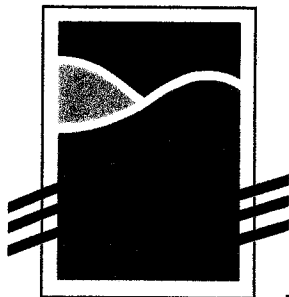


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CITY OF KERRVILLE

MAYOR AND CITY COUNCIL

800 Junction Highway

Kerrville, Texas 78028

830-257-8000 / www.kerrvilletx.gov

June 3, 2010

Public Utilities 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
Post Office Box 13326
Austin, Texas 78711-3326

10:21-7 PM 2:27
FILING CLERK
C.D.

Ref: LCRA McCamey D - Kendall - Gillespie CREZ 345kV Transmission Line Project

Dear Chairman Smitherman and Members of the Public Utilities Commission,

I am writing officially as Mayor of the City of Kerrville to express deep concerns and opposition shared by the citizens and development community of Kerrville regarding LCRA TSC's CCN application for the McCamey D to Kendall to Gillespie portion of the Transmission corridor that LCRA TSC is submitting to the PUC this summer. This opposition is specific to segments Y16, Y17a, Y17b, Y18, Y19a, Y19b, and Y20. Please find attached a copy of a resolution adopted by the Kerrville city council (Exhibit A) opposing these segments and the following supporting information:

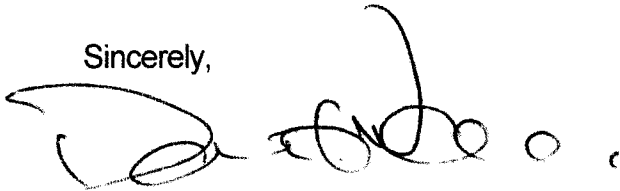
- The original studied areas prepared by LCRA TSC provide numerous alternate transmission line routes to connect the proposed McCamey D substation to the existing Kendall County Substation.
- The proposed route that includes segments Y16, Y17a, Y17b, Y18, Y19a, Y19b, and Y20 will cross through Kerrville's city limits and extraterritorial jurisdiction and follow Interstate 10.
- Interstate 10 is a TxDOT controlled access highway. Our understanding of controlled access is the proposed route can only be accessed for construction or maintenance at existing access points along the highway or by other means, both of which are undesirable for a practical project as well as the additional impact to private property.

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- The Interstate 10 corridor through Kerrville is extremely vital to the city's future growth and is a highly trafficked and scenic gateway into Kerrville; CREZ segments Y16-Y20 negatively impact Kerrville's adopted Comprehensive Master Plan (Exhibit B).
- CREZ segments Y16-Y20 directly impact \$4,000,000 and indirectly impact \$10,800,000 of public funding infrastructure investments (Exhibits C & D).
- CREZ segments Y16-Y20 impact over \$550,000,000 of Kerrville's planned development economy, equivalent to approximately 32% over the current certified taxable value (Exhibits E & F).

The detrimental impacts that the I-10 route have on our city and region are clearly documented herein. Based upon those impacts, the city of Kerrville must officially oppose the placement of the CREZ lines within or adjacent to the city's boundaries, in any area within the city's extraterritorial jurisdiction, and/or within residential areas. In addition, the city council strongly urges the placement of the CREZ Lines within or along existing utility right-of-way and/or areas where electric power structures already exist. We appreciate your careful consideration and remain available to discuss this project at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Wampler', with a large, stylized flourish extending from the end of the signature.

David Wampler, Mayor
City of Kerrville

**CITY OF KERRVILLE, TEXAS
RESOLUTION NO. 014-2010**

**A RESOLUTION OPPOSING PLANS BY THE LOWER
COLORADO RIVER AUTHORITY TO PLACE ELECTRICAL
TRANSMISSION LINES RELATING TO THE
COMPETITIVE RENEWABLE ENERGY ZONES (CREZ)
PROJECT ALONG THE INTERSTATE 10 CORRIDOR
WITHIN OR ADJACENT TO THE CITY'S LIMITS**

WHEREAS, the City Council of the City of Kerrville, Texas, supports the pursuit of renewable energy sources and recognizes the need to deliver energy to consumers; and

WHEREAS, the State of Texas is pursuing an aggressive strategy to increase the electricity generating capacity from renewable energy technologies; and

WHEREAS, a plan was developed by the Public Utilities Commission of Texas ("PUC") to construct transmission capacity to deliver power that is generated from the five designated Competitive Renewable Energy Zones ("CREZ") located in West Texas to electric customers in metropolitan areas; and

WHEREAS, the CREZ projects include constructing massive structures and electrical transmission lines ("CREZ Line(s)") that will cross over portions of the Hill Country, possibly including Kerr County and surrounding counties; and,

WHEREAS, the PUC has selected the Lower Colorado River Authority Transmission Services Corporation ("LCRA") to construct and operate the segments of the CREZ Lines that will be located throughout the Hill Country; and

WHEREAS, in its application filings with the PUC, LCRA has proposed a route for a CREZ Line that will connect the proposed McCamey D Substation to an existing Kendall County Substation; and

WHEREAS, this route, identified as segments Y16, Y17a, Y17b, Y18, Y19a, Y19b, and Y20, will cross through the City's limits and its extraterritorial jurisdiction and follow Interstate 10; and

WHEREAS, Interstate 10 and the area around it, which crosses or lies adjacent to the City's limits (the "Interstate 10 Corridor"), is extremely vital to the City's interests in terms of the City's future growth and as a highly trafficked and scenic gateway into the City; and

WHEREAS, any such placement of CREZ Lines into the Interstate 10 Corridor will have a significant and detrimental impact on property values, economic development, and aesthetics on this area; and

Approved by City Council

Date: May 25, 2010

Volume _____ **Page** _____

WHEREAS, pre-existing transmission lines owned and operated by LCRA already cross-cut several areas of the City; and

WHEREAS, the City believes that alternative routes exist to connect the CREZ projects and areas in and around the Texas Hill Country such that LCRA could and should avoid routes that impact the Interstate 10 Corridor; and

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 opposes the placement of the CREZ Lines within or adjacent to the Interstate 10 Corridor located within or adjacent to the City's boundaries, in any area within the City's extraterritorial jurisdiction, and/or in close proximity to residential areas.

SECTION THREE. The City Council believes that the proposed route along the Interstate 10 Corridor is neither reasonable nor feasible for the following reasons:

- a. Interstate 10 is a limited access highway and exists, for the most part, without access or service roads; thus, such roads would need to be built, which will require additional funds and property and mean greater impact to private property owners along this route.
- b. the route would traverse land with significant topographical features that will add costs, have a greater environmental impact, and create must greater effects, both visual and otherwise, on this community.

SECTION FOUR. The City Council believes that alternative routes exist which would utilize existing, compatible right-of-ways such as those containing existing transmission lines or areas where electric utility infrastructure already exists all of which would result in shorter, less expense routes.

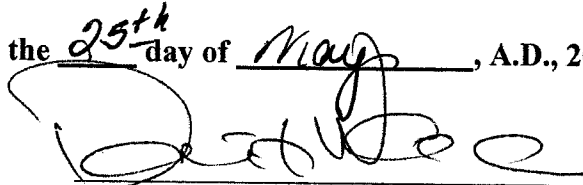
SECTION FIVE. The City Council strongly urges the placement of the CREZ Lines pursuant to routing criteria set by the Public Utility Commission (*see* 16 Tex. Admin. Code §25.101), factors established in the Public Utility Regulatory Act (*see* Tex. Util. Code §37.056), environmental and land use constraints, engineering feasibility, and conform to the policy of prudent avoidance, which LCRA defines as the limiting of exposures to electric and magnetic fields that can be avoided with reasonable investments of money and effort,

SECTION SIX. To the extent that the CREZ Lines are built within the Kerrville area, the lines should use monopoles as an alternative to lattice structures.

SECTION SEVEN. Before a final decision is made as to the location of the route, the PUC should consider the negative impact on property values, economic development, aesthetics, and tourism to the Kerrville and Kerr County areas.

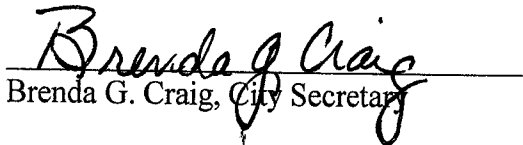
SECTION EIGHT. The Mayor is directed and authorized to forward this Resolution to the PUC and to LCRA, to be filed in the administrative proceeding as evidence of the City's position opposing the LCRA's plans to place CREZ Lines in the areas identified in Section Two, above.

PASSED AND APPROVED ON this the 25th day of May, A.D., 2010.



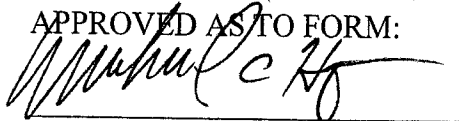
David Wampler, Mayor

ATTEST:



Brenda G. Craig, City Secretary

APPROVED AS TO FORM:



Michael C. Hayes, City Attorney

Exhibit "B"

CREZ Segments Y16-Y20 Impact to Kerrville Comprehensive Master Plan

Public Involvement

- 17 Meetings of the Comprehensive Plan Advisory Committee (CPAC)
- 3 Town Hall Meetings
- 45 Interviews with key persons in the community
- 5 Community Workshops
- 4 Briefings to City Council and the Planning & Zoning Commission
- 100+ CPAC sub-committee meetings
- 1 Public Hearing in front of the Planning & Zoning Commission
- 1 Public Hearing in front of the City Council
- Adopted July 9, 2002

Community Vision - Kerrville, the Heart of the Texas Hill Country, preserves its unique environment and natural resources while promoting economic growth, quality of life and opportunities for all its residents.

Land Use - Promote growth in appropriate areas so as to guide future development in a well-managed and fiscally responsible manner.

Communication and Technology (Electric) - The City of Kerrville recognizes that towers and similar facilities are a necessary infrastructure components, but it will strive to balance the quality of wireless communication and other services (electric) with aesthetic desires, including adopting policies that minimize unnecessary regulation and costs while maintaining community character and control over the placement of towers in visible locations.

Parks, Recreation and Open Spaces - Conserve natural resources and open spaces through park and recreation land acquisition, open space preservation and environmentally sensitive planning, including the goal to relocate or bury overhead power and utility lines where possible.

Corridor Design - Ensure that Kerrville's major corridors and gateways provide an impression of attractiveness, cohesion and pride in the community that is distinctive to Kerrville including strengthening the visual quality and order of Kerrville's corridors and gateways to present visitors and residents with a positive image of the community.

Economic Development - Recruit, expand and retain businesses and industries that are environmentally friendly. Ensure that a variety of housing opportunities is available to existing and future residents of Kerrville. Enhance tourism opportunities by building upon natural amenities and recreation opportunities. Develop tools, projects and programs necessary to position Kerrville as a hub for businesses and industry that utilizes its resources and quality of life to be competitive in the global marketplace.

Exhibit "C"

CREZ Segments Y16-Y20 Impact to Kerrville Infrastructure Investment for I-10 Corridor

Investments Directly Impacted by CREZ Segments Y16-Y20

I-10 and SH 16 Utility Extension Project

\$250,000 Completed in 2002

Water and wastewater extension for development and Whiskey Springs

Harper Highway Utility Extension Project

\$3,000,000 Under construction 2010

Construction of 12" water and 12" wastewater main to serve Harper Highway and I-10 corridors for development (James Avery Craftsman Campus, Kirk Ranch Development, etc)

Leslie/Benson Drive Water Loop Project

\$750,000 FY 2013 Construction

12" Water main construction looping system from Leslie Drive along Benson, parallel to I-10 and connecting to main at I-10/SH 16 intersection. Necessary for a looped water system at I-10/SH 16 intersection.

Total Direct Impact = \$4,000,000

Investments Indirectly Impacted by CREZ Segments Y16-Y20

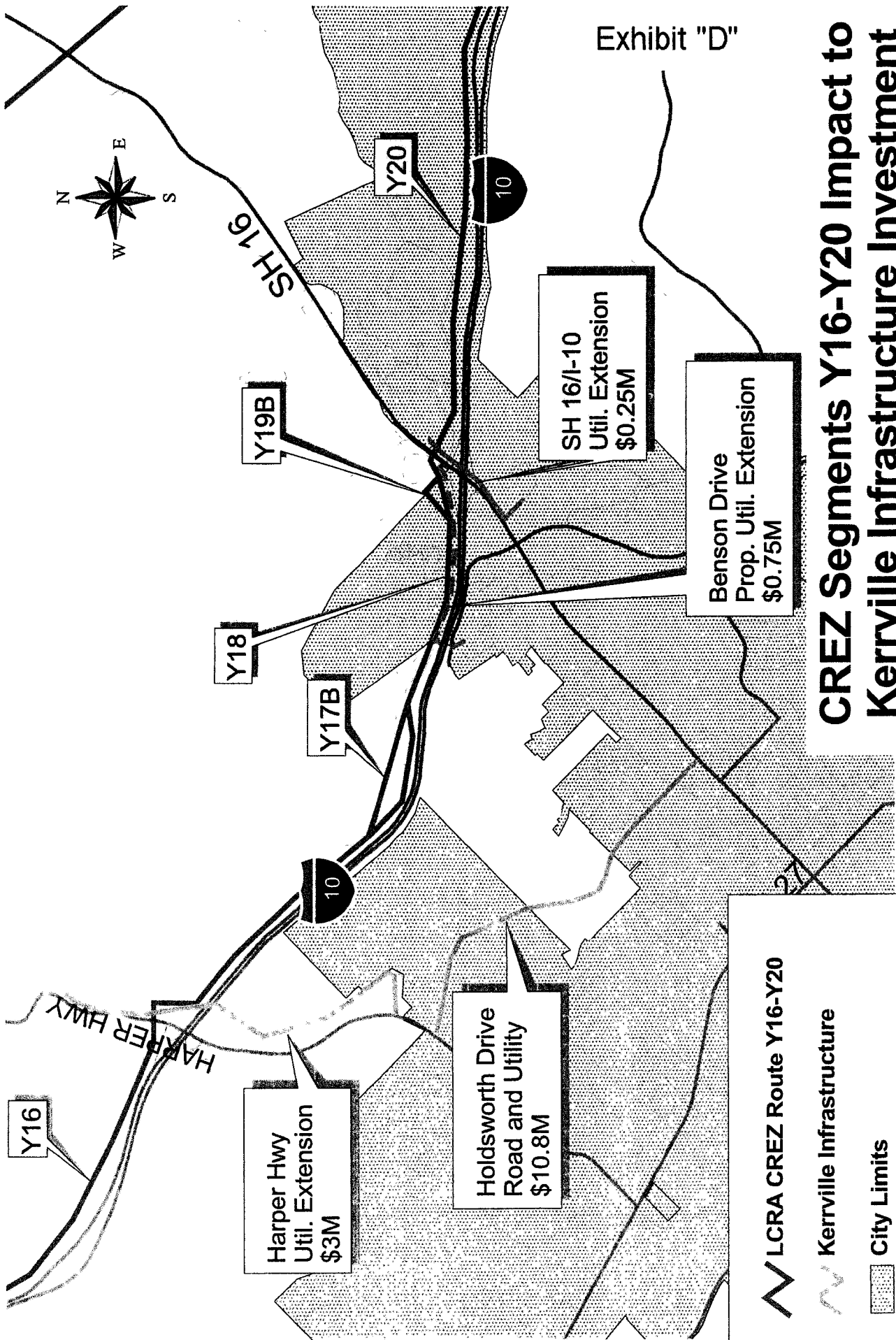
Holdsworth Drive Extension and Water Main

\$10,800,000 Completed in 2008

Construction of 4-lane divided thoroughfare with 12" water main parallel to I-10 and opening I-10 corridor for development (Keystone, Town Creek, etc)

Total Indirect Impact = \$10,800,000

Exhibit "D"



CREZ Segments Y16-Y20 Impact to Kerrville Infrastructure Investment for I-10 Corridor

cph 5/21/10

LCRA CREZ Route Y16-Y20

Kerrville Infrastructure

City Limits

1 0 1 Miles

CREZ Segments Y16-Y20 Impact to Kerrville Economy for I-10 Corridor (Planned Development)

Planned Development Name	Land Use	Acres	Average Value per Acre	Taxable Land Value	Number of Lots	Average Value of Improvement per Lot	Taxable Improvement Value	Total Taxable Value
Whiskey Springs	Residential	294.18	\$ 50,000	\$ 14,709,000	368	\$ 500,000	\$ 184,000,000	\$ 198,709,000
	Commercial	58.83	\$ 35,000	\$ 2,059,050	14	\$ 800,000	\$ 11,200,000	\$ 13,259,050
	Golf Course	267.66	\$ 10,500	\$ 2,810,430	0	-	-	\$ 2,810,430
	Hotel/Conf. Center	23.8	\$ 35,000	\$ 833,000	1	\$ 20,000,000	\$ 20,000,000	\$ 20,833,000
Gateway Shopping Keystone	Open Space	128.51	\$ 10,000	\$ 1,285,100	0	-	-	\$ 1,285,100
	Commercial	63.84	\$ 35,000	\$ 2,234,400	15	\$ 800,000	\$ 12,000,000	\$ 14,234,400
	Residential	116	\$ 20,000	\$ 2,320,000	118	\$ 250,000	\$ 29,500,000	\$ 31,820,000
	Commercial	38.6	\$ 35,000	\$ 1,351,000	10	\$ 800,000	\$ 8,000,000	\$ 9,351,000
Town Creek	Multi Family	33.2	\$ 35,000	\$ 1,162,000	3	\$ 5,000,000	\$ 15,000,000	\$ 16,162,000
	Residential	205	\$ 20,000	\$ 4,100,000	579	\$ 175,000	\$ 101,325,000	\$ 105,425,000
	Commercial	75.18	\$ 35,000	\$ 2,631,300	20	\$ 800,000	\$ 16,000,000	\$ 18,631,300
	Multi Family	9	\$ 35,000	\$ 315,000	1	\$ 5,000,000	\$ 5,000,000	\$ 5,315,000
The Heights Kirk Ranch Avery	Residential	301	\$ 50,000	\$ 15,050,000	57	\$ 750,000	\$ 42,750,000	\$ 57,800,000
	Residential	203	\$ 20,000	\$ 4,060,000	240	\$ 175,000	\$ 42,000,000	\$ 46,060,000
	Commercial	92	\$ 35,000	\$ 3,220,000	7	\$ 950,000	\$ 6,650,000	\$ 9,870,000

***Grand Total \$ 551,565,280**

***Kerrville 2009 Final Certified Taxable Value \$ 1,738,516,889**

***Planned Development Percent of Current Taxable Value 32%**

*Analysis does not include sales tax revenue analysis which is anticipated to be significant, nor does it include devaluation of existing residential or commercial development.

Exhibit "E"

