

FREQUENTLY ASKED QUESTIONS

Bakersfield to Solstice 345-kV Transmission Line Project *Pecos County*

— PROJECT OVERVIEW —

1. What is the Bakersfield to Solstice 345-kV Transmission Line Project?

LCRA Transmission Services Corporation and AEP Texas Inc. are jointly proposing to build and operate a new 345-kilovolt, double-circuit capable transmission line in Pecos County, Texas. The new line will connect LCRA TSC's existing Bakersfield Substation in the northeastern area of Pecos County to AEP Texas' existing Solstice Substation in the western area of Pecos County. LCRA TSC will construct, own and operate the eastern half of the transmission line (connecting to the Bakersfield Substation) and AEP Texas will construct, own and operate the western half of the transmission line (connecting to the Solstice Substation). If approved by the Public Utility Commission of Texas (PUC), the new transmission line will be about 70 miles long, depending on the route ultimately selected. The transmission line project will also involve expanding the existing Bakersfield and Solstice substations.

2. Why is this project needed?

This proposed project will support the increasing electricity demand in the area of Texas that is generally west of McCamey and Odessa, referred to here as the Far West Texas region. The need for this project is directly related to a significant present and forecasted increase in oil and gas production and processing. The electrical load demand from the oil and gas industries is expected to grow in excess of 1,000 megawatts in the area west of Odessa and northwest of Fort Stockton. The existing transmission system in the area is also strained by connected renewable power generation sources (such as wind and solar farms). New solar resources (enough to power more than one million homes) are expected to come online in Pecos and Upton counties by 2020. The Far West Texas region is projected to continue to experience this rapid growth in demand for electricity along with increased renewable generation development. As a result, the Electric Reliability Council of Texas (ERCOT), with the involvement of the transmission utilities in the Far West Texas region, conducted studies regarding the electric transmission infrastructure in the region. The result of the findings of these studies was a recommendation from the ERCOT Board of Directors that this proposed project was necessary to support the transmission of electricity and service of electrical load in the Far West Texas region to serve growing load and the increase mix of generation sources. In June 2018, the ERCOT Board of Directors designated the proposed project as critical to the reliability of the transmission network.

— PARTIES AND OVERSIGHT —

3. What is the PUC?

The Public Utility Commission of Texas, abbreviated as the PUC, is a state agency created by the Texas Legislature to provide statewide regulation of the rates and services of electric,

telecommunications and water utilities. LCRA TSC and AEP Texas will submit an application to amend their respective Certificate of Convenience and Necessity (CCN application) with the PUC requesting approval to construct, own and operate the project. The CCN application will include several geographically diverse alternative routes that comply with the routing factors established by the Legislature and the PUC. The PUC determines if the need for new transmission lines has been demonstrated and gives final approval of the transmission line route to be constructed.

4. Will the CCN application include designation of a preferred route for the project?

No. The CCN application submitted to the PUC for the proposed project will not identify a “preferred route” or a “recommended route” for the proposed project. However, in the CCN application, transmission utilities are required to identify the route they believe best addresses the requirements of the Public Utility Regulatory Act and PUC Substantive Rules. In compliance with the rules, LCRA TSC and AEP Texas will identify a route in the CCN application they believe best addresses the PUC requirements. Ultimately, if the proposed project is approved, the PUC will decide the final route for the transmission line.

5. What is ERCOT?

ERCOT is the organization entrusted with managing the generation and transmission of electricity to 24 million end-use electric consumers in Texas—representing about 90 percent of the state’s electric load. As the independent system operator for the region, ERCOT schedules power on an electric grid that connects more than 570 generation units with over 46,500 miles of transmission lines. ERCOT also has the responsibility to work with the transmission utilities and generators to ensure that the transmission infrastructure provides adequate and reliable service to meet the electrical load needs and generation delivery requirements.

6. What is a transmission utility?

LCRA TSC and AEP Texas are transmission utilities, meaning they own and operate electric transmission infrastructure interconnected with power generators and transmission customers such as municipalities, electric cooperatives and distribution utilities.

— INFRASTRUCTURE —

7. What will the proposed transmission line structures look like?

LCRA TSC and AEP Texas are proposing lattice steel towers for this project. Typical transmission structures supporting similar 345-kV lines are 130 to 180 feet above the ground. Typical span lengths between structures range from 900 to 1,500 feet. The application filed with the PUC for the project will include additional structure information and details.

8. Will the project be safe?

Yes. LCRA TSC and AEP Texas design and construct transmission lines with safety in mind. The proposed project will meet or exceed the specifications outlined in the National Electrical Safety Code and will comply with all applicable state and federal statutes and regulations.

— YOUR PROPERTY —

9. How will I be affected if the PUC-approved route crosses my land?

If the PUC approves the proposed project, LCRA TSC or AEP Texas (depending on the location) will work with each property owner affected by the route of the project approved by the PUC to purchase an easement to construct, operate and maintain the new electric transmission line. The easement agreement is a legal document that outlines the utilities' rights to use privately owned land for operation of the transmission line and associated utility purposes. The easement is subsequently recorded in the county deed records and available for public inspection. The landowner retains ownership of the property. Normal agricultural and recreational activities including farming, ranching, hunting and hiking may still take place within the easement area. An easement does not affect the mineral rights of the property, but will have some restriction on exploration activities specifically within the designated right of way.

10. How wide is the proposed easement for the transmission line?

For the proposed project, easements will typically be about 150 feet wide, or about 75 feet from the centerline of the route to the edge of the easement. The exact width of the easement will depend on the specific location.

11. How will the easement area be prepared for construction?

For safety and reliability of the transmission line, the transmission utilities will remove tall vegetation within the right of way in most cases. Low growing vegetation outside of paths for vehicles and the work zone are generally acceptable. The transmission utilities evaluate special clearing accommodations for environmentally and culturally sensitive areas. Gates will be installed in fencing crossing the right of way for access to the easement. The transmission utilities will pay for such gates.

12. What do LCRA TSC and AEP Texas pay for easements?

LCRA TSC and AEP Texas pay fair market value for transmission line easements. And both pay local property taxes on the transmission facilities, land and land rights they own.

— NEXT STEPS —

13. What are next steps for this project?

After the open house, LCRA TSC, AEP Texas and their routing consultant, POWER Engineers, will evaluate all public comments and conduct additional engineering and environmental analysis of the study area. The project team may add, eliminate or modify preliminary route segments based on the information received from public input. A set of primary alternative routes made up of the various segments will be identified and evaluated in detail by the project team. POWER will then prepare an Environmental Assessment Report (sometimes called an EA or routing study) for the transmission utilities describing the project, the study area and the data compiled during the project study phase. The EA will also present data associated with each segment and route of the proposed project. LCRA TSC and AEP Texas will then prepare the CCN application to amend their respective CCNs (that includes the EA) and submit it to the PUC.

14. When will the transmission utilities submit the CCN application to the PUC and start construction?

LCRA TSC and AEP Texas plan to file the application with the PUC in the last quarter of 2018. If approved, the utilities anticipate starting construction in early 2020 after the final design is completed and easements are obtained.

15. How will I know when LCRA TSC and AEP Texas file their CCN application?

Upon submitting their CCN application to the PUC, LCRA TSC and AEP Texas will mail letters to all landowners whose land is crossed by a potential route or who own a habitable structure within 500 feet of a proposed route. The notice will include information about participation in the PUC proceeding. Public notifications regarding the CCN application filing also will be published in an area newspaper. Updates can also be found online at lcra.org/baksol.

— ABOUT LCRA TSC —

LCRA Transmission Services Corporation is a nonprofit utility that provides safe, reliable and environmentally responsible electric transmission services in Texas. LCRA TSC's transmission lines and substations play a vital role in the transmission of electricity between power generation plants and local electric service providers. LCRA TSC owns or operates more than 5,200 miles of transmission lines, almost 400 substations and a System Operations Control Center. LCRA staff operates and maintains those facilities for LCRA TSC, which provides wholesale transmission services to customers in South, West and Central Texas.

— ABOUT AEP TEXAS —

AEP Texas Inc. is connected to and serves more than one million electric consumers in the deregulated Texas Marketplace. As an energy delivery wires company, AEP Texas delivers electricity safely and reliably to homes, businesses and industry across its nearly 100,000 square mile service territory in south and west Texas. AEP Texas uses the services of its affiliate AEP Transmission to build and operate its transmission network. AEP Transmission builds and operates transmission infrastructure for the AEP Operating Companies and other power companies that distribute it to businesses and homes. AEP Transmission now operates more than 400,000 miles of transmission network. For more information, visit www.aeptexas.com/info/facts and www.aep.com/about/transmission.

— CONTACT —

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