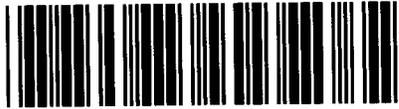




Control Number: 40838



Item Number: 13

Addendum StartPage: 0

PUC DOCKET NO. 40838

2012 DEC 14 PM 4:16
BEFORE THE
PUBLIC UTILITY COMMISSION
FILING CLERK

APPLICATION OF SOUTH TEXAS §
ELECTRIC COOPERATIVE, INC. TO §
AMEND A CERTIFICATE OF §
CONVENIENCE AND NECESSITY §
FOR THE PROPOSED ETP §
HAIRPIN DOUBLE-CIRCUIT 138-KV §
TRANSMISSION LINE WITHIN §
JACKSON COUNTY §

PUBLIC UTILITY COMMISSION
OF TEXAS

SUBMITTAL OF JOINT
PROPOSED NOTICE OF APPROVAL

Comes Now South Texas Electric Cooperative, Inc. ("STEC") and files the Joint Notice of Approval agreed to by Commission Staff and STEC. In support thereof, it shows as follows:

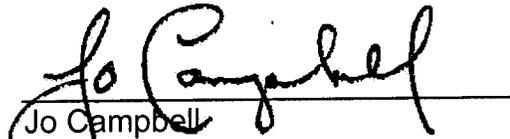
On October 18, 2012, STEC filed its application to amend its certificate of convenience and necessity ("CCN"). STEC is proposing to construct an ETP Hairpin double-circuit 138-KV transmission line which is needed to provide transmission service to adjacent large commercial member loads of Jackson Electric Cooperative, INC. due to exploration of the Eagle Ford shale formation.

This docket was processed in accordance with application statutes and Commission rules. No interventions were filed in this docket and there are no contested issues of fact or law. Commission Staff filed its recommendation for approval of the application on December 12, 2012.

The requirements for administrative approval have been met. STEC respectfully requests that the Statements of Fact, Legal Conclusions and Ordering paragraphs be approved.

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Respectfully submitted,


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CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon all parties of record by fax and first class mail on this 14th day of December, 2012.


Jo Campbell

DOCKET NO. 40838

APPLICATION OF SOUTH TEXAS §
ELECTRIC COOPERATIVE, INC. TO §
AMEND A CERTIFICATE OF §
CONVENIENCE AND NECESSITY § PUBLIC UTILITY COMMISSION
FOR THE PROPOSED ETP §
HAIRPIN DOUBLE-CIRCUIT 138-KV §
TRANSMISSION LINE WITHIN OF TEXAS
JACKSON COUNTY

JOINT PROPOSED NOTICE OF APPROVAL

This Notice addresses the application of South Texas Electric Cooperative, Inc. ("STEC") to amend a certificate of convenience and necessity (CCN) for a proposed double-circuit 138kV transmission line in Jackson County. The proposed project is for the purpose of constructing a new transmission line in Jackson County to provide transmission service to new adjacent large commercial member loads of Jackson Electric Cooperative due to exploration activities in the Eagle Ford shale formation. There were no interventions filed in this docket and no party requested a hearing. On December 12, 2012, the Public Utility Commission of Texas ("Commission") Staff recommended approval of the CCN application. Based on Commission Staff's memorandum recommending approval of the CCN application, the following statements of facts and legal conclusions are approved, effective the date of this notice.

I. Statements of Fact

Procedural History

1. STEC is a member-owned generation and transmission electric cooperative providing transmission service for its eight member distribution cooperatives under CCN No. 30146.

2. On October 18, 2012, STEC filed an application to amend its certificate of convenience and necessity to construct a proposed double-circuit 138-kV transmission line in Jackson County, Texas.
3. On October 18, 2012, STEC provided by first class mail, written notice of the application to the landowners for the directly affected properties in Jackson County; to the municipal and county officials located in Jackson County; and to the utilities providing similar service within five miles of the proposed route.
4. STEC caused notice of the application to be published in the Victoria Advocate on October 23, 2012 and in the Jackson County Herald Tribune on October 24, 2012. Both newspapers have general circulation in Jackson County, Texas.
5. STEC showed in its application that it provided a copy of its application to Texas Parks and Wildlife Department and to the Office of Public Utility Counsel on October 18, 2012.
6. On October 19, 2012, Order No. 1 was issued, requiring information from STEC and recommendation from Commission Staff on the sufficiency of the application and notice and addressing other procedural matters.
7. On November 6, 2012, STEC filed its Motion for Late Filed Response to Order No. 1, relating to the potential options to the proposed project.
8. On November 6, 2012, Order No. 2 was issued granting Motion for Late Filed Response.

9. On November 7, 2012, STEC filed its affidavit attesting to the provision of notice to landowners, municipalities, county officials, and neighboring utilities. The affidavit also attested to the notice of the application being published in two newspapers having general circulation in Jackson County.
10. On November 12, 2012, Commission Staff filed its response to Order No. 1, wherein it found no deficiencies in the application and notice and recommended they be found sufficient and the text and provision of notice be approved. Commission Staff also filed a proposed procedural schedule.
11. On November 13, 2012, Order No. 3 was issued finding STEC's application and notice sufficient and approving STEC's text and provision of notice. The Order also adopted the proposed procedural schedule.
12. No directly affected landowner filed a comment on the application or Motion to intervene in this proceeding.
13. Since there are less than 25 directly affected landowners along the route, no public meetings or open house events were held.
14. On December 12, 2012, Commission Staff filed its recommendation on final disposition, recommending approval of STEC's application and routing of the transmission line along Route 1 as shown in the application.
15. On December 13, 2012 a letter from TPWD containing comments and recommendations regarding the proposed transmission line was filed.

Notice

16. Notice of the application was published in the *Texas Register* on November 2, 2012.

17. STEC complied with the notice requirements of P.U.C. PROC. R. 22.52(a).

Project Description and Cost

18. STEC is proposing to construct an ETP Hairpin double- circuit 138 KV transmission line which is needed to provide transmission service to adjacent large commercial member loads of Jackson Electric Cooperative due to exploration in the Eagle Ford shale formation. Both circuits will be designed and operated at 138-kV and will terminate at a new ETP station. The proposed project will make part of an ETP station to Vanderbilt station 138-kV circuit and an ETP station to Ricebird station 138-kV circuit. The line will be located in Jackson County, beginning about 2.5 miles north of Ganado, Texas.
19. The proposed transmission line will be approximately 2.25 miles in length. STEC plans to construct the line with monopole type concrete or steel poles using either line post insulators or steel davit arms with suspension insulators to support the cables. The proposed transmission line will be constructed on new right-of-way (ROW) consisting of a proposed ROW width of 100 feet.
20. STEC has acquired right-of-way for 100% of the ROW for the project.
21. STEC will use an existing revolving line of credit for financing during construction and will use funds obtained through a bond offering for long-term financing. The cost for the transmission facilities is \$2,200,000 and the cost for the station facilities is \$2,655,000.

Need for the Project

22. The proposed project is needed to provide reliable transmission service to about 118 MW of new commercial loads located in the same general area in Jackson Electric Cooperative's service territory. The largest individual load is expected to be 84 MW. STEC and Jackson Electric Cooperative cannot serve the load through existing transmission, station and distribution facilities. Adding the load to existing transmission facilities will result in transmission line overloads and extremely low voltage levels at many busses.
23. The Electric Reliability Council (ERCOT) has recommended the proposed transmission project as a critical component to alleviate existing and potential transmission and distribution constraints and system needs within ERCOT.

Alternatives to the Project

24. STEC evaluated several different alternatives for serving the new load that did not include the proposed project, but rejected options that were determined to be infeasible due to not fully satisfying the planning criteria, judged to be marginal solutions, or were cost prohibitive. One scenario investigated serving the new load at 69-kV via testing by modeling a 138/69-kV autotransformer at AEP's Ganado station and a 69-kV transmission line to STEC's Cordele Substation in conjunction with the proposed LCRA autotie at Ricebird. This option required the 69-kV system to be rebuilt from Vanderbilt to El Toto to El Campo, and rebuilding the 69-kV line sections

between Rayburn and Fordtran. This option is marginal because it required nearly 50 MVAR of capacitors at the load location in order to satisfy the 95% pre-contingency voltage criterion; and a capacitor bank failure in conjunction with a line outage would result in voltages below 80%. This option also provided no margin for adding additional load to the 69-kV system, particularly since a large portion of the new load is expected to operate continuously at, or near, full capacity.

25. STEC also considered the option of converting a portion of the existing 69-kV system to a 138-kV, rather than rebuilding with double circuit 69-kV. However, this option would require conversion of six or more 69-kV substations to 138-kV at a cost that is considerably higher than the proposed project.
26. ERCOT in its independent review considered an alternative in addition to those addressed by STEC, which was the installation of a 345-kV autotransformer in the CPS line with a radial 138-kV line to the load center. However, ERCOT concluded that this option was not the best alternative.
27. The peak load level surpasses the ability of a distributed generation installation to economically perform as the sole source of electric service for the expected load.
28. ERCOT in its independent review, considered the only distribution solution conceived to be practical to serve the larger 84 MW load level at ETP, was a 34-kV substation placed next to and connected to the 345-kV CPS line.

29. Construction of the proposed ETP Hairpin and related upgrades of STEC's existing 69-kV line to double circuit 138-kV are part of STEC's preferred plan of improvements that are endorsed by ERCOT.
30. The proposed plan provided transmission service capacity increases over a larger area for future load additions. The alternative options would adequately support load in one location but would not provide transmission capacity at other locations.
31. Based on the ERCOT reliability analysis, ERCOT determined that the ETP Hairpin proposed double- circuit 138-kV transmission project is a critical component of the best option to meet the needs for the expected new load in Jackson County caused by exploration of the Eagle Ford shale formations.

Routes

32. STEC proposed three alternative routes in its application. All three of the routes are acceptable environmentally and economically. STEC chose Route 1 because it was agreed to by all of the affected landowners.
33. Route 1 is only 105 feet longer than Route 3 and only about 1,500 feet longer than Route 2. Route 3 is estimated to cost only 2.8% less than Route 1 and Route 2 is estimated to be 8.5% less than Route 1. The agreement by all affected landowners that Route 1 should be chosen outweigh the small difference in cost between Route 1 and the other alternative routes.

34. A habitable structure, a single family residence, is within 300 feet of the centerline of Route 1 and 2. The habitable structure is located approximately 200 feet west of Route 1 and Route 2. The owner of the property with the habitable structure has agreed to the routing of the proposed transmission line using Route 1.
35. STEC considered and submitted a sufficient number of diverse routes for the proposed transmission line.
36. The proposed route complies with all aspects of the Public Utility Regulatory Act., TEX. UTIL. CODE ANN. §§ 11.001-66.016 (Vernon 2007 and Supp. 2011) (PURA) §37.056 and P.U.C. SUBST. R. 25.101.

Community Values

37. There is no AM radio transmitter located within 10,000 feet of any route.
38. There is no FM radio transmitter, no microwave relay station, or other similar electronic installation within 2,000 feet of any routes.
39. There is no private landing strip within 10,000 feet of Route 1.
40. There are no FAA-registered landing strips with at least one runway more than 3,000 feet in length located within 10,000 feet of any route.
41. There are no heliports located within 5,000 feet of any route.

Irrigation Systems

42. There are no travelling irrigation systems impacted by any route.

Parks and Recreation Areas

43. No parks or recreational areas owned by a governmental body or an organized group, club or church are located within 1,000 feet of any route.

Coastal Management Program

44. No part of any route is within the Coastal Management Program boundary.

Historical and Archeological Areas

45. There are no known historical or archeological sites within 1,000 feet of any route.

Effect of Granting the CCN on Other Utilities

46. The proposed transmission line will not overly affect service by other utilities in the area and will result in STEC being able to provide increased and more reliable service.

Environmental Impact

47. Route 1 is 12,255 feet in length. It traverses the generally flat terrain of the project area, along the border of the Coastal Prairies, consisting of agricultural land with intermixed pasture land and very few rural residential buildings, in Jackson County.
48. There is 1 habitable structure within 300 feet of the ROW centerline.
49. No ROW parallels existing transmission ROW but the ROW paralleling other existing ROW is 112,015 feet.
50. The length of ROW paralleling property lines is 45 feet.
51. No ROW crosses parks or other recreational areas.
52. No parks or recreational areas are within 1,000 feet of the ROW centerline.
53. The length of ROW crossing cropland is 10,440 feet.
54. No ROW crosses pastureland or range land.
55. No ROW crosses crop land or pasture land with mobile irrigation systems.

56. There are no FAA-registered airfields within 10,000 feet of the ROW Centerline.
57. There are no FAA registered airfields within 20,000 feet of the ROW centerline.
58. There are no private airstrips within 10,000 feet of the ROW centerline.
59. There are no heliports within 5,000 feet of the ROW centerline.
60. There are no commercial AM radio transmitters within 10,000 feet of the ROW centerline.
61. There are no FM radio transmitters, microwave towers within 2,000 feet of the ROW centerline.
62. No sections of the proposed alternative routes are located in the foreground visual zone of any parks and recreational area. Route 1 has no ROW within the foreground visual zone of Farm to Market roads. There will be minimal impact to aesthetic values from the proposed project.
63. The ROW crosses 155 feet of upland woodland and 75 feet of bottom land/riparian woodland.
64. No ROW crosses potential wetlands.
65. No ROW crosses known habitat of federal endangered or threatened species.
66. The ROW crosses 5 stream crossings.
67. The length of ROW paralleling within 100 feet of streams or rivers is 1,490 feet.
68. No ROW crosses open water such as lakes or ponds.

69. No ROW crosses 100-year floodplains.
70. No ROW crosses recorded cultural resource sites and there are no recorded cultural resource sites within 1,000 feet of the ROW centerline.
71. No ROW crosses national recorded historical preserves listed or determined-eligible sites or is within 1,000 feet of the ROW centerline.
72. The length of ROW crossing areas of high archeological/historical site potential is 9,505 feet.

Prudent Avoidance

73. The proposed transmission line has been routed in accordance with the Commission's policy of prudent avoidance. There is one habitable structure within 300 feet of the centerline of the proposed route which has been agreed to by the owner of the property with the habitable structure.
74. The proposed project complies with the Commission's policy of prudent avoidance.

TPWP Written Comments and Recommendations

75. STEC is obligated to comply with all environmental laws and regulations independent of any language included by the Commission in an Order.
76. If appropriated, STEC will utilize permitted biological monitors to ensure compliance with the Endangered Species Act.
77. STEC's construction practices are sufficient and thus no additional permitted biological monitors are necessary during clearing and construction activities for state-listed species.

78. STEC will undertake measures necessary to comply with the Migratory Bird Treaty Act.
79. The standard mitigation requirements included in the ordering paragraphs in this Order, couples with STEC's construction and mitigation practices, are reasonable measures for a utility to undertake when constructing a transmission line.
80. STEC will use best management practices to minimize the potential impact to migratory birds and threatened or endangered species.
81. STEC showed in its application that it provided the environmental assessment to the Texas Parks and Wildlife Department on October 18, 2012. STEC considered the information and recommendations provided to it by TPWD to avoid impacts to the riparian habitat, potential for bird collisions, avoid disturbance within the primary and secondary nest management zones of Bald Eagles, and impacts to the property managed by the Lavaca-Navidad River Authority. To the maximum extent practicable STEC shall avoid adverse environmental impacts to sensitive plant and animal species and their habitats as identified by TPWD and the United States Fish and Wildlife Service, as stated in Section I, RECOMMENDATIONS.

II. Legal Conclusions

1. STEC is an electric cooperative as defined in Section 11.003(9) of PURA and an electric utility as that term is defined in PURA § 37.001(2).

2. The Commission has jurisdiction over these matters pursuant to Sections 14.001, 14.051, 37.051, 37.053, 37.054 and 37.056 of PURA.
3. STEC provided proper notice of the application in compliance with §§ 37.053 and 37.054 of PURA and P.U.C. PROC. R. 22.52(a).
4. This docket was processed in accordance with the requirements of PURA and the Administrative Procedure Act. TEX. GOV'T CODE ANN. §§2001.001-.902 (Vernon 2008 and Supp. 2010).
5. STEC is entitled to approval of the application having demonstrated that the proposed transmission facilities are necessary for the service, accommodation, convenience, or safety of the public within the meaning of 37.056(b) of PURA, taking into consideration the factors set out in 37.056(c) of PURA.
6. The proposed route complies with all aspects of PURA § 37.056 and P.U.C. SUBST. R. 25.101, as well as the Commission's policy of prudent avoidance.
7. This application does not constitute a major rate proceeding as defined by P.U.C. PROC. R. 22.2.
8. The requirements for administrative approval pursuant to P.U.C. SUBST. R. 25.101(b) (3) (C) have been met in this proceeding.
9. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these statements of fact and conclusions of law, the Commission issues the following Order.

1. STEC's application is approved.

2. STEC's CCN NO. 30146 is amended to include construction of the transmission line facilities requested in the application. STEC will use Route 1.
3. In the event STEC or its contractors encounter any artifacts or other cultural resources during project construction, work shall cease immediately in the vicinity of the resource and the discovery shall be reported to the Texas Historical Commission. In that situation, STEC shall take action as directed by the Texas Historical Commission.
4. STEC shall implement erosion control measures as appropriate. Also, STEC shall return each affected landowner's property to its original contours and grades unless otherwise agreed to by the landowner or landowners' representatives. STEC shall not be required to restore original contours and grades where a different contour or grade is necessary to ensure the safety or stability of the project's structures or the safe operation and maintenance of the line.
5. STEC shall follow the procedures for raptor protection as outlined by the Avian Power Line Interaction Commission (APLIC), *Suggested Practices for Raptor Protection on Power Lines: The State of the Art in 2006 (2006)*; and by the *APLIC and USFWS in Avian Protection Plan Guidelines (2005)*. STEC shall take precautions to avoid disturbing occupied nests and will take steps to minimize the impact of construction on migratory birds, especially during nesting season and at the drainage crossing.
6. STEC shall exercise extreme care to avoid affecting non-targeted vegetation or animal life when using chemical herbicides to control vegetation within the

ROW, and shall ensure such herbicide use complies with the rules and guidelines established in the Federal Insecticide, Fungicide, and Rodenticide Act and with the Texas Department of Agriculture regulations.

7. STEC shall minimize the amount of flora and fauna disturbed during construction of the transmission line, except to the extent necessary to establish appropriate ROW clearance for the transmission line. In addition, STEC shall re-vegetate using native species and shall consider landowner preferences in doing so. Furthermore, to the maximum extent practicable, STEC shall avoid adverse environmental impacts to sensitive plant and animal species and their habitats as identified by TPWD and the United States Fish and Wildlife Service.
8. STEC shall use best management practices to minimize the potential impact to migratory birds and threatened or endangered species.
9. STEC shall cooperate with directly affected landowners to implement minor deviations in the approved route to minimize the impact of the project. Any minor deviations in the approved route shall only directly affect landowners who were sent notice of the transmission line in accordance with P.U.C. PROC. R. 22.52(a) (3) and shall directly affect only those landowners that have agreed to the minor deviation, excluding public right-of-ways.
10. STEC shall be permitted to deviate from the approved route in any instance in which the deviation would be more than a minor deviation, but only if the following two conditions are met. First, STEC shall receive consent from all landowners who would be affected by the deviation regardless of whether the

affected landowner received notice of or participated in this proceeding. Second, the deviation shall result in a reasonably direct path towards the terminus of the line and not cause an unreasonable increase in cost or delay the project. Unless these two conditions are met, this paragraph does not authorize STEC to deviate from the approved route except as allowed by the other ordering paragraphs in this Order.

11. STEC shall comply with the reporting requirements of P.U.C. SUBST. R. 25.83.
12. STEC shall update the reporting of this project on their monthly construction progress report prior to the start of construction to reflect final estimated cost and schedule in accordance with P.U.C. SUBST. R. 25.83(b).
13. All other motions, request for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted, are denied.

SIGNED AT AUSTIN, TEXAS the _____ day of December, 2012.

PUBLIC UTILITY COMMISSION OF
TEXAS

IRENE MONTELONGO
DIRECTOR, DOCKET MANAGEMENT