

TIMELINE

- 2009-05-15** LCRA Open Houses Landowners notified
- 2009-06-01** CVA goes live on world wide web
- 2009-09-24** Motion to Delay & Expand Study Area
- 2010-02-15** 1/4 scale model lattice tower tours region
- 2010-02-15** LCRA Open Houses second round
- 2010-04-19** LCRA / Fish & Wildlife Scoping Meetings
- 2010-07-28** Filing of CCN
- 2010-09-01** Hearing on the Merits, Austin Conv. Center
- 2010-12-17** ALJ issued PFD recommendation to PUC
- 2010-12-23** CVA filed Exceptions to PFD
- 2011-01-13** PUC routing deliberations / Final Order

TERMS

- PFD** Proposal for Decision
- ALJ** Administrative Law Judge
- CVA** Clear View Alliance
- LCRA** Lower Colorado River Auth
- PUC** Public Utilities Commission
- CCN** Certificate of Convenience & Necessity
- TPWD** Tx Parks & Wildlife Dept.
- PURA** Public Utility Regulatory Act
- CREZ** Competitive Renewable Energy Zones
- CTO** CREZ Transmission Optimiz

Best Balance of Costs www.ClearViewAlliance.org



Best Balance of Costs, Compatible ROW, and Prudent Avoidance

Although CVA contends that LCRA TSC can construct route MK33 above ground at a significantly reduced cost than the underground alternative proposed by LCRA TSC, CVA would prioritize and describe these three other routes identified by the ALJs as follows:

MK32 offers the extended paralleling of existing compatible rights-of-way for a vast majority of its length and is the best route of the three considered by the ALJs in their final analysis.

MK62 is flawed by its disregard of property boundaries and fragmentation concerns at the western end of the study area, but its use of I-10 through Kerrville makes it a better route than Staff's MK15, the third best option of the three considered by the ALJs.

BEST BALANCE OF COSTS



Tension Between Cost, Paralleling ROW and Prudent Avoidance

Construction of the proposed transmission line between McCamey D and Kendall on one of the routes that follows the greatest amount of compatible right-of-way will minimize the adverse environmental and aesthetic impacts on the Texas Hill Country, while preserving its value to the state as a source of tourist revenues.

Of the proposed transmission line routes between McCamey D and Kendall, Route MK33 is the most desirable route because it parallels existing compatible right-of-way for the greatest percentage of its length (82.12%), is most consistent with community values, does not cross the Llano River at the most environmentally sensitive point, does not come within the viewshed of historic Fort McKavett or historic Ivy Chapel, has a significantly lower impact on ecological resources and endangered species habitat, reduces the bisecting of landowner property by limiting the creation of new right-of-way, and on balance best meets the considerations set forth in the Commission's Preliminary Order in this docket.



Compatible Corridors

CVA's primary goal with respect to the location of this transmission line has been to locate it next to compatible right-of-way to the greatest possible extent. TPWD suggested that the Project be constructed on routes that adjoin compatible rights-of-way, such as Route MK33 or Route MK32; from a wildlife protection and preservation perspective, TPWD considers routes that use US 277 and I-10 to have the least amount of environmental impact.

The use of compatible right-of-way was supported by those who attended the open houses. In every case it gets at least a 50% rating as the most important criteria in selecting a route for the project and even received a rating of over 80%. In many cases it rises to the primary concern among the public in the route selection.

No state highway connects the McCamey D and Kendall substations. To drive from one point to the other, one must either take US 277 to 190 to US 83 to TX 29 to US 87 or one must drive south on US 277 to Sonora and then take I-10 east to Kendall. Of the 60 routes proposed by LCRA TSC, about 54 went through the middle of the study area and 6 went on the perimeter of the study area. The 54 routes through the middle of the study area tend to have low scores with regard to compatible right-of-way simply because there is not a great deal of compatible right-of-way in that part of the study area. LCRA TSC's



Preferred Route MK13 does not parallel any existing US Highway. Preferred Route MK13 parallels an existing transmission line for 9.14 miles and parallels other compatible right-of-way for 30.20 miles or 29.1% of its length.

Moreover, none of the proposed routes that go through the center of the Texas Hill Country parallel apparent property boundaries to any significant extent. A review of LCRA TSC's aerial maps with property boundaries reveals that the diagonal, straight line segments of the proposed routes do not often coincide with property boundaries.

It is the routes that are located on the perimeter of the study area, particularly MK33 and MK32, that offer the best chance of using compatible right-of-way. These routes are the longest and have some increased capital costs due to that distance, but the advantages they offer are minimum impact to land and wildlife habitat in this beautiful part of the state. Route MK33 parallels existing highway corridors for 82.5% of its length; MK32 parallels existing highway corridors for 79.2% of its length. Staff MK15 and MK62 all parallel significantly more compatible rights of way than LCRA TSC's Preferred Route MK13.

Using compatible rights of way for a proposed transmission line reduces the impacts of the line so that they are of a more marginal nature as opposed to going across unencumbered territory and creating major impacts. CVA witness Edward McGavran, P.E., testified that areas that have already been impacted by other transmission lines, highways, pipelines, and railways will have a lower marginal degree of impact than areas that have not been previously impacted by the same type of projects mentioned. In other words, new impact is more severe than additional impact.

Mr. McGavran testified that a general objective in land use planning and infrastructure siting is to establish from a land use perspective the highest and best use of available land. If we have established over time what appears to be a corridor for utility and transportation infrastructure, the best and highest use of that land is to serve as a conduit for that infrastructure for two reasons. One, we have an established corridor to utilize and we can maximize the use of the nonaffected land for other purposes that could be considered "highest and best use" such as recreational

areas, wildlife habitat, commercial and industrial development, housing development, etc. Two, we add predictability to the land use question on a regional basis. This results in maximizing the predictable total land use of the region as opposed to having an unpredictable land use situation which can harm both preservation of environmentally sensitive areas and long term economic development.

The routes that best comport with the goal of paralleling compatible right-of-way are MK33 and MK32.

Prudent Avoidance

LCRA TSC considered and reasonably avoided population centers and other locations where people gather and live when routing all of its alternative routes for the Project. All of the routes proposed in LCRA TSC's Application comply with the Commission's policy of prudent avoidance. Route MK33 has the largest number of habitable structures located within 500 feet of its centerline with 153, and MK32 has the next largest number with 151. Staff MK15 has 55 habitable structures located within 500 feet of the route's centerline. For all of the reasons discussed above concerning habitable structures, the presence of more such structures on MK33 is not a reason to reject this route.

Best Balance of Cost, Paralleling, and Prudent Avoidance

Notwithstanding the many favorable aspects of CVA-supported routes MK33 and the next best alternative MK32, the ALJs state that the parties agree that running the transmission line along I-10 south of the Kimble County Airport is prohibitively expensive. Therefore, they state, "a better recommendation is to follow I-10 as much as possible, as Staff MK15 does, deviating north of the Kimble County Airport, and deviating north of Kerrville." Staff MK15 does not follow I 10 as much as possible, however. It cuts through the north central part of the study area, cutting through some of



the largest ranches in this part of the Hill Country and fails to follow the available compatible rights-of-way along Highway 277 to I-10 and then from I-10 at Sonora to Link Y5cc. The ALJs correctly state that given the length of this line, the characteristics of the Hill Country, and the tremendous opposition to routing the line through the Hill Country, a better solution is to parallel more existing cleared ROW, such as I 10. The additional compatible I 10 right-of-way on MK33 and MK32 is approximately 36 miles and the compatible US Highway 277 right-of-way is another 27 miles. By recommending Staff MK15, rather than MK33, 63 miles of available, compatible right-of-way is not followed.

The ALJs conclude their analysis by saying that Staff MK15, CVA's second choice of MK32, and MK62 provide a better balance of the factors of cost, paralleling existing ROW, and prudent avoidance. Although CVA contends that LCRA TSC can construct route MK33 above ground at a cost that is significantly less than the underground alternative the utility claims is necessary, CVA would prioritize these three other routes identified by the ALJs as follows: (1) MK32 offers the extended paralleling of existing compatible rights-of-way for a vast majority of its length and is the best route of the three considered by the ALJs in their final analysis; and (2) although MK62 is flawed by its disregard of property boundaries and fragmentation concerns at the western end of the study area, its use of I-10 through Kerrville makes it a better route than Staff's MK15, the third best option of the three considered by the ALJs.

Routing Adjustments Evaluated by LCRA TSC

Several intervenors represented by CVA submitted direct testimony identifying modification requests on the record. LCRA TSC did not evaluate the requests, but because the landowners wanted to ensure that the Commission is aware of their requests for modifications, CVA submitted their direct testimonies. Other intervenors represented by CVA discussed modifications with LCRA TSC. Those modifications are included in LCRA TSC's Supplemental Attachment 13 to its Application.

If the Commission approves a route that includes any landowners represented by CVA and who submitted modification requests in either CVA Ex. 15 or LCRA TSC's Supplemental Attachment 13, CVA requests that the Commission approve the landowner-requested modifications.

Preliminary Order Issue No. 10

Are there discrepancies between the estimated total cost included in the Application in this docket and the cost identified for the proposed project in the CREZ Transmission Plan? If so, what are the reasons for the discrepancies?

The CTO Study assumed straight line lengths for the transmission line routes, which does not account for topography or related constraints in estimating the size and cost of transmission line projects. That assumption proved unrealistic. On September 16, 2009, In Docket No. 37049, Comments Concerning LCRA Transmission Corporation's Proposed CREZ Priority Transmission Lines, LCRA TSC and Staff submitted their Joint Motion to delay the filing of the applications for three CREZ transmission lines. LCRA TSC specifically requested additional time to study two particular routes: the "I-10 Route" and the "Mason-Menard Route" for the proposed CREZ line between McCamey D and Kendall. LCRA TSC stated that it was adding these routes in response to public input and requests from governmental officials, and to provide the Commission with additional options. The Joint Motion expressly recognized that both of these routes are longer than the other routes LCRA TSC already had been examining.

The CTO Study did not contemplate construction of the McCamey D to Kendall line using a route that parallels US Highway 277 and I-10 (MK33, MK32), or that parallels I-10 for any significant distance. All of the routes that parallel compatible right-of-way to any significant extent are unlike the almost straight-line, diagonal routes through the middle of the Hill Country that LCRA TSC originally proposed for this line, and instead are necessarily longer and therefore cost more than was estimated in the CTO Study.

