



Delivering Renewable Energy in Texas

Transmission project expands a vital energy market

BY LARRY CLENDENNEN, CRE

With its windy flat plains and gusty mountain passes, Texas is the largest producer of wind energy in the United States. The state also has more than three times as many wind turbines as any other state, and in 2012, nearly 10 percent of all electricity generated in Texas came from wind power. However, much like in other parts of the country, it is a challenge to get that clean, renewable energy from the remote areas where it is generated to the densely-populated areas where it is needed.

Following a mandate from the Texas Legislature in 2005, the Public Utility Commission of Texas (PUCT) directed the Electric Reliability Council of Texas, Inc. to identify areas in the state best-suited for wind generation development. A total of five areas in West Texas and the Panhandle were designated with Competitive Renewable Energy Zone (CREZ) status, setting in motion the next step: building hundreds of miles of CREZ transmission projects in the state.

In November 2010, the PUCT formally awarded newly-formed utility provider Lone Star Transmission, LLC a significant portion of the CREZ transmission project, an overall

plan that includes roughly 2,400 miles of new 345-kV transmission lines. Lone Star's 320-mile electric transmission line was the largest single-certificated transmission project in Texas history. When Lone Star energized its full set of CREZ facilities in March 2013, it became the first CREZ transmission participant to complete its project, and did so on schedule and under budget.

FOCUSED ON THE GOAL

Although Lone Star is a young company, having only been a Texas utility for three years, it was determined to meet the challenge head-on. The land team had exactly 20 months to acquire unrestricted construction access to the 671 parcels in eleven counties. To engage adequate resources, three consulting firms were retained for right of way acquisition and project management, and three firms were hired for appraisal. Strategic decisions were made about how to divide the work among these vendors to ensure that the team maintained the schedule without sacrificing efficiency. For example, the team assigned each appraisal company to evaluate different segments, yet because they were

physically close to one another, they could share the same relevant market data.

Lone Star divided the line into ten segments, each measuring about 30 miles. For the deadline to be met, land acquisition was needed and each segment of the line had to be carefully sequenced. Each of the ten project segments had a separate, integrated, multi-discipline schedule. Because of an aggressive energization target, the schedule for each segment also overlapped other segments, causing the potential for bottlenecks.

THE RIGHT TO RE-ROUTE

The PUCT's final order dictated the overall route for the transmission line, and as a longstanding practice, it ordered Lone Star to work with landowners on minor route deviations to lessen the project's impact on private property. For this project, however, the PUCT also ordered the utility to work with property owners on more substantial deviations if Lone Star received consent from all affected landowners.

It didn't take long for the landowners to grasp the full scope of their ability to significantly change the route. They began to focus on ways to change the route to lessen the impact of the line on their properties. Lone Star received dozens of requests, many of which were much more than minor, and several also affected other landowners. These requests created the need for additional surveys, appraisals, document preparation and engineering. Regardless of the scope, each route modification request had to be thoughtfully evaluated – without jeopardizing the schedule.

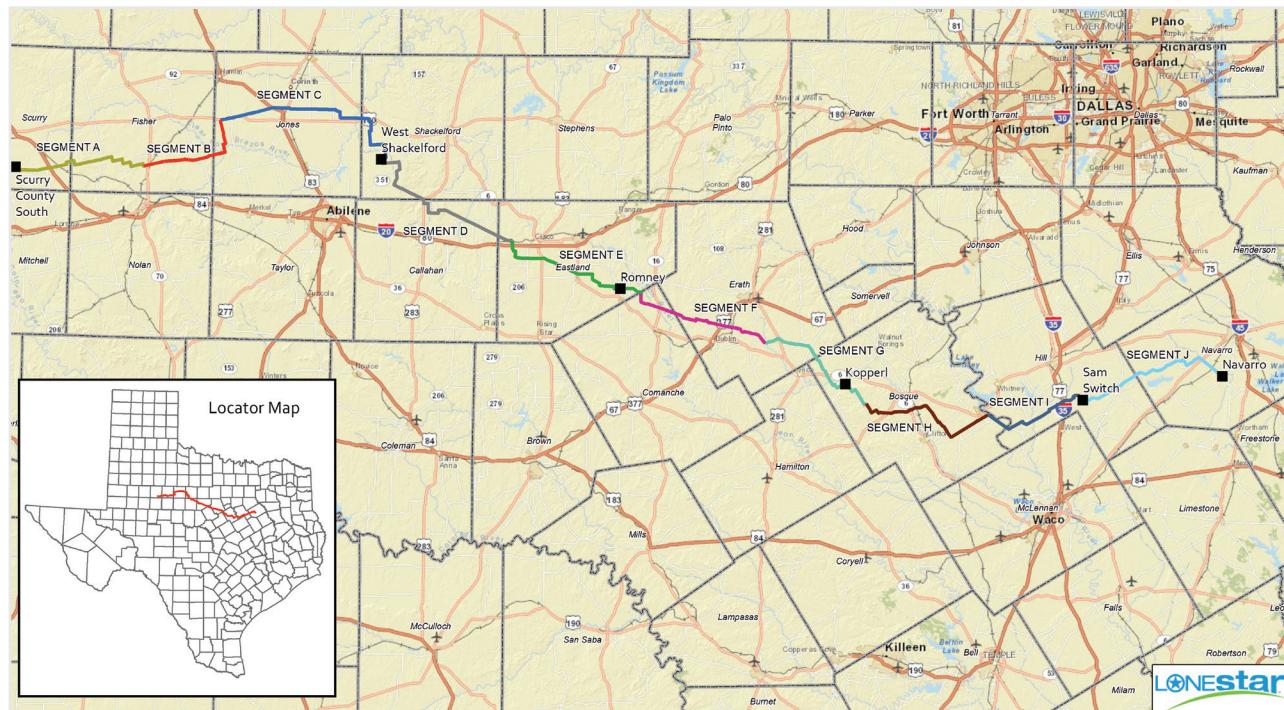
The team did two things that permitted us to thoroughly consider every request, while staying on schedule. First, we mailed a letter to every landowner soliciting re-route requests and providing rolling deadlines segment by segment. We did not want any landowner to realize too late that they could have had input on the route across their property. By sending out these letters, we were able to collect many viable routing ideas within the timeframe needed. That meant we could conduct the necessary environmental and engineering reviews, and work with

landowners individually or in groups to lessen impacts where possible.

Second, we carefully coordinated all efforts related to the re-routes. This included receiving the requests, meeting with the landowners on their property in person, soliciting data from various sources necessary to evaluate the request, conducting meetings with surveyors and engineers, and facilitating the final decision-making. As a result, we were able to grant a majority of the requests we received. This coordinated effort allowed us to deliver construction access on time while completing the project under budget.

EXERCISING THE LEGAL OPTIONS

According to the Texas Utilities Code, utility companies have the legal right to enter property on a transmission line route in order to conduct surveys and testing to confirm that every mile is fit for construction of the proposed project. However, one Texas intermediate appellate court interpreted the statute to permit surface activities only, which means no geo-technical



Determined to efficiently acquire the right of way needed for the project, Lone Star strategically divided the work along county lines.



This project was the first double circuit all-monopole 345-kV line, creating less visual impact and requiring much less right of way than lattice structures. The average monopole ranges from 120 to 140 feet above ground.

drilling before the easement is acquired. And Texas landowners are serious about their property rights. So as a general rule of thumb, it is best to provide notice and get the landowners' consent in writing before sending the surveyors, environmentalists, archeologists and geo-tech crews out to do their work. For this project, most landowners gave Lone Star permission to complete its testing. And with those who didn't, our company politely but firmly exercised its legal rights.

One particular setback occurred with the passage of a new law, which impacted both the project's schedule and budget. In June 2011, six months after the PUCT ordered our route and two months before we were to deliver access to the first segment of parcels, Governor Rick Perry signed Senate Bill 18 into law. Before Senate Bill 18, condemnation could be accomplished in about a month, start to finish, with a certified appraisal to be provided near the end of the process. The new law added at least two months to the condemnation process by setting lengthy new minimum time periods between steps in the process and required that the condemnor provide the landowner with a certified appraisal at least fourteen days before filing a petition in condemnation.

Since the Lone Star line crosses 11 counties, Lone Star was faced with trying condemnation cases in 11 separate jurisdictions. To increase efficiency, the condemnation work was divided along county lines. The courts, court staff, special commissioners and even opposing

counsel, were really separated by county lines. One legal strategy necessitated by Senate Bill 18 was to file condemnation suits earlier with respect to the overall acquisition and construction schedule to ensure that we could deliver an easement on time. And although Lone Star filed petitions on 37 percent of the 671 parcels that were ultimately acquired, in-house right of way staff actively negotiated with landowners even after petitions had been filed. As a result, we ended up conducting condemnation hearings for only 14 percent of the parcels.

Whenever reasonably possible, we entered Possession and Use Agreements. Even under the new law, the speed with which condemnation can be accomplished is considered fast-paced by landowners and legal counsel alike. Possession and Use Agreements with landowners meant that Lone Star acquired unrestricted construction access on schedule while paying a reasonable amount of compensation that would later be settled either by a condemnation award in due course, or a negotiated amount if agreement could be reached. This maintained the land access schedule while allowing negotiations and court proceedings to occur on a slower pace.

GETTING THE JOB DONE

The land acquisition team ultimately overcame all challenges and acquired 100 percent unrestricted construction access, via easement or possession and use agreement, to all 671 parcels in 20 months.

This permitted construction to proceed on schedule and has made Lone Star the first transmission provider associated with CREZ to complete construction and energize its entire project on time. From the time Lone Star was awarded this project, until completion, more than 1,700 parcels were affected to one degree or another on the way to selecting the route that was actually built.

This and other CREZ transmission lines will strengthen the electric grid and enhance the reliable transmission of electricity from all generation sources, particularly from renewable sources like wind. In addition, the CREZ project will provide billions of dollars of direct economic development and tax benefits to Texas. Lone Star's transmission line will provide a total of \$10 million in property tax revenue to the 11 counties it runs through in the first year of operation alone. And with a state renewable energy goal of 5,000 new megawatts of power from renewable sources by 2015, this project will go a long way toward expanding this vital energy market. ♦



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