



Control Number: 48785



Item Number: 133

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**CONSOLIDATED SOAH DOCKET NO. 473-19-1265
CONSOLIDATED PUC DOCKET NO. 48785**

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**JOINT APPLICATION OF ONCOR
ELECTRIC DELIVERY COMPANY
LLC, AEP TEXAS INC., AND LCRA
TRANSMISSION SERVICES
CORPORATION TO AMEND THEIR
CERTIFICATES OF CONVENIENCE
AND NECESSITY FOR 345-KV
TRANSMISSION LINES IN PECOS,
REEVES, AND WARD COUNTIES,
TEXAS (SAND LAKE TO SOLSTICE
AND BAKERSFIELD TO SOLSTICE)**

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

**UNANIMOUS STIPULATION CONCERNING
NEED FOR THE PROPOSED PROJECTS**

This Unanimous Stipulation Concerning Need for the Proposed Projects (Need Stipulation) is entered into by Oncor Electric Delivery Company (Oncor), AEP Texas Inc. (AEP Texas), LCRA Transmission Services Corporation (LCRA TSC), the Staff of the Public Utility Commission of Texas, and all of the Intervenors who remain parties to this proceeding (collectively, the Signatories).

I. Background

1. On November 7, 2018, Oncor and AEP Texas jointly filed an application to amend their certificates of convenience and necessity for a proposed double-circuit 345-kV transmission line in Pecos, Reeves, and Ward Counties to interconnect the Sand Lake and Solstice stations (Sand Lake to Solstice Project). The application was assigned PUC Docket No. 48785.

2. On November 7, 2018, LCRA TSC and AEP Texas jointly filed an application to amend their certificates of convenience and necessity for a proposed double-circuit 345-kV transmission line in Pecos County to interconnect the Bakersfield and Solstice stations (Bakersfield to Solstice Project). The application was assigned PUC Docket No. 48787.

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3. The Sand Lake to Solstice Project and the Bakersfield to Solstice Project (collectively, Projects) share a common endpoint at Solstice station and were reviewed through the ERCOT Regional Planning Group process and endorsed by ERCOT as components of the Far West Project. ERCOT also designated the Projects as critical to the reliability of the ERCOT transmission system.

4. Oncor, AEP Texas, and LCRA TSC filed the testimony of Brent R. Kawakami in both Docket No. 48785 and Docket No. 48787 explaining the need for the Projects and the ERCOT review and endorsement of the Projects.

5. On November 15, 2018, the SOAH Administrative Law Judges issued SOAH Order No. 1, which consolidated the applications for the Sand Lake to Solstice Project and the Bakersfield to Solstice Project into PUC Docket No. 48785.

6. On or before January 10, 2019, Intervenors filed their testimony in consolidated Docket No. 48785. No Intervenor testimony or statement of position addressed or challenged the need for the Projects.

7. On January 30, 2019, Commission Staff filed the Direct Testimony of David Bautista concerning the Sand Lake to Solstice Project and the Direct Testimony of Blake P. Ianni concerning the Bakersfield to Solstice Project. Staff's testimony concludes that the Projects are necessary for the service, accommodation, convenience and safety of the public.

8. On February 8, 2019, the SOAH Administrative Law Judges issued SOAH Order No. 6,¹ granting the Motion of Oncor, LCRA TSC and AEP Texas to cancel the need hearing scheduled for February 15, 2019, to hold a prehearing conference on that date, and to admit the direct testimony and supporting exhibits of Mr. Kawakami originally filed in this docket and in Docket No. 48787.

9. The Signatories desire to capture the benefits of this Need Stipulation, for which all Signatories express their support, and to resolve all issues concerning the need for the Projects and, therefore, agree as follows:

¹ There are two orders named "SOAH Order No. 6" in this docket, one issued on February 1, 2019, and another issued on February 8, 2019. The parties refer to the latter here.

II. Agreement

10. The Signatories stipulate and agree that the Projects are necessary for the service, accommodation, convenience and safety of the public.

11. The Signatories stipulate and request that the Commission adopt Findings of Fact and Conclusions of Law concerning need similar to those attached hereto as Exhibit A.

III. Other Provisions

12. This Stipulation is binding on each Signatory only for the purpose of settling the issues herein and for no other purpose. The Signatories acknowledge and agree that a Signatory's support of the matters contained in this Stipulation may differ from its position or testimony in dockets and cases not referenced in this Stipulation. To the extent that there is a difference, a Signatory does not waive its position in such other dockets and cases.

13. The Signatories have entered into this Stipulation in the interest and spirit of settlement and therefore agree that the provisions of the Stipulation shall be subject to final approval by the Commission. Moreover, the Signatories agree to and move for entry of a final order of the Commission consistent with this Stipulation.

14. This Stipulation represents a compromise, settlement, and accommodation among the Signatories, and all Signatories agree that the terms and conditions herein are interdependent and no Signatory shall be bound by a portion of this Stipulation outside the context of the Stipulation as a whole. If the Commission materially changes the terms of this Stipulation or issues a final order inconsistent with a material term of this Stipulation, the Signatories agree that any Signatory adversely affected by that material alteration has the right to withdraw its consent to this Stipulation and may file a motion for rehearing; thereby becoming released from its commitments and obligations arising hereunder and to proceed as otherwise permitted by law to exercise all rights available under law. Such a right to withdraw must be exercised by providing the other Signatories written notice within 20 calendar days of the date the Commission files its order acting on this Stipulation. Failure to provide such notice within the specified time period shall be deemed a waiver of the right to withdraw and, therefore, shall constitute approval of any material changes to this Stipulation made by the Commission. The Signatories separately reserve

the right to appeal in the event the Commission enters a final order that materially deviates from this Stipulation.

15. Pursuant to Texas Rule of Evidence 408, if any Signatory withdraws its consent from this Stipulation in accordance with the preceding paragraph and this matter proceeds to an evidentiary hearing, oral and written statements made during settlement negotiations, including the terms of this Stipulation as it pertains to the withdrawing Signatory, shall not be admissible in evidence in such a hearing.

16. Each person executing this Stipulation warrants that he or she is authorized to sign this Stipulation on behalf of the Signatory represented. Facsimile copies of signatures are valid for purposes of evidencing such execution. The Signatories may sign individual signature pages to facilitate the circulation and filing of the original of this Stipulation.

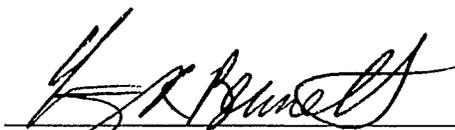
Dated: February 19, 2019.

Respectfully submitted,

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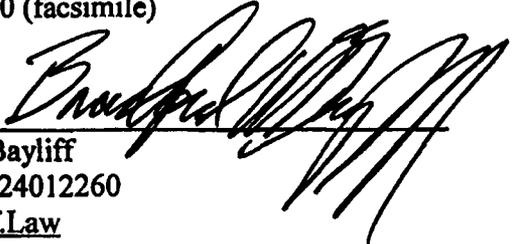
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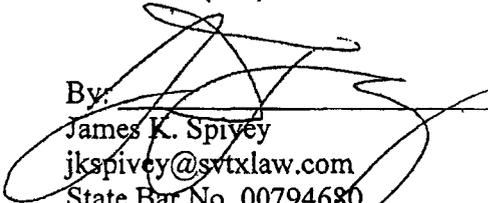
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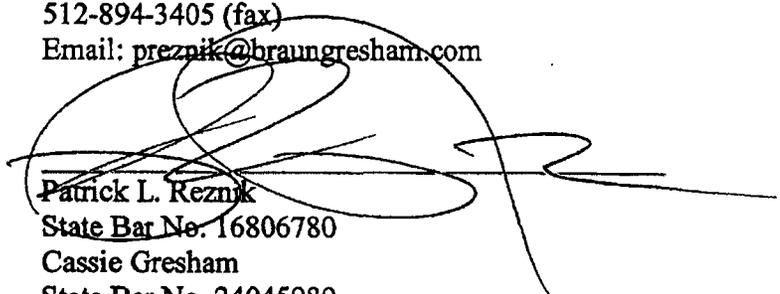
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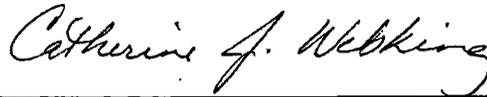
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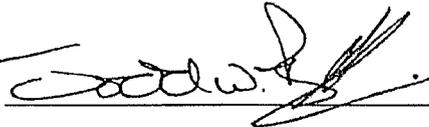
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CERTIFICATE OF SERVICE

I certify that a copy of this document was served on all parties of record on this date, February 19, 2019, in accordance with 16 TAC § 22.74.



EXHIBIT A
AGREED FINDINGS OF FACT AND CONCLUSIONS OF LAW

I. Findings of Fact

Adequacy of Existing Service and Need for Additional Service

- # The proposed transmission facilities are needed to (1) support load growth in the Far West Texas area; (2) address reliability violations under Electric Reliability Council of Texas (ERCOT) reliability criteria and North American Electric Reliability Corporation (NERC) reliability standards; and (3) provide the infrastructure necessary to facilitate future transmission system expansion to continue to support that load growth.
- # The Far West Texas area is experiencing rapidly growing load due primarily to oil and natural gas production, processing, and transportation, as well as associated economic expansion. On the nearby Culberson Loop transmission lines, between 2012 and 2017 the load rose from 29.3 megawatts (MW) to 246.4 MW, a more than eight-fold increase.
- # Based solely on actual load increases for Oncor substations and confirmed customer load increases (based on financially committed customer contracts), loads on the Culberson Loop lines are expected to increase significantly, with projected 2019 non-coincident summer peak load on these lines of 902 MW, and ultimately 1,549 MW of projected non-coincident summer peak load on these lines by 2022.
- # If the load projection parameters are expanded to take into account pending requests that are currently being studied and contractually negotiated between Oncor and customers, there is a probable likelihood of even further growth for non-coincident summer peak loads; current projections estimate that, for 2020, the non-coincident summer peak load grows to 1,406 MW; for 2021, it grows to 1,563 MW; and for 2022, it grows to 1,639 MW.
- # In April 2016, Oncor and AEP Texas submitted for review by ERCOT's Regional Planning Group (RPG), an independent organization under PURA § 39.151, a suite of projects known as the "Far West Texas Project."
- # ERCOT performed steady state and dynamic stability power flow studies during its independent review of the Far West Texas Project and found multiple violations under NERC Reliability Standard TPL-001-4.

- # ERCOT’s steady state analysis when reviewing the Far West Texas Project identified the following violations: thermal violations on multiple lines in the Barilla Junction Area under single contingencies in both generation cases it studied; unsolvable contingencies; and various voltage violations and unacceptable voltage deviations in the Culberson Loop under one or both cases studied.
- # ERCOT conducted detailed analyses and tests of four short-listed options and, in June 2017, ERCOT’s Board of Directors endorsed construction of, among other things, a new 345 kV transmission line extending from Bakersfield to Solstice, to be built by LCRA TSC and AEP Texas on double-circuit-capable 345 kV structures with one 345 kV circuit initially installed, and expansion of Solstice to include the installation of a 345 kV ring-bus arrangement with two 600 MVA, 345/138 kV autotransformers.
- # In February 2018, Oncor submitted a suite of projects known as the “Far West Texas Project 2” to the ERCOT RPG.
- # ERCOT conducted an independent review of the Far West Texas Project 2, found multiple reliability violations under NERC Reliability Standard TPL-001-4, and conducted detailed analyses of three short-listed options. In June 2018, ERCOT’s Board of Directors endorsed construction of, among other things, a variation of the proposed Far West Texas Project 2 to include the Sand Lake—Solstice double-circuit 345 kV line, expansion of Sand Lake Switch, and a second circuit on the Bakersfield—Solstice line, and it endorsed them as Tier 1 transmission projects needed to support the reliability of the ERCOT transmission system. Further, ERCOT’s Board of Directors endorsed the proposed transmission facilities as critical to the reliability of the ERCOT transmission system pursuant to 16 Texas Administrative Code (TAC) § 25.101(b)(3)(D).
- # The Commission’s certification rule, 16 TAC § 25.101(b)(3)(A)(ii)(I), states that ERCOT’s recommendation shall be given great weight in determining the need for a proposed transmission line project.
- # As approved by ERCOT, the Far West Texas Project 2 includes the following components relevant to the proposed transmission facilities: (i) expansion of the Sand Lake Switching Station to install two new 600 MVA, 345/138 kV autotransformers; (ii) construction of an approximately 40-mile, 345 kV transmission line on double-circuit

structures, with two circuits in place between Sand Lake and Solstice; and (iii) installation of a second 345 kV circuit on the Bakersfield—Solstice line.

- # During the course of its independent reviews, ERCOT evaluated numerous alternatives based on variations of different transmission solutions before endorsing the proposed transmission facilities as components of ERCOT’s overall recommended transmission solution.
- # ERCOT used cost and reliability performance comparisons to further narrow its analysis to several short-listed options to resolve the identified NERC violations, each of which included the proposed transmission facilities.
- # The proposed transmission facilities will not adversely affect service by other utilities in the area and will improve system reliability and capacity in the area.
- # The proposed transmission facilities will facilitate robust wholesale competition by facilitating the delivery of economical electric power at 345 kV from existing and future generation resources located both inside and outside of the project study areas to existing and future electric customers in those areas.
- # The proposed transmission facilities are not proposed to interconnect new transmission service customers.
- # Electric customers within the area of the proposed transmission facilities and other customers in the ERCOT system will benefit from the improved transmission system reliability and capacity provided by the proposed transmission facilities.
- # Voltage upgrades, conductor bundling, and additional transformers were each considered and rejected as inadequate alternatives.
- # Distribution alternatives to the proposed transmission facilities were considered and rejected because they would not improve the reliability and operational capability of the transmission system in the area.
- # All existing transmission facilities in the study areas were constructed and operate at 138 kV, and serve customers directly; thus, upgrading of voltage would require all customers and existing stations to be rebuilt in order to be served from 345 kV.
- # Conductor bundling would not address the reliability and operational issues under the contingencies of concern since any bundled circuits would necessarily be located on the same structures as the existing 138 kV lines in the area. Additionally, bundling

- conductors does not provide bi-directional looped service capability which is needed to address the reliability and operational flexibility for existing and future customers.
- # Adding transformers would not address the reliability and operational issues under the contingency of concern since new 345/138 kV transformers within the Culberson Loop would still be served from the planned Odessa EHV—Riverton / Moss—Riverton 345 kV transmission line. With respect to the Bakersfield—Solstice 345 kV line, adding transformers would not address the reliability and operational issues under the contingency of concern because there is no existing or planned 345 kV source in the area, aside from the Bakersfield—Solstice line, from which to add a 345/138 kV transformer.
 - # The proposed transmission facilities will address critical reliability issues resulting from rapid load growth in an area of oil and natural gas development and associated economic expansion; more specifically, the proposed transmission facilities will support load growth in the area, address reliability violations under ERCOT protocols and NERC reliability standards, and provide infrastructure necessary to facilitate future transmission system expansion, all of which will improve service for new and existing customers in the area.
 - # The proposed transmission facilities will deliver 345-kV transmission to an area that is not currently served at this voltage.
 - # The proposed transmission facilities are the best way to ensure adequate voltage in the Far West Texas area based on considerations of engineering, efficiency, reliability, costs, and benefits.
 - # The proposed transmission facilities will improve transmission service in the Far West Texas area.
 - # No party has challenged the need for the proposed transmission facilities.

II. Conclusions of Law

- # The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 32.001, 37.051, 37.053, 37.054, and 37.056.
- # LCRA TSC, AEP Texas, and Oncor must obtain the approval of the Commission to construct the proposed transmission facilities and provide service to the public using those facilities

The proposed transmission facilities are necessary for the service, accommodation, convenience, or safety of the public within the meaning of PURA § 37.056.