30. The proposed transmission line is the result of the 2012 SPP Transmission Expansion Plan (STEP) study of the SPP Open Access Transmission Tariff which is part of the annual Regional Transmission Organization Reliability Assessment, as well as the requests to address additional load.

31. SPS demonstrated a reasonable need for the project in order to address additional load and to ensure reliable service. The need for the project was not disputed in this docket.

Resolution of Landowner Concerns

32. Six parties have intervened in this proceeding, including Keith Neill, C.W. Mizner, Occidental Permian Ltd., Dollie Jean Adair Ellison, Delmon Ellison, and Ricky Brooks. None of these parties have requested a hearing on the merits in this proceeding.

33. No party objected to the location of Route A.

Project Alternatives

34. In response to requests to serve additional load, SPS conducted a study that analyzed two alternatives to mitigate single contingency event voltage and line overload violations during an outage of either the Sulphur Springs 115/69-kV transformers, or the Sulphur Springs Substation to the Adair Substation 69-kV line, or the Seagraves Substation to LEC's McConal and Seminole Substations tap point 69-kV line. The first alternative studied (Alternative 1), was the installation of a new 115/69-kV, 84 MVA substation near the Cedar Lake Substation and approximately twelve miles of new 115-kV line between the Sulphur Springs Substation and the new 84 MVA substation (the proposed project). The second alternative studied (Alternative 2), was the conversion of the existing Adair Substation from 69-kV to 115-kV service and building approximately five miles of new 115-kV transmission line from the Sulphur Springs Substation to the converted 115-kV Adair Substation. The report recommended Alternative 1 because it addresses long term load growth in the study area.

35. In coordination with SPS, SPP conducted studies to evaluate if there were reliability issues within the transmission system and whether additional transmission lines or upgrades to existing lines were needed. These studies provided an in-depth analysis of the need for this project prior to SPP's issuance of the notice to construct (NTC) the

proposed transmission line. The studies concluded that the proposed project was needed for reliability purposes and to mitigate low voltage issues in the SPS South Service Area due to single-contingency events. SPS did not analyze distribution alternatives, upgrading voltage or bundling of conductors of existing facilities, adding transformers, or distributed generation alternatives because those alternatives alone would not satisfy the requirements of the STEP study and because an in-depth analysis was conducted by SPP, in coordination with SPS, prior to the determination of the need for the project and the issuance of the NTC.

Routes

36. SPS considered and submitted a sufficient number of geographically diverse routes for the proposed transmission line.

37. Consistent with the application, the proposed transmission line to be constructed along Route A, is comprised of segments 2, 7, 16, 22, 25, 35, 43, 48 and 49. The transmission line will begin at the new Diamondback Substation, to be located immediately northwest of the CR 143/CR 120 intersection in the southeast corner of Section 15 in Gaines County, to the existing Sulphur Springs Substation, located northeast of the CR 361/CR 680 intersection in the southwest corner of Section 5 in southern Terry County.

38. Route A complies with all aspects of PURA § 37.056 and P.U.C. SUBST. R. 25.101 and is the best alternative weighing the factors contained therein.

Community Values

39. Pursuant to P.U.C. PROC. R. 22.52(a)(4), SPS and Atkins North America, Inc. (Atkins) conducted an open-house meeting at which the proposed project was discussed. The meeting was conducted between the hours of 5:30 PM and 7:30 PM on November 13, 2012 at the Loop Community Center in Loop, Texas.

40. Information received from the public open-house meetings and from local, state, and federal agencies was considered and incorporated into both Atkins's routing analysis and SPS's selection of alternative routes.

41. Commission Staff recommends that SPS cooperate with directly affected landowners to implement minor deviations in the approved route to minimize the impact of the proposed transmission line.

42. There are no habitable structures located within 300 feet of the proposed transmission line along Route A.

43. There are no commercial AM radio towers within 10,000 feet of the proposed transmission line along Route A.

44. There are no electronic communication towers located within 2,000 feet of the transmission line along Route A.

45. There are no FAA registered airfields within 20,000 feet of the centerline of Route A. There are no known heliports within 5,000 feet of Route A. There is one private airstrip within 10,000 feet of the centerline of Route A.

Park and Recreational Areas

46. There are no parks or recreational areas located within 1,000 feet of the proposed centerline of Route A.

47. The proposed transmission line will have no adverse impact on parks and recreational areas.

Historical and Archeological Areas

48. Route A does not cross any listed or determined-eligible historical or archeological sites, and there are no such sites within 1,000 feet of the route.

49. Route A does not cross any previously recorded historical or archeological sites, and there are no such sites within 1,000 feet of the route.

Aesthetic Values

50. The aesthetic impacts of the proposed transmission line have been considered and minimized to the extent possible.

Effect of Granting the CCN on Other Utilities

51. The proposed transmission line will not adversely affect service by other utilities in the area and will result in SPS being able to provide more reliable service.

Environmental Impact

52. Construction of the proposed transmission line will have no significant impacts on the geologic or physiographic features of the area.

53. The proposed transmission line will not have a long-term impact on soils. SPS will inspect the right-of-way (ROW) during and after construction to identify erosion areas and will take special precautions to minimize vehicular traffic over areas with very shallow soils. SPS will also exercise special care when clearing near waterways.

54. SPS or its contractor will control soil erosion associated with construction activity by re-vegetating erosion-prone, disturbed areas as soon as possible following construction and any required clearing.

55. The proposed transmission line will have no significant impacts on prime farmland and will be limited to the physical occupation of small areas at the base of support structures.

56. The proposed transmission line should have no significant impact on surface water.

57. Route A will cross one stream and will have no ROW across open water. SPS will span the stream where possible.

58. Although it is possible that some transmission line structures will be located within a floodplain, careful siting should minimize the possible impacts and the structures should not significantly affect flooding. SPS will coordinate with the appropriate floodplain administrators for Terry and Gaines counties as necessary.

59. Construction of the proposed transmission line and substation should have no significant impact on the groundwater resources of the area.

60. The main impact of the transmission line on vegetation will be the removal of woody vegetation along the proposed ROW. When clearing vegetation, SPS will retain native ground cover, where possible, to minimize impacts to local vegetation and will re-seed as required by this Notice.

61. The transmission line will have no significant impact on aquatic/hydric habitat.

62. The transmission line will have no significant impact on local wildlife.

63. The transmission line is not located within the boundaries of the Texas Coastal Management Program as defined by 31 T.A.C. § 503.1.

64. No plants currently listed as threatened or endangered by United States Fish and Wildlife Service (USFWS) and TPWD are known to occur along the proposed transmission line routes or on substation sites. No impacts to any federally or state-protected plant species are expected to result from this project.

65. Construction of the proposed transmission line will minimize to the extent practicable adverse environmental impacts to sensitive plant and animal species and their habitats.

66. No significant impacts to unique, sensitive, or protected wildlife habitats are anticipated.

67. No impacts to federal or state-listed threatened or endangered species are anticipated. SPS will consult with USFWS should any federally listed threatened species be observed during construction.

68. No non-listed sensitive species are expected to be impacted by Route A.

69. No significant impacts are expected to non-listed sensitive species that may occur in the study area. SPS will consult USFWS for any required surveys.

70. SPS has conducted an adequate evaluation of potential environmental impacts of the proposed transmission line in the impacted area.

Prudent Avoidance

71. The proposed transmission line has been routed in accordance with the Commission's policy of prudent avoidance. There are no habitable structures within 300 feet of the centerline of Route A.

72. The proposed project complies with the Commission's policy of prudent avoidance.

TPWD Written Comments and Recommendations

73. SPS will comply with all environmental laws and regulations independent of any language included in this Notice.

74. In addition to obtaining a CCN from the Commission, SPS may need additional permits, and where necessary to comply with other federal and state laws, may be required to make additional notification in order to construct the project.

75. After a transmission line route has been selected and approved by the Commission, qualified individuals will, if necessary, conduct a field assessment of the entire length of the project to identify water resources, cultural resources, potential migratory bird issues, and threatened or endangered species habitat that may be impacted as a result of the project. As a result of these assessments, SPS will identify additional permits that are necessary, will consult any required agencies, will obtain all necessary environmental permits, and will comply with the relevant permit conditions during construction and operation of the transmission line.

76. If appropriate, SPS will utilize permitted biological monitors to ensure compliance with the Endangered Species Act.

77. SPS will implement construction practices that are sufficient to avoid the need for additional permitted biological monitors during clearing and construction activities for state-listed species. SPS will implement TPWD recommendations that state-listed species observed during construction be allowed to leave the site or be relocated to a suitable nearby area by a permitted individual.

78. SPS will comply with the Migratory Bird Treaty Act.

79. The standard mitigation requirements included in the ordering paragraphs in this Notice, coupled with SPS's implementation of construction and mitigation practices identified in the Fact Statements are reasonable measures that SPS will implement when constructing the transmission line.

80. SPS will use best management practices to minimize the potential impact to migratory birds and threatened or endangered species.

II. Legal Conclusions

1. SPS is an electric utility as defined in PURA §§ 11.004 and 31.002(6).

2. SPS is not a participant in the retail competition market under PURA, Chapter 39, Subchapter I.

3. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 32.001, 37.051, 37.053, 37.054, and 37.056.

4. SPS provided proper notice of the application in compliance with PURA § 37.054 and P.U.C. PROC. R. 22.52(a).

5. This docket was processed in accordance with the requirements of PURA and Administrative Procedure Act, TEX. GOV'T CODE ANN. §§ 2001.001-.902 (Vernon 2008 & Supp. 2012) and Commission rules.

6. SPS is entitled to approval of the application described in the fact statements, utilizing Route A, having demonstrated that the proposed transmission line facilities are necessary for the service, accommodation, convenience, and safety of the public within the meaning of PURA § 37.056(c).

7. Route A complies with all aspects of PURA § 37.056 and P.U.C. SUBST. R. 25.101, as well as the Commission's policy of prudent avoidance.

8. This application does not constitute a major rate proceeding as defined by P.U.C. PROC. R. 22.2.

9. The requirements for administrative approval pursuant to P.U.C. SUBST. R. 25.101(b)(3)(C) have been met in this proceeding.

10. The application is reasonable, in the public interest, and should be approved.

11. The requirements for informal disposition under P.U.C. PROC. R. 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these statements of fact and legal conclusions, the Commission issues the following Order:

1. SPS's application is approved.

2. SPS's CCN No. 30153 is amended to include the construction and operation of the transmission line facilities requested in the application. SPS will use Route A comprised of segments 2, 7, 16, 22, 25, 35, 43, 48 and 49, approximately 11.6 miles in length, as described in the application.

3. In the event SPS or its contractors encounter any artifacts or other cultural resources during project construction, work shall cease immediately in the vicinity of the resource and the discovery shall be reported to the Texas Historical Commission (THC). In that situation, SPS shall take action as directed by the THC.

4. SPS shall implement erosion control measures as appropriate. Also, SPS shall return each affected landowner's property to its original contours and grades unless otherwise agreed to by the landowner or landowners' representatives. SPS shall not be required to restore original contours and grades where a different contour or grade is necessary to ensure the safety or stability of the project's structures or the safe operation and maintenance of the line.

5. SPS shall follow the procedures for raptor protection outlined in the *Avian Power Line Interaction Commission (APLIC), Suggested Practices for Raptor Protection on Power Lines: The State of the Art in 2006* (2006); and in the APLIC and USFWS *Avian Protection Plan Guidelines* (2005). SPS shall take precautions to avoid disturbing occupied nests and will take steps to minimize the impact of construction on migratory birds, especially during nesting season.

6. SPS shall exercise extreme care to avoid affecting non-targeted vegetation or animal life when using chemical herbicides to control vegetation within the ROW, and shall ensure that such herbicide use complies with the rules and guidelines established in the Federal Insecticide, Fungicide, and Rodenticide Act and with the Texas Department of Agricultural regulations.

7. SPS shall minimize the amount of flora and fauna disturbed during construction of the transmission line, except to the extent necessary to establish appropriate ROW clearance for the transmission line. Additionally, SPS shall re-vegetate using native species and shall consider landowner preferences and wildlife needs in doing so. Furthermore, to the maximum extent practicable, SPS shall avoid adverse environmental impacts to sensitive plant and animal species and their habitats as identified by TPWD and the USFWS.

6. SPS shall use best management practices to minimize the potential impact to migratory birds and threatened or endangered species.

7. SPS shall cooperate with directly affected landowners to implement minor deviations in the approved route to minimize the impact of the project. Any minor deviation to the approved route shall only directly affect landowners who received notice of the transmission line in accordance with P.U.C. PROC. R. 22.52(a)(3) and shall directly affect only those landowners that have agreed to the minor deviation, excluding public ROWs.

8. SPS shall be permitted to deviate from the approved route in any instance in which the deviation would be more than a minor deviation, but only if the following two conditions are met. First, SPS shall receive consent from all landowners who would be affected by the deviation regardless of whether the affected landowner received notice of or participated in this proceeding. Second, the deviation shall result in a reasonably direct path towards the terminus of the line and not cause an unreasonable increase in cost or delay in the project. Unless these two conditions are met, this paragraph does not authorize SPS to deviate from the approved route except as allowed by the other ordering paragraphs in this Order.

9. SPS shall update the reporting of this project on their monthly construction progress report prior to the start of construction to reflect final estimated cost and schedule in accordance with P.U.C. SUBST. R. 25.83(b).

10. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS the 21st day of May 2013.

PUBLIC UTILITY COMMISSION OF TEXAS

IRENE MONTELONGO
DIRECTOR, DOCKET MANAGEMENT

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