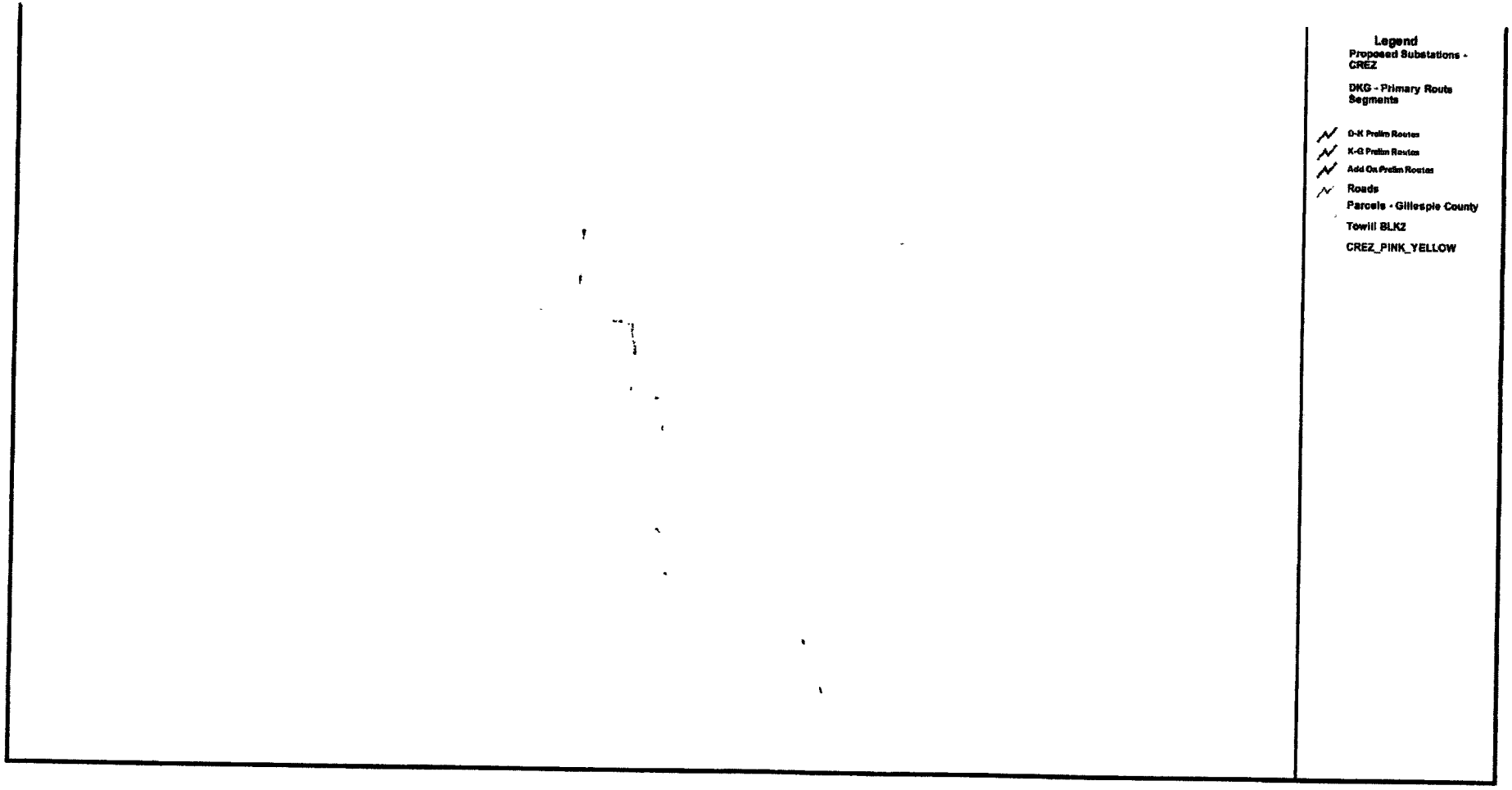
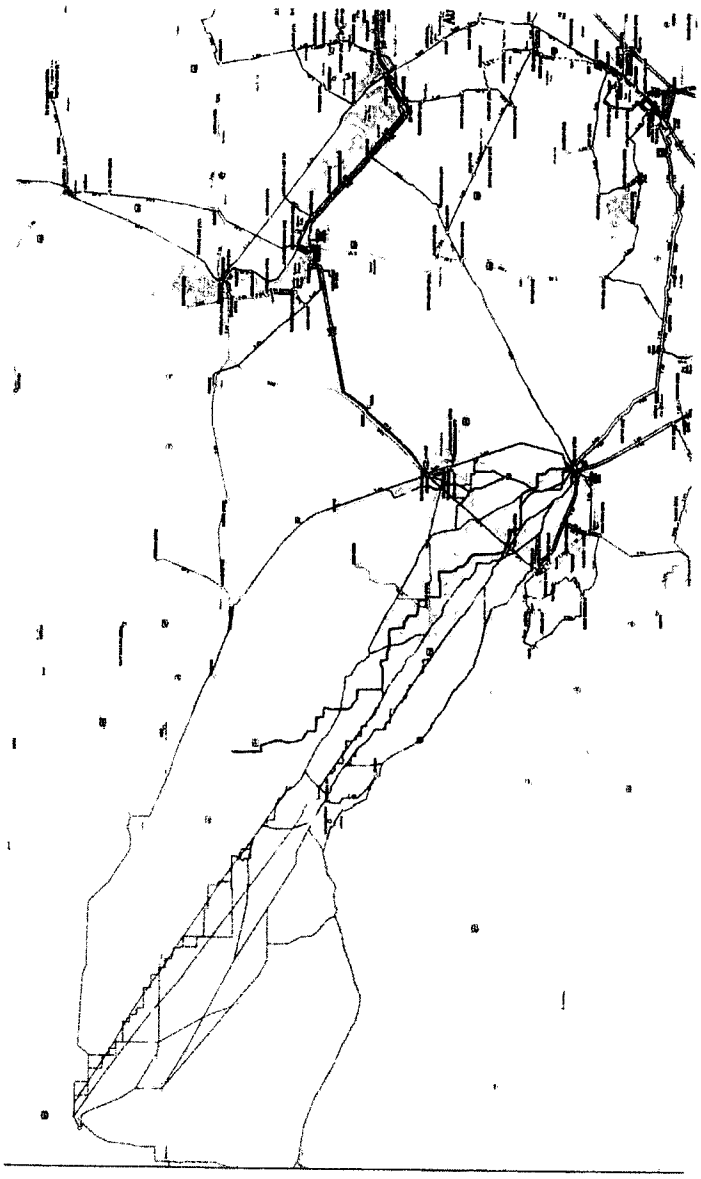




CREZ Legal Strategy

Gillespie to Newton

- Recovery for CCN Costs
- Do we appeal the order? -
- Filing schedule?
- End points?
    - ONCOR move Newton
    - Newton Prime
    - ERCOT Scope Change
- Study area?
- Structure type?
- Routing alternative

McCamey D to Kendall

- Do we have adequate number of routes?
- Can we ask for a route adequacy hearing?
- Should we delay to take into account Gillespie to Newton CCN?
- If we delay, what routes should we add?

Garland Appeal

- Recovery of costs
- Do we appeal the order
    - No
- What do we do with McCamey C?

Twin Buttes to McCamey D

- Should LCRA TSC be part of the settlement?
- Explore options

Rate Case

- Postpone until after McCamey D to Kendall and Gillespie to Newton CCNs completed

Relationship with PUC

- Feedback concerning past CREZ filings
- Are their issues that the PUC feels LCRA TSC needs to address as an organization

Strategies

- Dedicated teams (separate members) for each CCN – D-K-G and G-N
- Setup communication teams for each project, not associated with filing – Community reps., legislative, corp. com. and Real Estate to handle large number of individual landowner communication

- Reduce size and number of meetings
- Mediation/Dispute resolution to try are settle differences before hearing or filing
    - Stakeholders – County judges, mayors, 391 participants
- Storefronts – have meetings in communities to meet with individual landowners before filing CCN
- Real estate staff, LCRA public involvement staff and contractors going out meeting with landowners individually on their properties.
- Fund for legal advocates to represent smaller landowners
- Monopole philosophy
    - On Existing R-O-W (no new R-O-W)
    - Within city limits
    - Within 500 feet of habitable structures
    - River crossings?
    - Highway crossings?
    - Parallel to road ways?
    - Criteria developed by focus groups?
- Remote video locations for hearing
- Notice adjacent landowners to allow routing on property lines?
- "Prime" routes – requested by landowner that do not effect an un-noticed landowner – Appendix in EA with costs and attributes
    - Can we add "Prime" routes after filing
- Visualization on rebuilds or paralleling of exiting transmission line rights-of-way
- Be more proactive in responding to items raised in the media
- Issue data base
    - Comments raised in media
    - Blogs
    - Facebook
    - Previous CCN Cases
    - Other media and social networking outlets
- Listen
- Be more flexable
- Determine exit strategy

Question for Executive Management:

What expectations do you have for me?

What expectations do you have for the teams and CCNs?

What questions need to be answered before we move forward?

What do you see as the most significant issues?

What do you see as the most significant risks?

What direction do you believe we were given by the PUC Commissioners?

How do we get clear direction from the commissioners?

What stakeholder/resources do we have communication with landowners?

My Concerns:

- Staff is stretched thin
- The same people are working on all the CCNs
- We have had limited communication with landowners (open houses, scoping meetings, community reps) and public officials since June 2009.
- We have not reached our communicated directly with the individual land owners
- Open questions concerning routes, structure types and costs
    - Following property lines
    - Routes suggested by PUC staff
- No filing schedule for G-N
- Simultenous filings/hearings
- Legislative session

LCRA Transmission Services Corporation (TSC)
Competitive Renewable Energy Zones (CREZ) Capital Program Risk Monitoring and Mitigation

LCRA TSC management and staff in the Project Management Office have developed the attached project risk monitoring report to track the extent to which funds are committed to completing CREZ projects. Projects are classified as "Significantly Committed or Complete" when they are in the construction phase, are completed or when abandoning the project would cause reliability issues for the transmission system. CREZ project risk assessment is focused on committed funds under a scenario where CREZ projects are cancelled. Mitigation strategies could differ if projects are assumed to be reassigned to another Transmission Service Provider.

Project Delays -- LCRA TSC's approach to project portfolio management is the primary mitigation strategy for a 3 to 6 month delay in project activities. In the event of a delay, other capital projects in the portfolio will be arranged to use available resources using the portfolio schedule as the planning tool. Recently the PUCT severed out the N McCamey to Odessa and N McCamey to McCamey C projects into a separate docket. LCRA TS was able to rapidly place these projects on hold and stop the projects from occurring additional costs. Scheduling delays incurred at any point in the project will likely result in an equivalent delay for the completion of the project.

Cost Recovery -- This risk tracking report assumes that materials issued to projects would be reused on other projects or incorporated into LCRA TSC's inventory in case of cancelation. The remaining costs would be stranded and TSC could seek recovery of these costs, subject to Public Utilitiy Commission approval, through a surcharge. Additional risk mitigation strategies are listed below.

Construction -- Construction activities associated with CREZ work are being met with external contracted resources. Transmission Services Business Unit has not significantly increased its Capital and Construction staff to meet the requirements of CREZ. The organization has maintained the capability to complete approximately $60-$80 million in capital projects using internal resources. Since FY 2002, LCRA TSC has built the majority of its capital projects using outside contracts, on average 2.5 times more work is done through contracted services than internal resources. This approach allows the organization to rapidly adjust to changes in capital requirements. Additionally, temporary employees have been employed to meet growing capital needs. The construction contract with Irby authorizes work through separate "Notices to Proceed" for each project. Additionally, the contract allows LCRA to terminate the agreement for convenience with a 7 day written notice.

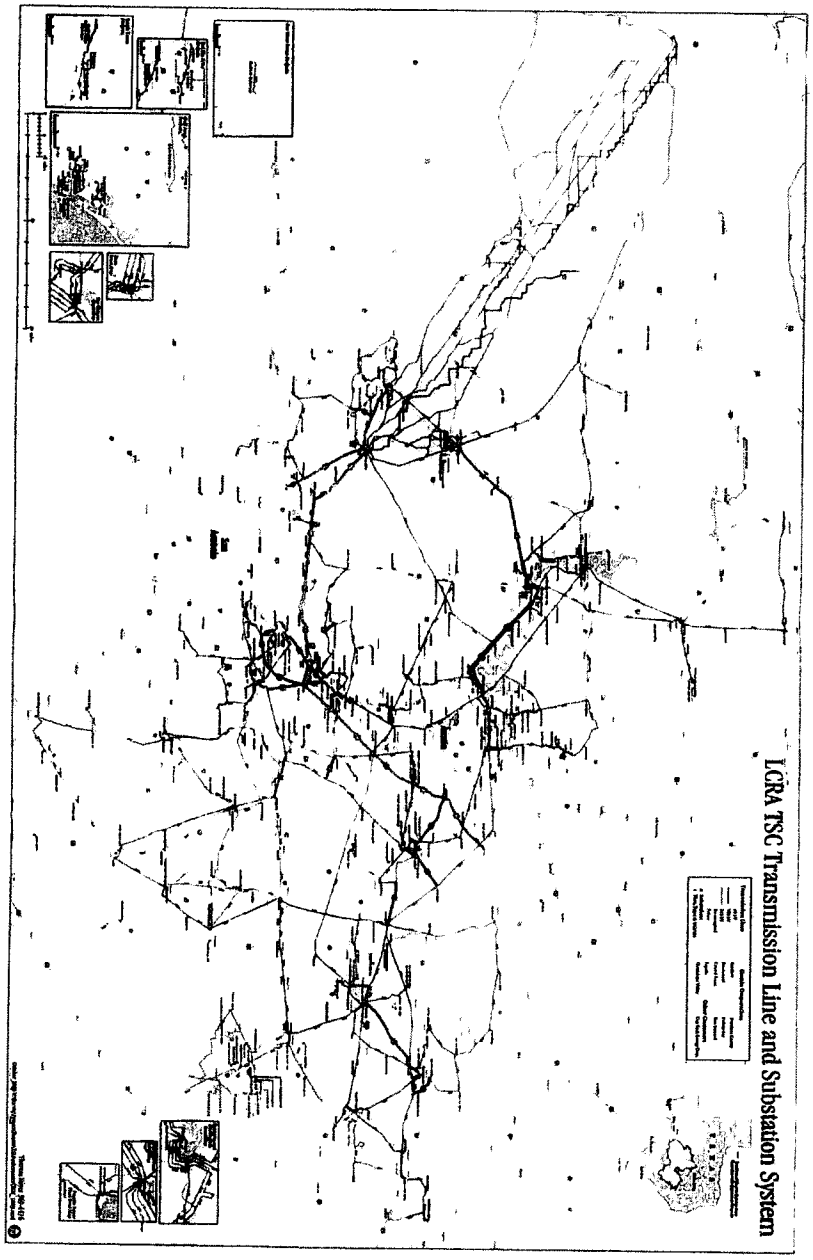
Materials -- Materials are being ordered in advance of construction. Items such as wire and towers are being ordered and stockpiled at various laydown yards across the Hill Country and billed to projects. The materials associated with these jobs could be used on other projects. These materials would need to come back into stores and would cause the Storeroom inventory to exceed $20 million while the materials are reallocated to other projects.

Competitive Renewable Energy Zones (CREZ) Capital Program Risk Monitoring Report

As of 4/30

Parent	Designation	Project Name	Lifetime Budget	Significantly Committed or Complete (a)	Inception-to-Date Total Spending				Inception-to-Date Sub-Totals		Notes
					Default	Priority	Other	All	Materials	All (less Materials)	
1010010	Default	Raymond Barker-Verde Creek Transmission Line Upgrade	$ 3,178,000	$ 3,281,532	$ -	$ -	$ -	$ -	$ -	$ -	Complete
1010012	Default	Kendall CTEC-Kendall – Transmission Line Upgrade	$ 633,000	$ 130,577	$ -	$ -	$ -	$ -	$ -	$ -	Complete
1010014	Default	Goldthwaite-Evant – Transmission Line Upgrade	$ 14,468,000	$ 11,240,071	$ -	$ -	$ -	$ -	$ -	$ -	In construction
1010019	Default	Twin Buttes-Brown Transmission Line Addition	$ 43,460,000	$ 40,704,475	$ -	$ -	$ -	$ -	$ -	$ -	In construction
1010022	Default	Divide-Twin Buttes Transmission Line Addition	$ 20,392,000	$ 17,468,712	$ -	$ -	$ -	$ -	$ -	$ -	In construction
1010016	Default	McCamey B-North McCamey – Transmission Line Addition	$ 11,710,000	$ -	$ 2,445,555	$ -	$ -	$ 2,445,555	$ 1,572,593	$ 872,962	Construction start 7/10
1010026	Default	North McCamey – Autotransformer Addition	$ 30,752,000	$ -	$ 51,723	$ -	$ -	$ 51,723	$ -	$ 51,723	Autos on order
1010028	Default	Kendall – Autotransformer Upgrade	$ 25,426,000	$ -	$ 147,403	$ -	$ -	$ 147,403	$ 527	$ 146,876	Auto on order
1010030	Default	Gillespie - Substation Upgrade	$ 3,483,000	$ -	$ 664,778	$ -	$ -	$ 664,778	$ 213,657	$ 451,121	In construction
1010032	Default	Gillespie – Autotransformer Addition	$ 12,653,000	$ -	$ 97,097	$ -	$ -	$ 97,097	$ 18	$ 97,079	Auto on order
1010034	Default	Gillespie – Reactor Addition	$ 7,515,000	$ -	$ 31,766	$ -	$ -	$ 31,766	$ -	$ 31,766	ERCOT Study Completes 10/10
1010535	Default	Divide CREZ Phase - Substation Upgrade	$ 1,401,000	$ -	$ 375	$ -	$ -	$ 375	$ -	$ 375	
1010351	Priority	Gillespie-Newton – Transmission Line Addition	$ 166,171,000	$ -	$ -	$ 13,338,163	$ -	$ 13,338,163	$ 7,316,423	$ 6,021,740	CCN Denied 4/10, Re-file Planning in Progress
1010352	Priority	Kendall-Gillespie – Transmission Line Addition	$ 29,749,000	$ -	$ -	$ 393,178	$ -	$ 393,178	$ 2,934	$ 390,244	CCN File 7/10, Anticipate Award 1/11
1010353	Priority	McCamey D-Kendall – Transmission Line Addition	$ 235,875,000	$ -	$ -	$ 8,465,890	$ -	$ 8,465,890	$ 17,105	$ 8,448,785	CCN File 7/10, Anticipate Award 1/11
1010356	Priority	Twin Buttes-McCamey D – Transmission Line Addition	$ 43,903,000	$ -	$ -	$ 5,051,192	$ -	$ 5,051,192	$ 3,310,279	$ 1,740,914	CCN filed 1/10, Anticipate Award 7/10
1010350	Other	Fort Mason-Pitsburg – Transmission Line Upgrade	$ 22,594,000	$ -	$ -	$ -	$ 801,460	$ 801,460	$ 1,175	$ 800,285	Construction start 7/10
1010354	Other	North McCamey-McCamey C – Transmission Line Addition	$ 17,589,000	$ -	$ -	$ -	$ 557,523	$ 557,523	$ 1,603	$ 555,919	Award of Transmission Line retracted by PUC
1010355	Other	North McCamey-Odessa – Transmission Line Addition	$ 70,552,000	$ -	$ -	$ -	$ 1,097,455	$ 1,097,455	$ 2,238	$ 1,095,217	Award of Transmission Line retracted by PUC
1010446	Other	McCamey D – Substation Addition	$ 18,930,000	$ -	$ -	$ -	$ 257,961	$ 257,961	$ -	$ 257,961	Land contract complete for site
1010508	Other	McCamey C – Substation Addition	$ 6,089,000	$ -	$ -	$ -	$ 48,483	$ 48,483	$ -	$ 48,483	On-Hold pending PUC award of North McCamey-McCamey C and North McCamey-Odessa
		Total	$ 786,523,000	$ 72,825,367	$ 3,438,695	$ 27,248,424	$ 2,762,881	$ 33,450,000	$ 12,438,551	$ 21,011,448	

(a) Cancellation of these projects is not advisable due to current phase of construction and/or transmission system stability and/or funds expended. Cost are actual for completed projects and estimate at completion for projects in construction.


LCRA TSC Transmission Line and Substation System

COST BREAKDOWN SCENARIO 2

Description	Miles	Conductor	New/ Upgrade Existing	Cost ($M)
PanOakMid 345kV station			New	15.00
West Krum 345kV station			New	20.00
Hicks 345kV station			New	25.00
Tesla 345kV station			New	20.00
Bowman to Oklaunion double circuit 345kV line	37	2-1590 ACSR	New	62.16
Oklaunion to PanOakMid double circuit 345kV line	62	2-1590 ACSR	New	104.16
Oklaunion to West Krum double circuit 345kV line	106	2-1433 ACSS/TW	New	199.28
Parker to Everman E 345kV line on existing structures	110	2-1590 ACSR	New	30.80
PanhandleA A to PanhandleA C single circuit, double circuit capable 345kV line	56	2-1590 ACSR	New	78.40
PanhandleA A to PanhandleA B single circuit, double circuit capable 345kV line	25	2-1590 ACSR	New	35.00
PanhandleA B to PanhandleB A single circuit, double circuit capable 345kV line	60	2-1590 ACSR	New	84.00
PanhandleA C to PanhandleA D double circuit 345kV line	56	2-1590 ACSR	New	94.08

COST BREAKDOWN SCENARIO 2 (Cont.)

PanhandleA D to Central B double circuit 345kV line	68	2-1590 ACSR	New	114.24
PanhandleA D to PanOakMid double circuit 345kV line	37	2-1590 ACSR	New	62.16
PanhandleB A to PanhandleA C double circuit 345kV line	56	2-1590 ACSR	New	94.08
PanhandleB B to Oklaunion double circuit 345kV line (One circuit looping into Tesla 345kV bus)	150	2-1590 ACSR	New	252.00
PanhandleB B to PanhandleB A doulble circuit 345kV line	37	2-1590 ACSR	New	62.16
PanhandleA C to PanOakMid double circuit 345kV line (One circuit looping into Tesla 345 bus. Line from Tesla to PanOakMid is 2-1433 ACSS)	105	2-1590 ACSR	New	179.40
PanOakMid to Central C double circuit 345kV line	117	2-1433 ACSS/TW	New	219.96
Rebuild Jacksboro to Willow Creek 345kV as double circuit	18	2-1433 ACSS/TW	Upgrade Existing	33.84
West Krum to Carrolton NW 345kV line on existing structures	60	2-1433 ACSS/TW	New	16.80
Willow Creek to Hicks double circuit 345kV line	31	2-1433 ACSS/TW	New	58.28
Rebuild Willow Creek to Parker 345kV as double circuit	18	2-1433 ACSS/TW	New	33.84
West Krum to Anna double circuit 345kV line	43	2-1433 ACSS/TW	New	80.84
Add 345kV auto at Eagle Mountain			New	8.00

COST BREAKDOWN SCENARIO 2 (Cont.)

50% compensation on Central B to Willow Creek	New	60.00
Open the Seymour to Bomarton 69kV line		0.00
50% compensation on PanhandleA C to Tesla	New	25.00
50% compensation on PanOakMid to Central C	New	60.00
50 MVAR Reactive Compensation on PanhandleA C	New	2.00
100 MVAR Cap Bank on PanhandleA C	New	4.00
50 MVAR Cap Bank on PanhandleA D	New	2.50
50 MVAR Reactive Compensation on PanhandleA D	New	2.00
200 MVAR Cap Bank on PanOakMid	New	9.00
200 MVAR Reactive Compensation on PanOakMid	New	5.50
150 MVAR Cap Bank on Tesla	New	6.00
100 MVAR Reactive Compensation on Tesla	New	3.00
50 MVAR Reactive Compensation on PanhandleB B	New	2.00
50 MVAR Reactive Compensation on PanhandleA B	New	2.00
300 MVAR Cap Bank on Oklaunion	New	11.00
Navarro 345kV station	New	30.00

COST BREAKDOWN SCENARIO 2 (Cont.)

Brown 345kV station			New	15.00
[redacted]			New?	[redacted]
Gillespie 345kV station			New	20.00
Sam Switch 345kV station			New	20.00
Central Bluff to Bluff Creek double circuit 345kV line	6	2-1433 ACSS/TW	New	11.28
Bluff Creek to Brown double circuit 345kV line	75	2-1433 ACSS/TW	New	141.00
Brown to Newton/Salado double circuit 345kV line (Newton line is 2-1433 ACSS/TW and Salado line is 2-1590	50/88	2-1590 & 2-1433 ACSS/TW	New	132.80
Newton to Killeen 345kV line	26	2-1590 ACSR	New	7.28
Central A to Central C double circuit 345kV line	75	2-1433 ACSS/TW	New	141.00
Central A to Tonkawas double circuit 345kV line	43	2-1433 ACSS/TW	New	80.84
Central A to West A double circuit 345kV line	43	2-1590 ACSR	New	72.24
Central B to Central A double circuit 345kV line	12	2-1433 ACSS/TW	New	22.56
Central B to Willow Creek double circuit 345kV line	168	2-1433 ACSS/TW	New	315.84
Central C to Navarro/Sam Switch double circuit 345kV line	168/148	2-1433 ACSS/TW	New	308.24
Central D to Divide single circuit, double circuit capable 345kV line	6	2-1590 ACSR	New	8.40
Central E to Central D single circuit, double circuit capable 345kV line	27	2-1590 ACSR	New	37.80

COST BREAKDOWN SCENARIO 2 (Cont.)

Add second circuit to existing towers on Divide to Twin Butte	25	2-1590 ACSR	New	7.00
Replace 345kV auto at Kendall			New	8.00
Rebuild Verde Creek to Bandera	16	1-795 ACSR	New	16.00
Mason to Pittsburg 138kV line	18	1-795 ACSR	New	18.00
McCamey C to McCamey D single circuit, double circuit capable 345kV line	75	2-1590 ACSR	New	105.00
McCamey A to Odessa single circuit, double circuit capable 345kV line	50	2-1590 ACSR	New	70.00
McCamey B to North McCamey 138kV line on existing structures	15	2-795 ACSR	New	3.75
McCamey C to McCamey A single circuit, double circuit capable 345kV line	12	2-1590 ACSR	New	16.80
McCamey D to Kendall double circuit 345kV line	137	2-1433 ACSS/TW	New	257.56
McCamey D to Twin Butte single circuit, double circuit capable 345kV line	31	2-1433 ACSS/TW	New	46.50
Add 2 345kV autos at North McCamey			New	16.00
Close the bus ties at North McCamey bus				0.00
Sweetwater to Central Bluff double circuit 345kV line	25	2-1433 ACSS/TW	New	47.00
Tonkawas to Sweetwater double circuit 345kV line	18	2-1433 ACSS/TW	New	33.84

COST BREAKDOWN SCENARIO 2 (Cont.)

Twin Butte to Brown 345kV line on existing structures	106	2-1433 ACSS/TW	New	31.80
West A to Central D single circuit, double circuit capable 345kV line	50	2-1590 ACSR	New	70.00
West A to West C single circuit, double circuit capable 345kV line	25	2-1590 ACSR	New	35.00
West B to Moss single circuit 138kV line	6	2-959 ACSS/TW	New	6.00
West C to Odessa single circuit, double circuit capable 345kV line	43	2-1590 ACSR	New	60.20
50% compensation on Central C to Navarro/Sam Switch			New	60.00
[redacted]			New	[redacted]
Kendall to Gillespie single circuit, double circuit capable 345kV line	18	2-1590 ACSR	New	23.40
Open the Saps to Yellowjacket 138kV line				0.00
Gillespie to Newton single circuit, double circuit capable 345kV line	105	2-1590 ACSR	New	136.50
Add a 345kV auto at Gillespie			New	8.00
Add 138kV auto at Bandera			New	4.00
Rebuild Kendct to Kendal 138kV line	0.09	1-795 ACSR		0.09
Rebuild Raymond Barker to Verde Creek 138kV line	2	1-795 ACSR		2.00
Add a 345kV auto at Whitney			New	5.00
Rebuild the Goldthwaite to Evant 138kV line		1-795 ACSR	Upgrade Existing	25.00

COST BREAKDOWN SCENARIO 2 (Cont.)

Open the Rock Springs to Friess Ranch 69kV line		0.00
Open the Fort Stockton to Barilla 69kV line		0.00
Open the Bradshaw to Winters 69kV line		0.00
100 MVAR Reactive Compensation on Gillespie	New	3.00
150 MVAR Reactive Compensation on Central C	New	4.50
150 MVAR Reactive Compensation on Central B	New	4.50
150 MVAR Reactive Compensation on Brown	New	4.50
100 MVAR Reactive Compensation on Central A	New	3.00
100 MVAR Reactive Compensation on McCamey D	New	3.00
Upgrade terminal equipment on Morgan Creek to Twin Butte 345kV line	Upgrade Existing	3.00
Upgrade terminal equipment on Roanoke to Alliance 345kV line	Upgrade Existing	1.00
Upgrade terminal equipment on both Singleton to Gibbons Creek 345kV lines	Upgrade Existing	2.00
Upgrade terminal equipment on Bowman to Fisher Road 345kV line	Upgrade Existing	1.00
Upgrade terminal equipment on Bowman to Graham 345kV line	Upgrade Existing	1.00

COST BREAKDOWN SCENARIO 2 (Cont.)

Reconductor Bowman to Jacksboro 345kV line	37	2-959 ACSS/TW	Upgrade Existing	9.62
Upgrade Abliene South to Leon 138kV line	66	1-959 ACSS/TW	Upgrade Existing	66.00
Upgrade terminal equipment on Abliene to Mulberry 138kV line			Upgrade Existing	1.00
Eagle Mountain-Hicks-Alliance-Roanoke 345-kV line terminal equipment			Upgrade Existing	2.00
Rebuild Sonora to Hamilton 138kV line	88	1-959 ACSS/TW	Upgrade Existing	88.00
Total Existing System Upgrades				**$4,931.32**

Total Scenario 2 **$4,931.32**

Barry T. Smitherman
Chairman

Rick Perry
Governor

Public Utility Commission of Texas

June 1, 2010

Mr. H. B. "Trip" Doggett
President and Chief Executive Officer
ERCOT
7620 Metro Center Drive
Austin, Texas 78744

Dear Trip:

Although I raised this issue at the EROCT Board of Directors meeting on May 18, 2010, I want to reiterate my request for ERCOT staff to thoroughly re-evaluate the need for the Gillespie to Newton transmission line as included in Scenario 2 of the CREZ Transmission Optimization Study filed by ERCOT in Docket No. 33672.

ERCOT staff did provide an explanation of the continued need for the Gillespie to Newton line, as it was included in the original CTO Study, by way of a letter dated May 12, 2010 (see attached). However, several other non-CREZ transmission lines are planned for or under construction in the general area, including the Clear Springs to Salado line and the recently-approved Bell County east to TNP One line. In addition, the recently-completed, private NextEra "gen-tie," which runs from the Horse Hollow Wind Energy Center in Taylor and Nolan Counties to the Kendall substation, may have changed some of the original assumptions regarding congestion at the Kendall substation. Also, if congestion at the Kendall substation is a concern, ERCOT staff should consider whether an additional circuit installed along existing lines from Kendall to Cagnon or Kendall to Hays is a possible solution.

Trip, I would like the assurance from ERCOT planning staff that all projects, both constructed and planned, are taken into account when evaluating whether or not the Gillespie to Newton line is still required.

Thank you for your assistance and I appreciate you and your staff's hard work on this issue.

Sincerely,

Barry T. Smitherman

ERCOT
THE TEXAS CONNECTION

RECEIVED
10 MAY 12 PM 2:22
PUBLIC UTILITY COMMISSION
FILING CLERK

May 12, 2010

Chairman Barry T. Smitherman
Commissioner Donna L. Nelson
Commissioner Kenneth W. Anderson, Jr.
1701 N. Congress Ave.
P.O. Box 13326
Austin, Texas 78711-3326

Re: Docket No. 37448 - Follow-Up Information in Response to Questions at the April 23, 2010 Open Meeting Discussion regarding Docket No. 37448, Application of LCRA Transmission Services Corporation to Amend its Certificate of Convenience and Necessity for the Gillespie-to- Newton 345-kV Competitive Renewable Energy Zone (CREZ) Transmission Line in Gillespie, Llano, San Saba, Burnet, and Lampasas Counties, Texas

Dear Commissioners:

Per your request at the April 23, 2010, Open Meeting of the Public Utility Commission of Texas (PUCT), the Electric Reliability Council of Texas, Inc. (ERCOT) is providing follow-up information in response to the questions that Chairman Smitherman posed to Dan Woodfin, Director of System Planning at ERCOT, regarding the Gillespie-to-Newton circuit in Docket No. 37448. Specifically, Chairman Smitherman asked the following three questions:

1) Is the Gillespie-to-Newton circuit still necessary given changes in system conditions since the completion of the CREZ Transmission Optimization (CTO) Study?
2) Is the connection of this circuit into the Gillespie substation necessary or could the circuit directly connect into the Kendall substation?
3) Can the Newton substation be moved?

The over-arching goal of the CTO Study was to develop cost-effective transmission solutions for specified levels of wind generation in the CREZs. During the study development process,

Austin
7620 Metro Center Drive
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2705 West Lake Drive
Taylor, Texas 76574

transmission element in the recommended plans to ensure that each transmission element was necessary. All unnecessary transmission elements were removed from the CREZ Transmission Plan (CTP) during the study development process. As a result of this analysis, it is not possible to remove any element or any proposed connection to the existing ERCOT system in the CTP without affecting the overall capability of the CTP.

The Kendall-to-Newton circuit described in the CTP consists of the Kendall-to-Gillespie and Gillespie-to-Newton circuits. ERCOT discussed the need for the Kendall-to-Newton circuit on pg. 36 of the CTO Study that was filed in PUCT Docket No. 33672. The CTO Study states that a new 345-kV circuit from Kendall to another load area is necessary to relieve congestion under high wind conditions on the 138-kV circuits leaving the Kendall substation. The Kendall-to-Newton circuit was selected due to cost-effectiveness and consistency with the long-term needs of the Hill Country region. Nothing has occurred to change the need for the circuit as determined in Docket No. 33672. Furthermore, the effectiveness of related circuits, including the Big Hill (McCamey D)-to-Kendall circuit, that are necessary to relieve congestion from existing wind generation, will be reduced until the Gillespie-to-Newton circuit is built.

The connection of the Kendall-to-Newton circuit into the Gillespie substation, which serves as a connection point for multiple 138-kV circuits serving load in the nearby communities, is essential to support the overall functionality of the Kendall-to-Newton circuit. A substitute connection to the load served from the 138-kV system in this area, such as a connection to the Ferguson substation, could be developed, but an alternative connection point would be more expensive than connecting into the Gillespie substation and may require additional new 138-kV rights-of-way (ROWs). If the Commission chooses to pursue an alternative connection point and remove the Gillespie substation from the CTP, ERCOT requests legal guidance from the Commission as the Final Orders in PUCT Docket Nos. 37928 and 37902[1] may not provide ERCOT with the flexibility to make this modification.

[1] *See* Priority Projects Severed from Docket No. 37902 (Remand of Docket No. 35665 (Commission Staff's Petition for Selection of Entities Responsible for Transmission Improvements Necessary to Deliver Renewable Energy From Competitive Renewable Energy Zones), Docket No. 37928 at 27 (February 25, 2010); Remand of Docket No. 35665 (Commission Staff's Petition for Selection of Entities Responsible for Transmission Improvements Necessary to Deliver Renewable Energy From Competitive Renewable Energy Zones), Docket No. 37902 at 30 (March 30, 2010).

From a system functionality perspective, the location of the Newton substation can be moved several miles in either direction along the line between Brown and Killeen without adversely affecting the capability of the overall CTP, as long as the topology of the CTP (i.e., the way the circuits are connected into the Newton Substation), is not altered by the change in location.

ERCOT appreciates the opportunity to provide follow-up information in response to Chairman Smitherman's questions about LCRA's Gillespie-to-Newton project. Dan Woodfin will be available at the May 14, 2010 open meeting to address any further questions that you may have regarding this matter.

Sincerely,

Matt Morais
Assistant General Counsel

CREZ CCN Plan

Steps Taken to Address Issues Raised in Gillespie to Newton CCN (both projects)

- Goal for CCN teams on both major CCNs (D-K-G and G-N) is to reach a settled route
- Stuart Nelson met with all functional to solicit comments and ideas for moving forward
- Setting up separate teams for preparation of CCN filing packages and another team to focus on communication and settlement with landowners and public officials
- Setting up communication plans to identify stakeholders that can provide input into the routing process
- Researching additional opportunities for interaction with landowners, including setting "Storefronts" for meeting with landowners
- Will include all viable route suggestions made by landowners in the CCN filings
- Setting up an information clearing house to insure team members have consistent message when speaking to the public

Gillespie to Newton

- Do we file a motion for re-hearing and what issues are raised? (Should know by the board meeting)
- When do we re-file the CCN? (Smitherman article suggested 6 months)
    - Will need to have additional open houses
    - LCRA will work with PUC staff to establish schedule
    - Critical timing issue – LCRA TSC needs to file the CCN by mid-November to stay on schedule to energize the project by December 2013
- Staff met with Llano and Burnet County Commissioners to discuss moving forward on the Gillespie to Newton Project

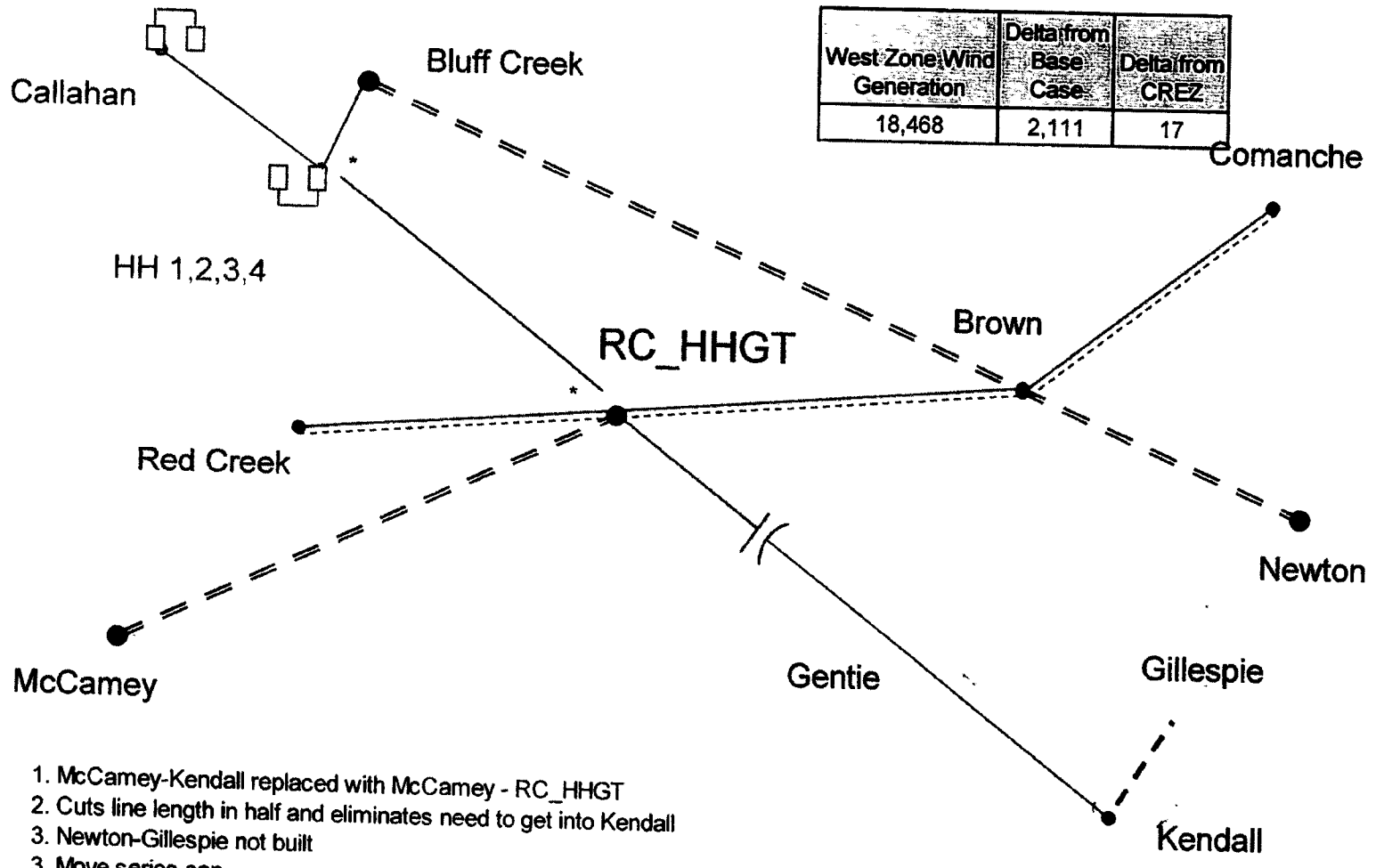
McCamey D to Kendall to Gillespie

- Do we need to ask for a motion to delay to address the issues raised in the Gillespie to Newton CCN? (PUC will seek a delay in all CREZ CCNs to address holiday schedule issues)
- LCRA staff met with the City of Kerrville and was told that the City was going to pass a resolution opposing the line route along I-10 through Kerrville
- Staff met with landowners to finalize proposed route modifications

CTO Reduction	$ (Million)
LCRA TSC	
McCamey D to Kendall	$ 257.56
Gillespie to Newton	$ 136.30
Total LCRA TSC Reduction	$ 393.86
ETT	
McCamey D to Kendall Series Comp	$ 60.00
ONCORE	
Newton	$ 20.00
Total CTO Reductions	$ 473.86
CTO Additions	
McCamey D to Rockwood (60 Miles at $1.88 Million)	$ 113.00
Rockwood Substation	$ 15.00
NEXTERA Additions	$ 300.00
Total CTO Additions	$ 428.00

Scenario 17 – Optimal Solution that solves LCRA's problems and places over $300 M of value to GenTie

West Zone Wind Generation	Delta from Base Case	Delta from CREZ
18,468	2,111	17



1. McCamey-Kendall replaced with McCamey - RC_HHGT
2. Cuts line length in half and eliminates need to get into Kendall
3. Newton-Gillespie not built
3. Move series cap
4. RC_HHGT-Omega line re-rated to 1740 MVA

* Operated Normally open

NEXTera ENERGY RESOURCES

Scenario 17 – Optimal Solution that solves LCRA's problems and places over $300 M of value to GenTie

West Zone Wind Generation	Delta from Base Case	Delta from CREZ
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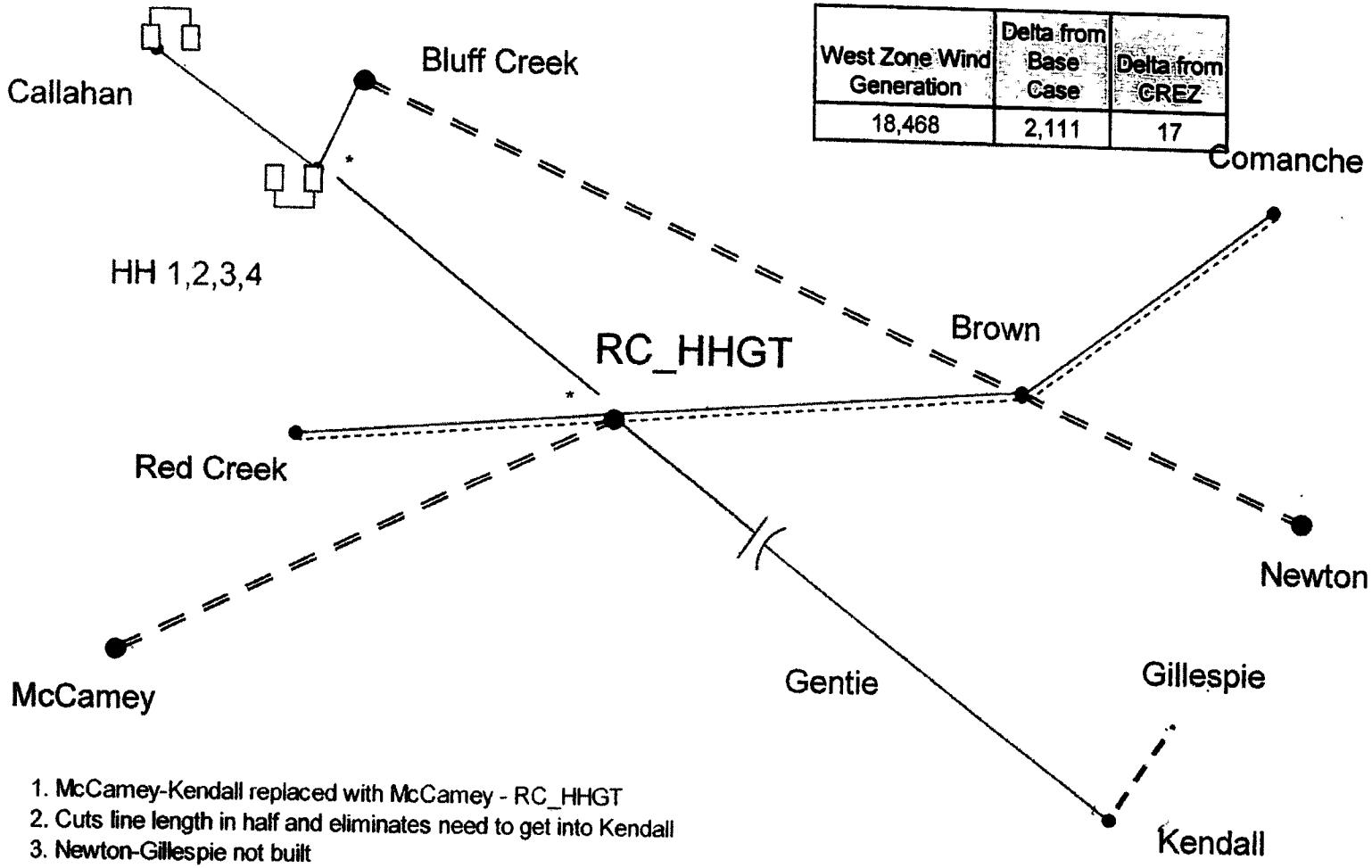

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Scenario 17 – Optimal Solution that solves LCRA's problems and places over $300 M of value to GenTie

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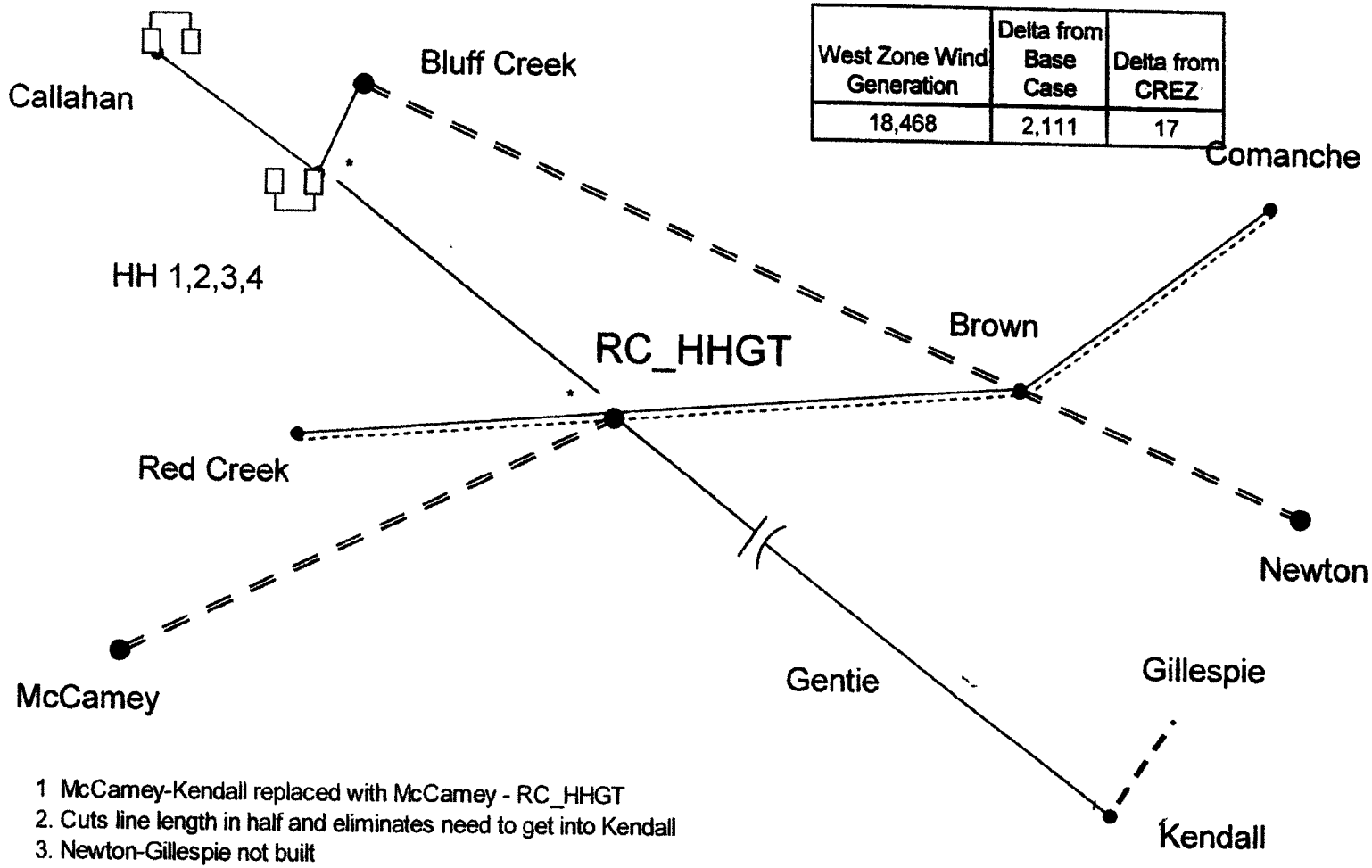

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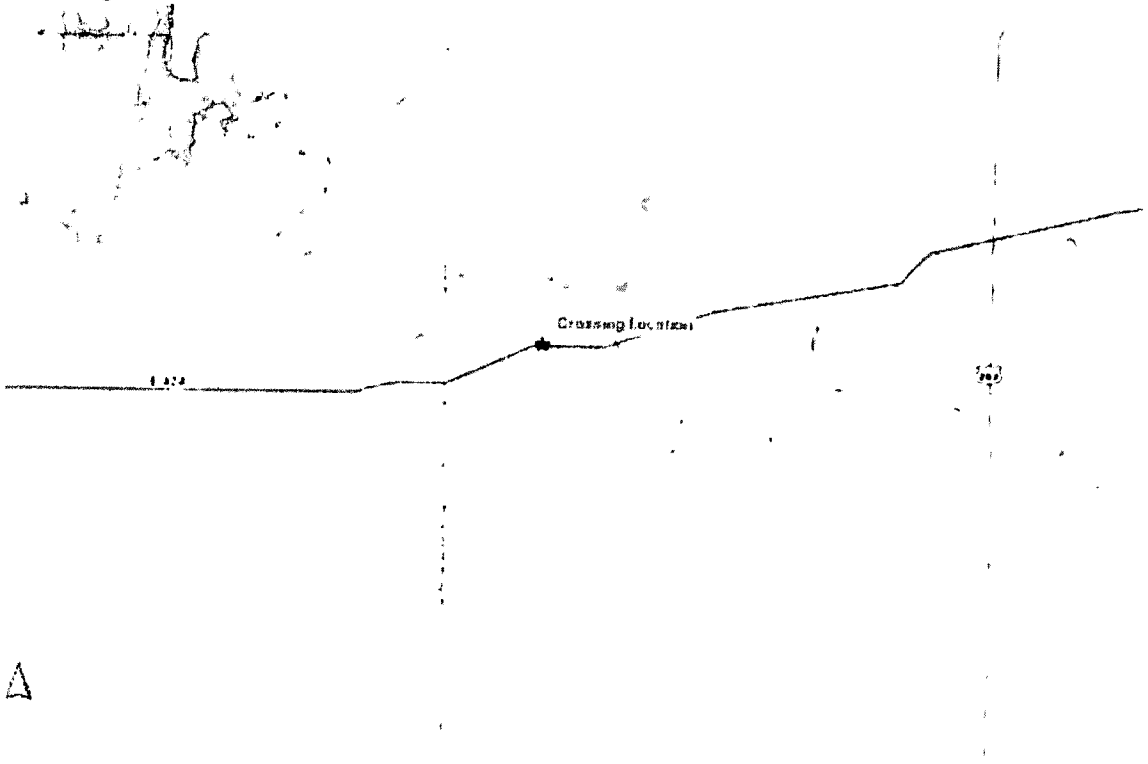
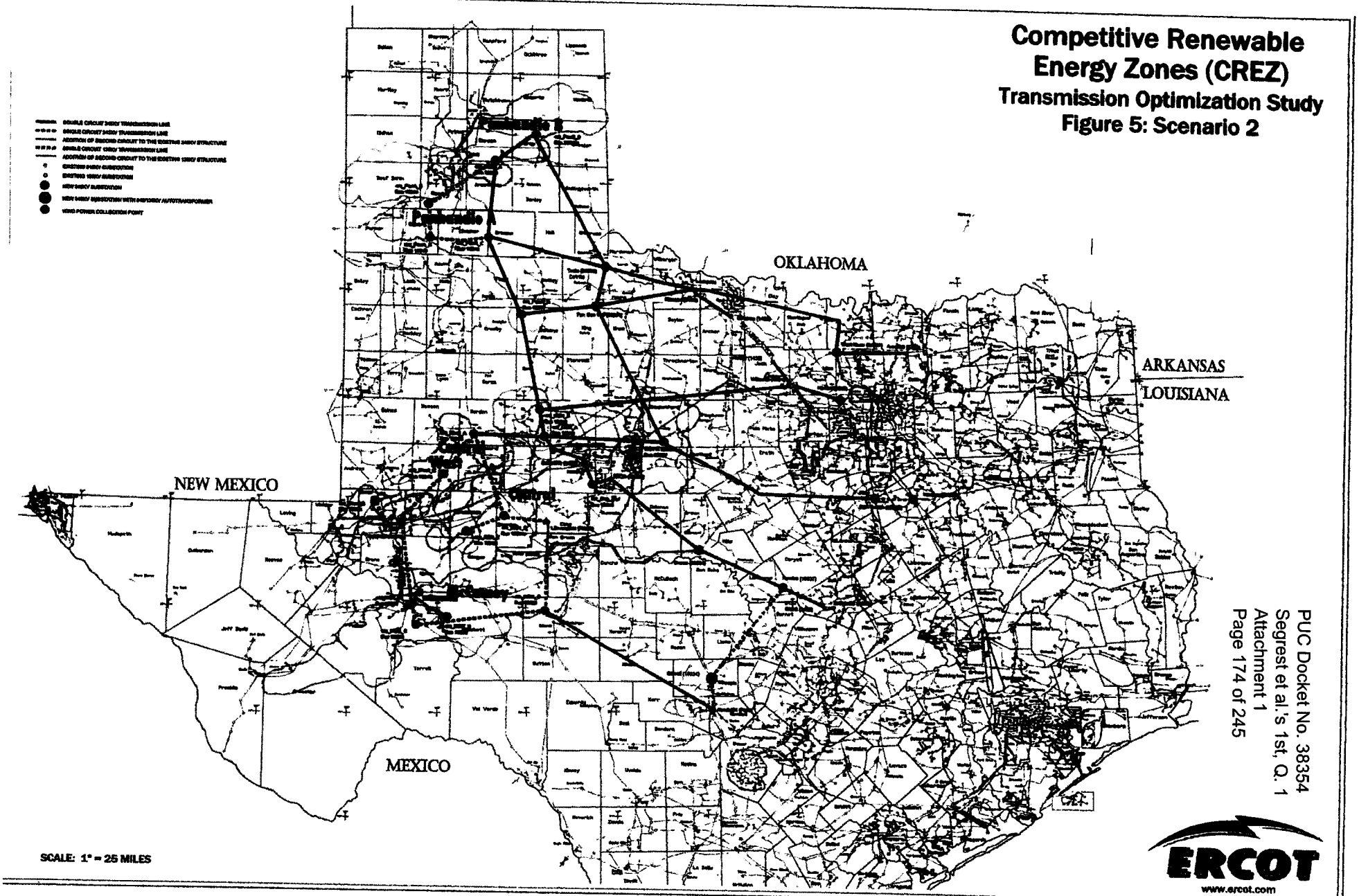
NEXTera ENERGY RESOURCES

Stuart Nelson

From: Rob Seiler
Sent: Thursday, May 27, 2010 5:38 PM
To: Stuart Nelson
Subject: Another View of Crossing Location

Tesla Light Version





PUC Docket No. 38354
Segrest et al.'s 1st, Q. 1
Attachment 1
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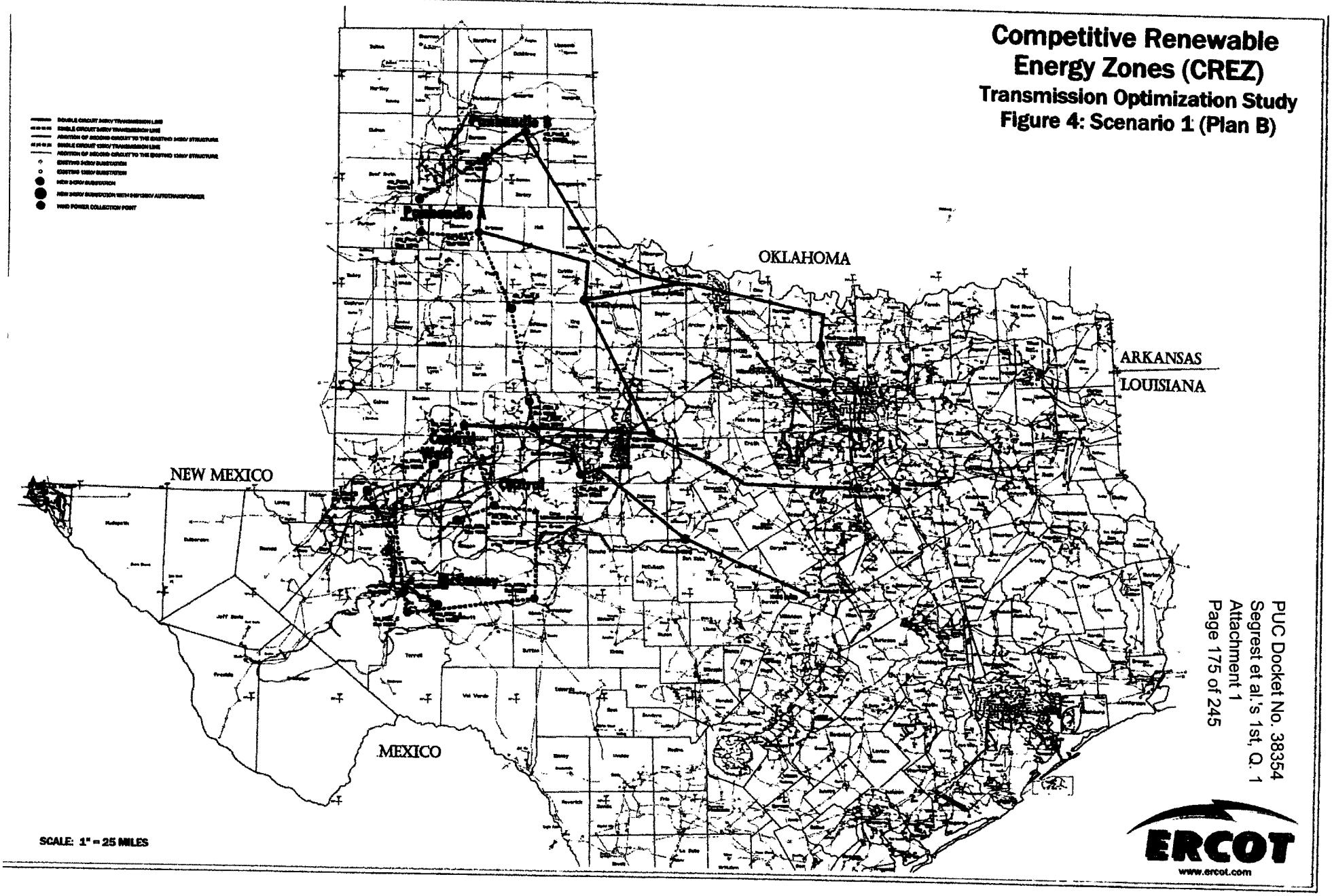

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Segrest et al.'s 1st, Q. 1
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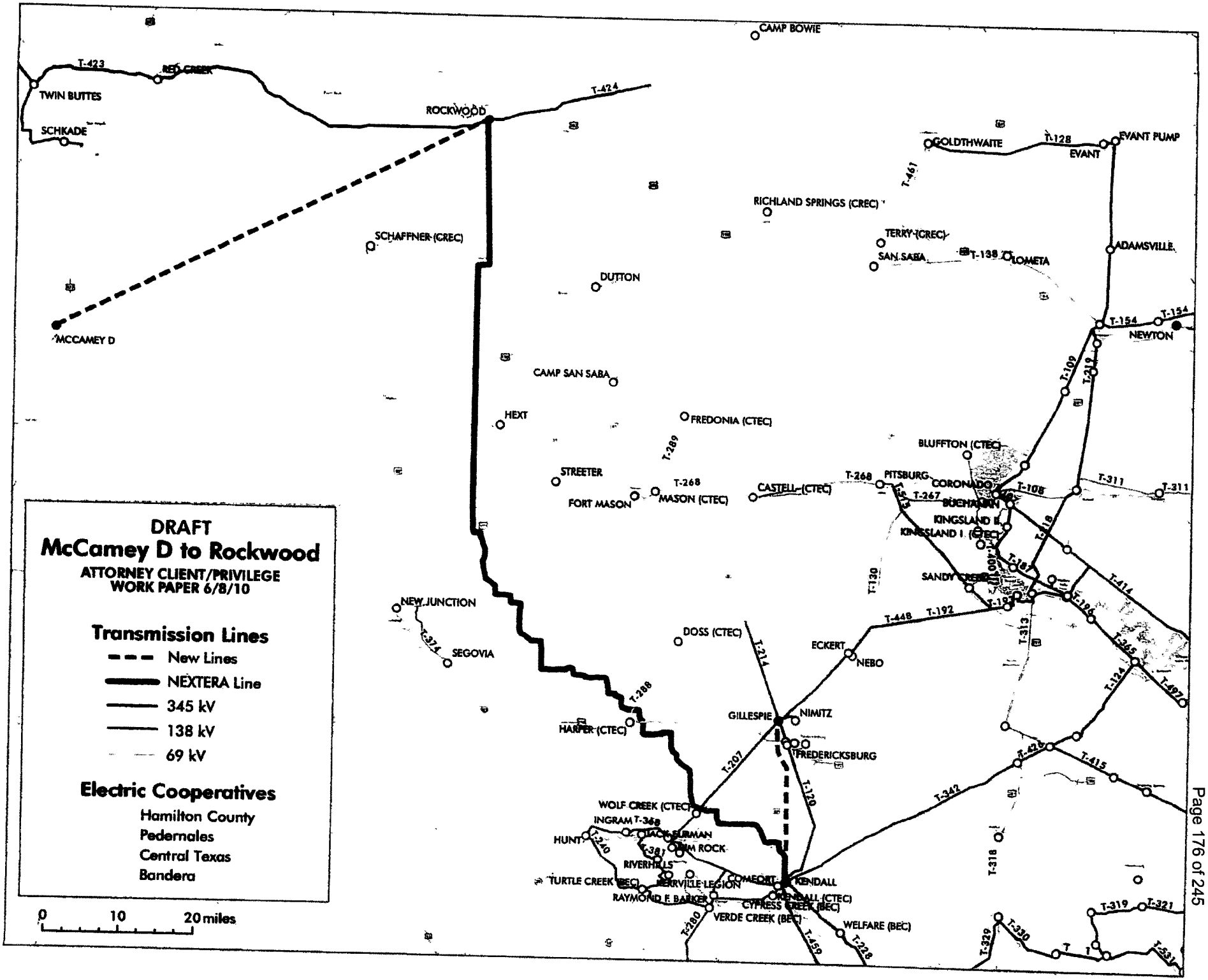
DRAFT
McCamey D to Rockwood
ATTORNEY CLIENT/PRIVILEGE
WORK PAPER 6/8/10
Transmission Lines
New Lines
NEXTERA Line
345 kV
138 kV
69 kV
Electric Cooperatives
Hamilton County
Pedernales
Central Texas
Bandera
0 10 20 miles
CAMP BOWIE
T-423
RED CREEK
TWIN BUTTES
SCHKADE
ROCKWOOD
T-424
SCHAFFNER (CREC)
MCCAMEY D
DUTTON
CAMP SAN SABA
HEXT
FREDONIA (CTEC)
STREETER
FORT MASON
MASON (CTEC)
CASTELL (CTEC)
NEW JUNCTION
SEGOVIA
DOSS (CTEC)
HARPER (CTEC)
GILLESPIE
NIMITZ
FREDERICKSBURG
ECKERT
NEBO
WOLF CREEK (CTEC)
INGRAM
HUNT
JACK BURMAN
TURTLE CREEK (BEC)
RIVERHILLS
KERRVILLE LEGION
COMFORT
KENDALL
RAYMOND F. BARKER
KENDALL (CTEC)
CYPRESS CREEK (BEC)
VERDE CREEK (BEC)
WELFARE (BEC)
RICHLAND SPRINGS (CREC)
TERRY (CREC)
SAN SABA
LOMETA
GOLDTHWAITE
EVANT
EVANT PUMP
ADAMSVILLE
NEWTON
BLUFFTON (CTEC)
PITSBURG
CORONADO
BUCHANAN
KINGSLAND II
KINGSLAND I (CTEC)
SANDY CREEK
T-128
T-461
T-154
T-109
T-219
T-311
T-108
T-267
T-268
T-289
T-130
T-187
T-414
T-448
T-192
T-313
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T-497
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T-288
T-207
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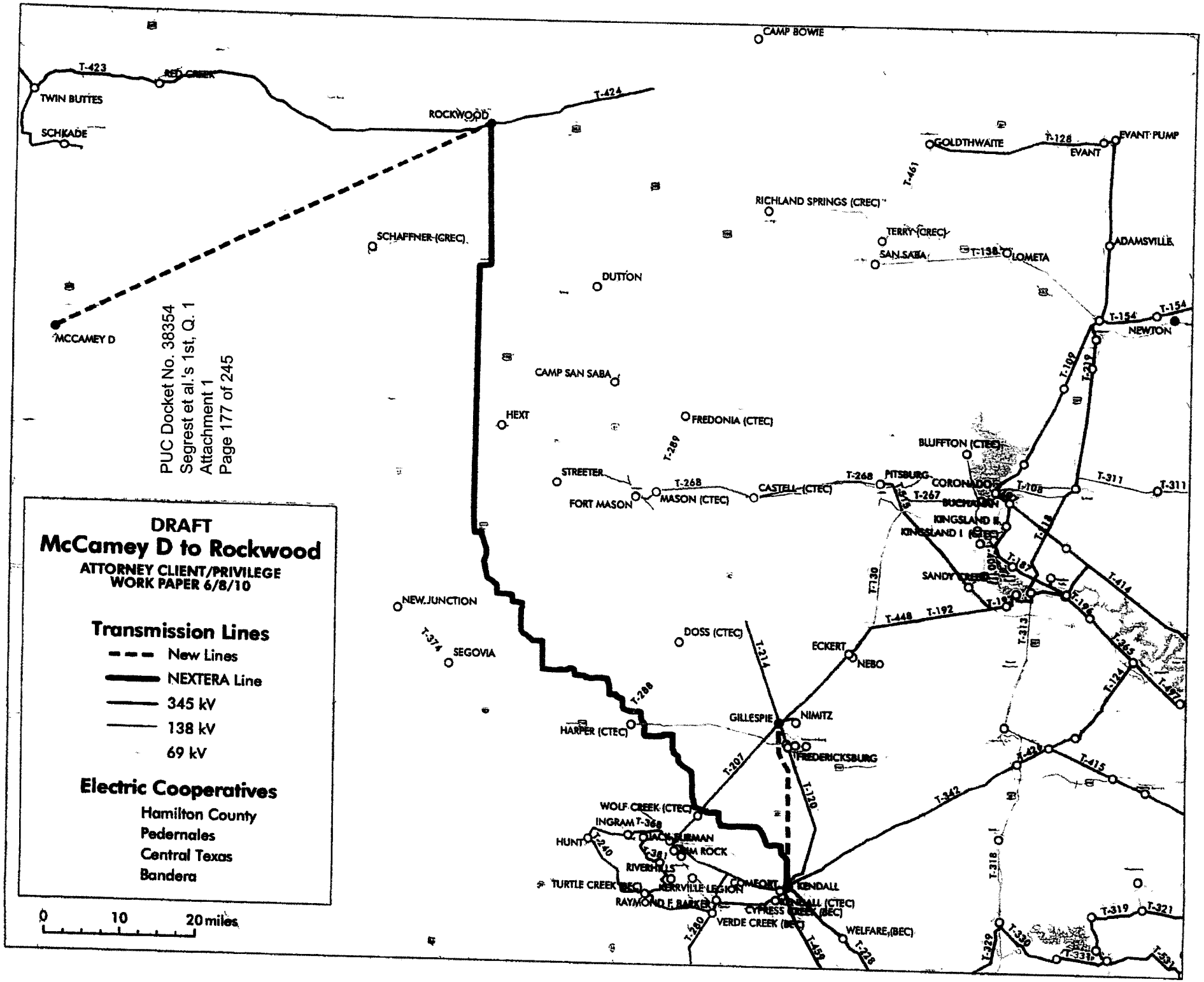
T-280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0 10 20 miles
PUC Docket No. 38354
Segrest et al.'s 1st, Q. 1
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CAMP BOWIE
T-423
RED CREEK
TWIN BUTTES
SCHKADE
ROCKWOOD
T-424
MCCAMEY D
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DUTTON
CAMP SAN SABA
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STREETER
FORT MASON
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CASTELL (CTEC)
NEW JUNCTION
T-374
SEGOVIA
DOSS (CTEC)
HARPER (CTEC)
WOLF CREEK (CTEC)
INGRAM T-368
HUNT
T-240
JACK BURMAN
T-381
RIVERHILLS
TURTLE CREEK (BEC)
KERRVILLE LEGION
RAYMOND F. BARKER
T-280
VERDE CREEK (BEC)
GILLESPIE
NIMITZ
FREDERICKSBURG
ECKERT
NEBO
T-448
T-192
T-207
T-208
T-214
T-130
T-289
T-268
T-267
PITSBURG
BUCHANAN
BLUFFTON (CTEC)
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T-187
T-108
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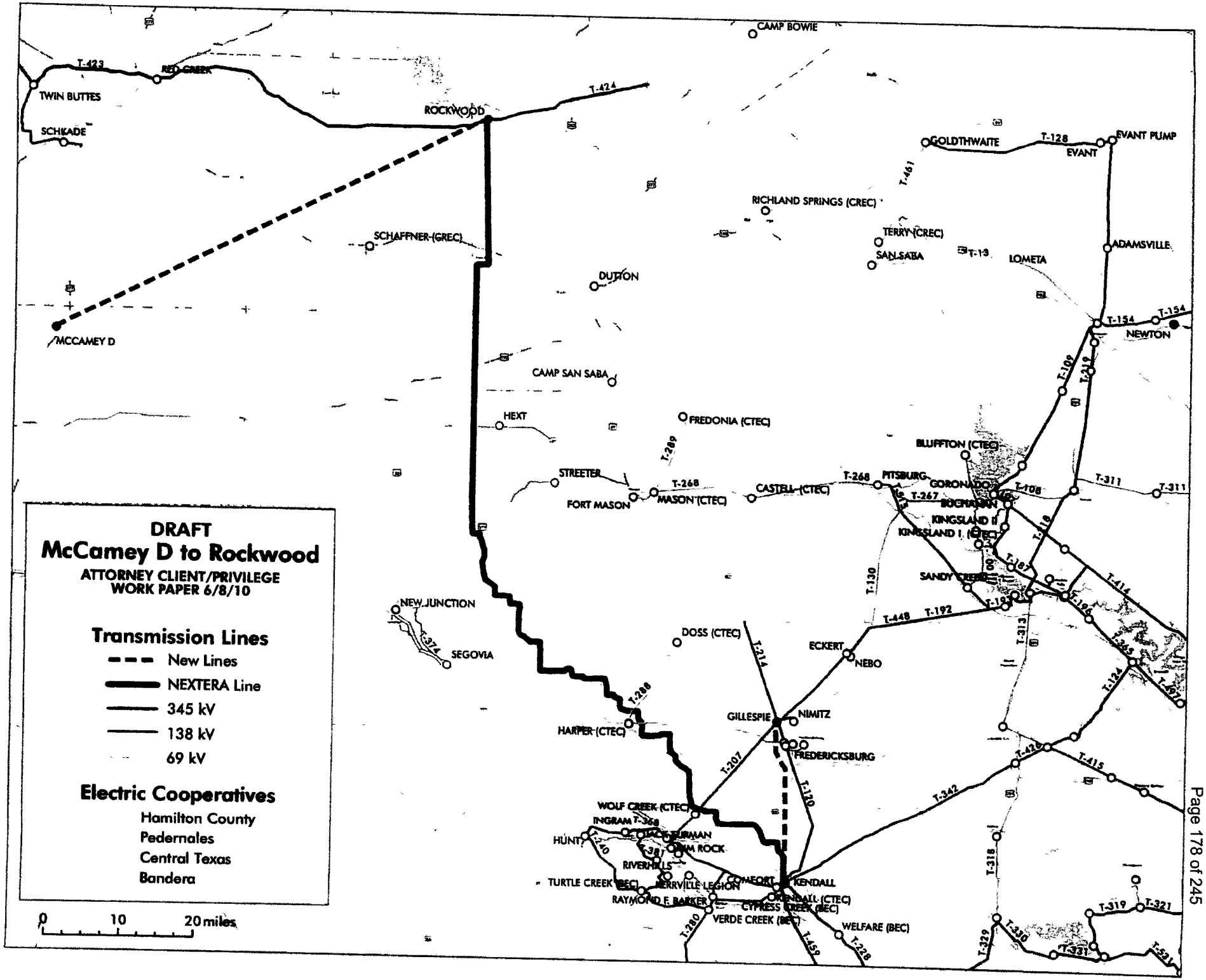
LOMETA
ADAMSVILLE
T-154
NEWTON



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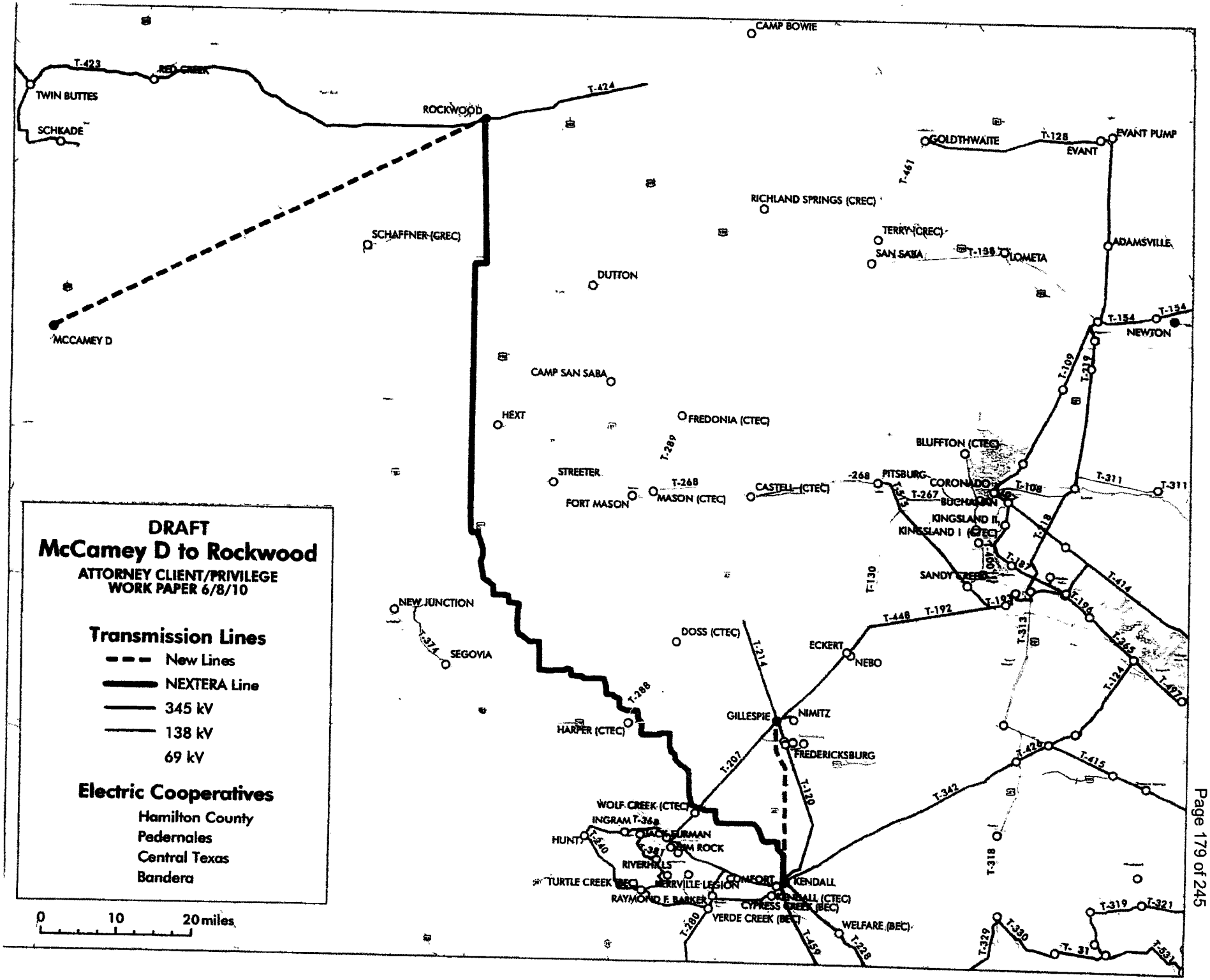
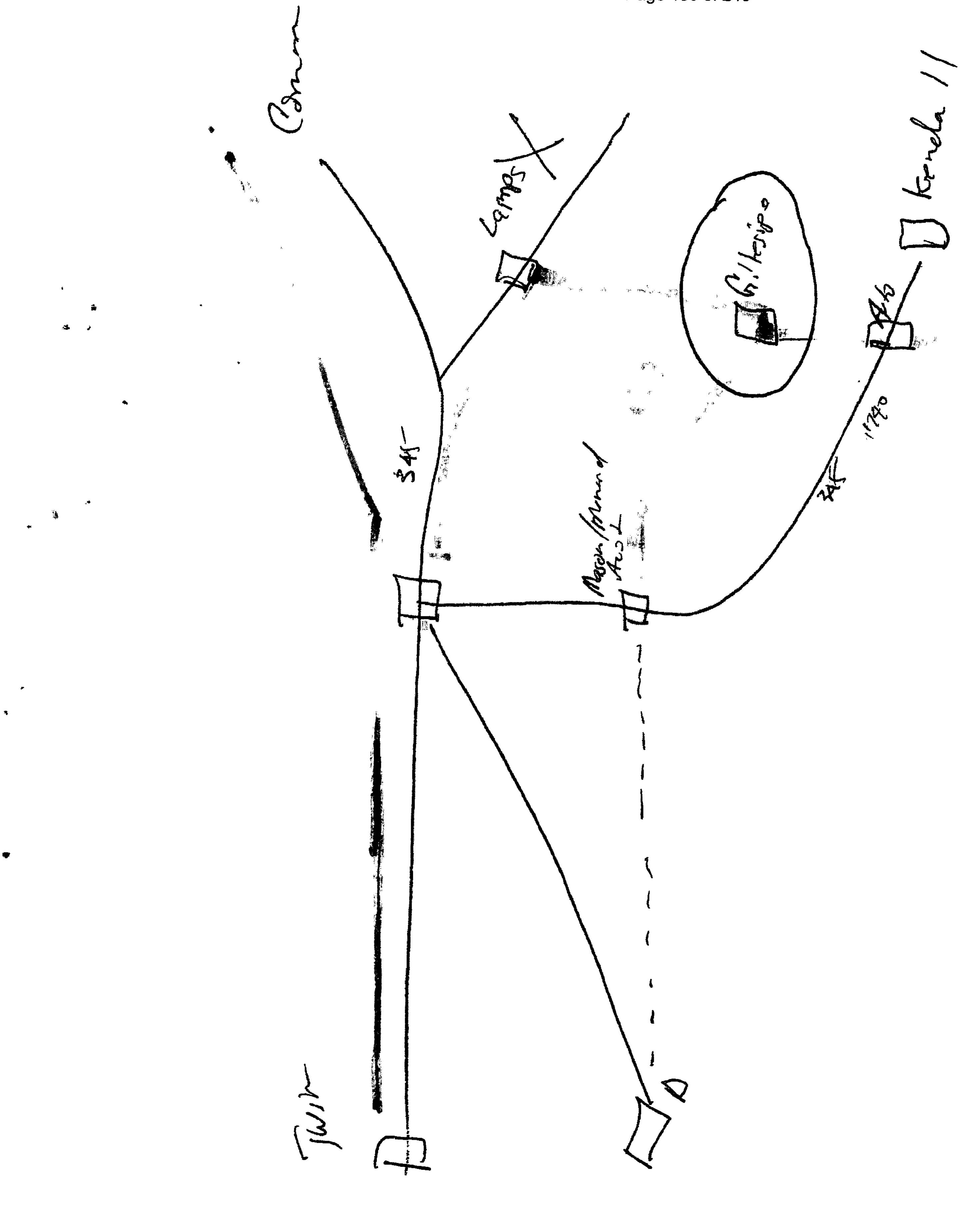
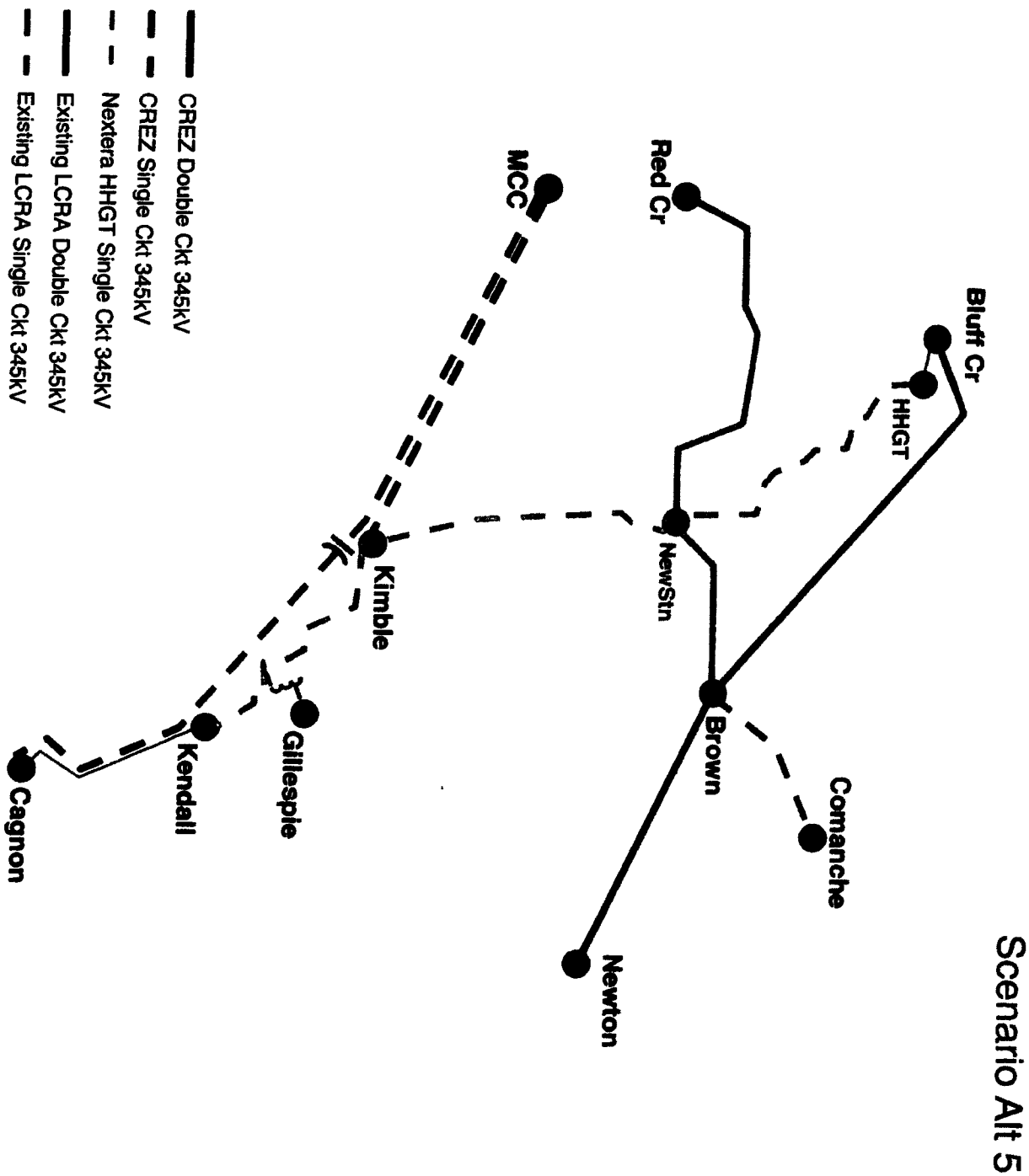
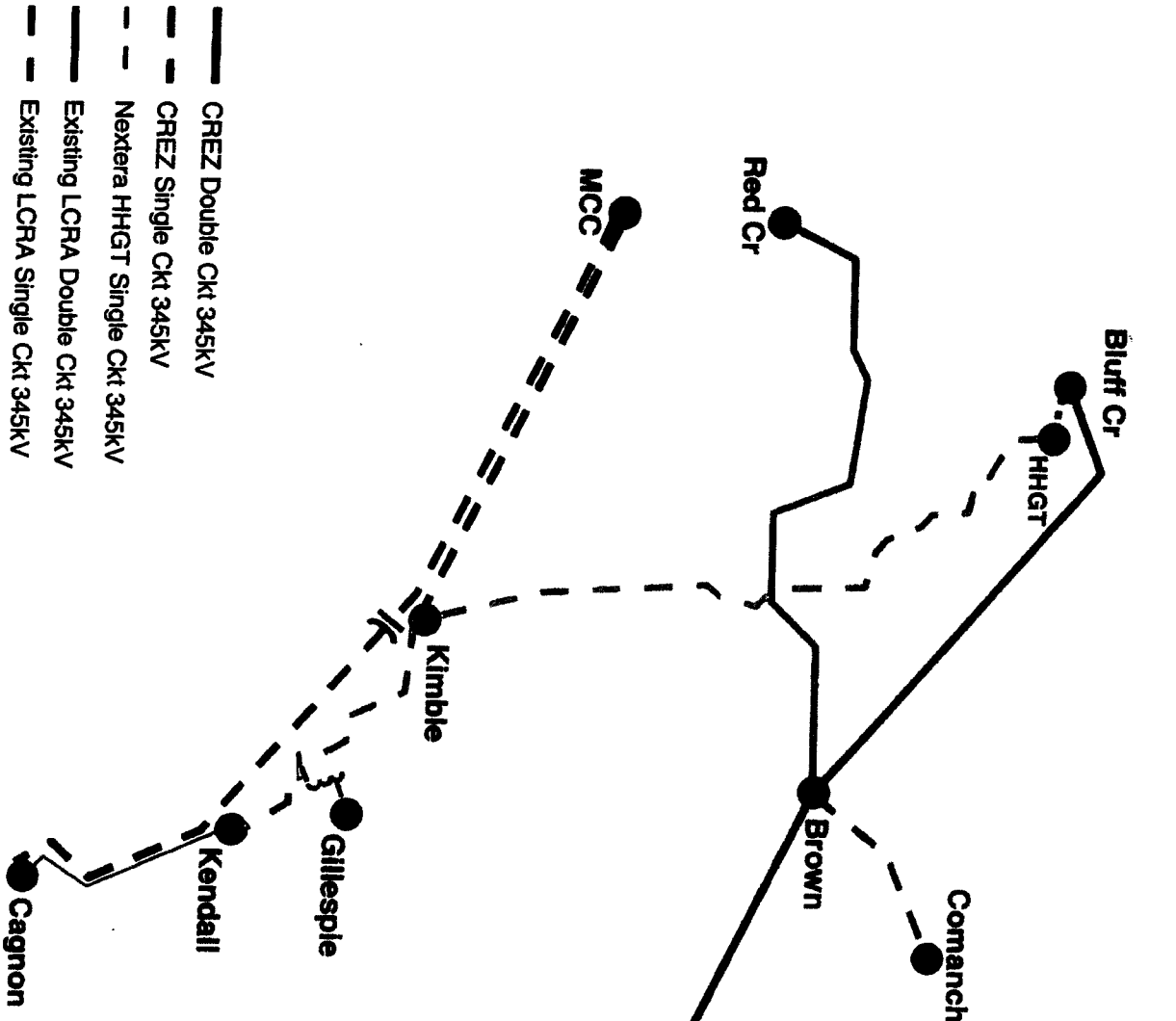
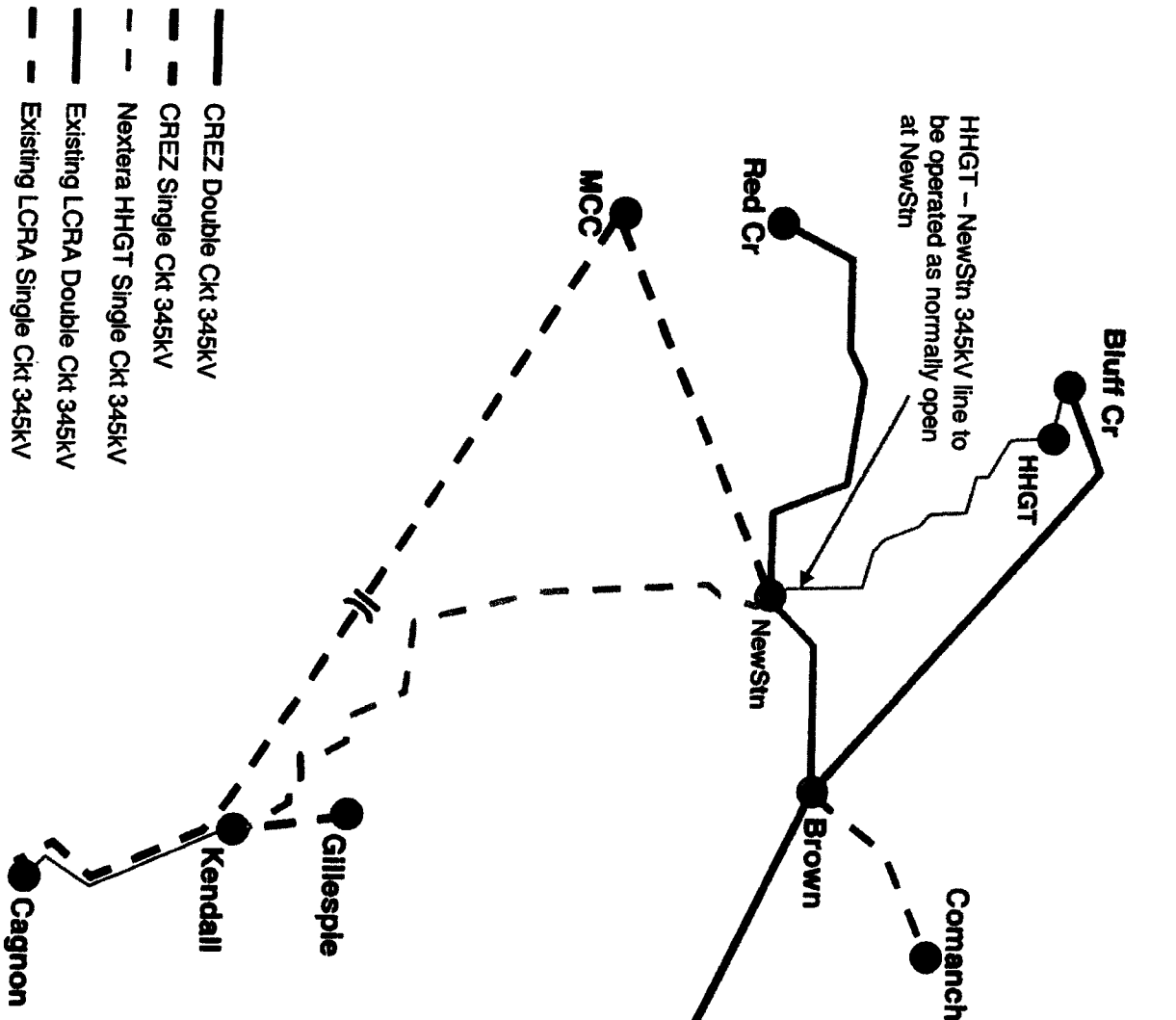
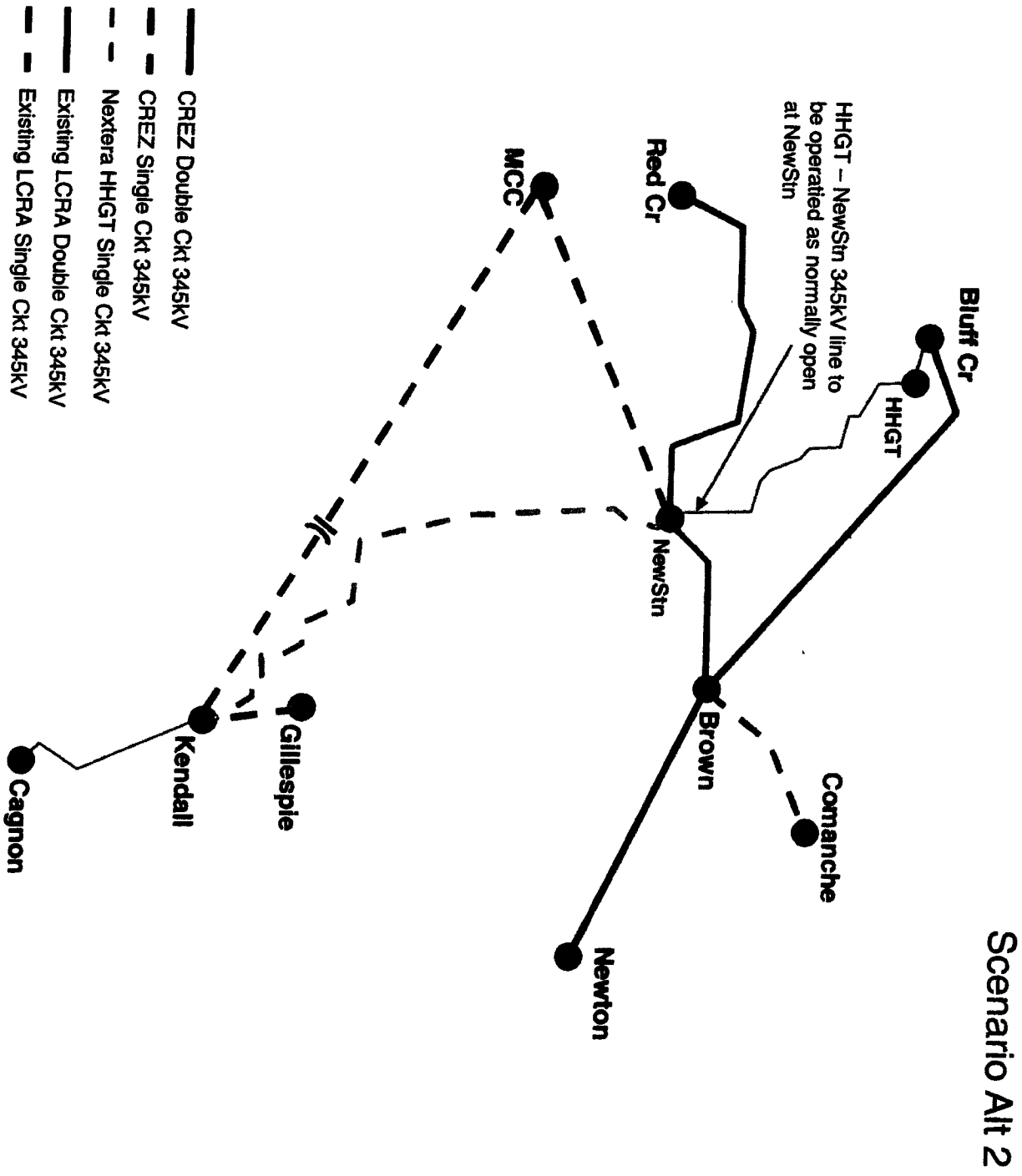




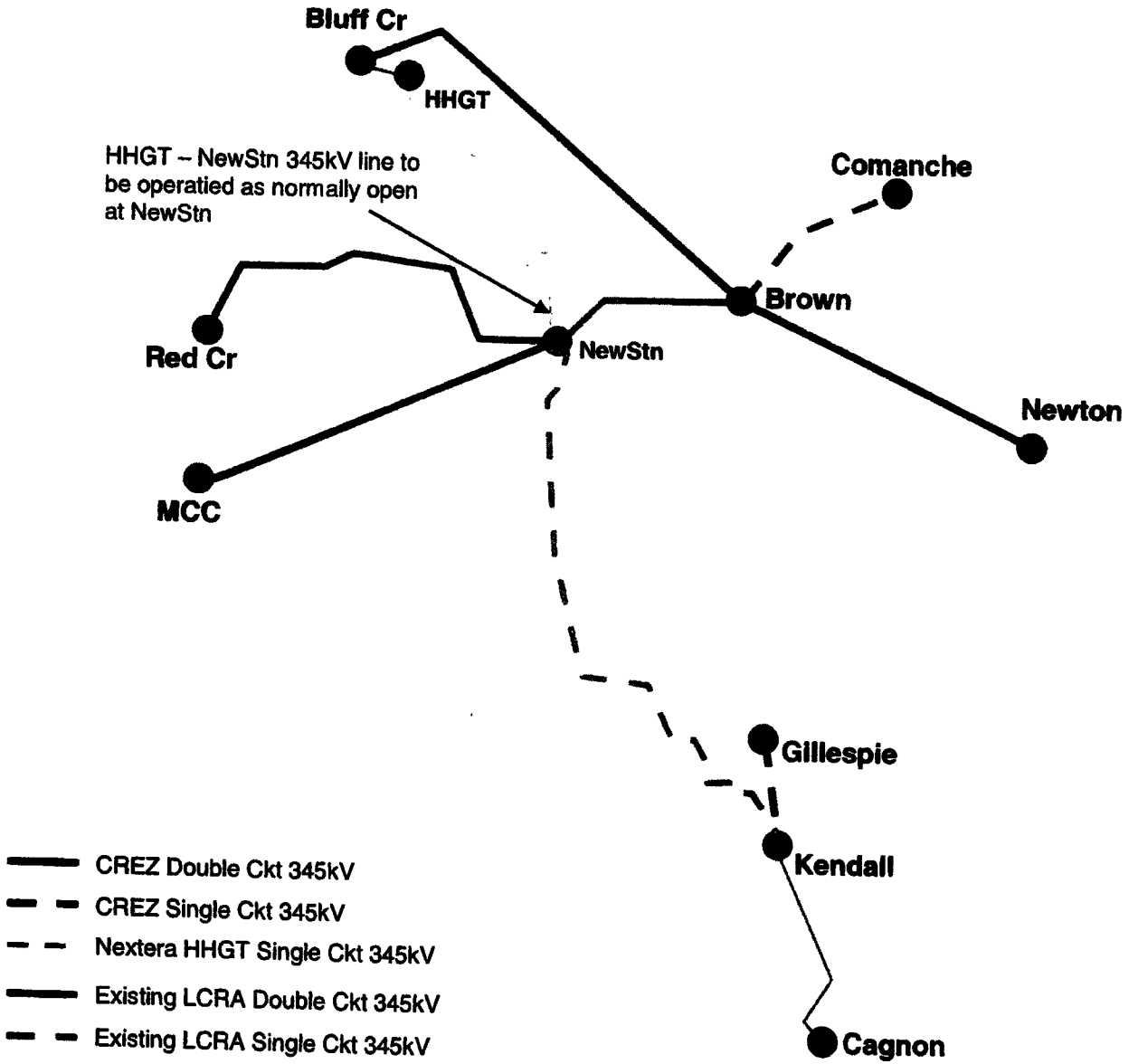

Scenario Alt 5
Bluff Cr
HHGT
Red Cr
MCC
NewStn
Kimble
Brown
Comanche
Newton
Gillespie
Kendall
Cagnon
CREZ Double Ckt 345kV
CREZ Single Ckt 345kV
Nextera HHGT Single Ckt 345kV
Existing LCRA Double Ckt 345kV
Existing LCRA Single Ckt 345kV

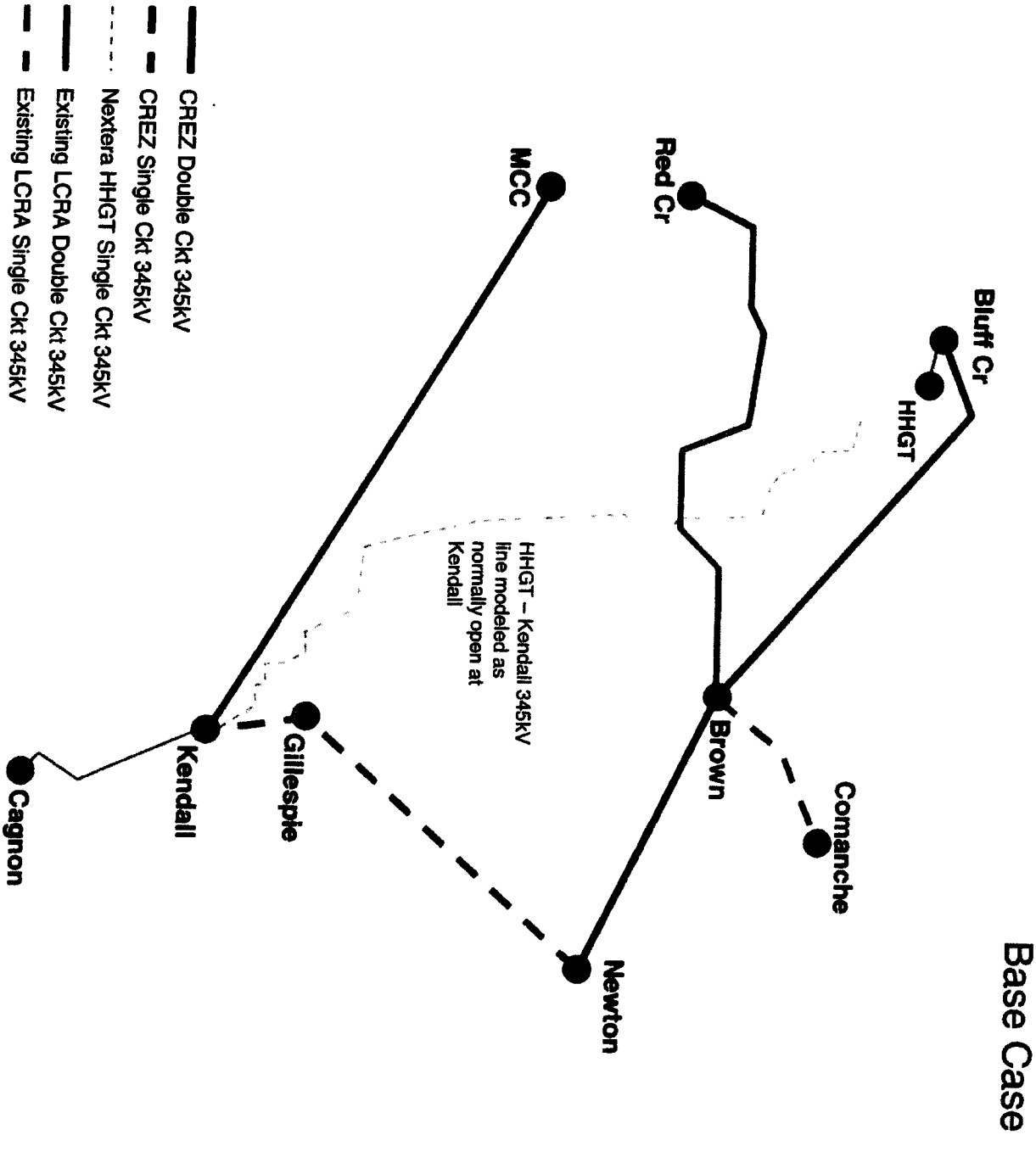

Scenario Alt 4
Bluff Cr
HHGT
Red Cr
MCC
Kimble
Brown
Comanche
Newton
Gillespie
Kendall
Cagnon
CREZ Double Ckt 345kV
CREZ Single Ckt 345kV
Nextera HHGT Single Ckt 345kV
Existing LCRA Double Ckt 345kV
Existing LCRA Single Ckt 345kV


Scenario Alt 3
Bluff Cr
HHGT
HHGT – NewStn 345kV line to be operated as normally open at NewStn
Red Cr
MCC
NewStn
Brown
Comanche
Newton
Gillespie
Kendall
Cagnon
CREZ Double Ckt 345kV
CREZ Single Ckt 345kV
Nextera HHGT Single Ckt 345kV
Existing LCRA Double Ckt 345kV
Existing LCRA Single Ckt 345kV


Scenario Alt 2
Bluff Cr
HHGT
HHGT – NewStn 345kV line to be operatied as normally open at NewStn
Red Cr
MCC
NewStn
Brown
Comanche
Newton
Gillespie
Kendall
Cagnon
CREZ Double Ckt 345kV
CREZ Single Ckt 345kV
Nextera HHGT Single Ckt 345kV
Existing LCRA Double Ckt 345kV
Existing LCRA Single Ckt 345kV

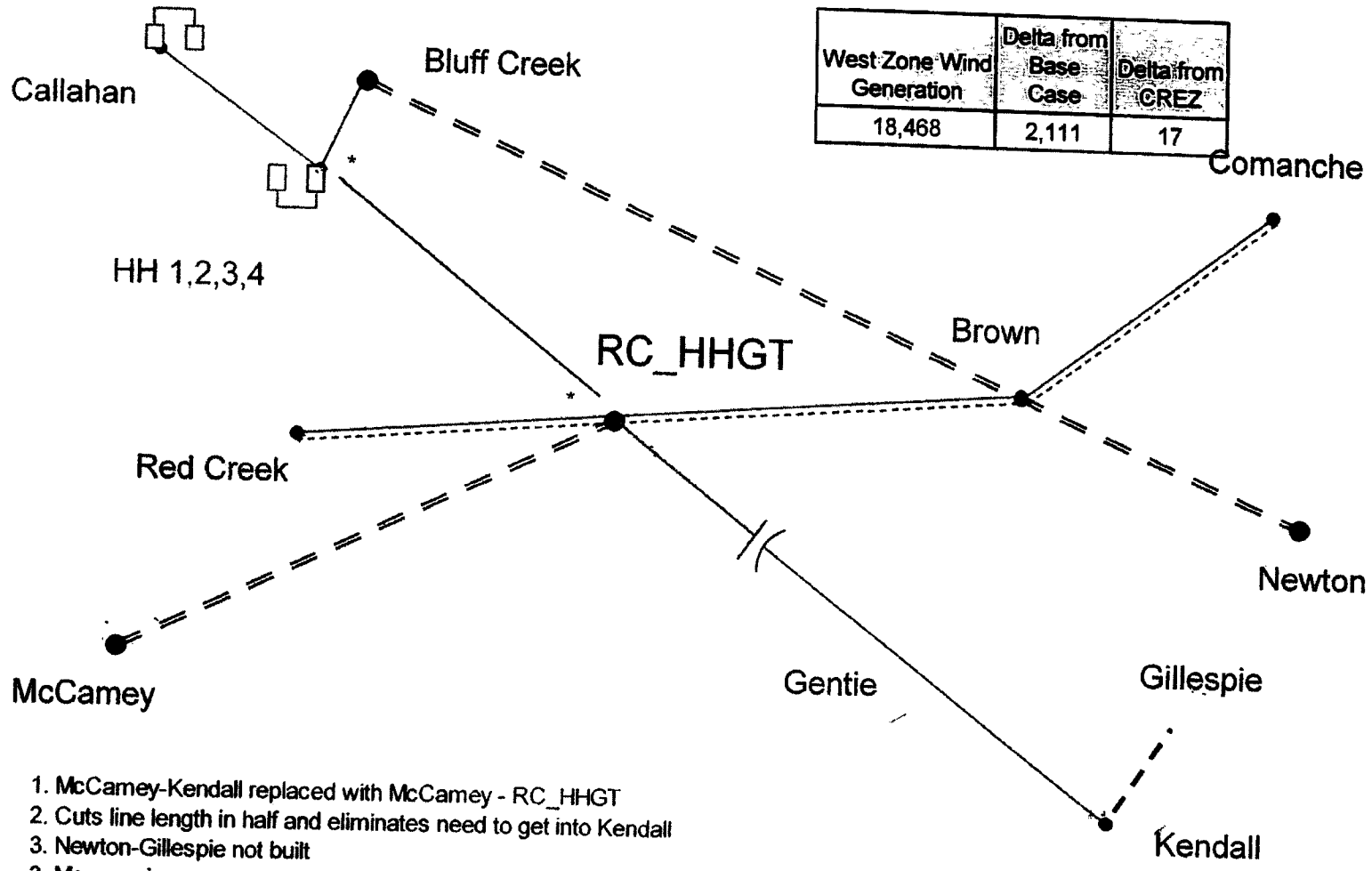
Scenario 17 (Alt 1)




Base Case
Bluff Cr
HHGT
Red Cr
MCC
Brown
Comanche
Newton
Gillespie
Kendall
Cagnon
HHGT – Kendall 345kV line modeled as normally open at Kendall
CREZ Double Ckt 345kV
CREZ Single Ckt 345kV
Nextera HHGT Single Ckt 345kV
Existing LCRA Double Ckt 345kV
Existing LCRA Single Ckt 345kV

Scenario 17 – Optimal Solution that solves LCRA's problems and places over $300 M of value to GenTie

West Zone Wind Generation	Delta from Base Case	Delta from CREZ
18,468	2,111	17



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2. Cuts line length in half and eliminates need to get into Kendall
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3. Move series cap
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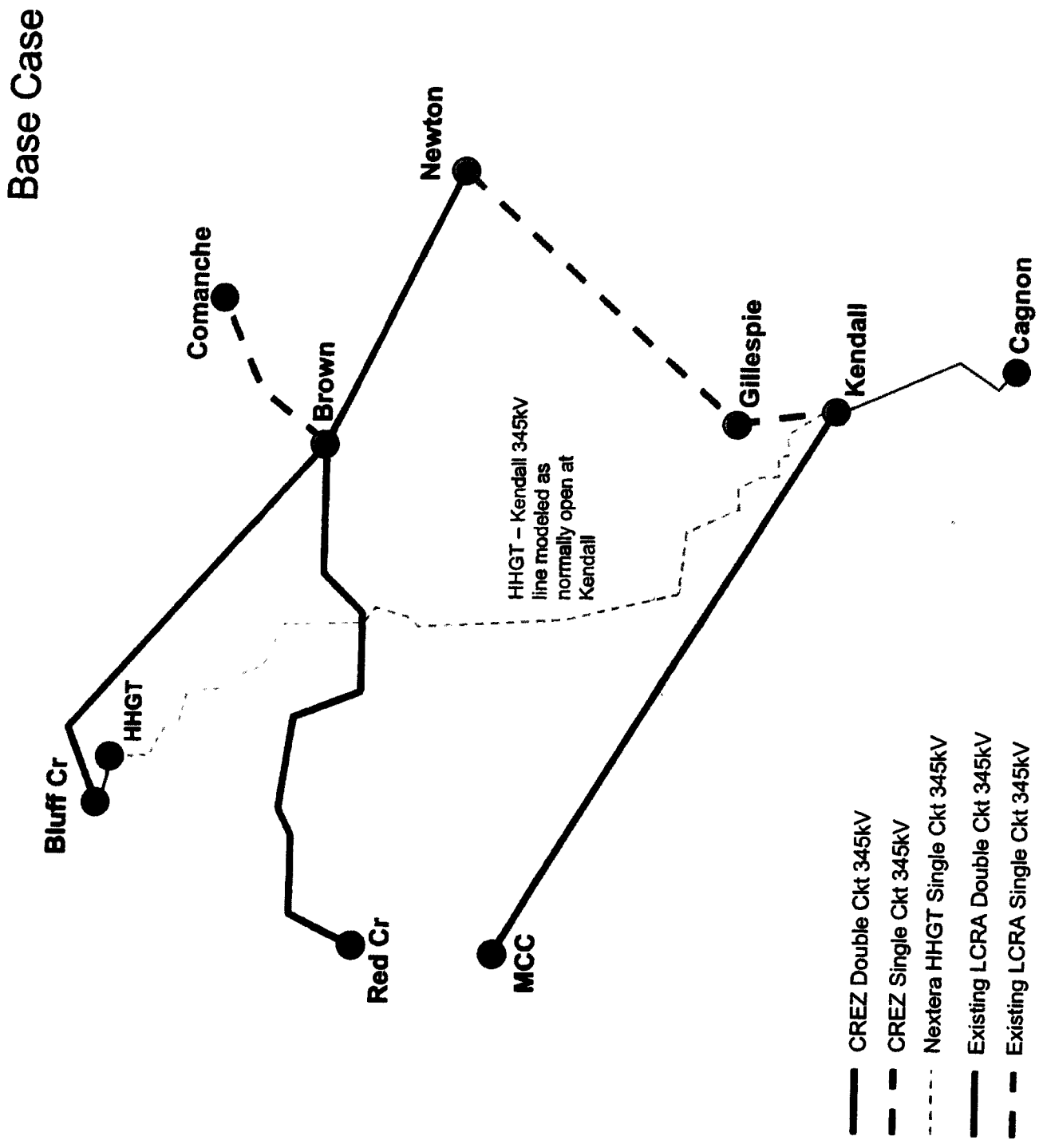
NEXTera ENERGY RESOURCES


Base Case
Bluff Cr
HHGT
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MCC
Gillespie
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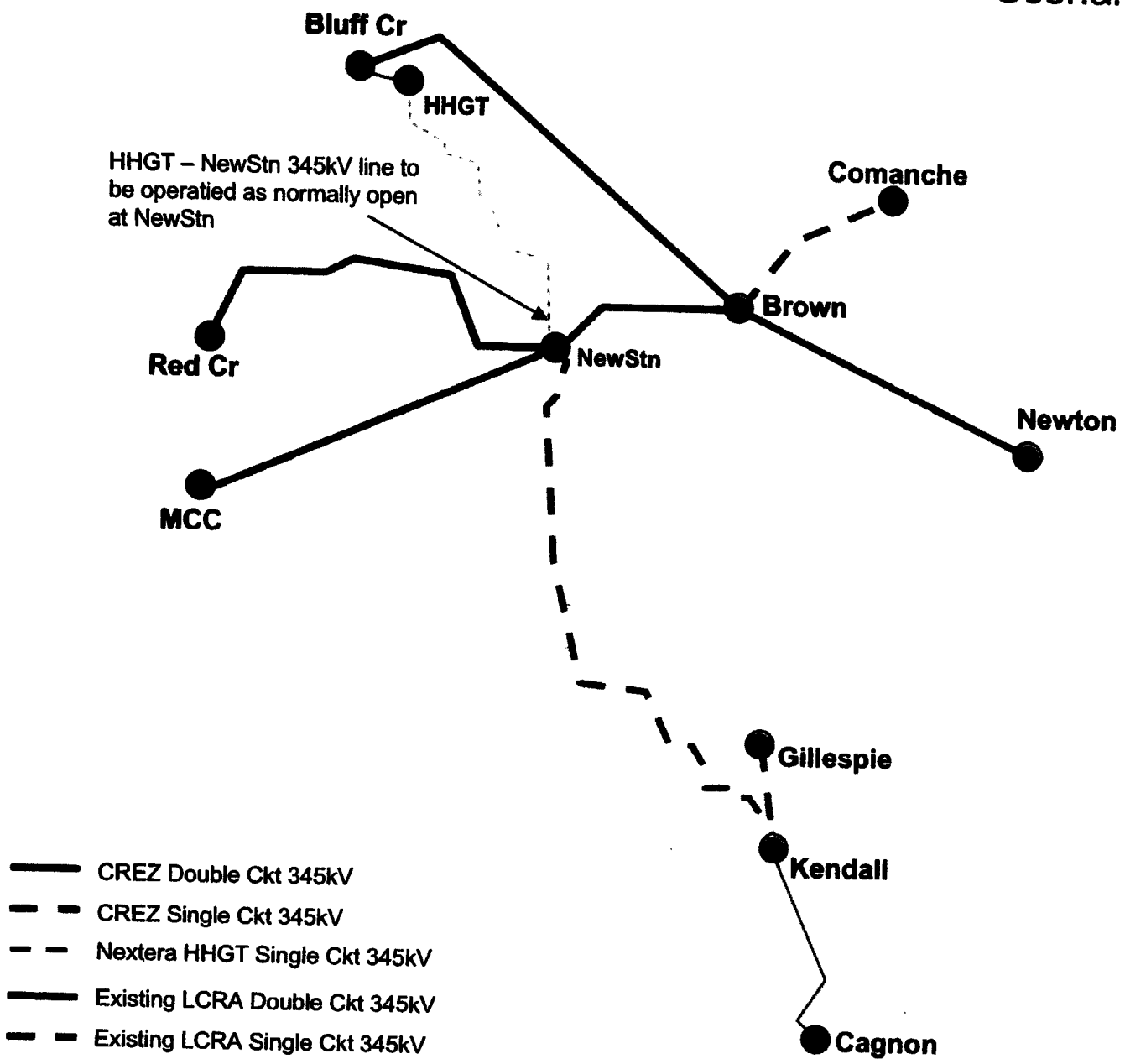
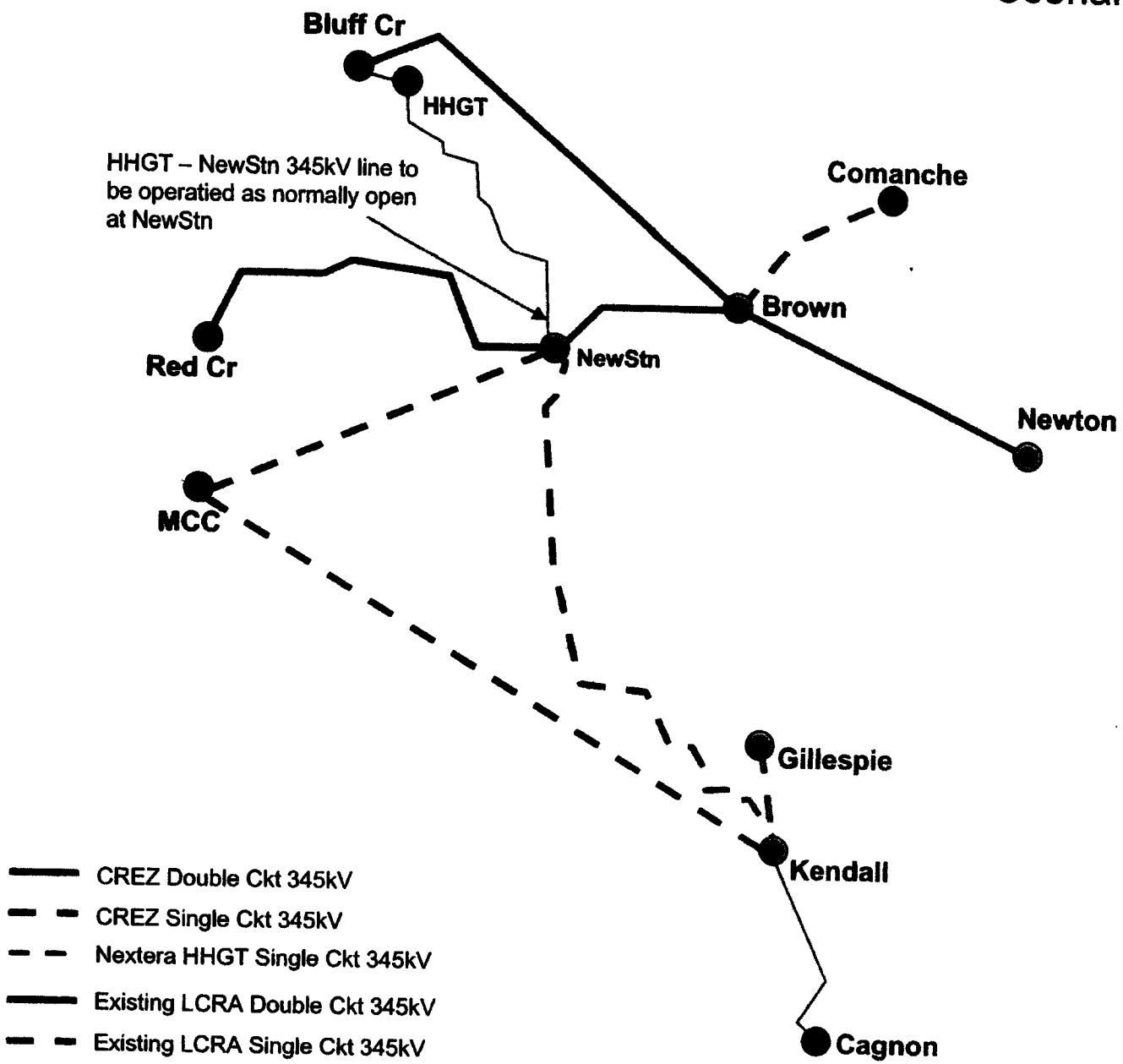
HHGT – Kendall 345kV line modeled as normally open at Kendall
CREZ Double Ckt 345kV
CREZ Single Ckt 345kV
Nextera HHGT Single Ckt 345kV
Existing LCRA Double Ckt 345kV
Existing LCRA Single Ckt 345kV

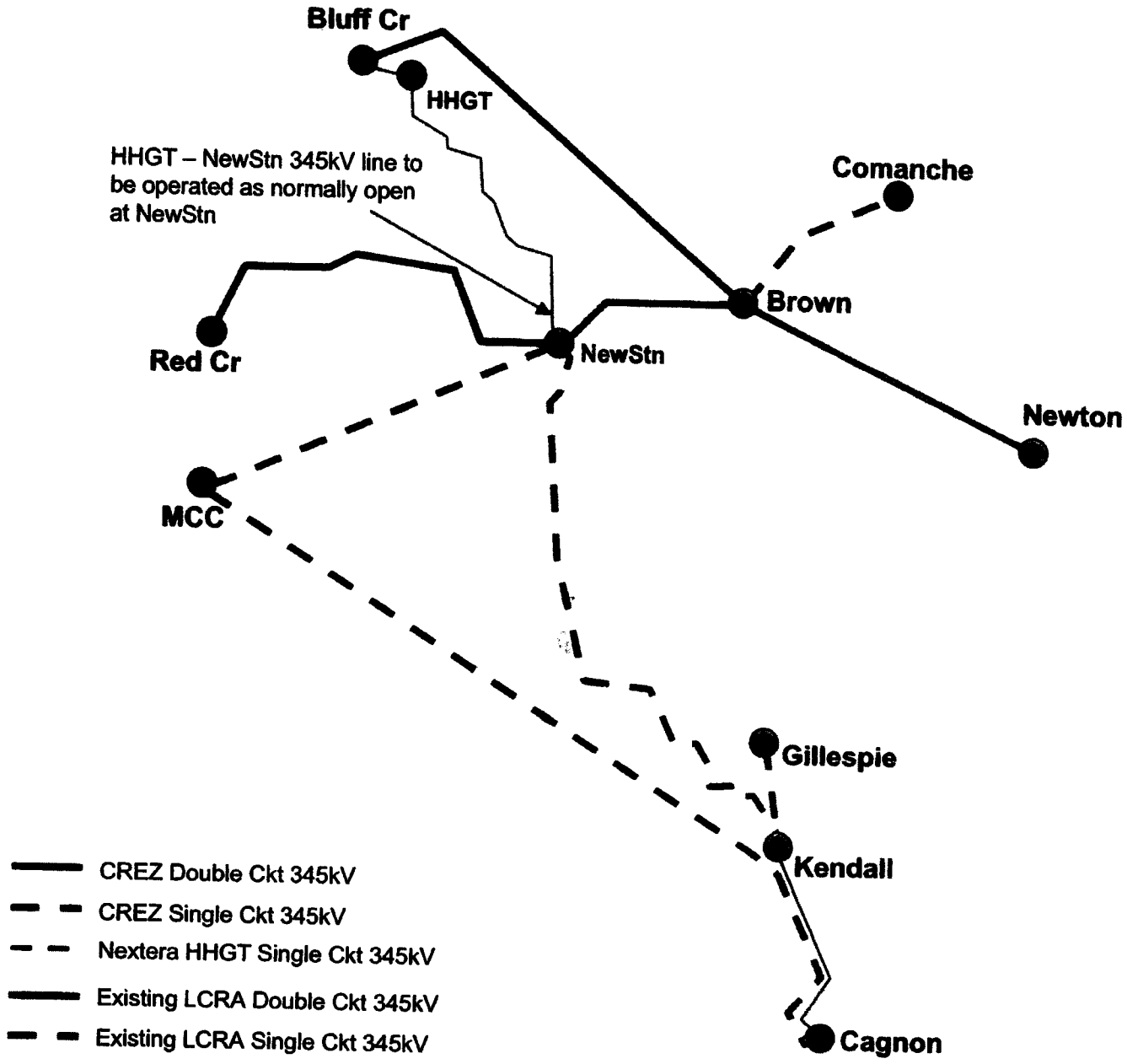
Scenario 17 (Alt 1)



Scenario Alt 2



Scenario Alt 3



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Comparison of Alternatives

	Description	MP Annual Average ($)	Production Cost ($)	Generator Revenue ($)	Wind Energy Curtailment (%)	Annual Energy Losses	Wind Energy Generated (GWH)	ERCOT Demand Energy (GWH)	Capital Cost ($MM)	Annualized Cost ($MM) Difference (Total Divided by 5)	Annual Savings ($MM) Based on Load Difference	Comments
Base Case (CREZ)	CREZ Topology and >18,456 MW wind generation modeled in ERCOT posted 2014 Case	60.30	19,894,683	20,336,258	0.71%	2.97%	68,929	343,100	536	-	-	None
		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	68,929	343,100	212 + HHGT Cost	TBD	0	[illegible]
Alternative 2	One of the McCamey - Kendall circuits taken to Kendall instead of NewStn. McCamey - Kendall series compensated for 50%.	59.47	19,823,297	20,061,150	0.75%	2.99%	68,903	343,100	380 + HHGT Cost	TBD	285	No need to build Newton - Gillespie. This alternative has the same capability as CREZ
Alternative 3	One of the McCamey - Kendall circuits taken to Cagnon instead of NewStn. McCamey - Cagnon series compensated for 50%	59.32	19747,191	19,778,847	0.42%	3.03%	69,129	343,100	313 + HHGT Cost	TBD	61	No need to build Newton - Gillespie. Use the #2 ckt spot on Kendall - Cagnon. This alternative provides large amount of savings.
Alternative 4	One of the McCamey - Kendall circuits taken to Kimble instead of NewStn. The other ckt goes to Cagnon w/ 50% series comp. An auto is added on the HHGT to feed the Wolf Cr/Gillespie area.	57.97	19,711,488	19,654,698	0.40%	2.99%	69,143	343,100	334 + HHGT Cost	TBD	799	No need to build Newton - Gillespie or Kendall - Gillespie. Use the #2 ckt spot on Kendall- Cagnon. This alternative provides large amount of savings.
Alternative 5	In Alt 4 connect HHGT and Twin Buffalo Creek - Brown circuits at NewStn (This alternative can be further optimized by adding series compensation to HHGT)	59.07	19,786,098	19,927,322	0.67%	2.94%	68,962	343,100	342 + HHGT Cost	TBD	422	No need to build Newton - Gillespie or Kendall - Gillespie. Use the #2 ckt spot on Kendall - Cagnon.

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Comparison of Alternatives

Case	Description	LMP Annual Average ($)	Production Cost ($)	Generator Revenue ($)	Wind Energy Curtailment (%)	Annual Energy Losses	Wind Energy Generated (GWH)	ERCOT Demand Energy (GWH)	Capital Cost ($)	Annualized Cost ($M/yr) Difference (Total Divided by 7)	Annual Savings ($M/yr) Based on Prod Cost Difference	Comments
Base Case (CREZ)	CREZ Topology and >18,456 MW wind generation modeled in ERCOT posted 2014 Case	60.30	19,894,683	20,336,258	0.71%	2.97%	68,929	343,100	536	-	-	None
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	TBD	[illegible]	No need to build Newton - Gillespie. McCamey - Kendall #2 ckt spot on Kendall - Cagnon. This alternative provides large amount of savings.
Alternative 2	One of the McCamey - Kendall circuits taken to Kendall instead of NewStn. McCamey - Kendall series compensated for 50%.	59.47	19,823,297	20,061,150	0.75%	2.99%	68,903	343,100	380 + HHGT Cost	TBD	285	No need to build Newton - Gillespie. This alternative has the same capability as CREZ
Alternative 3	One of the McCamey - Kendall circuits taken to Cagnon instead of NewStn. McCamey - Cagnon series compensated for 50%	58.52	19,747,191	19,778,847	0.42%	3.03%	69,129	343,100	413 + HHGT Cost	TBD	611	No need to build Newton - Gillespie. Use the #2 ckt spot on Kendall - Cagnon. This alternative provides large amount of savings.
Alternative 4	One of the McCamey - Kendall circuits taken to Kimble instead of NewStn. The other ckt goes to Cagnon w/ 50% series comp. An auto is added on the HHGT to feed the Wolf Cr/Gillespie area.	57.97	19,711,488	19,654,698	0.40%	2.99%	69,143	343,100	334 + HHGT Cost	TBD	799	No need to build Newton - Gillespie or Kendall - Gillespie. Use the #2 ckt spot on Kendall- Cagnon. This alternative provides large amount of savings.
Alternative 5	Enhance Alt 4 by connecting HHGT and other circuits at New Stn and adding 50% series compensation to top two sections of HHGT.	This alternative is being studied							350 + HHGT Cost			

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Comparison of Alternatives

Case	Description	LMP Annual Average ($)	Production Cost (K$)	Generator Revenue (K$)	Wind Energy Curtailment (%)	Annual Energy Losses	Wind Energy Generated (GWH)	ERCOT Demand Energy (GWH)	Capital Cost ($MM)	Annualized Cost ($MM) Difference (Total Divided by 6)	Annual Savings ($MM) Based on LMP Difference	Remarks
Base Case (CREZ)	CREZ Topology and >18,456 MW wind generation modeled in ERCOT posted 2014 Case	60.30	19,894,683	20,336,258	0.71%	2.97%	68,929	343,100	536	-	-	None
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.48%	3.03%	68,398	343,100	212 + HHGT Cost	[illegible]	-3	[illegible]
Alternative 2	One of the McCamey - Kendall circuits taken to Kendall instead of NewStn. McCamey - Kendall series compensated for 50%.	59.47	19,823,297	20,061,150	0.75%	2.99%	68,903	343,100	380 + HHGT Cost	TBD	285	No need to build Newton - Gillespie. This alternative has the same capability as CREZ
Alternative 3	One of the McCamey - Kendall circuits taken to Cagnon instead of NewStn. McCamey - Cagnon series compensated for 50%.	58.52	19,747,181	19,778,847	0.42%	3.05%	69,129	343,100	413 + HHGT Cost	TBD	611	No need to build Newton - Gillespie. Use the #2 ckt spot on Kendall-Cagnon. This alternative provides large amount of savings.
Alternative 4	One of the McCamey - Kendall circuits taken to Kimble instead of NewStn. The other ckt goes to Cagnon w/ 50% series comp. An auto is added on the HHGT to feed the Wolf Cr/Gillespie area.	57.97	19,711,488	19,654,698	0.40%	2.99%	69,143	343,100	334 + HHGT Cost	TBD	799	No need to build Newton - Gillespie or Kendall - Gillespie. Use the #2 ckt spot on Kendall- Cagnon. This alternative provides large amount of savings.
Alternative 5	In Alt 4, connect HHGT and Twin B/Red Creek - Brown circuits at NewStn. (This alternative can be further optimized by adding series compensation to HHGT)	59.07	19,786,098	19,927,322	0.67%	2.94%	68,962	343,100	342 + HHGT Cost	TBD	422	No need to build Newton - Gillespie or Kendall - Gillespie. Use the #2 ckt spot on Kendall- Cagnon.

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Comparison of Alternatives

Case	Description	LMP Annual Average ($)	Production Cost (K$)	Generator Revenue (K$)	Wind Energy Curtailment (%)	Annual Energy Losses	Wind Energy Generated (GWH)	ERCOT Demand Energy (GWH)	Capital Cost	Annualized Cost ($MM) Difference (Total Divided by 7)	Annual Savings($MM) Based on LMP Difference	Remarks
Base Case (CREZ)	CREZ Topology and >18,456 MW wind generation modeled in ERCOT posted 2014 Case	60.30	19,894,683	20,336,258	0.71%	2.97%	68,929	343,100	502	-	-	None
Scenario 17 (Alternative 1)	McCamey - Kendall both circuits diverted to NewStn cut-in at the crossing of the HHGT and Red Creek - Brown 2-ckt line	60.31	19,878,107	20,364,457	1.48%	3.03%	68,398	343,100	179.6 + HHGT Cost	TBD	-3	No need to build Newton - Gillespie. McCamey - NewStn R-O-W need is about half the length of McCamey D - Kendall
Alternative 2	One of the McCamey - Kendall circuits taken to Kendall instead of NewStn	59.47	19,823,297	20,061,150	0.75%	2.99%	68,903	343,100	347.1 + HHGT Cost	TBD	285	No need to build Newton - Gillespie. This alternative has the same capability as CREZ
Alternative 3	One of the McCamey - Kendall circuits taken to Cagnon instead of NewStn	58.16	19,730,728	19,697,352	0.33%	3.06%	69,191	343,100	370.1 + HHGT Cost	TBD	734	No need to build Newton - Gillespie. Use the #2 ckt spot on Kendall-Cagnon. This alternative provides large amount of savings.

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Comparison of Alternatives

Case	Description	LMP Annual Average ($)	Production Cost (K$)	Generator Revenue (K$)	Wind Energy Curtailment (GWH)	Wind Energy Curtailment (%)	Annual Energy Losses	Wind Energy Generated (GWH)	ERCOT Demand Energy (GWH)
Base Case (CREZ)	CREZ Topology and >18,456 MW wind generation modeled in ERCOT posted 2014 Case	60.30	19,894,683	20,336,258	491	0.71%	2.97%	68,929	343,100
Scenario 17 (Alternative 1)	McCamey - Kendall both circuits diverted to NewStn cut-in at the crossing of the HHGT and Red Creek - Brown 2-ckt line	60.31	19,878,107	20,364,457	1,009	1.48%	3.03%	68,398	343,100
Alternative 2	One of the McCamey - Kendall circuits taken to Kendall instead of NewStn	59.47	19,823,297	20,061,150	518	0.75%	2.99%	68,903	343,100
Alternative 3	One of the McCamey - Kendall circuits taken to Cagnon instead of NewStn	58.16	19,730,728	19,697,352	232	0.33%	3.06%	69,191	343,100