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SHARYLAND UTILITIES, L.L.C.’S RESPONSE TO THE SEPTEMBER 23, 2021 OPEN MEETING DISCUSSION REGARDING CERTIFICATE APPLICATION TIMING

This filing responds to the Commission’s discussion at the September 23, 2021 open meeting regarding the anticipated timeframe for preparation of a certificate of convenience and necessity (“CCN”) application for the transmission project that closes the 345-kV loop in the Lower Rio Grande Valley (“LRGV”) area (the “Close-the-Loop Project”). In Sharyland Utilities, L.L.C.’s (“Sharyland”) and Electric Transmission Texas, LLC’s (“ETT”) September 20, 2021 responses to Commissioner Cobos’ September 14 memorandum in Project No. 51617, the utilities estimated that the time required to prepare the joint CCN application would be approximately eight months.¹ In light of the September 23 discussion and pursuant to the Commission’s request that Sharyland consider whether it can prepare the CCN application sooner, Sharyland has diligently conferred with the entities involved with the project and further analyzed these timing issues. While Sharyland will endeavor to prepare and file this CCN application as soon as possible—and commits to leave no stone unturned in looking for ways to further expedite this important project—Sharyland continues to believe that approximately eight months is the most realistically aggressive expectation. Sharyland notes, however, that it does not expect the length of time for preparation of this CCN application (whether less, more, or equal to eight months) will materially affect Sharyland’s estimate of approximately four and a half years to complete the Close-the-Loop Project, as provided in Sharyland’s September 20 comments.

Sharyland does not take lightly the Commission’s request to thoroughly and thoughtfully consider a shorter timeline for preparation of this CCN application. Sharyland is appreciative of the Commission’s consideration of the near-term options for the LRGV, and certainly shares the Commission’s desire to move the Close-the-Loop Project forward as quickly as possible. Therefore, in this filing, Sharyland provides additional information as to why it continues to

¹ In ETT’s September 20 comments, it identified AEP Texas, Inc. (“AEP Texas”) has being responsible for a portion of the Close-the-Loop Project. See ETT’s Response to Commissioner Cobos’ Request at Attachment A (Sept. 20, 2021).

believe that eight months is the most expedited, yet realistic, period in which Sharyland, as well as the various other entities involved, can complete this process.

The Close-the-Loop Project will be a joint transmission project between Sharyland and AEP Texas, and thus Sharyland expects the utilities to file a joint CCN application for this project, similar to the CCN application for the original Palmito to North Edinburg transmission line. Sharyland would construct a new 345-kV station connected to Sharyland's portion of the Palmito to North Edinburg line at a point near AEP Texas's La Palma station. In addition, Sharyland and AEP Texas would each construct approximately one half of a new 345-kV transmission line connecting the new Sharyland station to the La Palma station. Sharyland and AEP Texas expect that the new transmission line will be approximately seven miles in length on new right-of-way ("ROW").

The eight-month estimate to prepare the CCN application for the Close-the-Loop Project that Sharyland included in its September 20 filing reflected Sharyland's commitment to prepare that application as quickly as possible. The project involves new transmission ROW and the need to develop geographically diverse alternative routes through a constrained area.² In preparing its September 20 response to Commissioner Cobos' memorandum, Sharyland considered ways to shorten the preparation time from the usual timeframe. Specifically, preparation of typical CCN applications for projects requiring new ROW can take as long as a year to prepare, even for new transmission lines less than ten miles in length. The primary reason for this extended timeframe is that the utility must prepare an Environmental Assessment and Alternative Route Analysis (commonly referred to as the "EA"), which often includes various adjustments to the alternative routes throughout the process based on environmental and land-use analyses and public input.³

As the Commission is aware, the EA is an extensive study that analyzes the environmental and land-use constraints identified within the project's study area; documents alternative routing methodologies; documents public involvement in the alternative routing process; provides a detailed evaluation of the alternative routes from environmental, land-use, and other perspectives; and addresses the alternative routing requirements of the Public Utility Regulatory Act ("PURA") and 16 Tex. Admin. Code ("TAC") § 25.101; among other analyses. Preparation of the EA and

² See generally 16 TAC § 25.101 and the standard preliminary order in the Commission's CCN proceedings.

³ See PURA § 37.056. See also the Commission's Standard Application for a Certificate of Convenience and Necessity for a Proposed Transmission Line (https://www.puc.texas.gov/industry/electric/forms/ccn/CREZ_Std_CCN_App.pdf).

related information requires numerous levels of activities and efforts from various entities, including the utilities, environmental consultants, engineering consultants, property research/identification companies, and legal counsel. As an example, the utility's environmental consultant (the principal preparer of the EA) solicits, receives, and addresses comments from numerous federal, state, and local regulatory agencies and organizations that have developed rules and regulations regarding transmission line routing, which can include the U.S. Army Corps of Engineers; U.S. Fish and Wildlife Service; Federal Aviation Administration; Texas Parks and Wildlife Department; Floodplain Management; International Boundary and Water Commission and Irrigation/Drainage Districts; Department of Defense Siting Clearinghouse; Texas Commission on Environmental Quality; Texas Historical Commission; Texas Department of Transportation; Texas General Land Office; and Texas Coastal Management Program; among potential others. This regulatory outreach process itself can take several months. In Sharyland's experience, the full EA process usually takes anywhere from approximately six months (for a very small project) to 12 months.

As Sharyland suggested at the September 23 open meeting, Sharyland has identified several pre-filing activities that can be compressed or begun in tandem with other necessary activities. These include the aforementioned regulatory solicitation and comment processes, completion of certain parts of the EA, and preparation of the Commission's CCN application form, other application attachments, and direct testimony to be filed with the application. Sharyland continues to believe that these and other activities can be completed on parallel paths, which will help prepare this CCN application faster than normal, though many of these efficiencies were already built into Sharyland's estimate of eight months. However, there are several essential activities related to the EA, property research/identification, and landowner notifications that need to be completed sequentially. These serial steps, which are contingent on confirming the location of the new Sharyland substation and largely comprise the critical path to application completion, include:

- Delineation of the project study area;
- Collection and review of environmental, historical, and archeological data in the study area;
- Identification and mapping of constraints in the study area;

- Identification of preliminary alternative routes and routing links based on the confirmed substation location;
- Inspection of the preliminary alternative routes and routing links;
- Finalization of the preliminary alternative routes and routing links;
- Identification of landowners directly affected by the preliminary alternative routes (i.e., landowners with property crossed by the preliminary routes or with habitable structures within 500 feet of the preliminary routes);
- Preparation of the materials for the public meeting required by 16 TAC § 22.52(a)(4);
- Provision of landowner and public notice of the public meeting;
- Holding the public meeting;
- Incorporation of public comments from the public meeting into the route alternatives (and reworking the preliminary routes if necessary);
- Finalization of primary route alternatives;
- Analysis of environmental impacts of primary route alternatives; and
- Finalization of the EA.

Sharyland notes that if a public meeting under 16 TAC § 22.52(a)(4) is not required—i.e., if less than 25 persons would be entitled to direct mail notice of the CCN application—Sharyland believes the eight-month estimate could be reduced, but only by a few weeks. However, given the anticipated length of the new line, the fact that notice will be provided to habitable structures within 500 feet of the line, and the constrained area at issue, Sharyland expects that a public meeting will be necessary under the Commission’s rule.

Again, Sharyland is fully aligned with the Commission’s desire to get this CCN application on file as soon as possible. Sharyland’s comments filed in this project have sought to provide the Commission with honest, transparent, and realistic expectations on timing. While Sharyland believes that eight months is an aggressive timeframe as compared to the time typically taken to prepare a CCN application and EA with alternative proposed routes, Sharyland will continually look for opportunities to shorten the process. On the other hand, it is also important to recognize that the eight months is an estimate and obstacles to the preliminary route alternatives could be identified during the process, including at a public meeting, which could necessitate a substantial reworking of the proposed routes. This potential outcome would extend, rather than shorten, the eight-month timeline

Sharyland will have representatives available at the open meeting to address any questions the Commissioners may have

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