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LCRA TRANSMISSION SERVICES CORPORATION

PUC Docket No. 38354  
SOAT Docket No. 473-10-554b

August 30, 2010

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AUG 31 AM 10:43  
PUBLIC UTILITY COMMISSION  
FILING CLERK

Mr. Barry Smitherman  
Chairman  
Public Utility Commission of Texas  
P.O. Box 13326  
Austin, Texas 78711-3326

Dear Chairman:

I have reviewed your August 26, 2010 letter to H.B. "Trip" Doggett in which you asked the Electric Reliability Council of Texas (ERCOT), as requested by Senator Troy Fraser, to perform an analysis such as the one ERCOT staff performed for the Gillespie to Newton project "to determine the continued need for the McCamey D to Kendall to Gillespie CREZ line." After reading your letter I appreciate even more the sentiments expressed by numerous county judges and officials who commented at the recent open meeting on the difficulty faced by you and the other commissioners in balancing the clear electrical needs of the state with the interests of landowners and other parties in the Hill Country, many of whom are coming to grips for the first time with the many varied effects of growth, development, and legislative mandates.

Having said that, I wanted to let you know that, while LCRA Transmission Services Corporation (LCRA TSC) is not questioning the need for the McCamey D to Kendall to Gillespie CREZ project, we fully support your request of ERCOT to perform the review outlined in your letter to Mr. Doggett, including analyzing the use of the NextEra line as an alternative to the McCamey D to Kendall to Gillespie CREZ line. We have heard these questions raised in the Hill Country by any number of individuals and believe the matter deserves an answer.

LCRA TSC also agrees that ERCOT is the best entity to do the evaluation and analysis called for in your letter and we are committed to working with ERCOT to ensure it has the data necessary to perform the requested analysis. In that regard, though, I want to emphasize to you and ERCOT that it is critical the analysis be completed as quickly as possible for several reasons. First, as you know, the McCamey D to Kendall to Gillespie Certificate of Convenience and Necessity (CCN) filing is currently pending at State Office of Hearing Examiners and cannot be abated like a normal CCN case. Also, both LCRA TSC and the parties have expended considerable resources to bring this case to its current posture. Finally, unless directed otherwise by the Commission, LCRA TSC believes it is our obligation to continue the Certificate of Convenience and Necessity application review process.

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In short, we believe we have complied with the orders from the Commission and we believe the need for the McCamey D to Kendall to Gillespie CREZ project has been established in previous orders. We also concur that the question raised by Senator Fraser in his August 19 letter should be answered. If I or LCRA TSC can help in any way please feel free to let us know.

Sincerely,

A handwritten signature in black ink, appearing to read 'TGM' followed by a stylized 'Mason'.

Thomas G. Mason  
Chief Executive Officer

cc: Senator Troy Fraser  
Commissioner Kenneth Anderson, Jr.  
Commissioner Donna Nelson  
H.B. "Trip" Doggett