

December 3, 2013

Project Information

Underwood Substation

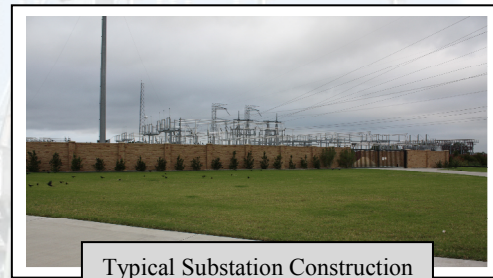
Description of the Project

Denton Municipal Electric (DME) has identified several projects that are critical to maintaining reliability and allowing Denton to continue to grow. Construction of the Underwood Substation is one project that is necessary. Information on the project is presented herein (see attached map for project location options). The project will consist of the following:

- Construction of a new substation.
- Rerouting of transmission and distribution lines into the new substation.

Several site alternatives have been considered for construction of the station.

A map is attached that shows location options that have been identified at this time. A substation location could be chosen that is different from those shown on the map. All new facilities will be owned and operated by DME.



Why is the project needed?

This new substation is needed to provide load serving capability in the west and southwest areas of DME's service territory. DME has singly certified areas on both sides of I-35W generally south of FM1515 (Airport Road) and north of Crawford Road where it is obligated to provide electric service. There is not adequate substation capacity in the area to provide the level of reliable service to this area that is typical in other areas of DME's system. For example, one residential area can receive power from only one substation at this time. The proposed new Underwood Substation is required to resolve this issue and provide an alternate power supply source. Further, as interest in commercial areas south of Airport Road continues to grow, a new substation in the area would allow more options for service and for recovery in the event of outages. With a three to five year time frame typical for getting a new substation on line, DME must be proactive in development of a new substation in advance of need.

All location options that have been identified for the Underwood Substation will address the need for additional power delivery capacity and will provide good locations for new distribution circuits to originate. The alternatives can beneficially serve in all directions from their locations.

This new station will provide backup to the RD Wells and Fort Worth substations. A map is attached that shows the location of these existing substations and the areas that DME is authorized to provide service by the Public Utility Commission of Texas.

The location options that have been identified for this new station were chosen in part because there is an existing transmission line available in the immediate vicinity making it unnecessary to construct additional transmission lines.



State and federal laws mandate specific and well defined performance requirements for utility systems. DME must comply with these requirements not only to ensure regulatory compliance, but more importantly, to maintain the best reliability of electric service to our customers.

Annual studies are completed to determine whether or not each transmission line segment and substation provide the performance needed. If performance deficiencies are identified, projects must be defined and constructed that resolve the deficit. In determining a

solution for a deficiency, alternatives are considered that take into account benefits, impacts, and costs.

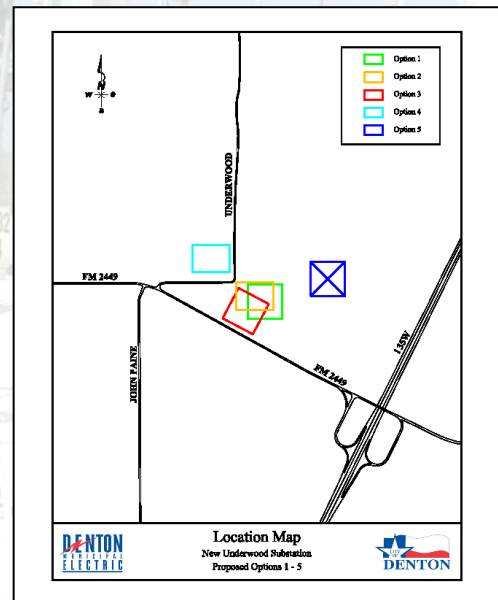
Project Alternatives

DME has investigated five alternatives for construction of the Underwood Substation. The attached map shows the five options that have been identified up to this point. Of the five, the easternmost site has been found to be unsuitable and has been removed from consideration. This site has at least 40 feet of elevation change from the highest to lowest point. Access will be more difficult and the eastern part of the site could be in a flood plain area.

The Site Selection Process

The analysis phase of project development only identifies that a project is needed, what the project should accomplish, and a potential area for the needed project. It does not mandate the use of a specific site.

The site selection process, which includes requesting public input, is employed to assist with determining the location for the new substation. Alternatives have been identified for the substation and are depicted on the attached map. Identification of these sites is the starting point for the selection process. This open house is intended to communicate the need for the project and to provide an opportunity for individuals to learn about the project and make comments.



Potentially affected land owners and those within 500 feet of any of the alternative sites have been notified by mail of the project and the public open house.

The City Council has approved the substation site selection process. This process presents the public with several opportunities to provide input. The first step is for DME to conduct an open house where information is made available on the proposed project, questions may be asked, recommendations can be made, and written or verbal comments may be provided. Interested individuals may also contact DME at any time. Contact information for DME is provided below and on the comment form handed out at the open house. After all comments received at the open house for a project are compiled, DME will consider all comments, complete additional reviews as appropriate, and will provide a recommendation to the Public Utilities Board (PUB). During its consideration of DME's proposal, the PUB will conduct a public hearing and direct DME to take additional actions or recommend a site for consideration by the City Council. During its consideration of the PUB's findings, the City Council will again conduct a public hearing to receive comments from interested residents. Ultimately, the City Council will select the site for the proposed substation.

DME will provide notice by mail for the open house and for the PUB and City Council public hearings.

DME's contact for questions: Brian Daskam
Energy Services Development Officer
Phone: (940) 349-7567
Email: Brian.Daskam@cityofdenton.com

Timeline for the Proposed Facilities

Following approval of a site by the City Council, DME will undertake procurement of land for the proposed facilities. The time required for purchase of the land is unknown at this time. Design of the station will begin as soon as practical after it appears that land issues will be settled. DME would hope to have the new station in service before the summer of 2017.

Procurement of Land and Easements

Land and easement procurement processes are governed by state laws and local ordinances such as Senate Bill 18. Once the City Council has approved a substation site, the procurement process will follow these requirements. The City will pay equitable compensation for land and land rights. Equitable compensation will be determined by conducting market studies and appraisals.

Attachment: Location Map