

CITY OF KERRVILLE
MAYOR AND CITY COUNCIL
800 Junction Highway
Kerrville, Texas 78028
830-257-8000 / www.kerrvilletx.gov

FILED
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FILING CLERK

July 15, 2010

Public Utility Commission of Texas
Chairman Barry T. Smitherman
P.O. Box 13326
Austin, Texas 78711-3326

Public Utility Commission of Texas
Central Records
Attn.: Filing Clerk
P.O. Box 13326
Austin, Texas 78711-3326

**Ref: LCRA McCamey D – Kendall – Gillespie CREZ 345kV Transmission Line
Project – DOCKET NUMBER 38354**

Dear Chairman Smitherman and Members of the Public Utility Commission:

In a letter to the Public Utility Commission dated June 3, 2010, I wrote to convey the City of Kerrville's official concerns and opposition to LCRA TSC's CCN application for the McCamey D to Kendall to Gillespie portion of the transmission corridor due to the Commission on July 28, 2010. Kerrville's opposition is to the following specific segments – Y16, Y17a, Y17b, Y18, Y19a, Y19b, and Y20. A resolution stating our position was filed with the Commission.

It has recently come to the attention of the City of Kerrville that there are significant questions regarding the validity of the data used to determine the functional and financial viability of the CREZ project. These questions arise primarily from the original ERCOT study that had very limited data available at the time of the study and a relatively short time period in which to conduct such a major analysis. Furthermore, there have been substantial changes in the electric industry since the study was concluded that may substantially alter the conclusions and recommendations made to the Commission and the Texas Legislature.

The stated primary purpose of the CREZ project is to achieve the PUC's mandate to deliver renewable power to the consumer in the most cost effective manner. Questions raised as to the actual viability of the CREZ project call into question whether it will actually achieve this mandate. Kerrville respectfully requests that the Commission re-evaluate the functional viability and economic feasibility of the CREZ project and that the Commission postpone any further action on submissions related to the CREZ project until the functional viability and economic feasibility are confirmed. An executed copy of Resolution No. 020-2010 of the Kerrville City Council is attached that states the City's official request on this matter.

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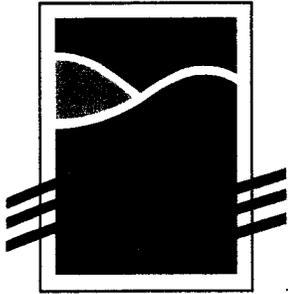
We know that the Commission has many difficult decisions to make regarding the CREZ project, and we appreciate the hard work and care that each member of the PUC gives to this project. Please do not hesitate to contact the City of Kerrville if we may be of service.

Sincerely,

A handwritten signature in black ink, appearing to read "David Wampler", written in a cursive style.

David Wampler, Mayor
City of Kerrville

Cc: Representative Harvey Hilderbran
Senator Troy Fraser
Kerr County Commissioners' Court



CITY OF KERRVILLE

CITY SECRETARY

800 Junction Highway

Kerrville, Texas 78028

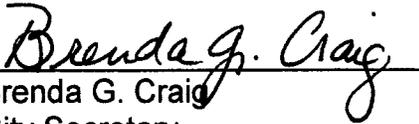
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STATE OF TEXAS

COUNTY OF KERR

I, Brenda G. Craig, hereby certify that I am the City Secretary of the City of Kerrville, Kerr County, Texas, and that the minutes, resolutions, ordinances, regulations, codes, and laws of the City of Kerrville are kept under my custody and control, and that the attached is a true and correct copy of Resolution No. 020-2010 of the City of Kerrville, as the original appears on file in the City Secretary's Office of the City of Kerrville, Texas.

In Testimony Whereof, I have hereunto set my hand and seal and affixed the official Seal of the City of Kerrville, Texas, this the 15th day of July 2010.


Brenda G. Craig
City Secretary
City of Kerrville, Texas



**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 020-2010**

**A RESOLUTION REQUESTING THAT THE TEXAS PUBLIC
UTILITY COMMISSION (PUC) RE-EVALUATE THE
FUNCTIONAL VIABILITY AND ECONOMIC FEASIBILITY
OF THE COMPETITIVE RENEWABLE ENERGY ZONES
(CREZ) PROJECT AND THAT THE TEXAS PUBLIC
UTILITY COMMISSION POSTPONE ANY ACTION ON THIS
MATTER UNTIL A TIME THAT SUCH INTERESTS ARE
CONFIRMED**

WHEREAS, the City Council of the City of Kerrville, Texas, recently filed Resolution No. 014-2010, which stated its opposition to one of the proposed routes for a Competitive Renewable Energy Zone ("CREZ") Project that the Lower Colorado River Authority is considering, which will connect the proposed McCamey D Substation to an existing Kendall County Substation; and

WHEREAS, the rationale for implementing the CREZ Project across the state was based upon an Electric Reliability Council of Texas ("ERCOT") report titled *Analysis Transmission Alternatives for Competitive Renewable Energy in Texas*, dated December 2006 (the "Report"); and

WHEREAS, at the time of the Report, only 2,508 mega watts, or 14.8%, of the 17,000 mega watts of wind generation as needed across the state was actually in service; and

WHEREAS, the wind generation facilities constructed since the Report appear to be less productive and more costly to operate and maintain than originally forecast; and

WHEREAS, the ERCOT Report is based upon a 10 year horizon due to the fact that a longer view of the system would not provide useful guidance to nearer term decisions because of uncertainties in future generation patterns and the variables that highly influence electric load growth such as population trends, electricity prices, economic conditions, transmission technology, and the trend toward greater efficiency for devices that use electricity; and

WHEREAS, because of the time constraints in preparing the Report, it is not definitive on the costs involved in providing transmission services; and

WHEREAS, significant issues related to adding new wind generation in West Texas were not addressed including ancillary services costs and the impacts in dynamic response on the electric system; and

WHEREAS, the primary purpose of the CREZ Project is the PUC's response to a public mandate to deliver renewable power to the consumer in the most cost effective manner; and

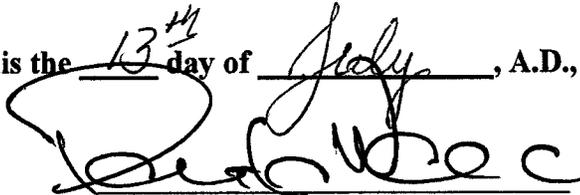
WHEREAS, at present, there is insufficient analysis to determine that the CREZ Project is capable of meeting the PUC's mandate as specified above.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF KERRVILLE, KERR COUNTY, TEXAS:

SECTION ONE. The City Council of the City of Kerrville, Texas, approves and adopts the findings set forth in the above recitals.

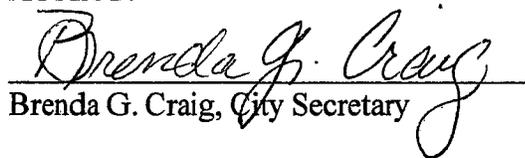
SECTION TWO. The City Council urges that the PUC re-evaluate the functional viability and economic feasibility of the Competitive Renewable Energy Zones (CREZ) Project and that the PUC postpone any action on submissions related to the CREZ Project until the functional viability and economic feasibility are confirmed.

PASSED AND APPROVED ON this the 13th day of July, A.D., 2010.



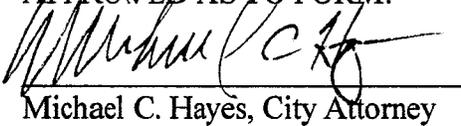
David Wampler, Mayor

ATTEST:



Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney