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JOINT APPLICATION OF AEP TEXAS § BEFORE THE STATE OFFICE
INC. AND SHARYLAND UTILITIES, §
L.L.C. TO AMEND THEIR §
CERTIFICATES OF CONVENIENCE § OF
AND NECESSITY FOR THE LA PALMA §
TO KINGFISHER DOUBLE- CIRCUIT §
345-KV TRANSMISSION LINE IN § ADMINISTRATIVE HEARINGS
CAMERON COUNTY §

JOINT APPLICANTS' RESPONSE
TO ISSUES TO BE ADDRESSED IN PUC ORDER NO. 1

AEP Texas Inc. and Sharyland Utilities, L.L.C. (collectively “Applicants”) file this Response to issues to be addressed in PUC Order No. 1 and in support thereof would respectfully show as follows:

I. INTRODUCTION

On June 29, 2022, the Applicants filed an application to amend their certificates of convenience and necessity for the La Palma to Kingfisher double-circuit 345-kV transmission line in Cameron County, Texas (the “Application”).

PUC Order No. 1, issued in this docket on June 30, 2022, requires the Applicants to provide certain information that addresses potential alternatives to the proposed project and respond by July 13, 2022. Accordingly, this Response is timely filed and the Applicants provide the following information in Response to PUC Order No. 1:

II. ISSUES TO BE ADDRESSED

- 1. Has the Electric Reliability Council of Texas (ERCOT) System Operator (ISO) recommended the proposed transmission project as necessary to alleviate “existing and potential transmission and distribution constraints and system needs within ERCOT” in the annual report filed under PURA Section 39.155(b)? If not, is there a need for the proposed transmission project?**

Yes. This project was included in the 2021 ERCOT *Report on Existing and Potential Electric System Constraints and Needs* filed in accordance with PURA Section 39.155(b). Also, as described in the response to Question 14 in the Application, this project was ordered by the Public Utility Commission of Texas (“PUC” or “Commission”) in PUC Project No 52682.¹

¹ *Project for Commission Ordered Transmission Facilities*, Project No. 52682, Order at 1 (Oct. 14, 2021).

- 2. If such a need exists, is the proposed transmission project the best option to meet the need, based on an analysis taking into account consideration of efficiency, reliability, costs, and benefits?**

Yes, it is. Please see the responses to Questions 14 and 15 in the Application.

- 3. For utilities subject to unbundling requirements of PURA Section 39.051, is the proposed transmission project the best option when compared to employing distribution facilities to meet the specified need?**

The Applicants are subject to the unbundling requirements of PURA Section 39.051. However, in Project No. 52682, the PUC specifically ordered AEP Texas and Sharyland to construct the transmission facilities that are the subject of the Application, so distribution alternatives were not considered. Please also see the response to Question 15 in the Application.

- 4. For utilities that are not subject to unbundling requirements of PURA Section 39.051, is the proposed transmission project the best option when compared to employing distribution facilities, distributed generation, and/or energy efficiency to meet the specified need?**

Not applicable.

In addition, PUC Order No. 1 requires the Applicants to provide a copy of the application to the Texas Parks and Wildlife Department (“TPWD”) within seven days of filing the application. A copy of the Application and all attachments, including the Environmental Assessment and Route Analysis (Application Attachment 1) was sent to TPWD on June 29, 2022, the day the Application was filed at the Commission,. A copy of a letter of transmittal and an affidavit verifying transmittal of the Application to TPWD are included as Attachments 14a and 14b to the Application.

Dated: July 13, 2022

Respectfully submitted.

/s/ Kerry McGrath

Kerry McGrath

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ATTORNEY FOR SHARYLAND UTILITIES, L.L.C.

Certificate of Service

I hereby certify that on this 13th day of July, 2022, a true and correct copy of the foregoing document was transmitted to the parties of record in accordance with the Second Order Suspending Rules issued in Project No. 50664.

/s/ Kerry McGrath

Kerry McGrath