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JOINT APPLICATION OF THE CITY	§	
OF SAN ANTONIO, ACTING BY AND	§	
THROUGH THE CITY PUBLIC	§	BEFORE THE STATE OFFICE
SERVICE BOARD (CPS ENERGY),	§	
AND SOUTH TEXAS ELECTRIC	§	
COOPERATIVE, INC. (STEC) TO	§	OF
AMEND THEIR CERTIFICATES OF	§	
CONVENIENCE AND NECESSITY	§	
FOR THE PROPOSED HOWARD	§	
ROAD-TO-SAN-MIGUEL 345-KV	§	ADMINISTRATIVE HEARINGS
TRANSMISSION LINE IN BEXAR AND	§	
ATASCOSA COUNTIES	§	

DIRECT TESTIMONY

OF

WILLIAM SCOTTY GERBES

ON BEHALF OF

CAPITOL AGGREGATES, INC.

NOVEMBER 12, 2024

**DIRECT TESTIMONY
OF
WILLIAM SCOTTY GERBES**

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ATTACHMENT

Attachment WSG-1 Resume

**DIRECT TESTIMONY OF
WILLIAM SCOTTY GERBES**

I. BACKGROUND AND INTRODUCTION

Q: PLEASE STATE YOUR NAME.

A: My name is William “Scotty” Gerbes.

Q: HAVE YOU EVER FILED TESTIMONY IN A PUC PROCEEDING BEFORE?

A: No, I have not.

Q: WHAT DO YOU DO FOR WORK?

A: I am currently employed as the Vice President of Aggregates at Capitol Aggregates, Inc.

**Q: CAN YOU DESCRIBE YOUR EXPERIENCE AND BACKGROUND IN THE
AGGREGATES AND MINING INDUSTRY?**

A: I have extensive experience in the mining and aggregates industry, beginning in 1997. My roles have ranged from Mining Intern to Plant Manager, District Production Manager, and Vice President. Before joining Capitol Aggregates in 2022, I held several positions with Martin Marietta and Vulcan Materials Company, focusing on production and operations management.

Q: DO YOU HOLD ANY DEGREES RELEVANT TO YOUR LINE OF WORK?

A: Yes, I hold a Bachelor’s degree in Mining and Mineral Engineering from Missouri University of Science and Technology and an MBA in Finance from the University of Texas at Tyler.

**Q: WHAT ARE YOUR RESPONSIBILITIES AS VICE PRESIDENT OF CAPITOL
AGGREGATES?**

1 **A:** As Vice President, I am responsible for overseeing Capitol's aggregates group, including
2 profit and loss management, operational efficiency, and strategic planning to support our
3 business objectives.

4 **II. CAPITOL AGGREGATES, INC., AND THE POTEET #2 PLANT**

5 **Q:** **PLEASE SHARE AN OVERVIEW OF CAPITOL AGGREGATES' MINING**
6 **OPERATION AT THE POTEET #2 PLANT.**

7 **A:** The Poteet #2 Plant, located in Atascosa County, is a uniquely important property in
8 Capitol Aggregates' portfolio. It represents our only sand-producing facility. The site
9 comprises two tracts with reserves of sand, clay, and gravel, which were acquired between
10 2012 and 2015. We began mining these tracts in 2015, and those operations are expected
11 to continue into the foreseeable future.

12 **Q:** **HOW MANY EMPLOYEES WORK AT THE POTEET #2 OPERATION?**

13 **A:** We have approximately 10 employees at Poteet #2, alongside 4-6 contractors. These are
14 well-paying jobs, ranging from \$22 to \$30 per hour for skilled craft positions, which
15 support the local economy and provide stable employment.

16 **Q:** **HOW DOES CAPITOL AGGREGATES DEMONSTRATE ITS COMMITMENT**
17 **TO THE COMMUNITY IT SERVES?**

18 **A:** We place high priority on our role as a corporate citizen, which we believe is integral to
19 the mission and long-term success as a company. We are especially honored that our
20 Poteet #2 plant recently received the Community Relations Excellence Silver Award from
21 the National Stone, Sand & Gravel Association (NSSGA). This award highlights our
22 meaningful contributions to the community and our commitment to fostering strong
23 relationships with our neighbors. Everyone knows that our values guide our community

1 involvement and reflect the spirit in which we operate. We're proud to make a positive
2 impact and show our commitment to the local community, and we plan on doing that for a
3 long time.

4 **Q: WHAT DOES CAPITOL AGGREGATES PRODUCE FROM THE POTEET #2**
5 **PLANT?**

6 **A:** Our Poteet #2 operation yields three main types of aggregate products: (1) Clay, (2)
7 Aggregate Sand, and (3) Frack Sand. Each of these products is carefully extracted,
8 processed, and prepared for a variety of uses. The clay extracted at Poteet #2 is shipped by
9 the ton via over-the-road trucks to a range of individual customers and wholesalers, and it
10 is also an essential component in our own cement facility operations. The aggregate sand
11 we produce is used primarily in construction; it is a versatile product that meets the needs
12 of the ready-mix concrete market and asphalt applications for civil projects. Finally, our
13 high-quality sand is processed specifically for the fracking industry, where it is sold
14 wholesale to companies that further refine it to meet specific gradation requirements.

15 **Q: WHICH MARKETS DO THESE PRODUCTS SERVE?**

16 **A:** Our products from Poteet #2 serve several key markets, each with unique demands. The
17 clay produced at this site is used in cement manufacturing, construction, and other
18 applications where high-quality clay is essential. Our aggregate sand serves the
19 construction sector, including markets for ready-mix concrete, asphalt, and other
20 infrastructure projects that rely on durable materials. The sand produced for the fracking
21 industry fulfills a critical need in oil and gas extraction, particularly for hydraulic fracturing
22 and the energy sector throughout Texas, where precise sand gradation is required for
23 optimal performance.

1 **Q: WHO ARE THE CUSTOMERS CAPITOL AGGREGATES SERVES?**

2 **A:** Capitol Aggregates has a broad customer base for each of the aggregates mined at
3 Poteet #2. For our clay product, customers include a variety of individual customers,
4 wholesalers, and our own cement facility. The aggregate sand is supplied to participants
5 across the construction market, including ready-mix concrete and asphalt suppliers, and
6 contractors in need of materials for concrete and mortar applications. Our fracking sand is
7 primarily sold to oil-field service companies, including major clients like Carousel Energy,
8 who purchase it in bulk for further processing and use in hydraulic fracturing operations.

9 **Q: CAN YOU DESCRIBE THE EQUIPMENT USED AT POTEET #2?**

10 **A:** At the Poteet #2 plant, we operate heavy, industrial-grade machinery essential to our
11 mining and processing operations. Our equipment includes CAT D6 and D8 bulldozers and
12 CAT 980 and 988 loaders, which weigh from 25 to 50 tons. We also operate 40-ton
13 capacity articulated trucks to transport material from the pit to the processing plant. This
14 specialized equipment is designed to handle the demands of our sand mining operations
15 and is crucial for maintaining efficiency and safety at the site.

16 **III. IMPACTS OF THE PROPOSED ROUTES**

17 **TO CAPITOL AGGREGATES, INC., AND THE POTEET #2 PLANT**

18 **Q: HAVE YOU STUDIED THE APPLICANTS' ALTERNATIVE ROUTE SEGMENT**
19 **COMPOSITION?**

20 **A:** Yes, I have.

21 **Q: WILL THOSE ROUTES IMPACT POTEET #2?**

22 **A:** Yes, several routes will impact Poteet #2. Routes B, D, E, F, G, H, J, and AH (and any
23 other potential Route which includes Segment 38) would each impact Poteet #2. These

1 Routes notably fall within the higher range of total length in miles when compared to other
2 alternatives.

3 **Q: WHAT ARE CAPITOL AGGREGATES' CONCERNS REGARDING THE PATH**
4 **OF SEGMENT 38 THROUGH THE POTEET #2 PLANT?**

5 **A:** Capitol Aggregates has two primary concerns regarding a high voltage transmission line
6 route through Poteet #2: safety risks and operational challenges.

7 From a safety perspective, the proximity of high-voltage transmission lines to our
8 heavy machinery introduces potential risks that we have not previously encountered on this
9 site. Operating large heavy equipment close to these lines increases the possibility of
10 electrical hazards, which could compromise employee safety and potentially lead to
11 equipment damage. Ensuring the safety of our workforce is our top priority, and we want
12 to minimize any new risks that might arise from the transmission line's location.

13 From an operational standpoint, the proposed routes would interfere with our ability
14 to access certain minable reserves at Poteet #2, impacting the efficiency of our operations.
15 This disruption will reduce the volume of resources we can extract, leading to economic
16 inefficiencies and potentially affecting our ability to meet customer demand.

17 **Q: AS AN EXPERIENCED MINING OPERATOR, DO YOU HAVE ANY CONCERNS**
18 **ABOUT OPERATING HEAVY MACHINERY IN PROXIMITY TO HIGH**
19 **VOLTAGE TRANSMISSION LINES?**

20 **A:** Yes, we do have some concerns. The presence of high voltage transmission lines near our
21 heavy machinery introduces certain safety considerations that we haven't had to address at
22 this site previously. These risks are something we would need to manage carefully to ensure
23 the safety of our team and our operations.

1 **Q: CAN YOU DESCRIBE THE SPECIFIC SAFETY CONCERNS RELATED TO THE**
2 **PROXIMITY OF HIGH VOLTAGE LINES AT POTEET #2?**

3 **A:** Certainly. There are two primary safety concerns: electrical arcing and the stability of the
4 line's foundation given the site conditions.

5 One potential risk is electrical arcing, which can occur when electricity travels
6 through the air from the transmission line to a nearby conductive object, such as our
7 equipment or, in certain cases, even personnel. This can happen if machinery operates too
8 close to the lines, especially under conditions that increase conductivity in the air, like high
9 humidity or rain. Electrical arcing presents a safety hazard because our operations involve
10 large machinery that moves and reaches significant heights, potentially bringing it closer
11 to the transmission lines. Although we would take precautions to minimize the risk, the
12 potential for arcing does exist, particularly during excavation on uneven terrain where
13 operators may need to maneuver equipment.

14 Additionally, the free-flowing sand at the Poteet #2 site raises concerns about
15 foundation stability. This type of sand tends to shift over time and is subject to erosion in
16 heavy rains, which could impact the stability of the transmission line's foundation if placed
17 too close to our mining areas. To ensure both operational safety and stability, a sufficient
18 setback would be necessary, which would, in turn, will affect our access to certain reserves
19 and reduce our operational footprint. These considerations are important as we assess the
20 potential impact of the proposed transmission line.

21 **Q: ARE THERE INDUSTRY STANDARDS OR SAFETY REGULATIONS THAT**
22 **APPLY HERE?**

1 **A:** Yes, Capitol Aggregates complies with the Mine Safety and Health Administration
2 (MSHA) regulations and the National Electric Safety Code (NESC). These standards
3 underscore the need for a safe operating distance from high-voltage lines to avoid risks to
4 both our equipment and personnel.

5 **Q: DO YOU HAVE ANY OTHER SAFETY CONCERNS REGARDING THE**
6 **PROPOSED ROUTE?**

7 **A:** Yes, I do.

8 **Q: PLEASE EXPLAIN THOSE CONCERNS.**

9 **A:** Certainly. One of my concerns relates to the structural integrity of the proposed
10 transmission line given the characteristics of the “free dug” sand at the Poteet #2 site. This
11 type of sand is naturally mobile, with a tendency to shift and flow over time. Placing the
12 foundations for large transmission poles in this environment could pose challenges for
13 maintaining stability.

14 Due to the free-flowing nature of the sand, the foundation beneath the poles could
15 shift or erode, especially with the vibrations and movement from our mining operations
16 nearby. Over time, this shifting could potentially weaken the base of the poles, making
17 them more susceptible to tilting or even collapse, particularly under environmental stresses
18 such as wind. This isn’t a temporary issue; it could require ongoing monitoring,
19 maintenance, and even periodic reinforcements to address potential stability concerns.

20 Managing these risks would likely introduce additional operational considerations
21 and costs for the power line operator, and it also presents safety considerations for both
22 Capitol Aggregates personnel and those involved in constructing and maintaining the line.

1 Addressing these issues proactively would be essential to ensure the reliability of the
2 transmission infrastructure and a safe working environment at the site.

3 **Q: DO YOU HAVE CONCERNS THAT THE ROUTE WILL POSE OPERATIONAL**
4 **CHALLENGES TO POTEET #2?**

5 **A:** Yes, I do.

6 **Q: PLEASE DESCRIBE THOSE CONCERNS.**

7 **A:** Our concerns about operational challenges stem from both practical and structural issues
8 associated with operating heavy machinery near unstable ground, particularly in close
9 proximity to a transmission line. To safely mitigate these risks, the line would need to be
10 set back sufficiently from our active mining areas, which would require a substantial buffer
11 zone. Even with these precautions, Capitol Aggregates would still need to make significant
12 operational adjustments, limiting access to minable reserves, reducing productivity, and
13 increasing operational costs.

14 The proposed route would also interfere with our long-term mining plans,
15 effectively restricting access to significant portions of our reserves. This limitation on
16 access would result in unrecoverable resources and therefore lead to economic waste of
17 mineral resources important to the growth and development of the area. In sum, the
18 proximity of the transmission line presents substantial operational challenges that are
19 difficult to fully mitigate, given the unique characteristics of the site and the equipment
20 involved. We respectfully urge the Commission to consider these concerns and evaluate
21 alternative routes that would not impact Poteet #2.

1 **Q: WHAT IS THE ESTIMATED ECONOMIC IMPACT TO CAPITOL**
2 **AGGREGATES IF A ROUTE WHICH INCLUDES SEGMENT 38 IS APPROVED?**

3 **A:** Based on our initial estimates, a route including Segment 38 would result in economic
4 waste approximating 5,972,222 tons of total raw material and 4,180,556 tons of finished
5 aggregate product. This translates to an estimated \$6.25 million in unrecoverable reserves,
6 and this loss would detrimentally impact our ability to operate efficiently at Poteet #2.
7 Routes which utilize Segment 38 call into question the viability of our future site
8 developments, including plans to build a conveyor across our property. These restrictions
9 would not only affect our current operational efficiency but could also limit the long-term
10 sustainability of the Poteet #2 facility. For these reasons, we ask the Commission to
11 consider alternative routing options elsewhere in the study area.

12 **Q: HAVE YOU EVALUATED ALTERNATIVE ROUTES FOR THE PROPOSED**
13 **TRANSMISSION LINE?**

14 **A:** Yes, we have. It appears that there are several feasible alternative routes that would cause
15 far less disruption to our operations and the surrounding environment. We urge the
16 Commission to consider these alternatives to minimize economic waste, permanent
17 operational consequences, and safety hazards unique to heavy equipment operation near a
18 high voltage transmission line.

19 **Q: DOES CAPITOL AGGREGATES HAVE A PREFERRED ROUTE FOR THE**
20 **COMMISSION TO APPROVE?**

21 **A:** Capitol Aggregates does not oppose any route that avoids its property, and from our review
22 of the filing, it seems that Route U represents a reasonable alternative for the Commission
23 to select.

1 **VI. CONCLUSION**

2 **Q: DO YOU HAVE ANY FINAL COMMENTS FOR THE COMMISSION?**

3 **A:** Yes. I recognize that most landowners would prefer not to have a powerline on their
4 property, and I respect the efforts many make to manage their land responsibly. At Capitol
5 Aggregates, our primary objective is to ensure the long-term integrity and viability of our
6 operations while supporting economic stability for our employees and the surrounding
7 community. A route that includes Segment 38 would present challenges to both our current
8 operations and future plans at Poteet #2.

9 We respectfully ask the Commission to consider alternative routes that would avoid
10 Poteet #2. The proposed transmission line would disrupt our operations, potentially impact
11 local jobs, create operational inefficiencies, and lead to economic waste of important
12 mineral resources. Additionally, we encourage the Commission to consider the safety
13 implications that this route might introduce. We hope the Commission ultimately selects a
14 route that aligns with existing highways or infrastructure, offering a more cost-effective
15 and safer solution for all parties involved.

16 **Q: DOES THAT CONCLUDE YOUR TESTIMONY?**

17 **A:** It does.

W. Scotty Gerbes

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EDUCATION

Master of Business Administration (MBA), *University of Texas, Tyler TX (2005)*
Curriculum in Operational Management, Finance and Human Resources

B.S. Engineering - Mining, *University of Missouri, Rolla, MO (1999)*

EMPLOYMENT

Capitol Aggregates Inc.

(2022 - Present)

Vice President - Aggregates

San Antonio, TX

- P&L responsibility and management oversight of Aggregate division. Operations include (7) aggregate plants.
- Direct and coordinate financial and budget activities to fund operations, maximize capitol investments and increase efficiency.
- Assist with strategy development, market assessment and alignment of operations to support strategy.
- Oversee and ensure aggregate operations sites safely maintain consistent production uptime and ensure quality is aligned to customer specifications and demands.
- Coordinate with Sales Group to ensure alignment between marketplace demand and production capability.
- Prepare and implement effective personnel development plans and strategies to ensure operations team can achieve longer term goals and vision for the business.
- Provide industry and marketplace insight to improve the competitive position of the aggregate operations.

Martin Marietta Materials Central Division, Des Moines District

(2013 - 2022)

District Production Manager

Des Moines District, Des Moines, IA

- P&I responsibility and management oversight of multi-site operations throughout central Iowa and eastern Nebraska. Operations include (4) high volume underground limestone mines, (4) surface quarries, (7) stationary and portable dredge sand and gravel operations, (2) portable crushing crews, (1) district shop and field maintenance team and (2) regional overburden stripping, shale removal and finish reclamation crews.
- Production responsibility of 9M tons of finished product and 5M BCY of overburden, shale and material moved in 2020.
- Responsible for oversight of safety, health, environmental compliance and reporting for operating quarries, mines, stripping crews and maintenance teams across the group.
- Managed the safest year in the operating history of the group in 2019.
- Managed and oversight of teams focused on operational excellence, productivity, automation and overall plant availability improvements.
- Capital budgeting, forecasting and coordination for annual mobile fleet and processing equipment needs.

Martin Marietta Materials –MidSouth and Southwest Divisions

Production Manager (2010 – 2013)

Northeast Texas / SE Oklahoma Area, Paris, TX

- P&L responsibility and management oversight of multi-site operations throughout East Oklahoma and Northeast Texas. Projects included (4) surface limestone and sandstone quarries, (1) sand and gravel plant and a regional mobile and plant maintenance facility.
- Coordination and oversight, design input and approval for plant modifications and construction projects throughout the operating group.
- Responsible for oversight of safety, health, environmental compliance and reporting for operating quarries and maintenance facility
- Part of a team that developed (3) greenfield aggregate train unloading facilities in Northeast Texas and Louisiana.
- Operational project lead on a complete redesign of a sand and gravel facility to meet a specific customer specification and high product demand. Project induced overland conveyance, pit development, plant re-design and rail loadout modifications.

Plant Manager (2008 – 2010)

Hatton Quarry, Cove, AR

- Management of high volume (3.5M+), hard rock, crushed stone plant including all aspects of development, operations and maintenance; Responsibilities include plant P&I, pit development and haul road construction, overburden removal, rock production and processing, plant maintenance, rough grading and final reclamation.
- Coordination of maintenance for large mobile equipment fleet (12+ trucks, 5 loaders and stripping fleet) including interaction with multiple manufacturers, dealers, contractors and on-site personnel.
- Oversight of rail car ownership, high volume loading, shipping coordination, maintenance and repair for a fleet of 400+ high capacity gondola and hopper rail cars located between multiple facilities.
- Oversight and maintenance responsibilities of over 4+ miles of rail track within the facility.
- Justification for and oversight of construction and implementation of a secondary plant rebuild, installation of a tertiary crushing circuit and wash plant rebuild for a high-volume ballast circuit.
- Design, development and operation of a new 3+ mile long high-volume haul road construction.

Vulcan Materials Company – Midwest Division (Chicago)

Assistant Plant Manager (2005 – 2008)

Bartlett Mine and Plant (Underground Limestone), Bartlett, IL

- Final development and commissioning of a greenfield site for a new high volume, underground limestone mine on the western front of the Chicago metro.
- Development of operating forecast and operating budgets for both mine and plant.
- Responsibilities for and review of monthly P&I.
- Responsible for monthly coordination of Safety, Health and Environmental reporting, plant water samples and other various divisional requirements.
- Participation in division wide lean team, focusing on coordination and standardization of payroll reporting practices.
- Planning assistance and design review for new mine maintenance shop and locker room, surge pile redesign, pit slope stability and new underground primary plant.
- General supervision and mine responsibilities for underground production and surface processing.
- Track and coordinate maintenance intervals and repairs for aggregate processing plant and mobile mining equipment.

- Coordinate and implement ventilation and water management plans for underground mining operations.
- Development and implementation of short and long range mine plans

*American Electric Power – Generation and Fuel Supply Business Units
(2001 – 2005)*

Production Mining Engineer – *AEP transfer from fuels group*

Dolet Hills Lignite Company, Mansfield, LA

- Coordination of database for electrical maintenance for large draglines.
- Database established to track maintenance trends and predictive repair histories.
- Design and review of mine plans for large surface coal mining operations.
- Development of monthly production reports for management review.
- Design and construction oversight of ancillary mining construction including haul roads, dragline walk-ways and truck and shovel benches.

Mining Engineer, Field Operations Coordinator

H.W. Pirkey Power Station, Fuels Group, Hallsville, Texas

- Oversight of tonnage requirements and delivered quality to lignite power plant.
- Contractual oversight of daily lignite strip mining operations including all activities associated with overburden stripping, coal recovery, reclamation and maintenance.
- Technical review of annual mining operational plans and mine budgets.
- Review of mine capital budgets and technical review of equipment replacement justifications.
- Coordination of removal and replacement of encumbrances for pre and post mining activities including; natural gas facilities, public utilities and residential housing.

Kiewit Mining Group, Rock Springs, WY (1999-2001)

Production Mine Engineer, *Black Butte Coal Co.*

- Design and implementation of cast blasting program
- Economic evaluation of blasting techniques
- Design and implementation of dragline operations
- Design and implementation of production dozing operations
- Design and implementation of production truck/shovel operations
- Design and implementation of active and inactive pit rough regrade
- Justification for equipment capital expenditures
- Justification and coordination of production monitors for draglines and drills
- Responsible for two to four week production scheduling for all operations
- Responsible for generating monthly and quarterly production quantities
- General mine surveying responsibilities