



STATE OF CALIFORNIA

GAVIN NEWSOM, Governor **FILED**

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

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A2404017

February 13, 2026

**Agenda ID #24042**  
**Ratesetting**

TO PARTIES OF RECORD IN APPLICATION 24-04-017:

This is the proposed decision of Administrative Law Judge Robyn C. Purchia. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's **Mach 19, 2026** Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke  
Chief Administrative Law Judge

MLC: smt

Attachment

ALJ/RP6/smt

## **PROPOSED DECISION**

Agenda ID #24042  
Ratesetting

Decision **PROPOSED DECISION OF ALJ PURCHIA** (Mailed 2/13/2026)

### **BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of LS Power Grid California, LLC (U247E) for a Certificate of Public Convenience and Necessity Authorizing Construction of the Power Santa Clara Valley Project.

Application 24-04-017

### **DECISION GRANTING LS POWER GRID CALIFORNIA, LLC A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING THE POWER SANTA CLARA VALLEY PROJECT**

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**Appendix A – CEQA Findings and Statement of Overriding Considerations**

**Appendix B – Mitigation Monitoring, Compliance, and Reporting Program**

**DECISION GRANTING LS POWER GRID CALIFORNIA, LLC A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
AUTHORIZING THE POWER SANTA CLARA VALLEY PROJECT**

**Summary**

This decision grants LS Power Grid California, LLC's request for a certificate of public convenience and necessity authorizing the construction of the Power Santa Clara Valley Project, configured as Alternative Combination 1 and subject to the mitigation measures identified in the Mitigation Monitoring, Compliance, and Reporting Program (Appendix B). This decision also certifies that the Final Environmental Impact Report for this project meets the requirements of the California Environmental Quality Act and that the benefits of the Power Santa Clara Valley Project outweigh and override the significant and unavoidable impacts for the reasons stated in Appendix A to this decision. Finally, this decision establishes a maximum cost cap of \$1,592,760,000 and grants LS Power Grid California, LLC exemptions from certain California Public Utilities Commission affiliate transaction rules and reporting requirements.

This proceeding is closed.

**1. Background**

On April 29, 2024, LS Power Grid California, LLC (LSPGC) filed Application (A.) 24-04-017 for a Certificate of Public Convenience and Necessity (CPCN) authorizing the construction of the Power Santa Clara Valley Project (Proposed Project) within the City of San José and unincorporated Santa Clara County (application). The California Independent System Operator Corporation (CAISO) Board of Governors approved the Proposed Project in its 2021-2022 Transmission Plan to address a system reliability need for a high-voltage direct current (HVDC) connection from the Metcalf 500 kilovolt (kV) substation to the

San José B 115 kV substation. CAISO selected LSPGC as the approved project sponsor.

On May 6, 2024, LSPGC filed an amendment to the application that included an updated Preliminary Environmental Assessment.

On June 3, 2024, the Santa Clara Valley Open Space Authority (OSA) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed protests to A.24-04-017. LSPGC filed a reply to the protests on June 13, 2024.

On June 14, 2024, CAISO filed a motion for party status. On June 19, 2024, the Administrative Law Judge (ALJ) granted party status to CAISO.

The assigned Commissioner issued an initial Scoping Memo and Ruling on October 7, 2024, identifying the initial issues and categorizing the proceeding. Pursuant to Public Utilities (Pub. Util.) Code Section 1701.5, the initial Scoping Memo and Ruling set a proceeding resolution date of April 30, 2026.

On October 24, 2024, Pacific Gas and Electric Company (PG&E) requested party status, which was granted by the ALJ on November 1, 2024. On November 12, 2024, the City of San José requested party status, which was granted by the ALJ on November 15, 2024.

On November 12, 2024, the CAISO Board of Governors approved modifications to the Proposed Project to address “the significant increase in the long-term load forecast” in the San José area since approval of the 2021-2022 Transmission Plan.<sup>1</sup> Accordingly, LSPGC filed a Second Amended Application on March 7, 2025 (Amended Application) to incorporate CAISO’s modifications.<sup>2</sup>

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<sup>1</sup> CAISO Exhibit 01 at Attachments.

<sup>2</sup> LSPGC requested leave to file the Amended Application on January 29, 2025. The ALJ granted LSPGC leave to file on February 19, 2025.

As described in the Amended Application, the Proposed Project consists of the following key elements:

1. Two new HVDC terminals:
  - a. The new Skyline terminal adjacent to the existing PG&E San José substation; and
  - b. The new Grove terminal in the vicinity of the existing PG&E Metcalf substation.
2. One approximately 13-mile Grove to Skyline 320 kV direct current (DC) underground transmission line connected the Skyline terminal to the Grove terminal;
3. One approximately 100-foot overhead Skyline to San José B 230 kV alternative current (AC) station tie line connecting the new Skyline terminal to PG&E's San Jose B substation; and
4. One approximately 1.2-mile Metcalf to Grove 500 kV AC underground transmission line connecting the new Grove terminal to the existing PG&E Metcalf substation.

According to the Amended Application, changes to certain Interconnection Facilities at the San José B substation will be the responsibility of PG&E. PG&E's proposed scope of work includes modifications to its San José B and Metcalf substations.<sup>3</sup>

On April 2, 2025, OSA protested the Amended Application. On April 10, 2025, the ALJ issued a ruling granting LSPGC's motion for leave to file its Amended Application under seal.<sup>4</sup>

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<sup>3</sup> PG&E Exhibit 01 at 3-7.

<sup>4</sup> On September 9, 2025, the ALJ issued a ruling granting LSPGC's motion for leave to file its original application under seal.

As provided by General Order (GO) 131-D,<sup>5</sup> the Proposed Project is subject to environmental review pursuant to the California Environmental Quality Act (CEQA).<sup>6</sup> Pursuant to CEQA, the Commission provided public notice of the availability of the Draft Environmental Impact Report (EIR) on July 10, 2025, and circulated it for a 45-day public comment period ending on August 25, 2025.<sup>7</sup>

On August 8, 2025, California Unions for Reliable Energy requested party status, which was granted by the ALJ on August 12, 2025.

A prehearing conference was held on August 27, 2025. Representatives for Cal Advocates, LSPGC, OSA, and PG&E were in attendance. During the prehearing conference, Cal Advocates withdrew its party status.<sup>8</sup>

On September 23, 2025, the assigned Commissioner issued the First Amended Scoping Memo and Ruling (Amended Scoping Memo). The Amended Scoping Memo directed LSPGC, CAISO, and PG&E to prepare and serve direct testimony addressing specific questions. On October 24, 2025, LSPGC, CAISO, and PG&E served direct testimony in compliance with the Amended Scoping Memo. On November 7, 2025, OSA served intervenor testimony.

On November 1, 2025, the ALJ held a status conference. At the status conference, LSPGC, PG&E, CAISO, and OSA moved orally to admit their testimony into the evidentiary record and stated that they did not see a need for an evidentiary hearing. On November 21, 2025, the ALJ granted the parties' oral

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<sup>5</sup> Although GO 131-E was adopted on January 30, 2025 by Decision (D.) 25-01-055, this application is subject to GO 131-D because the original application was filed prior to the adoption date of GO 131-E.

<sup>6</sup> Cal. Pub. Res. Code §§21000, *et seq.*

<sup>7</sup> A 45-day public comment period satisfies the requirement of CEQA Guidelines §15105(a).

<sup>8</sup> Reporter's Transcript (RT) 3:25-4:19.

motion through a written ruling contingent upon no party objecting to the admission of exhibits by December 5, 2025.

After receiving no objections, LSPGC, PG&E, CAISO, and OSA's testimony were moved into the evidentiary record on December 5, 2025.

On December 18, 2025, the Commission issued the Final EIR, and the ALJ issued a ruling moving the Final EIR into the evidentiary record on December 19, 2025. LSPGC and OSA filed opening briefs on December 29, 2025. OSA and PG&E filed reply briefs on January 12, 2025.

Once constructed, the Proposed Project will be part of the transmission system controlled by CAISO. The Proposed Project's costs will be recovered solely through transmission rates as part of CAISO's Regional Transmission Access Charge (TAC), subject to review and approval by the Federal Energy Regulatory Commission (FERC), which has jurisdiction over rates for interstate transmission service.

### **1.1. Submission Date**

This matter was submitted on January 12, 2026, upon the filing of reply briefs.

### **2. Jurisdiction**

The Commission has authority to issue certificates of public convenience and necessity for the construction or extension of electric transmission lines to public utilities operating in the state of California.<sup>9</sup> Therefore, the Commission has jurisdiction over LSPGC, which is a public utility (U247E) that owns, operates, and maintains electrical transmission lines in California, for the approval of the Proposed Project.

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<sup>9</sup> See Pub. Util. Code §1001, *et seq.*

### 3. Issues Before the Commission

The issues to be determined in this proceeding are:

1. Does the Proposed Project or environmentally superior alternative qualify for the rebuttable presumption under Pub. Util. Code Section 1001.1 in favor of the CAISO's needs evaluation?
2. Does the Proposed Project or environmentally superior alternative serve a present or future need that meets the requirements of Pub. Util. Code Sections 1001, *et seq.*?
3. What are the significant environmental impacts of the Proposed Project or environmentally superior alternative, if any?
4. Are there potentially feasible mitigation measures that will avoid or lessen the identified significant environmental impacts?
5. As between the Proposed Project and the project alternatives, which is environmentally superior?
6. Are there mitigation measures or project alternatives that are infeasible for economic, social, legal, technological, or other considerations?
7. To the extent that the Proposed Project and/or project alternatives result in significant and unavoidable impacts, are there overriding considerations that nevertheless merit Commission approval of the Proposed Project or project alternative, including reliability, economic, public policy, and other benefits?
8. Did the Commission review and consider the EIR, was the EIR completed in compliance with CEQA, and does it reflect the Commission's independent judgment?
9. Is the Proposed Project or environmentally superior alternative designed in compliance with the Commission's policies governing the mitigation of electromagnetic field (EMF) effects using low-cost and no-cost measures?

10. What, if any, are the community values affected by the Proposed Project or environmentally superior alternative under Pub. Util. Code Section 1002(a)(1)?
11. Does the application meet the requirements of General Order 131-D and Rule 3.1 to obtain a CPCN?<sup>10</sup>
12. What is the maximum reasonable and prudent cost for the Proposed Project or environmentally superior alternative, if approved, including what contingency should the Commission adopt to account for route or scope changes, final engineering design, final environmental mitigation requirements, and other factors?
13. Should the Commission grant LSPGC exemptions from certain affiliate transaction rules and reporting requirements?
14. What impacts, if any, will the Proposed Project, or the environmentally superior alternative, have on environmental and social justice communities and the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?

#### **4. Project Need**

Pub. Util. Code Section 1001 requires that a utility seeking authority to construct or extend its line, plant, or system first obtain a certificate from the Commission that the present or future public convenience and necessity requires or will require such construction. Pub. Util. Code Section 1001.1 further requires the Commission to establish a rebuttable presumption regarding the need for a proposed transmission project if the following four conditions are met:

1. The CAISO Governing Board has made explicit findings regarding the need for the proposed transmission project

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<sup>10</sup> In the September 23, 2025, Amended Scoping Memo, this issue erroneously asks whether the application meets the requirements of Rule 13.1, not Rule 3.1. As Rule 13.1 pertains to notice requirements for evidentiary hearings and public participation hearings and Rule 3.1 pertains to applications to construct or extend facilities, this decision reviews the Amended Application's compliance with Rule 3.1.

and has determined that the proposed project is the most cost-effective transmission solution.

2. The CAISO is a party to the proceeding.
3. The CAISO Governing Board-approved need evaluation is submitted to the Commission within sufficient time to be included within the scope of the proceeding.
4. There has been no substantial change to the scope, estimated cost, or timeline of the proposed transmission project as approved by the CAISO Governing Board.

LSPGC argues that the record supports a finding that all four conditions are met and that a rebuttable presumption of need is appropriate for the Proposed Project or environmentally superior alternative.<sup>11</sup>

For the first condition, LSPGC and CAISO testified that the CAISO Board of Governors made explicit findings regarding the need for the Proposed Project by approving the 2021-2022 Transmission Plan and the November 12, 2024, modification.<sup>12</sup> LSPGC also asserts that the Proposed Project is the most cost-effective transmission solution. To support its assertion, LSPGC states that the CAISO Selection Report includes a determination that LSPGC and its team are “qualified, experienced, and have the financial resources to capably, cost-effectively, and reliably license, finance, construct, operate, and maintain [the Proposed Project] at the lowest cost and by the specified in-service date.”<sup>13</sup> In addition, LSPGC states that the CAISO Board of Governors determined that the Proposed Project is the most cost-effective transmission solution.<sup>14</sup>

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<sup>11</sup> LSPGC Opening Brief at 10-12.

<sup>12</sup> LSPGC Exhibit 01 at 6, Attachment A, p. 103, Attachment C, p. 2; CAISO Exhibit 01 at 3-4.

<sup>13</sup> LSPGC Opening Brief at 10.

<sup>14</sup> *Ibid.*

For the second condition, LSPGC asserts that the condition was met when the ALJ granted CAISO party status on June 19, 2024.<sup>15</sup>

For the third condition, LSPGC states that the original application and the Amended Application included links to the 2021-2022 Transmission Plan, which identified the need for the Proposed Project, and to CAISO's November 12, 2024, modifications.<sup>16</sup> According to LSPGC, these links were provided "sufficiently in advance" of the Amended Scoping Memo.<sup>17</sup>

For the final condition, LSPGC asserts that there have been no substantial changes to the scope of the Proposed Project, its estimated cost, or its timeline since the CAISO Board of Governors approved the Proposed Project on November 12, 2024.<sup>18</sup> With regard to cost, LSPGC specifies that the revised estimated total capital cost is \$1,151,700,000.<sup>19</sup> With Allowance for Funds Used During Construction (AFUDC), the total estimated cost is \$1,327,300,000, which falls within the range of \$1.321 billion to \$1.371 billion approved by the CAISO Board of Governors.<sup>20</sup> If the Commission approves the environmentally superior alternative, LSPGC states that such approval would result in an "estimated \$37,900,000 in savings."<sup>21</sup>

No party disputes the facts or arguments as put forward by LSPGC. However, CAISO, PG&E, and OSA provide supplemental information about the

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<sup>15</sup> *Ibid.*

<sup>16</sup> *Id.* at 10-11.

<sup>17</sup> *Id.* at 11.

<sup>18</sup> *Ibid.*

<sup>19</sup> LSPGC Exhibit 01 at 9.

<sup>20</sup> LSPGC Opening Brief at 11.

<sup>21</sup> LSPGC Exhibit 01 at 9.

cost of the Proposed Project and the environmentally superior alternative. CAISO states that its revised cost estimate of \$1.321 billion to \$1.371 billion includes the costs of PG&E's modifications, expansions, and upgrades for the Proposed Project.<sup>22</sup> There is no reference in CAISO's testimony to its cost estimate including AFUDC.

PG&E estimates that its construction costs to interconnect the Proposed Project would total \$495,189,001.<sup>23</sup> For the environmentally superior alternative, PG&E's estimates that its construction costs would total \$546,774,312, an increase of over \$50 million.<sup>24</sup>

OSA further explains the cost estimates submitted by PG&E and LSPGC for the environmentally superior alternative. Referring to LSPGC's testimony, OSA demonstrates that LSPGC's savings in the capital costs of the environmentally superior alternative, combined with PG&E's increased costs, result in a total cost for the environmentally superior alternative "up to \$14 million more than the proposed project."<sup>25</sup>

Based on this record, we find that LSPGC has met its burden of proof to satisfy the first condition for the rebuttable presumption. The CAISO Board of Governors made explicit findings regarding the need for the Proposed Project, as

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<sup>22</sup> CAISO Exhibit 01 at 5.

<sup>23</sup> PGE Exhibit 01 at 8.

<sup>24</sup> *Id.* at 10.

<sup>25</sup> OSA Exhibit 01 at 2 (referencing LSPGC Exhibit 01 at 9-10.) As LSPGC explains, its capital cost to implement the environmentally superior alternative would be the same as its capital cost to implement the Proposed Project if its reimbursement responsibility to PG&E for its relocated maintenance support facility and distribution line were \$37,900,000. (LSPGC Exhibit 01 at 9.) Given these expectations, LSPGC estimates the capital costs of the environmentally superior alternative to be "no more than \$14,000,000 greater than the Proposed Project." (LSPGC Exhibit 01 at 9-10.)

modified, when it approved the most recent version on November 12, 2024. In addition, CAISO staff considered four alternatives to the Proposed Project and, in part, recommended the Proposed Project for its cost-effectiveness.<sup>26</sup> The CAISO Board of Governors approved the Proposed Project based on CAISO staff's analysis, thereby determining that the Proposed Project is the most cost-effective solution.

The second condition was met when the ALJ granted CAISO party status on June 19, 2024.

The third condition was met when the ALJ moved LSPGC's testimony into the evidentiary record on December 5, 2025. Attachments A and B to LSPGC's testimony contain information relevant to the CAISO Board of Governors-approved need evaluation in the 2021-2022 Transmission Plan. Attachments C, D, and E to LSPGC's testimony contain information relevant to the CAISO Board of Governors-approved modifications to the Proposed Project. These documents were admitted into the record with sufficient time for parties to review and be heard on the matters presented. We encourage applicants to provide the actual documents, rather than links to them, when seeking to satisfy the third condition of Pub. Util. Code Section 1001.1.

However, we find that LSPGC has not met its burden of proof to satisfy the fourth condition. CAISO's cost estimate is expected to incorporate, in this case, both LSPGC's project costs and PG&E's costs to interconnect the project. CAISO testified that:

The original project cost estimates included in the 2020-2021 [sic] annual transmission plan were based on the CAISO's estimate for the competitively solicited scope and estimates provided by PG&E for the interconnection scope. For the revised scope, the CAISO

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<sup>26</sup> LSPGC Exhibit 01 at Appendix B, p. 3, 10.

relied upon the most recent estimates provided by [LSPGC] to estimate the cost for the Proposed Project. As part of the 2024-2025 annual transmission plan, the CAISO's Board approved the revised scope with a revised cost estimate of \$1.321 B -- \$1.371 B. The revised cost estimate of \$1.321 B -- \$1.371 B included the cost of PG&E's modifications, expansions, and upgrades for the Proposed Project.<sup>27</sup>

However, in contrast to CAISO's testimony, other facts in the record show that the CAISO Board of Governors-approved project cost does not include the cost of PG&E's components. Specifically, the total estimated project cost, including LSPGC's estimated capital cost of \$1,151,700,000 and PG&E's estimated cost of \$495,189,001, is \$1,646,889,001. This is \$275,889,001 (*i.e.*, 20.1%) greater than the CAISO Board of Governors-approved cost estimate of \$1.371 B.

No party disputed these cost estimates or the assertion that there has been no change in the Proposed Project's estimated cost since the CAISO Board of Governors approved it on November 12, 2024. Given the lack of dispute, no party addressed whether a potential increase of 20.1% in the cost estimate constitutes a "substantial change" in their briefs. Accordingly, we do not have a sufficient record to determine that the fourth condition of the rebuttable presumption is met.

When asserting that the rebuttable presumption applies, we encourage applicants to offer evidence that the CAISO Board of Governors-approved project cost incorporates all elements of the Proposed Project. If there is any change between the CAISO Board of Governors-approved project cost and the Proposed Project's cost being considered in a CPCN proceeding, applicants should be prepared to argue whether such a change is "substantial."

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<sup>27</sup> CAISO Exhibit 01 at 5.

While we decline to apply the rebuttable presumption, we nevertheless find that LSPGC has demonstrated a need for the Proposed Project. There is substantial record evidence that the Proposed Project is necessary to promote reliability in the San José area. Since approval of the 2021-2022 Transmission Plan, the long-term load forecast for the San José area has increased from 2,100 megawatts (MW) to 3,400 MW in the base scenario, and to around 4,200 MW in the sensitivity scenario.<sup>28</sup>

For these reasons, we find that the Proposed Project serves a present and future reliability need that meets the requirements of Pub. Util. Code Sections 1001, *et seq.*

## 5. CEQA

To issue a CPCN pursuant to GO 131-D, the Commission must find that the Proposed Project complies with CEQA. In evaluating whether to approve the Proposed Project, CEQA requires the lead agency, the Commission in this case, to identify the Proposed Project's potential environmental impacts and ways to avoid or reduce those environmental impacts.<sup>29</sup> If the lead agency determines that a project may cause a significant environmental impact, the lead agency must ensure that the project's potential impacts are analyzed and mitigated, to the extent feasible, in an EIR.<sup>30</sup>

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<sup>28</sup> LSGPC Exhibit 01 at Appendix B, p. 12.

<sup>29</sup> See Pub. Res. Code §21065 (defining "project" as activity that is discretionary and will have either direct or reasonably foreseeable indirect impact on environment); *see also* CEQA Guidelines §15367 (defining lead agency as public agency with principal responsibility for carrying out or approving a project).

<sup>30</sup> CEQA Guidelines §§15063(b), 15081.

These conditions applied to the Proposed Project. Accordingly, the Final EIR identified significant impacts, mitigation measures, alternatives, and an environmentally superior alternative, as discussed below.

### **5.1. Environmental Impacts of the Proposed Project**

The Final EIR evaluates potentially significant environmental impacts across 20 categories. In its evaluation, the Final EIR finds that the Proposed Project would have no impact on several subcategories of resource areas.<sup>31</sup>

However, the Final EIR identified potentially significant environmental impacts in resource areas, including: aesthetics (construction light and glare); agricultural and forestry resources (conversion of prime farmland and agricultural land); air quality (construction emissions); biological resources (rare plants, special-status wildlife, riparian habitat, wildlife movement, and conflicts with local, regional, or state policies or plans protecting biological resources); cultural resources (inadvertent discovery could result in substantial adverse change in the significance of an archaeological resource and may disturb human remains); hydrology and water quality (groundwater quality); noise (construction noise and vibration); public services; transportation; tribal cultural resources (inadvertent discovery could result in substantial adverse change in the significance of a tribal cultural resource); and utilities and service systems (potential corrosion of adjacent utility lines).<sup>32</sup>

OSA disputes the adequacy of the Final EIR's environmental analysis of impacts on biological resources associated with the Proposed Project. Specifically, OSA asserts that the Final EIR fails to fully analyze impacts on

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<sup>31</sup> Final EIR at ES-7.

<sup>32</sup> *Id.* at ES-8 to ES-29.

mountain lions, disregards broader wildlife movement patterns, and makes unsupported claims regarding existing conditions.<sup>33</sup> However, OSA also states that if the Commission adopts Alternative Combination 1 (AC-1), the Commission will avoid the significant environmental impacts to biological resources discussed in its comments.<sup>34</sup>

CEQA requires a lead agency to prepare an EIR “with a sufficient degree of analysis to provide decisionmakers with information which enables them to make a decision which intelligently takes account of environmental consequences.”<sup>35</sup> This analysis need not be exhaustive. Courts have looked not for perfection but for adequacy, completeness, and a good faith effort at full disclosure.<sup>36</sup>

We find that the Final EIR discloses that numerous species, including mountain lion and great blue heron, have been recorded in the biological resources study area.<sup>37</sup> It also discloses that the area acts as a local movement corridor for various terrestrial and aquatic species.<sup>38</sup> This information is sufficient to enable us to make a decision on the Proposed Project that takes into account potential environmental consequences. Accordingly, we incorporate and adopt the Final EIR’s description of each potentially significant environmental impact and findings, as described in Appendix A to this decision.

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<sup>33</sup> OSA Opening Brief at 4-6, 8-9, 10-11, 12-13.

<sup>34</sup> *Id.* at 15.

<sup>35</sup> CEQA Guidelines §15151.

<sup>36</sup> CEQA Guidelines §15151; *see also California Native Plant Society v. City of Santa Cruz*, 177 Cal. App.4th 957, 979.

<sup>37</sup> Final EIR at 3.4-22.

<sup>38</sup> *Id.* at 3.4-22.

Moreover, as discussed below, we adopt AC-1. By OSA's admission, our adoption of AC-1 would avoid the significant environmental impacts to biological resources discussed in its comments. Therefore, we find that OSA's assertion that the Commission failed to fully analyze the Proposed Project's environmental impacts is moot.

## **5.2. Mitigation Measures**

An EIR must describe feasible measures that could minimize significant adverse impacts.<sup>39</sup> The discussion must distinguish between measures that are proposed by project proponents and other measures.<sup>40</sup>

The Final EIR identified mitigation measures that must be implemented by LSPGC to address significant environmental impacts associated with aesthetics, agricultural resources, air quality, biological and cultural resources, hydrology, noise, public services, transportation, tribal cultural resources, and utilities.<sup>41</sup> In addition, the Final EIR identified mitigation measures that must be implemented by PG&E to address significant environmental impacts associated with air quality, cultural resources, and tribal cultural resources.<sup>42</sup> Through these mitigation measures, the Final EIR states that "all significant environmental impacts of the [Proposed] Project would be avoided or reduced to below the level of significance with the incorporation of feasible mitigation measures . . ." with the exception of cultural and tribal cultural resources, which cannot be fully mitigated.<sup>43</sup>

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<sup>39</sup> CEQA Guidelines §15126.4(a)(1).

<sup>40</sup> CEQA Guidelines §15126.4(a)(1)(A).

<sup>41</sup> Final EIR at ES-8 to ES-29, 2-95 to 2-106.

<sup>42</sup> *Id.* at ES-9 to ES-27, 2-107 to 2-115.

<sup>43</sup> *Id.* at ES-1 to ES-2.

The Final EIR explains that several previously *documented* pre-contact cultural resources, including human remains, are located within the vicinity of the Proposed Project area and are considered highly sensitive.<sup>44</sup> To reduce potential impacts on *undocumented* archaeological resources from the construction and operation of the Proposed Project, the Final EIR states that LSPGC and PG&E would implement mitigation measures should any new archaeological resources be discovered.<sup>45</sup>

LSPGC states that it agrees to implement the required mitigation measures.<sup>46</sup> According to LSPGC, all the measures “are feasible from technical, economic, and legal perspectives.”<sup>47</sup> LSPGC adds that the “estimated cost of mitigation does not render the [Proposed] Project economically infeasible.”<sup>48</sup>

However, OSA disputes the adequacy of the mitigation measures to reduce the Proposed Project’s impacts on agricultural and biological resources to less-than-significant levels.<sup>49</sup> According to OSA, the Commission must adopt AC-1 to avoid the significant environmental impacts to agricultural and biological resources discussed in its comments.<sup>50</sup> This decision adopts AC-1, as discussed below. Therefore, we find that OSA’s assertion that the Commission failed to fully mitigate the Proposed Project’s environmental impacts to the extent feasible is moot. Accordingly, we incorporate and adopt the Final EIR’s

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<sup>44</sup> *Id.* at ES-2.

<sup>45</sup> *Id.* at ES-2.

<sup>46</sup> LSPGC Opening Brief at 16.

<sup>47</sup> *Ibid.*

<sup>48</sup> *Id.* at 21.

<sup>49</sup> OSA Opening Brief at 6-8, 9-10, 13-14.

<sup>50</sup> *Id.* at 15.

findings regarding the effectiveness of every mitigation measure, as described in Appendix A to this decision.

### **5.3. Project Alternatives and Environmentally Superior Alternative**

An EIR must consider a reasonable range of project alternatives that would feasibly attain most of the basic project objectives while avoiding or substantially lessening any significant effects of the project.<sup>51</sup> An EIR must also evaluate the environmental impacts of a “no project” alternative.<sup>52</sup>

#### **5.3.1. Range of Alternatives**

The Final EIR notes that the Proposed Project’s purpose “is to ensure the reliability of the area’s CAISO-controlled grid by strengthening the electrical grid in the San Francisco Bay Area.”<sup>53</sup> The Proposed Project’s objectives are to:

1. Meet CAISO’s reliability-driven need by addressing multiple near-, mid-, and long-term reliability issues in the existing San José area 115-kV system.
2. Meet the technical specifications set forth by CAISO for the voltage source converter HVDC link in the San José area located near or adjacent to the existing PG&E San José B Substation and PG&E Metcalf Substation.
3. Improve and maintain the reliability of the transmission grid by providing dynamic reactive power support to the San José area.
4. Improve the transmission of energy from existing and proposed renewable generation projects to the Greater San Francisco Bay Area (Greater Bay Area) and progress toward achievement of California’s Renewables Portfolio Standard goals.

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<sup>51</sup> CEQA Guidelines §15126.6.

<sup>52</sup> CEQA Guidelines §15126.6(e).

<sup>53</sup> Final EIR at 2-2.

5. Comply with and assist CAISO in meeting applicable Reliability Standards and Criteria developed by the North American Electric Reliability Corporation, Western Electricity Coordinating Council, and CAISO.
6. Provide a suitable foundation for future grid upgrades expected to be needed to serve the long-term forecasted electricity load in the San José area, as identified by CAISO.<sup>54</sup>

CAISO performed an alternatives analysis as part of the 2021-2022 TPP and developed technical specifications for the Proposed Project. The Commission did not carry forward alternatives in the Final EIR that would not meet these technical specifications.<sup>55</sup> The Commission also did not carry forward alternatives determined (1) not to meet most of the basic objectives; (2) to be infeasible or unable to avoid or substantially lessen one or more potential significant impacts; or (3) to be either remote or speculative. The alternatives not carried forward because the Final EIR states that they are infeasible are:

- Energy Storage Alternative: the Final EIR states that the alternative would be technically infeasible, given that previous studies have shown that the San José system has far less charging capacity compared to the size of energy storage that would be needed.<sup>56</sup>
- Metcalf to Grove Transmission Line Alignment Alternative 4: the Final EIR states that unknown geotechnical conditions and the spacing and depth of the installation under Fisher Creek create feasibility concerns.<sup>57</sup>
- Metcalf to Grove Transmission Line Alignment Alternative 5: the Final EIR states that unknown geotechnical

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<sup>54</sup> *Id.* at 2-2 to 2-3, 4-3.

<sup>55</sup> *Id.* at 4-2.

<sup>56</sup> *Id.* at 4-6, 4-8.

<sup>57</sup> *Id.* at 4-19.

conditions and the spacing and depth of the installation under Fisher Creek create feasibility concerns.<sup>58</sup>

The Final EIR evaluated four alternatives in detail, including the CEQA-required “no project” alternative.

Grove Terminal Alternative 3 (GTA-3) would construct the proposed Grove HVDC Terminal on the property of the existing PG&E Metcalf Substation.<sup>59</sup> Because the site is currently disturbed and used for parking and staging at the existing PG&E Metcalf Substation, GTA-3 would reduce environmental impacts relative to the Proposed Project. For example, it would have no impact on agricultural resources, unlike the Proposed Project, which is located on Prime Farmland.<sup>60</sup> In addition, the GTA-3 site is located on developed and fenced property where no biological resources are present or supported. In contrast, the Proposed Project is located near sensitive species habitat, such as the Coyote Creek corridor, and could potentially impact several sensitive species or species of concern.<sup>61</sup> Impacts related to air quality, wildfires, noise, aesthetics, and other resource areas would also be reduced. However, GTA-3 would have similar impacts related to cultural and tribal cultural resources, which would be significant and unavoidable even with mitigation measures.<sup>62</sup>

Downtown Alignment Alternative 1 would begin just north of the Interstate 280 underpass for First Street and would then turn west onto West Reed Street for approximately 0.3 miles before turning north on Almaden

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<sup>58</sup> *Id.* at 4-20.

<sup>59</sup> EIR at 4-22.

<sup>60</sup> *Id.* at 4-26.

<sup>61</sup> *Ibid.*

<sup>62</sup> *Id.* at 4-26 to 4-27.

Boulevard. Then, the transmission line would continue north on Almaden Boulevard for approximately one mile, cross Julian Street, enter the parking lot of private property leased to Santa Clara County, and align with the proposed Grove to Skyline 320 kV transmission line.<sup>63</sup> While this alternative may avoid potential impacts associated with underground utilities and transportation facilities, it could result in greater impacts to cultural and tribal cultural resources and have similar impacts to all other CEQA resource areas.<sup>64</sup>

The Downtown Alignment Alternative 2 would begin north of the Interstate 280 underpass for First Street and continue along First Street and Market Street. Then, the alternative would turn west to follow West Saint James Street, which turns into Julian Street, and turn north to enter the parking lot of a private property leased to Santa Clara County. The transmission line would continue north through the parking lot before joining the proposed Grove to Skyline 320 kV Transmission Line.<sup>65</sup> While this alternative may avoid potential impacts associated with underground utilities and transportation facilities, it could result in greater impacts to cultural and tribal cultural resources and have similar impacts to all other CEQA resource areas.<sup>66</sup>

Under the No Project Alternative, the Proposed Project would not be built, and the transmission capacity that serves the South Bay of the San Francisco Bay region would remain unchanged.<sup>67</sup> This would fail to meet the Proposed Project's objective of improving system reliability within the San José area.

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<sup>63</sup> *Id.* at 4-27.

<sup>64</sup> *Ibid.*

<sup>65</sup> *Ibid.*

<sup>66</sup> *Id.* at 4-29.

<sup>67</sup> *Id.* at 4-21.

CAISO would need to consider additional actions, in lieu of the Proposed Project, to address system overloads, and the distribution system would experience increased system-wide power flow and reliability issues. These could result in thermal overload and blackouts. The Final EIR states that the No Project Alternative would fail to meet each of the Proposed Project's objectives.<sup>68</sup>

The Final EIR considers combining the above-described alternatives to form different project configurations. For example, the Final EIR considers combining the proposed alignment of the Grove to Skyline 320 kV Transmission Line with GTA-3 (Alternative Combination 1, or AC-1). It also considers combining the Downtown Alignment Alternatives 1 and 2 with GTA-3. Accordingly, we incorporate and adopt the Final EIR's findings, as described in Appendix A to this decision.

### **5.3.2. Environmentally Superior Alternative**

Under CEQA, the environmentally superior alternative is the alternative with the least adverse impacts on the project area and its surrounding environment. If the environmentally superior alternative is the "no project" alternative, the EIR must also identify an environmentally superior alternative among the other alternatives.<sup>69</sup>

Here, the Final EIR states that the No Project Alternative is considered the environmentally superior alternative for CEQA purposes because it would avoid all impacts of the [Proposed] Project.<sup>70</sup> However, because the No Project Alternative would fail to meet the Proposed Project's basic objectives, the Final

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<sup>68</sup> *Ibid.*

<sup>69</sup> CEQA Guidelines §15126.6(e)(2).

<sup>70</sup> Final EIR at 4-32.

EIR identifies AC-1 as the environmentally superior alternative.<sup>71</sup> According to the Final EIR, AC-1 would avoid or reduce the Project's potentially significant impacts on several resource areas, including aesthetics, agricultural resources, air quality, and biological resources. However, AC-1 could result in greater environmental impacts on cultural and tribal resources, which would be significant and unavoidable despite mitigation measures, due to the potential for inadvertent discovery of these resources.<sup>72</sup>

Parties to the proceeding and members of the public who participated in the CEQA process express support for the Commission's adoption of AC-1.<sup>73</sup> The record also supports the conclusion that AC-1 is feasible.

Because AC-1 is feasible and will reduce the Proposed Project's environmental impacts on several resource areas, we adopt the environmentally superior alternative in this decision. LSPGC shall configure the Proposed Project in accordance with AC-1.

#### **5.4. Certification of the Final EIR**

The Commission must certify that the EIR was completed in compliance with CEQA, that the Commission reviewed and considered the information contained in the EIR prior to a determination on LSPGC's application, and that the EIR reflects the Commission's independent judgment and analysis.<sup>74</sup>

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<sup>71</sup> *Ibid.*

<sup>72</sup> *Ibid.*

<sup>73</sup> See, e.g., LSPGC Opening Brief at 20; OSA Opening Brief at 2; OSA Reply Brief at 2-3; PG&E Reply Brief at 1, 5.

<sup>74</sup> CEQA Guidelines §15090(a).

For lead agencies that have determined an EIR is required, the first step is to issue and distribute a Notice of Preparation.<sup>75</sup> The Commission issued and distributed a Notice of Preparation of an EIR on September 6, 2024, to inform the public and public agencies of its intent to prepare an EIR for the Proposed Project. On September 18, 2024, the Commission conducted a hybrid (in-person and virtual) public scoping meeting in English and provided Spanish translation. Fourteen people attended in person, and 29 attended virtually.<sup>76</sup> Eleven members of the public provided oral or written comments during the hybrid scoping meeting, and the Commission received 400 written comment letters during the scoping period – 394 from members of the public and six from public agencies.

In parallel with the formal scoping process, the Commission also conducted early tribal outreach and consultation in compliance with Assembly Bill 52. The following tribes expressed interest in the Proposed Project: Costanoan Rumsen Carmel Tribe, Indian Canyon Mutsun Brand of Costanoan, Muwekma Ohlone Tribe of the San Francisco Bay Area, and Tamien Nation.

On July 10, 2025, the Commission provided public notice of the Draft EIR's availability and circulated it for a 45-day public comment period ending on August 25, 2025.<sup>77</sup> The Commission received written and oral comments during the Draft EIR public review process. Specifically, the Commission received 12 comments from individuals,<sup>78</sup> 11 comments from public agencies, utilities, and

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<sup>75</sup> CEQA Guidelines §15082(a).

<sup>76</sup> Final EIR at 1-8.

<sup>77</sup> A 45-day public comment period satisfies the requirement of CEQA Guidelines §15105(a).

<sup>78</sup> The Commission received oral comments from Serena Myjer, Gina White, and Elizabeth Polland. The Commission received written comments from Mula Heally (four letters),

*Footnote continued on next page.*

interest groups;<sup>79</sup> and 274 form letters. CEQA requires the lead agency to respond to any significant environmental issues raised by commenters.<sup>80</sup>

The Commission considered these comments and included written responses as Volume III of the Final EIR, which was issued on December 18, 2025.

OSA asserts that the Final EIR fails to address numerous issues identified in a wildlife ecologist's report (the Pathways Report) that OSA attached to its comments.<sup>81</sup> However, OSA also states that if the Commission adopts AC-1, the Commission will avoid the significant environmental impacts to biological resources discussed in its comments.<sup>82</sup>

In response, PG&E states that the Final EIR comprises three volumes of analysis and addresses all public comments the Commission received, including OSA's.<sup>83</sup> PG&E further notes that the Final EIR includes a separate narrative section to discuss the central points in OSA's comment letter about wildlife connectivity within the Coyote Creek area.<sup>84</sup>

We have reviewed and considered the information contained in the Final EIR and find that substantial evidence supports the Final EIR's findings.

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Hakhamaneshi Rambod, Brandon Coker, Judith Chamberlin, Carol Wilson, Katy Ullmann, Ludy, Sarah Yang, and Karen Uyeda.

<sup>79</sup> The Commission received oral comments from Open Space Authority, Green Foothills, Santa Clara Valley Audubon Society, and Silicon Valley Youth Climate Action (two comments). The Commission received written comments from CalTrans, the City of San Jose, Judicial Council of California, LS Power Grid California, Open Space Authority, PG&E, and Valley Water.

<sup>80</sup> Pub. Res. Code §21091(d)(2)(B); CEQA Guidelines §15088(a).

<sup>81</sup> OSA Opening Brief at 3.

<sup>82</sup> *Id.* at 15.

<sup>83</sup> PG&E Reply Brief at 3.

<sup>84</sup> *Ibid.*

Accordingly, we certify that the EIR was completed in compliance with CEQA and direct LSPGC to configure the Proposed Project as AC-1 and comply with the Mitigation Monitoring, Compliance, and Reporting Program (MMRCP) attached to this decision as Appendix B. We find that we have reviewed and considered the information contained in the EIR and that it reflects our independent judgment. This decision incorporates and adopts the Final EIR's findings, as described in Appendix A.

Because we adopt AC-1, OSA's assertion that the Commission failed to comply with CEQA's procedural requirements is moot.

### **5.5. Overriding Considerations**

The Commission may approve a project that results in significant and unavoidable impacts only upon a finding that there are overriding considerations.<sup>85</sup> The CEQA Guidelines describe the underlying analysis:

CEQA requires the decision-making agency to balance, as applicable, the economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project against its unavoidable environmental risks when determining whether to approve the project. If the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable."<sup>86</sup>

We recognize that significant and unavoidable environmental impacts will result from the construction and operation of the Proposed Project, configured as AC-1 and in compliance with the MMRCP. Having (1) adopted all feasible

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<sup>85</sup> CEQA Guidelines §15093.

<sup>86</sup> CEQA Guidelines §15093(a).

mitigation measures; (2) adopted AC-1 to reduce the impacts of the Proposed Project; (3) rejected as infeasible alternatives to the Proposed Project; (4) recognized all significant, unavoidable impacts; and (5) balanced the benefits of the Proposed Project, configured as AC-1, against its significant and unavoidable impacts, we find that the benefits outweigh and override the significant and unavoidable impacts for the reasons stated in Appendix A and adopted in this decision.<sup>87</sup>

As discussed above, the Proposed Project, configured as AC-1 and in compliance with the MMRCP, will improve system reliability in the San José area, address system overloads, and mitigate distribution-wide power-flow and reliability issues. We find that these benefits outweigh the Proposed Project's unavoidable adverse environmental impact on cultural and tribal cultural resources.

## **6. EMF**

The Commission must evaluate whether the Proposed Project is designed in compliance with the Commission's policies governing the mitigation of EMF effects using low-cost and no-cost measures. Section X(A) of GO 131-D requires that applications for a CPCN include a description of the measures taken or proposed by the utility to reduce the potential exposure to EMF generated by the Proposed Project.<sup>88</sup> The Commission's EMF Design Guidelines for Electrical Facilities, dated July 21, 2006, provide a checklist for new substations exceeding 50 kV. Additionally, Decision (D.) 06-01-042 determined that only no-cost EMF

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<sup>87</sup> Appendix A at A-27.

<sup>88</sup> The Commission adopted GO 131-E, which superseded GO 131-D, in D.25-01-055. GO 131-E includes the EMF requirement in Section VII.A.2.h.

mitigation measures are required for projects located in agricultural or undeveloped areas.

In accordance with Commission requirements, LSPGC submitted an EMF Management Plan (EMF Plan) as Appendix G to its original application, which included the specific no-cost and low-cost measures taken to reduce EMF exposure.<sup>89</sup> The EMF Plan states that LSPGC will adopt no-cost measures to reduce conductor spacing and, where possible, locate the transmission line closer to the center of the right-of-way.<sup>90</sup> It also states that LSPGC will adopt low-cost measures to underground segments B and C of the transmission line.<sup>91</sup>

The EMF Plan considers but rejects four measures.<sup>92</sup> First, the EMF Plan rejects applying all reduction measures to the Skyline terminal and San José B substation because the line segment is located entirely within substations that prohibit public access. Second, it rejects increasing the trench depth for segment B of the transmission line because it could increase construction costs by approximately 13 percent, extend construction time, and increase traffic and disruption to local neighborhoods. Third, the EMF Plan also rejects increasing the trench depth for segment C of the transmission line because it would increase construction costs by approximately seven percent, extend construction time, and increase traffic disruptions to local neighborhoods. Finally, the EMF Plan rejects phasing circuits to reduce magnetic fields as technically infeasible.

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<sup>89</sup> Application at Appendix G. In its Amended Application, LSPGC stated that the EMF measures identified in the original Application “will be incorporated into the design of the [Proposed] Project.” (Amended Application at 23-24.)

<sup>90</sup> Application at Appendix G.

<sup>91</sup> *Ibid.*

<sup>92</sup> *Id.* at Appendix G, Table 1.

We find that the design in the EMF Plan complies with the requirements in GO 131-D, and order LSPGC to apply the mitigation measures in the EMF Plan to the approved Proposed Project, configured as AC-1 and in compliance with the MMRCP.

## 7. **Community Values**

When considering a request for a CPCN, Pub. Util. Code Section 1002(a)(1) requires the Commission to evaluate whether the Proposed Project will affect community values. The concept of community values is not strictly defined in the statute and is somewhat fluid.<sup>93</sup> As part of its evaluation of community values, the Commission considers community views.

LSPGC states that it has conducted extensive public outreach regarding the Proposed Project, meeting with agencies and stakeholders to solicit input on design and potential resource and land-use issues.<sup>94</sup> The results of LSPGC's early public outreach are documented and attached to the original application as statements from the City of San José, the President of the Santa Clara County Board of Supervisors, the Santa Clara County Parks and Recreation Department, the Santa Clara Valley Water District, and the Santa Clara Valley Open Space Authority.<sup>95</sup>

The City of San José and the President of the Santa Clara County Board of Supervisors explicitly support the Proposed Project, with the President stating that the Proposed Project "will benefit residents and businesses in the County."<sup>96</sup>

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<sup>93</sup> D.21-08-007 at 17; D.10-12-025 at 8.

<sup>94</sup> LSPGC Opening Brief at 31.

<sup>95</sup> Application at Attachment F.

<sup>96</sup> *Ibid.*

The Santa Clara County Parks and Recreation Department and Santa Clara Valley Water District acknowledge that LSPGC has coordinated with them.

OSA also states that LSPGC has been available to discuss the Proposed Project and OSA's concerns regarding the conservation and restoration of the Coyote Valley landscape. In its testimony and opening and reply briefs, OSA reiterates these concerns and provides factual and legal support for its assertion that the Commission must adopt AC-1. LSPGC does not oppose OSA's position.

Finally, LSPGC asserts that the Proposed Project would benefit the local community by providing economic benefits, including increased employment and tax revenues.<sup>97</sup> According to LSPGC, the Proposed Project "will significantly improve the reliability of the electric grid in the San José area, which will benefit all residents, businesses, and critical infrastructure throughout the region and will advance California's policy goals for grid resiliency, electrification, and climate action."<sup>98</sup>

Based on this record, we find that the Proposed Project, configured as AC-1 and in compliance with the MMRCP, will not have a significant negative effect on community values. Although there may be disruption to the local community due to construction, it will be limited in scope and short-term. Moreover, the Proposed Project, configured as AC-1 and in compliance with the MMRCP, will benefit the local and broader community through increased employment, tax revenues, development, and improved reliability of the electric grid.

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<sup>97</sup> LSPGC Opening Brief at 30.

<sup>98</sup> *Id.* at 30-31.

**8. General Order 131-D and Rule 3.1 Requirements**

Applications for a CPCN to construct an electric transmission line greater than 200 kV must comply with GO 131-D and Rule 3.1 of the Commission's Rules of Practice and Procedure. GO 131-D's requirements are described in Sections IX.A, X, and XI and generally direct applicants to provide detailed information, reasoning, an EMF Plan, and notice to potentially affected agencies and property owners. Rule 3.1 requires applicants to provide similar information to GO 131-D, as well as competing utilities, required permits, the applicant's financial ability, and proposed rates.

LSPGC asserts that its application and Amended Application meet the requirements of GO 131-D and Rule 3.1. To support its assertion, LSPGC provides tables showing the specific portions of its application and Amended Application that meet the requirements of GO 131-D and Rule 3.1.<sup>99</sup>

Upon review of the application, Amended Application, and LSPGC's Opening Brief, we find that the requirements of GO 131-D and Rule 3.1 are satisfied.

**9. Maximum Reasonable and Prudent Cost**

Pursuant to Pub. Util. Under Code Section 1005.5, when issuing a CPCN authorizing new construction, the Commission must specify a maximum reasonable and prudent cost for projects exceeding \$50 million.

LSPGC asks the Commission to set the maximum capital cost at \$1,592,760,000.<sup>100</sup> According to LSPGC, this request includes the sum of the

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<sup>99</sup> *Id.* at 31-33.

<sup>100</sup> *Id.* at 36.

revised estimated total capital cost of \$1,327,300,000, as well as a 20 percent contingency to account for route or scope changes, final engineering design, final environmental mitigation requirements, changes in laws or tariffs, and other factors beyond LSPGC's control that may impact the final cost.<sup>101</sup> If the Commission approves the Proposed Project, as configured in AC-1, LSPGC states that its requested maximum capital cost "would apply equally" because the environmentally superior alternative "would have a total cost that is not materially different from the [Proposed] Project."<sup>102</sup>

LSPGC asserts the estimated cost is reasonable and prudent for two reasons. First, because LSPGC was selected as the sponsor of the Proposed Project in a competitive solicitation process conducted by CAISO.<sup>103</sup> Second, because LSPGC has agreed to cost-containment provisions that will be included in LSPGC's formula rates, which are set by FERC.<sup>104</sup> This means LSPGC will recover revenue only up to a cap, except for increases in revenue requirements that are attributable to costs specifically excluded from the cap.<sup>105</sup>

No party contests LSPGC's request to set the maximum capital cost at \$1,592,760,000.

Based on this record, we establish a maximum cost cap of \$1,592,760,000, which includes the 20 percent contingency, AFUDC, and AC-1's estimated cost of \$14 million. This cost cap cannot be exceeded absent significant changes to the Proposed Project, which cannot be anticipated at this time. Pursuant to Pub. Util.

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<sup>101</sup> *Ibid.*

<sup>102</sup> *Id.* at 36-37.

<sup>103</sup> *Id.* at 34.

<sup>104</sup> *Ibid.*

<sup>105</sup> *Id.* at 35.

Code Section 1005.5(b), at any point during the construction of the Proposed Project, but prior to any expenditures in excess of the cost cap, LSPGC may file a formal Petition for Modification with the Commission for an increase in the reasonable and prudent maximum cost specified in this decision. The Commission may authorize an increase in the cost cap if it finds and determines that the cost has in fact increased and that the present or future public convenience and necessity require construction of the Proposed Project at the increased cost; otherwise, it shall deny the petition. Further, it is expected that LSPGC shall not recover on the Proposed Project's costs via the TAC in excess of the cost cap prior to the Commission's approval of a Petition for Modification.

#### **10. Exemptions From Certain Affiliate Transaction Rules and Reporting Requirements**

In its original application, LSPGC requests that the Commission grant LSPGC exemptions from certain Commission affiliate transaction rules and reporting requirements adopted by D.97-12-088, as amended by D.98-08-035 and D.98-12-075. LSPGC also requests that the Commission confirm the following exemptions for the Proposed Project and future LSPGC projects:

1. LSPGC will be exempt from the requirements of Sections V.C., V.E., and V.G. of the affiliate transaction rules;
2. LSPGC can submit the audit report required by Section VI.C. of the affiliate transaction rules every five years, rather than annually, with the first audit report due no later than May 1st of the year after the calendar year LSPGC first performs activities that are subject to the audit;
3. LSPGC's report required by Pub. Util. Code Section 587 will be limited to reporting on affiliates with which it shares resources; and
4. LSPGC may file FERC Form 1 and Form 3-Q as proxies for the reporting requirements of GO 65-A and GO 104-A.

In its Opening Brief, LSPGC argues that the Commission no longer needs to address this issue because D.25-09-013 confirmed that LSPGC is exempt from these rules and reporting requirements.

Indeed, D.25-09-013 states that the Commission's determination regarding LSPGC's exemption constitutes "precedent with respect to this matter."<sup>106</sup> The decision further notes "that LSPGC remains subject to federal oversight that, when coupled with our requirements, ensures transparency."<sup>107</sup>

Accordingly, we uphold the precedent established in D.25-09-013 and find it appropriate to grant LSPGC exemptions from the requested affiliate transaction rules and reporting requirements.

## 11. Impacts on ESJ Communities

The Commission considers the Proposed Project's impact on ESJ communities, including the extent to which it furthers any of the nine goals of the Commission's ESJ Action Plan.

According to LSPGC, there are multiple communities within ten miles of the Proposed Project that are designated as disadvantaged communities, and additional communities designated as low-income.<sup>108</sup> One ESJ community is located within or near the Grove terminal site. LSPGC states that most of the Proposed Project's transmission lines will be underground, minimizing visual and community impacts.<sup>109</sup>

During construction, LSPGC states that it "is committed to implementing all required mitigation measures to protect all communities, including ESJ

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<sup>106</sup> D.25-09-013 at 22.

<sup>107</sup> *Ibid.*

<sup>108</sup> LSPGC Opening Brief at 38.

<sup>109</sup> *Ibid.*

communities.”<sup>110</sup> Those measures will reduce traffic and noise impacts to levels that are less than significant. LSPGC also argues that members of low-income and other disadvantaged communities may benefit from short-term economic stimulus from construction activities and expenditures, short- and long-term increases in tax revenues, and improved electrical reliability.<sup>111</sup>

Once construction is complete, LSPGC asserts that the Proposed Project “will provide substantial long-term benefits to ESJ communities through improved electrical reliability, which is essential for cooling during heat events, powering medical equipment, and maintaining other essential services.”<sup>112</sup>

LSPGC states that the Proposed Project specifically meets the Commission’s ESJ Action Plan goals by: (1) increasing climate resiliency by facilitating the transmission of renewable and low-carbon energy (Goal 4); and (2) promoting economic benefits in nearby communities during the construction of the Proposed Project through employment and increased tax revenues (Goal 7).

Based on the record, we find that the approval of the Proposed Project, as configured as AC-1 and in compliance with the MMRCP, is consistent with the goals of the Commission’s ESJ Action Plan. It supports Goal 4 by enhancing climate resiliency and Goal 7 by creating high-road careers for members of nearby communities.

## **12. Summary of Public Comment**

Rule 1.18 allows any member of the public to submit written comments in any Commission proceeding using the “Public Comment” tab of the online

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<sup>110</sup> *Ibid.*

<sup>111</sup> *Ibid.*

<sup>112</sup> *Ibid.*

Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comments submitted in a proceeding be summarized in the final decision issued in that proceeding. There are no relevant public comments on the Docket Card.

### **13. Conclusion**

While we decline to apply the rebuttable presumption under Pub. Util. Code Section 1001.1 in favor of CAISO's needs evaluation, this decision nevertheless finds that the Proposed Project serves a present or future need that meets the requirements of Pub. Util. Code Sections 1001, *et seq.* The Proposed Project, configured as AC-1 and in compliance with the MMRCP, will have significant and unavoidable impacts on cultural and tribal cultural resources. However, we find that overriding considerations outweigh these environmental impacts. We, therefore, certify the EIR, incorporate and adopt the Final EIR's findings as set forth in Appendix A to this decision, and direct LSPGC and PG&E to configure the Proposed Project as AC-1 and implement the mitigation measures set forth in the MMCRP attached to this decision as Appendix B.

The maximum reasonable and prudent cost for the Proposed Project is \$1,592,760,000, which includes the 20 percent contingency, AFUDC, and AC-1's estimated cost of \$14 million.

Finally, we find that the Proposed Project, configured as AC-1, complies with the requirements of GO 131-D and Rule 3.1, will not have a significant negative effect on community values, and is consistent with the Commission's ESJ Action Plan. We exempt LSPGC from certain affiliate transaction rules and reporting requirements.

**14. Procedural Matters**

This decision affirms all rulings made by the ALJ and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

**15. Comments on Proposed Decision**

The proposed decision of ALJ Robyn Purchia in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

**16. Assignment of Proceeding**

Karen Douglas is the assigned Commissioner and Robyn Purchia is the assigned ALJ in this proceeding.

**Findings of Fact**

1. The Proposed Project originated in the CAISO's 2021-2022 Transmission Plan to address a system reliability need, and the CAISO Board of Governors approved modifications to the Proposed Project on November 12, 2024.
2. The CAISO Board of Governors made explicit findings regarding the need for the Proposed Project, as modified, when it approved the most recent version of the Proposed Project on November 12, 2024.
3. The CAISO Board of Governors determined that the Proposed Project is the most cost-effective solution at an estimated cost range of \$1.321 to \$1.371 billion.
4. CAISO became a party to the proceeding on June 19, 2024.
5. The CAISO Board of Governors' need evaluation was moved into the record with sufficient time for parties to review and provide the Commission with any additional record necessary.

6. The total capital cost, including LSPGC's and PG&E's portions of the Proposed Project, is estimated to be \$1,646,889,001, which is \$275,889,001 more than the estimated cost approved by the CAISO Board of Governors.

7. LSPGC did not meet its burden of proof that all conditions of the rebuttable presumption are satisfied.

8. The Proposed Project is necessary to promote reliability in the San José area.

9. The Proposed Project serves a present and future reliability need that meets the requirements of Pub. Util. Code Sections 1001, *et seq.*

10. The Proposed Project will have significant and unavoidable impacts to cultural and tribal cultural resources.

11. The Final EIR did not identify any mitigation measures as infeasible, but identified three project alternatives as infeasible.

12. The Proposed Project would not have any other significant impacts, beyond impacts to cultural and tribal cultural resources, that cannot be mitigated to a less-than-significant level with the mitigation measures identified and adopted in the MMRCP in Appendix B.

13. AC-1 is the environmentally superior alternative, notwithstanding that its construction and operation would result in significant and unavoidable impacts to cultural and tribal cultural resources.

14. The benefits of the Proposed Project, configured as AC-1 and in compliance with the MMRCP, override and outweigh the Proposed Project's significant and unavoidable adverse environmental impact on cultural and tribal cultural resources for the reasons described in Appendix A to this decision.

15. The Commission has reviewed and considered the information contained in the Final EIR.

16. The Final EIR complies with CEQA.
17. The Commission's review and certification of the Final EIR and the CEQA Findings and Statement of Overriding Consideration contained in Appendix A reflect the Commission's independent judgment.
18. The EMF Plan complies with the requirements of GO 131-D, which is the same as GO 131-E.
19. The Proposed Project, configured as AC-1 and in compliance with the MMRCP, will not have a significant effect on community values.
20. The requirements of GO 131-D and Rule 3.1 are satisfied.
21. CAISO selected LSPGC as sponsor for the Proposed Project through a competitive solicitation process.
22. LSPGC has agreed to cost-containment mechanisms to ensure that ratepayers pay only the reasonable costs of constructing and operating the Proposed Project, configured as AC-1 and in compliance with the MMRCP.
23. D.25-09-013 established precedent for LSPGC to be exempt from certain affiliate transaction rules and reporting requirements.
24. The Proposed Project, configured as AC-1 and in compliance with the MMRCP, is consistent with the Commission's ESJ Action Plan.

### **Conclusions of Law**

1. LSPGC should be granted a CPCN to construct the Proposed Project, configured as AC-1 and in compliance with the mitigation measures included in the MMCRP.
2. It is reasonable not to apply the rebuttable presumption because LSPGC has not met its burden of proof that all conditions of the rebuttable presumption are satisfied.
3. The Commission should certify the Final EIR.

4. The Commission should adopt the CEQA Findings and Statement of Overriding Considerations and the MMRCP attached to this decision as Appendices A and B, respectively.
5. The Commission's Energy Division should be authorized to approve requests by LSPGC for minor project refinements that may be necessary due to the final engineering of the Proposed Project, so long as such minor project refinements are located within the geographic boundary of the study area in the Final EIR and do not: (1) result, without mitigation, in a new significant impact based on the criteria used in the Final EIR; (2) substantially conflict with any mitigation measure or applicable law or policy; or (3) trigger an additional discretionary permit.
6. The Commission should adopt a maximum cost cap of \$1,592,760,000, which includes the 20 percent contingency, AFUDC, and AC-1's estimated cost of \$14 million.
7. The cost cap should not be exceeded absent significant changes to the Proposed Project, which cannot be anticipated at this time.
8. Any pending motions that are not expressly ruled upon by the assigned Commission or ALJ should be denied.
9. The proceeding should be closed.

**O R D E R****IT IS ORDERED** that:

1. The Final Environmental Impact Report for LS Power Grid California's Power Santa Clara Valley Project is certified as having been completed in compliance with the California Environmental Quality Act, reviewed and considered by the California Public Utilities Commission (Commission) prior to approving the project as provided in Appendix A to this decision, and reflective

of the Commission's independent judgement. The Commission's Energy Division will report the certification of the Environmental Impact Report to the State Clearinghouse.

2. Alternative Combination 1 contained in the Final Environmental Impact Report is adopted.

3. The mitigation measures contained in the Final Environmental Impact Report and the Mitigation Monitoring, Compliance, and Reporting Program attached to this decision as Appendix B are adopted.

4. LS Power Grid California, LLC and Pacific Gas and Electric Company shall comply with the mitigation measures in the Final Environmental Impact Report and the Mitigation Monitoring, Compliance, and Reporting Program. LS Power Grid California, LLC shall configure the Power Santa Clara Valley Project as described in Alternative Combination 1.

5. The application of LS Power Grid California, LLC for a certificate of public convenience and necessity to construct the Power Santa Clara Valley Project is granted.

6. The maximum cost cap for the Power Santa Clara Valley Project is \$1,592,760,000, which includes a 20 percent contingency, Allowance for Funds Used During Construction, and the estimated cost of Alternative Combination 1. This cost cap shall not be exceeded, absent significant changes to the Power Santa Clara Valley Project, which cannot be anticipated at this time.

7. LS Power Grid California, LLC shall submit quarterly project status reports, including cost information, to both the California Environmental Quality Act and Federal Energy Regulatory Commission Electric Costs sections of the California Public Utilities Commission's Energy Division.

8. The Commission's Energy Division may approve requests by LS Power Grid California, LLC for minor project refinements that may be necessary due to the final engineering of the Power Santa Clara Valley Project, so long as such minor project refinements are located within the geographic boundary of the study area in the Final Environmental Impact Report (EIR) and do not: (1) result, without mitigation, in a new significant impact based on the criteria used in the Final EIR; (2) substantially conflict with any mitigation measure or applicable law or policy; or (3) trigger an additional discretionary permit.

9. All outstanding motions filed in this proceeding that have not yet been ruled on are denied.

10. Application 24-04-017 is closed.

This order is effective today.

Dated \_\_\_\_\_, at Sacramento, California.