



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

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Application of LS Power Grid California, LLC
(U-247-E) for a Certificate of Public Convenience and
Necessity Authorizing Construction of the Manning
500/230 kV Substation Project.

Application 24-06-____

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

[PUBLIC VERSION]

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[PUBLIC VERSION]

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

I. INTRODUCTION

The Manning 500/230 kV Substation Project is a policy-driven upgrade to the transmission system operated by the California Independent System Operator (CAISO). The CAISO identified the need for the Manning 500/230 kV Substation Project in its 2021-2022 Transmission Plan, approved by the CAISO’s Board of Governors on March 17, 2022. The CAISO awarded the primary scope of the Manning 500/230 kV Substation Project to LSPGC. The remainder of the scope, which includes certain interconnection facilities, network upgrades and distribution upgrades, will be the responsibility of Pacific Gas and Electric Company

(PG&E). LSPGC’s portion of the Manning 500/230 kV Substation Project is referred to herein as the “Project.” This Application seeks a CPCN for the Project.

II. PROJECT OVERVIEW

A. Project Summary

The Project consists of the following primary components:

- Construction of an approximately 12-acre 500/230 kV substation (Manning Substation).
- Construction of an approximately 12-mile-long, double-circuit, 230 kV transmission line from the proposed Manning Substation to PG&E’s existing Tranquillity Switching Station.

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

B. CAISO Transmission Planning

As part of the 2021-2022 Transmission Planning Process, the CAISO staff undertook a comprehensive evaluation of the CAISO transmission grid to address grid reliability requirements and to ensure compliance with applicable North American Electric Reliability

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

Corporation (NERC) reliability standards and the CAISO planning standards and tariff requirements. The CAISO staff performed this analysis for a 10-year planning horizon, modeled a range of on-peak and off-peak system conditions, and considered facilities under CAISO operational control with voltages ranging from 60 kV to 500 kV. The analysis also included a policy-driven needs assessment to identify the transmission upgrades required to meet the state's mandate for meeting renewable energy and greenhouse gas (GHG) reduction targets. The 2021-2022 Transmission Plan identified the Project as a needed policy-driven transmission project.²

The Transmission Plan summarizes some of the conclusions of the study.

Deliverability of renewable and energy storage portfolio resources in the Solano-Sacramento River area is limited by thermal overloading of the Borden-Storey #2 230kV line under N-1 conditions, leaving 44 MW of renewable resources without deliverability.³ Addition of the Manning Substation will defer the need for reconductoring the Borden-Storey 230 kV lines or other transmission upgrades in the area. Addition of the Manning Substation will also allow for the advancement of new renewable generation within the Westlands or San Joaquin area that has been identified for significant potential solar development.⁴

C. Competitive Solicitation

Following approval of the Transmission Plan, the CAISO initiated an open, competitive solicitation on April 18, 2022, which provided project sponsors the opportunity to submit proposals to finance, construct, own, operate, and maintain the Project. Of the 11

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

³ In general, N-1 refers to a system's ability to withstand the unexpected failure or outage of a single system component (*e.g.*, a transmission line or generation facility) without compromising its reliability.

⁴ 2021-2022 Transmission Plan, pp. 198-200.

selection factors listed in Section 24.5.4 of the CAISO Tariff, the CAISO identified the following as the key selection factors for the Project:

- The current and expected capabilities of the Project Sponsor and its team to finance, license, and construct the facility and operate and maintain it for the life of the solution;
- The Project Sponsor's existing rights of way and substations that would contribute to the transmission solution in question;
- The proposed schedule for development and completion of the transmission solution and demonstrated ability to meet the schedule of the Project Sponsor and its team;
- The financial resources of the Project Sponsor and its team;
- Demonstrated cost containment capability of the Project Sponsor and its team, specifically binding cost control measures the Project Sponsor agrees to accept, including any binding agreements by the Project Sponsor and its team to accept a cost cap that would preclude costs for the transmission solution above the cap from being recovered through the CAISO's Transmission Access Charge and, if none of the competing Project Sponsors proposes a binding cost cap, the authority of the selected siting authority to impose binding cost caps or cost containment measures on the Project Sponsor, and its history of imposing such measures.

The CAISO evaluated applications from four project sponsors. To select the Approved Project Sponsor, the CAISO performed a comparative analysis of the project sponsors' proposals with regard to the qualification criteria described in CAISO Tariff Section

24.5.3.1 and the selection factors in Section 24.5.4.⁵ The CAISO found that all four of the proposals provided sufficient information to meet the minimum validation criteria as set forth in Section 24.5.2.4 of the CAISO Tariff and that all four project sponsors and their four validated proposals met the minimum qualification criteria as set forth in Section 24.5.3 of the CAISO Tariff.

Through this competitive solicitation process, the CAISO selected LS Power Grid California, LLC, a wholly owned subsidiary of LS Power Associates, L.P. (LSPA), as the Approved Project Sponsor to finance, construct, own, operate, and maintain the Project.⁶ The CAISO and LSPGC entered into an Approved Project Sponsor Agreement (APSA), attached as Appendix A, on August 3, 2023.

The APSA requires the Project to be in service by no later than June 1, 2028. To meet this deadline, LSPGC respectfully asks the Commission to issue its final decision on this Application no later than September 30, 2025.

D. Project Objectives

The Project will:

- Meet the functional specifications set forth by CAISO for the proposed LSPGC Manning Substation and 230 kV Transmission Lines located near or adjacent to the existing PG&E Los Banos-Midway #2 and Los Banos-Gates #1 500 kV Lines and existing PG&E Panoche-Tranquillity #1 and #2 230 kV Lines. Close proximity to the existing PG&E 500 and 230 kV

⁵ <https://www.caiso.com/InitiativeDocuments/Manning-500-kV-Substation-Project-Project-Sponsor-Selection-Report.pdf>.

⁶ The CAISO's full Project Sponsor Selection Report is available at <https://www.caiso.com/InitiativeDocuments/Manning-500-kV-Substation-Project-Project-Sponsor-Selection-Report.pdf>.

transmission line corridors would reduce the length of the 500 and 230 kV transmission interconnection lines, thereby reducing right-of-way (ROW) requirements and the potential for significant environmental impacts.

- Achieve commercial operation by June 2028 in order to address critical reliability issues within the transmission system, such as high voltage under non-peak conditions and voltage that varies significantly on a daily basis.
- Improve and maintain the reliability of the transmission grid by addressing overloads on the Borden-Storey #1 and #2 230 kV Lines under normal and N-1 contingency conditions and increase deliverability of renewable power by building and operating a facility that would help keep transmission voltages within specified parameters, reduce transmission losses, increase reactive margin for the system bus, increase transmission capacity, provide a higher transient stability limit, increase damping of minor disturbances, and provide greater voltage control and stability.
- Facilitate the deliverability of existing and proposed renewable generation projects in the Westlands/San Joaquin area and corresponding progress toward achieving California's Renewables Portfolio Standard (RPS) Program goals in a timely and cost-effective manner by California utilities.
- To the extent practicable, locate the Project on land that is or has previously been disturbed, is in an existing ROW or adjacent to existing utility uses, or would otherwise minimize environmental impacts in a manner consistent with prudent transmission planning.
- Construct and operate the facility with safety as a top priority.

- Meet the Proposed Project need in a safe, cost-effective manner and consistent with LSPGC’s cost containment agreement in the APSA.
- Comply with and assist CAISO in meeting applicable Reliability Standards and Criteria developed by North American Electric Reliability Corporation, Western Electricity Coordinating Council, and CAISO.
- Design and construct the Proposed Project in conformance with LSPGC’s standards, the National Electric Safety Code, and other applicable national and state codes and regulations.

III. SUPPORTING DOCUMENTS

The following Appendices are attached to this Application:

Appendices	
Appendix A	Approved Project Sponsor Agreement
Appendix B	Proponent's Environmental Assessment
Appendix C	Map of the Project
Appendix D	Project Cost Estimate
Appendix E	Project Implementation Plan
Appendix F	Agency Position Statements
Appendix G	Electric and Magnetic Fields Management Plan
Appendix H	Form of Notice under Section XI.A of General Order 131-D

IV. REQUIREMENTS OF GENERAL ORDER 131-D

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

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

The Project is more fully described in Chapter 3 of the Proponent’s Environmental Assessment (PEA), attached as Appendix B. The Project consists of the Manning Substation and an approximately 12-mile-long overhead double circuit 230 kV transmission line. The Manning Substation would contain 500 kV gas-insulated switchgear (GIS), 230 kV GIS,

two 500/230 kV transformer banks, and associated facilities, occupying approximately 12 acres. The new 230 kV transmission line would connect the Manning Substation to PG&E's existing Tranquillity Switching Station located approximately 12 miles to the east.

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

- Interconnection of the following PG&E lines to the proposed LSPGC Manning Substation:
 - Los Banos-Midway #2 500 kV Line (approximately 0.75 mile),
 - Los Banos-Gates #1 500 kV Line (approximately 0.75 mile), and
 - Panoche-Tranquillity #1 and #2 230 kV Transmission Line (approximately 4.2 miles);
- Reconductor of approximately 7 miles of PG&E's existing Panoche-Tranquillity #1 & #2 230 kV transmission line;
- Modification of PG&E's existing Tranquillity Switching Station to connect the proposed Manning-Tranquillity #3 and #4 230 kV transmission lines; and
- Modification of PG&E's existing Panoche, Los Banos, Gates, and Midway substations to provide upgrades to the line relays to protect the new interconnecting lines.

The interconnection facilities were identified in the APSA, and responsibility for those facilities was assigned to PG&E. Analysis completed by PG&E after the APSA was signed identified the need for distribution upgrades that will also be PG&E's responsibility. The impacts of these additional facilities were studied in the PEA but are not included in the scope of the authority LSPGC requests in this Application.

LSPGC estimates that issuance of the CPCN will take approximately 15 months, and construction of the Project will take approximately 27 months to complete once the CPCN is issued, depending upon unforeseen or unpredictable factors such as weather.⁷ A more detailed proposed schedule is set forth in Section V.D.4, below.

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

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

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

CAISO's 2021-2022 Transmission Plan includes details on the need for the Project:

The addition of the Manning 500 kV substation will allow for the advancement of renewable generation within the Westlands or San Joaquin area that has been identified with significant least-conflict lands for potential solar development. In addition, within the SB100 analysis, the California Energy Commission has identified this area as having significant potential for solar development for the state to meet its long-term GHG goals. The ISO is recommending the Manning Station in advance of the needs within the current portfolios to advance the development of solar generation within the San Joaquin area and defer the need for upgrades to transmission lines in the area, such as reconductoring the Borden-Storey 230 kV lines.⁸

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

⁷ The construction schedule is dependent on the timing of Commission's issuance of the CPCN and PG&E's completion of its associated facilities.

⁸ 2021-2022 Transmission Plan, p. 199.

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

The CAISO made the required findings in the 2021-2022 Transmission Plan, as discussed in Section IV.C above.

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

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

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

A link to the 2021-2022 Transmission Plan, which identified the need for the Project, is provided in footnote 2, well in advance of the expected issuance of the Scoping Memo and Ruling that will define the scope of this Proceeding.

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

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

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

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

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

1. Estimated Project Costs

LSPGC estimates that the total capital cost of the Project is \$211,373,000.

LSPGC agreed to cost containment provisions for the Project, summarized below, that are incorporated in the APSA and will be included in LSPGC's FERC-approved formula rates.

Under the APSA, LSPGC agreed that recovery of costs for the development, construction, commissioning, operations, and maintenance of the Project that will be included in LSPGC's FERC-approved formula rates is subject to a levelized annual revenue requirement (ARR) cap of \$16,750,000 for each of the first 40 full calendar years of Project operations, subject to certain exemptions and exceptions.

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

If FERC does not approve the proposed ARR cap, LSPGC will seek an alternative annual revenue requirement cap that will include the same costs as the ARR cap but will eliminate the deferred recovery account. Under this alternative proposal, LSPGC's cap in year

one will be \$23,590,773 and will decline to \$4,548,832 in year 40. If the revenue requirement exceeds the annual cap in any year, LSPGC will recover revenues in that year only up to the cap, and any excess, unless related to costs specifically excluded from the cost cap, will be forfeited. If LSPGC's revenue requirement in any year is below the annual cap, the difference between the revenue requirement and the cap will be added to the cap in the following year, resulting in a revised cap.

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

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

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

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

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

LSPGC presents a description of alternatives and a comparison of alternatives in Chapters 4 and 6, respectively, of the PEA. Those discussions evaluate the advantages and disadvantages of the considered alternatives and provide rationale for the adoption of the selected route and substation site.

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

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

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

LSPGC met with governmental agencies to solicit input on Project design and potential resource and land use issues in the vicinity of the Project site. Written position statements on the proposed Project were provided by Fresno County and the Westlands Water District. These written position statements are attached in Appendix F.

On November 20, 2023, LSPGC initiated coordination with the Native American Heritage Commission (NAHC) by submitting a Sacred Lands File (SLF) search request that included Project area locational information. As of the time of filing, a response to the SLF search request has not been received. Throughout the coordination process described above, no objections to the siting of the Project were expressed by the NAHC or the tribes. Copies of the outreach to the NAHC are also attached in Appendix F.

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

The Project's PEA is attached as Appendix B.

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

The Commission has periodically considered the impact of exposure to electric and magnetic fields (EMF). In Decision (D.) 93-11-013, the Commission adopted an EMF policy for electric utility facilities and power lines. Because the Commission concluded there was no reliable scientific basis to conclude that adverse health effects resulted from exposure to power frequency EMF, the Commission declined to adopt a specific numerical standard for EMF exposure.⁹ The Commission instead established an EMF policy for California's regulated electric utilities that required new and upgraded facilities to implement no-cost or low-cost (4% or less of the total project cost) measures to mitigate EMF to the extent such measures were approved as part of the Commission's review process.

In D.06-01-042, the Commission affirmed its earlier finding that no direct link between exposure to EMF and adverse health effects had been proven despite numerous studies, including a research program ordered by the Commission and conducted by the California Department of Health Services.¹⁰ The Commission reaffirmed its policy of requiring only low-cost/no-cost measures to mitigate EMF exposure for utility transmission and substation projects and set a target for low-cost mitigation measures: low-cost mitigation measures were to be designed to reduce exposure to EMF by 15% or more at the utility right-of-way.¹¹ The decision also addressed the mitigation measures to be required in different land-use contexts and determined that low-cost measures were not required in agricultural or undeveloped areas. Only

⁹ D.93-11-013.

¹⁰ D.06-01-042, p. 19 (Finding of Fact 5).

¹¹ D.06-01-042, pp. 10, 21 (Finding of Fact 20).

no-cost mitigation measures are required in those areas, except for permanently occupied residences, schools or hospitals located on these lands.¹²

The Commission has also adopted EMF design guidelines for utilities in California.¹³

Section X of GO 131-D requires all applications for a CPCN to include a description of the measures taken or proposed to reduce the potential for exposure to EMF generated by a proposed project. LSPGC evaluated EMF mitigation measures in its design and construction plan and adopted certain no-cost mitigation measures. The Project is located on agricultural land and therefore low-cost mitigation measures are not required. LSPGC's management plan addressing the EMF mitigation measures that will be incorporated into the design of the Project is attached as Appendix G.

J. Notice (Section XI.A)

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

¹² D.06-01-042, pp. 9, 20 (Finding of Fact 18).

¹³ https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/infrastructure/emfs/ca_emf_design_guidelines.pdf.

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

A. **Statutory Authority (Rule 2.1)**

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

B. **Applicant (Rule 2.1(a))**

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

C. **Communications (Rule 2.1(b))**

Communications regarding this Application should be directed to:

LS Power Grid California, LLC
Attn: Project Director
16150 Main Circle Drive, Suite 310
Chesterfield, MO 63017
Telephone: (636) 534-3223
Email: dmulvey@lspower.com

With a copy to:

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

and

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

1. Category

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

2. Need for Hearing

LSPGC does not anticipate that hearings will be needed for this proceeding. LSPGC nevertheless proposes two alternative schedules below: one that allows time for hearings and briefing, if needed, could be completed while a draft Environmental Impact Report, Mitigated Negative Declaration, or other required environmental document is under review, and one that proceeds directly to briefing, without hearings, after the Environmental Impact Report, Mitigated Negative Declaration, or other environmental document is issued.

3. Issues

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

- (a)** Should LSPGC be granted a CPCN authorizing construction of the Project?
- (b)** Does the Project qualify for a rebuttable presumption of the need for the Project; or, if not, does the present or future public convenience and need require construction of the Project?
- (c)** What are the reliability, economic, public policy, and other benefits of the proposed Project?
- (d)** Is there substantial evidence that the proposed Project will have any significant impact on the environment? If there is substantial evidence of significant impacts:
 - (i)** What are the significant environmental impacts of the proposed Project within the Commission's jurisdiction?
 - (ii)** Are there mitigation measures that will eliminate or lessen such impacts?
 - (iii)** Are the mitigation measures or alternatives infeasible?
 - (iv)** Is there an environmentally superior project alternative?
 - (v)** If the Project or environmentally superior alternative results in significant and unavoidable impacts, are there overriding considerations that warrant Commission approval?
- (e)** What is the maximum prudent and reasonable cost for the Project?

- (f) Should the Commission grant LSPGC exemptions from certain affiliate transaction rules and reporting requirements?
- (g) Does the environmental document comply with the California Environmental Quality Act (CEQA)? Did the Commission review and consider it? Does it reflect the Commission’s independent judgment and analysis?
- (h) Is the Project designed in compliance with the Commission’s policies governing the mitigation of EMF effects using low-cost and no-cost measures?
- (i) What are the Project’s impacts on environmental and social justice communities, including the extent to which it impacts achievement of any of the nine goals of the Commission’s Environmental and Social Justice (ESJ) Action Plan?

4. Proposed Schedule

Below is LSPGC’s proposed schedule for the proceeding. If hearings are needed, LSPGC proposes to hold the hearings on need and other issues while the draft environmental document is being prepared or is under review.

<u>EVENT</u>	<u>DATE NO HEARINGS</u>	<u>DATE WITH HEARINGS</u>
Application Filed; PEA Submitted	June 28, 2024	June 28, 2024
Publication in Daily Calendar	July 1, 2024	July 1, 2024
Notices of Filing of Application	July 9, 2024	July 9, 2024

Application Deemed Complete	July 29, 2024	July 29, 2024
Last Day for Protests and Responses	July 31, 2024	July 31, 2024
Reply to Protests and Responses	August 12, 2024	August 12, 2024
Prehearing Conference	July 8, 2024	July 8, 2024
Scoping Ruling and Memo	August 8, 2024	August 8, 2024
Applicant's Opening Testimony (if needed)		Sept. 18, 2024
Intervenors' Opening Testimony (all parties)		Oct. 18, 2024
Concurrent Rebuttal Testimony		Nov. 1, 2024
Hearings (if needed)		Dec. 2-5, 2024
Opening Briefs		Jan. 10, 2025
Reply Briefs		Jan. 31, 2025
Draft Environmental Document Issued	March 2025	March 2025
Final Environmental Document; Proceeding Submitted	June 2025	June 2025
Proposed Decision	July 24, 2025	July 24, 2025
Commission Decision	September 2025	September 2025

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

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

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

LSPGC and its parent, LSPA, are privately held companies that do not publish financial information and are not rated by credit rating agencies. LSPA's financial strength is

demonstrated by the fact that LSPA has raised over \$54 billion in debt and equity capital to support its business activities, including raising over \$2 billion in the last dozen years for new high-voltage transmission facilities.

LSPA provided confidential financial information to the CAISO and a written guarantee to LSPGC to provide the CAISO with certainty that adequate capital is available to implement the Project.

In its Selection Report, the CAISO concluded that “all of the project sponsors [including LSPGC] have access to parent or affiliate funding to fulfill the balance of debt required to cover the cost of the project.”¹⁴ The CAISO added that, “Having the financial capacity to continue to bid on, win, and finance projects, although dependent in part on the financial resources of a company, also depends on the breadth and strength of a company’s partners and banking relationships. ...LSPGC...[has] developed banking relationships as evidenced by various banks providing support for this project. Consequently, the [CA]ISO considers LSPGC...to have sufficient financial resources to complete this project....”¹⁵

The Commission can rely on the financial diligence performed by the CAISO prior to awarding six competitive transmission projects¹⁶ to affiliates of LSPA in recent years and the successful completion of LSPA affiliate DesertLink’s Harry Allen to Eldorado 500 kV Transmission Project in 2020. However, if the Commission requires additional financial information, LSPA’s confidential financial information could be provided under seal for review with appropriate protections of the confidentiality of this sensitive information.

¹⁴ Manning 500/230 kV Substation Project, Project Sponsor Selection Report, p. 35.

¹⁵ Manning 500/230 kV Substation Project, Project Sponsor Selection Report, p. 36.

¹⁶ In addition to the Orchard and Fern Road Substations mentioned in Section V.B, above, the CAISO awarded four transmission projects, including the Project, to LSPGC in competitive solicitations following the issuance of the 2021-2022 Transmission Plan.

G. Compliance with CEQA (Rule 2.4)

1. Proponent's Environmental Assessment

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

2. Project Refinements

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

LSPGC asks the Commission to authorize Energy Division to determine whether a Project modification will result in new significant environmental effects or a substantial increase of the severity of previously identified environmental effects. If the modification results in a significant new environmental impact or a substantial increase in the severity of a previously recognized impact, then Energy Division will direct LSPGC to file a petition for modification of the decision granting a CPCN and a supplemental environmental review will be performed. If the Project modifications do not result in a significant new environmental impact or a substantial increase in the severity of a previously identified impact, then Energy Division will be authorized to approve the requested modifications.¹⁷

¹⁷ The Commission granted a similar authorization in D.21-11-003, p. 98 (Ordering Paragraph No. 2).

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

With this Application, LSPGC will tender an \$85,000 installment of its total deposit of \$187,687, calculated according to the formula set forth in Rule 2.5. This initial installment is more than the one-third minimum payment required by Rule 2.5. In accordance with Rule 2.5, LPSGC will pay an additional one-third no later than 120 days after the time the Application is filed and the remainder no later than 180 days after the time the Application is filed.

I. Competing Utilities (Rule 3.1(b))

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

J. Required Permits (Rule 3.1(d))

The permits anticipated to be required for the construction of the Project are listed in Table 3-14: Permitting Requirements and Processes in Chapter 3 of the PEA.

K. Proposed Rates (Rule 3.1(h))

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

VI. SECTION 1003's REQUIREMENTS

Public Utilities Code Section 1003 requires additional information from applicants for a CPCN.¹⁸

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

Section 1003(a) requires preliminary engineering and design information on the project to be included in an application for a CPCN. Preliminary engineering and design information for the Project required by Public Utilities Code Section 1003(a) is found in Chapter 3 of the PEA.

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

Section 1003(b) requires applicants for a CPCN to include “[a] project implementation plan showing how the project would be contracted for and constructed. This plan shall show how all major tasks would be integrated and shall include a timetable identifying the design, construction, completion, and operation dates for each major component of the plant, line, or extension.” A Project Implementation Plan fulfilling the requirements of Section 1003(b) is attached as Appendix E.

C. Cost Estimate (Section 1003(c))

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

¹⁸ Section 1003(d) applies to generation plants and utilities whose rates are regulated by the Commission and is inapplicable to the Project.

D. Cost Control (Section 1003(e))

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

VII. SECTION 1002’s REQUIREMENTS

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

A. Community Values

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

LSPGC considered community benefits and values in designing the Project. Consistent with the CEQA, the Project has been designed to avoid, minimize, and/or mitigate potential environmental impacts to the maximum extent practicable. Additionally, LSPGC has developed Project-specific Applicant Proposed Measures (APMs) to minimize impacts on the community, as discussed throughout Chapter 5 of the PEA.

LSPGC recognizes that any new construction may result in temporary disruptions to the nearby communities. The nearest communities are Three Rocks (approximately 6 miles from the Proposed Project), Cantua Creek (approximately 7.5 miles), Tranquillity (approximately 9 miles), Mendota (approximately 11 miles), and San Joaquin (approximately 12

miles). While the project area is largely agricultural, LSPGC will keep area residents and property owners, government officials, Native American tribes, and interested parties informed about the scope of the Project through printed materials, online materials, one-on-one meetings, and presentations to local organizations. LSPGC is committed to working closely with nearby communities to identify and address any potential concerns.

LSPGC has already begun public outreach for the Project, meeting with agencies and stakeholders in the early planning stages of the Project and throughout the development of the PEA to solicit input on Project design and potential resource and land use issues in the vicinity of the Project. Table 21 in Chapter 2 of the PEA summarizes the consultations and public outreach throughout the development of the PEA.

B. Recreational and Park Areas

LSPGC took recreational and park areas into consideration when it selected the site and route for the Project. A comprehensive comparison of alternatives is presented in Chapter 6 of the PEA. Potential impacts to recreational and park areas are discussed in Chapter 5.16 of the PEA. The nearest recreation area is the Bureau of Land Management's Tumey Hills recreation area, which is located approximately 1.4 miles southwest of the Project. This recreation area will not be impacted by the Project.

C. Historical and Aesthetic Values

LSPGC considered historical and aesthetic values when it designed the Project and selected the site/route. As further discussed in Chapter 5.5 of the PEA, the pedestrian survey of the Proposed Project area did not identify significant archaeological resources or human remains along the Proposed Project alignment. The one previously recorded historic-era cultural resource located in the Proposed Project study area, P-10-007205, which is comprised of a

maintained and paved roadway that will not be impacted by Proposed Project activities, has been determined not to be National Register of Historic Places (NRHP) or California Register of Historic Resources (CRHR) eligible. To the maximum extent practicable, LSPGC will avoid historical or cultural resources that could be affected by construction of the Project. However, ground disturbance during construction could uncover unknown resources.

LSPGC also considered aesthetic values when it designed the Project and selected the route and substation site. As shown in Chapter 5.1 of the PEA, it was determined that the Project would have a less than significant impact or no impact on the evaluated aesthetic resources.

D. Influence on the Environment

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

VIII. SAFETY

LSPA and its affiliates, including LSPGC, continuously strive to establish and maintain a culture of safety throughout the organization. LSPGC holds safety paramount and considers safety practices and records as key selection criteria for contractors. LSPGC's contractors will be responsible for developing a Project-specific safety plan and ensuring adequate safety training is implemented. LSPGC will continuously monitor contractor safety measures to ensure they are adequate for the Project and protective of all site personnel and the public. All Project employees, contractors, and visitors must be committed to conduct themselves in a safe and responsible manner. All employees and contractors have the responsibility to follow established safety, health, and environmental requirements as well as

enforcing accident prevention procedures within their function or responsibility. If a situation arises that will cause harm to personnel, loss of property, or damage to the environment, the first person, whether LSPGC personnel, construction contractor, or subcontractor, to realize such a situation is authorized and required to stop the work until the safety concerns have been addressed. If there is knowledge of any practice, condition, or information that is contrary to the policies and procedures authored by the construction contractor or subcontractors, it will be reported immediately to the appropriate supervisor and LSPGC representatives. The Project will be constructed, operated, and maintained in compliance with current safety requirements, including GOs 95 and 128. Safety management is further discussed in the Project Implementation Plan.

IX. IMPACT ON ENVIRONMENTAL AND SOCIAL JUSTICE COMMUNITIES

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

In the ESJ Action Plan Version 1.0, disadvantaged communities were defined as census tracts that score in the top 25% of the California Communities Environmental Health Screening Tool Version 3 (CalEnviroScreen 3.0), along with those that score within the highest 5% of CalEnviroScreen 3.0’s Pollution Burden but do not receive an overall CalEnviroScreen score.¹⁹ The Commission aimed to target the following communities with this definition:

1. Disadvantaged communities, as defined above;

¹⁹ ESJ Action Plan Version 2.0, p. 2. Available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.

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

CalEnviroScreen 3.0 was updated by the Office of Environmental Health Hazard Assessment (OEHHA) to CalEnviroScreen 4.0 on October 13, 2021; however, the California Environmental Protection Agency (CalEPA) made a subsequent designation of “disadvantaged community” given the new data for the purpose of Senate Bill (SB) 535.²⁰ CalEPA now designates four types of communities as disadvantaged:

1. Census tracts with the highest 25% of CalEnviroScreen 4.0 overall scores;
2. Census tracts lacking overall scores due to data gaps, but with the highest 5% of CalEnviroScreen 4.0 cumulative Pollution Burden scores;
3. Census tracts recognized as disadvantaged in CalEPA’s 2017 disadvantaged communities designation; and
4. Areas under the control of federally recognized Tribes.²¹

²⁰ Stats. 2012, Ch. 830.

²¹ Final Designation of Disadvantaged Communities Pursuant to Senate Bill 535, May 2022. Available at https://calepa.ca.gov/wp-content/uploads/sites/6/2022/05/Updated-Disadvantaged-Communities-Designation-DAC-May-2022-Eng.a.hp_-1.pdf.

Figure 1 below shows the CalEnviroScreen 4.0 scores for communities within 10 miles of the Project.²²

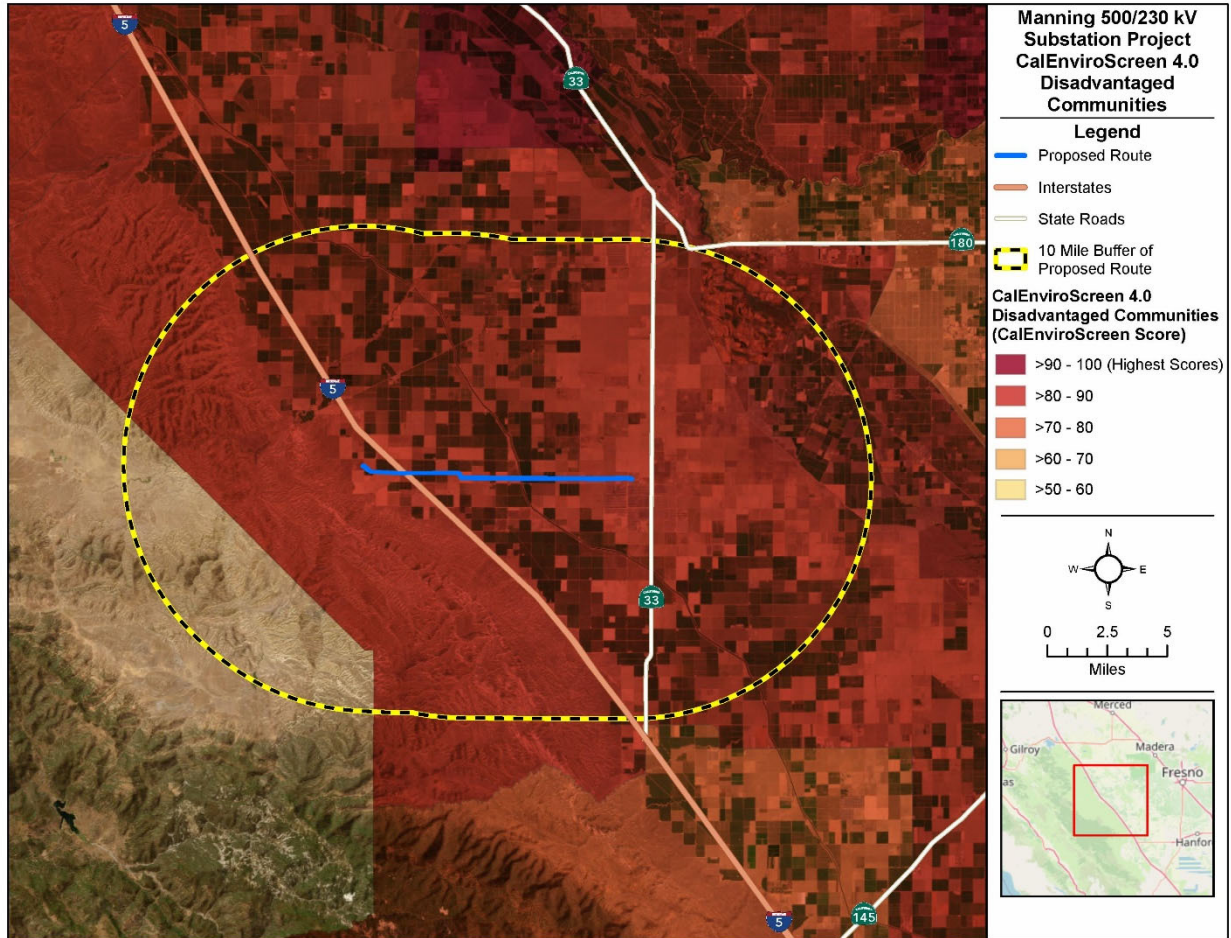


Figure 1: CalEnviroScreen 4.0 Map

²² CalEnviroScreen 3.0 is available at <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30> . CalEnviroScreen 4.0 is available at https://experience.arcgis.com/experience/11d2f52282a54ceebcac7428e6184203/page/CalEnviroScreen-4_0/ .

As shown by **Figure 2** below, 2 of the 3 census tracts within 10 miles of the Project are designated as disadvantaged communities according to CalEPA’s 2022 Disadvantaged Communities Update.²³

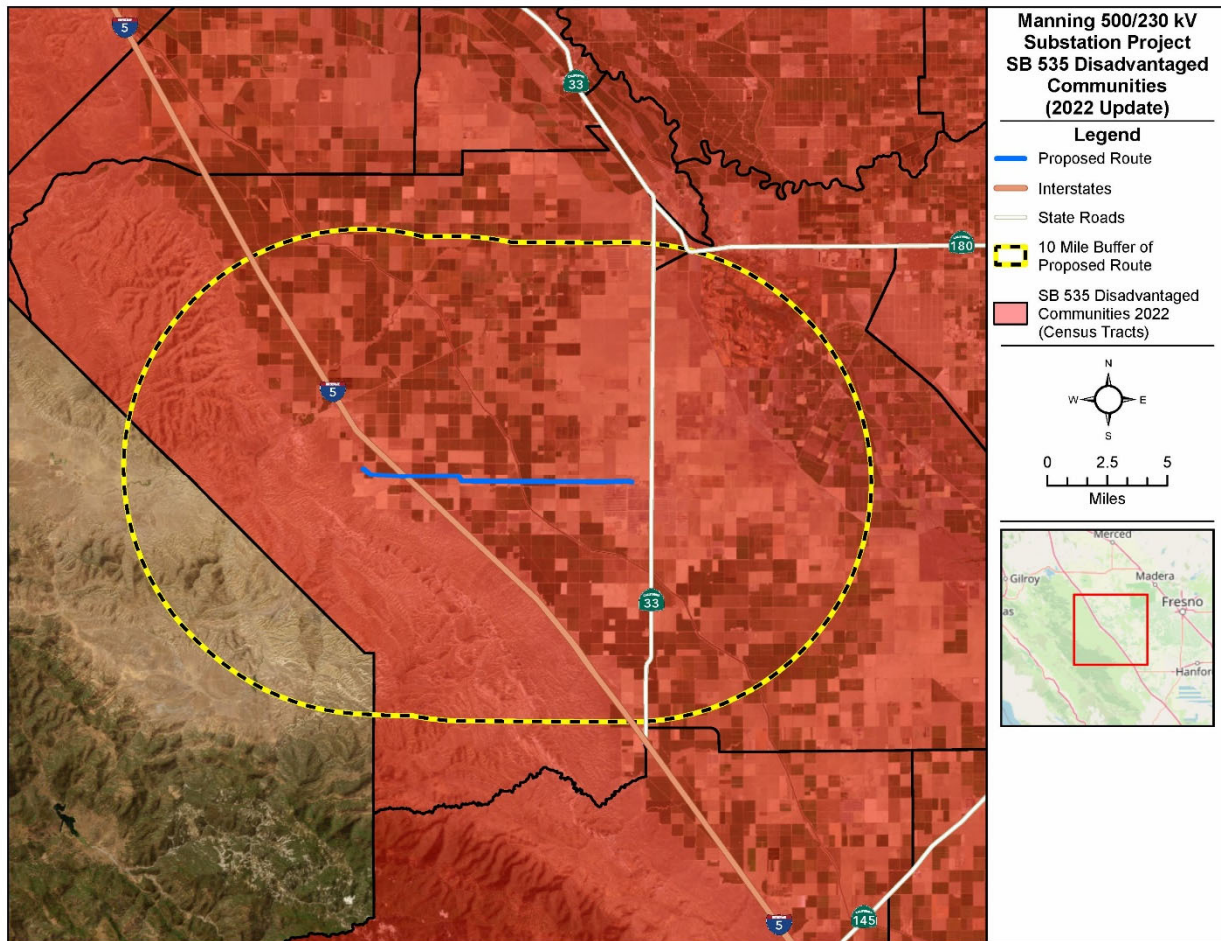


Figure 2: SB 535 Disadvantaged Communities (2022 Update) Map

²³ Final Designation of Disadvantaged Communities Pursuant to Senate Bill 535, May 2022. Available at <https://oehha.ca.gov/calenviroscreen/sb535>.

Finally, as shown by **Figure 3** below, the same 2 census tracts within 10 miles of the Project that are designated as disadvantaged communities are also designated as low-income communities according to California Climate Investments.²⁴

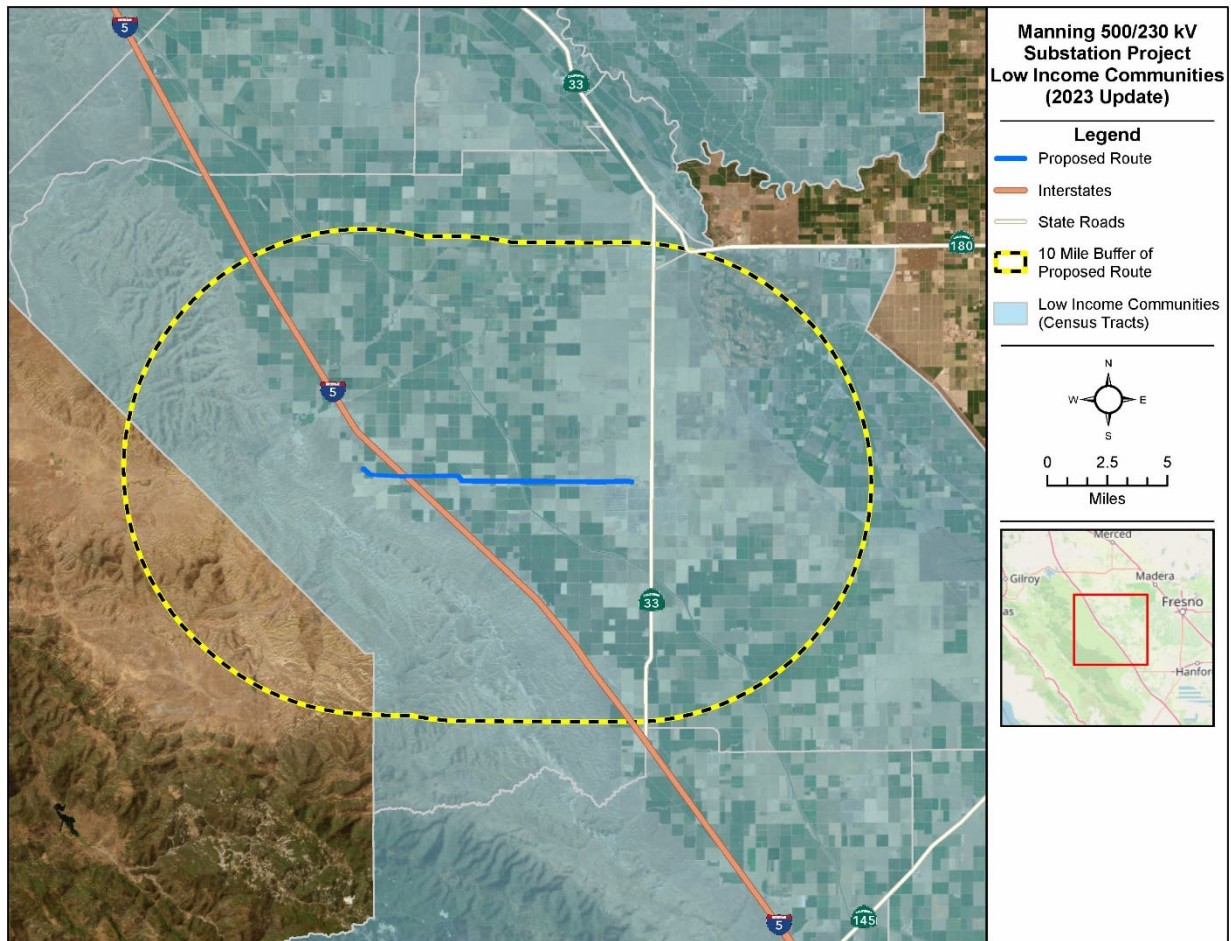


Figure 3: California Climate Investments Priority Populations (2023) Map

²⁴ California Climate Investments Priority Populations can be found at <https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348>.

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

Low-income and other members of the disadvantaged communities may benefit from the short-term economic stimulus from construction activities and expenditures, short-term and longer-term increases in tax revenues, and added capacity and reduced congestion for electrical transmission.

LSPGC will strive to ensure the Commission's ESJ Action Plan goals are enabled through the Project. The Project further meets the Commission's ESJ Action Plan goals by 1) increasing climate resiliency by facilitating the transmission of renewable and low-carbon energy; and 2) promoting economic and workforce development opportunities by employing members of nearby communities during the construction of the Project. Based on these considerations, construction of the Project aligns with the Commission's ESJ Action Plan.

X. REQUESTS FOR EXEMPTIONS

In D.24-01-011 (approval of a Permit to Construct the Fern Road substation) and D.24-03-010, the Commission approved settlements between LSPGC and the Public Advocates Office (Cal Advocates) regarding exemptions from certain of the Commission's affiliate transaction rules adopted in D.97-12-088 and amended in D.98-08-035 and D.98-12-075 and certain reporting requirements. Consistent with the terms of the approved settlements, LSPGC seeks the Commission's approval of the following:

1. LSPGC is exempted from Sections V.C, V.E, and V.G of the affiliate transaction rules.
2. LSPGC is authorized to submit the independent audit report required by Section VI.C of the affiliate transaction rules every five years, rather than

annually, with the first audit report due by May 1 of the year after the calendar year when LSPGC first performs activities that are subject to the audit.

3. LSPGC's report required by Public Utilities Code Section 587 will be limited to reporting on affiliates with which it shares resources.
4. LSPGC is authorized to file FERC Form 1 and Form 3-Q as proxies for the reporting requirements of GO 65-A and GO 104-A.

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

- The project was selected in a competitive solicitation conducted by the CAISO.
 - The Project was selected in a competitive solicitation conducted by the CAISO in conjunction with the Transmission Plan for 2021-2022.
- The cost of the asset will be recovered through the TAC authorized by FERC, and the asset will be subject to the CAISO's Open Access Tariff.
 - The Project meets both of these requirements.
- LSPGC does not serve retail customers in California.
 - This condition remains satisfied.

Consistent with D.24-01-011 and D.24-03-010, LSPGC respectfully asks the Commission to approve these exemptions. In addition to the settlement with Cal Advocates and the Commission's approval of these exemptions, the requested exemptions are supported by additional considerations.

A. Affiliate Transaction Rules

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

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

Section V.G of the rules provides:

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

Because it has no direct employees, LSPGC proposes to use a variety of shared services from certain of its affiliates. Additionally, certain corporate officers who perform oversight activities for LSPGC’s transmission assets perform similar oversight activities for LSPGC’s affiliates, and certain officers with engineering duties are employed by an affiliate and work as shared service employees to support LSPGC. To permit LSPGC to continue this approach, LSPGC respectfully requests exemption from Section V.G.

Granting these requested exemptions to LSPGC will not undermine the objectives of the affiliate transaction rules. The Commission’s goals of fostering competition and

protecting consumer interests will not be hindered by exempting LSPGC from Section V.C, Section V.E, and Section V.G of the affiliate transaction rules.

In D.18-09-030, the Commission granted exemptions from Section V.C, Section V.E, and Section V.G of the affiliate transaction rules to NextEra Energy Transmission West (NEET West) in connection with the Suncrest Dynamic Reactive Support Project.²⁵ Similar exemptions were granted to DCR Transmission in D.21-11-003 for the Ten West Link Project.²⁶ Because the Commission has granted exemptions from the affiliate transaction rules to similarly situated transmission developers in California, LSPGC requests that it be granted similar exemptions.

B. Exemption from Annual Audit Requirement

Section VI.C of the affiliate transaction rules requires utilities to have an independent auditor perform an annual audit of the utility's compliance with the affiliate transaction rules and to submit the auditor's report to Energy Division. LSPGC asks the Commission to exempt LSPGC from Section VI.C's requirement of an annual audit and audit report on affiliate transactions; instead, LSPGC would be required to engage an independent auditor to conduct an audit and to submit an audit report every five years after LSPGC's initial audit and audit report. The initial audit would be deferred until there are activities that could be subject to the audit. Subsequent audits would be performed every five years and would verify LSPGC's compliance with the affiliate transaction rules for the preceding five-year period.

The same exemption was granted to Horizon West Transmission, LLC (successor to NEET West) and Trans Bay Cable, LLC (an affiliate of Horizon West) in D.22-09-016. The

²⁵ D.18-09-030, p. 48.

²⁶ D.21-11-003, p. 78.

Commission's justification for granting this exemption was very similar to the rationale for exemptions from the requirements of other sections:

Because their operations are under the control of CAISO, Joint Applicants do not have the opportunity to exercise market power to favor their affiliates. In addition, Joint Applicants recover their entire revenue requirement through rates that FERC regulates and do not have the opportunity to subsidize their affiliates or provide their affiliates with discriminatory, favorable rates. The Joint Applicants also do not serve customers directly, provide retail service, or have access to customer information or accounts. As such, there is no concern for customers to be confused between them and their affiliates, and there is also no risk of them disclosing confidential customer information.²⁷

The same reasoning that justified the exemption for Horizon West and Trans Bay Cable also applies to LSPGC. The Commission also noted that Horizon West and Trans Bay Cable file FERC Form 1, which includes much of the information required by the affiliate transaction rules. LSPGC here proposes to submit FERC Form 1 and Form 3-Q to the Commission and to make Forms 1 and 3-Q available to Cal Advocates at any time.

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

C. Reporting Requirements

LSPGC also requests to be authorized to file FERC Form 1 and Form 3-Q as proxies for the reporting requirements of GO 65-A and GO 104-A.

²⁷ D.22-09-016, pp. 5-6.

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

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

For these reasons, LSPGC requests the Commission’s authorization to file FERC Form 1 and Form 3-Q as proxies for the reporting requirements of GO 65-A and GO 104-A.

D. Reports on Affiliates

Public Utilities Code Section 587 requires utilities to submit an annual report “describing all significant transactions, as specified by the commission, between the corporation and every subsidiary or affiliate of, or corporation holding a controlling interest in” the utility. For entities like LSPGC, which has about 500 affiliates, this reporting requirement can become burdensome. In D.18-09-030, NEET West (now known as Horizon West), which has over 1,000

affiliates,²⁸ sought and obtained a limited exemption to this reporting requirement and was authorized to provide information relating to only those affiliates with which NEET West shared resources,²⁹ on the condition that NEET West would provide a copy of its FERC Form 1 to Commission staff and Cal Advocates' predecessor upon request. The Commission granted a similar exemption to Trans Bay Cable, an affiliate of NEET West.³⁰

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

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

On May 14, 2024, LSPGC filed its Application of LS Power Grid California, LLC (U-247-E) For an Order Exempting Financing Transactions from Commission Authorization (A.24-05-005). In that Application, LSPGC asked the Commission to issue an order exempting LSPGC from Public Utilities Code sections 816–830 and 851 for purposes of financing transactions. As set forth in that Application, LSPGC is a transmission-only utility whose rates and terms and conditions of service are subject to the exclusive jurisdiction of FERC. LSPGC has no California retail customers nor any Commission-established rates. This requested exemption is consistent with similar orders granted by the Commission for Trans Bay Cable LLC and Horizon West Transmission, LLC, both of which are also transmission-only utilities without retail customers. This Application cited the Manning project as one of several transmission projects the CAISO authorized LSPGC to construct. This pending exemption Application is

²⁸ D.20-05-012, p. 7.

²⁹ D.18-09-030, pp. 48-49.

³⁰ D.20-05-012, pp. 7-8.

mentioned in this CPCN Application to advise the Commission of this exemption request. LSPGC does not seek action on this request in this proceeding.

XI. CONCLUSION

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

- Granting LSPGC a Certificate of Public Convenience and Necessity authorizing construction of the Project, as described in this Application and supporting documents;
- Certifying the environmental documents prepared in compliance with CEQA;
- Specifying a maximum reasonable and prudent cost for the Project no less than FERC's findings of the just and reasonable costs of the Project;
- Granting the exemptions requested in this Application;
- Authorizing Energy Division to approve requests by LSPGC for Project modifications that may be necessary during final engineering and construction, provided that Energy Division finds that the Project modifications will not result in a significant new environmental impact or a substantial increase in the severity of previously identified significant impacts; and
- Granting such other and further relief as the Commission deems just and reasonable.

Respectfully submitted this 28th day of June, 2024 at San Francisco, California.

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By Brian T. Cragg

Brian T. Cragg

Attorneys for LS Power Grid California, LLC

VERIFICATION

I, Douglas Mulvey, declare:

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

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

Executed this 27th day of June, 2024 in Chesterfield, Missouri.

A handwritten signature in blue ink, reading "Douglas Mulvey", is written over a horizontal line.

Douglas Mulvey
Vice President, Development
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