SOAH DOCKET NO. 473-26-10397
PUC DOCKET NO. 59182

JOINT APPLICATION OF ONCOR ELECTRIC DELIVERY COMPANY LLC AND LCRA TRANSMISSION SERVICES CORPORATION TO AMEND THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY FOR THE BIG HILL SUBSTATION TO SAND LAKE SWITCH 765-KV TRANSMISSION LINE PROJECT IN CRANE, CROCKETT, IRION, PECOS, REAGAN, REEVES, SCHLEICHER, TOM GREEN, UPTON, AND WARD COUNTIES	§ § § § § § § § § § § §	**BEFORE THE STATE OFFICE** **OF** **ADMINISTRATIVE HEARINGS**

AMERICAN STEWARDS OF LIBERTY'S INITIAL CLOSING ARGUMENT

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TO THE HONORABLE ADMINISTRATIVE LAW JUDGE:

COMES NOW American Stewards of Liberty (ASL) and files this its Initial Closing Argument and respectfully states as follows.

I. INTRODUCTION

The Commission should deny the Joint Application of Oncor Electric Delivery Company LLC (Oncor) and LCRA Transmission Services Corporation (LCRA TSC) (collectively, the Applicants) to Amend their Certificates of Convenience and Necessity (CCN) for the Big Hill Substation to Sand Lake Switch 765-kV Transmission Line Project in Crane, Crockett, Irion, Pecos, Reagan, Reeves, Schleicher, Tom Green, Upton, and Ward Counties (the Application). The evidentiary record does not demonstrate compliance with the requirements of Public Utility Regulatory Act (PURA) § 37.056. Despite the unprecedented scale and consequences of the proposed project, Applicants have failed to present the type of complete, route-specific, and evidence-based showing that the statute requires as a condition of Public Utility Commission (Commission) authorization of construction of a major transmission facility.

The Application arises from the Permian Basin Reliability Plan (PBRP), a study created by the Electric Reliability Council of Texas (ERCOT), intended to address concerns with assumed future load growth in the Permian Basin. In an effort to address the PBRP, Applicants proposed construction of the Big Hill Substation to Sand Lake Switch 765-kV transmission line.

This proceeding concerns what would be, along with Oncor's pending application in Docket No. 59029, the first 765-kV transmission lines ever constructed in Texas—a project of extraordinary size, cost, and regional impact. Yet the record reflects significant uncertainty about fundamental aspects of the proposal, including routing impacts, environmental considerations, and the cost implications for consumers. Indeed, the Commission's expedited process for consideration of routine transmission line CCN applications is ill-suited for an application of this unprecedented magnitude. The PBRP provides broad planning suggestions but does not alter the statutory requirements governing CCN approval. Rather than presenting a fully developed case demonstrating that the project satisfies the statutory requirements, the Application frequently relies on general assumptions, incomplete information, or deferral of important determinations to an unspecified future date. The Commission's approval authority granted under PURA § 37.056 is limited, however, and does not authorize the Commission to ratify speculative proposals or defer consideration of mandatory statutory factors to some unspecified later stage. The statute requires the Commission to evaluate whether the proposed facilities satisfy the statutory criteria *before* a CCN amendment is granted.

PURA § 37.056 establishes the framework the Commission must apply in deciding whether a CCN should issue. Before granting an application, the Commission must evaluate the factors set forth in the statute, including the adequacy of the existing service, the need for additional service, the effect of the proposed facilities on landowners and the environment, the impact on community

values and recreational and park areas, and the effects on historical and aesthetic resources. The Commission must also consider whether the proposed routing reasonably balances these competing interests. These requirements ensure that transmission projects are approved *only* when the applicant has demonstrated that the proposed facilities are justified, appropriately designed, and consistent with the public interest.

The burden of making that showing rests squarely on the Applicants. As the applicants seeking authority to construct a massive new transmission facility across multiple counties in the Permian Basin, Oncor and LCRA TSC must establish that their proposal satisfies the statutory considerations set forth in PURA § 37.056. The evidence does not sufficiently demonstrate that the proposed transmission line adequately addresses the full range of statutory factors the Commission is required to consider, including environmental integrity, impacts to landowners and communities, and the cost consequences to consumers. In several respects, the lack of route-specific information and the absence of key analyses prevent a meaningful evaluation of those statutory factors.

Because the Commission may grant a CCN only when the requirements of PURA § 37.056 are satisfied, and because the record here does not establish that those requirements have been met, the Application should be denied.

II. ISSUES

A. Need for Additional Service

1. The Permian Basin

A key premise underlying Applicants' justification for the proposed transmission project is the assertion that the Permian Basin lacks sufficient local conventional generation when

compared to the other ERCOT weather zones.[1] The PBRP states that transmission upgrades "will be needed to transfer power to the Permian Basin region *from across* the ERCOT system."[2] Notably, however, this framing identifies the underlying issue—the lack of local conventional generation—while immediately pivoting to transmission expansion as if that is the only, or even the primary solution.

That approach effectively ignores the most direct response to the identified problem. Indeed, if the issue is that the Permian Basin has comparatively less local generation relative to its potential future load growth, the more direct and economically rational approach would be to encourage the development of additional *local* generation resources, rather than constructing new long-distance transmission infrastructure to import power from *other* regions.

The Applicants' emphasis on extra-high voltage 765-kV transmission further underscores this point. Such lines are designed, in part, to improve system efficiency and reliability by reducing electrical losses when transferring large amounts of power over long distances—particularly under peak system conditions.[3] But the benefit presupposes the need to move significant volumes of electricity across the grid in the first place. If sufficient generation were developed closer to load in the Permian Basin, the very conditions necessitating long-distance, high-capacity transmission—and the associated efficiency concerns those lines are designed to mitigate—would be substantially reduced or eliminated. In other words, reliance on 765-kV infrastructure reflects a planning choice to import power, rather than a necessity inherent to serving the region's load.

Critically, the record reflects that the PBRP was designed with a predetermined objective: "to develop the import path to be able to move power into West Texas."[4] That framing is

[1] *See* Oncor & LCRA TSC Ex. 1, Attachment 4 at pg. 11, pg. 17, and pg. 32.
[2] *Id.*
[3] *See* Oncor & LCRA TSC Ex. 1, Executive Summary of Attachment 4 at pg. x.
[4] *See* Mar. 26, 2026 Tr. at 115:6-10.

significant. It demonstrates that the analysis was structured around facilitating long-distance imports, rather than evaluating whether meeting load through local generation would be more efficient or cost-effective. In other words, the conclusion in favor of transmission expansion is, at least in part, a product of the PBRP's starting assumption.

The record further demonstrates that the transmission solution advanced in this proceeding is built on an assumption that power will be imported from other regions of the ERCOT system—particularly from East Texas, an area where dispatchable generation is *already* concentrated and susceptible to a regional weather event.

This geographic imbalance is reinforced by ERCOT's own modeling assumptions. As Applicants' witness Jared Gurley testified, ERCOT "added approximately 17 gigawatts of generation into the model to be able to make the system work out."[5] When pressed on the necessity of that addition, Mr. Gurley agreed that "there was a need to add the 17 gigawatts of generation to the study" in order to sustain the load projected in the Permian Basin.[6] When asked about the source of that generation, Mr. Gurley confirmed that it is identified in Appendix A of the PBRP, which lists the added resources by county.[7] While Mr. Gurley was unable to independently verify the geographic distribution during testimony,[8] Appendix A reflects that the overwhelming majority of these modeled resources are likewise located in East Texas and other areas outside of the Permian Basin.[9]

Appendix A is particularly telling. It identifies 89 generation resources added to the model, yet only 10 of those resources are located in counties within the Permian Basin.[10] And even among

[5] *See* Mar. 27, 2026 Tr. at 15:6-9.
[6] *See id.* at 16:14-20.
[7] *See id*. at 15:12-14.
[8] *See id.* at 15:15-18.
[9] *See* Oncor & LCRA TSC Exhibit No. 1, Attachment 4 at pg. 55-57.
[10] *Id.*

those 10 resources (which only total 889.2 megawatts, 0.8892 gigawatts, or about 5 percent of the 17 gigawatts required to "make the system work out"), approximately *half* consist of battery storage.[11] Importantly, battery storage is not dispatchable generation capable of sustaining load needed for the Permian Basin over extended periods, nor does it serve the goal of "getting more power into the Permian to be able to serve the load there" because battery storage itself acts as a load that needs to charge.[12] Thus, the overwhelming majority of the modeled generation, both in number and in practical dispatchable capability, is located outside the Permian Basin.

This is a critical point. Rather than modeling a scenario in which new generation is developed in proximity to Permian Basin load, ERCOT instead supplemented the systems with tens of gigawatts of generation located elsewhere in the state and then designed transmission infrastructure to deliver that power over long distances into West Texas. In doing so, the study effectively embeds the conclusion that import capability, and its associated billions of dollars in costs ultimately borne by consumers, is necessary by assuming that new generation will not be built where the demand is actually occurring.

When viewed alongside testimony that "the intent of the study was to develop the import path to be able to move power into West Texas," the analytical framework becomes clear: the study is structured around moving power from generation-rich regions—primarily in East Texas—to the Permian Basin, rather than evaluating whether developing local generation would obviate or materially reduce the need for such transfers.

This approach has significant implications for both cost and system design. By concentrating generation additions in distant regions and relying on long-distance transmission to serve load, the plan necessitates large-scale, high-voltage infrastructure such as the proposed

[11] *Id.*
[12] *See* Mar. 27, 2026 Tr. at 46:1-8, 47:5-7, and 47:18-24.

765-kV lines. But as discussed above, those facilities are intended to mitigate the inefficiencies associated with long-distance transfers—inefficiencies that would be far less pronounced if generation were developed closer to load in the first place.

Realistically, local generation development is a viable option for addressing regional demand. However, when Applicants' witness Mr. Gurley was questioned regarding the possibility of local generation due to the amount of oil and gas within the Permian Basin region, Mr. Gurley responded that he was "not sure."[13] Perhaps Mr. Gurley is "not sure" because Applicants did not conduct an additional need study for this Application, apparently relying instead on the false presumption that additional need was established by the PBRP.[14] Regardless, Mr. Gurley's testimony is a stark difference to his prior testimony in PUC Docket No. 59029 in which Mr. Gurley acknowledged that "the option is there as it is an oil and gas industry."[15]

This testimony (or lack thereof) is particularly notable given the unique characteristics of the Permian Basin. The Permian Basin is one of the most energy-dense regions in the country and already serves as a major hub of oil, gas, and associated energy production.[16] The region's existing energy infrastructure, access to natural gas supplies, and extensive industrial development make it uniquely well-suited to support additional local generation resources. Unlike regions that lack fuel availability or industrial infrastructure, the Permian Basin possesses both the physical resources and operational expertise necessary to support new generation facilities capable of serving local demand.

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[13] *See* Mar. 25, 2026 Tr. at 118: 6-17.
[14] *See* Mar. 27, 2026 Tr. at 22:25-23:4.
[15] *See Application of Oncor Electric Delivery Company LLC to Amend its Certificate of Convenience and Necessity for the Longshore Switch-Drill Hole Switch 765-kV Transmission Line Project in Andrews, Culberson, Ector, Glasscock, Howard, Loving, Martin, Midland, Reeves, and Winkler Counties*, SOAH Docket No. 473-26-07756, PUC Docket No. 59029, American Stewards of Liberty's Initial Closing Argument at 4.
[16] *See* Mar. 25, 2026 Tr. at 115:17-20.

Constructing new transmission lines to import electricity into the region does not address the underlying structural issue—that the region lacks sufficient local generation relative to its load. The construction of additional transmission infrastructure simply shifts the burden of generation to other parts of the ERCOT system while imposing significant land use, aesthetic, and operational impacts on the landowners and communities along the proposed transmission routes. By contrast, increasing local generation capacity would directly improve regional reliability, reduce dependence on long-distance power imports, and mitigate the need for massive and unprecedented transmission infrastructure expansion.

Focusing on local generation aligns more closely with efficient system planning in a region where energy production is already a defining characteristic of the local economy. The Permian Basin's proximity to abundant natural gas resources and existing energy infrastructure creates conditions that are particularly favorable for the development of dispatchable generation resources capable of supporting both industrial load and broader grid reliability. In this context, the Commission should carefully consider whether the proposed transmission project represents the most reasonable and cost-effective approach to addressing regional demand, or whether encouraging additional local generation would more directly and efficiently resolve the imbalance between load and generation.

In sum, the modeling underlying the proposed project does not reflect a neutral comparison of alternatives. Instead it assumes a continued geographic separation between generation and load—one that aligns with existing patterns in which dispatchable generation is concentrated in East Texas—and then constructs a transmission solution to bridge that gap.

2. HB 5066

Applicants and Commission Staff attempt to rely on HB 5066,[17] and as an extension the PBRP, to justify this nearly $2 billion proposed project as if HB 5066 were a legislative mandate requiring the extension of transmission lines in the Permian Basin. A careful reading of the statute, however, demonstrates that it establishes planning requirements—not a directive that transmission facilities be constructed.

House Bill 5066 amended PURA to require the Commission to direct ERCOT to identify regions in which transmission capacity is insufficient to meet existing and forecasted electrical load and to develop a reliability plan for those regions.[18] The legislation further requires the Commission to develop a plan to implement each adopted reliability plan in order to ensure the timely development and approval of necessary transmission service improvements. In other words, the statute establishes a regional planning framework designed to identify reliability concerns and evaluate potential solutions.

Consistent with that framework, PURA § 39.167 required the Commission to direct ERCOT to develop a reliability plan for the Permian Basin. The statute required that the reliability plan "address" several topics, including extending transmission service to areas where mineral resources have been found, increasing available capacity to meet forecasted load, and providing infrastructure to reduce interconnection times in areas without access to transmission service.[19]

The Legislature's choice of the word "address" is critical. Under its plain and ordinary meaning, to "address" an issue means to consider, evaluate, or discuss it within a plan or analysis—not to mandate a particular outcome. If the Legislature intended to require the construction or

[17] *See* Act 2023, 88th Leg., R.S., ch. 892, § 5 (expired Sept. 1, 2025) (former PURA § 39.167).
[18] *See id.*, Enrolled Bill Summary.
[19] HB 5066.

extension of transmission facilities, it easily could have used directive language such as "require" or "construct." Instead, it required only that the reliability plan consider and evaluate these issues as part of the planning process.

This distinction reflects the purpose of HB 5066. It ensures that ERCOT and the Commission engage in structured reliability planning for rapidly developing regions such as the Permian Basin, but it does not dictate that any particular infrastructure solution must be selected. A reliability plan that "addresses" transmission access may analyze a range of options—including local generation—without concluding that large-scale transmission expansion is a necessary or even rational solution.

Applicants' reliance of HB 5066 as a statutory mandate for the construction of major transmission facilities to excuse its failure to make the necessary showing under the PURA § 37.056 mandatory factors misreads the statute by effectively reading the word "address" out of the law. The legislation requires that transmission access and capacity issues be examined and planned for, but it neither compels the extension of hundreds of miles of ultra-high voltage transmission nor predetermines the appropriateness of statewide transmission line expansion.

Equally important, these transmission line cases are being decided on an expedited timeframe, which presents a disadvantage to affected landowners who must evaluate complex issues under significant time constraints. This compressed schedule is not incidental. The Legislature, through HB 5066, amended PURA § 37.057 to shorten the Commission's deadline for acting on a CCN application from one year to 180 days. As a result, landowners are forced to participate in highly consequential proceedings affecting their property rights on a substantially accelerated timeline, further limiting their ability to fully develop and present their opinions regarding the proposed 765-kV transmission lines.

B. Public Utility Regulatory Act § 37.056(c)(4)(A)-(D).

Even if the Commission were to conclude that the proposed 765-kV transmission line at issue in this docket is necessary, the Application still fails to satisfy the additional statutory requirements set forth in PURA § 37.056. The statute requires the Commission to grant a certificate on a nondiscriminatory basis only after considering the adequacy of existing service, the need for additional service, the effects on the applicant and nearby utilities, and other factors, including community values, recreational and park areas, historical and aesthetic resources, environmental integrity, and the potential for improved service or lower costs to consumers.[20]

1. Community Values – PURA § 37.056(c)(4)(A)

The proposed 765-kV transmission line has significant implications for the communities through which it would pass. Under PURA § 37.056, the Commission is required to consider the effect of a proposed transmission project on community values, including impacts on residences, property use, agricultural operations, businesses, recreational areas, and public health and safety. Protecting these community interests is essential to ensuring that transmission projects are developed in a manner that is consistent with the public interest.

The record demonstrates that these impacts are both widespread and substantive. To solicit opinions on community values, Oncor and LCRA TSC utilized a questionnaire.[21] The public comments reflect clear and consistent opposition from affected landowners to the proposed transmission line. Across a wide range of concerns—including environmental impacts to sensitive water resources and wildlife habitat, intrusion on homes and ranching operations, degradation of viewsheds, risks to cultural and archaeological sites, and even potential health and safety effects—landowners repeatedly express that they do not want the transmission line constructed on or near

[20] *See* PURA § 37.056(c)(4)(A)-(D).
[21] *See* Oncor & LCRA TSC Ex. 1, Attachment 1, Appendix B at B-27 through B-30.

their properties. [22] Many commenters emphasize that the project would impose substantial and often irreversible burdens on their land, including diminished property values, interference with existing economic uses such as cattle grazing and hunting leases, and cumulative impacts where transmission infrastructure already exists.[23] While some landowners suggest that, if built, the line should be routed along existing corridors or less sensitive areas,[24] those statements do not dimmish the overarching sentiment reflected in the record: that the proposed transmission line, as it affects their properties and communities, is strongly opposed by the landowners who would bear its impacts.

While the questionnaire responses seemingly cover a range of concerns, they are anything but exhaustive. Indeed, Applicants included only limited excerpts from the questionnaires with its Application and acknowledges this limitation in the Application.[25] The questionnaires themselves were excluded from the Application, making it impossible for the parties to determine what additional concerns landowners and local communities may have expressed beyond the limited excerpts hand-selected for presentation by Applicants. This limitation is particularly notable given the scale of notice in this proceeding. While the notice list for landowners spans approximately 294 pages,[26] a mere 28 questionnaires were collected, and out of that small sampling, Applicants elected to include only 25 sample comment excerpts in the Application.[27] As a result, the excerpts presented represent only a small subset of the potential feedback from affected landowners and do not necessary capture the full scope of sentiments and concerns those landowners may have. Even

[22] *See* Oncor & LCRA TSC Ex. 1, Attachment 1 at 5-2 through 5-3.
[23] *Id.*
[24] *Id.*
[25] *Id.* ("Sample comments or general summaries are presented to reflect the overall public response for a particular theme or topic. Comments usually covered many subjects in one response, and any statement excerpted from a comment to represent a particular subject does not reflect dismissal or a lack of regard for any other language or subject addressed in the comment.").
[26] *See* Oncor & LCRA TSC Ex. 1, Attachment No. 10.
[27] *See* Oncor & LCRA TSC Ex. 1, Attachment No. 1 at 5-1 through 5-3.

among the community values that Applicants chose to single out, these concerns cannot be adequately addressed, as there is no precedent or operational data for a 765-kV transmission line in Texas, leaving both Applicants and the Commission without the information necessary to fully evaluate potential impacts.

2. Historical and Aesthetic Values - PURA § 37.056(c)(4)(C)

The aesthetic analysis performed by Kimley-Horn and Halff also illustrates the limited consideration given to the perspectives of the landowners who live and work within the study area. Although aesthetics is identified as a factor the Commission must consider under PURA § 37.056(c)(4), Oncor and LCRA TSC's consultants approached the issue primarily through a technical and landscape-classification methodology that evaluates features such as topographic variation, vegetation diversity, surface water prominence, and the degree of human development based largely on aerial imagery and general landscape characterization. The analysis even relies on, and cites to, dubious source materials such as a review of "the top 18 scenic drives in Texas" published by TripAdvisor to buttress its conclusion that the study area lacks notable scenic value.[28] Indeed even Commission Staff witness John Poole acknowledged that *all* proposed routes would result in a negative impact on aesthetic values.[29] In short, Oncor and LCRA TSC's approach to the mandatory aesthetic values standard ran the gamut from highly clinical to completely detached from the lived experience of landowners in the area.

3. Environmental Integrity - PURA § 37.056(c)(4)(D)

a. Texas Parks and Wildlife Recommendations

The Application included letters sent to various agencies regarding the proposed transmission line. The Texas Parks and Wildlife Department (TPWD) was one such agency and

[28] *Id.* at 3-74.
[29] *See* Staff Exhibit 1 at 34:1-3.

provided recommendations and information comments regarding the proposed project.[30] TPWD's role in this process is to provide expert guidance regarding potential impacts to natural resources, wildlife habitat, and other environmentally sensitive areas that may be affected by the construction and operation of transmission facilities.

Although TPWD provided recommendations directed toward minimizing environmental impacts, the record reflects that the project consultants—Kimley-Horn and Halff—may not ultimately incorporate all of those recommendations into final routing decisions or project design.[31] As a result, the mere presence of TPWD comments in the record does not ensure that the protective measures identified by the State's primary wildlife and natural resource agency will actually be implemented during project development and construction.

This concern is particularly significant here because the proposed project involves the *first* 765-kV transmission line in Texas. Facilities of this scale present unique considerations and potential impacts due to their size, structure height, right-of-way width, and associated construction activities. Because this project represents a new class of transmission infrastructure in the state, it is especially important that the Commission exercise caution and ensure that environmental protections recommended by TPWD are fully implemented.

Applicants' witness Julie Jones made brief reference to a handful of TPWD's recommendations in her direct testimony—using existing facilities wherever possible, minimizing transmission line length, and paralleling existing linear infrastructure and utility ROW where new construction is required to minimize habitat fragmentation.[32] These recommendations are intended to reduce environmental impacts by limiting the amount of undisturbed land that must be

[30] *See* Oncor & LCRA TSC Exhibit 1, Attachment No. 1 at A-451.
[31] *See* Oncor & LCRA TSC Exhibit No. 4 at 11:22-12:5.
[32] *See* Oncor & LCRA TSC Exhibit No. 4 at 11:12-16.

crossed and by concentrating new infrastructure along already developed corridors. Without full consideration of these recommendations, the project would continue to fragment habitat, disrupt wildlife movement, and impact ecological resources.

In light of Oncor and LCRA TSC's lack of meaningful consideration of TPWD's recommendations, the Commission should expressly require compliance with TPWD's recommendations as a condition precedent to the grant of the Application for any route to the extent those recommendations are germane to the selected route and construction of the facilities. Such a requirement would also assist the Commission in satisfying its obligation under PURA § 37.056 to consider environmental integrity when determining whether and under what conditions a CCN amendment should be granted.

b. Required Permits

ASL acknowledges that no final route has been selected, so it is not possible to identify with specificity the permits, licenses, plans, or permissions that will ultimately be required for construction and operation of the proposed transmission lines. This lack of specificity, however, does not diminish the Commission's obligation under PURA § 37.056 to consider the effect of the proposed facilities on environmental integrity.

This uncertainty is particularly significant when evaluating the impact of a proposed transmission line on environmental integrity, including effects on parks, wildlife habitats, wetlands, and other sensitive resources. However, those impacts—and the corresponding regulatory approvals—are inherently route-specific. Different routes may cross different water bodies, floodplains, protected habitats, or cultural and historical sites, each of which could trigger different federal, state, or local permitting obligations. Depending on the final alignment, permits could include a Section 404 Clean Water Act permit, approvals from the U.S. Fish and Wildlife

Service, project-specific incidental take permits, a project-specific biological opinion, a finding under the Endangered Species Act, or modification of Habitat Conservation Plans. None of these project-specific approvals have been obtained, and construction of the line cannot begin until the future permitting process is complete. In short, the construction of the transmission lines is contingent on future approvals that have not yet been evaluated in the context of a specific route.

Because Applicants have not yet selected a final route, it likewise cannot identify the full universe of permits or approvals that would be necessary, nor can parties meaningfully evaluate the environmental consequences associated with those approvals. Without knowing whether the project would cross jurisdictional waters, sensitive habitats, or other environmentally significant areas, the Commission lacks the information necessary to fully assess the environmental integrity factor mandated by PURA § 37.056.

4. Cost to Consumers

While the Application provides general information regarding the categories of costs associated with constructing the proposed transmission facilities, it does not address the estimated cost of those facilities to consumers.[33] Specifically, the Application identifies typical project cost components such as right-of-way and land acquisition, engineering and design (utility and contract), procurement of materials and equipment, and construction of the facilities (utility and contract). These categories describe the types of expenditure that Oncor and LCRA TSC expect to incur in developing the project. However, identifying internal project cost components is not the same as estimating the cost to consumers.

Ultimately, the question is how these costs will affect ratepayers. Costs of transmission facilities are generally recovered through regulated rates and borne by electricity consumers. Yet

[33] *See* Oncor & LCRA TSC Exhibit 1, Attachment No. 3.

the Application does not explain how the identified project costs would translate into transmission rate impacts, nor does it provide any estimate of the resulting effect on customer bills. This omission is telling, as neither Applicants nor Staff presented ratemaking experts. Rather, Oncor and LCRA TSC relied primarily on engineers whose expertise lies in the technical design, construction, and operation of transmission facilities rather than in the translation of project expenditures into consumer billing impacts.[34] As a result, the record lacks information necessary to assess the consumer cost implications of the proposed facilities.

The direct testimony in this proceeding further underscores the uncertainty surrounding the project's costs. Commission Staff witness, Mr. Poole, acknowledged that the reasonableness of the final installed cost will not be determined until a future transmission cost-of-service proceeding, after the project is constructed and the costs are reviewed in a rate case.[35] In other words, the evidence establishes that the Commission is being asked to approve a project without knowing whether or how the ultimate costs will be considered for ratemaking purposes.

That uncertainty is magnified by the unprecedented nature of the project. As Oncor and LCRA TSC's witness conceded, there are no historical benchmarks for a 765-kV transmission line in Texas because this would be the first such facility constructed in the state.[36] Without historical cost data for comparable projects, it is impossible to reliably evaluate whether the cost estimates presented in the Application are reasonable or whether the project could experience significant cost overruns during construction. Mr. Poole acknowledged that Staff has "little direct experience" with expected costs associated with a 765-kV transmission line,[37] so the question of whether those

[34] *See* Oncor & LCRA TSC Ex. 2 at 26; *see also* Oncor & LCRA TSC Ex. 3 at 29; *see also* Oncor & LCRA TSC Ex. 4 at 22; *see also* Oncor & LCRA TSC Ex. 5 at 23-24; *see also* Oncor & LCRA TSC Ex. 6 at 19-22 (While Ms. Wells is not an engineer, her professional background is also not in ratemaking); *see also* Staff Ex. 1 at Attachment JP-1.
[35] *See* Staff Ex. 1 at 43:3-5.
[36] *See* Mar. 25, 2026 Tr. at 20:4-13.
[37] *See* Staff Ex. 1 at 42:12-13.

costs may ultimately be recovered from consumers could only be determined later in a rate proceeding.

Taken together, this testimony confirms that the Commission currently lacks critical information regarding the financial consequences of the proposed project. The Application identifies *categories* of expenditures but does not estimate *how* those expenditures will translate into costs borne by customers. As a result, the record does not provide a meaningful basis for evaluating the consumer cost impacts of the proposed transmission facilities. Just as importantly, without an estimate of the project's effect on customer bills, the Commission cannot determine whether the project will in fact produce net economic benefits for consumers or instead impose significant additional costs. The absence of historical cost data for a project of this scale, combined with the acknowledged possibility of cost overruns, further compounds that uncertainty. In short, the Commission is being asked to approve this Application without sufficient information to determine whether the project's costs are reasonable or whether it will ultimately reduce—or increase—the financial burden borne by Texas electricity consumers.

III. CONCLUSION

WHEREFORE, American Stewards of Liberty respectfully requests that the Administrative Law Judges issue a proposed order recommending the denial of Oncor and LCRA TSC's Application. American Stewards of Liberty further requests that it be granted all such other relief to which it has shown itself to be entitled.

Respectfully submitted,

By:_____

Shan S. Rutherford
State Bar No. 24002880
Elena M. Folgueras
State Bar No. 24140087
TERRILL & WALDROP
810 W. 10th Street
Austin, Texas 78701
(512) 474-9100
(512) 474-9888 (fax)
srutherford@terrillwaldrop.com
efolgueras@terrillwaldrop.com

ATTORNEYS FOR AMERICAN STEWARDS OF LIBERTY, INC.

CERTIFICATE OF SERVICE

I hereby CERTIFY that unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on the 3rd day of April 2026.

_____
Shan S. Rutherford