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Public Utility Commission of Texas

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PUBLIC UTILITY COMMISSION
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August 26, 2010

Mr. H. B. "Trip" Doggett
President and Chief Executive Officer
ERCOT
7620 Metro Center Drive
Austin, Texas 78744

Dear Trip:

Thanks again for the good work recently performed by your staff in the re-evaluation of the Gillespie to Newton CREZ line. As you know, the Commission opened a new docket last Thursday so that we could receive all of ERCOT's work supporting its conclusions in this matter, as well as receive comments from any interested parties.

Recently, I received the attached letter from Chairman Fraser. As you can read for yourself, Senator Fraser asked me to ask ERCOT to perform an analysis (like the one you all did on the Gillespie to Newton line) to determine the continued need for the McCamey D to Kendall to Gillespie CREZ line. By way of this letter, I am asking that you perform such analysis with the following caveats;

First, do not consider upgrading existing transmission infrastructure that is presently contemplated by LCRA as a "route option" in CREZ Docket # 38354. For example, in Docket # 38354, LCRA has presented Routes MK 22, MK 23, and MK 24, (each of which uses "the P segments"). These "P segment" Routes would envision building a 345 KV line paralleling an existing AEP 138 KV transmission line, from Fredericksburg to Mason to Menard and then on to the proposed McCamey D substation. The landowners and other interested parties along this route (and all the other suggested routes) are presently litigating route selection at SOAH and I believe it would be inappropriate for ERCOT, by its analysis, to favor one route over any of the other potential routes that are part of that docket. Also, any analysis performed by ERCOT, (and the communication of that analysis), which incorporates routes options presently found in Docket # 38354, could be considered an inappropriate *ex parte* conversation.

Second, conduct your analysis with, and without, the inclusion of the NEXtera Energy privately owned "gentie". As you know, NEXtera has constructed a transmission line, known as the "Texas Clean Energy Express," that runs roughly from its wind farms in southwest Taylor County to the Kendall substation northwest of San Antonio. At this point, we do not know if NEXtera is willing to place the line into public service, or sell it to another transmission service

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provider who would place it into public service; nor do we know at what price NEXtera would be willing to sell the line. We also do not know if the specifications of the line, i.e., the height of the poles, the width of the right-of-way, the type of wire used, etc., meet ERCOT's transmission requirements. Therefore, I don't believe you can make an absolute assumption that this private line will be available for public use. Accordingly, run one analysis assuming the availability of the line and one analysis assuming that the line is not available.

Trip, I hope my directions in this matter are clear enough for ERCOT to proceed with its work. If you have any questions or comments, please contact me.

Sincerely

A handwritten signature in black ink, appearing to read 'B. Smitherman', with a stylized flourish at the end.

Barry T. Smitherman

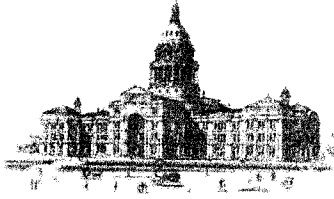
Cc:

Senator Troy Fraser

Commissioner Donna Nelson

Commissioner Kenneth W. Anderson, Jr.

The Senate of The State of Texas



TROY FRASER

August 19, 2010

Barry Smitherman, Chairman
Public Utility Commission
PO Box 13326
Austin, Texas 78711-3326

Dear Chairman:

I want to thank you for asking the Electric Reliability Council of Texas (ERCOT) to determine if the Gillespie to Newton Competitive Renewable Energy Zone (CREZ) project was still necessary. By taking another look at this project and finding alternatives, we have been able to reduce the cost the CREZ project to the ratepayers.

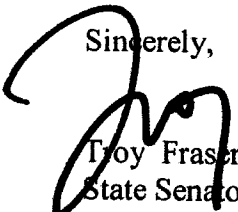
The proposed CREZ line running from McCamey D to Kendall to Gillespie continues to raise concerns among landowners and communities throughout the hill country. Even though many of my constituents are questioning the need for this transmission line, you have stated that this line helps alleviate current congestion problems and adds capacity for new generation.

However, I believe we owe it to the people potentially impacted by the McCamey D to Kendall to Gillespie line to look at all our options in this project. I am requesting the Public Utility Commission instruct ERCOT to review and consider alternatives to building a brand new line. One alternative may be the use of the recently built NextEra Gen-Tie line that runs between the Abilene area and Kendall County.

I continue to favor the use of existing rights of way and state highway rights of way in choosing routes. I was surprised that LCRA TSC submitted a proposal on the McCamey D to Kendall portion of the route that only used existing transmission and highway rights of way for one third of the project.

I understand that we must ensure that the electric grid continues to function efficiently. However, it is imperative that the state takes the time to get decisions right on how to achieve that goal.

Sincerely,


Troy Fraser
State Senator

