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PUC DOCKET NO. 58264
SOAH DOCKET NO. 473-25-22942

APPLICATION OF AEP TEXAS INC.	§	PUBLIC UTILITY COMMISSION
TO AMEND ITS CERTIFICATE OF	§	
CONVENIENCE AND NECESSITY FOR	§	OF TEXAS
THE ARANSAS PASS-TO-GREGORY	§	
138-KV TRANSMISSION LINE IN SAN	§	
PATRICIO COUNTY	§	

**ORDER OF REFERRAL
AND PRELIMINARY ORDER**

On July 2, 2025, AEP Texas Inc. filed an application to amend its certificate of convenience and necessity (CCN) for the Aransas Pass-to-Gregory 138-kilovot (kV) transmission line in San Patricio County.

The Commission refers this docket to the State Office of Administrative Hearings (SOAH) and requests the assignment of an administrative law judge (ALJ) to conduct a hearing and issue a proposal for decision if the parties contest one or more issues. The Commission has delegated authority to the Office of Policy and Docket Management to issue this preliminary order, which is required under Texas Government Code § 2003.049(e). This preliminary order identifies the issues that must be addressed in this proceeding and an issue not to be addressed.

All subsequent pleadings in this docket must contain both the SOAH and the Commission docket numbers to allow for efficient processing. Filing of pleadings is governed by 16 Texas Administrative Code (TAC) § 22.71, and service is governed by 16 TAC § 22.74. However, under the Commission's Second Order Suspending Rules entered in Docket No. 50664,¹ all parties must file any pleading or document with the Commission solely through the Interchange on the Commission's website (<https://interchange.puc.texas.gov/filer>) and provide notice, by e-mail, to all other parties that the pleading or document has been filed with the Commission, unless otherwise ordered. It will be incumbent on all other parties to obtain a copy of the pleading or document by accessing the Interchange. When a party files a document with the Commission, that

¹ *Issues Related to the State of Disaster for the Coronavirus Disease 2019*, Project No. 50664, Second Order Suspending Rules (July 16, 2020).

party is also required to serve (i.e., provide a copy of that document to) every other party. At this time, service must be accomplished by e-mail.

I. Relevant Factual Background

The applicant is proposing to replace the existing Aransas Pass-to-Gregory 69-kV transmission line in San Patricio County, with an approximately two-mile double-circuit-capable 138-kV concrete and steel monopole-structure transmission line within and adjacent to the City of Gregory. The existing 69-kV transmission line has numerous landowner encroachment issues that have occurred since it was originally constructed in 1973; therefore, the existing transmission line location will need to be relocated to replace it with new 138-kV structures and increased capacity conductors. The new transmission line will require a 100-foot right-of-way. Substation upgrades and modifications will also be required at both the AEP Texas Gregory and Aransas Pass substations to replace any terminal equipment such that station ratings do not limit the capacity of the line after the associated rebuild.

The proposed transmission line will begin at a tap point along the existing transmission line located on the northwest side of Avenue C and Farm-to-Market Road 3284 approximately 0.6 miles north-northeast of the intersection of Avenue C Farm-to-Market Road 3284 and 9th Street in the City of Gregory. The transmission line will terminate at the existing AEP Texas Gregory 69-kV substation located on the northwest side of Farm-to-Market Road 2986 approximately 0.61 miles south-southwest of the intersection of United States Highway 181 and Farm-to-Market Road 2986.

The study area is located within the Western Gulf Coastal Plains level III ecoregion and Northern Humid Gulf Coastal Prairies level IV ecoregion. Land uses within the study area is mixed between urban and rural, with nearby access to paved roadways throughout the majority of the transmission line.

The transmission line rebuild is needed to address reliability criteria violations. The applicant's annual transmission planning assessment carried out in 2021 identified thermal overloads on AEP Texas' Aransas Pass – Gregory 69-kV and Gregory – Rincon 69-kV lines under certain contingency scenarios. Certain contingency events showed potential for violation of

thermal ratings on the line in the 2026 summer peak case build and recent analysis performed in 2024 identified a potential overload condition of the Aransas Pass – Gregory 69-kV line still exists for specific maintenance-outage contingency events.

The applicant proposes 11 alternative routes and 33 route links. The total length of the transmission line is 1.65 to 1.96 miles depending on the route selected. The total estimated cost of the proposed transmission line, including substation upgrades and modifications, is between approximately \$7.5 million and \$10.3 million.

II. Notice

The applicant must give notice of its intent to secure a CCN as required by 16 TAC § 22.52(a).

The applicant states that prior to the filing of the application it provided direct mail notice of a public meeting by first-class mail to each of the persons listed on the current county tax rolls as an owner of land within 300 feet of the centerline of the single route and provided written notice to the Department of Defense Siting Clearinghouse. No determination has been made that notice of the public meeting required by 16 TAC § 22.52(a)(4) was given prior to the filing of the application.

The applicant states that it will provide a copy of the written direct notice, with attached map, via first-class mail to the owners of land that will be directly affected by the proposed transmission line as stated on the current county tax rolls. The applicant must provide proof of notice by mail by filing an affidavit listing the names and addresses of the entities notified by mail and the date the notice was mailed to these entities. A copy of the letter and map sent to the entities must be included. The deadline for applicant to file proof of the mailed notice by affidavit required by 16 TAC § 22.52(a)(3)(E) is **July 22, 2025**. No determination has been made that the notice required by 16 TAC § 22.52(a)(3) was mailed on the date of the filing of the application.

The applicant states that it provided a copy of the environmental assessment for the proposed transmission facilities to the Texas Parks and Wildlife Department (TPWD) for its review within seven days of filing the application. The applicant must provide proof of submission of this information to the Commission in the form of an affidavit that specifies the date the

information was mailed or otherwise provided to TPWD and provides a copy of the cover letter or other documentation confirming that the information required by 16 TAC § 22.52(a)(1)(E) was provided to TPWD. No determination has been made that the notice required by 16 TAC § 22.52(a)(1)(E) was given to TPWD within seven days of the filing of the application.

The applicant must publish notice of its intent to secure a certificate of convenience and necessity once in a newspaper having general circulation in the county or counties where a certificate of convenience and necessity is being requested, no later than the week after the application is filed with the Commission as required by 16 TAC § 22.52(a)(1)(A)-(C). No determination has been made that the notice required by 16 TAC § 22.52(a)(1) was published no later than the week after the application was filed with the Commission. The applicant must provide proof of publication of notice in accordance with 16 TAC § 22.52(a)(1)(D) by filing a publisher's affidavit specifying the newspapers in which the notice was published, each county where the newspaper is of general circulation, the dates upon which the notice was published, and a copy of the notice as published. The applicant must file proof of publication as soon as it is available. No deadline has been established for the filing of the proof of publication and no determination has been made that the proof of publication of notice complies with 16 TAC § 22.52(a)(1)(D).

III. Intervention

The intervention period set forth in 16 TAC § 22.104(b) is 30 days after the filing of the formal application with the Commission. The deadline for intervention is **August 1, 2025**.

IV. Recommendation on Application Sufficiency

Under 16 TAC § 22.75(d)(2), if material deficiencies exist in an application, the presiding officer must issue a written order within 35 days of the application's filing. The 35th day after the application's filing in this proceeding is **August 6, 2025**.

V. Deadline for Decision

Under PURA § 37.057, the Commission must approve or deny an application for a certificate for new transmission facilities not later than the 180th day after the application is filed

if the application is filed on or after June 2, 2023. Therefore, the Commission must render a decision in this proceeding by **December 29, 2025**.

To give the Commission sufficient time to consider a proposal for decision, under 16 TAC § 22.207, the Commission requires a period of at least 35 days before the expiration of the 180-day jurisdictional deadline by which the ALJ must issue a proposal for decision.

VI. Conditional Approval

If the Commission determines that it should grant the amendment to applicant's CCN, the Commission will limit the authority granted in the order. The authority granted by the order will be limited to a period of seven years from the date the order is signed unless the transmission line is commercially energized before that time. It is reasonable, appropriate, and in the public interest for a CCN order not to be valid indefinitely because it is issued based on the facts known at the time of issuance. The Commission may extend the seven-year time period if good cause is shown by demonstrating that the circumstances of this line are such that the above condition should be changed (e.g., a longer period of time may be more appropriate).

VII. Issues to be Addressed

Under Texas Government Code § 2003.049(e), the Commission must provide to the ALJ a list of issues or areas to be addressed in any proceeding referred to SOAH. The Commission identifies the following issues that must be addressed in this docket:

Application

1. Is the applicant's application to amend its CCN adequate?? Does the application contain an adequate number of reasonably differentiated alternative routes to conduct a proper evaluation? In answering this question, consideration must be given to the number of proposed alternatives, the locations of the proposed transmission line, and any associated proposed transmission facilities that influence the location of the line. Consideration may also be given to the facts and circumstances specific to the geographic area under consideration and to any analysis and reasoned justification presented for a limited number of alternative routes. A limited number of alternative routes is not in itself a sufficient basis for finding an application inadequate when the facts and circumstances or a reasoned justification demonstrates a reasonable basis for

presenting a limited number of alternatives. If an adequate number of routes is not presented in the application, the ALJ must allow the applicant to amend the application and to provide proper notice to affected landowners; however, if the applicants choose not to amend the application, then the ALJ may dismiss the case without prejudice.

Notice

2. Did the applicant provide notice of the application in accordance with 16 TAC § 22.52(a)(1), (2), and (3)?
3. Did the applicant provide notice of the public meeting in accordance with 16 TAC § 22.52(a)(4)?

Public Input

4. What were the principal concerns expressed in the questionnaire responses received at or after any public meetings held by the applicants regarding the proposed transmission facilities?

Need

5. Taking into account the factors set out in the PURA § 37.056(c), are the proposed transmission facilities necessary for the service, accommodation, convenience, or safety of the public within the meaning of PURA § 37.056(a)? In addition, please address the following issues:
 - a. How do the proposed transmission facilities support the reliability and adequacy of the interconnected transmission system?
 - b. Do the proposed transmission facilities facilitate robust wholesale competition?
 - c. What recommendation, if any, has an independent organization, as defined in PURA § 39.151, made regarding the proposed transmission facilities?
 - d. Are the proposed transmission facilities needed to interconnect a new transmission service customer?
6. In considering the need for additional service under PURA § 37.056(c)(2) for a reliability transmission project, please address the historical load, forecasted load growth, and additional load currently seeking interconnection.

7. Are the proposed transmission facilities the better option to meet this need when compared to using distribution facilities? If the applicant is not subject to the unbundling requirements of PURA § 39.051, are the proposed transmission facilities the better option to meet the need when compared to a combination of distribution facilities, distributed generation, and energy efficiency? In answering this issue, if the proposed transmission facilities include a transmission line to address distribution load growth, please address the following:
- a. The data used to calculate the applicant's load-growth projections that support the need for a transmission-line solution;
 - b. The date, origin, and relevance of the data used to calculate the applicant's load-growth projections;
 - c. The assumptions made and relied on to generate the load-growth projections, including but not limited to the assumed rates of load growth, the factors (if any) applied to calculate forecasted loads for new developments in the need study area, and adjustments (if any) made to forecasted loads to account for customer load served by any other electric utilities also providing electric service within the applicant's need study area;
 - d. The location, described in writing and depicted on a map, of the boundaries of the need study area and all existing transmission facilities (including proposed substations or switching stations) within the need study area used for the load-growth projections;
 - e. If included in the applicant's load-growth projections, the nature, scope, and location depicted on a map of the following loads:
 - i. the applicant's current consumers,
 - ii. the applicant's pending load request, and
 - iii. future development projects included in the applicant's load-growth projections;
 - f. The location depicted on a map of the existing load center, the load center including existing load and currently requested loads, and the load center including existing load, currently requested loads, and the applicant's projected load growth;

- g. The location and identity of any existing transmission lines, whether inside or outside the need study area, that are as close as, or closer to, any load-serving substation proposed in this application compared to the existing transmission line or substation used for the proposed interconnection or tap;
- h. The location and identity of any existing substations with remaining transformer capacity, whether inside or outside the need study area, that are as close as, or closer to, any load-serving substation proposed in this application compared to the existing transmission line or substation used for the proposed interconnection or tap;
- i. If other utilities are providing distribution service within the applicant's need study area, the location and nature of the other utilities' distribution facilities described in writing and depicted on a map;
- j. An analysis of the feasibility, design, and cost effectiveness of a distribution-voltage-level alternative that uses the same point(s) of interconnection or tap and endpoint(s) and that is routed along the same alternative routes as the transmission-level radial line that is requested to be approved;
- k. The applicant's planning study or other reports reflecting the nature and scope of new-build distribution facilities or existing distribution-facility upgrades necessary for projected load growth anticipated before the projected load growth that is the basis for this application; and
- l. A comparative cost analysis between all new-build distribution facilities or existing distribution-facility upgrades and the proposed radial transmission facilities that segregates the distribution-alternative costs to support the pending load requests and specific future development loads from general load growth in the need study area.

Route

- 8. Weighing the factors set forth in PURA § 37.056(c) and 16 TAC § 25.101(b)(3)(B), which proposed transmission-line route is the best alternative?

9. Are there alternative routes or configurations of facilities that would have a less negative effect on landowners? What would be the incremental cost of those routes or configurations of facilities?
10. If alternative routes or configurations of facilities are considered because of individual landowners' preferences, please address the following issues:
 - a. Have the affected landowners made adequate contributions to offset any additional costs associated with the accommodations?
 - b. Have the accommodations to landowners diminished the electric efficiency of the line or reliability?

Cost to Consumers

11. Are the proposed transmission facilities necessary to meet state or federal reliability standards?
12. What is the estimated cost of the proposed transmission facilities to consumers?
13. What is the estimated congestion cost savings for consumers that may result from the proposed transmission facilities considering both current and future expected congestion levels and the ability of the proposed transmission facilities to reduce those congestion levels?

Best Management Practices

14. Are the best management practices for construction and operating transmission facilities that are standard in the Commission's electric CCN orders adequate? If not, what additional practices should be required for the proposed transmission facilities?
15. For each additional practice proposed, please address the following:
 - a. What is the additional cost to design, construct and operate the proposed transmission facilities, including the cost to consumers?
 - b. What benefit, if any, will the proposed practice provide?
 - c. What effect, if any, will the proposed practice have on the reliability of the transmission system?
 - d. What effect, if any, will the proposed practice have on the design, construction, or operation of the proposed transmission facilities?

- e. What effect, if any, will the proposed practice have on the expected date to energize the proposed transmission facilities?

Texas Parks and Wildlife Department

- 16. Did the Texas Parks and Wildlife Department provide any recommendations or informational comments regarding this application in accordance with section 12.0011(b) of the Texas Parks and Wildlife Code? If so, how should the Commission respond through its order?

Permits

- 17. What permits, licenses, plans, or permission will be required for construction and operation of the proposed transmission facilities? If any alternative route requires permission or an easement from a state or federal agency, please address in detail the following:
 - a. What agency is involved, and what prior communication have the applicants had with the agency regarding the proposed transmission facilities?
 - b. Has the agency granted the required permission or easement? If not, when is a decision by the agency expected?
 - c. What contingencies are in place if the agency does not grant the required permission or easement or if the process to obtain the required permission or easement would materially affect the estimated cost, proposed design plans, or anticipated timeline to construct the proposed transmission facilities?

Coastal Management Program

- 18. Is any part of the proposed transmission facilities located within the coastal management program boundary as defined in 31 TAC § 27.1(a)? If so, please address the following issues:
 - a. Do the facilities comply with the goals and applicable policies of the Coastal Management Program in accordance with 16 TAC § 25.102(a)?
 - b. Will the facilities have any direct and significant effects on any of the applicable coastal natural resource areas specified in 31 TAC § 26.3(b)?
 - c. Do the facilities cross coastal barrier resource system units or other protected areas designated on maps dated October 24, 1990, as those maps may be modified, revised, or corrected, under the Coastal Barrier Resources Act, 16 United States Code Annotated,

§ 3503, on coastal barriers? If so, do the facilities comply with the applicable policies under 31 TAC § 26.16(a)(4)?

Limitation of Authority

19. Are the circumstances for this line such that the seven-year limit discussed in section VI of this Order should be changed?

Other Issues

20. Will anything occur during construction that will preclude or limit a generator from generating or delivering power or that will adversely affect the reliability of the ERCOT system?

21. If complete or partial agreement of the parties is reached on a route that relies on modifications to the route segments as noticed in the application, please address the following issues:

- a. Did the applicant comply with the additional notice requirements of 16 TAC § 22.52(a)(3)(D), including providing notice under 16 TAC § 22.52(a)(3)(A) through (C) to all landowners directly affected by the modification regardless of whether the landowner affected by the modification received notice of the original application under 16 TAC § 22.52(a)(1) through (3)?
- b. Was written consent obtained from landowners directly affected by the proposed modifications to the route segments?

This list of issues is not intended to be exhaustive. The parties and the ALJ are free to raise and address any issues relevant in this docket that they deem necessary, subject to any limitations imposed by the ALJ or by the Commission in future orders issued in this docket. The Commission may identify and provide to the ALJ in the future any additional issues or areas that must be addressed, as permitted under Texas Government Code § 2003.049(e).

VIII. Issue Not to Be Addressed

The Commission identifies the following issue that need not be addressed in this proceeding for the reasons stated.

1. What is the appropriate compensation for right-of-way or condemnation of property?

The Commission does not have the authority to adjudicate or set the amount of compensation for rights-of-way or for condemnation.

IX. Effect of Preliminary Order

The Commission's discussion and conclusions in this Order regarding issues that are not to be addressed should be considered dispositive of those matters. Questions, if any, regarding issues that are not to be addressed may be certified to the Commission for clarification if the SOAH ALJ determines that clarification is necessary. As to all other issues, this Order is preliminary in nature and is entered without prejudice to any party expressing views contrary to this Order before the SOAH ALJ at hearing. The SOAH ALJ, upon his or her own motion or upon the motion of any party, may deviate from the non-dispositive rulings of this Order when circumstances dictate that it is reasonable to do so. Any ruling by the SOAH ALJ that deviates from this Order may be appealed to the Commission. The Commission will not address whether this Order should be modified except upon its own motion or the appeal of a SOAH ALJ's order. Furthermore, this Order is not subject to motions for rehearing or reconsideration.

Signed at Austin, Texas the 3rd day of July 2025.

PUBLIC UTILITY COMMISSION OF TEXAS

Electronically signed by Shelah Cisneros
SHELAH CISNEROS
COMMISSION COUNSEL