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DOCKET NO. 35665

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

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RESPONSIVE TESTIMONY

OF

PAT WOOD, III

FOR

THE JOINT PARTIES

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

OCTOBER 28, 2008

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1

RESPONSIVE TESTIMONY OF PAT WOOD, III

I. INTRODUCTION

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

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

5 **Q. ARE YOU THE SAME PAT WOOD WHO SUBMITTED TESTIMONY**
6 **ON BEHALF OF THE JOINT PARTIES IN THIS PROCEEDING ON**
7 **SEPTEMBER 12, 2008?**

8 A. Yes, I am.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY TODAY?**

10 A. The purpose of my testimony today is to review the CREZ Transmission Provider
11 (CTP) Proposals filed by parties other than the Joint Parties on September 12,
12 2008, and to address policy issues and concerns raised by those filings.

II. REVIEW OF SEPTEMBER 12, 2008 CTP FILINGS

13 **A. EVALUATION OF CTP PROPOSALS**

14 **Q. WHAT IS YOUR IMPRESSION FROM THE SEPTEMBER 12, 2008**
15 **FILINGS?**

16 A. CTP Proposals were filed by eight entities in addition to the Joint Parties. This
17 group includes five parties without existing CCNs (one of which, Trans-Elect has
18 now withdrawn from the proceeding) and three municipal entities. There were a
19 wide variety of cost estimates, rate proposals, projected in-service dates, etc.

20 It is evident that the TSP selection rule has prompted companies from
21 around the world to submit proposals in order to construct some portion of the

1 CREZ buildout, although only one of the new entrants that submitted proposals
2 (Lone Star, through its affiliate Florida Power & Light Company) has substantial
3 experience in building and operating regulated transmission facilities within the
4 United States. This is, in part, because of the attractiveness of the ERCOT
5 transmission cost recovery mechanism and the desire of many investors to buy
6 into infrastructure. The total requests for investment in CREZ facilities far
7 exceed the projected cost of the facilities.

8 **Q. WHAT ARE YOUR TOP-LEVEL CONCLUSIONS?**

9 A. It is obvious that the Commission can't select all parties who desire to build, own
10 and operate transmission facilities under the CREZ process. The challenge is how
11 to evaluate these conflicting proposals and select the TSPs that assure that the
12 Commission adopts the most cost-effective and beneficial plan. It is also of
13 paramount importance that the Commission get this process moving immediately,
14 avoiding issues that may slow the ultimate construction of these critical facilities.

15 **Q. WHAT IS THE MOST EFFICIENT FRAMEWORK TO USE TO REVIEW**
16 **ALL OF THE PARTIES' SEPTEMBER 12, 2008 FILINGS?**

17 A. I consider this to be the fundamental question: which TSPs add value to
18 customers and to the State's goals in the CREZ process? I do not believe that a
19 company should be designated as a TSP simply for the sake of adding someone
20 that is new to the regulated power delivery business in ERCOT. In fact, as
21 discussed below, I think that, in a regulated industry, fewer, rather than more
22 providers should be the goal. The core issue is this: would an increase in the

1 number of providers yield benefits to the customers and to the efficient
2 administration of the transmission system.

3 **Q. WHAT SORTS OF BENEFITS DO YOU LOOK FOR IN MAKING THIS**
4 **EVALUATION?**

5 A. Upon reading all of the September 12, 2008 filings, I class the possible benefits
6 into four categories: lower costs to customers; innovative rate proposals or new
7 regulatory structures; more expeditious construction of the CREZ facilities; and,
8 the spreading of the financial burden of construction among several utilities. Let
9 me take each of these possible benefits and review them each against the standard
10 of: do they add value for the customers.

11 **Q. WITH REGARD TO LOWER COSTS TO CUSTOMERS, WHAT DID**
12 **YOU FIND IN THE OTHER PARTIES' FILINGS?**

13 A. On this important point, it is difficult to compare the different proposals on this
14 issue because there is no common set of assumptions. In their September 12,
15 2008 filings, most TSPs used the generic numbers employed by ERCOT. As
16 suggested by many parties in the TSP Rulemaking proceeding last year, most
17 TSPs will utilize similar contractors to perform construction, which is a
18 significant part of the overall cost. While existing ERCOT TSPs with established
19 relationships and processes may be able to achieve lower construction costs, it
20 seems unlikely that there will be significant variation in construction costs among
21 TSPs that are new to ERCOT.

22 With respect to cost of capital, it is also hard to differentiate among
23 proposals (except for entities that have access to tax-exempt financing). Most
24 TSPs indicated they would accept the return on equity set by the Commission in

1 the TSP's next rate proceeding under the usual procedures. The only TSP
2 suggesting a specific return on equity was Tejas; however, that proposal included
3 a requirement for a preliminary rate order by the Commission (a proposal of
4 questionable legality) and a 30-year depreciation period rather than the 40-year or
5 more depreciation period used by other Texas utilities, which would appear to
6 offset any reduction in rates from a lower return than has recently been
7 established by the Commission.

8 **Q. A SECOND POSSIBLE BENEFIT OF SELECTING CERTAIN TSPS IS**
9 **THE ABILITY TO USE INNOVATIVE RATE PROPOSALS OR NEW**
10 **REGULATORY STRUCTURES. WHAT DID YOU FIND IN THIS**
11 **REGARD?**

12 A. With a couple of exceptions, discussed below, there were no new proposals.

13 **Q. YOUR THIRD CATEGORY OF PURPORTED BENEFITS IS**
14 **EXPEDITIOUS COMPLETION OF THE CREZ FACILITIES. WHAT**
15 **ARE YOUR CONCLUSIONS ON THIS POINT REGARDING THE**
16 **FILINGS?**

17 A. There are a wide variety of in-service dates proposed in the filings. Isolux
18 claimed it could complete all construction by end of 2011; Cross Texas, at the
19 other end, showed completion dates in late 2014. And, the Joint Parties suggested
20 completion of all facilities in 2012. As I testified in my Direct Testimony in this
21 Docket, the problem with some of the other parties' proposals is the high
22 possibility for further delay in getting transmission built and new wind-generated
23 power into the ERCOT market. The potential for delay comes from the need for
24 new company CCN proceedings; the need to establish utility operations in Texas;
25 and the lack of experience in coordinating with other TSPs in ERCOT.

1 **Q. YOUR FINAL CATEGORY OF BENEFITS IS THE SPREADING OF THE**
2 **FINANCING BURDEN ASSOCIATED WITH \$5 BILLION IN**
3 **CONSTRUCTION AMONG SEVERAL TSPS.**

4 A. This issue is important, particularly in a time of stress in the global credit markets,
5 to assure the Commission that the substantial investment required by the CREZ
6 buildout plan can be met. I recognize that there can be some tradeoffs here: for
7 example, there is some regulatory oversight advantage to the Commission and
8 ERCOT of having fewer entities to deal with in managing this significant process.
9 So, the best way to think of this is to ascertain whether there is a showing that
10 additional utilities are needed to shoulder the financial burden. Here, the Joint
11 Parties already have eight TSPs involved, with a diversity of public and private
12 financing. There is no showing that any of these parties has any issue financing
13 their respective portions of this project on their own, without the need to bring in
14 other TSPs. As a practical matter, the Commission's TCOS model provides a
15 very attractive cost-recovery mechanism that should assure that adequate debt and
16 equity capital is available to fund the proposed CTP projects. My experience is
17 that there is plenty of capital available to finance transmission infrastructure in
18 ERCOT.

19 **Q. SO, WHAT ARE YOUR CONCLUSIONS?**

20 A. The Joint Parties, including eight well-known TSPs, have made a comprehensive
21 proposal to the Commission to get the CREZ facilities built in a timely and
22 thorough manner. I view this as the Plan to Beat. I don't see anything from other
23 parties that meets or improves on the settlement the Joint Parties have reached in
24 terms of customer savings, beneficial regulatory approaches, time savings or

1 financing abilities. In fact, I see flaws or incomplete solutions that would impede
2 timely interconnection of significant generation resources that Texas needs.

3 **Q. YOU HAVE LONG BEEN A PROPONENT OF COMPETITION IN THE**
4 **UTILITY INDUSTRY. WOULDN'T THAT LEAD YOU TO SUPPORT**
5 **ADDITIONAL TSPS PARTICIPATING IN THE BUILDOUT OF THE**
6 **CREZ FACILITIES?**

7 A. I have a well-known record on reducing barriers to entry and facilitating
8 competition in regulated industries. This is driven by my belief that government
9 should not create or maintain monopolies where economics do not compel it.
10 This view has led to S.B. 353 (deregulation of generation) and S.B. 7 (further
11 deregulation of generation and of the retail service franchise in ERCOT). Power
12 generation and provision of retail service are not natural monopolies, but power
13 delivery is. The delivery of electric power, unlike the delivery of freight, mail
14 and telecommunications services, is not a business that lends itself readily to
15 competition. I cannot think of a notable location where duplication of the
16 electricity grid has made economic, political or common sense. And this is even
17 more true where the high voltage transmission grid is concerned. Perhaps, as in
18 the telecommunications industry, that could change in the future with
19 advancements in technology, but today, and for the next decade at least,
20 transmission is a natural monopoly, and it should be regulated as such – which we
21 do here in Texas.

22 In recognition of this, the State, in S.B. 7, set a much higher bar for the
23 awarding of retail electric utility certificates. *See* PURA § 37.060(h). With the
24 opening of the power marketplace, the vertical unbundling of utility operations,

1 and the implementation of open access on both transmission and distribution
2 utilities, the process of promoting retail competition by the creation of new
3 distribution utilities became duplicative and not necessary.

4 Because of the nature of the regulated transmission and distribution
5 function, I can't say that I see any particular value in adding new TSPs to build
6 transmission just for the sake of having new TSPs involved. In fact, there are
7 certain disadvantages associated with forming new regulated entities to perform a
8 responsibility that can be performed by existing utilities – the need for increased
9 Commission resources to provide regulatory oversight, greater difficulty in
10 coordination, and reduction of growth opportunities for utilities that are currently
11 operating in the State. The only reason to involve new entities when the existing
12 utilities are able to do the job is if the new entities are able to bring something
13 extra to the table that will benefit the customers.

14 **Q. IN THAT REGARD, THEN, IN REVIEWING THE CTP PROPOSALS BY**
15 **ENTITIES OTHER THAN THE JOINT PARTIES, WHAT DO YOU VIEW**
16 **THAT THEY BRING TO THE TABLE?**

17 A. I consider there to be two groups of proposals by entities other than the Joint
18 Parties: new entrants (*i.e.*, companies that do not hold CCNs in ERCOT) and
19 municipal entities.

20 **B. NEW ENTRANTS**

21 **Q. AS TO THE NEW ENTRANTS, WHAT DO THEY BRING TO THE**
22 **TABLE IN THIS PROCEEDING?**

23 A. With the withdrawal of Trans-Elect, the remaining new entrants are Cross Texas,
24 Isolux, Lone Star, and Tejas. First, with the exception of Lone Star, the new

1 entrants have a lack of experience in functioning as a regulated utility relative to
2 the Joint Parties. Cross Texas is a generation developer and has never functioned
3 as a regulated utility in any state. It is seeking to develop a transmission project
4 in Nevada, but to date its experience has been limited to generation
5 interconnections. Isolux is a construction company that has had experience in
6 building transmission in South America, but has never functioned as a regulated
7 utility in the United States or built any transmission here. Tejas (Babcock &
8 Brown) is primarily a developer of infrastructure projects that it places in
9 infrastructure funds and then markets to investors, including pension funds, etc.
10 Of the two projects that it lists in the United States that it currently owns, one, the
11 Cross Sound Project, was not actually constructed by Babcock, but was acquired
12 from another company after it had been completed. The other, the Trans-Bay
13 Project, is currently being constructed by Babcock. Only Lone Star, through its
14 affiliate, Florida Power & Light, which provides bundled utility service in Florida,
15 has significant experience as a regulated utility in the United States and in
16 constructing transmission.

17 **Q. WHAT OTHER ISSUES DO YOU SEE IN THE NEW ENTRANTS'**
18 **PROPOSALS?**

19 A. I don't see anything new in regard to regulatory structures or methods of cost
20 recovery. All of the new entrants basically propose to become regulated TSPs in
21 Texas and plan to recover their costs through the TCOS mechanism. With a
22 couple of exceptions, I don't see any new concepts or regulatory structures; they
23 basically propose to replicate the existing utilities in ERCOT.

1 Cross Texas and Tejas do suggest some new regulatory concepts, but
2 neither one appears to offer any advantage to customers and both raise potential
3 concerns. Cross Texas' rate proposal was submitted as Highly Sensitive
4 Protected Material and will be addressed in the testimony of ETT witness Calvin
5 Crowder and Sharyland witness Ellen Blumenthal. Tejas appears to be seeking a
6 preliminary rate order from the Commission to establish return on equity, capital
7 structure, and depreciation periods outside of a rate case. I question whether the
8 Commission has authority to issue such an order; while these were issued during
9 my tenure at FERC, these have never happened before at the Commission, and I
10 fear that such an order would be subject to legal challenge and delay the swift
11 initiation of construction of the CREZ facilities. As shown in the testimony of
12 Ellen Blumenthal, on the merits, this proposal also doesn't appear to offer any
13 reduction in rates to customers because of the use of a shorter depreciation period
14 than is commonly used for transmission assets.

15 **Q. WHAT OTHER CONCERNS ARE RAISED BY THE NEW ENTRANTS'**
16 **PROPOSALS?**

17 A. One of my two chief concerns is with the delay in initiating construction that will
18 be caused by the need to obtain new company CCNs. As Sharyland and ETT
19 have experienced in their initial certification proceedings, these can be lengthy
20 proceedings, and have the potential to add time to our already-delayed timetable.
21 None of the new entrants (by definition) are currently certificated to function as
22 utilities in Texas. Like Sharyland and ETT, all will have to obtain approval in
23 their CCN proceedings to construct the CREZ facilities. Based on the experience

1 in the Sharyland and ETT cases, a multitude of questions are likely to be raised in
2 the proceedings regarding their qualification – whether it is in the public interest
3 to approve their applications, etc. While I assume that new entrants could argue
4 that an order designating them as TSPs would resolve all issues as to whether they
5 can function as utilities, my experience with CCN proceedings indicates that such
6 issues are likely to arise there as well.

7 **Q. OTHER THAN DELAY, WHAT IS YOUR OTHER CHIEF CONCERN**
8 **WITH THE NEW ENTRANTS' PROPOSALS?**

9 A. One of the issues I have long been concerned about is the inherent conflict of
10 interest between critical facilities owners and affiliations with power producers.
11 While Texas has not legally mandated vertical divestiture, the Commission has a
12 long, hard-fought record of vigorously promoting the separation of wires
13 ownership and operation from generation ownership and sales. That is not fully
14 possible to realize in this proceeding, but, at a minimum, with its focus on CREZ,
15 we should be very cautious about having companies active in wind development
16 also be builders, owners and/or operators of transmission built to integrate wind
17 from many wind companies into the ERCOT grid.

18 Of the four new entrants, two (Lone Star and Tejas) are also large wind
19 developers in Texas. Lone Star is proposing to construct lines which will
20 interconnect to the wind farms it owns in the Central Texas area; Tejas is
21 proposing to construct lines in the West Texas and South Plains region that
22 apparently will not directly interconnect to its existing and planned wind farms.
23 In both cases, there is a legitimate concern as to whether such joint interests will

1 impact the utility's ability to administer its transmission operations in a
2 nondiscriminatory manner. While I recognize that these companies will be
3 required to adopt codes of conduct if they are selected, I do not believe that it is
4 good policy to create more opportunities for these kinds of issues to arise in the
5 future. The Responsive Testimony of LCRA witness Stuart Nelson (at pp. 10-14)
6 illustrates how this vertical market power issue can play out in the development of
7 transmission to serve wind generation. Again, we in ERCOT have fought too
8 hard to get to this point of vertical unbundling to erode our progress now.

9 **C. MUNICIPAL ENTITIES**

10 **Q. THE OTHER CATEGORY OF CTP FILINGS ON SEPTEMBER 12, 2008**
11 **CAME FROM SOME MUNICIPAL ENTITIES IN TEXAS. WHAT DO**
12 **THEY BRING TO THE TABLE IN THIS PROCEEDING?**

13 A. The Cities of Garland and San Antonio and the TMPA all have experience in
14 building and operating transmission in Texas. With their proposals, though, I
15 have one overwhelming concern: is the building, ownership and operation of
16 transmission outside the municipal service area the proper role for municipal
17 utilities in Texas?

18 This proceeding should not morph into a forum for state-local government
19 political science debates. Our task is to get the CREZ transmission plan built
20 swiftly. Wrangling with this policy issue should be taken up by the municipal
21 entities and the Legislature, not the Commission. It is virtually certain than an
22 award of transmission construction responsibilities to municipal entities who

1 assert that they do not need to work through the Commission’s CCN process will
2 delay construction of transmission overall.

3 **Q. DO CPS ENERGY, GP&L AND TMPA PLAN TO FILE CCN**
4 **APPLICATIONS FOR CREZ TRANSMISSION PROJECTS THEY ARE**
5 **GRANTED?**

6 A. No, they do not. They all affirm that, because they are not “electric utilities”
7 under PURA’s CCN provisions, they do not need to file and will not file any CCN
8 applications.

9 In discovery, all of the municipal entities were asked: “Does
10 GP&L/TMPA/CPS Energy plan to file a CCN application for any of its proposed
11 CTP facilities? Please explain why or why not.” Their answers were the same in
12 substance:

13 **TMPA** – “No, because TMPA is not required to file a CCN
14 application.” (TMPA’s response to JP-TMPA 1-10(a));”

15 **Garland** – “Garland is not required to file for a CCN and, therefore,
16 it will not do so.” (Garland’s response to JP-GPL 1-5(a));”

17 **CPS Energy** – “CPS Energy is not required to comply with the
18 [PURA] Chapter 37 CCN requirement.” (CPS Energy’s response to
19 JP-CPS 1-5(a)).”
20
21
22

23 **Q. WHAT ROLE DO THEY SAY THE COMMISSION WOULD HAVE?**

24 A. A minor role at best. GP&L, TMPA and CPS Energy say they will hold public
25 meetings and invite or inform the Commission, but that is the extent of it, as the
26 following responses to discovery requests make clear:

27 **TMPA**—“TMPA will provide the Commission notice of the
28 proposed routing and public meetings at the same time it
29 provides such notice to landowners. If the Commission wishes
30 to participate in such public meetings or comment on the routing

1 of the facilities, such participation and comments would be
2 welcome.” (TMPA’s response to JP-TMPA 1-10(e)).
3

4 **Garland**—“Garland will provide the Commission notice of the
5 proposed routing and public meetings at the same time it
6 provides such notice to landowners. If the Commission wishes
7 to participate in such public meetings or comment on the routing
8 of the facilities, such participation and comments would be
9 welcome. (Garland’s response to JP-GPL 1-5(e)).
10

11 **CPS Energy**—“for each transmission project it conducts, it is
12 the practice of CPS Energy to hold public meetings at which
13 affected landowners can protest or present their views
14 concerning CPS Energy’s proposed routing for its proposed CTP
15 facilities before those facilities are constructed. It further
16 committed to use the same process if awarded the projects for
17 which CPS Energy submitted a CTP Proposal. This forum or
18 proceeding would be one opportunity for the Commission to
19 address the reasonableness or appropriateness of CPS Energy’s
20 route selection for its proposed CTP facilities assuming
21 *arguendo* the Commission needed to address issues the
22 landowners were not addressing.
23

24 CPS Energy would keep the Commission informed of its
25 particular route selection, although PURA does not require that
26 the Commission approve any particular route selection, structure
27 type or conductor type for any of the CPS Energy proposed CTP
28 facilities. (CPS Energy’s response to JP-CPS 1-5(e) and (g)).
29

30 **Q. FOR ANY CREZ FACILITIES AWARDED TO CPS ENERGY, GP&L**
31 **AND TMPA, WHO WILL DECIDE SUCH ISSUES AS ROUTING AND**
32 **STRUCTURE DESIGN?**

33 A. They will.

34 **Q. DOES THIS SITUATION RAISE POTENTIAL CONCERNS?**

35 A. Yes, it does.

36 **Q. PLEASE EXPLAIN.**

37 A. Attached as Exhibit PW-1R are maps that show, first, the location of the GP&L,
38 TMPA, and CPS municipalities; and second, the general location of the CREZ

1 transmission lines that they want to build. These maps indicate the distances the
2 transmission lines are from the municipalities that GP&L, TMPA, and CPS serve.
3 The distance between the City of Garland and the nearest point of GP&L's
4 preferred CREZ transmission line is nearly *225 miles* – and the closest any of the
5 TMPA cities comes to a TMPA CREZ transmission line is nearly *150 miles*. The
6 line that CPS proposes to construct is closer to its municipal boundary than
7 Garland's and TMPA's proposed lines, but is still outside its boundary (by about
8 25 miles).

9 Landowners and other interested parties may not be satisfied that officials
10 in or from distant municipalities will decide their fates in routing and related
11 issues. This is especially true given that the landowners and other interested
12 parties will almost certainly come to understand in time that the Commission, a
13 state-wide body, will be deciding the same issues for all *other* CREZ areas and
14 landowners. If any of the Joint Parties makes a decision or recommendation that
15 their own CREZ landowners do not agree with, then those landowners can take
16 their complaint to the Commission and take advantage of their procedural and
17 other rights that CCN proceedings guarantee. In contrast, according to their
18 discovery responses, CPS Energy, GP&L and TMPA effectively combine the
19 roles of applicant and ultimate decision-maker.

1 Q. BUT ASSUMING THAT CPS ENERGY, GP&L AND TMPA CAN BUILD
2 AND HAVE BUILT TRANSMISSION LINES AS PART OF THEIR
3 UTILITY-RELATED FUNCTIONS TO IMPROVE THEIR SYSTEMS,
4 WHY SHOULDN'T THAT CONTINUE FOR THE CREZ PROJECTS?

5 A. I question whether it is a continuation of their native systems in any plausible
6 sense. For the CREZ facilities they propose, they are really proposing to build
7 abroad in relation to their cities and their ultimate constituents.

8 The purpose of the CREZ projects is to bring the renewable energy in west
9 Texas to the load centers in central Texas. It is not to bring CPS Energy, GP&L
10 Energy or TMPA generation in west Texas to their customers in the cities they
11 serve. In addition, by definition in this instance, if one of them does not build a
12 particular CREZ transmission line, another entity will, and that entity will have to
13 provide open access transmission service over that transmission line. So if they
14 do not build their proposed transmission lines, it will have absolutely no effect on
15 the purpose of the CREZ plan or the flow of power to central Texas, including to
16 their cities. The connection between their native systems and the CREZ facilities
17 they propose is tenuous and remote, both functionally and geographically.

18 I would not have these particular concerns if there were no CCN statutory
19 regime whatsoever in Texas (meaning any utility could build anywhere) or if CPS
20 Energy, GP&L Energy and TMPA were subject to the transmission CCN regime.
21 But the fact that they maintain that they are exempt from such a regime
22 immediately suggests this different dimension to what they propose in this case.
23 Municipal entities have a special status under PURA because of the understanding
24 that they are political bodies that are accountable to their constituents. Therefore,
25 it is unnecessary for the Commission to oversee their activities to the same extent

1 as other utilities. To the extent that municipal entities begin extending their utility
2 operations beyond their jurisdiction, that seems to me to raise significant policy
3 issues regarding their status.

4 The novel concept raised in the CTP proposals of TMPA, Garland, and
5 CPS Energy to eliminate the need for these entities to go through CCN
6 proceedings is of deep concern. This view would have any grant of eminent
7 domain to acquire land rights come from the municipal city council of the utility
8 (utilities). This raises serious questions, since the Commission, a statutory body
9 with statewide jurisdiction, would have no input into routing and environmental
10 issues in a CREZ process the Legislature directed the Commission to administer.
11 A dissatisfied landowner having his land taken through eminent domain granted
12 by a distant city council would become the Poster Child for the next Session of
13 the Texas Legislature. Needless to say, this would create additional opportunities
14 for delay in completing the CREZ projects.

III. OTHER ISSUES

15 **Q. ARE THERE ANY OTHER ITEMS YOU WISH TO ADDRESS IN THE**
16 **REBUTTAL TESTIMONY?**

17 A. Yes. A Texas District Court decision issued this month has a bearing on the
18 Commission's awarding of CCNs, and in particular, on the timely processing of
19 this Docket. *Cities of Harlingen, et. al v. Public Utility Commission of Texas,*
20 Cause No. D-1-GV-08-0000253 (October 8, 2008). This decision impacts one of
21 the Joint Parties, ETT, but unlike the other applicants in this proceeding, ETT is
22 affiliated with and receiving services from an existing transmission provider.

1 However, this decision does demonstrate the point I made earlier about the
2 difficulty under current law that new entrants would face in this proceeding. The
3 decision underscores the point that certification of utilities to do business in Texas
4 is an important responsibility of the Commission that requires diligence and
5 thoroughness on the part of all. At the risk of sounding like a broken iPod, I must
6 observe again that these things cause delay, delay we cannot afford. Perhaps in a
7 future CREZ proceeding these types of issues will have been fully resolved, and I
8 hope that they will be, but time is of the essence here.

IV. CONCLUSION

9 **Q. WITH THAT REVIEW OF THE OTHER SEPTEMBER 12, 2008 FILINGS,**
10 **THEN, WHAT ARE YOUR CONCLUSIONS?**

11 **A.** The Joint Development Plan is the most legally supportable, quickest way to get
12 CREZ transmission built rapidly and cost-effectively. This is the largest
13 transmission project in Texas (if not United States) history and will need the level
14 of goodwill and competence that has already been demonstrated by the Joint
15 Parties. The Joint Development Plan is a comprehensive plan from the broadest
16 cross-section of experienced TSPs that have ever come together in Texas for any
17 power activity. All of them already are certificated to do business in Texas and
18 all are ready to commence formal construction preparations on the day they are
19 designated in this proceeding. Acceptance of the Joint Development Plan fully
20 realizes the State's and the Commission's goals in the CREZ proceeding.

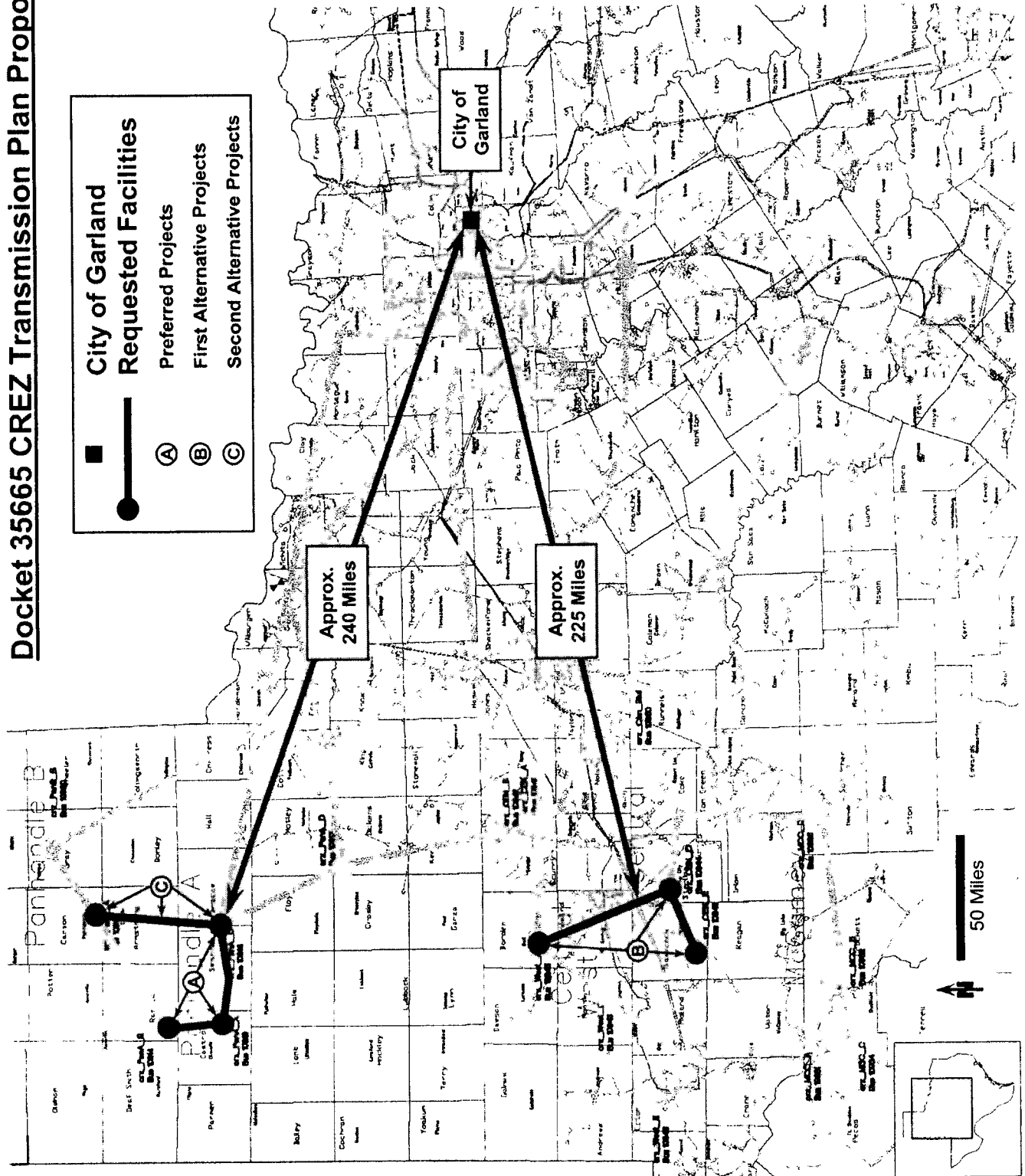
1 Q. MR. WOOD, DOES THIS CONCLUDE YOUR RESPONSIVE
2 TESTIMONY?

3 A. Yes, it does.

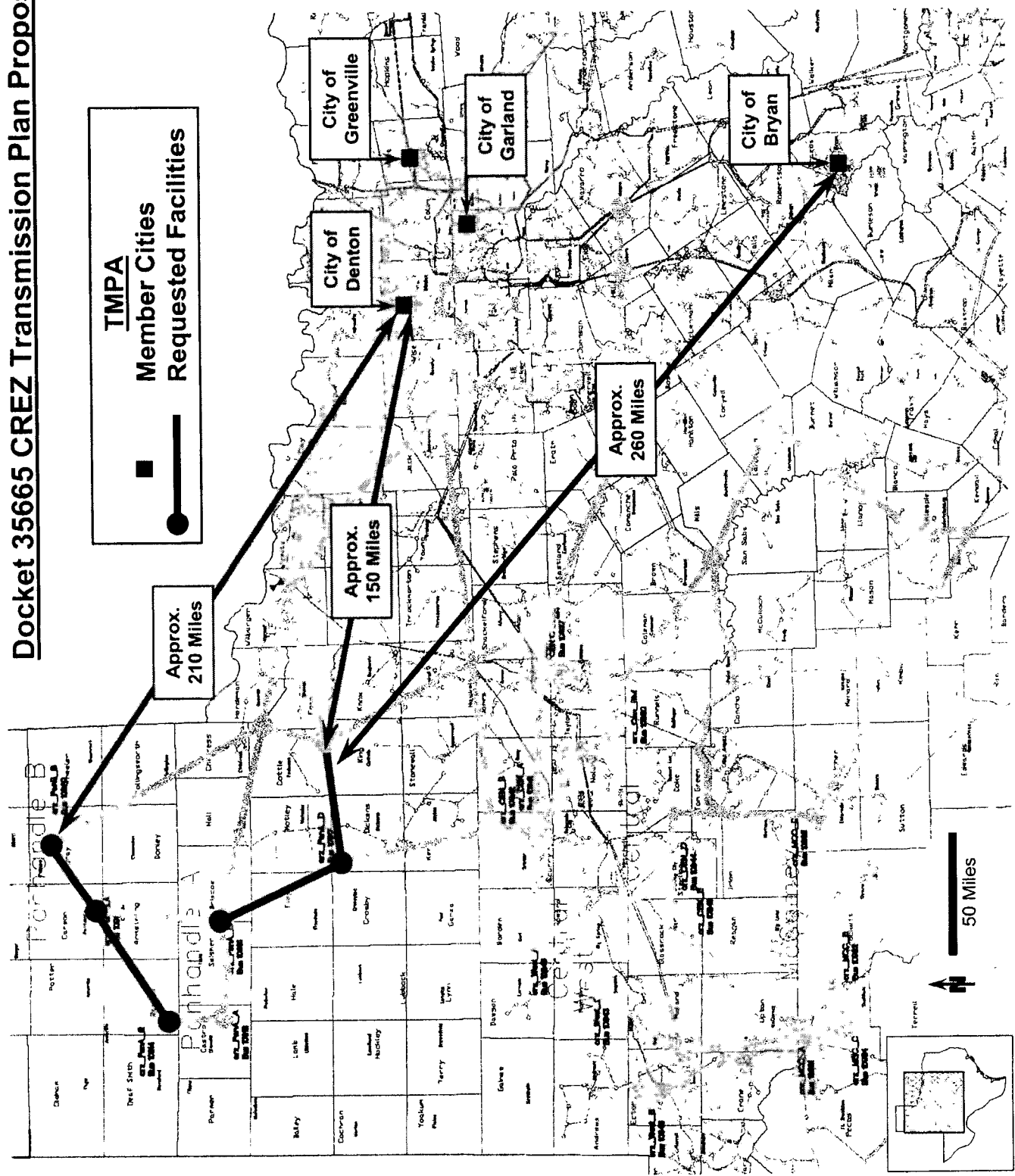
EXHIBIT PW-1R

Maps of Garland Power & Light, Texas Municipal Power Agency, and CPS Energy's Proposed Transmission Lines

Docket 35665 CREZ Transmission Plan Proposal



Docket 35665 CREZ Transmission Plan Proposal



Docket 35665 CREZ Transmission Plan Proposal

**CPS Energy
Requested Facilities**

**Approx. 25 Miles to the
San Antonio municipal boundary**

