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Public Utility Commission of Texas

37448

July 22, 2010

The Honorable Doug Miller
Texas House of Representatives
P.O. Box 2910
Austin, Texas 78768-2910

Dear Representative Miller:

Thank you for your letter raising additional concerns about the proposed transmission lines in Kendall and Gillespie counties. I understand the concerns that you and your constituents have about the potential impact of the transmission lines. However, the situation regarding the Gillespie to Newton transmission line is different than that for the McCamey D to Kendall to Gillespie lines.

When ERCOT originally conducted its evaluation for the overall CREZ project, and the Commission ultimately approved the current plan from among the several options presented by ERCOT, several proposed transmission lines were designated as "priority lines." These lines were given a priority designation because they not only add capacity to support increased renewable resources, they also help alleviate congestion that currently exists on the transmission grid. Both the Gillespie to Newton and McCamey D to Kendall to Gillespie lines were designated as priority projects.

The McCamey D to Kendall to Gillespie lines, as you know, runs in a west-to-east direction, while the Gillespie to Newton line runs south to north. Other projects that the Commission has recently approved (outside of the CREZ process) in the general vicinity of the proposed Gillespie to Newton line provide for an additional south to north route from the Clear Springs substation east of San Antonio up to Salado, south of Temple. There is also a new line being built from Salado east to the TNP One power plant. Because of these and other new lines, I asked ERCOT to evaluate whether the additional south to north Gillespie to Newton line was still needed. The Commission has not approved any other new transmission that could substitute, in my opinion, for the west-to-east McCamey D to Kendall to Gillespie lines.

When ERCOT originally developed the options for CREZ project, the assumption was for 6,903 MW of existing wind, before adding additional wind resources. As of June 30, there is 9,317 MW of wind capacity, highlighting the need for the CREZ lines, and the priority lines in particular. While LCRA was originally scheduled to file the application for the McCamey D to




Kendall to Gillespie lines on October 28, 2009, due to the unique nature of the affected area, the Commission gave LCRA an additional eight-month period to develop a robust set of route options for the line.

When LCRA files its application for the McCamey D to Kendall to Gillespie transmission lines, the Commission, as required by statute and Commission rules, will consider various factors in its evaluation of the proposed routes, such as the community, historical, and aesthetic values and the environmental integrity associated with the transmission line, whether the proposed routes utilize or parallel existing compatible rights-of-way, property lines or other features, and whether the routes avoid passing over habitable structures. As shown in the Commission's decision on the Gillespie to Newton line, the Commission could deny the application if none of the route options meet the criteria.

If I can help you with this or any other matter, please do not hesitate to contact me. Thank you again for writing.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Smitherman', with a stylized flourish at the end.

Barry T. Smitherman



DOUG MILLER

CAPITOL

P.O. Box 2910
AUSTIN, TEXAS 78768-2910
(512) 463-0325
FAX (512) 463-6161
DOUG.MILLER@HOUSE.STATE.TX.US
July 12, 2010

STATE REPRESENTATIVE • DISTRICT 73
BANDERA • COMAL • GILLESPIE • KENDALL

DISTRICT

387 W. Mill St.
NEW BRAUNFELS, TEXAS 78130
(830) 625-1313
FAX (830) 625-1747

Chairman Barry Smitherman
Public Utility Commission of Texas
PO Box 13326
Austin, Texas 78711

Re: Docket 37049-- LCRA TSC McCamey D to Kendall to Gillespie Project

Dear Chairman Smitherman:

After additional consideration of the concerns that continue to be expressed by my constituents regarding the impacts that the CREZ transmission lines will have on them and Gillespie and Kendall counties, I request that the LCRA TSC transmission line projects that will affect these areas be re-evaluated. This re-evaluation should include the McCamey D to Kendall to Gillespie segments as well as the Gillespie to Newton segment for which you have already requested a review and that I continue to fully support.

Many of the same considerations apply to all three segments. The amount of renewable energy that needs to be transported should be revisited in light of the impacts that lower natural gas prices and the economy have had on industrial wind development. Planned and possible enhancements to the electrical grid need to be taken into account as pointed out in your June 1, 2010 letter to ERCOT's Trip Dogget. As you mentioned, these enhancements include the NextERA private line that was developed subsequent to the original CREZ studies. In addition, the difficulty of finding suitable high voltage transmission line routes as demonstrated in the Gillespie to Newton project will surely apply to the even lengthier McCamey D to Kendall to Gillespie segments. The higher costs associated with these segments could also impact the justification and relative attractiveness of various alternatives.

The timing of the re-evaluation is critical. The July 28, 2010 CCN application filing deadline should be extended to minimize the additional consternation, inefficiencies and higher costs that will result if the re-evaluation has to be done concurrent with the contested case process.

Again, I truly am empathetic to the difficult tasks that you and Commissioners Nelson and Anderson are facing in implementing the CREZ mandates in a cost effective and reasonable manner. I appreciate your consideration of my requests. Please let me know if I can be of assistance by contacting my Capitol office at 512-463-0325.

Sincerely,

Doug Miller
State Representative
District 73

Cc: Commissioner Kenneth W. Anderson, Jr.
Commissioner Donna L. Nelson
W. Lane Lanford, PUC Executive Director
Thomas G. Mason, LCRA General Manager