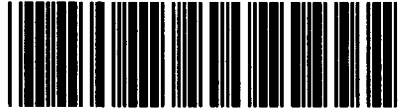




Control Number: 37448



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December 4, 2009

Mr. Barry Smitherman, Chairman
Public Utility Commission Of Texas
1701 N. Congress Avenue
PO Box 13326
Austin, Texas 78711-3326

Ms. Donna L. Nelson, Commissioner
Public Utility Commission Of Texas
1701 N. Congress Avenue
PO Box 13326
Austin, Texas 78711-3326

Mr. Kenneth W. Anderson, Jr., Commissioner
Public Utility Commission Of Texas
1701 N. Congress Avenue
PO Box 13326
Austin, Texas 78711-3326

Re: Docket # 37049 and Docket # 37448

Dear Chairman Smitherman and Commissioners Nelson and Anderson:

By now you are aware of LCRA TSC's response to my letter of November 2, 2009, being that both letters are posted on Dockets #37049 and 37448.

In LCRA TSC's response, Mr. Rodriguez explains in some detail LCRA TSC's justification for proposing, ordering, receiving and dictating the use of lattice towers for all of their CREZ projects. Mr. Rodriguez even goes further to offer that LCRA takes very seriously its responsibility in routing and constructing power lines through the Hill Country.

Instead of specifically responding to each of the points made by Mr. Rodriguez in his letter, I now attach a document to this letter as Exhibit "A", which I believe "speaks for itself" in rebuttal to LCRA TSC's explanation and lip service to the concept of responsibility.

I hope you Commissioners as well as landowners and citizens of the Hill Country will take time to compare the CREZ materials published by LCRA TSC to those of Lone Star Transmission, LLC ("Lone Star"). As you are aware, Lone Star was awarded a CREZ project of approximately 300 miles beginning west of Abilene and running toward the metroplex. What strikes me in comparing the published materials and attitudes of the two companies, is the stark difference between their corporate cultures in how they respect landowners, the public and the natural resources of Texas. Lone Star, as you will see below, believes aesthetics are important and plans to use "**aesthetically pleasing poles.**" On the other hand, LCRA TSC's application to the PUCT states that aesthetics are subjective, implying that aesthetics are wholly unworthy of their attention.

Excerpts to consider from the Lone Star materials in Exhibit "A" include: (a) on page 2 of 4: "Aesthetically pleasing poles, from 120 to 140 foot tall are planned to be used for the majority of the line, which is expected to transport enough energy to power over 2.5 million homes." (b) on page 2 of 4: "We are interested in learning more about people's interests and priorities as they relate to

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our project.” (c) on page 3 of 4: “During this stage, Lone Star plans to meet with landowners who may potentially be affected by construction.” (d) on page 3 of 5: “**We plan to use aesthetically pleasing poles, which are scheduled to range from 120-foot to 140-foot, for the majority of the route. We anticipate each pole will be a single shaft capable of holding both circuits. This type of pole requires much less right-of-way than other types of transmission line structures.**” (e) on page 4 of 5: “We expect construction to begin in 2011 with completion planned in 2013.” (f) and, further, although Lone Star states in its brochure that placing these transmission lines underground is “generally considered cost prohibitive,” nowhere does it say that single pole structures are cost prohibitive.

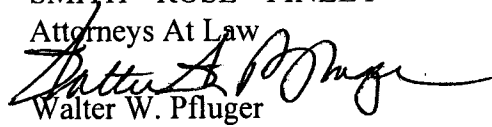
With respect to the CREZ projects, Lone Star does not share the same concerns of LCRA TSC regarding the additional cost of the single tower structures, the ordering of steel or the delay which may accompany the CCN process and completion of its line by the end of 2013. Lone Star emphatically says it can finish the line by the end of 2013 using a “**single shaft capable of holding both circuits**” in contrast to LCRA TSC’s warning that using lattice towers is the only economical and timely way to complete the project. Most impressive is that Lone Star is taking action to protect the aesthetic value of the land and the beauty of Texas while LCRA simply gives lip service to taking serious responsibility for building power lines through the Hill Country.

Given the example of Lone Star’s approach toward aesthetics, the environment and citizens, it is clear that for many months LCRA TSC has chosen to take a dramatically different path. Now that we landowners and citizens have found hard evidence of a corporate culture (Lone Star) that has chosen to be more respectful of aesthetics, the environment and citizens, perhaps LCRA TSC and its corporate management should take action to become a good citizen of the Hill Country and responsibly construct their power lines using aesthetically pleasing methods and routes.

Very truly yours,

SMITH • ROSE • FINLEY

Attorneys At Law



Walter W. Pfluger

WWP:lms

Enclosure

cc: Mr. Fernando Rodriguez, Legal
Counsel, LCRA TSC
Mr. Thomas G. Mason, General
Manager, LCRA
Board Members of LCRA
Ms. Rebecca A. Klein
Mr. Timothy Timmerman
Mr. Franklin Scott Spears, Jr.
Mr. Steve K. Balas
Ms. Lori A. Berger
Ms. Ida A. Carter
Mr. John C. Dickerson III
Mr. Thomas Michael Martine

Mr. W.F. Woody McCasland
Mr. Michael G. McHenry
Ms. Linda C. Raun
Mr. Vernon E. Schrader
Mr. Richard Scott
Mr. B.R. Skipper Wallace
Ms. Kathleen Hartnett White
Representative Drew Darby
Representative Harvey Hilderbran
Senator Robert Duncan
Senator Troy Fraser

LONEstar

EXHIBIT "A"

Lone Star Transmission, LLC
1000 Louisiana St., Suite 5550
Houston, Texas 77002

Thank you for taking the time to attend Lone Star Transmission's open house meeting concerning our proposed Central A to Central C to Sam Switch to Navarro 345 kV Transmission Line Project. Enclosed for your convenience, you will find the following documents:

- Fact Sheet
- Frequently Asked Questions
- Overview Map
- Questionnaire

There will be no formal presentation. Instead, we have displays set up throughout the room with information regarding the proposed project. All of the exhibits presented this evening are preliminary. Comments received from the public are important and Lone Star is interested in learning more about your interests and priorities as they relate to this transmission line project. Lone Star Transmission is committed to working with landowners, elected officials, cities, counties, state and federal agencies, and other interested parties to find the optimal route for the line. Lone Star Transmission representatives are on-hand to discuss the project and answer any questions you have concerning this project.

We encourage you to fill out and submit your questionnaire at the meeting. If taking the questionnaire with you, please mail the completed form by October 30, 2009 to:

Lone Star Transmission, LLC
1000 Louisiana St., Ste 5550
Houston, TX 77002

Comments can also be made via the project website at www.lonestar-transmission.com. All comments will be made a part of the project record.

Again, thank you for attending this public information open house and for providing us this opportunity to visit with you. If you should have any questions or need additional information, feel free to contact us at our toll free number 1-877-278-8097.

FACT SHEET

Who is Lone Star Transmission?

Who We Are

Lone Star Transmission plans to construct, own and operate Competitive Renewable Energy Zone (CREZ) high-voltage electric transmission facilities within Texas. Lone Star's™ transmission rates will be regulated by the Public Utility Commission of Texas, and our service will meet reliability requirements as set by the Electric Reliability Council of Texas and the North American Electric Reliability Corporation.

Our Company's Strength

As a subsidiary of FPL Group, Lone Star Transmission has the capability to license, construct, operate and maintain the CREZ Texas transmission facilities.

Our strengths include:

- **Technical Expertise:** We have technical experience in project management, engineering, constructing and operating transmission systems. Lone Star's parent company, FPL Group, is a nationally recognized company that has a reputation for completing large transmission projects in a timely and cost-effective manner. FPL Group owns and maintains more than 66,000 miles of distribution lines and over 6,600 circuit miles of transmission lines between 69 kilovolts and 500 kilovolts.
- **Financial Capabilities:** FPL Group has maintained an A-rated investment grade credit rating for years and is experienced at financing large electric infrastructure construction projects.

The relative size, financial, and technical capabilities of FPL Group companies are expected to provide significant benefit to Lone Star Transmission and its Texas transmission customers.

Proposed Project Facts

Project Description

Lone Star Transmission plans to build approximately 300 miles of new transmission line to bring electricity from wind-rich areas of West Texas to consumers throughout the state. The line that the PUCT ordered Lone Star to build reaches from Scurry County (west of Abilene) to Navarro County (south of Dallas/Fort Worth). The preliminary proposed routes will cross the following counties: Scurry, Fisher, Jones,



Mitchell, Taylor, Callahan, Shackelford, Stephens, Eastland, Palo Pinto, Erath, Somervell, Bosque, Hill and Navarro.

Aesthetically pleasing poles, from 120 to 140 foot tall, are planned to be used for the majority of the line, which is expected to transport enough energy to power over 2.5 million homes.

The company currently plans to construct three 345-kilovolt substations. The Navarro and Sam Switch substations are expected to be located in Navarro County and Hill County, respectively. The Central C substation is expected to be located in Shackelford County.

Proposed Project Timeline

Lone Star Transmission has prepared a typical timetable for a construction project of this nature and will be updating the schedule with more specific information when available. In general, construction work is expected to begin in late 2011 and be completed in 2013.

Sharing information

Lone Star is committed to work with landowners, elected officials, cities, counties, and state and federal agencies and other interested parties to find the optimal route for the line. We are interested in learning more about people's interests and priorities as they relate to our project. Our goal is to seek the public's input into planning of the transmission line route and then to share ongoing information on project status, help protect affected landowners' property, and ensure public health and safety as work proceeds. Community outreach is planned through several methods:

- Open houses are planned so that residents can ask questions and provide feedback to us on the project.
- Our website will be periodically updated to provide the latest information on the project status.
- Interested persons can email us via our website or call us toll free at 1-877-278-8097.

Transmission Line Approval Process

Need

In the case of CREZ transmission projects, the PUCT has already determined the need for new and additional transmission capacity to relieve congestion in and around selected areas and to deliver more renewable wind energy to Texas customers.



Route Identification

During this stage, Lone Star Transmission plans to conduct engineering, routing and an environmental assessment. The company will evaluate potential preferred routes for the transmission line. Lone Star anticipates the PUCT will take into consideration input from the public, as well as federal, state and local governments, after assessing cost, community, land use, engineering and environmental factors prior to the PUCT selecting a route. Preferred routes are expected to use a combination of new and existing rights of way, including sections with existing transmission facilities to support the additional delivery of electricity in a safe, reliable manner. During this stage, Lone Star plans to meet with landowners who may potentially be affected by construction. Public meetings are also held to seek public input and to share information on the project.

Community and Landowner Participation

Lone Star Transmission encourages the public to become involved in learning more about the transmission project through public meetings, open houses and by reviewing information on our website. We are committed to sharing information on the project progress with affected persons, landowners, elected officials, counties, school districts, cities, local businesses and state and federal agencies.

Certification

Lone Star must apply for approval, or certification, with the PUCT to construct a new transmission line. This is known as an Application for a Certificate of Convenience and Necessity, or CCN application. In its application, Lone Star Transmission plans to propose several alternative routes for PUCT consideration. The application will also address transmission engineering; real estate and land use; finance/risk management; environmental and legal/regulatory issues. The PUCT may approve an application for a transmission line after evaluating numerous considerations, including cost, the need for additional service; routing issues; and other factors, such as community values, recreational and park areas, historical and aesthetic values and environmental integrity. For CCN applications associated with CREZ, the PUCT has 181 days from application filing to approve or deny a request for a CCN. The PUCT will decide whether to approve the application and on which route the transmission line will be constructed.

Right-of-Way Acquisition and Construction

Once the CCN is approved and the route is selected, Lone Star Transmission plans to contact affected landowners and others to discuss easement acquisition and rights-of-way. Once all documents are obtained, design and construction of the facilities are expected to proceed.



Easement Acquisition Process

In building new transmission lines, it is necessary to acquire land rights for access, construction, operation and maintenance of the facilities. Some typical terms used in discussions relating to land rights include:

- Routes – the simple line connecting the starting and ending points of a transmission line.
- Corridors – an area connecting the starting and ending points of a transmission line.
- Easements – the permanent property rights allowing a party to use privately owned land or property of another for the purposes defined in the easement.
- Rights-of-way – the physical land area upon which the facilities are located.

As Lone Star Transmission prepares for construction, we must acquire easement rights along the path of the transmission line. These easement rights allow us to construct, operate and maintain the transmission line. Our representatives will meet with landowners whose property is crossed by or affected by the transmission line project. We will ask permission to obtain access to the property so that we can survey the structure locations and centerline of the right-of-way and conduct environmental surveys. Once the surveys and negotiations are complete, individual landowners will be offered payment based on fair market value for the easement rights to their land.

The relationship with landowners doesn't end once the easement rights are obtained. Lone Star views this as a long-term partnership and will continue to collaborate with landowners during the construction, operation, and maintenance phases of the project.

Landowners can continue to use the land for any purpose that does not interfere with the safe operation and maintenance of the transmission lines.



FREQUENTLY ASKED QUESTIONS

What are electric transmission lines?

Overall, the State's electric grid is a network of power generation, transmission lines, switching stations, substations, and distribution lines. The transmission lines comprise a majority of what is called the bulk electric system. They function much like the interstate highway system and move large amounts of energy at high voltages from the power generation plants to substations. At the substations, the energy is converted to lower voltages and from there delivered across lower-voltage distribution lines to customers.

Why are they needed?

An efficient and reliable bulk electric system is dependent upon an adequate number of transmission lines that can move the necessary amounts of power. These lines allow the electric grid to operate reliably and are vital to ensuring access to low-cost and renewable generation resources located far from where the power is consumed. The Lone Star line, in particular, is needed to move power generated by wind farms in West Texas to consumers throughout the state.

What is CREZ?

At the direction of the Texas Legislature, the Public Utility Commission of Texas (PUCT) created five geographic Competitive Renewable Energy Zones (CREZs) in West Texas and the Texas Panhandle. These are areas for the development of new wind generation plants. The PUCT also ordered utilities, including Lone Star, to build over 2,300 miles of new transmission lines to connect these zones with other parts of Texas.

Why are these transmission lines needed?

The Electric Reliability Council of Texas (ERCOT) (the state organization responsible for managing the reliability of the electric grid serving a large portion of Texas) along with the PUCT has determined that these new lines are needed to deliver the clean, renewable electric energy produced in the CREZs to customers. The line that the PUCT ordered Lone Star to build reaches from Scurry County (west of Abilene) to Navarro County (south of Dallas/Fort Worth) and will move energy from West Texas to consumers throughout the state.

How does the CREZ construction benefit Texas?

It is anticipated that these additional transmission lines will strengthen the electric grid and enhance the reliable transmission of electricity from all generation sources, including renewable sources like wind. In addition, according to a recent study, the



entire CREZ project may provide an estimated \$5.45 billion of major, direct economic development and tax benefits to Texas, including:

- Landowners – estimated \$1.2 billion
- Tax payments – estimated \$3.2 billion over 10 years
- Jobs created during construction and afterwards to provide maintenance and operations for the lines.

The CREZ transmission lines will allow enough wind-generated electricity to be produced to reduce the amount of emissions of:

- Carbon dioxide - 193.0 million tons
- Sulfur dioxide – 1.0 million tons

Where will Lone Star's transmission lines be located?

The exact route of the approximate 300-mile line has not yet been determined and will not be set until Lone Star gathers community input and submits it to the PUCT, which will decide the exact location. The possible locations are based on a preliminary corridor as identified by the PUCT. In general, the project consists of two 345-kilovolt transmission line segments.

- One segment is planned to begin in eastern Scurry County and pass through Mitchell, Fisher, Jones, and Taylor County.
- The other segment is expected to pass through the following: Shackelford, Callahan, Stephens, Eastland, Palo Pinto, Erath, Somervell, Bosque, Hill and Navarro counties.

What are the steps involved in securing authority to build this transmission line?

The transmission line approval process involves these steps:

- **Need determination** – In the case of CREZ transmission facilities, the PUCT has already established the need for new and additional transmission capacity.
- **Route identification** – Lone Star will perform engineering, routing and environmental assessments to evaluate potential transmission line routes. Lone Star anticipates that PUCT will take into consideration input from the public, as well as federal, state and local governments prior to the PUCT selecting a route.
- **Certification** – Lone Star must apply to the PUCT for approval, or certification, to construct its new transmission line. Lone Star will propose several alternative routes for PUCT review and address issues of cost; transmission engineering; real estate and land use; finance/risk management;



environmental; and legal/regulatory concern. The PUCT will decide whether to approve the application and which route Lone Star should use.

- **Construction** – Once the plan has been approved and easements have been obtained, construction will begin.

Where is Lone Star in the transmission line approval process?

Lone Star is currently in the route identification stage.

What is involved in selecting a route for this transmission line?

Lone Star plans to gather background data about the areas through which the line will run. This includes a desktop study, site visits and preparing regional maps that show areas suitable for locating the transmission line.

Next, Lone Star will identify several alternative preliminary routes and gather public input by meeting with local government officials and holding public open house meetings at locations along the proposed routes. Following this, Lone Star expects to evaluate each of the preliminary routes to minimize the line's impact on area residents and the environment. Finally, Lone Star plans to identify the preferred and alternate routes and submit them in the application to the PUCT. The PUCT will make the final determination after hearing evidence and input from all affected parties who participate in the case.

What are the considerations in selecting a route for the transmission line and how will you address our interests related to aesthetics?

The PUCT rules specify several factors that Lone Star must consider. These include community values, recreational and park areas, historic and aesthetic values and environmental integrity. Existing roads and transmission lines will be evaluated as potential co-locations for the new transmission line.

Once the route is selected, careful placement of individual poles, such as adjacent to property lines, may also minimize the transmission line's effect on the area. Our crews will clean up and restore the area to as close to its original condition as possible.

We share the public's desires for an aesthetically pleasing landscape. That's why we ask the community to help us by sharing their interests and giving us an opportunity to address these interests.

What will the new transmission lines look like?

We plan to use aesthetically pleasing poles, which are scheduled to range from 120-foot to 140-foot, for the majority of the route. We anticipate each pole will be a single



shaft capable of holding both circuits. This type of pole requires much less right-of-way than other types of transmission line structures.

Will you build other structures as part of this project?

Lone Star also plans to build at least three substations (or switching stations). The Navarro and Sam Switch substations will be located in Navarro County and Hill County, respectively. The Central C substation is currently proposed to be located in Shackelford County. All of these substation locations were generally specified by the PUCT in the order which required Lone Star to build them. Finally, due to the length of the line, one or two intermediate substations may be required between the Central C substation and Sam Switch.

Why are these substations needed?

Lone Star's substations act as a point on the grid where multiple transmission lines may physically interconnect as part of the overall ERCOT power grid.

What is Lone Star's experience in transmission?

Lone Star Transmission's parent company is FPL Group – a nationally recognized company that has a reputation for completing large transmission projects in a timely and cost-effective manner. As an FPL Group company, Lone Star has the capability to license, finance, construct, operate and maintain the CREZ Texas transmission facilities. We are also dedicated to providing continuous and adequate transmission service that meets federal and state requirements and standards of a transmission service provider.

When will construction begin and when will the project be completed?

We expect construction to begin in 2011 with completion planned in 2013.

How will my property values be affected in areas where a transmission line is projected to cross?

Transmission lines are an essential part of getting electricity to you. Countless successful residential developments, commercial and industrial complexes and retail centers are located adjacent to electric transmission lines (throughout Texas, including lines similar to those proposed in this area). Transmission lines exist adjacent to virtually all types of land uses. There is no definitive study establishing an adverse effect on property values.



What impact will this construction have on my electric bill?

The impact of Lone Star's transmission line should be negligible. Lone Star's line is a relatively small portion of a much larger transmission build. The rates that utilities charge to recover their transmission costs are subject to PUCT regulation and will be just and reasonable. The approved rates are charged to the utilities that serve customers throughout most of the state, and in most cases, all costs of all the transmission lines combined account for only five to six percent of an average customer's bill. These costs are likely to be offset in many cases by the improved efficiency and resulting cost reductions that additional transmission lines make possible.

What impact will this transmission line have on wildlife and other aspects of the environment?

Lone Star Transmission is conducting an environmental impact assessment to identify sensitive areas (wildlife, aquatic ecology, and special plant communities) and cultural resources in the areas through which the transmission line will pass. These analyses will be included in our certification application to the PUCT, which must consider these factors when evaluating Lone Star's application. Our goal is to minimize environmental impacts as a result of construction, and restore disturbed areas to their original condition as much as possible.

How can I learn more about the transmission line project?

Lone Star is committed to community outreach for this project, including:

- Hosting open house meetings so that residents, landowners, and anyone else potentially affected by the line can ask questions and provide feedback.
- Our website (www.lonestar-transmission.com) will be periodically updated to provide the latest information on the project status.
- Interested persons can email us via our website or call us toll free at 1-877-278-8097

Why can't these transmission lines be placed underground?

Transmission lines can transport enough power to supply entire cities. Underground transmission lines that can transport such large amounts of power are much more technically complex, material intensive, and significantly more expensive to design, install and maintain than overhead lines. As a regulated utility, Lone Star Transmission is required to provide safe, reliable, cost-effective service to its customers. The PUCT authorizes the rates Lone Star Transmission can charge customers and determines the amount of costs Lone Star can include in those rates. Underground transmission lines for this project and every other transmission project are generally considered cost prohibitive.

