

Control Number: 38290



Item Number: 522

Addendum StartPage: 0

**SOAH DOCKET NO. 473-10-4790
PUC DOCKET NO. 38290**

**APPLICATION OF SHARYLAND § BEFORE THE STATE OFFICE
UTILITIES, L.P. TO AMEND ITS §
CERTIFICATE OF CONVENIENCE §
AND NECESSITY FOR THE §
PROPOSED HEREFORD TO WHITE § OF
DEER 345 kV CREZ TRANSMISSION §
LINE IN ARMSTRONG, CARSON, §
DEAF SMITH, OLDHAM, POTTER, §
AND RANDALL COUNTIES § ADMINISTRATIVE HEARINGS
§**

**CROSS-REBUTTAL TESTIMONY
OF
THOMAS HOULE**

**ON BEHALF OF
FREMANTLE ENERGY, LLC**

SEPTEMBER 14, 2010

FILED
SEP 14 11 1:35
KIMBERLY

SOAH DOCKET NO. 473-10-4790

PUC DOCKET NO. 38290

APPLICATION OF SHARYLAND § BEFORE THE STATE OFFICE
UTILITIES, L.P. TO AMEND ITS §
CERTIFICATE OF CONVENIENCE §
AND NECESSITY FOR THE §
PROPOSED HEREFORD TO WHITE § OF
DEER 345 kV CREZ TRANSMISSION §
LINE IN ARMSTRONG, CARSON, §
DEAF SMITH, OLDHAM, POTTER, §
AND RANDALL COUNTIES § ADMINISTRATIVE HEARINGS

CROSS-REBUTTAL TESTIMONY OF THOMAS HOULE

Table of Contents

	<u>Page</u>
CROSS-REBUTTAL TESTIMONY OF THOMAS HOULE	3
AFFIDAVIT	12

**SOAH DOCKET NO. 473-10-4790
PUC DOCKET NO. 38290**

APPLICATION OF SHARYLAND UTILITIES, L.P. TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY FOR THE PROPOSED HEREFORD TO WHITE DEER 345 kV CREZ TRANSMISSION LINE IN ARMSTRONG, CARSON, DEAF SMITH, OLDHAM, POTTER, AND RANDALL COUNTIES	§ § § § § § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
--	---	---

CROSS-REBUTTAL TESTIMONY OF THOMAS HOULE

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Thomas Houle. My current business address is 2700 Via Fortuna, Suite 150,
3 Austin, Texas 78746.

4 **Q. ARE YOU THE SAME THOMAS HOULE WHO PROVIDED DIRECT**
5 **TESTIMONY ON BEHALF OF FREMANTLE ENERGY, LLC (“FREMANTLE”)**
6 **EARLIER IN THIS PROCEEDING?**

7 A. Yes, I am.

8 **Q. WHAT IS THE PURPOSE OF THE CROSS-REBUTTAL TESTIMONY YOU**
9 **ARE CURRENTLY PROVIDING IN THIS PROCEEDING?**

10 A. This cross-rebuttal testimony is provided to respond to certain direct testimony filed in
11 this proceeding by other parties, including direct testimony filed by Kevin Mathis on
12 behalf of Staff and by Harold L. Hughes Jr., P.E. on behalf of Seewald Ranch, Masterson
13 & Stinnett Ranch, and Bush/Emeny Properties, as well as testimony filed by others
14 opposed to the northern routes. In this testimony, I address the newly proposed Staff
15 Route (“Route SR”) as well as provide additional information on the potential

1 interconnection of Fremantle's Canadian Breaks project to Sharyland's proposed
2 Hereford to White Deer transmission line (the "Transmission Line").

3 **Q. DO YOU AGREE WITH THE CONCLUSION OF STAFF WITNESS KEVIN**
4 **MATHIS ON PAGE 12 OF HIS DIRECT TESTIMONY THAT CONSTRUCTION**
5 **OF ROUTE SR WILL ACCOMPLISH THE INTENDED RESULT FOR THE**
6 **TRANSMISSION LINE?**

7 **A.** No, I do not agree. The sole reason for constructing the CREZ transmission lines in the
8 Panhandle is to connect wind generation to the ERCOT grid. If Route SR, or any other
9 southern route, is selected, the location of Transmission Line will make interconnection
10 of wind generation projects northeast, north, northwest, and west of Amarillo to the
11 Transmission Line significantly more difficult, and thus completion of the project by
12 Sharyland along Route SR or any other southern route will not accomplish the intended
13 result for the Transmission Line.

14 **Q. WHY WILL INTERCONNECTION TO ROUTE SR OR ANY OTHER**
15 **SOUTHERN ROUTE BE VERY DIFFICULT?**

16 **A.** As I explain in my direct testimony and in more detail below, Route SR and the other
17 southern routes will require an additional interconnection line of at least 27 to 32 or more
18 miles from the approximate location of Fremantle's project substation to the nearest
19 point along the SR route. This estimate is based upon a high level review of possible
20 routing that has not taken into account likely obstacles to acquiring right-of-way, which
21 may require detours and a significantly longer route than this preliminary estimate.
22 Similarly, it is reasonable to expect that long interconnection lines will also be required
23 from other wind generation facilities such as Pattern Energy's project under development

1 that are located in the areas with the best wind resources to the northeast and northwest
2 of Amarillo. Each of these long interconnection lines will lead to future CCN
3 proceedings, increased environmental and land use impacts, and ultimately increased
4 costs to consumers.

5 **Q. ON PAGE 13, MR. MATHIS CONCLUDES THAT “NO ALTERNATIVE ROUTE**
6 **OR FACILITIES CONFIGURATIONS THAT WOULD HAVE A LESS**
7 **NEGATIVE IMPACT ON LANDOWNERS HAVE BEEN IDENTIFIED BY ANY**
8 **PARTY OR ARE EVIDENT FROM A REVIEW OF THE APPLICATION.” DO**
9 **YOU AGREE WITH HIS CONCLUSION?**

10 **A.** No, I do not agree. The evidence does not support Mr. Mathis’s conclusion. It is clear
11 that the Preferred Route has significantly less negative impact on landowners and
12 corresponding community values. Route SR includes segment P, which, by itself,
13 crosses 50 habitable structures,¹ and in total Route SR passes within 500 feet of 62
14 habitable structures.² In contrast, Sharyland’s direct testimony identifies only 5 habitable
15 structures along the Preferred Route.³ Further, the PBS&J Environmental Assessment
16 included as Attachment 1 to Sharyland’s Application reported that the data from
17 Sharyland’s open houses demonstrated a very strong preference for locating new lines
18 through undeveloped land and an extreme aversion to locating new lines through
19 residential areas.⁴ This is further demonstrated by over 125 comments opposing Route

¹ Sharyland’s First Supplemental Response to Chapman’s First Request for Information at Supp. Ex. Chapman-SU 1.02 (Aug. 25, 2010); Direct Testimony of James R. Dauphinais, pp. 7, 10, 20 (Aug. 26, 2010).

² Direct Testimony of Kevin Mathis, pp. 30, 43 (Sep. 8, 2010).

³ Direct Testimony of Rob R. Reid at 18 (Jun. 16, 2010).

⁴ Sharyland’s Application, Attachment 1, pp. 399-405 (Jun. 16, 2010).

1 SR that were recently filed in this docket by landowners and business owners who would
2 be negatively impacted by Route SR.

3 **Q. IN THEIR DIRECT TESTIMONY BOTH MR. MATHIS (PAGE 44) AND MR.**
4 **HUGHES (PAGES 10, 12-14, 22) STATE THAT THE LOCATION OF WIND**
5 **FARMS IS NOT A CRITERIA FOR THE ROUTING OF TRANSMISSION**
6 **LINES IN CCN PROCEEDINGS UNDER PURA OR THE PUC RULES. DO**
7 **YOU AGREE?**

8 **A.** No. Section 37.056(c)(4)(F) of PURA specifically states that the
9 Commission shall consider “to the extent applicable, the effect of granting the certificate
10 on the ability of this state to meet the goal established by Section 39.904(a) of this title.”
11 Section 39.904(a) contains the Renewable Portfolio Standard (“RPS”) for Texas, which
12 established the reason for the CREZ proceeding and ultimately the creation of the
13 Panhandle CREZ. To ignore the location of existing and anticipated wind farms in
14 routing the Transmission Line needed to connect the Panhandle A and B zones to the
15 ERCOT grid would be nonsensical.

16 One must remember that the CREZ process was initiated to break the “chicken
17 and egg” problem inherent in wind farm and transmission line development. The CREZ
18 lines in the Panhandle are being built solely to interconnect wind farms to ERCOT, so
19 the Commission should take into account the location of existing wind farms, those
20 under development, and likely areas of wind farm development in routing the
21 transmission line. This CCN case is unique from other CREZ CCN applications in the
22 fact that the differential in distance between the preferred/northern routes and the
23 southern routes (including Route SR) is large enough to make access to the Transmission

1 Line for existing wind farms under development significantly more difficult depending
2 upon which route is chosen.

3 **Q. MR. HUGHES STATES ON PAGE 13 OF HIS DIRECT TESTIMONY THAT**
4 **THE NORTHERN ROUTES DISFAVOR THOSE WHO WOULD DEVELOP**
5 **WIND PROJECTS IN THE SOUTHERN PART OF THE STUDY AREA. HOW**
6 **DO YOU RESPOND?**

7 **A.** First, there is un rebutted testimony in this proceeding that the best resources for wind
8 development in the Amarillo area are along the northern routes. Consistent with that
9 fact, Sharyland has also explained that the interconnection requests it has received to date
10 are for wind farm developments that are all located closer to the northern routes.⁵ To my
11 knowledge, there has not been any evidence presented in this proceeding regarding
12 potential wind developments south or southeast of Amarillo.

13 Second, in addition to weaker wind resources for wind development, the areas
14 south of Amarillo are less suited for wind development than the northern routes. To the
15 southeast of Amarillo you have the Palo Duro Canyon. To the south of Amarillo there
16 are significant residential and commercial development activities and the city of Canyon,
17 making this area far less likely area for wind development. It is also important to note
18 that the Buffalo Lake National Wildlife Refuge is located between I-27 and the Hereford
19 substation, which makes this and nearby areas highly unlikely locations for wind
20 development.

⁵ See Sharyland's Confidential Response to Seewald Ranch and Bush/Emeny Properties' First Request for Information No. SEEWALD-SU 1-12 (RFI) at 1 (Jul. 9, 2010), Sharyland's Confidential First Supplemental Response to Seewald Ranch and Bush/Emeny Properties' First Request for Information and Request for Admissions Question No. Seewald - SU 1-12 (RFI) at 1 (Jul. 28, 2010).

1 Finally, although the wind resource is not as strong, there may be some potential
2 for wind development southwest of Amarillo. However, a northern route in no way
3 disfavors these potential wind developments. Southwestern wind developments will
4 have the ability to interconnect directly to the Hereford substation. If they are located
5 even farther south, they can interconnect to Sharyland's Nazareth to Hereford CREZ line.
6 And if such a wind project is located north of Hereford, the northern routes will provide
7 more viable interconnection options.

8 **Q. MR. HUGHES STATES ON PAGES 19-20 THAT FREMANTLE COULD BUILD**
9 **A PRIVATE INTERCONNECTION LINE. PLEASE EXPLAIN.**

10 **A.** As I state on page 12 of my direct testimony, a private interconnection line of the length
11 that would be required to reach Route SR or the southern routes is a theoretical
12 possibility, but a practical impossibility. The interconnection line from the approximate
13 location of the Canadian Breaks project substation to the closest point on Route SR
14 would likely be at least 27 miles. Acquisition of right-of-way over that distance would
15 be costly in terms of money and time without eminent domain. If another southern route
16 is chosen, the interconnection line would be at least 32 miles to the Hereford substation.
17 Clearly, another CCN proceeding would be necessary to interconnect our project. The
18 Preferred Route, on the other hand, runs directly adjacent to Fremantle's project area.
19 Fremantle could build the project substation right at the point of interconnection to the
20 Transmission Line, and no interconnection line would be necessary, reducing the
21 ultimate cost to consumers.

1 **Q. MR. HUGHES ALSO STATES ON PAGES 19-21 THAT “THE RATEPAYERS**
2 **DO NOT BEAR THE COST OF THE LINE” IF FREMANTLE BUILDS IT**
3 **INSTEAD OF SHARYLAND. DO YOU AGREE?**

4 **A.** Absolutely not. If the required interconnection line is built by the wind developer, the
5 total cost of the wind farm will increase. However, that is not the whole story. This will
6 require the wind developer to charge more for the electricity it sells from the wind farm
7 in order to maintain an acceptable return for investors. Ultimately, the consumers will
8 pay for these higher power costs. Further, these increased power prices will not come
9 just from Fremantle’s project, but from every wind project that has to build a long
10 interconnection line to Sharyland’s line. From my prior experience in the industry, I
11 believe a low estimate of the installed cost of such an interconnection line would be
12 around \$1 million per mile. This means that for Fremantle’s interconnection line to
13 Route SR, a low estimate of the cost of the required interconnection line is \$27 million.
14 The difference in cost between Route SR and the Preferred Route is only \$17,754,422.⁶
15 With the additional cost just of interconnecting Fremantle’s project, any cost savings
16 between Route SR and the Preferred Route will be wiped out, notwithstanding that there
17 will also be similar costs for the interconnection lines needed for other wind farms likely
18 to be located in the best wind resource areas northeast and northwest of Amarillo.

19 Fremantle has already begun the interconnection study process. Once a route is
20 selected, Sharyland will continue to conduct the interconnection studies and then an
21 interconnection agreement will be executed. At this point, the route selected will
22 determine the next steps. If Route 1 is selected, Sharyland will build the Transmission

⁶ Mathis Direct at 39.

1 Line and Fremantle will be able to build its project to interconnect right on the line. If
2 however, Route SR or a southern route is approved, then Sharyland would have to
3 initiate another CCN proceeding for the interconnection line; obtaining right-of-way for a
4 private line would be very difficult and costly. Thus, if Route SR or a southern route is
5 selected, Sharyland will likely be back at the Commission in the near future with another
6 CCN application to certificate our interconnection line. And, we will not be the only
7 ones. Sharyland will have to go through the CCN process for the interconnection line for
8 each wind project that has a long interconnection line. Most importantly, there will be
9 impacts from each of those interconnection lines on aesthetics, the environment, and
10 land-use. The cumulative impact from each of those additional interconnection lines, and
11 the cost, will certainly far outweigh the impact and cost of just building a northern route
12 in the first place.

13 **Q. HAVING REVIEWED THE DIRECT TESTIMONY IN THIS PROCEEDING,**
14 **HAVE YOU CHANGED YOUR CONCLUSION REGARDING THE ROUTING**
15 **OF THE TRANSMISSION LINE?**

16 **A.** No. I do not agree with the testimony of those who support the southern routes. Based
17 on the factual evidence presented to date in this proceeding, the Commission should
18 choose a northern route for the Transmission Line. The northern routes will best serve
19 the singular purpose of the Panhandle CREZ lines of bringing wind generation into
20 ERCOT. Further, the northern routes affect far fewer habitable structures than Route SR,
21 and the additional cost of the northern routes will be quickly offset by the additional cost,
22 aesthetic, environmental, and land use impacts of interconnecting known wind
23 developments to the southern routes or Route SR.

1 Q. DOES THIS CONCLUDE YOUR CROSS-REBUTTAL TESTIMONY?

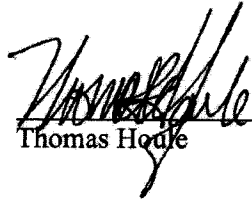
2 A. Yes.

AFFIDAVIT

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

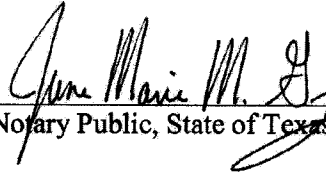
BEFORE ME, the undersigned authority, on this day personally appeared Thomas Houle, to me known, who being duly sworn according to law, deposes and says:

“My name is Thomas Houle. I am over the age of 21 and a resident of the State of Texas. The foregoing testimony and the opinions stated therein are, in my judgment and based upon my professional experience, true and correct.”



Thomas Houle

SUBSCRIBED AND SWORN TO BEFORE ME by the said Thomas Houle this 14th day of September, 2010.



Notary Public, State of Texas

