

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

Economic Impacts on Tourism & Conclusions



Individuals active in CVA have followed this process for almost two years. CVA appreciates the dedication and hard work in this case and the other CREZ cases put forward by the ALJs, Commission Staff, other parties, and the Commissioners. CVA understands that decisions in this process are not easy and that everyone is trying to do their best for the State of Texas, the Hill Country, affected landowners, and the ratepayers who ultimately will pay for this project.

As it reaches the end of the process after these many months, CVA takes this opportunity to state again the principles of its formation: **Site transmission lines along existing utility rights-of-way and highways rather than hacking corridors through pristine wilderness and ranch land and use monopoles instead of giant industrial lattice towers to minimize the visual impact on our scenic vistas. Route MK33 with construction above ground on Link Y11 best meets CVA's goals and, CVA believes, the needs of the State of Texas.**

ECONOMIC IMPACTS ON TOURISM AND CONCLUSIONS



the initial filing by LCRA of its 2700 page CCN kicks off the administrative proceedings

CVA presented a full case in this proceeding, including the testimony of affected landowners and experts knowledgeable in routing transmission lines, endangered species, natural resources, wildlife habitat, land use, land planning, ecotourism, oak wilt, monopoles, viewsapes, an aviation engineer, a civil engineer, and the Texas State Photographer. Its witnesses demonstrated that Route MK33 with construction above ground on Link Y11 best fulfills the criteria the Commission must consider under PURA and its Substantive Rules.

These exceptions stress the importance of the Hill Country and the reasons why the Commission should improve upon the ALJs' recommendation of Staff's MK15. CVA understands why Staff and the ALJs did not recommend the routes that require a greater initial investment and that they worked to balance costs with compatible routing priorities, environmental concerns, and compliance with the Commission's policy of prudent avoidance. The Commission is the appropriate body to perform this analysis and base its decision to improve the use of compatible rights-of-way for policy reasons as well as the other factors required by PURA and Commission rules.

The ALJs recommend Staff's MK15, which goes through Tierra Linda Ranch, but identified many reasons why the Commission could make the policy decision to continue to parallel I-10 and route the proposed line through the Kerrville area. The ALJs identified the use of monopoles as a policy decision appropriately left for the Commission to decide. CVA requests that the Commission make one or more policy decisions that will improve the Staff MK15 route and address CVA's and the Commission's concerns for the Hill Country: (1) order that the route follow Highway 277 and I-10 instead of including Links b84 and b86; (2) require LCRA TSC to construct Link Y11 below the south approach surface of the Kimble County Airport using structures that do not exceed 60 feet in height, rather than burying the line; (3) construct the line parallel to I-10 through Kerrville.



▲ ***recreation and tourism is what the Hill Country is all about, it's Texas' big backyard.***

CVA is not asking the Commission to spend money foolishly or wildly. CVA understands the importance of cost in the Commission's analysis. The Proposal for Decision is replete with instances in which the ALJs preferred Route MK32 or MK33 but stopped short of ultimately recommending one of those routes. It appears to CVA that the ALJs left it to the Commission to make the policy decisions to make the additional initial expenditures to parallel more compatible right-of-way in the Hill Country. Although the PFD is extensive and well prepared, the ALJs did not discuss one issue that was raised by several intervenors – tourism and the potential effect of the proposed transmission line on Hill Country tourism. CVA witness Dr. Nick Parker addressed tourism issues in his testimony, so CVA wishes to conclude by emphasizing that intangible issue as yet another reason why the Commission should maximize the use of compatible rights-of-way by utilizing Highway 277 and I-10 to the greatest extent possible.

Clear View presented significant and credible evidence showing the value of Hill Country tourism





Historic open rangeland in the western Edwards Plateau / Texas Hill Country

Dr. Parker explained that the Edwards Plateau, and especially the western part of the Hill Country, had no natural resources that were easily exploitable in a way that would alter the landscape. For example, the rocky, karst landscape is not attractive as farmland to be cultivated. The region has little to no oil deposits. It has no quantities of minerals to attract large-scale mining activity to alter the landscape. Rather, its greatest value is in the renewable natural resources and as rangeland. Beginning with the Native Americans and continuing with the arrival of the early Spanish inhabitants and the later influx of settlers in the mid- to late 1800's, the people who came to the Hill Country valued this land for its natural resources and as rangeland. Today, the greatest value derived by many ranches and businesses in the region is based on recreation and ecotourism. These sustainable activities are highly dependent upon a high-quality environment including unspoiled vistas.

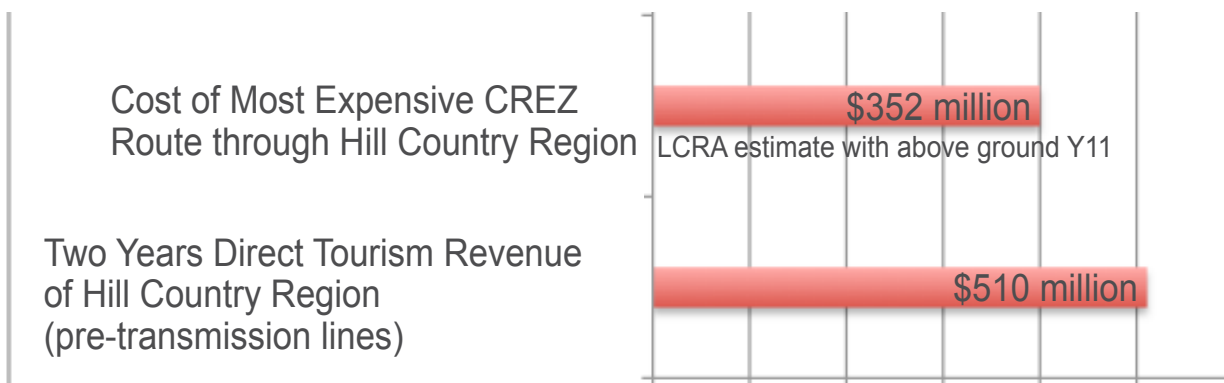


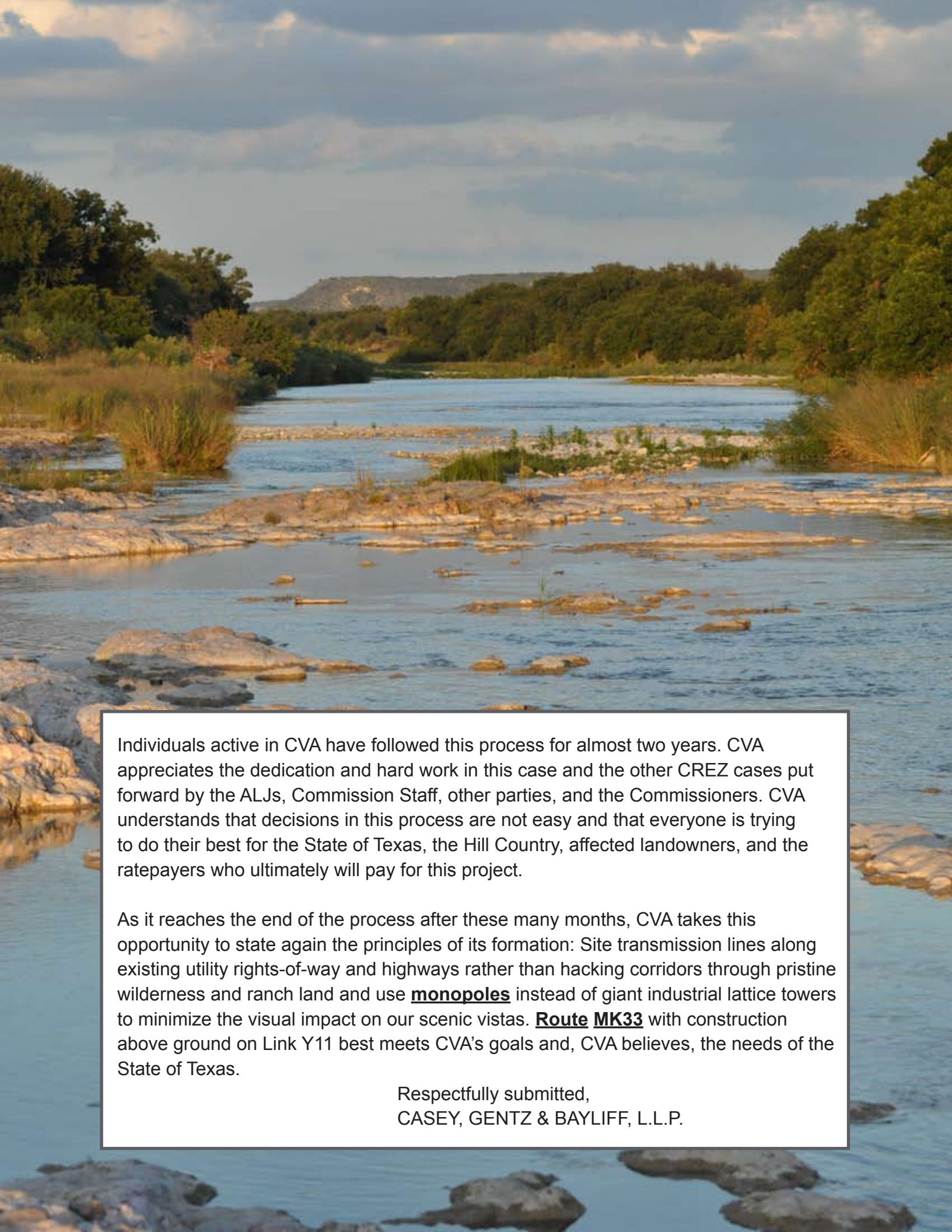
Dr. Parker testified that tourism is an important industry in Texas. Many parties expressed concerns about the possible impacts of transmission line on their local tourism revenues. A June 2010 report prepared for the Office of the Governor–Texas Economic Development and Tourism valued the gross domestic product (GDP) of the travel industry at \$22.4 billion in 2009. This value was exceeded only by oil and gas production and related manufacturing, as reported in the Texas Workforce Commission-2009 Q3 – Employment and Wages, Annual Survey of Manufacturers, 2008 as reported from www.governor.state.tx.us/ecodev. In 2008, 194 million domestic visitors traveled to and within Texas spending \$60.6 billion. That same year, the GDP for the travel industry was \$23.8 billion. For comparison, the 2007 market value of Agricultural production in Texas was \$12 billion. Revenue generated by direct spending for tourism in the eight counties of the project area was \$255.39 million in 2009. Revenue by county was as follows: Schleicher \$450,000. Sutton \$7,300,000. Menard \$2,420,000. Kimble \$14,850,000. Mason \$2,440,000. Gillespie \$76,890,000. Kerr \$85,000,000. Kendall \$66,040,000.



Dr. Parker testified that it is hard to place value on the vistas that may be lost, but those vistas are worth far more in the long run, and perhaps even in one year, than the full cost of this project. The value of tourism generated in two years in these eight counties would be greater than the most expensive route proposed. He acknowledged that not all of the tourist dollars will be lost, but cautioned that tourists are free to go elsewhere and many of them can be expected to do just that. The total cost of the Project is minor when compared to the value of the tourism industry in the affected counties in just one year. An important consideration in determining the route for this Project is to avoid jeopardizing this revenue source for the region.

Graph Comparison in Millions





Individuals active in CVA have followed this process for almost two years. CVA appreciates the dedication and hard work in this case and the other CREZ cases put forward by the ALJs, Commission Staff, other parties, and the Commissioners. CVA understands that decisions in this process are not easy and that everyone is trying to do their best for the State of Texas, the Hill Country, affected landowners, and the ratepayers who ultimately will pay for this project.

As it reaches the end of the process after these many months, CVA takes this opportunity to state again the principles of its formation: Site transmission lines along existing utility rights-of-way and highways rather than hacking corridors through pristine wilderness and ranch land and use **monopoles** instead of giant industrial lattice towers to minimize the visual impact on our scenic vistas. **Route MK33** with construction above ground on Link Y11 best meets CVA's goals and, CVA believes, the needs of the State of Texas.

Respectfully submitted,
CASEY, GENTZ & BAYLIFF, L.L.P.