DOCKET NO. 35665

COMMISSION STAFF'S PETITION FOR THE SELECTION OF ENTITIES RESPONSIBLE FOR TRANSMISSION IMPROVEMENTS NECESSARY TO DELIVER RENEWABLE ENERGY FROM COMPETITIVE RENEWABLE ENERGY ZONES	§	**BEFORE THE**
	§	**PUBLIC UTILITY COMMISSION**
	§	**OF TEXAS**

JOINT CREZ TRANSMISSION PLAN OF:

AEP TEXAS CENTRAL COMPANY,
AEP TEXAS NORTH COMPANY,
ELECTRIC TRANSMISSION TEXAS, LLC,
LCRA TRANSMISSION SERVICES CORPORATION,
ONCOR ELECTRIC DELIVERY COMPANY LLC,
SHARYLAND UTILITIES, LP,
SOUTH TEXAS ELECTRIC COOPERATIVE AND
TEXAS-NEW MEXICO POWER COMPANY

SEPTEMBER 12, 2008

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SOUTH TEXAS ELECTRIC COOPERATIVE AND
TEXAS-NEW MEXICO POWER COMPANY

AEP Texas Central Company (TCC), AEP Texas North Company (TNC), Electric Transmission Texas, LLC (ETT), LCRA Transmission Services Corporation (LCRA TSC), Oncor Electric Delivery Company LLC (Oncor), Sharyland Utilities, LP (Sharyland), South Texas Electric Cooperative (STEC), and Texas-New Mexico Power Company (TNMP) (collectively the Joint Parties) file their CREZ Transmission Plan (CTP) pursuant to P.U.C. Substantive Rule 25.216.

I. OVERVIEW OF JOINT CREZ TRANSMISSION PLAN

On August 25, 2008, TCC, TNC, ETT, LCRA TSC, Oncor, Sharyland and STEC jointly filed their Updated Statements of Interest in this proceeding, offering the Commission a comprehensive, coordinated plan for prompt development of the Scenario 2 CREZ transmission facilities by established, experienced and sound ERCOT transmission providers. This filing

grew out of settlement discussions pursuant to the Commission's Order in the CREZ case, Docket No. 33672, which directed that settlement conferences be held to allow interested parties to develop a solution for implementing the CREZ transmission plan.

Since then, the filing parties have continued their settlement discussions and have reached an agreement with TNMP concerning assumption of responsibility for permitting, construction, and operation and maintenance of CREZ transmission facilities. Pursuant to that agreement, the Joint Parties hereby submit their CREZ Transmission Plan in this proceeding. By this filing, the Joint Parties express their willingness to assume responsibility for permitting, construction, and operation and maintenance of CREZ transmission facilities as reflected on Attachment A.

II. BENEFITS OF THE JOINT CREZ TRANSMISSION PLAN

The Joint Parties offer the Commission a CREZ Transmission Plan that will achieve the Commission's goals in this proceeding, namely to select transmission providers that the Commission can have confidence in to complete the CREZ transmission facilities as rapidly and efficiently as possible in the manner that is most beneficial and cost-effective to customers. This Joint CREZ Transmission Plan proposal combines the resources of ETT, a new entrant backed by AEP and MidAmerican Energy Holdings Company; Oncor, the largest transmission provider in Texas; Sharyland, another well-financed recent entrant that spearheaded the innovative Panhandle Loop proposal; TNMP, a long-established and experienced transmission provider; and LCRA TSC and STEC, two of the premier public power entities in the state. The Joint CREZ Transmission Plan is discussed in more detail in the attached direct testimony of Pat Wood, III, filed on behalf of the Joint Parties, and in the attached CTP and testimony of each of the Joint Parties.

Successful and timely completion of the CREZ transmission facilities presents an immense logistical challenge for the selected transmission providers and an immense regulatory challenge for the Commission. Much is at stake in getting the ambitious set of CREZ facilities selected by the Commission licensed and constructed quickly and efficiently. Wind developers have committed resources to Texas on an unprecedented scale. The state must deliver on its commitment to supply the transmission necessary to serve those resources.

The Joint Parties have demonstrated experience in engineering, permitting, constructing, financing, operating, and maintaining transmission facilities in ERCOT, have the resources and organizations in place to complete and operate the CREZ facilities, and commit to completing those tasks as expeditiously and cost-effectively as possible. The Joint Parties further agree to coordinate between them sequencing of facilities, development of right-of-way, location of end points, and other matters relating to development and operation of the facilities. The Joint Parties have effectively coordinated construction and operation of their existing transmission facilities, and the Commission can have confidence in their continued willingness and ability to do so as CREZ facilities are developed. The CTP contained in this filing is the only one the Commission will receive that credibly proposes to complete the CREZ facilities seamlessly and efficiently.

As discussed in more detail in this filing, many aspects of the Joint Parties' CREZ Transmission Plan set it apart from other proposals the Commission may receive:

- The Joint Parties' plan is coordinated so that the Commission will not have to resolve either overlapping claims to facilities or gaps where some facilities may not be covered by the selected transmission providers.

- As discussed below, the Joint Parties have developed a joint development plan for the CREZ facilities designed to increase the transfer capability from the CREZ zones as rapidly as possible and to complete the facilities by the end of 2012.

- The Joint Parties offer the Commission a wealth of experience working within the requirements of PURA, Commission rules, and ERCOT protocols and processes.

- The Joint Parties have existing organizations on the ground in ERCOT and will not experience the delays and start-up costs that other proposals may entail.

- The Joint Parties have solid financial backing to complete the CREZ transmission facilities without risky or novel financial arrangements untested under Texas law.

- The Commission can be confident that the Joint Parties will complete the CREZ facilities cost-effectively, but will not reduce costs below the level required for quality construction at the expense of increased operation and maintenance costs and reliability concerns later.

- The Joint Parties are committed to operating the CREZ transmission facilities for the long term, and do not intend to sell them to realize a quick return on their investment.

- The Joint Parties are committed to long-term relationships with the Commission, transmission customers, landowners, and other stakeholders.

- The Joint Parties have an established history of operating as transmission providers in ERCOT in accordance with codes of conduct and other legal requirements, so the Commission and market participants can be assured of impartial decisions without any conflict due to the interests of affiliated generation companies.

- The Joint Parties have an established record of working with landowners to minimize the challenges presented by routing and building transmission lines.

- The Joint Parties are familiar with existing constraints, generator interconnection requests, and the needs and abilities of the underlying transmission system to support the CREZ facilities.

- The Joint Parties have relationships in place in Texas with contractors for title work, routing analysis, aerial photography, material supply, construction and other services.

- Even before this filing, the Joint Parties have been actively working on measures to expedite the CREZ facilities, such as prompt assignment of responsibility for the priority facilities designated by the Commission and establishment of a process for designating transmission providers responsible for interconnection facilities.

- The Joint Parties have experience in ERCOT with technological innovations that can enhance system delivery capacity and stability, such as series compensation, static VAR compensators, and tension monitors.

Together, these benefits demonstrate that the Joint Parties' plan for completion of the CREZ facilities is better in many ways than any alternative that may be offered. These benefits

add up to one thing—certainty of plan execution that the Commission can count on to provide the most expeditious, beneficial and cost-effective completion of the CREZ facilities. The challenges in successfully completing the CREZ transmission improvements are complex and there is a great deal at stake. The Commission should select the plan that will get it done—the Joint Parties' proposal contained in this filing.

III. THE JOINT DEVELOPMENT PLAN

In addition to coordinating responsibility for the CREZ transmission facilities, the Joint Parties have worked together to develop a comprehensive joint development plan for the facilities. Oncor witness Charles Jenkins discusses this development plan in his direct testimony. The plan is designed to complete all of the CREZ facilities by the end of 2012, based on certain assumptions about the completion of CCN cases and other factors not entirely within the Joint Parties' control (e.g., inclement weather). Information concerning the joint development plan is contained in Attachment B.

The development plan's basic approach is for the Joint Parties to pursue all projects simultaneously, so that no project waits on another project or on availability of Joint Party resources. Within this framework the Joint Parties will be guided by certain principles that will allow higher-value projects to be developed more quickly, with the goal of increasing transfer capability from the CREZ zones as rapidly as possible. Those principles include:

- siting the CREZ substations as soon as possible, so that line routing can proceed promptly once TSPs are selected;
- beginning line routing activities such as aerial photography and landowner research before TSPs are selected for the CREZ transmission facilities, and beginning right-of-way and design activities before CCN approval when appropriate;
- by year-end 2010, completing all default projects (i.e., upgrades and modifications to existing facilities) that are expected to result in reduced congestion;

- promoting early completion of the priority facilities identified in the Commission's CREZ order by seeking early assignment of responsibility for those facilities and by expediting CCN preparation, right-of-way acquisition and engineering to the extent possible;

- coordinating completion of initial key continuous transmission paths from all CREZ in West Texas and the Panhandle to DFW and Central Texas load centers ; and

- working with ERCOT to define reactive compensation and other system enhancements to optimize the delivery capability and stability of the CREZ facilities.

Much can be done to expedite and enhance the CREZ transmission system, so that delivery capability is brought on line as rapidly as possible and is maximized upon final build out. The Joint Parties are committed to achieving these goals, and their joint development plan for the CREZ facilities is a significant component of their effort to expedite and optimize the CREZ transmission system.

IV. OUTLINE OF THE JOINT PARTIES' CREZ TRANSMISSION PLAN

The Joint Parties' CREZ Transmission Plan is organized as follows:

- Cover pleading
- Attachment A: Joint Parties' responsibility for CREZ transmission facilities
- Attachment B: Joint development plan information
- Direct Testimony of Pat Wood, III, on behalf of Joint Parties
- CREZ Transmission Plan filing, with direct testimony, of TNC, TCC and ETT
- CREZ Transmission Plan filing, with direct testimony, of LCRA TSC
- CREZ Transmission Plan filing, with direct testimony, of Sharyland
- CREZ Transmission Plan filing, with direct testimony, of STEC
- CREZ Transmission Plan filing, with direct testimony, of TNMP
- CREZ Transmission Plan filing, with direct testimony, of Oncor

V. CONCLUSION

The Joint Parties are committed to developing the CREZ facilities as promptly and efficiently as possible, and have presented this joint CREZ Transmission Plan that the Commission can have confidence in to achieve those goals. The individual and collective

strengths of the Joint Parties, as reflected in this filing, offer the Commission the plan for completion of the CREZ facilities that is most beneficial and cost-effective for customers.

Wherefore, the Joint Parties request that the Commission adopt their CREZ Transmission Plan in its entirety and grant such other and further relief to which they may be justly entitled.

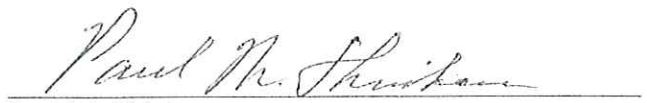
Respectfully submitted,

Jerry N. Huerta
AMERICAN ELECTRIC POWER
SERVICE CORPORATION
400 West 15th Street, Suite 1520
Austin, Texas 78701
(512) 481-4564 - Telephone
(512) 481-4591 - Facsimile

Kerry McGrath
Mark Held
CLARK, THOMAS & WINTERS,
A Professional Corporation
300 West 6th Street, 15th Floor
Austin, Texas 78701
(512) 472-8800 – Telephone
(512) 474-1129 – Facsimile

By: _____
Kerry McGrath
State Bar No. 13652200

ATTORNEYS FOR AEP TEXAS CENTRAL COMPANY, AEP TEXAS NORTH COMPANY, AND ELECTRIC TRANSMISSION TEXAS, LLC



Paul M. Shinkawa
State Bar No. 18266500
Associate General Counsel
Lower Colorado River Authority
P.O. Box 220
Austin, TX 78767-0220
(512) 473-4011 –Telephone
(512) 473-4010 – Facsimile

ATTORNEY FOR LCRA TRANSMISSION SERVICES CORPORATION

Allen Nye
State Bar No. 11970493
Brian Robison
State Bar No. 00794547
VINSON & ELKINS LLP
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, TX 75201
214-220-7700 – Telephone
214-999-7770 – Facsimile

ATTORNEYS FOR ONCOR ELECTRIC DELIVERY COMPANY LLC

Richard P. Noland
State Bar No. 15063500
James E. Guy
State Bar No. 24027061
Sutherland Asbill & Brennan LLP
701 Brazos Street, Suite 970
Austin, Texas 78701-2559
(512) 721-2700 –Telephone
(512) 721-2656 – Facsimile

ATTORNEYS FOR SHARYLAND UTILITIES, L.P.

Paul M. Shinkawa
State Bar No. 18266500
Associate General Counsel
Lower Colorado River Authority
P.O. Box 220
Austin, TX 78767-0220
(512) 473-4011 –Telephone
(512) 473-4010 – Facsimile

ATTORNEY FOR LCRA TRANSMISSION SERVICES CORPORATION

Allen Nye MCD w/permission

Allen Nye
State Bar No. 11970493
Brian Robison
State Bar No. 00794547
VINSON & ELKINS LLP
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, TX 75201
214-220-7700 – Telephone
214-999-7770 – Facsimile

ATTORNEYS FOR ONCOR ELECTRIC DELIVERY COMPANY LLC

Richard P. Noland
State Bar No. 15063500
James E. Guy
State Bar No. 24027061
Sutherland Asbill & Brennan LLP
701 Brazos Street, Suite 970
Austin, Texas 78701-2559
(512) 721-2700 –Telephone
(512) 721-2656 – Facsimile

ATTORNEYS FOR SHARYLAND UTILITIES, L.P.

Paul M. Shinkawa
State Bar No. 18266500
Associate General Counsel
Lower Colorado River Authority
P.O. Box 220
Austin, TX 78767-0220
(512) 473-4011 –Telephone
(512) 473-4010 – Facsimile

ATTORNEY FOR LCRA TRANSMISSION SERVICES CORPORATION

Allen Nye
State Bar No. 11970493
Brian Robison
State Bar No. 00794547
VINSON & ELKINS LLP
3700 Trammell Crow Center
2001 Ross Avenue
Dallas, TX 75201
214-220-7700 – Telephone
214-999-7770 – Facsimile

ATTORNEYS FOR ONCOR ELECTRIC DELIVERY COMPANY LLC

Richard P. Noland
State Bar No. 15063500
James E. Guy
State Bar No. 24027061
Sutherland Asbill & Brennan LLP
701 Brazos Street, Suite 970
Austin, Texas 78701-2559
(512) 721-2700 –Telephone
(512) 721-2656 – Facsimile

ATTORNEYS FOR SHARYLAND UTILITIES, L.P.

Jo Campbell
State Bar No. 03707800
P.O. Box 154415
Waco, Texas 76715
(254) 799-2978
(254) 799-2217 (facsimile)

ATTORNEY FOR SOUTH TEXAS ELECTRIC COOPERATIVE

Scott Seamster
State Bar No. 00784939
Corporate Counsel
225 E. John Carpenter Freeway, Suite 1500
Irving, Texas 75062-2282
(469) 484-8577
(469) 484-8033 (facsimile)

ATTORNEY FOR TEXAS-NEW MEXICO POWER COMPANY

Certificate of Service

I certify that a true and correct copy of the foregoing document was served on all parties of record on this 12th day of September, 2008.

Kerry McGrath

Jo Campbell
State Bar No. 03707800
P.O. Box 154415
Waco, Texas 76715
(254) 799-2978
(254) 799-2217 (facsimile)

ATTORNEY FOR SOUTH TEXAS ELECTRIC COOPERATIVE

Scott Seamster
State Bar No. 00784939
Corporate Counsel
225 E. John Carpenter Freeway, Suite 1500
Irving, Texas 75062-2282
(469) 484-8577
(469) 484-8033 (facsimile)

ATTORNEY FOR TEXAS-NEW MEXICO POWER COMPANY

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Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
100 MVAR Cap Bank on PanhandleA C	ETT			
100 MVAR Reactive Compensation on Central A	Oncor			
100 MVAR Reactive Compensation on Gillespie	LCRA TSC	LCRA TSC		
100 MVAR Reactive Compensation on McCamey D	ETT			
100 MVAR Reactive Compensation on Tesla	ETT			
150 MVAR Cap Bank on Tesla	ETT			
150 MVAR Reactive Compensation on Brown	Oncor			
150 MVAR Reactive Compensation on Central B	Oncor			
150 MVAR Reactive Compensation on Central C	Oncor			
200 MVAR Cap Bank on PanOakMid	ETT			
200 MVAR Reactive Compensation on PanOakMid	ETT			
300 MVAR Cap Bank on Oklaunion	AEP TNC	AEP TNC		
50 MVAR Cap Bank on PanhandleA D	Sharyland			
50 MVAR Reactive Compensation on PanhandleA B	Sharyland			
50 MVAR Reactive Compensation on PanhandleA C	ETT			
50 MVAR Reactive Compensation on PanhandleA D	Sharyland			
50 MVAR Reactive Compensation on PanhandleB B	Sharyland			

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Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
50% compensation on Central B to Willow Creek	ETT			
50% compensation on Central C to Navarro/Sam Switch	Oncor			
50% compensation on McCamey D to Kendall	ETT			
50% compensation on PanhandleA C to Tesla	ETT			
50% compensation on PanOakMid to Central C	ETT			
Add 138kV auto at Bandera		Default Owner		
Add 2 345kV autos at North McCamey	LCRA TSC	LCRA TSC		
Add 345kV auto at Eagle Mountain	Oncor	Oncor		
Add a 345kV auto at Gillespie	LCRA TSC	LCRA TSC		
Add a 345kV auto at Whitney		Default Owner		
Add second circuit to existing towers on Divide to Twin Butte	LCRA TSC	LCRA TSC	25.0	
⑤ Bluff Creek to Brown double circuit 345kV line	Joint: ETT/LCRA TSC		75.0	LCRA TSC constructs 21 miles of line from Brown Station
Bowman to Oklaunion double circuit 345kV line	ETT		37.0	
Brown 345kV station	Oncor			
Brown to Newton/Salado double circuit 345kV line (Two part project, as listed below)			50/88	
Brown to Newton/Killeen double circuit 345kV line	Oncor			
Killeen to Salado 345 kV line, add second circuit	Oncor	Oncor		

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Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
Central A to Central C double circuit 345kV line	Oncor		75.0	
Central A to Tonkawas double circuit 345kV line	Oncor		43.0	
Central A to West A double circuit 345kV line	Oncor		43.0	
Central B to Central A double circuit 345kV line	Oncor		12.0	
Central B to Willow Creek double circuit 345kV line	Joint: Oncor/ETT		168.0	Clear Crossing Switching Station
Central Bluff to Bluff Creek double circuit 345kV line	ETT		6.0	
Central C to Navarro/Sam Switch double circuit 345kV line	Oncor		168/148	
Central D to Divide single circuit, double circuit capable 345kV line	LCRA TSC		6.0	
Central E to Central D single circuit, double circuit capable 345kV line	Oncor		27.0	
Close the bus ties at North McCamey bus	LCRA TSC	LCRA TSC		
Eagle Mountain-Hicks-Alliance-Roanoke 345-kV line terminal equipment	Oncor	Oncor		
Gillespie 345kV station	LCRA TSC	LCRA TSC		
Gillespie to Newton single circuit, double circuit capable 345kV line	LCRA TSC		105.0	
Hicks 345kV station	Oncor			
Kendall to Gillespie single circuit, double circuit capable 345kV line	LCRA TSC		18.0	
Mason to Pittsburg 138kV line	LCRA TSC		18.0	
McCamey A to Odessa single circuit, double circuit capable 345kV line	LCRA TSC		50.0	

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Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
McCamey B to North McCamey 138kV line on existing structures	LCRA TSC	LCRA TSC	15.0	
McCamey C to McCamey A single circuit, double circuit capable 345kV line	LCRA TSC		12.0	
③ McCamey C to McCamey D single circuit, double circuit capable 345kV line	STEC		75.0	
④ McCamey D to Kendall double circuit 345kV line	LCRA TSC		137.0	
McCamey D to Twin Butte single circuit, double circuit capable 345kV line	LCRA TSC		31.0	
Navarro 345kV station	Oncor			
Newton 345kV station	Oncor			
Newton to Killeen 345kV line	Oncor		26.00	
Oklaunion to PanOakMid double circuit 345kV line	ETT		62.00	
Oklaunion to West Krum double circuit 345kV line	Joint: Oncor / TNMP		106.00	TNMP constructs 13 miles of line in Montague County
Open the Bradshaw to Winters 69kV line	AEP TNC	AEP TNC		
Open the Fort Stockton to Barilla 69kV line	AEP TNC	AEP TNC		
Open the Rock Springs to Friess Ranch 69kV line	AEP TCC AEP TNC	AEP TCC AEP TNC		
Open the Saps to Yellowjacket 138kV line	AEP TNC	AEP TNC		
Open the Seymour to Bomarton 69kV line	Oncor	Oncor		
PanhandleA A to PanhandleA B single circuit, double circuit capable 345kV line	Sharyland		25.0	
PanhandleA A to PanhandleA C single circuit, double circuit capable 345kV line	Sharyland		56.0	

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Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
PanhandleA B to PanhandleB A single circuit, double circuit capable 345kV line	Sharyland		60.0	
PanhandleA C to PanhandleA D double circuit 345kV line	Sharyland		56.0	
PanhandleA C to PanOakMid double circuit 345kV line	ETT		105.0	
PanhandleA D to Central B double circuit 345kV line	Sharyland		68.0	
PanhandleA D to PanOakMid double circuit 345kV line	ETT		37.0	
PanhandleB A to PanhandleA C double circuit 345kV line	ETT		56.0	
PanhandleB B to Oklaunion double circuit 345kV line	ETT		150.0	
PanhandleB B to PanhandleB A doulble circuit 345kV line	Sharyland		37.0	
PanOakMid 345kV station	ETT			
PanOakMid to Central C double circuit 345kV line	ETT		117.0	
Parker to Everman E 345kV line on existing structures	Oncor	Oncor	110.0	
Rebuild Jacksboro to Willow Creek 345kV as double circuit	Oncor	Oncor	18.0	
Rebuild Kendct to Kendal 138kV line	LCRA TSC	LCRA TSC	0.1	
Rebuild Raymond Barker to Verde Creek 138kV line	LCRA TSC	LCRA TSC	2.0	
Rebuild Sonora to Hamilton 138kV line	AEP TNC AEP TCC	AEP TNC AEP TCC	88.0	Existing Change of Ownership (Sutton / Edwards County Line)
Rebuild the Goldthwaite to Evant 138kV line	LCRA TSC	LCRA TSC		
Rebuild Verde Creek to Bandera		Default Owner	16.0	

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Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
Rebuild Willow Creek to Parker 345kV as double circuit	Oncor	Oncor	18.0	
Reconductor Bowman to Jacksboro 345kV line (Rebuild)	Oncor	Oncor	37.0	
Replace 345kV auto at Kendall	LCRA TSC	LCRA TSC		
Sam Switch 345kV station	Oncor			
Sweetwater to Central Bluff double circuit 345kV line	Oncor		25.0	
Tesla 345kV station	ETT			
Tonkawas to Sweetwater double circuit 345kV line	Oncor		18.0	
Twin Butte to Brown 345kV line on existing structures	Joint: Oncor/LCRA TSC	Oncor LCRA TSC	106.0	Existing Change of Ownership (Coleman / Brown County Line)
Upgrade Abliene South to Leon 138kV line	Joint: Oncor/AEP TNC	Oncor AEP TNC	66.0	Existing Change of Ownership
Upgrade terminal equipment on Abliene to Mulberry 138kV line	AEP TNC	AEP TNC		
Upgrade terminal equipment on both Singleton to Gibbons Creek 345kV lines		Default Owner		
Upgrade terminal equipment on Bowman to Fisher Road 345kV line	Oncor	Oncor		
Upgrade terminal equipment on Bowman to Graham 345kV line	Oncor	Oncor		
Upgrade terminal equipment on Morgan Creek to Twin Butte 345kV line	Oncor LCRA TSC	Oncor LCRA TSC		Oncor-Morgan Creek. LCRA TSC-Gasconades, Divide, Twin Buttes
Upgrade terminal equipment on Roanoke to Alliance 345kV line	Oncor	Oncor		
West A to Central D single circuit, double circuit capable 345kV line	Oncor		50.0	
West A to West C single circuit, double circuit capable 345kV line	Oncor		25.0	

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West B to Moss single circuit 138kV line	Oncor		6.0	
West C to Odessa single circuit, double circuit capable 345kV line	Oncor		43.0	
West Krum 345kV station	Oncor			
West Krum to Anna double circuit 345kV line	Oncor		43.0	
West Krum to Carrolton NW 345kV line on existing structures	Oncor	Oncor	60.0	
Willow Creek to Hicks double circuit 345kV line	Oncor		31.0	
① CRZ_West_A Collection Station and Collection Lines	Oncor			
① CRZ_West_B Collection Station and Collection Lines	Oncor			
① CRZ_West_C Collection Station and Collection Lines	Oncor			
① Cent_A Collection Station and Collection Lines	Oncor			
① Cent_B Collection Station and Collection Lines	Oncor			
① Cent_C Collection Station and Collection Lines	Oncor			
① Cent_D Collection Station and Collection Lines	Oncor			
① Cent_E Collection Station and Collection Lines	Oncor			
① Cent Bluff Collection Station and Collection Lines	ETT			
① McCamey_A Collection Station and Collection Lines	LCRA TSC	LCRA TSC		
① McCamey_B Collection Station and Collection Lines	LCRA TSC			

JOINT CREZ TRANSMISSION PLAN

AEP Texas Central Company (AEP TCC), AEP Texas North Company (AEP TNC), Electric Transmission Texas LLC (ETT), LCRA Transmission Services Corporation (LCRA TSC), Oncor Electric Delivery Company LLC (Oncor), Sharyland Utilities LP (Sharyland), and South Texas Electric Cooperative (STEC), Texas-New Mexico Power Company (TNMP)

Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
① McCamey_C Collection Station and Collection Lines	ETT			
① McCamey_D Collection Station and Collection Lines	ETT			
① Panhandle A_A Collection Station and Collection Lines	Sharyland			
① Panhandle A_B Collection Station and Collection Lines	Sharyland			
① Panhandle A_C Collection Station and Collection Lines	ETT			
① Panhandle A_D Collection Station	Sharyland			
① Panhandle A_D Collection Lines	Sharyland ETT			②
① Panhandle B_A Collection Station and Collection Lines	Sharyland			
① Panhandle B_B Collection Station and Collection Lines	Sharyland			

① Collection Stations and Lines are discussed in the ERCOT CREZ TOS (pgs. 9 & 19), the Collection Stations are illustrated on Scenario 2 map (Figure 5), and included on one-line diagrams (Appendix A), but neither Stations nor Lines are listed in Cost Calculations (Appendix B).

② Sharyland constructs the Panhandle A_D station and the collection lines to wind facilities west of the north-south 345 kV line. ETT constructs collection lines to wind facilities east of the north-south 345 kV line.

JOINT CREZ TRANSMISSION PLAN

AEP Texas Central Company (AEP TCC), AEP Texas North Company (AEP TNC), Electric Transmission Texas LLC (ETT), LCRA Transmission Services Corporation (LCRA TSC), Oncor Electric Delivery Company LLC (Oncor), Sharyland Utilities LP (Sharyland), and South Texas Electric Cooperative (STEC), Texas-New Mexico Power Company (TNMP)

Description of Scenario 2 CREZ Facility (ERCOT TOS)	Project Ownership	Default Subst.R. 25.216(d)	Total Miles (TOS Est.)	Location of Ownership Change
③ ETT will construct all future substations, switching stations, and collection stations on or near the transmission line between the McCamey C and McCamey D Collection Stations.				
④ ETT will construct all future substations, switching stations, and collection stations on or near the transmission line between the McCamey D Collection Station and Junction Texas; and LCRA will construct all future substations, switching stations, and collection stations on or near the transmission line between Junction Texas and the Kendall Station.				
⑤ ETT will construct all future substations, switching stations, and collection stations on or near the transmission line between the Bluff Creek and Brown Stations.				

Attachment A

Docket 35665

JOINT CREZ TRANSMISSION PLAN

ELECTRIC TRANSMISSION TEXAS LLC

LCRA TRANSMISSION SERVICES CORP.

ONCOR ELECTRIC DELIVERY COMPANY LLC

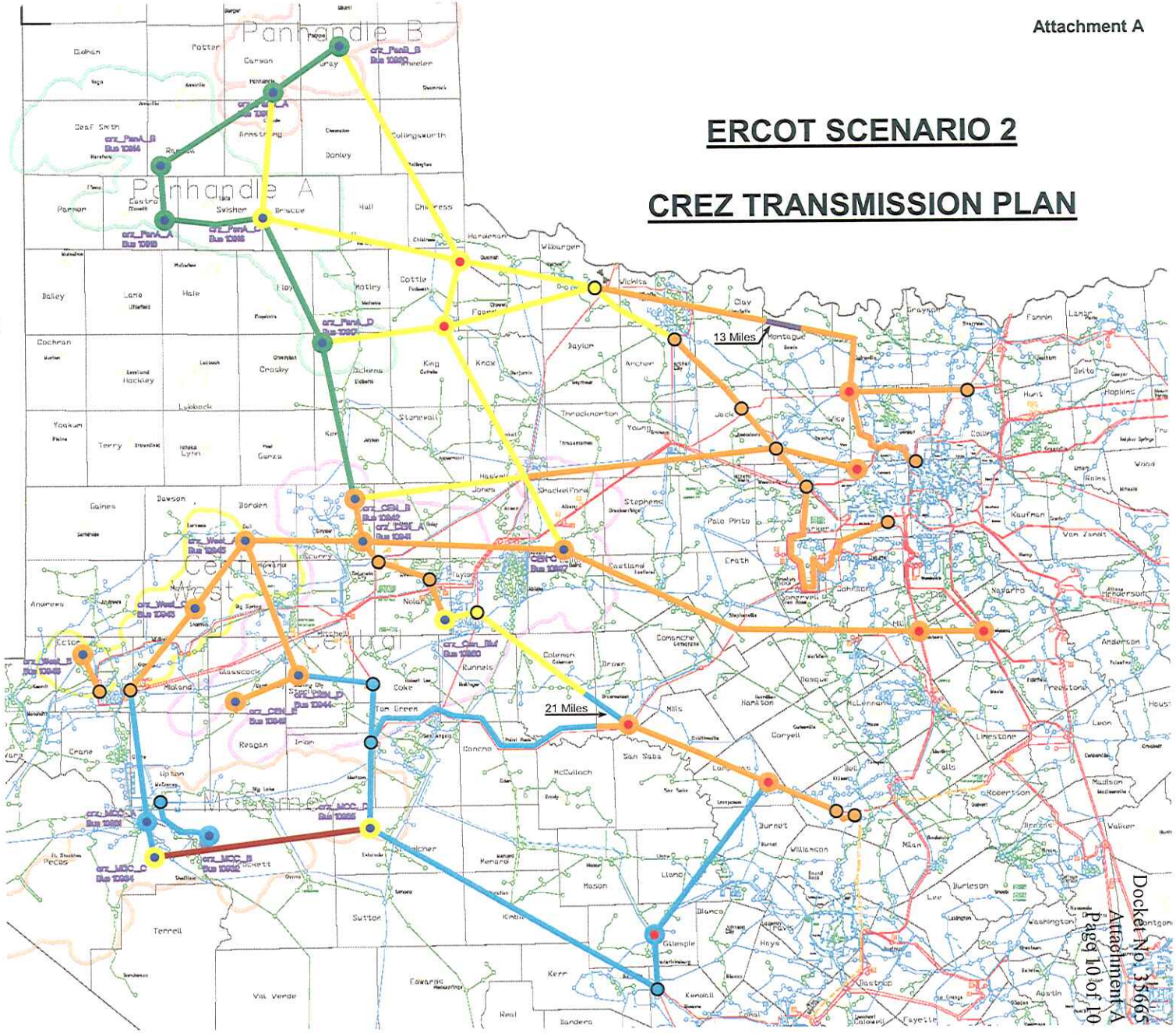
SHARYLAND UTILITIES LP

SOUTH TEXAS ELECTRIC COOPERATIVE

TEXAS-NEW MEXICO POWER CO.

ERCOT SCENARIO 2

CREZ TRANSMISSION PLAN



- ETT
- LCRA TSC
- Oncor
- Sharyland
- STEC
- TNMP
- Collection Stations
- New 345 kV Stations
- Existing Stations

09-12-08

50 Miles

Docket No. 35665
Attachment A
Page 10 of 10

CREZ TRANSMISSION

Joint Development Plan

ELECTRIC TRANSMISSION TEXAS LLC
LCRA TRANSMISSION SERVICES CORP.
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES LP
SOUTH TEXAS ELECTRIC COOPERATIVE
TEXAS-NEW MEXICO POWER COMPANY

Quarter

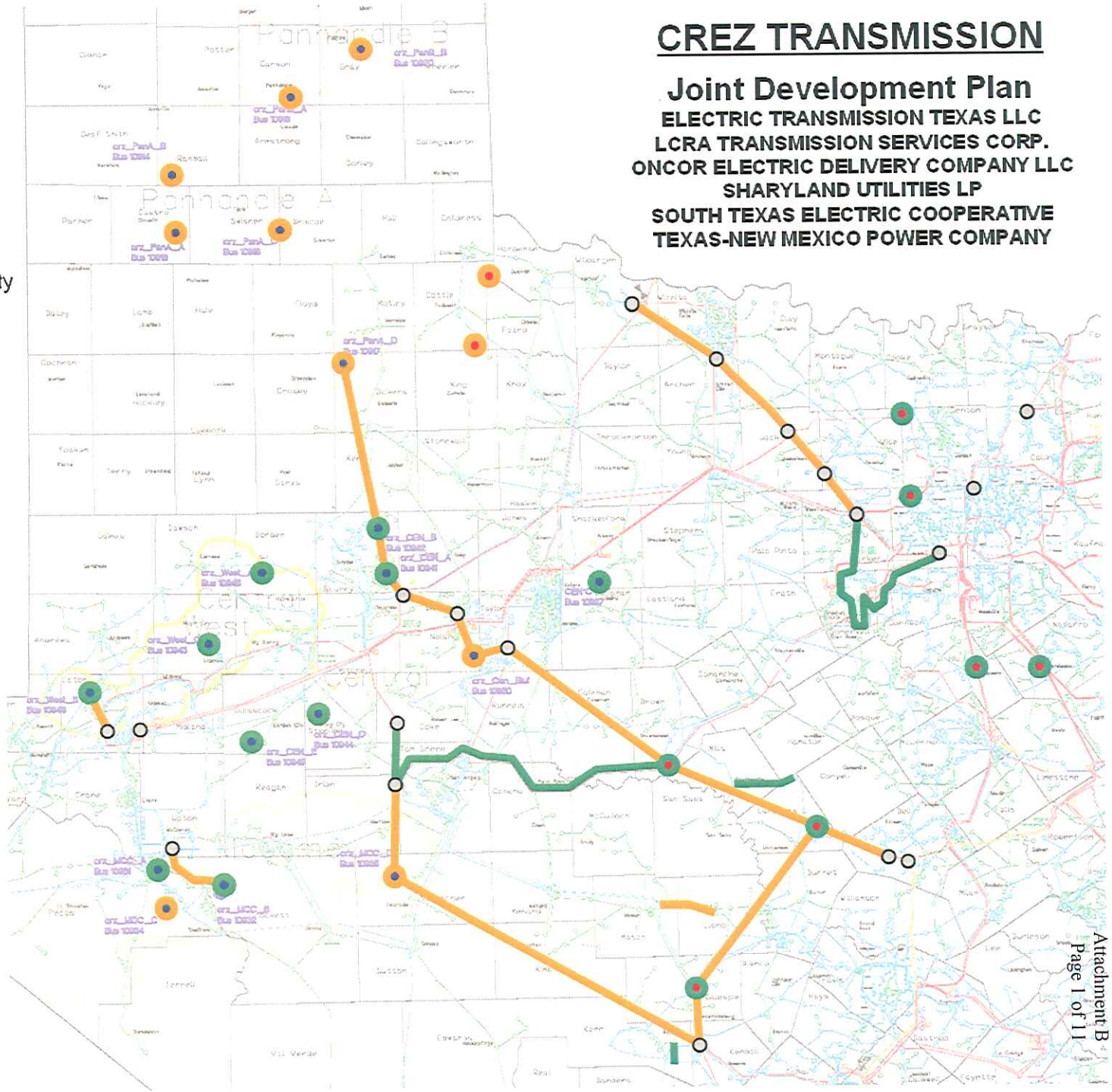
2008 3 4

PUC Designates TSPs

Identify locations of new stations

Prepare routing analysis and CCN applications for PUC-designated priority lines, default facilities where required, and uncontested CREZ lines

Begin engineering, design, and ROW work on default facilities and stations



Siting & CCN Process

Engineering & ROW

Construction

In Service

CREZ Line

345 kV Station

Collection Station

Existing Station

CREZ TRANSMISSION

Joint Development Plan

ELECTRIC TRANSMISSION TEXAS LLC
LCRA TRANSMISSION SERVICES CORP.
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES LP
SOUTH TEXAS ELECTRIC COOPERATIVE
TEXAS-NEW MEXICO POWER COMPANY

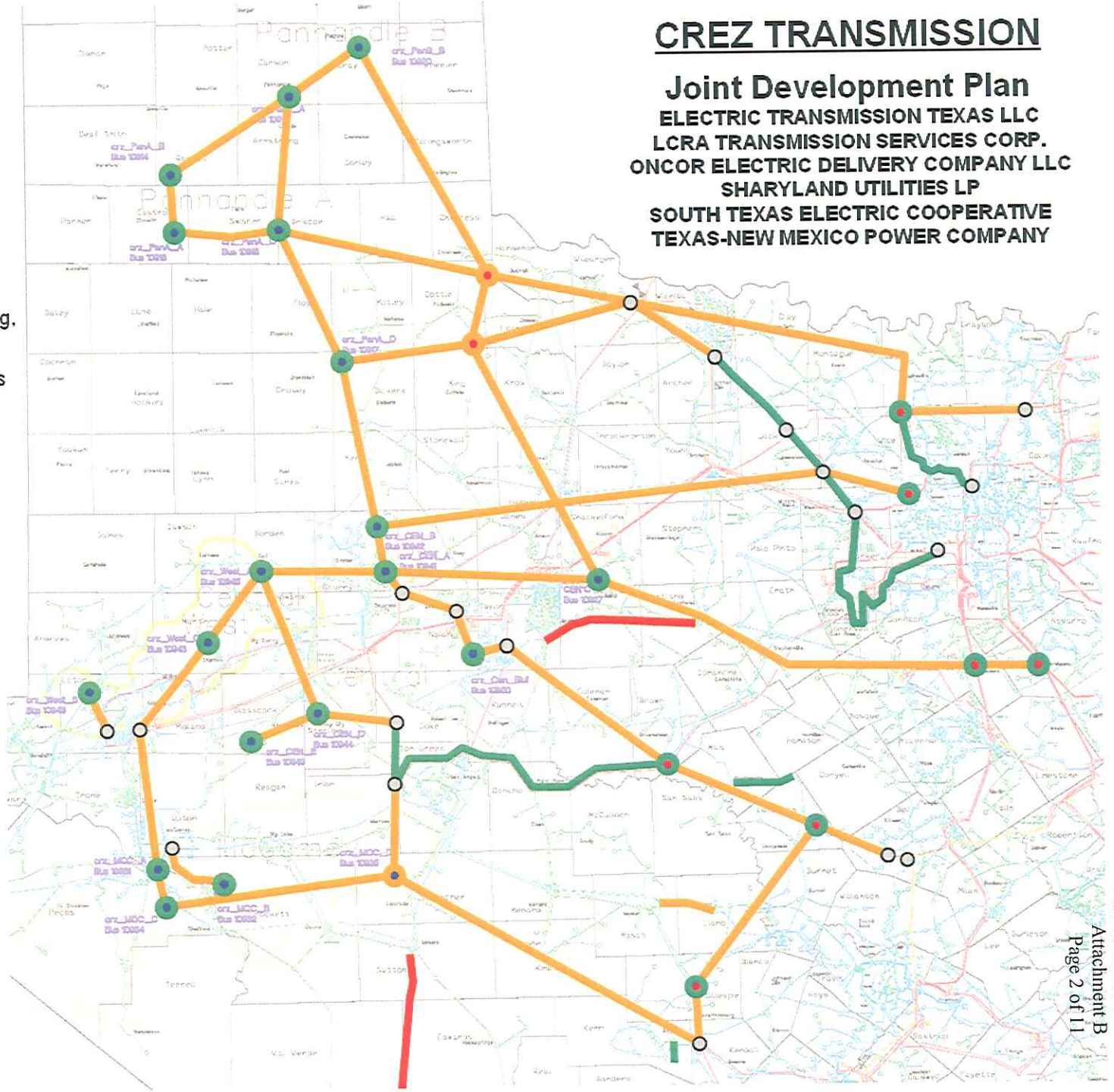
Quarter

2008 3 4
2009 1 2

PUC Designates TSPs

Continue CCN preparation, engineering, design, and ROW work

Construction begins on default facilities



Siting & CCN Process

Engineering & ROW

Construction

In Service

CREZ Line
345 kV Station
Collection Station
Existing Station

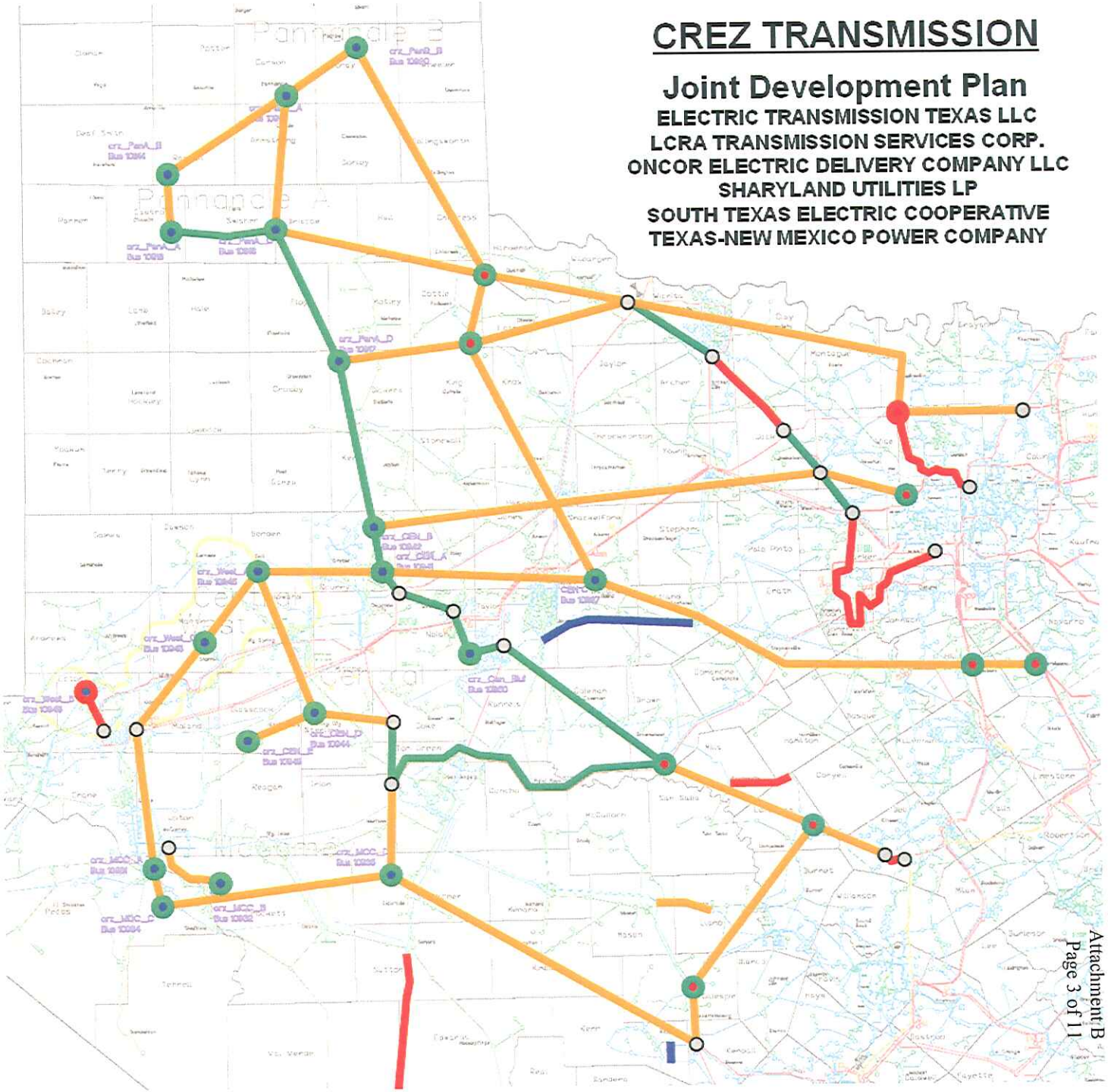
CREZ TRANSMISSION

Joint Development Plan

ELECTRIC TRANSMISSION TEXAS LLC
LCRA TRANSMISSION SERVICES CORP.
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES LP
SOUTH TEXAS ELECTRIC COOPERATIVE
TEXAS-NEW MEXICO POWER COMPANY

Quarter

2008
3
4
PUC Designates TSPs
2009
1
2
3
4
TSPs File CCN Apps
1
2010



CREZ TRANSMISSION

Joint Development Plan

ELECTRIC TRANSMISSION TEXAS LLC
LCRA TRANSMISSION SERVICES CORP.
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES LP
SOUTH TEXAS ELECTRIC COOPERATIVE
TEXAS-NEW MEXICO POWER COMPANY

Quarter

2008 3, 4
2009 1, 2, 3, 4
2010 1, 2, 3

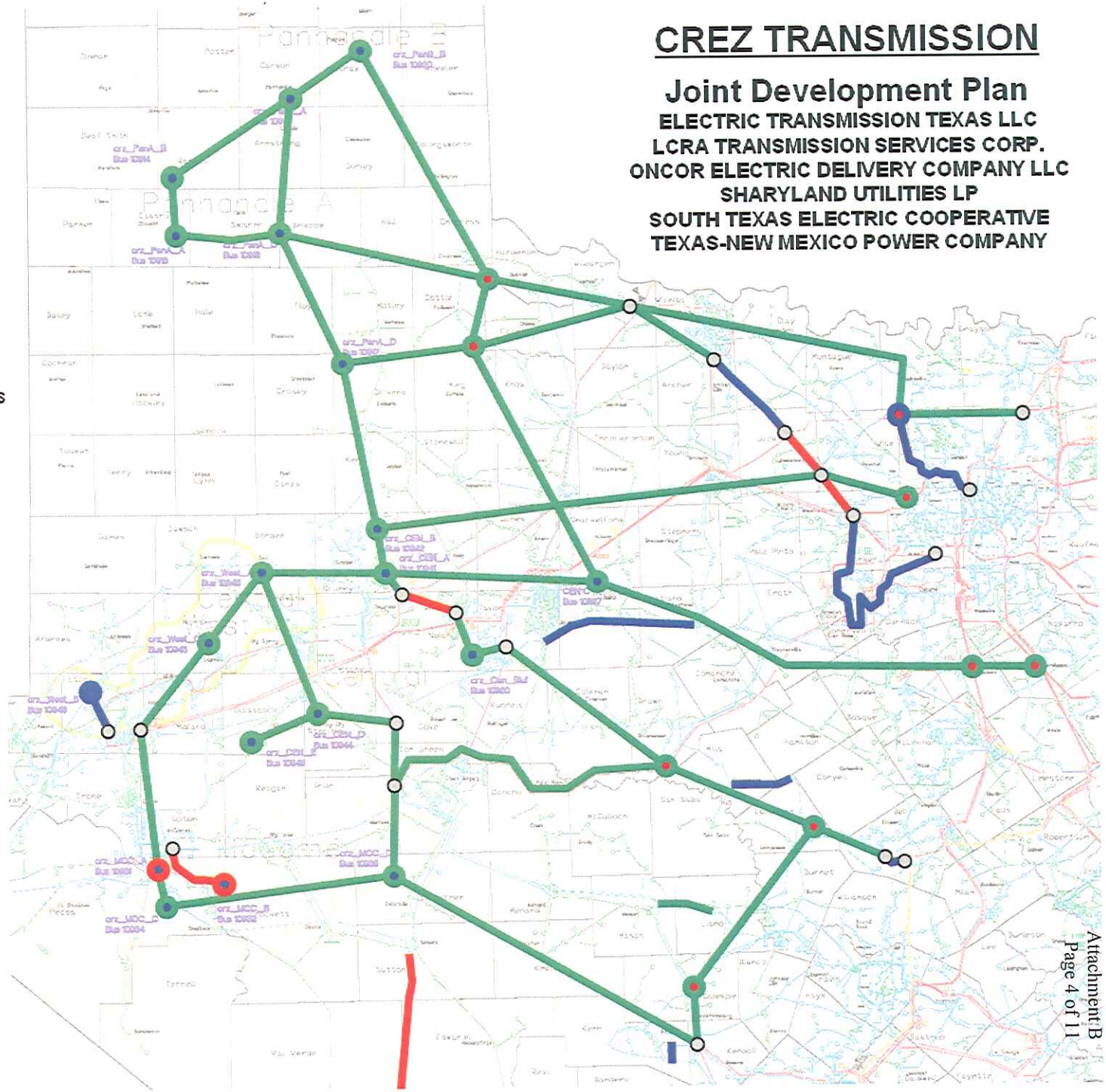
PUC Designates TSPs

TSPs File CCN Apps

PUC Approves CCNs

Engineering and design on CREZ lines begins during CCN process

Some facilities are completed



CREZ TRANSMISSION

Joint Development Plan

ELECTRIC TRANSMISSION TEXAS LLC
LCRA TRANSMISSION SERVICES CORP.
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES LP
SOUTH TEXAS ELECTRIC COOPERATIVE
TEXAS-NEW MEXICO POWER COMPANY

Quarter

2008 3, 4
2009 1, 2, 3, 4
2010 1, 2, 3, 4
2011 1, 2

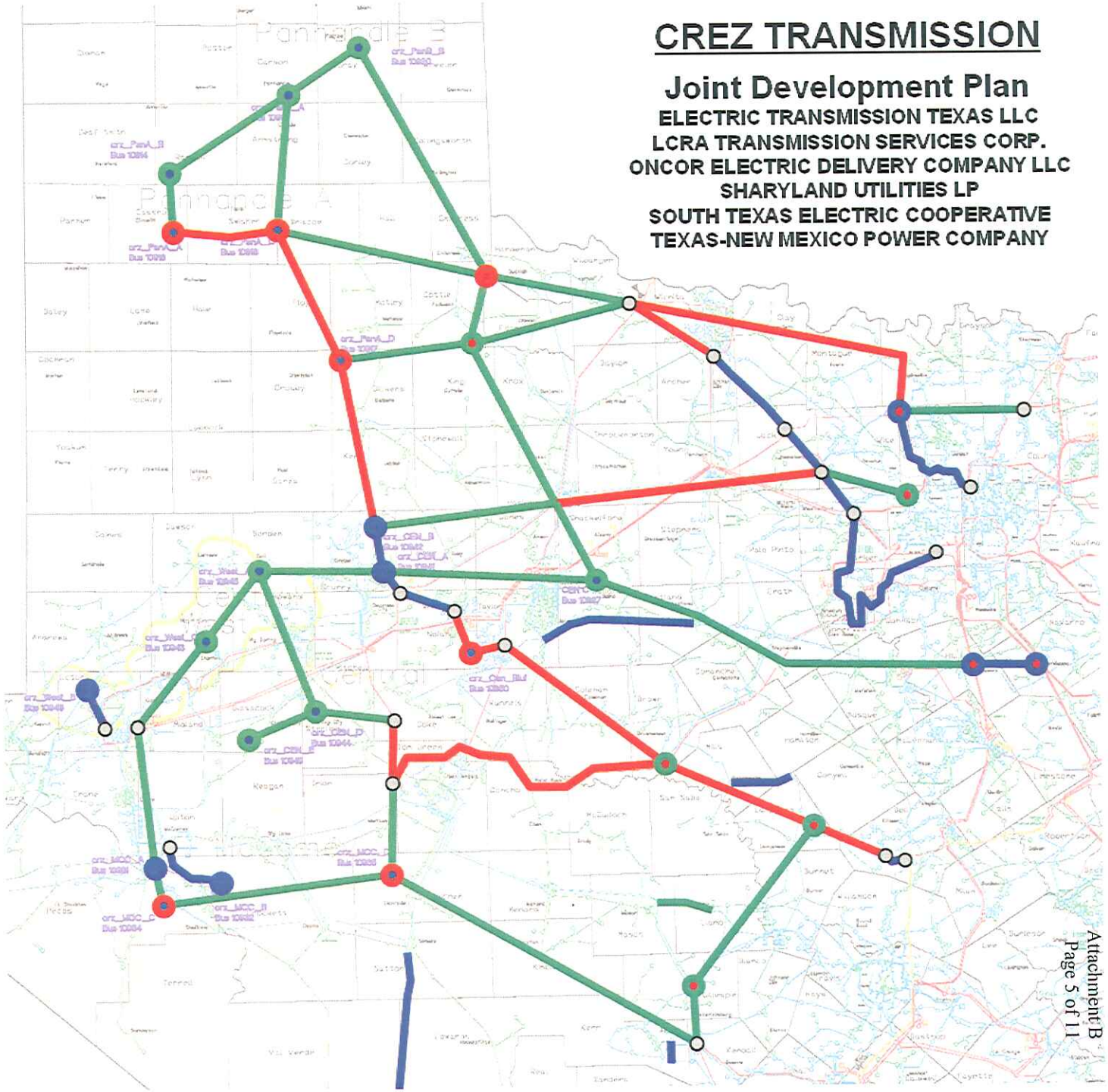
PUC Designates TSPs

TSPs File CCN Apps

PUC Approves CCNs

Extensive construction activities

More facilities are completed



CREZ TRANSMISSION

Joint Development Plan

ELECTRIC TRANSMISSION TEXAS LLC
LCRA TRANSMISSION SERVICES CORP.
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES LP
SOUTH TEXAS ELECTRIC COOPERATIVE
TEXAS-NEW MEXICO POWER COMPANY

Quarter

2008 3 4
2009 1 2 3 4
2010 1 2 3 4
2011 1 2 3 4
2012 1

PUC Designates TSPs

TSPs File CCN Apps

PUC Approves CCNs

Construction on virtually all facilities

Many projects are completed

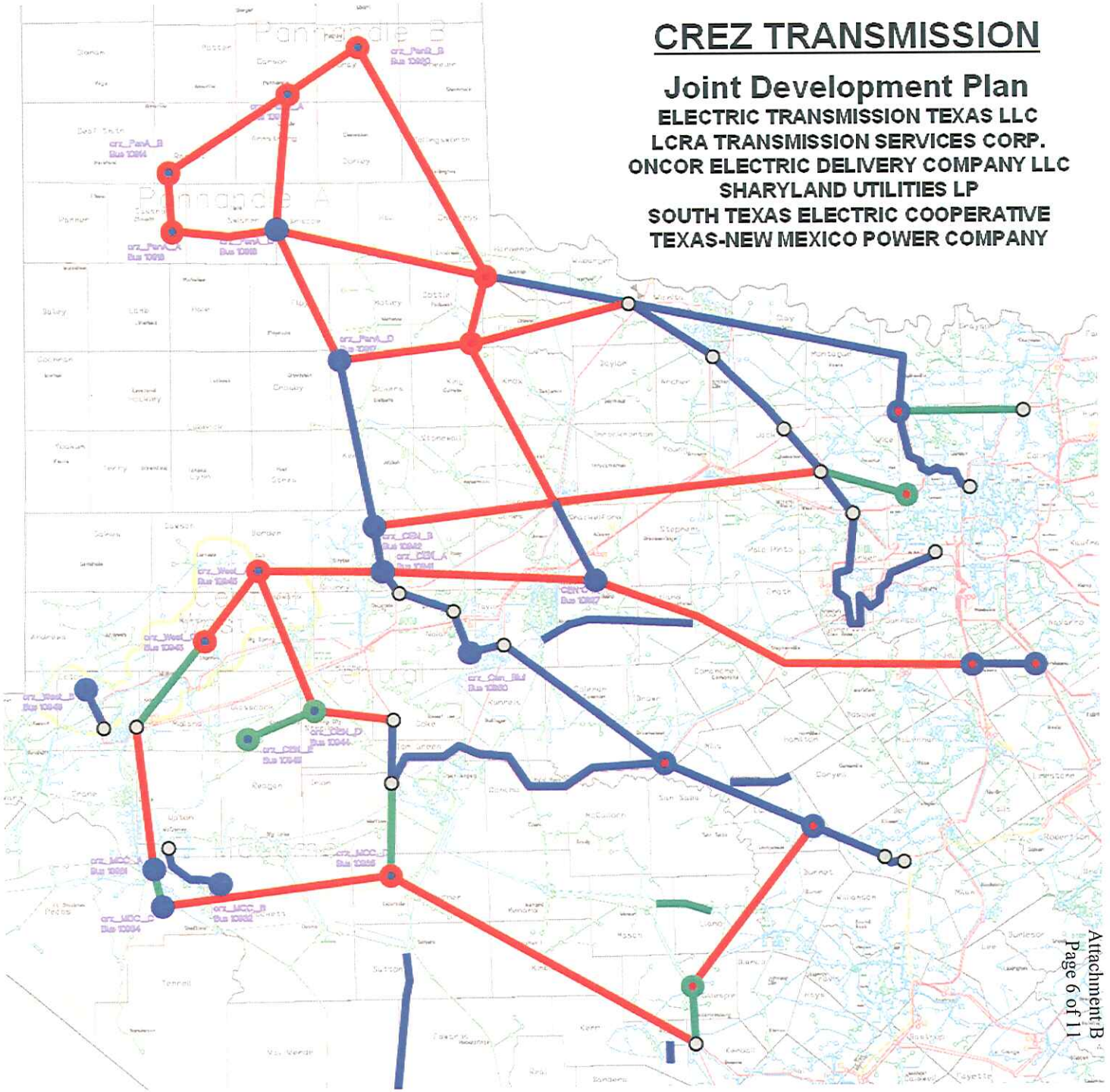
Siting & CCN Process

Engineering & ROW

Construction

In Service

CREZ Line
345 kV Station
Collection Station
Existing Station



CREZ TRANSMISSION

Joint Development Plan

ELECTRIC TRANSMISSION TEXAS LLC
LCRA TRANSMISSION SERVICES CORP.
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES LP
SOUTH TEXAS ELECTRIC COOPERATIVE
TEXAS-NEW MEXICO POWER COMPANY

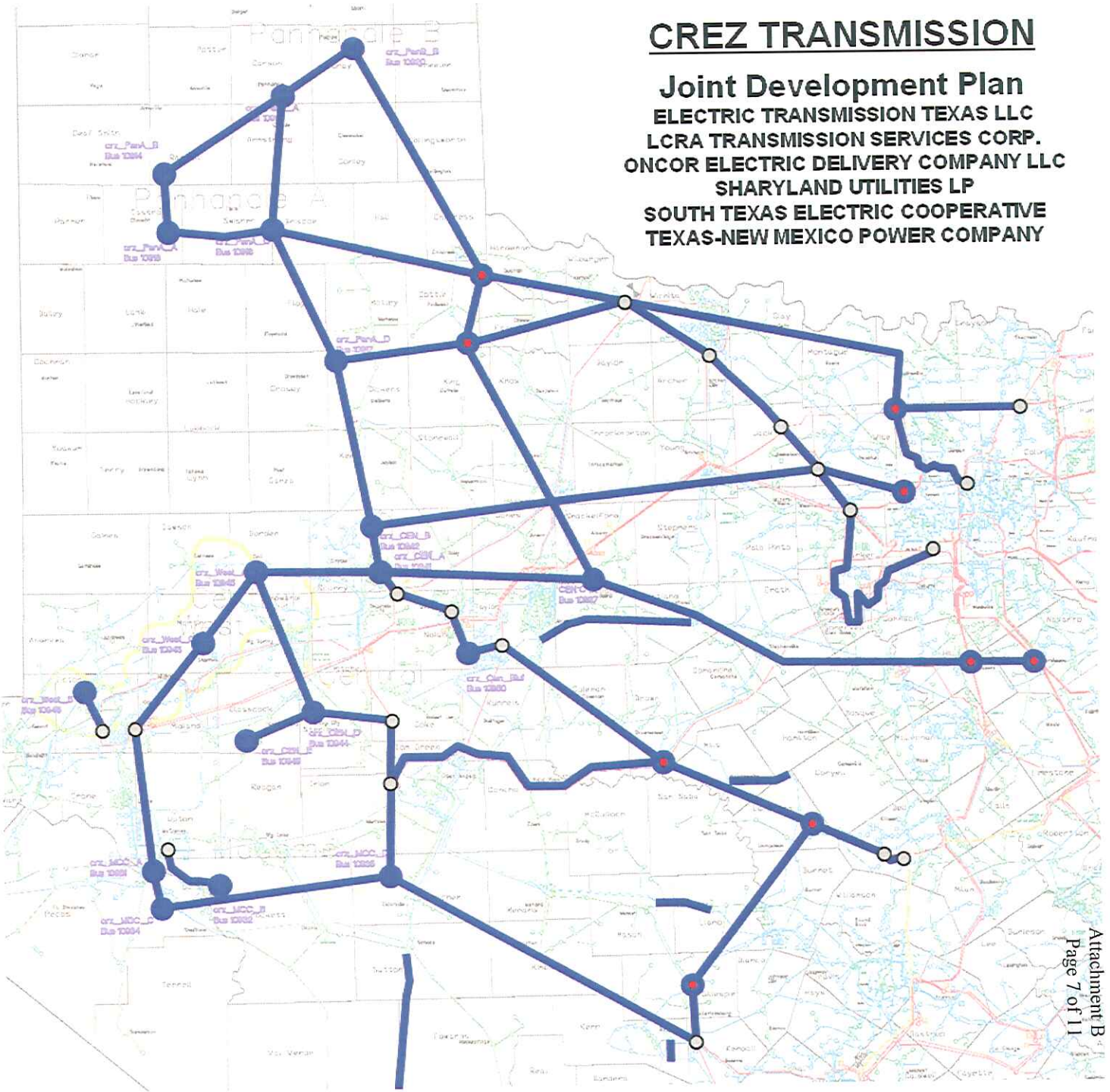
Quarter

2008	3	
	4	PUC Designates TSPs
2009	1	
	2	
	3	
	4	TSPs File CCN Apps
2010	1	
	2	PUC Approves CCNs
	3	
	4	
2011	1	
	2	
	3	
	4	
2012	1	
	2	
	3	
	4	

CREZ construction is completed

Siting & CCN Process
Engineering & ROW
Construction
In Service

CREZ Line
345 kV Station
Collection Station
Existing Station



JOINT DEVELOPMENT PLAN

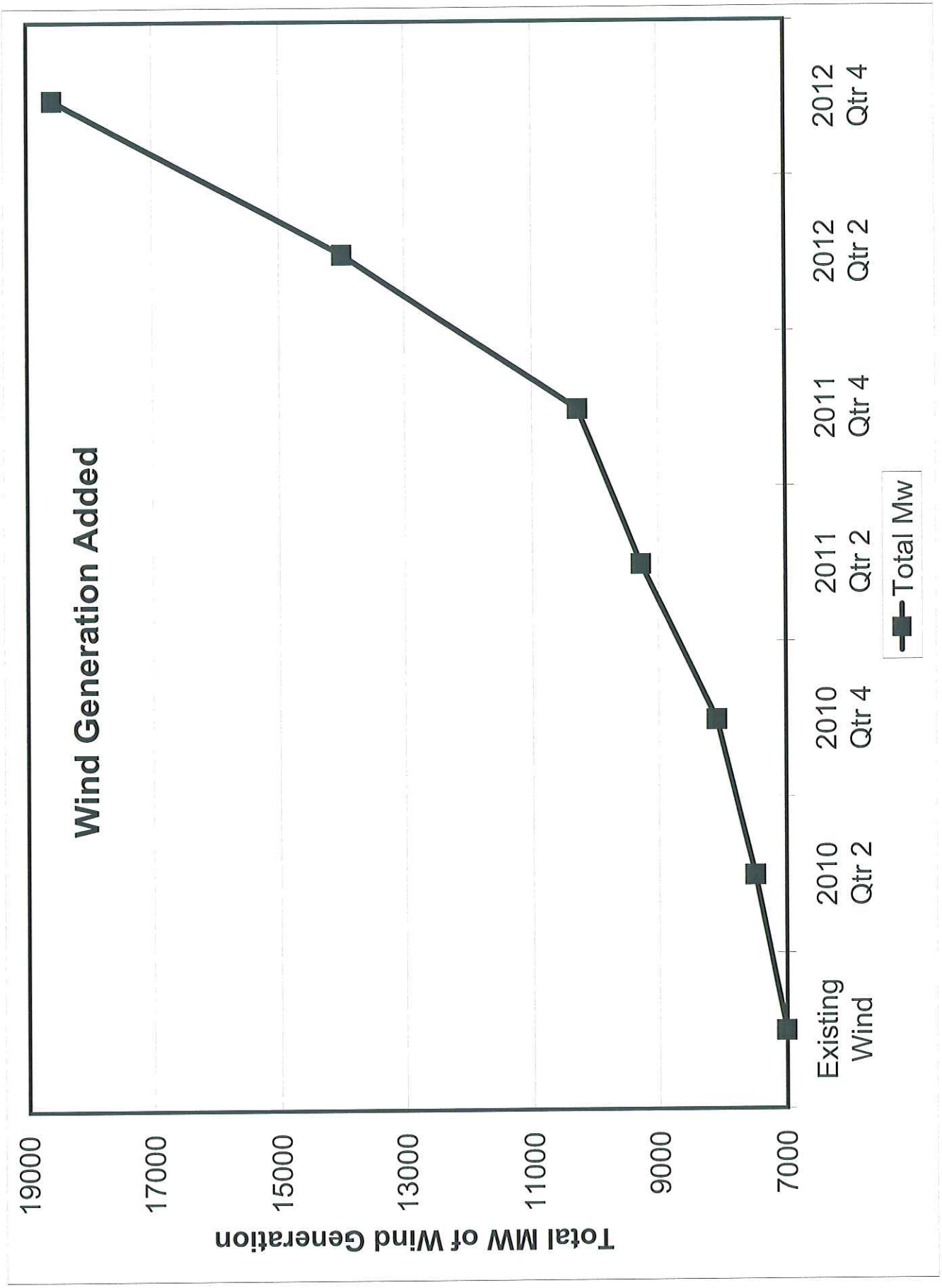
CREZ Facility	TSP	Begin Siting & CCN Preperation		Begin Eng & ROW Acquisition		Begin Construction		In-Service Date	
		Year	Qtr	Year	Qtr	Year	Qtr	Year	Qtr
300 MVAR Cap Bank on Oklaunion	AEP TNC	2008	3	2011	3	2011	3	2011	3
Upgrade Abilene South to Leon 138kV line (AEP TNC portion)	AEP TNC	2008	3	2009	1	2009	1	2010	2
Upgrade terminal equipment on Abilene to Mulberry 138kV line	AEP TNC	2008	3	2009	1	2009	1	2009	4
Rebuild Sonora to Hamilton 138kV line	AEP TNC & TCC	2008	3	2009	1	2009	1	2010	4
100 MVAR Cap Bank on PanhandleA C	ETT	2008	3	2009	2	2011	3	2012	1
100 MVAR Reactive Compensation on McCamey D	ETT	2008	3	2009	3	2011	4	2012	2
100 MVAR Reactive Compensation on Tesla	ETT	2008	3	2009	3	2011	4	2012	2
150 MVAR Cap Bank on Tesla	ETT	2008	3	2009	3	2011	4	2012	2
200 MVAR Cap Bank on PanOakMid	ETT	2008	3	2009	4	2012	1	2012	3
200 MVAR Reactive Compensation on PanOakMid	ETT	2008	3	2009	4	2012	1	2012	3
50 MVAR Reactive Compensation on PanhandleA C	ETT	2008	3	2009	2	2011	3	2012	1
50% compensation on Central B to Willow Creek	ETT	2008	3	2009	1	2011	2	2012	4
50% compensation on McCamey D to Kendall	ETT	2008	3	2009	3	2012	1	2012	3
50% compensation on PanhandleA C to Tesla	ETT	2008	3	2009	3	2011	4	2012	2
50% compensation on PanOakMid to Central C	ETT	2008	3	2009	4	2012	1	2012	3
Bluff Creek to Brown double circuit 345kV line (ETT portion)	ETT	2008	3	2010	1	2011	1	2011	4
Bowman to Oklaunion double circuit	ETT	2008	3	2010	1	2011	1	2011	3
Central B to Willow Creek double circuit 345kV line (Central B to Clear Crossing portion)	ETT	2009	1	2010	2	2012	1	2012	4
Central Bluff	ETT	2008	3	2009	1	2010	4	2011	4
Central Bluff to Bluff Creek double circuit 345kV line	ETT	2008	3	2010	1	2011	2	2011	4
McCamey C	ETT	2008	3	2009	2	2011	1	2012	1
McCamey D	ETT	2008	3	2009	3	2011	2	2012	2
Oklaunion to PanOakMid double circuit 345kV	ETT	2009	1	2010	2	2011	3	2012	4
PanhandleA C	ETT	2008	3	2009	2	2011	1	2012	1
PanhandleA C to PanOakMid double circuit 345kV line (PanhandleA C to Tesla portion)	ETT	2009	1	2010	2	2011	3	2012	2
PanhandleA C to PanOakMid double circuit 345kV line (Tesla to PanOakMid portion	ETT	2009	1	2010	2	2011	3	2012	3
PanhandleA D to PanOakMid double circuit 345kV line	ETT	2009	1	2010	2	2011	3	2012	3
PanhandleB A to PanhandleA C double circuit 345kV line	ETT	2009	1	2010	2	2012	1	2012	4
PanhandleB B to Oklaunion double circuit 345kV line (PanhandleB B to Tesla portion)	ETT	2009	1	2010	2	2011	3	2012	2
PanhandleB B to Oklaunion double circuit 345kV line (Tesla to Oklaunion portion)	ETT	2009	1	2010	2	2011	3	2012	1
PanOakMid 345kV station	ETT	2008	3	2009	4	2011	3	2012	3
PanOakMid to Central C double circuit 345kV line (Clear Crossing to Central C portion)	ETT	2009	1	2010	2	2011	3	2012	1
PanOakMid to Central C double circuit 345kV line (PanOakMid to Clear Crossing portion)	ETT	2009	1	2010	2	2011	3	2012	3
Tesla 345kV station	ETT	2008	3	2009	3	2011	2	2012	2
100 MVAR Reactive Compensation on Gillespie	LCRA TSC	2008	3	2008	4	2012	2	2012	4
Add 2 345kV autos at McCamey North	LCRA TSC	2008	3	2008	4	2012	1	2012	4
Add a 345kV auto at Gillespie	LCRA TSC	2008	3	2008	4	2012	2	2012	4
Add second circuit to existing towers on Divide to Twin Butte	LCRA TSC	2008	3	2008	4	2011	2	2011	3
Add second circuit to existing towers on Twin Butte to Brown 345kV line (LCRA TSC portion)	LCRA TSC	2008	3	2008	4	2011	1	2011	3
Bluff Creek to Brown double circuit 345kV line (LCRA TSC portion)	LCRA TSC	2008	3	2010	2	2011	1	2011	4
Central D to Divide single circuit, double circuit capable 345kV line	LCRA TSC	2009	1	2010	2	2012	1	2012	2
Gillespie 345kV station	LCRA TSC	2008	3	2008	4	2012	2	2012	4

JOINT DEVELOPMENT PLAN

CREZ Facility	TSP	Begin Siting & CCN Preperation		Begin Eng & ROW Acquisition		Begin Construction		In-Service Date	
		Year	Qtr	Year	Qtr	Year	Qtr	Year	Qtr
Gillespie to Newton single circuit, double circuit capable 345kV line	LCRA TSC	2008	3	2010	2	2011	4	2012	4
Kendall to Gillespie single circuit, double circuit capable 345kV line	LCRA TSC	2008	3	2010	2	2012	2	2012	4
Mason to Pittsburg 138 kV line	LCRA TSC	2008	3	2010	2	2012	2	2012	4
McCamey A	LCRA TSC	2008	3	2008	4	2010	3	2010	4
McCamey A to Odessa single circuit, double circuit capable 345kV line	LCRA TSC	2009	1	2010	2	2011	4	2012	4
McCamey B	LCRA TSC	2008	3	2008	4	2010	3	2010	4
McCamey B to North McCamey 138kV line on existing structures (North McCamey-West Yates)	LCRA TSC	2008	3	2010	2	2010	3	2010	4
McCamey C to McCamey A single circuit, double circuit capable 345kV line	LCRA TSC	2009	1	2010	2	2012	2	2012	4
McCamey D to Kendall double circuit capable 345kV line	LCRA TSC	2008	3	2010	2	2011	4	2012	4
McCamey D to Twin Butte single circuit, double circuit capable 345kV line	LCRA TSC	2008	3	2010	2	2012	2	2012	4
Rebuild Goldthwaite to Evant 138kV line	LCRA TSC	2008	3	2008	4	2009	4	2010	2
Rebuild Kendct to Kendal 138kV line	LCRA TSC	2008	3	2008	4	2012	3	2012	4
Rebuild Raymond Barker to Verde Creek 138kV line	LCRA TSC	2008	3	2008	4	2009	4	2009	4
Replace 345kV auto at Kendall	LCRA TSC	2008	3	2008	4	2012	2	2012	4
100 MVAR Reactive Compensation on Central A	Oncor	2008	3	2008	4	2010	4	2011	2
150 MVAR Reactive Compensation on Brown	Oncor	2008	3	2008	4	2011	3	2011	4
150 MVAR Reactive Compensation on Central B	Oncor	2008	3	2008	4	2010	4	2011	2
150 MVAR Reactive Compensation on Central C	Oncor	2008	3	2008	4	2011	4	2012	1
50% compensation on Central C to Navarro/Sam Switch	Oncor	2008	3	2008	4	2012	2	2012	4
Add 345kV auto at Eagle Mountain	Oncor	2008	3	2009	1	2009	3	2009	4
Add second circuit to existing towers on Killeen to Salado 345kV line	Oncor	2008	3	2009	3	2010	1	2010	2
Add second circuit to existing towers on Parker to Everman E 345kV line	Oncor	2008	3	2008	3	2009	3	2010	2
Add second circuit to existing towers on Twin Butte to Brown 345kV line (Oncor portion)	Oncor	2008	3	2010	3	2011	4	2011	4
Add second circuit to existing towers on West Krum to Carrolton NW 345kV line	Oncor	2008	3	2009	2	2010	1	2010	2
Brown 345kV station	Oncor	2008	3	2008	4	2011	3	2011	4
Brown to Newton/Salado double circuit 345kV line	Oncor	2008	3	2010	2	2010	4	2011	4
Central A	Oncor	2008	3	2008	4	2010	4	2011	2
Central A to Central C double circuit 345kV line	Oncor	2009	1	2010	3	2012	1	2012	4
Central A to Tonkawas double circuit 345kV line	Oncor	2008	3	2010	1	2011	1	2011	2
Central A to West A double circuit 345kV line	Oncor	2009	1	2010	3	2012	1	2012	2
Central B	Oncor	2008	3	2008	4	2010	4	2011	2
Central B to Central A double circuit 345kV line	Oncor	2008	3	2010	1	2011	1	2011	2
Central B to Willow Creek double circuit 345kV line (Clear Crossing to Willow Creek portion)	Oncor	2009	1	2010	3	2011	1	2012	2
Central C	Oncor	2008	3	2008	4	2011	4	2012	1
Central C to Navarro/Sam Switch double circuit 345 kV line	Oncor	2009	1	2010	3	2011	3	2012	4
Central C to Navarro/Sam Switch double circuit 345 kV line (Navarro to Sam Switch portion)	Oncor	2009	1	2010	2	2011	1	2011	2
Central D	Oncor	2008	3	2008	4	2011	4	2012	2
Central E	Oncor	2008	3	2008	4	2012	3	2012	4
Central E to Central D single circuit, double circuit capable 345kV line	Oncor	2009	1	2010	3	2012	3	2012	4
Hicks 345kV station	Oncor	2008	3	2008	4	2012	3	2012	4
Navarro 345kV station	Oncor	2008	3	2008	4	2010	4	2011	2
Newton 345kV station	Oncor	2008	3	2008	4	2011	3	2011	4

JOINT DEVELOPMENT PLAN

CREZ Facility	TSP	Begin Siting & CCN Preperation		Begin Eng & ROW Acquisition		Begin Construction		In-Service Date	
		Year	Qtr	Year	Qtr	Year	Qtr	Year	Qtr
Newton to Killeen 345kV line	Oncor	2008	3	2010	2	2010	4	2011	4
Oklaunion to West Krum double circuit 345kV (Oncor portion)	Oncor	2009	1	2010	2	2011	1	2011	4
Rebuild Jacksboro to Willow Creek 345kV as double circuit	Oncor	2008	3	2009	1	2010	3	2010	4
Rebuild Willow Creek to Parker 345kV as double circuit	Oncor	2008	3	2009	1	2010	3	2010	4
Reconductor Bowman to Jacksboro 345kV line	Oncor	2008	3	2009	3	2009	4	2010	2
Sam Switch 345kV station	Oncor	2008	3	2008	4	2010	4	2011	2
Sweetwater to Central Bluff double circuit 345kV line	Oncor	2008	3	2010	1	2011	2	2011	4
Tonkawas to Sweetwater double circuit 345 kV line	Oncor	2008	3	2009	4	2010	3	2010	4
Upgrade Abilene South to Leon 138kV line (Oncor portion)	Oncor	2008	3	2009	1	2009	3	2009	4
Upgrade terminal equipment on Bowman to Fisher Road 345kV line	Oncor	2008	3	2008	4	2010	4	2010	4
Upgrade terminal equipment on Bowman to Graham 345kV line	Oncor	2008	3	2008	4	2010	4	2010	4
Upgrade terminal equipment on Eagle Mountain-Hicks-Alliance-Roanoke 345kV line	Oncor	2008	3	NA	NA	2009	2	2009	2
Upgrade terminal equipment on Roanoke to Alliance 345kV line	Oncor	2008	3	NA	NA	2009	2	2009	2
West A	Oncor	2008	3	2008	4	2011	4	2012	2
West A to Central D single circuit, double circuit capable 345kV line	Oncor	2009	1	2010	3	2011	4	2012	2
West A to West C single circuit, double circuit capable 345kV line	Oncor	2009	1	2010	3	2012	1	2012	2
West B	Oncor	2008	3	2008	4	2009	4	2010	2
West B to Moss single circuit 138kV line	Oncor	2008	3	2009	3	2010	1	2010	2
West C	Oncor	2008	3	2008	4	2011	4	2012	2
West C to Odessa single circuit, double circuit capable 345kV line	Oncor	2009	1	2010	3	2012	3	2012	4
West Krum 345kV station	Oncor	2008	3	2008	4	2009	4	2010	2
West Krum to Anna double circuit 345kV line	Oncor	2009	1	2010	3	2012	2	2012	4
Willow Creek to Hicks double circuit 345kV line	Oncor	2009	1	2010	3	2012	3	2012	4
Upgrade terminal equipment on Morgan Creek to Twin Butte 345kV line	Oncor/LCRA TSC	No Work Required							
50 MVAR Cap Bank on PanhandleA D	Sharyland	2008	3	2009	1	2010	4	2011	4
50 MVAR Reactive Compensation on PanhandleA B	Sharyland	2008	3	2009	1	2011	4	2012	4
50 MVAR Reactive Compensation on PanhandleA D	Sharyland	2008	3	2009	1	2010	4	2011	4
50 MVAR Reactive Compensation on PanhandleB B	Sharyland	2008	3	2009	1	2011	4	2012	4
PanhandleA A	Sharyland	2008	3	2009	1	2011	2	2012	2
PanhandleA A to PanhandleA B single circuit, double circuit capable 345kV line	Sharyland	2009	1	2010	3	2011	4	2012	4
PanhandleA A to PanhandleA C single circuit, double circuit capable 345kV line	Sharyland	2009	1	2010	1	2011	2	2012	2
PanhandleA B	Sharyland	2008	3	2009	1	2011	4	2012	4
PanhandleA B to PanhandleB A single circuit, double circuit capable 345kV line	Sharyland	2009	1	2010	3	2011	4	2012	4
PanhandleA C to PanhandleA D double circuit 345kV line	Sharyland	2009	1	2010	1	2011	2	2012	2
PanhandleA D	Sharyland	2008	3	2009	1	2010	4	2011	4
PanhandleA D to Central B double circuit 345kV line	Sharyland	2009	1	2009	4	2010	4	2011	4
PanhandleB A	Sharyland	2008	3	2009	1	2011	4	2012	4
PanhandleB B	Sharyland	2008	3	2009	1	2011	4	2012	4
PanhandleB B to PanhandleB A double circuit 345kV line	Sharyland	2009	1	2010	3	2011	4	2012	4
McCamey C to McCamey D single circuit, double circuit capable 345kV line	STEC	2009	1	2010	2	2011	3	2012	4
Oklaunion to West Krum double circuit 345kV (TNMP portion)	TNMP	2009	1	2010	2	2011	1	2011	4



Source: Wind Generation Data - ERCOT CREZ RPG

DOCKET NO. 35665

COMMISSION STAFF'S PETITION FOR THE SELECTION OF ENTITIES RESPONSIBLE FOR TRANSMISSION IMPROVEMENTS NECESSARY TO DELIVER RENEWABLE ENERGY FROM COMPETITIVE RENEWABLE ENERGY ZONES	§ § § § § § §	PUBLIC UTILITY COMMISSION OF TEXAS

DIRECT TESTIMONY

OF

PAT WOOD, III

ON

BEHALF

OF

AEP TEXAS CENTRAL COMPANY
AEP TEXAS NORTH COMPANY
ELECTRIC TRANSMISSION TEXAS
LCRA TRANSMISSION SERVICES CORPORATION
ONCOR ELECTRIC DELIVERY COMPANY LLC
SHARYLAND UTILITIES, L.P.
SOUTH TEXAS ELECTRIC COOPERATIVE, INC.
TEXAS-NEW MEXICO POWER COMPANY

SEPTEMBER 12, 2008

TABLE OF CONTENTS

SECTION **PAGE**

DIRECT TESTIMONY OF PAT WOOD, III

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Pat Wood, III. My business address is 5847 San Felipe, Houston, Texas 77057.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am principal of Wood3 Resources, my own energy infrastructure development business. In that role, I am focused on three particular areas: clean, competitive power generation; independent power transmission; and natural gas.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL QUALIFICATIONS AND PROFESSIONAL EXPERIENCE.

A. I was educated at Texas A&M University (B.S., Civil Engineering, 1985) and at Harvard Law School (J.D., 1989). I have been an associate project engineer for Arco Indonesia, an attorney with the Washington, D.C. offices of Baker Botts L.L.P., legal counsel for members of the Federal Energy Regulatory Commission ("FERC") and the Railroad Commission of Texas, and Chairman of both the Public Utility Commission of Texas ("PUCT" or "Commission") and the FERC. In each of these positions, I have been actively involved with infrastructure development and with the introduction of market discipline to regulated industries.

Q. WHO ARE YOU APPEARING ON BEHALF OF IN THIS PROCEEDING?

A. I am appearing on behalf of a group of ERCOT transmission service providers ("TSPs") who are submitting a Joint CTP Proposal in this proceeding to construct

the Scenario 2 CREZ facilities approved by the Commission in its final order in Docket No. 33672. The members of the group are AEP Texas Central Company ("TCC"), AEP Texas North Company ("TNC"), Electric Transmission Texas, LLC ("ETT"), LCRA Transmission Services Corporation ("LCRA TSC"), Oncor Electric Delivery Company LLC ("Oncor"), Sharyland Utilities, L.P. ("Sharyland"), South Texas Electric Cooperative, Inc. ("STEC"), and Texas-New Mexico Power Company ("TNMP") (collectively, the Joint Parties).

Q. PLEASE DESCRIBE YOUR PRIOR PARTICIPATION IN CREZ PROCEEDINGS AND HOW YOU CAME TO APPEAR ON BEHALF OF THE JOINT PARTIES.

A. In my former role as Chairman of Airtricity's North American Advisory Board, I worked with a group of parties known as the "Panhandle Loop Intervenors" (Airtricity, Inc., now E.ON Climate and Renewables North America, Inc., Babcock & Brown Renewable Holdings, Inc., Celanese, Ltd., Occidental Energy Ventures Corp., and Sharyland) to develop the Panhandle Loop Project in Docket No. 33672. I provided testimony on behalf of the Panhandle Loop Intervenors in the June 2007 hearing in that proceeding. Following the sale of Airtricity North America to E.ON Climate & Renewables, I have continued my role in this project as a member of the Sharyland team. Sharyland is one of the members of the Joint Parties proposing a comprehensive buildout plan to implement the Commission's decision in Docket No. 33672 adopting Scenario 2, and through that participation, I am appearing in support of the proposal filed today by all of the Joint Parties.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY?

A. In 2005, three years ago, the Texas Legislature ordered the Commission to authorize the construction of transmission to allow wind generators in Texas to deliver energy to ERCOT markets in the novel and visionary "CREZ" process. It's time to show them something. When the Panhandle Loop Intervenors filed our plan in February 2007, we envisioned a timeline that would have had approval in September 2007 and completion of construction by late 2010. A number of factors well known to the Commission have slowed this timeline.

My testimony today introduces the Joint Parties' proposal, a comprehensive, seamless agreement among several ERCOT TSPs to construct the Scenario 2 transmission facilities approved in this first CREZ proceeding in the most expedited manner available to the Commission.

Q. WHY IS IT IMPORTANT TO EXPEDITE THIS PROCESS?

A. The CREZ process is yet another gift of Texas to the nation on how to modernize our power infrastructure. The efficient handling of this Legislative mandate by the Commission is a model of good government and inclusive process. But those "inside baseball" attributes do not mean anything if we cannot "deliver the goods." And the goods are substantial: thousands of megawatts of the highest quality wind resources in Texas, robust transmission for the future addition of solar, gas and coal-fired power, and economic development for parts of Texas left behind in the last century's boom. It is not an overstatement to say that the world

is watching Texas to see if we can do it again. By moving forward swiftly on this final step – getting the CREZ Scenario 2 built expeditiously – we will deliver.

Q. WHO ARE THE JOINT PARTIES?

A. The Joint Parties are well known to the Commission. They include a diverse group of utilities who understand Commission and ERCOT processes and have worked together effectively to construct transmission facilities in the past. They include the largest investor-owned utilities in the state, a new transmission-only utility formed just last year, a relatively new South Texas utility that has developed a reputation for innovative proposals, and two experienced and well regarded public power entities.

III. REASONS TO APPROVE THE JOINT PROPOSAL

Q. HOW IS THE JOINT PARTIES' PROPOSAL THE BEST SOLUTION AVAILABLE TO THE COMMISSION TO CONCLUDE THIS INITIAL CREZ PROCESS EXPEDITIOUSLY?

A. The Joint Proposal is the quickest, most credible way to get the job finished for several reasons.

Eight Texas utilities with ERCOT expertise and ample capital are ready to go forward today. No new company CCN Docket proceedings are required. As both Sharyland and ETT have experienced in the past decade, these can be lengthy proceedings due to the months of discovery and testimony required to determine if issuing a new CCN is in the public interest. Since receipt of their respective CCNs, all of these utilities have already demonstrated the capability to comply with all PURA, Commission, and ERCOT requirements for operation of

transmission system and with non-discriminatory open access requirements. Their compliance records are ones in which the Commission and wind developers can have confidence.

No new relationships need to be developed at the Commission, at ERCOT, and with contractors (construction, material supply, title work, routing analysis, aerial photography, landowner relations, CCN preparation and processing). That this diverse group of parties came to an agreement on how to construct the CREZ facilities is an achievement in itself. Having already developed a comprehensive coordinated sequencing plan, which provides for an in-service date of 2012 for all the CREZ facilities, these major players in the Texas power industry have worked out among themselves the necessary interrelationships to get this project finished expeditiously and without favoring any one generator over any other generator.

Starting construction of the CREZ facilities as soon as possible saves money as well. Not only for the existing and new wind (and fossil) generators who are being curtailed due to significant grid congestion, but more importantly for customers, who are ultimately paying the bill for use of the grid.

All that is needed is Commission approval, and the Joint Parties can each start the following day to acquire rights of way, solidify supplier relationships, procure materials, complete CCN applications, coordinate with ERCOT and power generators – and finish the CREZ initiative expeditiously and without favoring any one generator over any other generator.

Q. WHAT ABOUT FINANCIAL RESOURCES OF THE JOINT PARTIES?

A. Each of the Joint Parties has successfully financed significant infrastructure in Texas in the past and have established financial capability for the CREZ facilities in which the Commission can have confidence. There are no risky financial proposals or novel concepts of questionable legality under PURA. Nor are established ERCOT TSPs likely to sell the CREZ facilities to a new buyer in a few years in order to obtain a higher price, leaving the Commission to review new transmission providers. The Joint Parties have owned and operated facilities in Texas for years, will build the CREZ facilities in the most cost-effective manner, and will be here for the long haul.

Q. HOW WILL THE JOINT PARTIES RECOVER THEIR COSTS?

A. As Texas utilities with currently-effective rates, the Joint Parties plan to utilize existing Commission procedures to seek recovery of their costs once the facilities are completed and placed in service. No new or untested procedures are necessary for the Joint Parties to finance the CREZ facilities. Of course, when the time comes for rate recovery, upon placement of the facilities into service, the Commission has full authority to review rates to ensure they are just and reasonable. The Commission can thereby ensure that the cost of this significant expansion remains beneficial and cost effective to customers, not just at the beginning of the process, but on an ongoing basis in the future.

Q. WHAT OTHER ASPECTS OF THIS PROPOSAL ALLOW THE COMMISSION TO MOVE FORWARD EXPEDITIOUSLY?

A. Each of the Joint Parties has well-established processes in pace and has demonstrated its commitment to requirements designed to ensure the impartiality

and separation of transmission operations. This is important because it ensures that all generation sources are treated equally and promptly. None of the wind generators in the CREZ process will need to be concerned over a TSP's incentives to speed or delay construction or maintenance of given transmission segments or be concerned over future operations (including congestion or curtailments) because of a TSP's affiliation with a competing wind generator.

Each member of the Joint Parties compromised significantly on its business objectives to reach the settlement that is embodied in the Joint Proposal. It is difficult for me to see how a piecemeal outcome would provide a more beneficial result.

IV. HOW THE JOINT PROPOSAL ADVANCES THE COMMISSION'S GOALS

Q. WHAT DOES ACCEPTANCE OF THIS PROPOSAL ACCOMPLISH FOR THE COMMISSION'S GOALS IN THE TSP SELECTION PROCEEDING?

A. First, it provides for an expedited solution to the necessary allocation of construction responsibility for all of the non-default facilities without overlap or dispute, with coordinated timing of adjacent and connecting facilities between the Joint Parties. The Parties have spent long hours in developing a coordinated plan to build out the CTP facilities as rapidly as possible. A copy of that "Joint Development Plan" is attached as Attachment B to the Joint CREZ Transmission Plan being filed by the Joint Parties today. Oncor witness Charles Jenkins will describe the process that was utilized to develop the Joint Development Plan in his testimony, which is attached to the Oncor CTP Proposal that is a part of the

joint package. Selection of a group of TSPs who have not already prepared such a comprehensive plan will require significant additional time to prepare a coordinated buildout proposal.

Second, the Joint Proposal brings in a diverse mix of TSPs in the state, allowing for new providers in certain regions of the state, such as Sharyland and ETT, and including traditional incumbents as well as public power entities.

Third, the Joint Proposal awards critically important construction responsibilities to companies who have been in Texas for many years, who plan to maintain and operate these facilities for many years into the future, with no over commitments that would raise doubts about their ability to deliver.

Fourth, the Joint Proposal places this responsibility to companies who already have proven records of financial resources and operational expertise within Texas.

Fifth, it allows for a smooth commencement and immediate implementation of the buildout with a 2012 final completion date in which the Commission can have confidence. The Joint Parties' plan offers the Commission the ability to adopt a single coordinated plan without need for ongoing oversight, concern about coordination of CREZ transmission providers, or disagreement over what needs to be done.

In sum, the Joint Parties' plan is cost-effective because many of the conditions that normally add costs and/or delay completion of a project of this scale are absent: inadequate coordination of specific responsibilities among

TSPs, regulatory certification delays, financial resource inadequacy, and affiliated company conflict of interest concerns.

Q. MR. WOOD, YOU HAVE PREVIOUSLY SUPPORTED A COMPETITIVE PROCESS FOR SELECTING TSPs. DO YOU BELIEVE THAT APPROVAL OF THE JOINT PROPOSAL IS CONSISTENT WITH A COMPETITIVE APPROACH TO SELECTING TSPs TO CONSTRUCT CREZ TRANSMISSION?

A. Yes. I have always been a strong supporter of competition rather than regulation as a way to encourage innovation and encourage cost-effective solutions. However, competition does not mean that everyone wins. Nor does it mean that a company without operating experience in Texas should be designated for construction, regardless of whether it adds value, simply to bring in a new entrant. Instead, I believe that the competitive process contemplated by the rule was intended to allow the PUC to select the TSPs based on which TSP or TSPs propose the most cost-effective and beneficial plan, consistent with the CREZ statutory standard. With the Commission's adoption of the Substantive Rule 25.216, interested parties were highly incentivized to propose a comprehensive, seamless, aggressive plan to fulfill the Commission's selection of Scenario 2 that would be consistent with the Commission's goals in outcome, but shortened in process.

The results of that incentive can be seen in the Joint Parties' proposal. With the proposal, the whole process of TSP selection has been opened up among TSPs to determine the most effective allocation of responsibility to construct facilities. After significant negotiation among themselves, the Joint Parties have come up with a comprehensive proposal to assure an expedited, coordinated

approach to building out the CREZ facilities. I strongly believe this is the best approach for getting the transmission built quickly and in the most cost-effective manner.

Q. THE JOINT PROPOSAL DOES NOT INCLUDE ANY OF THE UNCERTIFICATED NEW ENTRANTS WHO HAVE SUBMITTED EXPRESSIONS OF INTEREST IN THIS PROCEEDING. DO YOU CONSIDER THAT A DISADVANTAGE?

A. No. I don't believe that there is any inherent benefit to customers in having companies who are new to Texas build this first round of CREZ transmission. The critical issue is whether a specific proposal adds value and helps achieve the objective of an expeditious cost-effective and beneficial transmission solution.

There are many ways you can measure value, but to me one of the major ones is assurance that the CREZ buildout can be accomplished expeditiously by a group of credible players who have already developed a coordinated plan and have agreed to work together to get the job done in an effective way. I think the Joint Parties' proposal offers that benefit.

Moreover, the Joint Parties' proposal clearly does represent a break with the *status quo*. Sharyland's existing operations have previously been in South Texas. However, under the Joint Parties' proposal, Sharyland, rather than one of the larger incumbent utilities such as Oncor or AEP with whose facilities the new Panhandle Loop lines would interconnect, will construct a portion of those facilities in the region. Although ETT is affiliated with an existing incumbent (the AEP companies), it provides a new participant in transmission investment in Texas, *i.e.*, MidAmerican/Berkshire Hathaway. Other assignments of facilities set forth in the Joint Proposal are also different than what would have occurred under

the preexisting procedure for selecting TSPs and represent the product of negotiations among the Joint Parties.

Q. DID THE JOINT PARTIES TALK TO OTHER INTERESTED TSPs IN DEVELOPING THEIR PROPOSAL?

A. Yes, there have been numerous meetings and discussions among the parties to this proceeding. Although the initial expressions of interest filed by the Joint Parties on July 24, 2008, did not include an electric cooperative, subsequent negotiations led the Parties to file an amended expression of interest on August 25, 2008, which reflected a revision of the original allocation of responsibility for constructing the facilities to add STEC, an experienced generation and transmission cooperative operating in South Texas. It seems evident that not every company that has expressed interest in constructing CREZ facilities can be designated to construct those facilities, as the total amount of interest far exceeds the available facilities to be constructed. However, the fact that a large number of diverse entities have come to this agreement on how to implement the CREZ buildout is to me an important factor for the Commission to consider in deciding whether to approve the Joint Proposal.

Q. HOW DOES THE RELIANCE ON INCUMBENT PROVIDERS AFFECT THE COMMISSION'S GOALS?

A. I have not been known for favoring incumbency, but, in this case, there are some important benefits to relying on historical transmission providers to construct the CREZ facilities expeditiously, particularly in the areas within the historical ERCOT footprint. Outside the new Panhandle and western territory, we will need to coordinate with underlying load and generation-serving facilities. These

utilities already have knowledge of existing load and generation interconnection needs; they can coordinate upgrades of existing facilities that can also serve as CREZ collection facilities; and they have operating and maintenance personnel and facilities already in place, avoiding duplication.

Q. WHAT DOES THE JOINT PARTIES' PROPOSAL DO FOR THE OVERALL CREZ PROCESS?

A. I believe that this broad-based proposal provides an opportunity to make the entire CREZ process a success. For the first time in history, there has been a truly comprehensive statewide grid expansion process, overseen by the PUCT. I naïvely thought we had gotten this in the late 1990's when ERCOT instituted the Regional Planning Group ("RPG") process. Until the CREZ Docket, I think it is safe to say that the RPG remained region-focused, not statewide. But that is now changed; ERCOT and its staff should remain in the driver's seat going forward. And that is a good step that this CREZ process has done for future transmission planning.

Some have said that the CREZ transmission could have been achieved more swiftly under the traditional RPG process. If this process is dragged out into 2009, that could be the case, which would be unfortunate. The Commission should recognize that wind developers have made an unprecedented commitment to Texas, and in return Texas needs to honor its part of the bargain by getting the transmission lines in place as quickly and efficiently as possible. I do not want to see the CREZ model tarnished by further delay, and, to be blunt, the CREZ process is the "greater good" here today. I have touted CREZ outside Texas to other jurisdictions as an excellent model for grid planning and expansion. But if

it appears that we would have achieved the same objective sooner (if not cheaper) by just plodding through the RPG process, adding a few lines here, beefing up some others there, then the CREZ concept will have suffered a death blow. I don't think that is right.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does. I urge the Commission to take advantage of the golden opportunity reached by these experienced and able parties to expeditiously conclude the most important transmission project in the nation.