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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of LS Power Grid California, LLC (U-247-E) for a Certificate of Public Convenience and Necessity Authorizing Construction of the Collinsville 500/230 kV Substation Project.	Application No. 24-07-

APPLICATION OF LS POWER GRID CALIFORNIA, LLC (U-247-E) FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING CONSTRUCTION OF THE COLLINSVILLE 500/230 KV SUBSTATION PROJECT

[PUBLIC VERSION]

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[PUBLIC VERSION]

Pursuant to the California Public Utilities Code, General Order (GO) 131-D, and the Commission's Rules of Practice and Procedure, LS Power Grid California, LLC (LSPGC) (U-247-E) respectfully submits this Application for a Certificate of Public Convenience and Necessity (CPCN) Authorizing Construction of the Collinsville 500/230 kV Substation Project.

I. INTRODUCTION

The Collinsville 500/230 kV Substation Project is a policy-driven upgrade to the transmission system operated by the California Independent System Operator Corporation (CAISO). The CAISO identified the Project as the means to address multiple overloads on the 230 kV corridor between Contra Costa and Newark and provide an additional 500 kV supply into the northern Greater Bay Area to increase reliability and advance renewable generation in its 2021-2022 Transmission Plan, approved by the CAISO's Board of Governors on March 17, 2022. The CAISO awarded the primary scope to LSPGC, consisting of a new 500/230 kV

Substation and two 230 kV transmission line circuits, collectively referred to herein as the "Project". Certain Interconnection Facilities, Network Upgrades, and Distribution Upgrades to support the Project will be the responsibility of Pacific Gas & Electric Company (PG&E) and are analyzed in the Proponent's Environmental Assessment (PEA) included with this Application, but such PG&E facilities are not a part of the "Project" for which LSPGC seeks a CPCN pursuant to this Application. In addition, in its 2023-2024 Transmission Plan CAISO approved the addition of 230 kV 20-ohm series reactors to be added on each of LSPGC's new 230 kV lines at Collinsville. These reactors are analyzed in the PEA included with this Application, but will be the subject of a separate application to be filed with the Commission and are not a part of the "Project" in this Application.

II. PROJECT OVERVIEW

A. Project Summary

The Project consists of the following key elements:

- Construction of a new 500/230 kV Collinsville Substation;
- Construction of an approximately 6.5-mile-long double circuit 230 kV transmission line consisting of overhead, submarine, and underground components from the new Collinsville Substation to the existing PG&E Pittsburg Substation.

Once constructed, the Project will become part of the transmission system controlled by the CAISO. LSPGC will finance, develop, construct, own, operate, and maintain the Project. The costs of the Project will be recovered solely through transmission rates as part of the CAISO's Regional Transmission Access Charge (TAC), subject to review and approval by the Federal Energy Regulatory Commission (FERC),[1] which exercises jurisdiction over rates for interstate transmission service.

B. CAISO Transmission Planning

As part of the 2021-2022 Transmission Planning Process, the CAISO staff undertook a comprehensive evaluation of the CAISO transmission grid to address grid reliability requirements and to ensure compliance with applicable North American Electric Reliability Corporation (NERC) reliability standards and the CAISO planning standards and tariff requirements. The CAISO staff performed this analysis for a 10-year planning horizon, modeled a range of on-peak and off-peak system conditions, and considered facilities under CAISO operational control with voltages ranging from 60 kV to 500 kV. The analysis also included a policy-driven needs assessment to identify the transmission upgrades required to meet the state's renewable energy and greenhouse gas (GHG) reduction targets. The 2021-2022 Transmission Plan identified the Project as a needed policy-driven transmission project.[2]

The Transmission Plan summarizes the following policy-driven needs assessment conclusions for which the Collinsville 500/230 kV Substation is identified as the mitigation:

- On-peak deliverability of renewable and energy storage portfolio resources in the Solano area is limited by thermal overloading of the Cayetano-North

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[1] LSPGC has an approved transmission formula rate as part of its transmission owner tariff on file at FERC but is preparing a filing that will propose revisions to incorporate cost containment provisions for the Project that are consistent with the terms of Appendix E of the Approved Project Sponsor Agreement (APSA) between LSPGC and CAISO, attached hereto as Appendix A.

[2] The 2021-2022 Transmission Plan is available at https://www.caiso.com/documents/isoboardapproved-2021-2022transmissionplan.pdf .

Dublin 230 kV line under N-2 conditions.[3] This condition in the baseline portfolio highest system need scenario would result in 0 MW of renewable and energy storage being deliverable without any transmission upgrades.[4]

- On-peak deliverability of renewable and energy storage portfolio resources in the Solano-Sacramento River area is limited by thermal overloading of the Lone Tree-USWP-JRW-Cayetano 230 kV line under N-0 conditions.[5] This condition in the baseline portfolio highest system need scenario would result in 0 MW of renewable and energy storage being deliverable without any transmission upgrades.[6]
- On-peak deliverability of renewable and energy storage portfolio resources in the Solano-Sacramento River area is limited by thermal overloading of the Las Positas-Newark 230 kV line under N-2 conditions. This condition in the baseline portfolio highest system need scenario would result in 0 MW of renewable and energy storage being deliverable without any transmission upgrades.[7]
- The Transmission Plan also identifies additional benefits of the Collinsville 500/230 kV Substation, including providing additional energy supply from the

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[3] In general, N-2 refers to a system's ability to withstand the unexpected failure or outage of two system components (*e.g.,* a transmission line or generation facility) without compromising its reliability.

[4] 2021-2022 Transmission Plan, p. 192.

[5] In general, normal or N-0 conditions refer to when the electric system is functioning normally and is not experiencing outages.

[6] 2021-2022 Transmission Plan, pp. 194-195.

[7] 2021-2022 Transmission Plan, pp. 195-196.

500 kV system into the northern Greater Bay Area to increase reliability to the area and advance additional renewable generation in the northern area.[8]

- The economic assessment in the Transmission Plan also identifies incremental production benefits for CAISO ratepayers resulting from the Project of $145 million on a net present value basis.[9]

C. Competitive Solicitation

Following approval of the Transmission Plan, the CAISO initiated an open, competitive solicitation on April 18, 2022, which provided project sponsors the opportunity to submit proposals to finance, construct, own, operate, and maintain the Project. Of the 11 selection factors listed in Section 24.5.4 of the CAISO Tariff, CAISO identified the following as the key selection factors for the Project:

- The current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the solution;
- The Project Sponsor's existing rights of way and substations that would contribute to the transmission solution in question;
- The proposed schedule for development and completion of the transmission solution and demonstrated ability to meet the schedule of the Project Sponsor and its team;

[8] 2021-2022 Transmission Plan, p. 193.

[9] 2021-2022 Transmission Plan, pp. 300-301.

- The financial resources of the Project Sponsor and its team;
- Demonstrated cost containment capability of the Project Sponsor and its team, specifically, binding cost control measures the Project Sponsor agrees to accept, including any binding agreements by the Project Sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cap from being recovered through the CAISO's Transmission Access Charge.[10]

The CAISO evaluated four applications from four project sponsors and found that all four proposals of the four project sponsors provided sufficient information to meet the minimum validation criteria as set forth in Section 24.5.2.4[11] of the CAISO Tariff. The CAISO found that all four project sponsors and their four validated proposals met the minimum qualification criteria as set forth in Section 24.5.3 of the CAISO Tariff. In selecting the approved project sponsor, the CAISO undertook a comparative analysis of the project sponsors' proposals with regard to the qualification criteria described in CAISO Tariff Section 24.5.3.1 and the selection factors in Section 24.5.4.

Through this competitive solicitation process, the CAISO selected LS Power Grid California, LLC, a wholly owned subsidiary of LS Power Associates, L.P. (LSPA), as the approved project sponsor to finance, permit, construct, own, operate, and maintain the Project.[12]

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[10] CAISO Tariff, § 24.5.4.

[11] https://www.caiso.com/Documents/2021-2022-transmission-planning-process-approved-project-sponsor-for-the-collinsville-500kv-substation-project.html .

[12] The CAISO's full Project Sponsor Selection Report is available at https://www.caiso.com/InitiativeDocuments/Collinsville-500-kV-Substation-Project-Project-Sponsor-Selection-Report.pdf .

The CAISO and LSPGC entered into an Approved Project Sponsor Agreement (APSA), attached as Appendix A, on August 3, 2023.

The APSA requires the Project to be in service by no later than June 1, 2028. To meet this deadline, LSPGC respectfully asks the Commission to issue its final decision on this Application no later than November 28, 2025.

D. <u>Project Objectives</u>

The Project will:

- Meet CAISO's policy-driven need for the Project to address a number of identified on-peak deliverability constraints on the Cayetano-North Dublin 230 kV Transmission Line, Lone Tree-USWP-JRW-Cayetano 230 kV Transmission Line, and Las Positas-Newark 230 kV Transmission Line; provide an additional supply from the 500 kV system into the northern Greater Bay Area to increase reliability to the area and advance renewable generation in the northern area; and provide economic benefits for CAISO ratepayers.

- Meet the functional specifications set forth by CAISO for the proposed 500/230 kV substation and 230 kV transmission lines located near or adjacent to PG&E's existing Vaca Dixon-Tesla 500 kV Transmission Line. Close proximity to PG&E's existing 500 kV transmission line corridor would reduce the length of the 500 kV transmission interconnection lines, thereby reducing the right-of-way (ROW) requirements and the potential for significant environmental impacts.

- Achieve commercial operation by June 2028.

- Improve and maintain the reliability of the transmission grid by addressing overloads on the Cayetano-North Dublin 230 kV Transmission Line, Lone Tree-USWP-JRW-Cayetano 230 kV Transmission Line, and Las Positas-Newark 230 kV Transmission Line and increase deliverability of renewable power by building and operating a facility that helps to maintain transmission voltage levels, reduce transmission losses, increase transmission capacity, and improve overall system resilience.
- Facilitate deliverability of load from existing and proposed renewable generation projects in the northern Greater Bay Area and corresponding progress toward achieving California's greenhouse gas reduction goals in a timely and cost-effective manner by California utilities.
- Comply with and assist CAISO in meeting applicable Reliability Standards and Criteria developed by North American Electric Reliability Corporation, Western Electricity Coordinating Council, and CAISO.
- Be designed and constructed in conformance with LSPGC's standards, the National Electric Safety Code, and other applicable national and state codes and regulations.
- Construct and operate the facility with safety and wildfire mitigation as top priorities.

III. SUPPORTING DOCUMENTS

The following Appendices are attached to this Application:

Appendix	Title
A	Approved Project Sponsor Agreement
B	Proponent's Environmental Assessment

C	Map of the Project
D	Project Cost Estimate
E	Project Implementation Plan
F	Agency Position Statements
G	Electric and Magnetic Fields Management Plan
H	Form of Notice under Section XI of General Order 131-D

IV. REQUIREMENTS OF GENERAL ORDER 131-D

Section IX.A and Section X of GO 131-D set forth the requirements for applications for a CPCN. These requirements are addressed in the following sections.

A. Description of the Project and Proposed Schedule (Section IX.A.1.a)

The Project is more fully described above and in Chapter 3.0 of the Proponent's Environmental Assessment (PEA), attached as Appendix B. The Project consists of a new 500/230 kV Substation (Collinsville Substation) and an approximately 6.5-mile-long double circuit 230 kV line from the Collinsville Substation to the existing Pittsburg Substation. The Collinsville Substation would contain 500 kV gas-insulated switchgear (GIS), 230 kV GIS, 500 kV series capacitors, and associated facilities. The new double circuit 230 kV line consists of approximately one mile of overhead transmission lines, approximately 4.5 miles of submarine cables, and less than one mile of underground cables.

Also described in the PEA are certain PG&E facilities that are separate and distinct from the Project and which are not a part of this Application, but will be completed by PG&E to support the operation of the Project. The additional facilities include:

1. Interconnection Facilities –
   a. Modifications to the existing Vaca Dixon, Tesla, and Pittsburg Substations.
   b. 500 kV interconnection of the existing Vaca Dixon – Tesla 500 kV line into the Collinsville Substation.

2. Network Upgrades – PG&E is undertaking a facility scope requirements study and system studies to identify any required network upgrades. No network upgrades have been identified by PG&E or affected systems as of the date of the filing.
3. Distribution Upgrades – installation of extended distribution line facilities near the Collinsville Substation.

Additionally, the PEA describes certain 230 kV 20-ohm series reactors to be installed by LSPGC on each of the new LSPGC 230 kV lines at Collinsville Substation, as approved by CAISO in its 2023-2024 Transmission Plan, but which are separate and distinct from the Project and not a part of this Application.

LSPGC estimates that issuance of the CPCN will take approximately 16 months, and construction of the Project would take approximately 24 months to complete once the CPCN is issued, depending upon unforeseen or unpredictable factors such as weather.[13] A more detailed proposed schedule is set forth in Section V.D.4, below.

B. Map of the Project (Section IX.A.1.b)

A map of the proposed Project is attached as Appendix C.

C. Why the Public Convenience and Necessity Require Construction and Operation of the Project (Section IX.A.1.c)

As detailed in Section II.B above, the CAISO 2021-2022 Transmission Plan describes the need for the Project:

> The Collinsville 500/230 kV substation project will address a number of identified transmission constraints within the base portfolio (Cayetano-North Dublin 230 kV line, Lone Tree-USWP-JRW-Cayetano 230 kV line, and Las Positas-Newark 230 kV line) and

[13] The construction schedule is dependent on the timing of Commission's issuance of the CPCN and PG&E's completion of its associated facilities.

provide an additional supply from the 500 kV system into the northern Greater Bay Area to increase reliability to the area and advance additional renewable generation in the northern area.[14]

In addition, Assembly Bill 1373, enacted in 2022 and signed by Governor Newsom, added section 1001.1 to the Public Utilities Code. That statute requires the Commission, in a CPCN proceeding, to establish a "rebuttable presumption with regard to need for the proposed transmission project in favor of an Independent System Operator governing board-approved need evaluation" if four conditions are met:

1. "The Independent System Operator governing board has made explicit findings regarding the need for the proposed transmission project and has determined that the proposed project is the most cost-effective transmission solution."

   The CAISO Board made the required findings for the Project in the 2021-2022 Transmission Plan to address a number of identified transmission constraints within the base portfolio of policy studies as addressed in Section II.B and IV.C herein.

2. "The Independent System Operator is a party to the proceeding."

   LSPGC has coordinated with the CAISO concerning the development of the Project, and LSPGC expects that the CAISO will become a party to this proceeding.

3. "The Independent System Operator governing board-approved need evaluation is submitted to the commission within sufficient time to be included within the scope of the proceeding."

   The CAISO Board's need evaluation is documented in the 2021-2022 Transmission Plan which identified the need for the Project and was approved prior to the submission of this Application, and a link to such Plan is provided in footnote 2 herein.

4. "There has been no substantial change to the scope, estimated cost, or timeline of the proposed transmission project as approved by the Independent System Operator governing board."

[14] 2021-2022 Transmission Plan, p. 193.

> As of the date of the filing of this Application, there have been no substantial changes to the scope of the Project, the estimated cost of the Project, or the timeline as set forth in the 2021-2022 Transmission Plan approved by the CAISO Board.

If, as LSPGC expects, the four conditions are met, the Commission is required to find that the Project is needed unless a party presents evidence sufficient to overcome the statutory presumption of need.

If the conditions are not met, or if a party presents sufficient evidence to overcome the presumption, LSPGC will present evidence demonstrating that the Project will provide significant benefits that will promote the public convenience and necessity.

D. The Estimated Cost of the Project (Section IX.A.1.d, Public Utilities Code section 1003(c))

1. Estimated Project Costs

LSPGC estimates that the total capital cost of the Project is $324,675,000 excluding allowance for funds used for construction. LSPGC agreed to cost-containment provisions for the Project, summarized below, that are incorporated in the APSA and will be included in LSPGC's FERC-approved formula rates.

Under the APSA, LSPGC proposed that recovery of costs for the development, construction, commissioning, operations, and maintenance of the Project that will be included in LSPGC's FERC-approved formula rates will be subject to a binding, levelized, annual revenue requirement (ARR) cap of $24,500,000 for each of the first 40 full calendar years of Project operations, subject to certain exemptions and exceptions.

Under the proposed levelized ARR cap, if LSPGC's revenue requirement exceeds the cap, LSPGC will recover revenues in that year only up to the cap, unless related to costs specifically excluded from the cost cap. The unrecovered difference between the calculated revenue requirement and the calculated cap will be tracked by way of a deferred recovery account. Costs in the deferred recovery account will not earn interest and could be recovered in future years only if LSPGC's revenue requirement is below the annual cap. The amount of any unrecovered costs remaining in the deferred recovery account at the end of the 40-year period will be forfeited, and LSPGC will be unable to recover such amount in rates. If LSPGC's revenue requirement is below the annual cap in a certain year and there is no balance in the deferred recovery account, only actual costs for that year will be recovered.

If FERC does not approve the proposed levelized ARR cap, LSPGC will seek an alternative annual revenue requirement cap that will include the same costs as the proposed levelized ARR cap but will eliminate the deferred recovery account. Under this alternative proposal, LSPGC's cap in year one will be $32,403,271 and will decline to $10,428,133 in year 40. If the revenue requirement exceeds the annual cap in any year, LSPGC will recover revenues in that year only up to the cap, and any excess, unless related to costs specifically excluded from the cost cap, will be forfeited. If LSPGC's revenue requirement in any year is below the annual cap, the difference between the revenue requirement and the cap will be added to the cap in the following year, resulting in a revised cap.

A detailed estimate of the cost of the Project is presented in confidential Appendix D. Because the detailed cost projections are confidential and commercially sensitive, LSPGC is concurrently filing a motion for leave to file Appendix D under seal.

2. Maximum Reasonable and Prudent Cost (Public Utilities Code section 1005.5)

For projects with costs of over $50 million, Public Utilities Code section 1005.5 requires the Commission to specify a maximum cost determined to be reasonable and prudent. The Commission may increase the maximum cost after the CPCN is issued if it determines that costs have increased and the public convenience and necessity require the project to be constructed at the increased cost.

The statute does not distinguish between projects whose rates are set by the Commission and those, like the Project, whose rates are set by FERC. LSPGC respectfully asks the Commission to ensure that any maximum cost it may authorize for the Project is consistent with the Project estimate presented in Appendix D with an additional 20% contingency to account for route or scope changes, final engineering design, final environmental mitigation requirements, and other factors that may impact the final cost. Also, because the Project's rates are set by FERC, LSPGC respectfully asks the Commission to ensure that any maximum cost it may authorize is no less than FERC's finding of the just and reasonable costs of the Project.

E. Reasons for Selecting the Route or Site (Section IX.A.1.e)

LSPGC presents a description and a comparison of alternatives in Chapter 4.0 and Chapter 6.0 respectively of the PEA. Those discussions evaluate the advantages and disadvantages of the considered alternatives and provide the rationale for the adoption of the selected route and substation sites.

F. Schedule of Right of Way Acquisition (Section IX.A.1.f)

LSPGC presents a preliminary schedule for construction and right-of-way acquisition activities in the Project Implementation Plan, attached as Appendix E.

G. List of Reviewing Government Agencies (Section IX.A.1.g)

LSPGC met with several governmental agencies to solicit input on Project design and potential resource and land use issues in the vicinity of the Project site. Written position statements on the proposed Project location were provided by The City of Pittsburg and the Sacramento Municipal Utility District. In lieu of a written position statement from the Native American Heritage Commission, LSPGC has drafted a statement of its understanding of the

Native American Heritage Commission's position. These statements are attached as Appendix F. The following summarizes LSPGC's understanding of each agency's position with respect to the Project's location:

- **The City of Pittsburg –** The City of Pittsburg supports the Project's goals and acknowledges the collaboration with LSGPC on the transmission line routing into the Pittsburg Substation located in the City of Pittsburg to develop a feasible solution that aligns with the City of Pittsburg's long-term goals.
- **Sacramento Municipal Utility District (SMUD)** - SMUD supports the Project and acknowledges that SMUD and LSPGC have been in contact since early 2023 to site the Project to avoid conflicts with SMUD's Solano Wind Project. SMUD appreciates the consideration of the Solano Wind Project and will continue to collaborate with LSPGC to ensure the Solano Wind Project and the Project are safely collocated.
- **Native American Heritage Commission (NAHC).** On May 5, 2023, LSPGC initiated coordination with the NAHC by submitting a Sacred Lands File (SLF) search request that included Project area locational information. On June 1, 2023, the NAHC responded indicating that the SLF search was negative and suggested reaching out to the Native American contacts they provided. Throughout the coordination process described above, no objections to the siting of the Project were expressed by the NAHC or the tribes. At the time of filing this Application, only two of the 23 Native American contacts have responded to LSPGC.

H. Proponent's Environmental Assessment (Section IX.A.1(h))

The Proponent's Environmental Assessment is attached as Appendix B.

I. Measures Taken to Reduce Exposure to Electric and Magnetic Fields (Section X)

The Commission has periodically considered the impact of exposure to electric and magnetic fields (EMF). In Decision (D.) 93-11-013, the Commission adopted an EMF policy for electric utility facilities and power lines. Because the Commission concluded there was no reliable scientific basis to conclude that adverse health effects resulted from exposure to power frequency EMF, the Commission declined to adopt a specific numerical standard for EMF exposure.[15] The Commission instead established an EMF policy for California's regulated electric utilities that required new and upgraded facilities to implement no-cost or low-cost (4% or less of the total project cost) measures to mitigate EMF to the extent such measures were approved as part of the Commission's review process.

In D.06-01-042, the Commission affirmed its earlier finding that no direct link between exposure to EMF and adverse health effects had been proven despite numerous studies, including a research program ordered by the Commission and conducted by the California Department of Health Services.[16] The Commission reaffirmed its policy of requiring only low-cost/no-cost measures to mitigate EMF exposure for utility transmission and substation projects and set a target for low-cost mitigation measures: low-cost mitigation measures were to be designed to reduce exposure to EMF by 15% or more at the utility right-of-way.[17] The decision

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[15] D.93-11-013.

[16] D.06-01-042, p. 19 (Finding of Fact 5).

[17] D.06-01-042, pp. 10, 21 (Finding of Fact 20).

also addressed the mitigation measures to be required in different land-use contexts and determined that low-cost measures were not required in agricultural or undeveloped areas. Only no-cost mitigation measures are required in those areas, except for permanently occupied residences, schools or hospitals located on these lands.[18]

The Commission has also adopted EMF design guidelines for utilities in California.[19]

Section X of GO 131-D requires all applications for a CPCN to include a description of the measures taken or proposed to reduce the potential for exposure to EMF generated by a proposed project. LSPGC evaluated EMF mitigation measures in its design and construction plan and adopted certain no-cost mitigation measures. The Project is located on agricultural land on the northern side of the Sacramento River and therefore low-cost mitigation measures are not required. The portion of the Project on the southern side of the Sacramento River is underground, and the Commission has stated in D.06-01-042 that "placing a transmission line underground should normally provide sufficient mitigation." Furthermore, the incremental cost for placing this short segment underground vs. overhead is significantly greater than the 4% threshold for low-cost mitigation measures. The submarine segment of the Project will not be a source of direct electric fields because the grounded, metallic cable sheathing around the cables effectively blocks electric fields. The calculated magnetic fields and induced electric fields will be quite low because the cables will be installed six to 15 feet beneath the

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[18] D.06-01-042, pp. 9, 20 (Finding of Fact 18).

[19] https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/infrastructure/emfs/ca_emf_design_guidelines.pdf .

riverbed. LSPGC's EMF analysis and management plan addressing the no-cost EMF mitigation measures that will be incorporated into the design of the Project is attached as Appendix G.

J. Notice (Section XI.A)

Applicants for a CPCN are required to give notice of the Application within 10 days of filing by direct mail, newspaper advertisement, and posting on- and off-site. LSPGC's proposed form of notice is attached as Appendix H. LSPGC will give the required notice within 10 days of the date of this application and will file the declaration of mailing and posting within five days of completion (Section XI.A.3).

V. REQUIREMENTS OF THE RULES OF PRACTICE AND PROCEDURE AND CERTAIN PROVISIONS OF THE PUBLIC UTILITIES CODE

A. Statutory Authority (Rule 2.1)

This Application is filed pursuant to the provisions of GO 131-D and Public Utilities Code Sections 451, 564, 701, 702, 761, 768, 770 and 1001, the relevant statutes that provide the statutory basis for GO 131-D.

B. Applicant (Rule 2.1(a))

The Applicant is LS Power Grid California, LLC. LSPGC was previously selected through the CAISO's competitive solicitation process to construct, own, and operate the Orchard Substation, approved in D.22-12-048 as part of the Gates 500 kV Dynamic Reactive Support Project, and the Fern Road Substation, approved in D.24-01-011 as part of the Round Mountain 500 kV Area Dynamic Reactive Support Project. LSPGC's principal place of business is in Chesterfield, Missouri. LSPGC is organized under the laws of the State of Delaware.

C. Communications (Rule 2.1(b))

Communications regarding this application should be directed to:

LS Power Grid California, LLC
Attn: Project Director
16150 Main Circle Drive, Suite 310
Chesterfield, MO 63017
Telephone: (636) 532-2200
Email: dmulvey@lspower.com

With a copy to:

LS Power Grid California, LLC
Attn: Managing Counsel
16150 Main Circle Drive, Suite 310
Chesterfield, MO 63017
Telephone: (636) 534-3260
Email: cbrandt@lspower.com
and

Brian T. Cragg
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San Francisco, California 94105
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Email: bcragg@DowneyBrand.com

D. Category, Need for Hearing, Issues, and Proposed Schedule (Rule 2.1(c))

1. Category

This Application does not involve an enforcement investigation or a complaint and thus does not meet the definition of an "adjudicatory" proceeding under Rule 1.3(a). This Application also does not establish policy or rules affecting a class of regulated entities and thus does not meet the definition of a "quasi-legislative" proceeding under Rule 1.3(f). FERC will set rates and determine the cost recovery for the Project through its approval of LSPGC's formula rates; because the Commission will not set rates or establish a mechanism that sets rates for LSPGC, this proceeding does not clearly fit within the "ratesetting" definition under Rule 1.3(g). This proceeding also does not qualify as a "catastrophic wildfire proceeding" under Rule 1.3(b). Under Rule 7.1(e)(2), when a proceeding does not clearly fit into any of the categories in Rules

1.3(a), (b), (f), and (g), the proceeding will be conducted under the rules applicable to the ratesetting category, and LSPGC therefore proposes this approach.

2. Need for Hearing

LSPGC does not anticipate that hearings will be needed for this proceeding. LSPGC nevertheless proposes two alternative schedules below: one that allows time for hearings and briefing, if needed, to be completed while a draft Environmental Impact Report, Mitigated Negative Declaration, or other required environmental document is under review, and one that proceeds directly to briefing, without hearings. The environmental impacts of the project will be addressed through the California Environmental Quality Act (CEQA) process.

3. Issues

Based on Commission precedent, the issues anticipated to be considered in this proceeding are:

(a) Should LSPGC be granted a CPCN authorizing construction of the Project?

(b) Does the Project qualify for a rebuttable presumption of the need for the Project; or, if not, does the present or future public convenience and need require construction of the Project?

(c) What are the reliability, economic, public policy, and other benefits of the proposed Project?

(d) Is there substantial evidence that the proposed Project will have any significant impact on the environment? If there is substantial evidence of significant impacts:

(i) What are the significant environmental impacts of the proposed Project within the Commission's jurisdiction?

(ii) Are there mitigation measures that will eliminate or lessen such impacts?

(iii) Are the mitigation measures or alternatives infeasible?

(iv) Is there an environmentally superior Project alternative?

(v) If the Project or environmentally superior alternative results in significant and unavoidable impacts, are there overriding considerations that warrant Commission approval?

(e) What is the maximum prudent and reasonable cost for the Project?

(f) Should the Commission grant LSPGC exemptions from certain affiliate transaction rules and reporting requirements?

(a) Does the EIR comply with EQA? Did the Commission review and consider it? Does it reflect the Commission's independent judgment and analysis?

(g) Is the Project designed in compliance with the Commission's policies governing the mitigation of EMF effects using low-cost and no-cost measures?

(h) What are the Project's impacts on environmental and social justice communities, including the extent to which it impacts achievement of any of the nine goals of the Commission's Environmental and Social Justice (ESJ) Action Plan?

4. Proposed Schedule

Below is LSPGC's proposed schedule for the proceeding. If hearings are needed, LSPGC proposes to hold the hearings on need and other issues while the draft environmental document is being prepared or is under review. Whether or not there are hearings, briefing on need and other issues would also be completed while the draft environmental document is under review. The environmental impacts of the project will be assessed as part of the CEQA process.

EVENT	**DATE NO HEARINGS**	**DATE WITH HEARINGS**
Application Filed; PEA submitted	July 29, 2024	July 29, 2024
Publication in Daily Calendar	July 31	July 31
Notice of filings of Application	August 8	August 8
Application Deemed Complete	August 28	August 28
Last Day for Protests and Responses	August 30	August 30
Reply to Protests and Responses	September 9	September 9
Prehearing Conference	September 23	September 23
Scoping Ruling and Memo	October 7	October 7
Applicant's Opening Testimony (if needed)		November 4
Intervenors' Opening Testimony (all parties)		December 2
Concurrent Rebuttal Testimony		December 19
Hearings (if needed)		January 6-9, 2025
Opening Briefs	February 7, 2025	February 7, 2025
Reply Briefs	February 28	February 28
Draft Environmental Document Issued	April 2025	April 2025
Final Environmental Document; Proceeding Submitted	July 2025	July 2025
Proposed Decision	October 2025	October 2025
Commission Decision	November 2025	November 2025

E. Organization and Qualification (Rule 2.2, Public Utilities Code section 1004)

Copies of LSPGC's certificate of formation and current certificate of qualification to do business in California were previously submitted to the Commission in connection with Application (A.) 22-04-004 (Permit to Construct the 500 kV Fern Road Substation).

F. Financial Statements (Rules 2.3, 3.1(g)), 3.1(h))

LSPGC and its parent, LSPA, are privately held companies that do not publish financial information and are not rated by credit rating agencies. LSPA's financial stability is demonstrated by the fact that LSPA has raised over $54 billion in debt and equity capital to support its business activities, including raising over $2 billion in the last dozen years for new high-voltage transmission facilities.

LSPA provided confidential LSPA financial information and a written guarantee upon execution of the APSA, providing CAISO with certainty that adequate capital is available to implement the Project.

In its Selection Report, CAISO concluded that "each project sponsor [including LSPGC] has sufficiently demonstrated the experience and financial resources to undertake a project of this scope and cost."[20] CAISO added that, "Having the financial capacity to continue to bid on, win, and finance projects, although dependent in part on the financial resources of a company, also depends on the breadth and strength of a company's partners and banking relationships.. . . LSPGC… [has] developed banking relationships as evidenced by various banks providing support for this project. Consequently, the ISO considers LSPGC . . . to have sufficient financial resources to complete this project…."[21]

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[20] Collinsville 500 kV Substation Project, Project Sponsor Selection Report, p. 38.

[21] Collinsville 500 kV Substation Project, Project Sponsor Selection Report, p. 36.

The Commission can rely on the financial diligence performed by CAISO prior to awarding six competitive transmission projects[22] to affiliates of LS Power in recent years, and the successful completion of LSPA affiliate DesertLink's Harry Allen to Eldorado 500 kV Transmission Project in 2020. However, if the Commission requires additional financial information, LSPA's confidential financial information could be provided under seal for review with appropriate protections of the confidentiality of this sensitive information.

G. Compliance with CEQA (Rule 2.4)

1. Proponent's Environmental Assessment

Rule 2.4 requires applications for projects that are subject to CEQA to submit a PEA that complies with the Guidelines the Commission has developed for energy infrastructure projects. In compliance with Rule 2.4, LSPGC is submitting a PEA as Appendix B to this Application. The environmental review required by CEQA will be overseen by the Commission's Energy Division.

2. Project Refinements

To avoid incurring significant costs before the Commission approves the Project, LSPGC will perform final engineering after the Commission has completed its CEQA review and approved the Project. Final engineering and construction can result in minor modifications to the Project design. If modifications are substantial enough, a supplemental environmental review might be required.

LSPGC asks the Commission to authorize Energy Division to determine whether a Project modification will result in new significant environmental effects or a substantial

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[22] In addition to the Orchard and Fern Road Substations mentioned in Section V.B, above, the CAISO awarded four transmission projects, including the Project, to LSPGC in competitive solicitations following the issuance of the 2021-2022 Transmission Plan.

increase of the severity of previously identified environmental effects. If the modification results in a significant new environmental impact or a substantial increase in the severity of a previously recognized impact, then Energy Division will direct LSPGC to file a petition for modification of the decision granting a CPCN and a supplemental environmental review would be performed. If the Project modifications do not result in a significant new environmental impact or a substantial increase in the severity of a previously identified impact, then Energy Division will be authorized to approve the requested modifications.[23]

H. Deposit for Costs for Environmental Review (Rule 2.5)

With this Application, LSPGC will tender one-third of its total deposit of $244,337.50, calculated according to the formula set forth in Rule 2.5. In accordance with Rule 2.5 LSPGC will pay an additional one-third no later than 120 days after the Application is filed and the remaining one-third no later than 180 days after the time the Application is filed.

I. Competing Utilities (Rule 3.1(b))

Because the CAISO's competitive solicitation process selects only one entity to construct each eligible facility, construction of the Project will not compete directly with any other public utility. The Project will be operated as part of the CAISO-controlled transmission system and will not compete with any other utility, corporation, person, or entity. The Project will render service within the service area of PG&E. PG&E also renders transmission service within its service territory. The Project will render service to all cities and counties within the CAISO control area, but the Project will be physically located in Solano, Contra Costa, and Sacramento Counties.

[23] The Commission granted a similar authorization in D.21-11-003, p. 98 (Ordering Paragraph No. 2).

J. Required Permits (Rule 3.1(d))

The permits expected to be required for the construction of the Project are listed in Chapter 3.0 Table 3-11: Permitting Requirements and Processes of the PEA, attached as Appendix B.

K. Proposed Rates (Rule 3.1(h))

LSPGC does not serve retail customers and does not ask the Commission to approve any retail rates. The Project's rates will be reviewed and approved by FERC and will be collected from all customers served by the CAISO through the Regional TAC.

VI. SECTION 1003 REQUIREMENTS

Public Utilities Code section 1003 requires additional information from applicants for a CPCN.[24]

A. Preliminary Engineering and Design Information (section 1003(a))

Section 1003(a) requires preliminary engineering and design information on the project to be included in an application for a CPCN. Preliminary engineering and design information required by the Public Utilities Code section 1003(a) is found in Chapter 3.0 of the PEA.

B. Project Implementation Plan (section 1003(b))

Section 1003(b) requires applicants for a CPCN to include "[a] project implementation plan showing how the project would be contracted for and constructed. This plan shall show how all major tasks would be integrated and shall include a timetable identifying the design, construction, completion, and operation dates for each major component of the plant,

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[24] Section 1003(d) applies to generation plants and utilities whose rates are regulated by the Commission and is inapplicable to the Project.

line, or extension." A Project Implementation Plan fulfilling the requirements of Section 1003(b) is attached as Appendix E.

C. Cost Estimate (section 1003(c))

Section 1003(c) requires a CPCN application to include "[a]n appropriate cost estimate, including preliminary estimates of the costs of financing, construction, and operation, including fuel, maintenance, and dismantling or inactivation after the useful life of the plant, line, or extension." The cost estimates for the Project have been presented in Section IV.D above.

D. Cost Control (section 1003(e))

Section 1003(e) requires a CPCN application to include "[a] design and construction management and cost control plan which indicates the contractual and working responsibilities and interrelationships between the corporation's management and other major parties involved in the project." The plan must also include "a construction progress information system and specific cost controls." A Project Implementation Plan fulfilling the requirements of Section 1003(e) is attached as Appendix E.

VII. SECTION 1002 REQUIREMENTS

Public Utilities Code section 1002(a) requires the Commission to give consideration to four topics when it is considering granting a CPCN.

A. Community Values

As noted in Section II.D above, the Project will provide reliability and economic benefits to California ratepayers while advancing California's policy goals. The Project will also provide economic benefits to communities in the vicinity of the Project in the form of increased employment, tax revenues, and development.

LSPGC considered community benefits and values in designing the Project. Consistent with the CEQA, the Project has been designed to avoid, minimize, and/or mitigate potential environmental impacts to the maximum extent practicable. Additionally, LSPGC has developed Project-specific Applicant Proposed Measures (APMs) to minimize impacts to the community, as discussed throughout Chapter 5.0 of the PEA.

LSPGC recognizes that any new construction may result in temporary disruptions to the nearby communities. LSPGC will keep area residents and property owners, government officials, Native American tribes, and interested parties informed about the scope of the Project though printed materials, online materials, one-on-one meetings, and presentations to local organizations. LSPGC is committed to working closely with nearby communities to identify and address any potential concerns.

LSPGC has already begun public outreach for the Project, meeting with several agencies and stakeholders in the early planning stages of the Project to solicit input on Project design and potential resource and land use issues in the vicinity of the Project. Table 2-1 in Chapter 2.0 of the PEA summarizes the consultations and public outreach that took place during the development of the PEA.

B. Recreational and Park Areas

LSPGC took recreational and park areas into consideration when it selected the substation site and route for the Project. A comprehensive comparison of alternatives is presented in Chapter 6.0 of the PEA attached as Appendix B. Additionally, potential impacts to recreational and park areas are discussed in Section 5.16 of the PEA.

In addition, the Project's impact on parks and recreational areas will be considered as part of the environmental review for the Project. If parks or recreational areas are significantly impacted, mitigation measures may be required, in compliance with CEQA.

C. Historical and Aesthetic Values

LSPGC considered historical and aesthetic values when it designed the Project and selected the site/route. As further discussed in Sections 5.1, 5.5, and 5.18 of the PEA, attached as Appendix B, the pedestrian survey of the area of potential affect resulted in the identification of one new resource and seven previously recorded resources. None of the new or previously recorded resources are recommended as eligible for listing in the National Register of Historical Places or the California Register of Historical Resources. The maritime survey found three potentially significant targets that it recommends avoiding. To the maximum extent practicable, LSPGC will avoid historical or cultural resources that could be affected by construction of the Project. However, ground disturbance during construction could uncover unknown resources.

LSPGC also considered aesthetic values when it designed the Project and selected the route and substation site. As shown in Section 5.1 of the PEA, it was determined the Project would have a less than significant impact or no impact when evaluated aesthetically. The majority of the new transmission lines will be under the Sacramento River and therefore, do not impact the view post construction. The substation and transmission lines are located adjacent to a windfarm and therefore do not substantially change the viewshed of the area.

If historical or aesthetic values are significantly impacted, mitigation measures may be required, in compliance with CEQA.

D. Influence on the Environment

The Project's influence on the environment will be considered and addressed during the environmental evaluation required by CEQA. The resulting environmental document will identify significant impacts, consider alternatives, and require mitigation measures, if needed.

VIII. SAFETY

LSPA and its affiliates, including LSPGC, continuously strive to establish and maintain a culture of safety throughout the organization. LSPGC holds safety paramount and considers safety practices and records as key selection criteria for contractors. LSPGC's contractors will be responsible for developing a Project-specific safety plan and ensuring adequate safety training is implemented. LSPGC will continuously monitor contractor safety measures to ensure they are adequate for the Project and protective of all site personnel and the public. All Project employees, contractors, and visitors must be committed to conduct themselves in a safe and responsible manner. All employees and contractors have the responsibility to follow established safety, health, and environmental requirements as well as enforcing accident prevention procedures within their function or responsibility. If a situation arises that will cause harm to personnel, loss of property, or damage to the environment, the first person, whether LSPGC personnel, construction contractor, or subcontractor, to realize such a situation is authorized and required to stop the work until the safety concerns have been addressed. If there is knowledge of any practice, condition, or information that is contrary to the policies and procedures authored by the construction contractor or subcontractors, it will be reported immediately to the appropriate supervisor and LSPGC representatives. The Project will be constructed, operated, and maintained in compliance with current safety requirements, including GOs 95 and 128. Safety management is further discussed in the Project Implementation Plan, attached as Appendix E.

IX. IMPACT ON ENVIRONMENTAL AND SOCIAL JUSTICE COMMUNITIES

In February 2019, the Commission adopted the Environmental and Social Justice (ESJ) Action Plan to serve as a roadmap for implementing the Commission's vision to advance equity in its programs and policies for ESJ or disadvantaged communities. The Commission issued Version 2.0 of the Environmental and Social Justice Action Plan on April 7, 2022.

In the ESJ Action Plan 2.0, disadvantaged communities are defined as census tracts that score in the top 25% of California Communities Environmental Health Screening Tool Version 3 (CalEnviroScreen 3.0),[25] along with those that score within the highest 5% of CalEnviroScreen 3.0's Pollution Burden but do not receive an overall CalEnviroScreen score. The Commission aimed to target the following communities with its definition of disadvantaged communities:

1. Disadvantaged communities, as defined above;
2. All Tribal Lands;
3. Low-income households, defined as household incomes below 80% of the area median income; and
4. Low–income census tracts, defined as census tracts with aggregated household incomes less than 80% of area or state median incomes.

CalEnviroScreen 3.0 was updated by the Office of Environmental Health and Hazard Assessment (OEHHA) to CalEnviroScreen 4.0 on October 13, 2021; however, the California Environmental Protection Agency (CalEPA) made a subsequent designation of "disadvantaged community" given the new data for the purpose of Senate Bill (SB) 535.[26] CalEPA designates four types of communities as disadvantaged:

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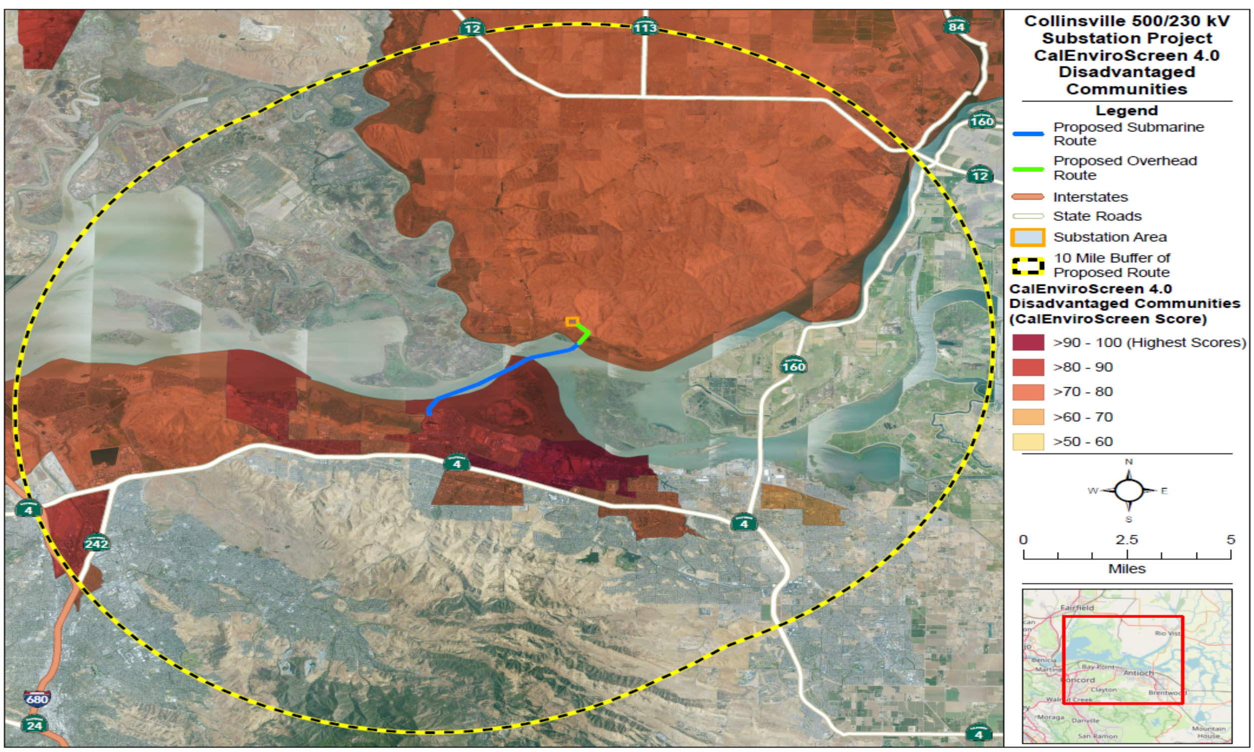
[25] ESJ Action Plan 2.0, p. 2. ESJ Action Plan Version 2.0, p. 2. Available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf .

[26] Stats. 2012, Ch. 830.

1. Census tracts with the highest 25% of CalEnviroScreen 4.0 overall scores;
2. Census tracts lacking overall scores due to data gaps, but with the highest 5% of CalEnviroScreen 4.0 cumulative Pollution Burden Scores;
3. Census tracts recognized as disadvantaged in CalEPA's 2017 disadvantaged communities designation; and
4. Areas under the control of federally recognized Tribes.[27]

Figure 1, below, shows the CalEnviroScreen 4.0 scores for communities within 10 miles of the Project. Communities that score in the top 25% of CalEnviroScreen 3.0 or 4.0 are designated as disadvantaged communities.



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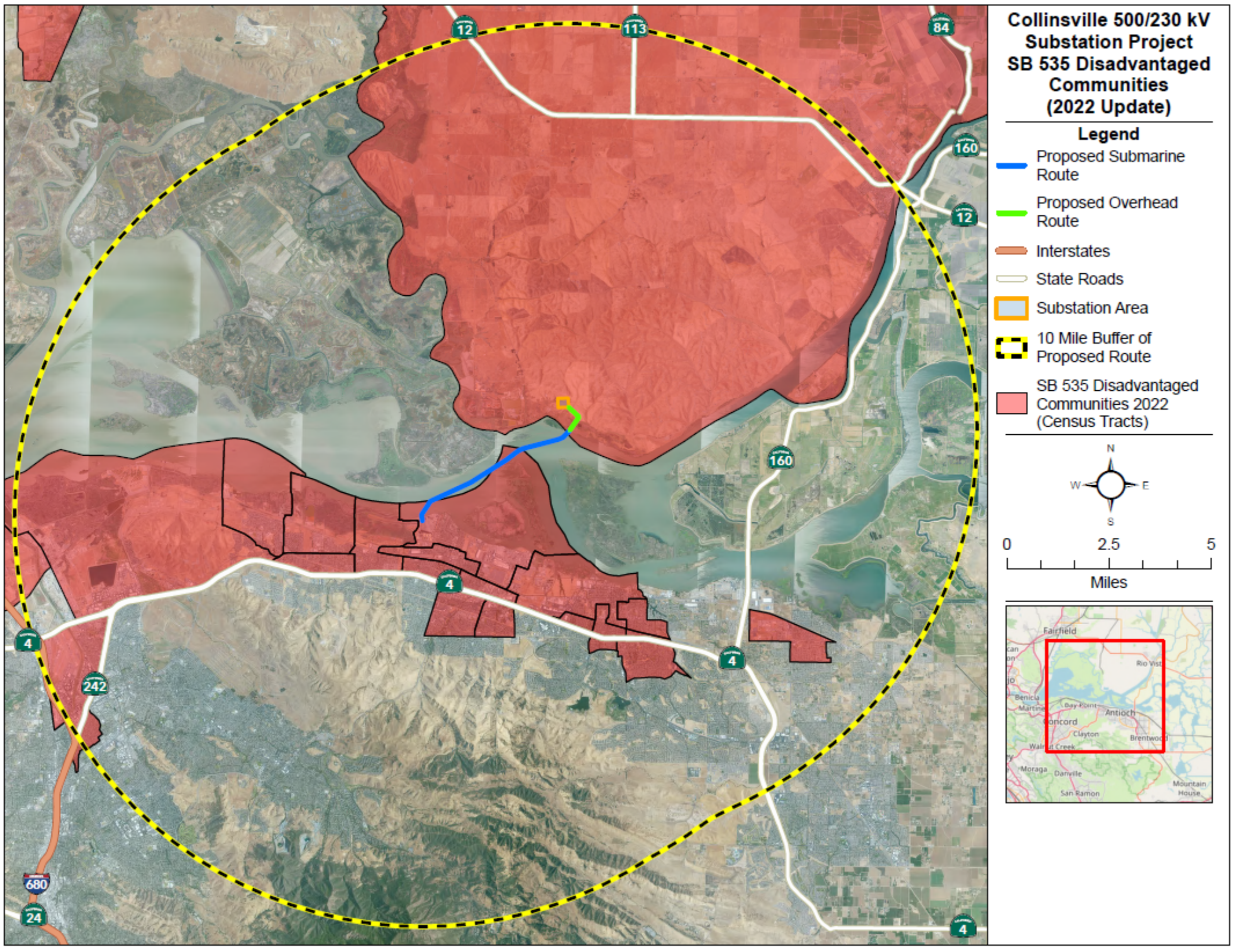
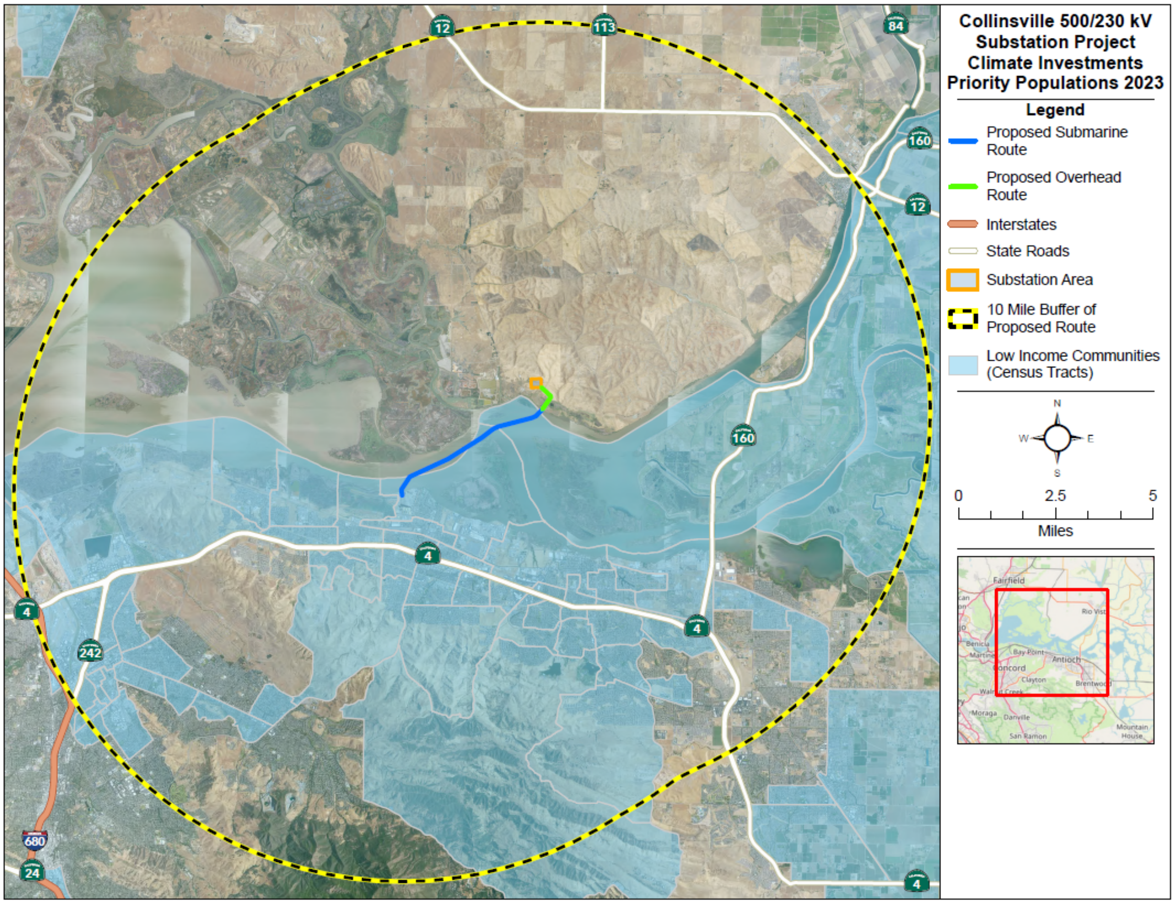
[27] Final Designation of Disadvantaged Communities Pursuant to Senate Bill 535, May 2022. Available at https://calepa.ca.gov/wp-content/uploads/sites/6/2022/05/Updated-Disadvantaged-Communities-Designation-DAC-May-2022-Eng.a.hp_-1.pdf .

As shown in Figure 2 below, additional communities within 10 miles of the Project are designated as disadvantaged communities according to SB 535's 2022 Disadvantaged Communities Update.



Finally, as shown by Figure 3 below, additional communities within 10 miles of the site of the Project, beyond the previously identified disadvantaged communities, are designated as low-income communities according to California Climate Investments.[28]



As analyzed in the PEA, attached as Appendix B, the Project will not create any significant impacts within any environment justice community or for sensitive receptors. There will be both overhead and underground transmission lines located within an ESJ community.

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[28] California Climate Investments Priority Populations can be found at https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348 .

Specifically, as summarized in Section 1.4 of the PEA, the Project would include APMs to ensure that impacts would be less than significant for all of the resource areas that were evaluated.

Low-income and other members of the disadvantaged communities may benefit from the short-term economic stimulus from construction activities and expenditures, short-term and longer-term increases in tax revenues, and added capacity and reduced congestion for electrical transmission. LSPGC will strive to ensure the Commission's ESJ Action Plan goals are enabled throughout the Project. The Project further meets the Commission's ESJ Action Plan goals by 1) increasing climate resiliency by facilitating the transmission of renewable and low-carbon energy; and 2) promoting economic and workforce development opportunities by employing members of nearby communities during the construction of the Project. Based on these considerations, construction of the Project aligns with the Commission's ESJ Action Plan.

X. REQUESTS FOR EXEMPTIONS

In D.24-03-010, the Commission approved a settlement between LSPGC and the Public Advocates Office (Cal Advocates) regarding exemptions from certain of the Commission's affiliate transaction rules adopted in D.97-12-088 and amended in D.98-08-035 and D.98-12-075[29] and certain reporting requirements. Consistent with the terms of the approved settlement, LSPGC seeks the Commission's confirmation of the following:

1. LSPGC is exempted from Sections V.C, V.E, and V.G of the affiliate transaction rules.

[29] These are the "original" affiliate transaction rules that apply to utilities with gross annual operating revenues of $1 billion or less. LSPGC's gross annual operating revenues are less than $1 billion.

2. LSPGC is authorized to submit the independent audit report required by Section VI.C of the affiliate transaction rules every five years, rather than annually, with the first audit report due by May 1 of the year after the calendar year when LSPGC first performs activities that are subject to the audit.
3. LSPGC's report required by Public Utilities Code Section 587 will be limited to reporting on affiliates with which it shares resources.
4. LSPGC is authorized to file FERC Form 1 and Form 3-Q as proxies for the reporting requirements of GO 65-A and GO 104-A.

D.24-03-010 granted these exemptions subject to certain conditions. First, LSPGC must make its FERC Form 1 and Form 3-Q available to Cal Advocates on request. LSPGC agrees to this condition. Second, Cal Advocates agreed not to protest LSPGC's request for these exemptions provided:

- The project was selected in a competitive solicitation conducted by the CAISO.

  The Project was selected in a competitive solicitation conducted by the CAISO in conjunction with the 2021-2022 Transmission Plan.

- The cost of the asset will be recovered through the TAC authorized by FERC, and the asset will be subject to the CAISO's Open Access Tariff.

  The Project meets both of these requirements.

- LSPGC does not serve retail customers in California.

  This condition remains satisfied.

Consistent with and D.24-03-010, LSPGC respectfully asks the Commission to confirm these exemptions. In the event that a party contends that it is not subject to the settlement between LSPGC and Cal Advocates[30] and contests the exemptions approved in D.24-03-010, the requested exemptions are supported by the following additional considerations.

A. Affiliate Transaction Rules

LSPGC requests exemption from Sections V.C, V.E, and V.G of the affiliate transaction rules.

Section V.C of the rules provides: "A utility shall not share office space, office equipment, services, and systems with its affiliates, nor shall a utility access the computer or information systems of its affiliates or allow its affiliates to access its computer or information systems. . . ." Section V.E of the rules also prohibits a utility from sharing with its affiliates support services in the areas of engineering and system operations, among other prohibited areas. LSPGC respectfully requests exemption from Section V.C and Section V.E to allow the Project to benefit from the expertise of LSPGC's affiliates.

Section V.G of the rules provides:

> [A] utility and its affiliates shall not jointly employ the same employees. This Rule prohibiting joint employees also applies to Board Directors and corporate officers, except for the following circumstances: In instances when this Rule is applicable to holding companies, any board member or corporate officer may serve on the holding company and with either the utility or affiliate (but not both). . . .

Because it has no direct employees, LSPGC proposes to use a variety of shared services from certain of its affiliates. Additionally, certain corporate officers who perform oversight activities for LSPGC's transmission assets perform similar oversight activities for LSPGC's affiliates, and certain officers with engineering duties are employed by an affiliate and

[30] See Rule 12.5.

work as shared service employees to support LSPGC. To permit LSPGC to continue this approach, LSPGC respectfully requests exemption from Section V.G.

Granting these requested exemptions to LSPGC will not undermine the objectives of the affiliate transaction rules. The Commission's goals of fostering competition and protecting consumer interests will not be hindered by exempting LSPGC from Section V.C, Section V.E, and Section V.G of the affiliate transaction rules.

The Commission approved these exemptions for LSPGC in D.24-03-010. In addition, in D.18-09-030, the Commission granted exemptions from Section V.C, Section V.E, and Section V.G of the affiliate transaction rules to NextEra Energy Transmission West (NEET West) in connection with the Suncrest Dynamic Reactive Support Project.[31] Similar exemptions were granted to DCR Transmission in D.21-11-003 for the Ten West Link Project.[32] Because the Commission has previously granted exemptions from the affiliate transaction rules to LSPGC and similarly situated transmission developers in California, the Commission should confirm that LSPGC qualified for these exemptions.

B. Exemption from Annual Audit Requirement

Section VI.C of the affiliate transaction rules requires utilities to have an independent auditor perform an annual audit of the utility's compliance with the affiliate transaction rules and to submit the auditor's report to Energy Division. LSPGC asks the Commission to exempt LSPGC from Section VI.C's requirement of an annual audit and audit report on affiliate transactions; instead, LSPGC would be required to engage an independent auditor to conduct an audit and to submit an audit report every five years after LSPGC's initial

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[31] D.18-09-030, p. 48.

[32] D.21-11-003, p. 78.

audit and audit report. The initial audit would be deferred until there are activities that could be subject to the audit. Subsequent audits would be performed every five years and would verify LSPGC's compliance with the affiliate transaction rules for the preceding five-year period.

The same exemption was granted to LSPGC in D.24-03-010 and to Horizon West Transmission, LLC (successor to NEET West) and Trans Bay Cable, LLC (an affiliate of Horizon West) in D.22-09-026. The Commission's justification for granting this exemption was that these utilities (1) are independent transmission utilities under CAISO control and cannot exercise market power to favor their affiliates, (2) recover their entire revenue requirement through FERC regulated rates, and (3) do not serve customers directly, provide retail service, or have access to customer information or accounts."[33] The same reasoning continues to apply to LSPGC. LSPGC here proposes to submit FERC Form 1 and Form 3-Q to the Commission and to make Forms 1 and 3-Q available to Cal Advocates at any time.

LSPGC should continue to be excused from the annual audits and reports required by Section VI.C and should be permitted to have an independent audit performed and an audit report submitted every five years, with the initial audit report expected to be submitted no later than May 1 of the year after the calendar year when LSPGC first performs activities that are subject to the audit. Other requirements of Section VI.C, including the requirement that the audit will be at shareholders' expense, will still apply.

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[33] D.24-03-010, p. 8.

C. Reporting Requirements

LSPGC also requests to be allowed to file FERC Form 1 and Form 3-Q as proxies for the reporting requirements of GO 65-A and GO 104-A, as the Commission authorized in D.24-03-010.

GO 65-A requires submission of "each financial statement prepared in the normal course of business" and the annual report and other financial statements issued to stockholders. Although these reports might be useful for the Commission's oversight of the operations of utilities subject to rate regulation by the Commission, they are not warranted for LSPGC because LSPGC's recovery of its cost of service is exclusively through LSPGC's FERC-approved formula rates, which incorporate its cost-containment commitments, including a cap on the annual revenue requirement. Interested stakeholders, including the Commission and its staff, will have the ability to review LSPGC's annual reporting to FERC of its actual costs and revenue requirement for compliance with the cost-containment commitments and to confirm the prudency of costs recorded in compliance with FERC accounting rules.

GO 104-A requires the filing of an annual report, and the form supplied by the Commission's Energy Division requires information that informs the regulation of cost-based rates by the Commission, such as information on income statements, sales to residential customers (LSPGC has none), and similar topics. LSPGC will provide annual reports and other financial information to FERC, and this information will be publicly available through FERC's processes.

For these reasons, LSPGC requests the Commission's confirmation that it may file FERC Form 1 and Form 3-Q as proxies for the reporting requirements of GO 65-A and GO 104-A.

D. Reports on Affiliates

Public Utilities Code section 587 requires utilities to submit an annual report "describing all significant transactions, as specified by the commission, between the corporation and every subsidiary or affiliate of, or corporation holding a controlling interest in" the utility. For entities like LSPGC, which has about 500 affiliates, this reporting requirement can become burdensome. In D.18-09-030, NEET West (now known as Horizon West), which has over 1,000 affiliates,[34] sought and obtained a limited exemption to this reporting requirement and was authorized to provide information relating to only those affiliates with which NEET West shared resources,[35] on the condition that NEET West would provide a copy of its FERC Form 1 to Commission staff and Cal Advocates' predecessor upon request. The Commission granted a similar exemption to Trans Bay Cable, an affiliate of NEET West,[36] and to LSPGC in D.24-03-010.

LSPGC is similarly situated to NEET West in the sense that it has numerous affiliates, many of which do not share resources with the utility. It is reasonable to extend the limited exemption that the Commission granted to NEET West to LSPGC.

E. Exemption from Public Utilities Code Sections 816-830 and 851 for Purposes of Financing Transactions

On May 14, 2024, LSPGC filed its Application of LS Power Grid California, LLC (U-247-E) For an Order Exempting Financing Transactions from Commission Authorization (A.24-05-005). In that Application, LSPGC requested that the Commission issue an order exempting LSPGC from Public Utilities Code sections 816–830 and 851 for purposes of

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[34] D.20-05-012, p. 7.
[35] D.18-09-030, pp. 48-49.
[36] D.20-05-012, pp. 7-8.

financing transactions. As set forth in that Application, LSPGC is a transmission-only utility whose rates and terms and conditions of service are subject to the exclusive jurisdiction of the FERC. LSPGC has no California retail customers nor any Commission-established rates. This requested exemption is consistent with similar orders granted by the Commission for Trans Bay Cable LLC and Horizon West Transmission, LLC, both of which are also transmission-only utilities without retail customers. This Application cited the Collinsville 500/230 kV Substation Project as one of several transmission projects LSPGC has been selected by the CAISO to construct. This pending exemption Application is mentioned in this CPCN Application to advise the Commission of this exemption request. LSPGC does not seek action on this request in this proceeding.

XI. CONCLUSION

For the reasons stated in this Application, LS Power Grid California, LLC respectfully requests the Commission to issue a decision:

- Granting LSPGC a Certificate of Public Convenience and Necessity authorizing construction of the Project, as described in this Application and supporting documents;
- Certifying the EIR or other environmental document prepared in compliance with CEQA;
- Specifying a maximum reasonable and prudent cost for the Project that is no less than FERC's findings of the just and reasonable costs of the Project;
- Confirming the exemptions requested in this Application;

- Authorizing Energy Division to approve request by LSPGC for Project modifications that may be necessary during final engineering and construction, provided that Energy Division finds that the project modifications would not result in a significant new environmental impact or a substantial increase in the severity of previously identified significant impacts; and
- Granting such other and further relief as the Commission deems just and reasonable.

Respectfully submitted this 29th day of July, 2024 at San Francisco, California.

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By *Brian T. Cragg*
Brian T. Cragg

Attorneys for LS Power Grid California, LLC

VERIFICATION

I, Mark D. Milburn, declare:

I am an officer of LS Power Grid California, LLC, and am authorized to make this verification on its behalf. The statements in the foregoing Application are true of my own knowledge, except to matters stated to be on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 25 day of July, 2024 in Chesterfield, Missouri.

Mark D. Milburn
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