

Decision _____

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 Power the South Bay Project.

Application 24-05-014

DECISION GRANTING LS POWER GRID CALIFORNIA, LLC A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING THE POWER THE SOUTH BAY PROJECT

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Attachment A – CEQA Findings and Statement of Overriding Considerations

Attachment B – Mitigation Monitoring, Compliance, and Reporting Program

DECISION GRANTING LS POWER GRID CALIFORNIA, LLC A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING THE POWER THE SOUTH BAY PROJECT

Summary

This decision grants LS Power Grid California, LLC's (LS Power) request for a certificate of public convenience and necessity authorizing the construction of the Power the South Bay Project, as proposed and subject to the mitigation measures identified in the Mitigation Monitoring, Compliance, and Reporting Program (Attachment B). This decision also certifies that the Environmental Impact Report prepared for this project meets the requirements of the California Environmental Quality Act (CEQA), and adopts the CEQA Findings and Statement of Overriding Considerations contained in Attachment A. Further, this decision finds that the ability of the Proposed Project to improve system reliability and address system overload in the San José area outweighs its significant and unavoidable impacts on air quality. Finally, this decision grants LS Power exemptions from certain California Public Utilities Commission affiliate transaction rules and reporting requirements.

This proceeding is closed.

1. Background

Section 1.1 provides a brief description of the proposed project, and Section 1.2 provides the procedural background.

1.1. Project Overview

LS Power filed on May 17, 2024, and amended on February 28, 2025, the instant application for a certificate of public convenience and necessity (CPCN) authorizing the construction of the Power the South Bay Project (Proposed

Project or Project). The Proposed Project is located in Fremont, Milpitas, San Jose, and Santa Clara, in Alameda and Santa Clara counties, California.

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 connection from the Pacific Gas and Electric Company (PG&E) Newark 230 kilovolt (kV) substation to the Silicon Valley Power (SVP) Northern Receiving Station (NRS) 230 kV substation. CAISO selected LS Power in March 2023 as the approved project sponsor.¹

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

1. One approximately 12-mile 230 kV alternating current (AC) transmission line to be constructed and owned by LS Power, approximately 10 miles of which would be underground and two miles of which would be overhead, connecting PG&E's Newark substation to SVP's NRS substation;
2. One approximately 0.2-mile overhead 230 kV AC transmission line to be constructed and owned by PG&E connecting LS Power's transmission line from a switch structure to PG&E's Newark substation, along with related PG&E substation modifications to interconnect the new transmission line; and
3. Substation modifications to be completed by SVP within the NRS substation to connect LS Power's new transmission line to an open bay within the substation.

¹ LS Power Opening Brief at 6.

Once constructed, the Project will become part of the transmission system controlled by CAISO. LS Power will finance, develop, construct, own, operate, and maintain the Project.² The costs of the Project 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.³

LS Power expects to begin construction in March 2026 and substantially complete construction in May 2028. This construction completion date is required by CAISO, and any delays to this schedule will require CAISO's agreement to modify the Approved Project Sponsor Agreement.⁴

1.2. Procedural Background

On May 17, 2024, LS Power filed Application (A.) 24-05-014 for a CPCN authorizing the construction of the Proposed Project within the cities of Fremont, Milpitas, San Jose, and Santa Clara, in Alameda and Santa Clara counties, California. LS Power's application included a Proponent's Environmental Assessment prepared pursuant to Rule 2.4 of the Commission's Rules of Practice and procedure.

On June 14, 2024, CAISO filed a motion for party status. Party status was granted on December 15, 2025.

² The second and third components of the Project will be financed, developed, constructed, owned, operated, and maintained by PG&E and SVP, respectively.

³ Amended Application at 3.

⁴ Amended Application Appendix M at 4.

On June 20, 2024, the City of Santa Clara, doing business as SVP, filed a response to the application expressing support for the project.

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.⁵ Subsequently, LS Power filed a motion to amend its application on December 30, 2024. The motion was granted on February 10, 2025. The Amended Application was filed on February 28, 2025, to incorporate CAISO’s modifications. A supplement to the Amended Application was filed on April 21, 2025.

No party protested the initial or Amended Application.

As provided by General Order (GO) 131-D,⁶ the Proposed Project is subject to environmental review pursuant to the California Environmental Quality Act (CEQA).⁷ Pursuant to CEQA, the Commission provided public notice of the availability of the Draft Environmental Impact Report (EIR) on June 9, 2025, and circulated it for a 45-day public comment period ending on July 24, 2025.⁸

On December 12, 2025, the Commission issued the Final EIR addressing LS Power’s Amended Application for a CPCN.

⁵ See Exhibits LSP-06 and LSP-07.

⁶ 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.

⁷ Cal. Pub. Res. Code §§ 21000, *et seq.*

⁸ A 45-day public comment period satisfies the requirement of CEQA Guidelines § 15105(a).

A prehearing conference (PHC) was held on December 22, 2025. Representatives for LS Power, CAISO and SVP were in attendance. At the PHC the three parties stated that there were no disputes between or among them.⁹

On December 23, 2025, LS Power filed a motion for the Commission to take official notice of the CAISO 2021-2022 Transmission Plan, Project Sponsor Selection Report, and additional materials pertaining to CAISO's November 12, 2024, approval of modifications to the project. The ruling dated December 26, 2025, granted the motion.

The Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on January 14, 2026.

LS Power filed an opening brief on January 20, 2026. No party filed reply briefs.

LS Power's motion dated April 21, 2025, for leave to file under seal and maintain the confidentiality of certain information in Appendix A and Appendix E to the Amended Approved Project Sponsor Agreement (which are contained in Appendix I to the First Amended Application) was granted on January 23, 2026.

LS Power's motion, dated December 23, 2025, requesting the Commission receive the Final EIR into the record of this proceeding was granted on February 24, 2026. In addition, on February 24, and March 2, 2026, LS Power's Amended Application, Supplement to the Amended Application, and all attachments are

⁹ PHC Transcript, December 22, 2025, at 10, lines 4-16.

marked as Exhibits LSP-01 through LSP-07, and moved into the evidentiary record.¹⁰

1.3. Submission Date

This matter was submitted on March 2, 2026, upon admission of the exhibits into the evidentiary record.

2. Issues Before the Commission

The issues to be determined in this proceeding are:

1. Does the Project serve a present or future public convenience and necessity that meets the requirements of Public Utilities Code Sections 1001, *et seq.*?
2. Does the Project qualify for the rebuttable presumption under Public Utilities Code Section 1001.1 in favor of the CAISO's "needs evaluation"?
3. What are the significant environmental impacts of the Project?
4. Are there potentially feasible mitigation measures that will avoid or lessen the identified significant environmental impacts?
5. As between the Project and the project alternatives, which is environmentally superior?
6. Are the mitigation measures or environmentally superior project alternatives infeasible for economic, social, legal, technological, or other considerations?
7. To the extent that the Project and/or project alternatives result in temporary but significant and unavoidable air quality impacts, are there overriding considerations that

¹⁰ A complete list of the exhibits admitted into the record can be found in the email rulings, dated February 24, and March 2, 2026, issued in this proceeding.

- nevertheless merit Commission approval of the Project or alternative?¹¹
8. Did the Commission review and consider the EIR for the Project, was the EIR completed in compliance with CEQA, and does the EIR reflect the Commission's independent judgment?
 9. What is the maximum prudent and reasonable cost of the Proposed Project?¹²
 10. What, if any, are the community values affected by the Project under Public Utilities Code Section 1002(a)(1)?
 11. What are the impacts on environmental and social justice communities, including the extent to which the construction of the Project impacts the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?
 12. Is the Project and/or environmentally superior project alternative in compliance with the Commission's policies governing the mitigation of electromagnetic field (EMF) effects using low-cost and no-cost measures?
 13. Should the Commission grant LS Power exemptions from certain affiliate transaction rules and reporting requirements?

3. Project Need

Public Utilities Code Section 1001 requires a utility seeking an authority to construct or extend its line, plant or system, to first obtain a certificate from the Commission that the present or future public convenience and necessity requires or will require such construction of the proposed project.

¹¹ CEQA Guidelines § 15093.

¹² See Pub. Util. Code § 1005.5.

LS Power asserts that the Proposed Project will serve the public convenience and necessity by addressing multiple near-term and long-term grid reliability issues identified by CAISO in the existing San José area system.¹³ The CAISO's 2021-2022 Transmission Plan and 2024-2025 analysis found that the Proposed Project resolves identified reliability concerns in the San Jose area system, including thermal overloads. CAISO determined that the Project performed better than other mitigation options, such as 115kV reconductoring, multi terminal HVDC, and energy storage, which were not recommended for technical or capacity reasons. LS Power further states that the Proposed Project supports reliable and efficient delivery of energy from existing and proposed generation to the Greater Bay Area. LS Power also emphasizes that, as electricity demand grows, grid reinforcement projects like the Proposed Project are needed to maintain reliable service for customers.¹⁴

Pub. Util. Code Section 1001.1 also 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 and has determined that the proposed project is the most cost-effective transmission solution.
2. CAISO is a party to the proceeding.

¹³ LS Power Opening Brief at 9.

¹⁴ LS Power Opening Brief at 10.

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.

LS Power argues that because these four conditions have been met, the Commission must presume and find that the Project is needed, as Section 1001.1 requires.¹⁵

For the first condition, LS Power states that the Board made explicit findings regarding the need for the Proposed Project by approving the 2021-2022 Transmission Plan and the November 12, 2024, modification.¹⁶ LS Power also notes that the CAISO Governing Board determined the Proposed Project to be the most cost-effective transmission solution.¹⁷ LS Power also emphasizes that the CAISO Selection Report concludes LS Power 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.”¹⁸

For the second condition, LS Power asserts that the condition was met when “CAISO has been treated as a party.”¹⁹ CAISO was granted party status on December 15, 2025.

¹⁵ LS Power Opening Brief at 4-7 and 10.

¹⁶ LS Power Opening Brief at 10.

¹⁷ LS Power Opening Brief at 11.

¹⁸ LS Power Opening Brief at 11.

¹⁹ LS Power Opening Brief at 11.

For the third condition, LS Power states that the link to the 2021-2022 Transmission Plan, which identified the need for the Project, was provided in footnote 3 to the Application filed on May 17, 2024. Links to the CAISO's Memorandum dated November 5, 2024, and the accompanying Engineering Study Report, together identifying the need for the modified scope, were provided with the Amended Application filed on February 28, 2025.²⁰ According to LS Power, these links were provided "sufficiently in advance" of the Scoping Memo.²¹ We note that LS Power's motion, dated December 23, 2025, requesting that the Commission take official notice of specified materials containing information relevant to the CAISO Board of Governors-approved need evaluation in the 2021-2022 Transmission Plan and the subsequent CAISO Board of Governors-approved modifications to the Proposed Project was granted on December 26, 2025. Attachments A and B to LS Power's motion contain information relevant to the CAISO Board of Governors-approved need evaluation in the 2021-2022 Transmission Plan. Attachments C, D, and E to LS Power's motion contain the information relevant to the CAISO Board of Governors-approved modifications to the Proposed Project.

For the final condition, LS Power 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, 2024.²² With regard to cost, LS Power specifies that the revised

²⁰ LS Power Opening Brief at 11.

²¹ LS Power Opening Brief at 11.

²² LS Power Opening Brief at 12.

estimated total capital cost, with Allowance for Funds Used During Construction (AFUDC), is \$677,700,000, which falls within the \$593 million to \$858 million range approved by the CAISO Board of Governors.²³ LS Power adds that the required June 1, 2028 in-service date has also not changed.²⁴

Based on the record, the Commission finds that the conditions of Public Utilities Code Section 1001.1 are met and that a statutory presumption of need applies to the Proposed Project. No party presented evidence to overcome this rebuttable presumption.

The Commission also finds that LS Power has demonstrated a need for the Proposed Project. The record contains substantial evidence supporting the conclusion that the Proposed Project is needed 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. In the 2024 San Jose Area Transmission Plan, CAISO determined that a solution that includes the proposed project will “provide the required capacity for the forecast load and have the flexibility for future expansion should the load forecast further increase.”²⁵

²³ Exhibit LSP-05 (San Jose Transmission Plan: Engineering Study Report by CAISO) at 10 and LS Power Opening Brief at 12.

²⁴ LS Power Opening Brief at 12.

²⁵ Exhibit LSP-05 at 3.

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

4. CEQA

To issue a CPCN pursuant to GO 131-D, the Commission must find that the proposed Project complies with CEQA.²⁶ In evaluating whether to approve a proposed project, CEQA requires the lead agency²⁷ (the Commission in this case) to conduct a review to identify the potential environmental impacts of a proposed project and ways to avoid or reduce those environmental impacts.²⁸ 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.²⁹

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.

²⁶ 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.

²⁷ The lead agency is the public agency which has the principal responsibility for carrying out or approving a project. CEQA Guidelines § 15367.

²⁸ 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).

²⁹ CEQA Guidelines §§ 15063(b), 15081.

4.1. 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.³⁰

However, the Final EIR identified potentially significant environmental impacts in other resource areas,³¹ including: aesthetics (construction light and glare); air quality (air quality plan consistency, construction emissions, and sensitive receptors); biological resources (special-status species, riparian habitat, wetlands, wildlife movement, local policies or ordinances protecting biological resources, and collision or electrocution risk for birds and bats); cultural resources (inadvertent discovery could result in substantial adverse change in the significance of an archaeological resource and may disturb human remains); hazards and hazardous materials (accidental release of hazardous materials, siting of the project on hazardous materials sites, impairment of an adopted emergency response plan or emergency evacuation plan); hydrology and water quality (water quality standards, excess stormwater runoff, and sustainable groundwater management plans); land use and planning (dividing a community); public services (governmental facilities); recreation (increased use of recreational facilities, temporary access reduction, change in the character of recreational areas, and trail damage); transportation (hazardous conditions, emergency access, accessibility, and public transit); tribal cultural resources (inadvertent discovery could result in substantial adverse change in significance

³⁰ Final EIR at ES-7 to ES-8.

³¹ See Final EIR at Table ES-3 and Sections 1.5.2 and 1.5.3 in Attachment A.

of a tribal cultural resource); utilities and service systems (potential corrosion of adjacent utility lines); and wildfire (impairment of emergency response plans).³²

The Proposed Project would not have any other significant impacts that cannot be mitigated to a less-than-significant level with the mitigation measures identified in the Mitigation Monitoring, Compliance, and Reporting Program (MMCRP), with the exception of air quality (i.e., the exposure of sensitive receptors to substantial pollutant concentrations).

4.2. Mitigation Measures

An EIR must describe feasible measures that could minimize significant adverse impacts.³³ The discussion must distinguish between measures that are proposed by project proponents and other measures.³⁴

The Final EIR noted that LS Power identified applicant proposed measures (APMs) in its PEA to reduce project impacts. PG&E also proposed best management practices (BMPs) and field protocols for work at the Newark 230 kV Substation and committed to implementing them. SVP proposed no construction measures for its portion of the Project.

Further, the Final EIR identified mitigation measures that are required to be implemented by LS Power to reduce potentially significant environmental impacts to a less than significant level in multiple resource areas, including, aesthetics, air quality, biological resources, cultural and tribal cultural resources, hazards and hazardous materials, hydrology and water quality, land use and

³² Final EIR, Table ES-3, at ES-10 to ES-23.

³³ CEQA Guidelines § 15126.4(a)(1).

³⁴ CEQA Guidelines § 15126.4(a)(1)(A).

planning, public services, recreation, transportation, utilities and service systems, and wildfire.³⁵ These measures supplement or replace measures proposed by the LS Power or PG&E. 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...” except for air quality (i.e., the exposure of sensitive receptors to substantial pollutant concentrations), which cannot be fully mitigated.³⁶

LS Power agrees to implement all APMs and recommended mitigation measures, which would reduce all potentially significant impacts of its portion of the Project to less than significant levels and are feasible.³⁷ As noted in the Final EIR, PG&E’s BMPs and field protocols would similarly reduce impacts for PG&E’s portion and are enforceable by the Commission.³⁸

Mitigation measures would reduce air quality impacts to a less than significant level for the portions of the Project to be constructed by LS Power. Although the Commission has authority to require and enforce mitigation measures for LS Power, it lacks jurisdiction to require and enforce mitigation measures over SVP, a municipal utility. Because the Commission does not have that authority over SVP, we cannot conclude that air quality impacts for the

³⁵ Final EIR at ES-9 to ES-23.

³⁶ Final EIR at ES-3.

³⁷ LS Power Opening Brief at 16-17.

³⁸ Final EIR at ES-3.

project as a whole will be reduced to a less than significant level absent SVP's action.

4.3. 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.³⁹ An EIR must also evaluate the environmental impacts of a "no project" alternative.⁴⁰

4.3.1. Range of Alternatives

The Final EIR notes that the Proposed Project's purpose is "to strengthen the electrical grid in the Greater Bay Area, specifically within Alameda and Santa Clara counties (South Bay)."⁴¹

The Proposed Project's objectives are to:

1. Meet the 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;
3. Facilitate deliverability of energy from existing and proposed renewable generation projects to the Greater Bay Area and corresponding progress toward California utilities' achieving California's Renewables Portfolio Standard goals in a timely and cost-effective manner;
4. Comply with and assist the CAISO in meeting applicable Reliability Standards and Criteria developed by North

³⁹ CEQA Guidelines § 15126.6.

⁴⁰ CEQA Guidelines § 15126.6(e).

⁴¹ Final EIR at 1-2.

- American Electric Reliability Corporation, Western Electricity Coordinating Council, and the CAISO; and
5. 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.⁴²

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. 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 following alternatives were not carried forward, as the Final EIR states that they are infeasible:

- High Voltage Direct Current (HVDC) Alternative: The Final EIR states that this alternative would not meet the Project objectives or support future planned upgrades, given that updated CAISO load forecasts showed much higher demand in the area than originally assumed. The HVDC Alternative was designed for 2,000 MW, but revised forecasts projected 3,400 to 4,200 MW, creating a large capacity shortfall.⁴³
- Energy Storage Alternative: The Final EIR states that this alternative would be technically infeasible, given that previous studies have shown that the San Jose system has

⁴² Final EIR 1-4.

⁴³ Final EIR at 4-5.

- far less charging capacity compared to the size of energy storage that would be needed.⁴⁴
- PG&E Interconnection Alternative: The Final EIR states that this alternative would require relocating existing PG&E transmission lines and more complex construction, leading to longer construction periods, higher emissions, added environmental and public service impacts, and potential transmission outages that would outweigh any benefits from the shorter alignment.⁴⁵
 - Gold Street Technology Center Alternative: The Final EIR states that this alternative would require more underground construction, leading to higher emissions, noise, and safety risks near sensitive receptors. It would also disrupt access roads and emergency access, increasing transportation and public service impacts. Overall, it would not reduce impacts compared to the Project and could increase them.⁴⁶

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

Additional Underground Alternative (Alternative 1) would place approximately two miles of the transmission line underground within the San Jose-Santa Clara Regional Wastewater Facility area, eliminating several proposed overhead transmission structures. The underground line could be installed using open trenching or horizontal directional drilling and could follow the existing Project alignment, the facility’s perimeter access road, or nearby streets before reconnecting with the Project. All other elements of the Project, including

⁴⁴ Final EIR at 4-7.

⁴⁵ Final EIR at 4-11.

⁴⁶ Final EIR at 4-12.

remaining transmission lines and substation upgrades, would remain unchanged.⁴⁷ Alternative 1 would largely eliminate bird and bat collision and electrocution risks by placing nearly the entire transmission line underground and would reduce tree removal and long-term aesthetic and biological impacts compared to the Project. However, underground construction in the wastewater facility drying beds could increase short-term risks related to hazardous materials due to disturbed biosolids, though these impacts would be reduced through mitigation measures.⁴⁸

Transmission Line Alignment Alternative (Alternative 2) would replace about 4.2 miles of the Project alignment with a shorter 3.8-mile segment and would meet the Project objectives. It would reduce short-term noise, air quality, greenhouse gas, and transportation impacts because it would be shorter and farther from residences, and would involve less underground work along public roads. However, it would increase impacts to biological resources, aesthetics, and recreation due to a longer overhead segment, proximity to a burrowing owl conservation easement, and two crossings of the Coyote Creek Trail, resulting in greater long-term visual and ecological effects.⁴⁹

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.⁵⁰ This would fail to meet the Proposed

⁴⁷ Final EIR at 4-14.

⁴⁸ Final EIR at 4-15.

⁴⁹ Final EIR at 4-18.

⁵⁰ Final EIR at 4-13.

Project's objective of improving system reliability within the San José area. CAISO would need to identify other measures to address system overloads, while growing demand, particularly from data centers, would strain existing lines. This could lead to reliability problems, thermal overloads, and potential blackouts, and reliability improvements in the San Jose area would not be achieved. The Final EIR states that the No Project Alternative would fail to meet each of the Proposed Project's objectives.⁵¹

4.3.2. Environmentally Superior Alternative and Its Infeasibility

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.⁵²

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."⁵³ However, because the No Project Alternative would fail to meet the Proposed Project's basic objectives, the Final EIR identifies Alternative 1 as the environmentally superior alternative.⁵⁴ According to the Final EIR, Alternative 1, relative to the Proposed Project, would

⁵¹ Final EIR at 4-14.

⁵² CEQA Guidelines § 15126.6(e)(2).

⁵³ Final EIR at 4-19.

⁵⁴ Final EIR at 4-19.

avoid potentially significant impacts of the Proposed Project on biological resources and aesthetics. However, Alternative 1 would potentially result in greater environmental impacts related to hazards or hazardous materials, as well as impacts on air quality.⁵⁵ Because the avoided impacts would persist over the life of the project, the Final EIR considers Alternative 1 as the environmentally superior option despite near-term impacts that would require mitigation.⁵⁶

LS Power urges selection of the Proposed Project because Alternative 1 would require additional underground transmission through the San Jose-Santa Clara Regional Wastewater Facility, creating construction challenges, operational disruptions, land use constraints, and substantially higher costs.⁵⁷ LS Power therefore argues that the Proposed Project offers the most balanced outcome in terms of environmental protection, feasibility, and cost, and should be approved.

Even though the Final EIR considers Alternative 1 as the environmentally superior option, the need for additional underground transmission through a wastewater facility and the challenges it would create render Alternative 1 infeasible. The Commission finds that the Project as proposed provides a balance of environmental protection, feasibility, and cost, and therefore adopts it in lieu of Alternative 1. LS Power shall construct the Project as proposed.

⁵⁵ Final EIR at 4-19.

⁵⁶ Final EIR at 4-20.

⁵⁷ LS Power Opening Brief at 19.

4.4. Infeasible Mitigation Measures or Project Alternatives

The Final EIR finds that it would be legally infeasible for the Commission to require mitigation measures for SVP's portion of the Project because SVP is not subject to the Commission's jurisdiction in the present circumstances.

However, all of the recommended mitigation measures are feasible for LS Power to implement, with no identified economic, social, or technological barriers, and mitigation costs do not make the Project economically infeasible.⁵⁸

4.5. Overriding Considerations

The Commission may approve a project that results in significant and unavoidable impacts only upon a finding that there are overriding considerations.⁵⁹ 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."⁶⁰

As discussed above, the Proposed Project, in compliance with the MMCRP will improve system reliability in the San José area, and address system

⁵⁸ LS Power Opening Brief at 22.

⁵⁹ CEQA Guidelines § 15093.

⁶⁰ CEQA Guidelines § 15093(a).

overloads, thereby helping advance state climate and electrification policies. We find that these benefits outweigh the Proposed Project's unavoidable adverse environmental impact on air quality. A Statement of Overriding Considerations is contained in Attachment A of this decision and is adopted herein.

4.6. 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 LS Power's application, and that the EIR reflects the Commission's independent judgment and analysis.⁶¹

For lead agencies that have determined an EIR is required, the first step is to issue and distribute a Notice of Preparation.⁶² The Commission issued and distributed a Notice of Preparation of an EIR on July 29, 2024, to inform the public and public agencies of its intent to prepare an EIR for the Proposed Project. On August 15, 2024, the Commission conducted two virtual public scoping meetings in English and provided Spanish translation. Fifteen people attended the morning meeting, and five attended the evening meeting.⁶³ No members of the public provided oral or written comments on the Proposed Project during the scoping meetings, and the Commission received three written comment letters during the scoping period from Santa Clara Valley Water District, the California Department of Transportation, and the California

⁶¹ CEQA Guidelines § 15090(a).

⁶² CEQA Guidelines § 15082(a).

⁶³ Final EIR at 1-9.

Department of Fish and Wildlife. Outside the 32-day scoping period, a comment letter was received from the San Francisco Public Utilities Commission.

In parallel with the formal scoping process, the Commission also conducted early tribal outreach and consultation. The following tribes expressed interest in the Proposed Project: Costanoan Rumsen Carmel Tribe, Confederated Villages of Lisjan Nation, Muwekma Ohlone Tribe of the San Francisco Bay Area, and Tamien Nation. The Commission notified the Tribes about closing tribal consultation on September 12, 2025, which was prior to the release of the Final EIR, but after comments were received on the Draft EIR. On October 6, 2025, the Confederated Villages of Lisjan Nation responded acknowledging closing of consultation. No further correspondence was received from the Tribes following the September 12 notification. As of the release of the Final EIR, no other tribes have contacted the Commission to express interest in the Project.⁶⁴

On June 9, 2025, the Commission provided public notice of the Draft EIR's availability and circulated it for a 45-day public comment period ending on July 24, 2025.⁶⁵ The Commission received written and oral comments during the Draft EIR public review process. Specifically, the Commission received 12 comment letters from local agencies, state agencies, utilities, and organizations.⁶⁶ Key issues raised included air quality impacts, the Don Edwards National Wildlife Refuge crossing, data center load growth, and a new mitigation measure to

⁶⁴ Final EIR at 1-10.

⁶⁵ A 45-day public comment period satisfies the requirement of CEQA Guidelines § 15105(a).

⁶⁶ Final EIR at 7-3.

protect submerged cultural resources. CEQA requires the lead agency to respond to any significant environmental issues raised by commenters.⁶⁷

The Commission considered these comments and included written responses as Volume III of the Final EIR, which was issued on December 12, 2025.⁶⁸

We have reviewed and considered the information contained in the Final EIR. We find that substantial evidence supports the Final EIR's findings and the Final EIR reflects our independent judgment. Detailed CEQA Findings and a Statement of Overriding Considerations are contained in Attachment A and adopted herein. These CEQA Findings and Statement of Overriding Considerations reflect the Commission's independent judgment as the CEQA lead agency and demonstrate that the Commission considered the environmental impacts of the Project. Accordingly, we certify that the EIR was completed in compliance with CEQA and direct LS Power to construct the Project as proposed and comply with the MMCRP contained in Attachment B to this decision.

5. The Maximum Reasonable and Prudent Project Cost

Pursuant to Public Utilities Code Section 1005.5, when issuing a CPCN authorizing new construction, the Commission must specify a maximum reasonable and prudent cost for projects with costs of over \$50 million.

⁶⁷ Pub. Res. Code § 21091(d)(2)(B); CEQA Guidelines § 15088(a).

⁶⁸ On February 5, 2026, the Commission issued Errata 1 in response to a late comment letter, dated January 16, 2026, on the Final EIR from the Alameda County Water District requesting clarification of several mitigation measures relating to frac-out procedures and groundwater extraction.

LS Power estimates that the total capital cost of the Proposed Project, including the AFUDC, is \$677,700,000.⁶⁹ According to LS Power, this capital cost estimate reflects the scope changes approved by the CAISO Board of Governors on November 12, 2024, and the costs of additional engineering studies and design modifications.⁷⁰

LS Power asserts the estimated cost is reasonable and prudent for two reasons. First, LS Power was selected as the sponsor of the Proposed Project in a competitive solicitation process conducted by CAISO.⁷¹ Second, LS Power has agreed to cost-containment provisions that will be included in LS Power's formula rates, which are set by FERC. The cost containment provisions place a binding annual revenue requirement cap on recovery of Project costs in LS Power's FERC-approved formula rates for the first 40 years of operation, subject to limited exceptions. If annual costs exceed the cap, recovery is limited to the cap and the excess is tracked without interest in a deferred account, recoverable only in years when costs fall below the cap. FERC approved the proposed cap in an October 15, 2024, order.

LS Power also requests an additional 20 percent contingency to account for route or scope changes, final engineering design, final environmental mitigation requirements, and other factors that may impact the final cost.⁷²

No party contested the estimated cost of the Proposed Project.

⁶⁹ Amended Application at 14, Appendix L.

⁷⁰ LS Power Opening Brief at 29.

⁷¹ LS Power Opening Brief at 29.

⁷² LS Power Opening Brief at 30-31.

We find that the competitive solicitation process and the cost-containment mechanisms proposed to and agreed to by LS Power support that ratepayers will pay only the reasonable costs of constructing and operating the Proposed Project. Therefore, it is reasonable to establish a maximum cost cap of \$813,240,000, which includes a 20 percent contingency to address various factors beyond LS Power's control that may impact the final cost.

This cost cap cannot be exceeded absent significant changes to the Proposed Project which cannot be anticipated at this time. Pursuant to Public Utilities 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, LS Power 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 project at the increased cost; otherwise, it shall deny the application. Further, it is expected that LS Power shall not seek recovery of costs in rates that are in excess of the cost cap prior to the Commission's approval of the Petition for Modification.

6. 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.⁷³ As part of its evaluation of community values, the Commission considers community views.

LS Power states that the Proposed Project, sited in urban, suburban, and industrial areas in the Cities of Fremont, Milpitas, San Jose, and Santa Clara in Alameda and Santa Clara counties, has broad support and no significant opposition to date.⁷⁴ LS Power's early public outreach is documented and attached to the original Application as statements from the City of San José, City of Fremont, the President of the Santa Clara County Board of Supervisors, the Santa Clara Valley Water District, and the Santa Clara Valley Habitat Agency.⁷⁵ In these statements, local governments expressed strong support for the Project's reliability goals, while the Water District and Habitat Agency confirmed ongoing coordination and no objection.

Further, LS Power asserts that the Proposed Project is expected to deliver economic benefits, including jobs and tax revenue, while improving grid reliability across the South Bay and supporting state climate and electrification policies.⁷⁶ LS Power also adds that it conducted extensive public outreach and incorporated community input into Project design and proposed APMs to minimize impacts on nearby communities.

⁷³ D.21-08-007 at 17; D.10-12-025 at 8.

⁷⁴ LS Power Opening Brief at 31-32.

⁷⁵ Opening Brief at 31, Application at Attachment (Summaries are at Amended Application at 17-20)

⁷⁶ LS Power Opening Brief at 32.

Based on this record, the Commission finds that the Proposed Project, in compliance with the MMCRP, 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 will benefit the local and broader community through increased employment, tax revenues, development, and improved reliability of the electric grid.

7. Impacts on Environmental and Social Justice (ESJ) Communities

The Commission also 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 LS Power, multiple communities within 10 miles of the Project are designated as disadvantaged communities, and additional communities are designated as low-income communities.⁷⁷ LS Power states that the Proposed Project includes about 4.7 miles of transmission facilities within ESJ communities, with about 1.9 of those miles overhead at an active wastewater treatment facility with restricted access and adjacent to existing lines, resulting in negligible to minor impacts. The remaining 2.8 miles will be underground, with only temporary traffic and noise effects during construction.⁷⁸

LS Power asserts that after the construction, the project will deliver long-term benefits to disadvantaged and low-income communities, such as improved

⁷⁷ LS Power Opening Brief at 33.

⁷⁸ LS Power at 33-34, Amended Application at 41.

electric reliability for essential services, short-term economic activity, increased tax revenues, greater climate resilience, and support for cleaner energy and improved local air quality.⁷⁹

Based on the record, the Commission finds that the approval of the Proposed Project is consistent with the goals of the Commission's ESJ Action Plan. It supports Goal 4 by enhancing climate resiliency through facilitating the transmission of renewable and low-carbon energy, Goal 7 by creating high road careers for members of nearby communities.⁸⁰ It could also support Goal 2 if improving the efficiency of the transmission system leads to increased investment in clean energy resources to benefit ESJ communities, improving local air quality and public health.⁸¹

8. 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.⁸² The Commission's EMF Design Guidelines for Electrical Facilities, dated July 21, 2006, provide a checklist for new substations exceeding

⁷⁹ LS Power Opening Brief at 33-35.

⁸⁰ ESJ Action Plan (April 2022) at 24 to 25.

⁸¹ ESJ Action Plan (April 2022) at 23.

⁸² The Commission adopted GO 131-E in D.25-01-055, which replaced GO 131-D. GO 131-E retains the EMF requirement in Section VII.A.2.h. The EMF requirements in GO 131-D and GO 131-E are substantively the same.

50 kV. Additionally, Decision (D.) 06-01-042 determined that only no-cost EMF mitigation measures are required for projects located in agricultural or undeveloped areas.

In accordance with Commission requirements, LS Power submitted an EMF Management Plan (EMF Plan) as Appendix N to its Amended Application, which included the specific no-cost and low-cost measures evaluated and taken to reduce EMF exposure.⁸³

LS Power notes that placing portions of the project underground exceeds the cost threshold for low-cost mitigation, but this approach aligns with the Commission's EMF avoidance policy and provides substantial magnetic field reduction. Because of nearby suburban and urban land uses, most of the project is underground, which offers much lower magnetic field levels than an overhead alternative.⁸⁴

For the remaining overhead segments, LS Power selected locations with restricted public access and away from sensitive land uses. In addition, LS Power evaluated and adopted no cost or low-cost EMF reduction measures, including tighter conductor spacing, phasing circuits to reduce the level of magnetic fields, and positioning lines as close as possible to the centerline of the right of way. These steps further reduce potential EMF exposure.⁸⁵

⁸³ LS Power Amended Application, Appendix N.

⁸⁴ LS Power Amended Application, Appendix N, Table 1.

⁸⁵ LS Power Opening Brief at 36-37.

The EMF Plan rejects four measures.⁸⁶ First, the EMF Plan rejects the underground installation for Segment C as the measure is infeasible without a significant cost increase. Second, the Plan rejects increasing trench depth for Segment B of the Project as doing so could increase project costs by approximately seven percent. Third, the Plan rejects increasing structure height for Segment C, as Segment C is located within the San Jose/Santa Clara Regional Wastewater Facility that excludes public access, and the undeveloped land use along Segment C does not warrant low-cost mitigation measures. Fourth, the Plan rejects phasing circuits to reduce magnetic field as Segment C is proposed as a single AC circuit which does not allow for phasing optimization to reduce magnetic fields.

The Commission finds that the design in the EMF Plan complies with the requirements in GO 131-D. LS Power must apply the mitigation measures in the EMF Plan to the approved Proposed Project and in compliance with the MMCRP.

9. Exemptions From Certain Affiliate Transaction Rules and Reporting Requirements

In its original Application, LS Power requests that the Commission grant LS Power 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. LS Power also requests that the Commission confirm the following exemptions for the Proposed Project and future LS Power projects:

⁸⁶ LS Power Amended Application, Appendix N, Table 1.

1. LS Power will be exempt from the requirements of Sections V.C., V.E., and V.G. of the affiliate transaction rules;
2. LS Power 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 LS Power first performs activities that are subject to the audit;
3. LS Power's report required by Pub. Util. Code Section 587 will be limited to reporting on affiliates with which it shares resources; and
4. LS Power 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, LS Power argues that the Commission no longer needs to address this issue because D.25-09-013 confirmed that LS Power is exempt from these rules and reporting requirements.⁸⁷

D.25-09-013 states that the Commission's determination regarding LS Power's exemption constitutes "precedent with respect to this matter."⁸⁸ The decision further notes that LS Power "remains subject to federal oversight that, when coupled with our requirements, ensures transparency."⁸⁹

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

⁸⁷ LS Power Opening Brief at 37.

⁸⁸ D.25-09-013 at 22.

⁸⁹ *Ibid.*

10. Minor Project Refinements

The Commission's Energy Division may approve requests by LS Power 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) substantively conflict with any mitigation measure or applicable law or policy; or (3) trigger an additional discretionary permit requirement.

A minor project refinement should be strictly limited to a minor project change that will not trigger other discretionary permit requirements, that does not increase the severity of an impact or create a new impact, and that clearly and strictly complies with the intent of the mitigation measure. LS Power shall seek any project changes that do not fit within these criteria by a petition to modify today's decision. A change to the approved project that has the potential for creating significant environmental effects will be evaluated to determine whether supplemental CEQA review is required.

Any proposed deviation from the approved project and adopted mitigation measures, including correction of such deviation, shall be reported immediately to the Commission and the mitigation monitor assigned to the construction for their review and Commission approval.

11. Conclusion

This decision 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 in compliance with MMCRP will have significant and unavoidable impacts on air quality. However, we find that overriding considerations outweigh the environmental impacts. Detailed CEQA Findings and a Statement of Overriding Considerations are contained in Attachment A of this decision. We, therefore, certify the EIR, adopt the CEQA Findings and Statement of Overriding Considerations contained in Attachment A of this decision, and direct LS Power to implement the mitigation measures set forth in the MMCRP contained in Attachment B to this decision.

The maximum reasonable and prudent cost for the Project is \$813,240,000, which includes the 20 percent contingency and AFUDC.

12. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. There are no comments submitted by the members of the public.

13. Procedural Matters

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

14. Comments on Proposed Decision

This is an uncontested matter where the Proposed Decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission’s Rules of Practice and Procedure,

the otherwise applicable 30-day period for public review and comment is waived.

15. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and Charles Ferguson and Nilgun Atamturk are the assigned Administrative Law Judges 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 Newark-Northern Receiving Station Project approved by the CAISO is referred to in this decision as the Power the South Bay Project.
3. The CAISO Board of Governors made explicit findings regarding the need for the Proposed Project when it approved the most recent version of the Proposed Project on November 12, 2024.
4. The CAISO Board of Governors determined that the Proposed Project is the most cost-effective solution.
5. CAISO was granted party status on December 15, 2025, in this proceeding.
6. 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.
7. 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 most recent version of the Proposed Project on November 12, 2024.

8. CAISO selected LS Power as the sponsor for the Project through a competitive solicitation process.
9. The Proposed Project is necessary to promote reliability in the San José area.
10. The Proposed Project serves a present and future reliability need that meets the requirements of Pub. Util. Code Sections 1001, *et seq.*
11. There is a rebuttable presumption of need for the project since the conditions of Public Utilities Code Section 1001.1 have been met.
12. No party has presented evidence to overcome this rebuttable presumption of need of the project.
13. All environmental impacts related to the project are less-than-significant or reduced to less-than-significant levels with implementation of feasible mitigation measures identified in the MMCRP, except for significant and unavoidable air quality impacts associated with the interconnection of LS Power's new 230 kV transmission line to SVP's existing NRS substation.
14. Mitigation measures would reduce air quality impacts to a less than significant level for the portions of the Proposed Project to be constructed by LS Power.
15. Alternative 1 is the environmentally superior alternative, notwithstanding that its construction and operation would result in greater environmental impacts related to hazards or hazardous materials, as well as impacts on air quality.

16. The Project as proposed, rather than Alternative 1 (the environmentally superior alternative), provides a balance of environmental protection, feasibility, and cost.

17. The ability of the Proposed Project to improve system reliability in the San José area and help advance state climate and electrification policies outweigh its significant and unavoidable impacts on air quality.

18. The Commission has reviewed and considered the Final EIR along with the CEQA Findings and Statement of Overriding Considerations attached to this decision as Attachment A.

19. The Commission's review and certification of the Final EIR and adoption of the CEQA Findings and Statement of Overriding Considerations reflects the Commission's independent judgment.

20. The total cost of the Proposed Project is within the range of \$593 million to \$858 million approved by the CAISO Board of Governors.

21. LS Power has agreed to cost-containment mechanisms to ensure that ratepayers pay only the reasonable costs of constructing and operating the Proposed Project, in compliance with the MMCRP.

22. The Proposed Project will benefit the local and broader community through increased employment, tax revenues, development, and improved reliability of the electric grid.

23. Disruption to the local community due to construction of the Project will be limited in scope and short-term.

24. The Proposed Project, in compliance with the MMCRP, will not have a significant effect on community values.

25. The Proposed Project in compliance with the MMCRP, is consistent with the Commission's ESJ Action Plan.

26. LS Power's EMF Plan includes the specific no-cost and low-cost measures evaluated and taken to reduce EMF exposure.

27. The EMF Plan complies with the requirements of GO 131-D.

28. D.25-09-013 established precedent for LS Power to be exempt from certain affiliate transaction rules and reporting requirements.

Conclusions of Law

1. LS Power should be granted a CPCN to construct the Proposed Project, in compliance with the mitigation measures included in the MMCRP.

2. The Commission should certify the Final EIR and adopt the CEQA Findings and Statement of Overriding Considerations attached to this decision as Attachment A.

3. The benefits of the Proposed Project override the localized significant and unavoidable air quality impacts.

4. The Commission's Energy Division should be authorized to approve requests by LS Power 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.

5. The Commission should adopt a maximum prudent and reasonable cost cap of \$813,240,000, which includes the 20 percent contingency and AFUDC.

6. The cost cap should not be exceeded absent significant changes to the Proposed Project, which cannot be anticipated at this time.

7. Any pending motions that are not expressly ruled upon by the assigned Commissioner or ALJ should be denied.

8. The proceeding should be closed

9. This order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. The Final Environmental Impact Report for LS Power Grid California, LLC's Power the South Bay 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, and reflective of the Commission's independent judgment.

2. The California Environmental Quality Act Findings and Statement of Overriding Considerations attached to this decision as Attachment A are 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 Attachment B are adopted. LS Power Grid California, LLC shall comply with the mitigation measures and the applicant-proposed

measures in the Final Environmental Impact Report and the Mitigation Monitoring, Compliance, and Reporting Program.

4. LS Power Grid California, LLC is granted a certificate of public convenience and necessity to construct its portion of the Newark to Northern Receiving Station Project, as proposed, referred to in this decision as the Power the South Bay Project, subject to LS Power Grid obtaining all permits and other approvals required and complying with the Mitigation Monitoring, Compliance, and Reporting Program attached to this decision as Attachment B.

5. The maximum cost cap for the Power the South Bay Project is \$813,240,000 million, which includes a 20 percent contingency and Allowance for Funds Used During Construction. This cost cap shall not be exceeded, absent significant changes to the Power the South Bay Project, which cannot be anticipated at this time

6. The Commission's Energy Division may approve requests by LS Power Grid California, LLC (LS Power) for minor project refinements that may be necessary due to final engineering of the Project, so long as such minor project refinements are located within the geographic boundary of the study area of the Environmental Impact Report (EIR) and do not, without mitigation, result in a new significant impact or a substantial increase in the severity of a previously identified significant impact based on the criteria used in the EIR; conflict with any mitigation measure or applicable law or policy; or trigger an additional permit requirement. LS Power must seek any other project refinements by a petition to modify today's decision.

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. All pending motions filed in this proceeding that have not been ruled on are deemed denied.

9. Application 24-05-014 is closed.

This order is effective today.

Dated _____, at Sacramento, California

Attachment A:

**CEQA Findings and Statement of Overriding
Considerations**

Attachment B:

Mitigation Monitoring, Compliance, and Reporting Program