; turbine availability, project finance, the exchange rates and further analysis of the wind resource at both the Bear Creek and Glacial Ridge wind sites we are asking the Public Utilities Commission to consider giving permits for both projects with some degree of flexibility concerning the timing of the project and the turbine technology that is used on either site.

A probable change to the permit includes the timing of the project's construction/commercial operation projected to be in the 2010 to 2011 timeframe but possibly sooner if discussions with financial capabilities with suitable turbine allocations prove to be successful. Other changes to the permit will be the manufacturer of the turbine, the hub height (projected to be between 80 and 100 meters) and the rotor diameter (between 90 and 100 meters). We would like to include these possibilities in our permit application so we do not have to revisit the permit application in this manner when we are ready to construct the project. Reasons for the changes are stated below.

1. Although we had turbine allocations lined up for 2008 our financing fell through because we did not have enough wind data from the site. There is a discrepancy between the actual measured data and a site analysis performed based on that data, actual performance of the N90 Nordex wind turbine that is located on site and the WindLogics report that had indicated a more robust wind site. The actual performance of the turbine and wind data collected at hub height is indicative of a wind resource in the 7.5 m/s annual average which is higher than the analysis performed but below expectations indicated in the WindLogics report.

Calibrated instruments are being installed at an 80 meter hub height that will give the project better information which will be correlated to the existing meteorological tower (installed in December of 2006) and the Nordex N90's anemometers, which have been collecting data since June of 2007.

2. The performance characteristics of the N90 was found to not be conducive to actual site conditions based on the pro forma we constructed for either site. We estimated a 35% capacity factor based on the WindLogics report, the analysis indicated a 28 or 29% capacity factor and the actual performance of the Nordex N90 turbine located on site at Bear Creek is doing an average of approximately 33% capacity factor.

PPA discussions with the utility was problematic for the project because of the worsening exchange rates and paying for the Nordex turbines in euros increased our capital costs of the project over the last 8 months by over 12%. Because of issues relative to capital costs and the projected wind speeds the project's pro forma was extremely sensitive to the production estimates. We felt that in order for this project to be viable to receive financing and to effectively operate and maintain the project that the economics of the project would have to improve. Consequently a turbine with a larger rotor diameter (relative to nameplate capacity of the generator) and a possible higher hub height would have to be utilized in order to achieve better performance but at the same time increasing the cost, in euros, of the turbine. We feel this tradeoff may be acceptable to a utility interested in doing a project with the ability to interconnect sometime in the 2011 timeframe.

Our intention at this point is to utilize a low wind turbine with a preference towards the N100 state of the art turbine manufactured by Nordex which will not be available to our project until late 2010 or 2011. We

feel that the N100's deployment on site and increase in swept area of approximately 30% would be very compatible with both sites at Glacial Ridge, but especially the Bear Creek Wind site. The 30% increase in rotor swept area translates into an approximate 24% increase in power when averaged across the spectrum of wind speeds between 4 m/s to 12 m/s.

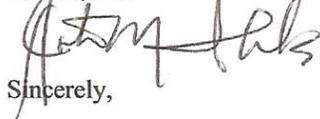
At this time the N100 is available only on a 100 meter tower. Preliminary calculations from the N100 on a 100 meter tower indicate our wind resource that would yield production of approximately 36 percentile in terms of capacity factor.

3. Because of market conditions, political issues relative to C-BED and project finance we cannot absolutely determine at this point whether or not the N100 would be available to us. We have identified 3 other turbines that we feel would be available through finance entities if our project can come to terms concerning our projects. Finance entities that have or will have turbine allocations that may be interested in our projects will ultimately decide what turbine will be available for our project. We feel we will have options, depending upon circumstances beyond our control that at least 4 turbine types may work at either site, and we do not want to necessarily be hampered by having to construct the project with a turbine from one manufacturer or tied to any particular finance entity. Our position is this could possibly minimize local economic benefits flowing back to the State of Minnesota.

4. We feel that both projects are viable and somewhat groundbreaking because at the time development started on these projects developers were not considering wind development in areas in the Bear Creek (Hewitt, MN) or Glacial Ridge (Brooten, MN) areas. If we were to have simply relied on wind data analysis relative to the meteorological tower located on the project site the determination may have been that the site is not developable. We are intent on proving the wind resource, especially at the Bear Creek site, and have installed a met tower with a height capable of measuring wind at 80 meters. We feel the analysis done based on the wind data collected (58 meters) and the location of that meteorological tower is not indicative of the actual performance we will be able to obtain from either an N100 or another site suitable wind turbine. This coupled with the fact that technology is changing relative to "low wind rotors" and power electronics that wind resources in Minnesota not previously considered will open up many more areas to wind development.

A lot of work has been done on both projects and we feel we need some flexibility and some time in which to bring our projects to commercial operation. Please consider the inclusion of the above information in your permitting process.

Thank you,



Sincerely,

John M. Ihle
PlainStates Energy

for;

Bear Creek Wind Partners

and;

Glacial Ridge Wind Project