LLC), William E. Gething, Geoff Hicks, L.H. Webb and Nama Webb, Hyland C. Weaver, and Sherylene Williams.

36. On September 14, 2012, motions to intervene in this proceeding were filed by Harrison Hall; Richard Porter; Hall Life Trust; Weldon Walser; Jerry Hefley; Linda De Vuyst; Deer Trail Land LLC; Frank Jefferson Haley, J. Evetts Haley, Jr., and J. Evetts Haley III (Haley Family Trust and Frank Jefferson Haley Trust); Michael Lewis; Miami Wind I, LLC; and, Sami Corse, Louise Hogan, Randy McCurley, Carol McCurley, Randy McCurley as Trustee of the Monroe Seitz and Carol Sue Seitz Irrevocable Trust, David Seitz, Melba Seitz, Curtis Joe Van Zandt, Sweetwater Creek Farms, Inc., Sandra Christner, Christner Ranches, L.P., Duncan Rental Account, Gary D. Seitz, Gina Seitz, Monkey Tracks Ranch, LLC c/o Richard Prescott, Gregg L. Clark and Sherry M. Clark (collectively, Mobeetie Alliance).

37. On September 17, 2012, motions to intervene in this proceeding were filed by Tommy Weaver and Deer Trail Land LLC (second request).

38. On September 19, 2012, motions to intervene in this proceeding were filed by Fayebuck Family LLC, Theodore Nolte, and Randy and Machille Henson.

39. On September 21, 2012, Commission Staff filed a letter from TPWD containing comments and recommendations regarding the proposed transmission line.

40. On September 21, 2012, SPS responded to the requests to intervene filed by Tommy Weaver and Scott Dunnam.

41. On September 24, 2012, Fayebuck Family, LLC filed its First Amended Request to Intervene.

42. On September 25, 2012, Michael Guetz filed a motion to intervene in this proceeding.

43. On September 25, 2012, the Commission's ALJ issued Order No. 6, granting the motions to intervene of Raah Ranch; Jack Sisemore; Gregg Clark, Gregg L. Clark and Sherry M. Clark (Amended Motion); Carmelita Hogan; TPWD; CTT; Richard Peet; the Monroe and Carol Seitz Irrevocable Trust; Randy McCurley; Reid Sidwell (Shallow Water Ranches, Ltd.); David and Melba Seitz & Kerry Williams; Hyland C. Weaver; Sherylene Williams;

L.H. Webb and Nama Webb; Geoff Hicks (Wheeler Cattler Growers, LLC); H. Joe Franklin and James Franklin Ranches, LLC (James Austin); Michael Guetz (MHG, LLC); William Gething; Miami Wind I, LLC; the Mobeetie Alliance; Michael Lewis; Frank Jefferson Haley, J. Evetts Haley, Jr., and J. Evetts Haley III (Haley Family Trust and Frank Jefferson Haley Trust); Linda De Vuyst; Deer Trail Land LLC (second request to intervene); Jerry Hefley; Weldon Walser; Hall Life Trust; Richard Porter; and Harrison Hall. Order No. 6 also requested a response to SPS's objections from Shane Guest, Manager - Wheeler Land & Livestock, LLC, Brian Hammer, Tommy Weaver and Scott Dunnam; and denied the request to intervene of Dennis Kuempel in his individual capacity.

44. On September 26, 2012, the Commission issued the Order of Referral and Preliminary Order.

45. On September 27, 2012, Billie Williams filed a motion to intervene in this proceeding.

46. On September 27, 2012, Commission Staff filed a letter stating that a recommendation regarding final disposition would not be filed because the docket had been referred to the State Office of Administrative Hearings (SOAH) and that the case was no longer eligible for informal disposition.

47. On October 2, 2012, SPS responded to Michael Guetz's request to intervene.

48. On October 4, 2012, the SOAH ALJ issued Order No. 1, noticing a prehearing conference.

49. On October 9, 2012, DDC Track, LLC filed a motion to intervene in this proceeding.

50. On October 10, 2012, Deer Trail Land LLC filed a notice of appearance.

51. On October 12, 2012, MHG, LLC filed a notice of appearance.

52. On October 19, 2012, Wheeler Cattle Growers, LLC filed a notice of appearance.

53. On October 19, 2012, a prehearing conference was held.

54. On October 23, 2012, the SOAH ALJ issued Order No. 2, memorializing prehearing conference, granting the motions to intervene filed by Deer Trail Land LLC; Fayebuck

Family LLC; Scott Dunnam; Theodore Nolte; Randy and Machille Henson; Billie Williams; and DDC Track LLC, recognizing that Michael Guetz withdrew his individual motion to intervene, denying the motions to intervene filed by Wheeler Land & Livestock LLC and Tommy Weaver, establishing procedural schedule, and noticing the hearing on the merits.

55. On November 28, 2012, notices of appearance were filed for Randy and Machille Henson and Scott Dunnam.

56. On November 29, 2012, SPS filed the Direct Testimony of Terence D. Randall, Roland Azcarraga, Kristi Wise and Lance Kenedy.

57. On December 3, 2012, Harrison Hall and Hall Life Trust filed a notice of appearance.

58. On December 7 and 10, 2012, James Austin, as the authorized representative for H. Joe Franklin and James Franklin Ranches, LLC, Scott Dunnam, William E. Gething, Mike Guetz as authorized representative for MHG, LLC, Harrison Hall and Hall Life Trust and Randy and Machille Henson filed a motion to extend the procedural schedule and request for expedited ruling, requesting that the deadlines for objections to SPS's direct testimony and replies to those objections be extended by two weeks.

59. On December 11, 2012, the SOAH ALJ issued Order No. 3, extending the procedural deadline, resetting the deadline for objections to SPS's direct testimony and replies to objections to SPS's direct testimony.

60. On December 21, 2012, James Austin, as the authorized representative for H. Joe Franklin and James Franklin Ranches, LLC, Scott Dunnam, William E. Gething, Mike Guetz as authorized representative for MHG, LLC, Harrison Hall and Hall Life Trust and Randy and Machille Henson filed a motion to extend the procedural schedule and request for expedited ruling, requesting that the deadlines for objections to SPS's direct testimony and replies to those objections be extended by an additional two weeks.

61. On January 3, 2013, the SOAH ALJ issued Order No. 3, extending the procedural deadline, resetting the deadline for objections to SPS's direct testimony and replies to objections to SPS's direct testimony.

62. On January 24, 2013, the SOAH ALJ issued Order No. 5, canceling the route adequacy hearing.

63. On February 8, 2013, the following intervenors filed direct testimony or statements of position: TPWD, Sandra Christner, Christner Ranches, L.P., Sami Corse, Geoff Hicks (Wheeler Cattle Growers, LLC), Randy McCurley, Carol McCurley, Randy McCurley as Trustee of the Monroe Seitz and Carol Sue Seitz Irrevocable Trust, Louise Hogan, Monkey Tracks Ranch, LLC c/o Richard Prescott, David Seitz, Melba Seitz, Duncan Rental Account, Gary D. Seitz, Gina Seitz, Gregg L. Clark and Sherry M. Clark, Curtis Joe Van Zandt, Sweetwater Creek Farms, Deer Trail Land, LLC, Michael Guetz (MHG, LLC), William Gething, Scott Dunnam, James Austin (H. Joe Franklin and James Franklin Ranches, LLC), Harrison Hall, Harrison Hall Life Trust, and Randy and Machille Henson.

64. On February 11, 2013, Frank Jefferson Haley, J. Evetts Haley, Jr., and J. Evetts Haley III (Haley Family Trust and Frank Jefferson Haley Trust) filed a statement of position.

65. On February 25, 2013, SPS filed a motion to abate the procedural schedule.

66. On February 27, 2013, the SOAH ALJ issued Order No. 6, abating the procedural schedule and requiring filing. SPS was also required to file either a motion to remand or a motion to extend the abatement period on or before April 1, 2013.

67. On April 1, 2013, SPS filed a motion to extend the abatement period.

68. On April 2, 2013, the SOAH ALJ issued Order No. 7, abating the procedural schedule and requiring filing. SPS was also required to file either a motion to remand or a motion to extend the abatement period on or before May 1, 2013, and the prehearing conference and hearing on the merits was cancelled.

69. On May 1, 2013, SPS filed a motion to remand and motion to admit evidence, which included the Stipulation resolving all issues in this docket.

Description of Agreed Transmission Line and Cost

70. SPS filed 13 alternate routes consisting of a combined 58 segments. Parties have agreed to Settlement Route N that is comprised of segments: 2b, 2a, 7a, 9a, 9b, 23a, 33a, 40a,

46a, 50a, and 49. Segment 2b is a shorter version of Segment 2. Segment 2b with the 115-kV transmission line will connect with Segment 2a, the existing 69-kV transmission line, east of the Bowers Substation. Segments 9a and 23a are now shorter than the segments SPS originally proposed, but are otherwise unmodified. Segment 9b is a new segment that replaces portions of Segments 9a and 23a, but is located farther south. Segment 50a replaces Segment 50 and is located primarily east of the location originally proposed. Segment 2b directly affects Barbara Northcott, Patricia Nolan and the Hethcock Inter Vivos Marital Trust, William H. Hethcock and Phebe C. Hethcock, Co-Trustees ("Hethcock Inter Vivos Marital Trust"). Segment 9b directly affects six landowners: H. Joe Franklin and James Franklin Ranches, LLC (represented by James Austin), William Gething, L.H. Webb, Rita Batton and Beverly Brown. Segment 50a directly affects Cecil G. & Nancy R. Pierce, Deer Trail Land LLC, and the Estate of Fred Gallagher. Ms. Northcott, Ms. Nolan, the Hethcock Inter Vivos Marital Trust, Ms. Batton, Ms. Brown, the Pierces and the Estate of Fred Gallagher are not parties to the proceeding, but executed affidavits acknowledging that they or the landowner on the tax roll received notice of the originally proposed segments, they have waived notice of the changed segments, and have agreed to the segments crossing their property as described in the affidavits. A map depicting Settlement Route N and the segments is attached to the Stipulation as Attachment D. The length of Settlement Route N is approximately 36.7 miles.

71. The proposed transmission line will be built using primarily single-pole steel structures.

72. SPS will purchase a new 70-foot easement for Settlement Route N that will include the land covered by the 30-foot easement for the existing 69-kV line, where applicable. Upon removal of the existing structures of the Y-62 69-kV transmission line, SPS will release the corresponding original 30-foot easements for the existing 69-kV line. Ultimately, all of the original 30-foot easements for the Y-62 transmission line between the Bowers Substation and Howard Substation will be released. SPS will also purchase an additional 30-foot temporary construction easement to be used during construction. The 30-foot temporary construction easement will be released upon completion of line construction.

73. The cost to construct Settlement Route N is approximately $26,676,190 and the cost to perform upgrades of the Bowers and Howard Substations is approximately $4,736,456. The total estimated cost of the project is approximately $31,412,646. This is the most expensive route proposed by SPS because it includes a wreckout and rebuild of an existing transmission line to upgrade SPS's 1930 Y-62 69-kV transmission line to modern standards. The Y-62 line wood structures are 30 years past their originally expected life span of 50 years and therefore the line will need to be refurbished or rebuilt. At least one portion of the line will need to be replaced within the next two to five years. The costs to maintain and repair the line are hard to precisely estimate, but because of the age of the line and the nature of wood structures, the costs are likely to continue to grow. If SPS were to wreck out and rebuild the Y-62 transmission line as a separate project, it would cost approximately $19.8 million. Building the proposed project as a single-circuit transmission line along the Settlement Route would cost approximately $16.6 million (excluding substation costs). The combined cost to construct these transmission facilities as two separate projects is approximately $36.4 million (excluding substation costs). This is approximately $9.7 million more than the cost to construct the proposed project as a double circuit 69/115-kV line along the Settlement Route. While the Settlement Route is more expensive than other options proposed in SPS's application, it will save SPS and its customers approximately $9.7 million, as well as reduce the overall impact on landowners and the environment. Thus, the estimated cost of the proposed transmission line and substation facilities is reasonable when compared to similar projects and alternative routes for this project, as well as saving the additional costs of rebuilding the 69-kV Circuit Y62 as a stand-alone project.

Need for the Proposed Transmission Line

74. SPS is a member of, and its entire transmission system is located within, the Southwest Power Pool (SPP). The SPP is a regional transmission organization approved by the Federal Energy Regulatory Commission that meets the requirements of § 39.151 of the Public Utility Regulatory Act, TEX. UTIL. CODE. ANN. §§ 11.001-66.016 (Vernon 2007 & Supp. 2012) (PURA) as an independent system operator.

75. The proposed project includes a 115-kV transmission line that would connect the Bowers Substation located in Gray County, 3.1 miles west-northwest of Lefors, Texas with the Howard Substation located in Wheeler County, 0.5 miles southwest of the intersection of FM 2473 and SH 83 in the City of Wheeler. The proposed project would also upgrade the Bowers and Howard Substations to support the proposed project. The proposed transmission line was identified by SPP as needed for reliability to mitigate low voltage issues at the Bowers Substation and in the Grapevine area, which could occur during an outage of either the Bowers to Grapevine 115-kV line or the Bowers Substation 115/69-kV transformer. Further, the line is needed due to additional load coming on to the system through requests from GSEC on behalf of GBEC and North Plains Electric Cooperative.

76. The proposed transmission line was identified by SPP as the result of the 2012 SPP Transmission Expansion Plan (STEP) report which is part of the annual Regional Transmission Organization Reliability Assessment.

77. SPS demonstrated a reasonable need for the proposed project in order to provide more adequate and reliable service. The need for the proposed project was not disputed in this docket.

Resolution of Landowner Concerns

78. Subject to Finding of Fact No. 79, all Parties and landowners Barbara Northcott, Patricia Nolan, the Hethcock Inter Vivos Marital Trust, Rita Batton, Beverly Brown, Cecil G. & Nancy R. Pierce, and the Estate of Fred Gallagher have agreed to Settlement Route N consisting of segments 2b, 2a, 7a, 9a, 9b, 23a, 33a, 40a, 46a, 50a, and 49. Affidavits of all landowners that are directly affected by the routing modifications but did not intervene are provided as Attachment A to the Stipulation, indicating their agreement with the selection of Settlement Route N.

Stipulation

79. The two non-signatory intervenors are CTT and Michael Lewis. CTT has specified that it does not oppose the Stipulation. Michael Lewis has not provided his signature despite numerous attempts by SPS to obtain his signature.

80. The only property owned by Mr. Lewis that would give him standing to participate in this docket is Section 27 Block A-5, Pt. S/2. This property is approximately three miles from Settlement Route N at its nearest point. Therefore, Mr. Lewis is not directly affected by Settlement Route N.

81. Mr. Lewis did not request a hearing or file any objections to the stipulated route.

Project Alternatives

82. SPS conducted the GB Howard Load System Impact Study Report 01104 in response to GSEC's request for a load capacity increase. SPS reviewed three alternatives to mitigate voltage and line overload violations in the Northeast Service Area that could occur during an outage of the Howard Substation 115/69-kV transformer or the Wheeler Substation to Howard Substation 115-kV transmission line. The report recommended the first alternative, which is the proposed project, because it more comprehensively addressed the complexity of scheduling outages during construction as compared to the second alternative. The third alternative did not solve the violation caused by the Howard Substation 115/69-kV transformer contingency and was therefore not considered a viable alternative. SPS also conducted additional studies of the impact of additional load coming on to the system in the northeast area of the system. These studies supported the findings in Report No. 01104 that the proposed transmission line is needed to avoid violations on the system due to the additional load.

83. In coordination with SPS, SPP conducted studies to evaluate if there were reliability issues within the transmission system and whether additional transmission lines or upgrades to existing lines were needed. These studies provided an in-depth analysis of the need for this project prior to SPP's issuance of the notice to construct (NTC) the proposed transmission line. The studies concluded that the project was needed for reliability purposes and to mitigate low voltage issues in the NTC. SPS did not analyze distribution alternatives, upgrading voltage or bundling of conductors of existing facilities, adding transformers, or distributed generation alternatives because those alternatives alone would not satisfy the reliability requirements of the STEP study to address low voltage issues at the Bowers Substation and in the Grapevine area and

because an in-depth analysis was conducted by SPP, in coordination with SPS, prior to the determination of the need for the project and the issuance of the NTC.

Routes

84. SPS considered and submitted a sufficient number of geographically diverse routes for the proposed transmission line.

85. Consistent with the Application and the Stipulation, the proposed transmission line to be constructed along Settlement Route N is comprised of segments 2b, 2a, 7a, 9a, 9b, 23a, 33a, 40a, 46a, 50a, and 49 as described in Attachment C to the Stipulation. The transmission line will begin at the Bowers Substation located in Gray County, 3.1 miles west-northwest of Lefors, Texas and end at the Howard Substation located in Wheeler County, 0.5 miles southwest of the intersection of FM 2473 and SH 83 in the City of Wheeler.

86. Settlement Route N complies with all aspects of PURA § 37.056 and P.U.C. SUBST. R. 25.101 and is the best alternative weighing the factors contained therein.

Community Values

87. Pursuant to P.U.C. PROC. R. 22.52(a)(4), SPS and Burns & McDonnell Engineering Company, Inc. (Burns & McDonnell) conducted two open-house meetings at which the proposed project was discussed. The meetings were conducted between the hours of 5:30 and 7:30 PM on October 11, 2011, at the Wheeler County Agricultural and Family Life Center in Wheeler, Texas and on October 13, 2011, at the AmericInn Event Center in Pampa, Texas.

88. SPS solicited public input and involvement through the open-house meetings, contacting and meeting with various public officials at local, county, state, and federal levels. Information received from the public open-house meetings and from local, state, and federal agencies was considered and incorporated into the routing analysis and selection of alternative routes.

89. Commission Staff recommends that SPS cooperate with directly affected landowners to implement minor deviations in the approved route to minimize the impact of the proposed transmission line.

90. There are five habitable structures located within 300 feet of the proposed transmission line along Settlement Route N.

91. There are no AM radio towers within 10,000 feet of the transmission line along Settlement Route N.

92. There are three known FM electronic communication towers located within 2,000 feet of the transmission line along Settlement Route N.

93. There are no known FAA registered airports with runways longer than 3,200 feet within 20,000 feet of the centerline of Settlement Route N. There are no known heliports within 5,000 feet of Settlement Route N. There is one known private airstrip within 10,000 feet of the centerline of Settlement Route N.

Park and Recreational Areas

94. There are no parks within 1,000 feet of the proposed centerline of Settlement Route N or any of the Alternate Routes.

95. The proposed transmission line will have no adverse impact on parks and recreational areas.

Historical and Archeological Areas

96. Settlement Route N does not cross any listed or determined-eligible historical or archeological sites, and there are no such sites within 1,000 feet of the route.

97. Settlement Route N does not cross any previously recorded historical or archeological sites, and there are no such sites within 1,000 feet of the route.

Aesthetic Values

98. The aesthetic impacts of the proposed transmission line have been considered and minimized to the extent possible.

Effect of Granting the CCN on Other Utilities

99. The proposed transmission line is not expected to adversely affect service by other utilities in the area and will result in SPS being able to provide more reliable service.

100. There is a potential that the proposed transmission line could impact CTT, a party that does not oppose the Stipulation. SPS will coordinate with CTT with regard to each crossing of a certificated CTT electric transmission line by Settlement Route N and with regard to each segment where a certificated CTT transmission line is paralleled by Settlement Route N, SPS will coordinate with CTT to determine the impact of mutual coupling on CTT's transmission lines before SPS's line is placed into service. If it is determined that CTT's transmission facilities will be adversely impacted by the construction and operation of SPS's transmission line, including any impacts due to mutual coupling, then SPS will take necessary action to remedy such issues, including compensating CTT for reasonable costs incurred to remedy or mitigate the impact of SPS's transmission line.

Environmental Impact

101. Construction of the proposed transmission line will have no significant impacts on the geologic or physiographic features of the area.

102. The proposed transmission line will not have a long-term impact on soils. SPS will inspect the ROW before, during and after construction to identify erosion areas and will take special precautions to minimize vehicular traffic over areas with shallow soils. SPS will also exercise special care when clearing near waterways.

103. The proposed transmission line will have no significant impacts on prime farmland and will be limited to the physical occupation of small areas at the base of support structures.

104. The construction of the proposed transmission line should have no significant impact on surface water.

105. Settlement Route N will cross 55 streams and will have approximately 770 feet of ROW across open water. SPS will span all streams and open water where possible. Lines that cross or are located near drainages and open water will have line markers installed at the crossings or closest points to the drainages.

106. Although it is likely that some transmission line structures will be located within a floodplain, careful siting should minimize the possible impacts and the structures should

not significantly affect flooding. SPS will coordinate with the appropriate floodplain administrators for Gray and Wheeler counties as necessary.

107. Construction of the proposed transmission line and substation should have no significant impact on the groundwater resources of the area.

108. The main impact of the transmission line on vegetation will be the removal of woody vegetation along the proposed ROW. When clearing vegetation, SPS will retain native ground cover, where possible, to minimize impacts to local vegetation and will reseed as required by this Order.

109. The transmission line will have no significant impact on aquatic/hydric habitat.

110. The transmission line will have no significant impact on local wildlife.

111. The transmission line is not located within the Texas Coastal Management Program Boundary.

112. No plants currently listed as threatened or endangered by United States Fish and Wildlife Service (USFWS) and TPWD are known to occur along the proposed transmission line routes or on substation sites. No impacts to any federally or state-protected plant species are expected to result from this project.

113. No significant impacts to unique, sensitive, or protected wildlife habitats are anticipated.

114. No impacts to federal or state-listed threatened or endangered species are anticipated. SPS will consult with USFWS should any federally listed threatened species be observed during construction.

115. No non-listed sensitive species are expected to be impacted by Settlement Route N.

116. No significant impacts are expected to non-listed sensitive species that may occur in the study area. SPS will consult USFWS for any required surveys.

117. SPS has conducted an adequate evaluation of potential environmental impacts of the proposed transmission line in the impacted area.

Prudent Avoidance

118. The proposed transmission line has been routed in accordance with the Commission's policy of prudent avoidance. There are five habitable structures within 300 feet of the centerline of Settlement Route N.

TPWD Written Comments, Recommendations, and Procedures

119. SPS has committed to comply with all environmental laws and regulations independent of any language included by the Commission in this Order.

120. In addition to obtaining a CCN from the Commission, SPS may need additional permits, and may be required to make additional notifications in order to construct the project.

121. After a transmission line route has been selected and approved by the Commission, qualified individuals will conduct a field assessment of the entire length of the project to identify water resources, cultural resources, potential migratory bird issues, and threatened or endangered species habitat that may be impacted as a result of the project. As a result of these assessments, SPS will identify additional permits that are necessary, will consult any required agencies, will obtain all necessary environmental permits, and will comply with the relevant permit conditions during construction and operation of the transmission line.

122. SPS will schedule project activities to avoid disrupting Lesser Prairie-Chicken breeding, nesting, and brood-rearing activities. Construction or demolition within habitat that is occupied by Lesser Prairie-Chicken will be avoided to the extent feasible from March 1 through July 31. If disturbance must occur during this timeframe, SPS will consult TPWD regarding phasing of the project to minimize adverse impacts to the Lesser Prairie-Chicken.

123. It is appropriate that SPS utilize permitted biological monitors to ensure compliance with the Endangered Species Act.

124. SPS will implement construction practices that are sufficient to avoid the need for additional permitted biological monitors during clearing and construction activities for state-listed species. SPS will implement TPWD recommendations that state-listed species

observed during construction be allowed to leave the site or be relocated to a suitable nearby area by a permitted individual.

125. SPS will comply with the Migratory Bird Treaty Act.

126. The standard mitigation requirements included in the ordering paragraphs in this Order, coupled with SPS's implementation of construction and mitigation practices identified in the findings of facts are reasonable measures that SPS will implement when constructing the transmission line.

127. SPS will use best management practices to minimize the potential impact to migratory birds and threatened or endangered species.

128. This Order addresses only those TPWD recommendations and comments for which there is record evidence.

II. Conclusions of Law

1. SPS is an electric utility as defined in PURA §§ 11.004 and 31.002(6).

2. SPS is not a participant in the retail competition market under PURA, Chapter 39, Subchapter I.

3. The Commission has jurisdiction over this matter pursuant to PURA §§ 14.001, 32.001, 37.051, 37.053, 37.054, and 37.056.

4. SPS provided proper notice of the Application in compliance with PURA § 37.054 and P.U.C. PROC. R. 22.52(a).

5. This docket was processed in accordance with the requirements of PURA, the Administrative Procedure Act, TEX. GOV'T CODE ANN. Chapter 2001 (Vernon 2008 & Supp. 2012), and Commission rules.

6. SPS is entitled to approval of the Application described in the findings of fact, utilizing Settlement Route N, having demonstrated that the proposed transmission line facilities are necessary for the service, accommodation, convenience, and safety of the public within the meaning of PURA § 37.056(c).

7. Settlement Route N complies with all aspects of PURA § 37.056 and P.U.C. SUBST. R. 25.101, as well as the Commission's policy of prudent avoidance.

8. This Application does not constitute a major rate proceeding as defined by P.U.C. PROC. R. 22.2.

9. Consistent with the Stipulation, the Application is reasonable, in the public interest, and should be approved.

10. The requirements for informal disposition pursuant to P.U.C. PROC. R. 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following Order:

1. Consistent with the Stipulation, SPS's Application is approved.

2. Consistent with the Stipulation, CCN No. 30153 is amended to include the construction and operation of the transmission line facilities requested in the Application. SPS shall use Settlement Route N, comprised of segments 2b, 2a, 7a, 9a, 9b, 23a, 33a, 40a, 46a, 50a, and 49 as described in Attachment C to the Stipulation. Settlement Route N is approximately 36.7 miles in length. A map depicting Settlement Route N is provided as Attachment D to the Stipulation.

3. Resolution of this docket was the product of negotiation and compromise between the Parties, and directly affected landowners, Barbara Northcott, Patricia Nolan, the Hethcock Inter Vivos Marital Trust, Rita Batton, Beverly Brown, Cecil G. & Nancy R. Pierce, and the Estate of Fred Gallagher. Entry of this Order does not indicate the Commission's endorsement or approval of any principle or methodology that may underlie the Stipulation. Entry of this Order shall not be regarded as binding precedent as to the appropriateness of any principle underlying the Stipulation.

4. In the event SPS or its contractors encounter any artifacts or other cultural resources during project construction, work shall cease immediately in the vicinity of the resource

and the discovery shall be reported to the Texas Historical Commission (THC). In that situation, SPS shall take action as directed by the THC.

5. SPS shall implement erosion control measures as appropriate. Said erosion control measures may include inspection of the ROW before, during and after construction to identify erosion areas and implementation of special precautions to minimize vehicular traffic over areas with shallow soils. SPS will also exercise care when clearing near waterways and will take reasonable steps to minimize adverse impacts on vegetation. Also, SPS shall return each affected landowner's property to its original contours and grades unless otherwise agreed to by the landowner or landowners' representatives. SPS shall not be required to restore original contours and grades where a different contour or grade is necessary to ensure the safety or stability of the project's structures or the safe operation and maintenance of the line.

6. SPS shall follow the procedures for raptor protection outlined in the Avian Power Line Interaction Commission (APLIC), *Suggested Practices for Raptor Protection on Power Lines: The State of the Art in 2006* (2006); and in the APLIC and USFWS *Avian Protection Plan Guidelines* (2005). SPS shall take precautions to avoid disturbing occupied nests and will take steps to minimize the impact of construction on migratory birds, especially during nesting season.

7. SPS shall exercise extreme care to avoid affecting non-targeted vegetation or animal life when using chemical herbicides to control vegetation within the ROW, and shall ensure that such herbicide use complies with the rules and guidelines established in the Federal Insecticide, Fungicide and Rodenticide Act and with the Texas Department of Agriculture regulations.

8. SPS shall minimize the amount of flora and fauna disturbed during construction of the transmission line, except to the extent necessary to establish appropriate ROW clearance for the transmission line. Additionally, SPS shall re-vegetate using native species and shall consider landowner preferences and wildlife needs in doing so. Furthermore, to the maximum extent practicable, SPS shall avoid adverse environmental impacts to sensitive plant and animal species and their habitats as identified by TPWD and the USFWS.

9. SPS shall use best management practices to minimize the potential impact to migratory birds, threatened or endangered species, other wildlife, and the habitats of the same, including any wetland areas.

10. SPS shall cooperate with directly affected landowners to implement minor deviations in the approved route to minimize the impact of the project. Any minor deviations in the approved route shall only directly affect landowners who were sent notice of the transmission line in accordance with P.U.C. PROC. R. 22.52(a)(3) or have waived notice and agreed to accept the transmission line across their property, and shall directly affect only those landowners that have agreed to the minor deviation, excluding public ROWs.

11. SPS shall be permitted to deviate from the approved route in any instance in which the deviation would be more than the minor deviation, but only if the following two conditions are met. First, SPS shall receive consent from all landowners who would be affected by the deviation regardless of whether the affected landowner received notice of or participated in this proceeding. Second, the deviation shall result in a reasonably direct path towards the terminus of the line and not cause an unreasonable increase in cost or delay the project. Unless these two conditions are met, this paragraph does not authorize SPS to deviate from the approved route except as allowed by the other ordering paragraphs in this Order.

12. SPS shall update the reporting of this project on their monthly construction progress report prior to the start of construction to reflect final estimated cost and schedule in accordance with P.U.C. SUBST. R. 25.83(b).

13. SPS shall coordinate with CTT with regard to each crossing of a certificated CTT electric transmission line by Settlement Route N and with regard to each segment where a certificated CTT transmission line is paralleled by Settlement Route N, SPS will coordinate with CTT to determine the impact of mutual coupling on CTT's transmission lines before SPS's line is placed into service. If it is determined that CTT's transmission facilities will be adversely impacted by the construction and operation of SPS's transmission line, including any impacts due to mutual coupling, then SPS will take

necessary action to remedy such issues, including compensating CTT for reasonable costs incurred to remedy or mitigate the impact of SPS's transmission line.

14. All other motions, requests for entry of specific findings of fact and conclusions of law, and any other requests for general or specific relief, if not expressly granted herein, are denied.

SIGNED AT AUSTIN, TEXAS the 19th day of June 2013.

PUBLIC UTILITY COMMISSION OF TEXAS

DONNA L. NELSON, CHAIRMAN

KENNETH W. ANDERSON, JR., COMMISSIONER

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