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**Frequently Asked Questions Regarding Sharyland Utilities’
Proposed Ogallala to Abernathy 345 kV Transmission Line Project**

These Frequently Asked Questions will be updated regularly with new developments and information. For more information, please call **866-354-3335**, send an email to ccn@sharyland.com, or visit our website at www.sharyland.com/lubbock.aspx.

About the Project

1. What is the project?

The project is a new high voltage transmission line to be built by Sharyland Utilities, L.P. (Sharyland) in Castro, Swisher, and Hale Counties, Texas. This new 345 kilovolt (kV) line will be approximately 56 to 66 miles long and will connect the existing Ogallala Station located southeast of Nazareth, Texas, in Castro County to the existing Abernathy Station located just north of Abernathy, Texas, in Hale County.

2. Why is the project needed?

This project is one of several proposed new transmission lines that need to be built as part of an overall effort to move a portion of the Lubbock Power & Light (LP&L) electric system from the Southwest Power Pool (SPP) grid to the Electric Reliability Council of Texas (ERCOT) grid.

ERCOT is an electrical organization that is regulated by the Public Utility Commission of Texas (PUCT) and that oversees the planning and operation of the electric grid that covers most of Texas. The ERCOT grid serves approximately 90% of the state’s electric load.

However, most residential and commercial customers located in the Texas Panhandle and South Plains are not connected to the ERCOT grid. These customers are connected to SPP, an interstate transmission grid that is managed by a different regional transmission organization.

LP&L’s system is currently interconnected to the SPP grid, but on March 8, 2018, the PUCT approved a plan to move a portion of the LP&L system to ERCOT. The PUCT regulates the state’s electric, telecommunication, and water and sewer utilities, implements respective legislation, and offers customer assistance in resolving consumer complaints.

3. Why is a portion of the LP&L system moving from SPP to ERCOT?

LP&L has determined that moving a portion of its system to ERCOT provides benefits to its system and to its customers, including access to ERCOT’s competitive retail electric market. For more information highlighting these benefits, please visit www.lpandl.com/ercot.

About the Parties Involved

4. Who is Sharyland?

Sharyland is a Texas-based electric transmission utility that is fully regulated by the PUCT. Sharyland is committed to providing safe, reliable, and efficient transmission and substation services, ensuring

operational excellence, and investing to support the infrastructure needs of the ERCOT grid. Sharyland is privately-owned by Hunter L. Hunt and other members of the family of Ray L. Hunt, and is managed by Hunter L. Hunt.

For more information about Sharyland, please call **866-354-3335** or visit www.sharyland.com.

5. Who is LP&L?

LP&L is the third largest municipal electric utility in Texas and has been serving the citizens of Lubbock since 1917. LP&L serves more than 104,000 electric meters and owns and maintains 4,936 miles of power lines and three power plants in and around the City of Lubbock. For more information about LP&L, please visit www.lpandl.com and follow the utility on Facebook and Twitter.

6. What roles will Sharyland and LP&L play in the routing and construction of this project, as well as the other projects that will be constructed as part of this overall transition?

Sharyland will be responsible for the routing and construction of all new transmission facilities that will be required as part of this transition effort, but will be closely coordinating with LP&L throughout the process.

Sharyland and LP&L have agreed to split the financial responsibility for constructing these projects.

7. Will Sharyland be providing retail electric service to customers in Lubbock as part of the transition to ERCOT?

No. Sharyland does not provide retail electric delivery service to any retail customers. All LP&L retail customers will continue to be served by LP&L throughout this transition.

8. I have heard that Sharyland has announced a proposed transaction with Oncor. How will this affect this project and the other transmission lines that Sharyland and LP&L are proposing to build in and around Lubbock?

On October 18, 2018, Sharyland announced a proposed set of transactions with several other parties, including Oncor Electric Delivery Company (Oncor). These transactions are subject to various approvals, including regulatory approval from the PUCT.

Upon regulatory approval and closing, these transactions will result in Oncor owning and operating all assets and projects that Sharyland is currently overseeing in Central Texas, West Texas, and the Texas Panhandle and South Plains. In particular, Oncor would take over Sharyland's role in the new transmission lines that Sharyland and LP&L are proposing as part of LP&L's transition to ERCOT.

Assuming all approvals are obtained, Sharyland expects to close these transactions by mid-2019, at which point Oncor will then assume responsibility (along with LP&L) for the completion of these projects around Lubbock. More information about the proposed transactions can be found at www.sharyland.com.

About the Routing Process

9. How will the route for this project be determined?

Sharyland has retained a consulting firm, POWER Engineers, Inc., to conduct an environmental assessment and preliminary alternative route analysis for the line. Sharyland and LP&L hosted public meetings with affected landowners to discuss these preliminary alternative routes.

Sharyland sent notification of the project to applicable local, state, and federal agencies. These agencies' concerns will be addressed throughout the regulatory, construction, and operational phases of the project.

Once the environmental assessment was complete and Sharyland refined the possible routes for this line, Sharyland and LP&L filed an application with the PUCT seeking to amend Sharyland's Certificate of Convenience and Necessity (CCN) and asking the PUCT to approve a final route for the line.

10. When did Sharyland and LP&L file a CCN application to determine a route for the proposed transmission line and how will the PUCT select a route?

On September 6, 2018, Sharyland and LP&L jointly filed an application with the PUCT in Docket No. 48625 to amend Sharyland's CCN so that the PUCT can review and approve a final route for the line. As part of the CCN application, Sharyland and LP&L offered a set of alternative routes for the PUCT to consider.

By law, the PUCT will consider a number of factors when considering possible routes for the proposed line, including, for example, cost, environmental impacts, whether or not the proposed routes use or parallel existing compatible rights of way, property lines, or other natural or cultural features. The PUCT will also take into account the proximity of the proposed routes to existing habitable structures, like homes and businesses, community values, proximity to recreational and park areas, and historical and aesthetic values. Ultimately, the PUCT will approve only one final route.

However, it is important to note that the PUCT can approve any of the proposed route alternatives, or any other combination of the proposed routing links. So, it is very important that landowners stay informed and engaged throughout the route selection process.

11. Do landowners have an opportunity to participate in the route selection and regulatory process?

Yes. Sharyland and LP&L hosted public open house meetings throughout the region in May 2018. Potentially affected landowners and the general public could attend, review all the proposed routes, and offer suggestions or voice concerns. Notices for these public meetings were sent directly to potentially affected landowners.

Also, when Sharyland and LP&L filed the CCN application, Sharyland sent written notices to all affected landowners, and notices were published in local newspapers. In addition, Sharyland provided potentially affected landowners with contact information and instructions on how they can fully participate in the CCN proceedings before the PUCT.

12. How can a landowner participate in the CCN proceeding?

A landowner may participate in two ways. One is to become an intervenor. An intervenor is a person who, upon showing a justiciable interest, is permitted to become a party to the proceeding. As an intervenor, the landowner participates in the CCN proceeding and may make legal arguments, conduct discovery, file testimony, cross examine witnesses and even may decide to testify at a hearing and be subject to cross examination.

If a landowner chooses not to fully participate in the CCN proceeding as an intervenor, they may file comments in support of or opposition to Sharyland and LP&L's application and participate as a protestor. A protestor is a person or organization that supports or opposes any matter contained in the application filed with the PUCT. Protestors are NOT parties to the case and may NOT conduct discovery, cross examine witnesses or present a direct case. To become a protestor, a landowner can either send written comments stating a position regarding the CCN application, or if the case progresses to a hearing, a statement of protest can be made on the first day of hearing.

13. What is the expected timeline going forward?

Sharyland and LP&L filed a joint CCN application at the PUCT on September 6, 2018. The PUCT has up to a year to make a decision on a final route, and after that approval is received, Sharyland will begin

survey work and right-of-way acquisition. It is expected that construction of the transmission line may begin in late 2019, and the project is expected to be in-service by mid-2021.

About the Right-of-Way Process

14. What is a right-of-way easement?

A right-of-way easement is a legal document that gives a utility certain rights to use privately-owned land for a specific purpose. The landowner retains ownership of the property. The proposed project will require easements to be obtained from landowners on the route approved by the PUCT. Easement rights will be purchased along the path of the transmission line as needed to allow for the construction, installation, operation, and maintenance of the transmission line.

15. What type of transmission structures will Sharyland use? How tall are the transmission structures? How much right-of-way will be needed to accommodate these structures and how will they be spaced within the right-of-way?

The proposed transmission line will be operated at a voltage of 345 kV, requiring that the line be attached to structures that are larger than the wooden frames used to carry the 115 kV lines currently seen in the region. For the most part, Sharyland expects to use monopoles with a nominal height of 130 feet, unless there are instances where the span or clearance requirements exceed those of monopoles. In those locations, Sharyland plans to use steel lattice structures that are approximately 160 feet tall. Lattice steel structures may also be utilized where angles are required in the transmission line. In addition, the PUCT may determine the types of structures Sharyland uses.

Sharyland will obtain a typical width of 175 feet for right-of-way. However, some locations may require more or less width due to physical terrain and the type of structures used. In general, the lattice structures are spaced approximately 1,150 to 1,200 feet apart within the right-of-way, allowing for four to six structures per mile. Monopoles are spaced 800 to 1,000 feet apart on average, allowing seven to eight structures per mile.

16. How will I be affected if Sharyland builds a transmission line on my property?

Even though Sharyland will have an easement to cross your property, you will still own the property and can continue to use the right-of-way underneath the line for grazing, farming, and other purposes that do not interfere with the transmission line or its operation.

17. I'm currently in discussions with a wind farm developer who is interested in putting wind turbines on my property. If you build a new transmission line on my property, will that prevent me from being able to have a wind turbine on my property as well?

Not necessarily. Placing a transmission line on your property will not in and of itself prevent the placement of wind turbines. However, it could affect the physical location and placement of the turbines once a final route is approved by the PUCT.

These transmission lines will require a right-of-way with a typical width of 175 feet, and obviously, no turbines can be placed in the direct path of the transmission line. Also, general principles and practices incorporate an additional buffer distance on either side of the right-of-way to ensure that the lines will not be harmed by activities related to the construction, operation, and maintenance of a wind turbine.

Other than that, it will be entirely up to the property owner and the wind developer to determine the appropriate number and location of wind turbines on the property and to coordinate those locations with adjacent property owners, roadways, railroads, other utilities, and other land uses.

Throughout this process, Sharyland is committed to working closely with all stakeholders, including landowners and wind developers, towards a common solution that ensures a proper balance in the use of the land.

18. How much will Sharyland pay for right-of-way easements?

Sharyland pays a fair market value for transmission line easements. The fair market value is determined by conducting a market study or an appraisal for the easement to be obtained. Sharyland will also include financial damages for things such as crops that may be damaged during construction.

19. Will Sharyland use eminent domain to obtain right-of-way?

Sharyland is a certificated electric utility fully regulated by the PUCT, and as such, has the power of eminent domain. However, Sharyland makes every effort to work with landowners throughout the right-of-way acquisition process to avoid a situation that involves eminent domain and the court costs and legal fees that come with it.

About Jobs & Benefits to the Region

20. Who will Sharyland use to build the proposed transmission line? Will construction and other related jobs be filled locally or will outside contractors be used?

Sharyland will use experienced contractors for the construction of this project. Sharyland encourages its construction contractors to use local resources, and these firms may hire local personnel to help with jobs related to the construction of the lines, such as site clearing for structures, setting concrete foundations, and other construction support services.

In addition, construction crews will patronize local restaurants, hotels, and other community services throughout the construction phase of the project.

At the peak of construction, Sharyland expects approximately 100 people to work on this project.

21. Will Sharyland pay taxes on the new transmission line facilities that it owns and/or operates?

Yes. Local taxing authorities, such as county governments and school districts, will have the ability to tax these transmission facilities. Assessments on these new transmission facilities will be the responsibility of the local appraisal districts and subject to taxation by the county, city, and school jurisdictions in which the facilities are located. In addition, local communities will benefit from sales tax revenues during the construction phase of the project.