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**COMMISSION STAFF'S PETITION
FOR SELECTION OF ENTITIES
RESPONSIBLE FOR TRANSMISSION
IMPROVEMENTS NECESSARY TO
DELIVER RENEWABLE ENERGY
FROM COMPETITIVE RENEWABLE
ENERGY ZONES**

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**PUBLIC UTILITY COMMISSION
OF TEXAS**
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**SUPPLEMENTAL TESTIMONY OF
T. BRIAN ALMON, P. E.
DIRECTOR OF ELECTRIC TRANSMISSION ANALYSIS
INFRASTRUCTURE AND RELIABILITY DIVISION
PUBLIC UTILITY COMMISSION OF TEXAS**

December 1, 2008

1136

SUPPLEMENTAL TESTIMONY OF T. BRIAN ALMON

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I. STATEMENT OF QUALIFICATIONS

Q. Please state your name, occupation and business address.

A. My name is T. Brian Almon. I am employed by the Public Utility Commission of Texas (Commission or PUC) as the Director of Electric Transmission Analysis in the Infrastructure and Reliability Division. My business address is 1701 North Congress Avenue, Austin, Texas 78701.

Q. Are you the same T. Brian Almon who previously filed testimony in this proceeding?

A. Yes, I am.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your rebuttal testimony in this proceeding?

A. The purpose of my supplemental testimony is to support the non-unanimous stipulation (NUS) that was filed on December 1, 2008 in this proceeding by the following parties: Commission Staff (Staff), LCRA Transmission Services Corporation (LCRA TSC), Lone Star Transmission, LLC (Lone Star), Oncor Electric Delivery Company, LLC (Oncor), Sharyland Utilities, LP (Sharyland), and Texas-New Mexico Power Company (TNMP). Additionally, I will provide Staff's recommendations for the assignment of CTP Facilities outside those described within the NUS and offer the basis for recommendations.

Q. Have you relied upon testimony of other Commission Staff to reach your conclusions?

- A. Yes. I have relied upon the supplemental testimony of Commission Staff witness Slade Cutter to reach my conclusions.

III. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Q. Please summarize the conclusions that you have reached concerning the NUS.

- A. I conclude that designating certain Interested TSPs to build specific CTP Facilities as described in the NUS is in the public interest and will result in the construction, operation and maintenance of all of the CTP Facilities in a beneficial and cost-effective manner.

Q. What are your recommendations?

- A. I recommend that the following Interested TSPs be designated to develop specific CTP Facilities as described in the NUS.

LCRA Transmission Services Corp. (LCRA)

Lone Star Transmission, LLC (Lone Star)

Oncor Electric Delivery Company, LLC (Oncor)

Sharyland Utilities, L.P. (Sharyland)

Texas New Mexico Power Company (TNMP)

Q. Why is Staff supporting the terms of the NUS?

- A. A settlement of the assignment of the CTP Facilities described in the NUS is in the public interest as it avoids the risks and uncertainties of litigation and substantially increases the likelihood that the settling parties will support one another in the planning and construction of their assigned facilities in an efficient, economical, and expedient manner. While Staff would have preferred that a settlement could

have been achieved regarding the designation of all CTP Facilities, the NUS assigns approximately three quarters of the CTP Facilities and substantially narrows the focus of any litigation that may occur regarding the remaining facilities. Staff is hopeful that settlement negotiations will continue and that the parties not a part of the NUS will present a settlement regarding the remaining facilities, though of course no Staff support for such settlements can be given or inferred at this time as none has been presented. Staff has consistently taken the position that the CTP Facilities should be assigned to those qualified Interested TSPs that can construct them in the most beneficial and cost-effective manner. Staff has consistently included in its assessment of which Interested TSPs are qualified to be assigned CTP Facilities both incumbent TSPs that currently own and operate transmission lines in ERCOT and Interested TSPs not currently holding a Certificate of Convenience and Necessity (CCN) in Texas. The NUS includes four incumbent TSPs and a new entrant, Lone Star. The inclusion of a new entrant brings diversity to the provision of electric transmission service to the ratepayers in ERCOT. It also moderates the risk of “overloading” any single TSP participating in the development of the largest transmission construction plan currently being implemented not only in Texas but in the United States.

Q. Is Staff’s support of the NUS consistent with the prior testimony of its witnesses?

A. Yes. Staff has consistently taken the position that all of the Interested TSPs are qualified financially and operationally to construct the CTP Facilities that they sought be awarded to them. Recent developments have caused Staff to reevaluate

the qualifications of one Interested TSP, Tejas Transmission, LLC (Tejas), and determine that it is no longer financially qualified to be assigned CTP Facilities for the reasons explained below. Otherwise, the Interested TSPs remain qualified in Staff's estimation and should be considered for the assignment of TSP Facilities other than those included in the NUS.

Q. Why has Staff determined that Tejas is no longer financially qualified to be assigned CTP Facilities?

A. Staff has become aware of a series of recent events that lead it to have serious concerns about the financial condition of Tejas' corporate parent Babcock & Brown. Staff witness Cutter will address these concerns.

Q. Does Staff have specific recommendations about the assignment of CTP Facilities not assigned in the NUS?

A. Not at this time. Consistent with the prior testimony of its witnesses, however, Staff can offer some general observations about how the remaining CTP Facilities may be assigned. Staff has consistently recommended that South Texas Electric Cooperative (STEC) be assigned the CTP Facilities requested in its CTP Proposal filed in Docket No. 35665. There is no reason to expect that this recommendation would change. As addressed in my Rebuttal Testimony, I have some concerns about the assignment of CTP Facilities to the Texas Municipal Power Agency (TMPA) not related to its financial or operational qualifications. Additionally, as I recommended in my Rebuttal Testimony, it is Staff's position that the City of Garland (Garland) and City Public Service (CPS) should only be assigned CTP Facilities as partners in joint ventures with another TSP so that any transmission

line in which they have an ownership interest undergoes the CCN process at the Public Utility Commission (PUC). The remaining three Interested TSPs: Cross Texas Transmission (Cross Texas), Electric Transmission Texas (ETT), and Wind Energy Transmission Texas (WETT) have previously been evaluated and found to be equally qualified and beneficial choices to be assigned CTP Facilities. Staff would therefore be supportive of each of these Interested TSPs being assigned CTP Facilities other than those designated in the NUS.

Q. Does this conclude your testimony?

A. Yes, it does.