

June 1, 2011

Dr. Burl Haar
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101

RE: In the Matter of the Petition of Bear Creek Wind Partners, LLC to Extend Deadlines for its LWECS Site Permit

DOCKET NO: IP-6629/WS-07-297

Dear Dr. Haar:

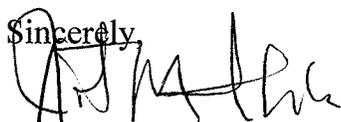
Enclosed is a Petition to Amend the Bear Creek Wind Partners, LLC (the “Project”) site permit. PlainStates Energy, the developer of the 47.5 MW CBED wind project located in Todd and Otter Tail Counties, Minnesota, was issued a Large Wind Energy Conversion System (“LWECS”) Site Permit, May 19, 2009. The Project is required to notify the Minnesota Public Utilities Commission the reason or reasons why we have not started construction, as per requirements set forth in the Permit, Section K Part 2 (“Failure to Commence Construction”), the Project has not been able to acquire a power purchase agreement and commence construction within the 2 year timeframe set forth by the Minnesota Public Utility Commission.

Because of on-going Midwest Independent System Operator (“MISO”) restructuring, study delays and revisions concerning prior queued MISO and their relationship to the Bear Creek MISO transmission studies our interconnection study process has not been completed. Consequently we

have been unable to acquire a Large Generator Interconnection Agreement (“LGIA”) and ascertain transmission risk or capital costs for interconnection, acquire a power purchase agreement (“PPA”) and proceed to project construction.

We respectfully ask the Minnesota Public Utility Commission to extend the Bear Creek Wind Partners, LLC LWECS Permit for an additional two years.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Ihle", written over the word "Sincerely,".

John M. Ihle
PlainStates Energy
27451 S. Hwy 34
Barnesville, MN 56514

Introduction

The Bear Creek Wind Partners, LLC (the “Project”) was issued a Large Wind Energy Conversion System Site Permit (the “Permit”) on May 19, 2009. The Project respectfully requests that the Minnesota Public Utilities Commission (“MNPUCC”) amend the Project’s Permit by extending the Permit for an additional 24 months.

Bear Creek Wind Partners LLC filed its interconnection application with MISO in May of 2006 and system impact studies were completed in August of 2008. In October of 2008 Bear Creek was placed in a restructured MISO group study process called the 1st Cycle Definitive Planning Process (“DPP”) and had completed a second system impact study by October of 2010. However, these DPP studies have been deemed invalid because of ongoing interconnection issues relating to Group 5 transmission studies. Group 5 is made up of previously queued MISO projects located within the state of Minnesota and the Federal Energy Regulatory Commission (“FERC”) has ordered MISO to re evaluate because of how transmission upgrade costs were allocated for a CapX 2020 Brookings Transmission Line. This FERC ordered re evaluation affects subsequent MISO transmission studies including Bear Creek’s system completed system impact study which is delaying interconnection agreement negotiations. The Bear Creek system impact restudy will be undertaken upon completion of the Group 5 restudy.

The Project has been unable comply with permit criteria and start construction due to the inability of the Midwest Independent System Operator (“MISO”) to complete system impact and facility studies for the 1st Cycle DPP. The lack of completed MISO studies is a primary reason why the Project has been unable to accurately model the Project’s economics, ascertain transmission risk and acquire realistic pricing for a power purchase agreement (“PPA”). As a result the Project is not able to construct and fulfill the two year timeframe criteria as per the LWECs permit.

Group 5, Brookings Line and CapX2020 Background

Group 5 studies were being studied in conjunction with utility planning and permitting work for the CapX2020 project, which included the Brookings Line and several major facility upgrades. MISO was allocating the entire cost of the Brookings Transmission Line along with facility upgrades involving major capacitor banks, estimated at a cost of almost 1 billion to Group 5. This presented enormous cost barriers to several projects within Group 5 and there were questions as to why the entirety of cost was being allocated to Group 5.

Legal action filed at the FERC in 2009 by one Group 5 project, Community Wind North (“CWN”) contested the cost allocations for the Brookings Line. Legal proceedings lasted approximately a year. After much legal discussions between MISO, the FERC and CWN decisions were made by the FERC in favor of CWN which had an effect on the entire Group 5 study group delaying our Project’s interconnection further.

The FERC found that the Brookings Line was being developed by the utility industry as part of CapX2020 and as such was already in the planning process with the intention of serving the needs of multiple utilities as well as the fossil fuel industry to support growing load in Minnesota and perhaps beyond. Because the Brookings Line was deemed a part of CapX 2020 the FERC ruled that cost allocations to build the line were inappropriately levied on Group 5 and that alternative means to ascertain system impacts and costs interconnect Group 5 projects will need to be established. The resulting action from MISO indicated a restudy was necessary and alternatives were needed and that restudy is scheduled to be completed May 20, 2011.

1st Cycle DPP.

The MISO restructured its queue system in the fall of 2008 organizing a Definitive Planning Phase(s) (“DPP”) consisting of several DPP Groups. Bear Creek was placed in the 1st Cycle DPP after completing its system impact in a previously queued group study called “Group 6”. Because of the FERC order prompting the restudy for Group 5, the 1st Cycle DPP restudies cannot be started until the previously queued project studies are complete. These restudies are scheduled to start immediately after the Group 5 restudy is completed. The Group 5 restudy was completed by the FERC ordered May 20, 2011 and Bear Creek expects their 1st Cycle DPP restudy is scheduled to begin May 24, 2011. It is unclear when the 1st Cycle DPP restudy will be completed.

Interconnection Related Issues Preventing Bear Creek to Construct

The Project’s main reason for the Project’s failure to construct is the inability to ascertain all capital costs and risks associated with interconnection which is directly related to MISO transmission studies. This has prevented the Project from accurately modeling the economics and subsequent price offering to a prospective utility. The Project cannot present to utilities a reasonable price offering without considerable risk. Consequently Bear Creek has not been able to acquire a PPA and start construction.

If the Permit extension request is denied Bear Creek Wind Partners, LLC the Project will lose the ability to complete development and bring the Project to commercial operation if the MNPUC does not amend the Permit, as allowed by Minn. R.7854.1300, subp. 2.

Project Overview and Current Status

The Bear Creek Wind Partners, LLC project began development in 2005 and is located near the community of Hewitt, MN. We were issued a state Large Wind Energy Conversion system (“LWECS”)

Permit by the MNPUC on May 19, 2009. The Project intends to utilize low wind turbines for a total capacity of up to 47.5 MW with an estimated production of over 162,000 megawatt hours annually. The Project is organized as a community owned project, has a Resolution of Support from both Todd and Otter Tail County Commissions, and has paid all its own development costs. The Project is owned by 9 local investors and may qualify as a Community Based Energy Development (“CBED”) Project under Minn. Stat. § 216B.1612.

Because of technical advances since the Project was issued its Site Permit by the MNPUC in 2009 the Project would be able to produce a considerable amount more energy than originally thought making the Project more competitive with similar projects some of which are located in higher wind resource areas. Our meteorological modeling is now indicating a much higher net capacity factor which has been modeled into our Project pro forma. We believe our somewhat conservative modeling which includes some interest rate cushion and pricing currently available for equipment when combined with production and current construction costs and risk meet increasing utility, MPUC and ratepayer demands for lower cost and reliable renewable energy.

The MPUC Has Good Cause to Extend the Deadlines.

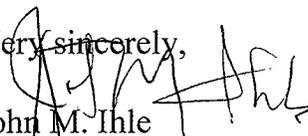
If the MNPUC chooses the MNPUC may amend the Permit to extend the deadlines upon a showing of good cause. We think study processes associated with the CapX Brookings Line and Group 5 with respect to our Project was and still is out of our control. As a consequence our Project is not able to acquire an LGIA or properly model financing and prepare pricing to prospective utilities issuing RFP’s or enter into any PPA negotiations without being able to quantify risk, costs or timing of upgrades.

Request for a Permit Extension

Currently, Bear Creek believes our Project will be well positioned to bid into what we think will be opportunity concerning RFP processes over the next few years. Bear Creek Wind Partners, LLC requests an additional two years to start construction.

Delays the Project has experienced are because of Group 5 and MISO's inability to model our Project's transmission impacts and this is a process out of our control. Transmission studies are a critical step towards ascertaining risk and cost. Bear Creek Wind Partners, LLC and PlainStates Energy LLC respectfully requests a two year LWECS Permit extension be given our Project, which may give us time to finish the MISO study process, acquire a PPA and start construction.

Very sincerely,



John M. Ihle

For Bear Creek Wind Partners, LLC
PlainStates Energy LLC