

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



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In the Matter of the Application of DCR  
TRANSMISSION, LLC for a Certificate of  
Public Convenience and Necessity for the Ten  
West Link Project

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**APPLICATION OF DCR TRANSMISSION, LLC FOR A  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
FOR THE TEN WEST LINK PROJECT**

**PUBLIC VERSION  
(Appendices D, J, and N Partially Redacted)**

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A. 16-10-\_\_\_\_\_  
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**APPLICATION OF DCR TRANSMISSION, LLC FOR A  
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FOR THE TEN WEST LINK PROJECT**

Pursuant to Sections 1001 and 1003, *et seq.*, of the California Public Utilities Code<sup>1</sup>, the California Public Utilities Commission’s (“Commission” or “CPUC”) General Order 131-D (“GO 131-D”), and the Commission’s Rules of Practice and Procedure (“Rules”), DCR Transmission, LLC (“DCRT”) respectfully files this Application (“Application”) requesting a Certificate of Public Convenience and Necessity (“CPCN”) for the Ten West Link Project (“Ten West” or “Project”).

**I. INTRODUCTION**

**A. Project Overview**

Ten West is a proposed 114-mile long 500 kilovolt (“kV”) series-compensated transmission project that was selected by the California Independent System Operator Corporation (“CAISO”) in the 2013-2014 Transmission Plan, attached as Appendix M.<sup>2</sup> Ten West, as proposed herein, would extend between the Delaney Substation in Tonopah, Arizona, and the existing Colorado River Substation west of Blythe, California. Of the Project’s approximately 114 miles, 97 miles are located in Arizona and 17 miles are located in California.

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<sup>1</sup> All references to statutes refer to the California Public Utilities Code, unless otherwise noted.

<sup>2</sup> The Project was identified in the CAISO 2013-2014 Transmission Plan as the Delaney-Colorado River transmission project. DCRT renamed it Ten West. See Appendix M, CAISO, *2013-2014 Transmission Plan* (July 16, 2014) at 2, also available at: [http://www.caiso.com/Documents/Board-Approved2013-2014TransmissionPlan\\_July162014.pdf](http://www.caiso.com/Documents/Board-Approved2013-2014TransmissionPlan_July162014.pdf).

The proposed route of Ten West largely follows the existing Devers-Palo Verde<sup>3</sup> (“DPV”) 500 kV transmission line and utilizes the established utility corridor.

The CAISO selected the Project due to the significant economic, reliability, and policy benefits that Ten West would provide to California ratepayers. In particular, the CAISO found that the Project would provide: “[s]ufficient economic benefits relative to the estimated cost of the project; [p]otential for policy benefits by increasing the deliverability of renewable generation from the Imperial Valley area; and, [r]eliability benefits by reducing the risk of potential overloading on key transmission paths following the loss of a major common corridor 500 kV import path to California.”<sup>4</sup>

The CAISO solicited bids for development of the Project through an open, competitive solicitation. The solicitation process was conducted by the CAISO in accordance with its tariff approved by the Federal Energy Regulatory Commission (“FERC”). In July 2015, the CAISO selected DCRT as the approved project sponsor for the Project. DCRT and CAISO subsequently entered into the Approved Project Sponsor Agreement (“APSA”), attached to this Application as confidential Appendix N, on December 1, 2015.<sup>5</sup> The APSA requires that the Project be placed into service no later than May 1, 2020. In order to meet this deadline, DCRT requests a final Commission decision approving the Ten West CPCN no later than February 2018. As the approved sponsor for Ten West, DCRT will develop, permit, design, finance, build, own, operate and maintain the Project in accordance with the CAISO tariff.

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<sup>3</sup> Southern California Edison has changed the name of Devers-Palo Verde 500 kV transmission line to the Colorado River-Palo Verde 500 kV transmission line.

<sup>4</sup> See Memorandum from Keith Casey, Vice President, Market & Infrastructure Development to ISO Board of Governors (July 8, 2014), *available at* <http://www.caiso.com/Documents/DecisionDelaney-ColoradoRiverTransmissionProject-Memo-July2014.pdf>.

<sup>5</sup> A redacted copy of Appendix N is included with the public version of the Application. Because Appendix N contains confidential and commercially sensitive information, an unredacted version of Appendix N is filed under seal.

Once constructed, Ten West will become part of the CAISO-controlled transmission system. DCRT will enter into necessary agreements to become a participating transmission owner within the CAISO and place its transmission assets under the CAISO's operational control. The costs of Ten West will be recovered solely through transmission rates as part of the CAISO's Transmission Access Charge ("TAC"), subject to FERC approval.

DCRT is a joint venture between Starwood Energy Group ("Starwood Energy") and Abengoa Transmission & Infrastructure, LLC ("ATI"). Starwood Energy, through its affiliates, is the managing member of DCRT with a 75% majority ownership interest. ATI holds a 25% minority ownership interest. In developing the Project, DCRT intends to utilize the resources and expertise of Starwood Energy and ATI. Accordingly, as part of Section X of this Application, DCRT requests exemptions from certain affiliate transaction rules that are inapplicable here. DCRT also requests exemptions from certain reporting requirements that are inapplicable here.

## **II. PROJECT DESCRIPTION AND OBJECTIVES**

### **A. Project Description**

Ten West is an approximately 114-mile, series-compensated 500 kV transmission line with a conductor capacity of approximately 3200 megawatts ("MW") between the Southern California Edison ("SCE")-owned Colorado River 500 kV substation and Arizona Public Services Company ("APS")-owned Delaney 500 kV substation, which is currently under construction.<sup>6</sup> The eastern terminus of Ten West will be at the Delaney Substation located north of the Palo Verde generating plant (and directly connected to the Palo Verde-Hassayampa Common Bus) and the western terminus will be at the 500 kV bus at the Colorado River

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<sup>6</sup> See Appendix M at 253-268.

Substation, located west of the Arizona-California border. A detailed map of the proposed Project route is provided in Appendix C. Once constructed and energized, the series-compensated Ten West transmission line, in combination with other existing and planned transmission infrastructure, will establish a desirable second contiguous 500 kV transmission connection from the Palo Verde trading hub in Arizona to the Devers substation in Southern California.

The Project includes the following major components: installation of a single 500 kV transmission circuit supported by a combination of self-supporting and guyed galvanized steel lattice towers, and a new series compensation substation, to be located near to the existing series compensation substation associated with DPV. A detailed description of Project facilities is provided in Appendix A.

## **B. Project Objectives**

The primary project objectives of Ten West are as follows:

- Construct an economically and technically feasible, series-compensated 500 kV transmission circuit with a conductor capacity of approximately 3200 MW between the Colorado River substation and the Delaney substation, subject to the cost containment, functional, technical and other requirements contained in the APSA.
- Complete construction and achieve commercial operation in advance of CAISO's required in-service date of May 1, 2020.
- Construct and operate the project in a safe, cost-effective manner, consistent with all applicable law, regulations and industry standards.

- Facilitate California utilities’ compliance with the Renewable Portfolio Standard (“RPS”) by:
  - increasing deliverability of renewable resources from Imperial Valley, and along the Project route; and,
  - enabling interconnection and delivery of new (and existing) cost-effective renewable generation in Arizona and California.
- Reduce costs to consumers and increase system efficiency by reducing congestion on the West of River (“WOR”) and East of River (“EOR”) transmission paths, delivering production and capacity cost savings, reducing transmission losses, increasing benefits of the Energy Imbalance Market (“EIM”), increasing competition and operational flexibility, deferring need for alternative transmission upgrades, and providing access to cost-effective renewable resources.
- Enhance reliability of the California and Arizona transmission grids.
- Minimize environmental impacts by utilizing existing utility corridors, roads and infrastructure wherever possible, thereby minimizing visual, environmental, cultural and other impacts.

In addition to these primary project objectives, the Project will provide direct and indirect economic benefits in Arizona and California in the form of jobs, business development and new tax revenues.<sup>7</sup>

### **III. SUPPORTING DOCUMENTS**

The following Appendices are attached to this Application:

#### **Appendix A: Description of Proposed Transmission Facilities**

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<sup>7</sup> See Appendix M at 260.



- Appendix B:** Project Schedule and Implementation Plan
- Appendix C:** Map of Proposed Project Location
- Appendix D:** Project Cost Estimates
- Appendix E:** Comparison with Alternative Routes
- Appendix F:** Preliminary Electric and Magnetic Fields Management Plan
- Appendix G:** Organizing Documents
- Appendix H:** List of Identifying Permits and Authorizations Required
- Appendix I:** Financial Statement of Ten West Link Project
- Appendix J:** Financial Ability and Financing Structure
- Appendix K:** Notice of Application for a CPCN for Ten West
- Appendix L:** Government Agency and Notification Position Statements
- Appendix M:** CAISO 2013-2014 Transmission Plan
- Appendix N:** Approved Project Sponsor Agreement
- Appendix O:** CAISO Letter

#### **IV. CPCN REQUIREMENTS UNDER GENERAL ORDER 131-D, SECTION IX.A**

- A. A Detailed Description of the Proposed Transmission Facilities, Including the Proposed Transmission Line Route and Alternative Routes, if any; Proposed Transmission Equipment, Such as Tower Design and Appearance, Heights, Conductor Sizes, Voltages, Capacities, Substations, Switchyards, Etc.; and a Proposed Schedule for Certification, and Commencement of Operation of the Facilities**

Pursuant to GO 131-D, Section IX(A)(1)(a) and CPUC Rule 3.1(a), DCRT has provided a detailed description of the proposed transmission facilities and equipment, which is attached as Appendix A. A preliminary schedule, including proposed dates for certification, right-of-way acquisition, construction, and commencement of operation is attached as Appendix B.

- B. A Map of Suitable Scale of the Proposed Routing Location Showing Details of the Right-of-Way in the Vicinity of Settled Areas, Parks, Recreational**

**Areas, Scenic Areas, and Existing Electrical Transmission Lines Within One Mile of the Proposed Route (Section IX.A.1.b).**

Pursuant to GO 131-D, Section IX(A)(1)(b), and CPUC Rule 3.1(c), DCRT provides a map of the Project route showing parks, recreation areas, and scenic areas, and existing transmission lines within one mile of the proposed route as Appendix C.

**C. A Statement of Facts and Reasons Why the Public Convenience and Necessity Require the Construction and Operation of the Proposed Transmission Facilities (Section IX.A.1.c).**

The Project was approved by the CAISO and identified in its 2013-2014 Transmission Plan.<sup>8</sup> Though the CAISO selected the Project as primarily economically-driven, it found that the Project would also provide significant reliability and policy benefits which are of potentially greater value than the Project's economic benefits.<sup>9</sup>

**1. Ten West Will Provide Economic Benefits to Ratepayers Within the CAISO-Controlled Grid.**

In the 2013-2014 Transmission Plan, the CAISO found that the Project would provide economic benefits in excess of estimated costs, before consideration of any additional reliability or policy benefits.<sup>10</sup> Economic benefits considered in the CAISO's analysis included congestion relief, production cost savings, reduced transmission losses, and capacity cost savings.<sup>11</sup> The CAISO noted that the line would provide "more direct access to efficient generation at Palo Verde Trading Hub and APS system" and that the line will provide additional benefits during transmission outages by providing "uninterrupted access to the Palo Verde hub."<sup>12</sup> The CAISO further found that "[s]ensitivity analyses also showed economic benefits under a majority of

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<sup>8</sup> Appendix M at 2.

<sup>9</sup> *Id.* at 260.

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

<sup>11</sup> *Id.* at 253-268.

<sup>12</sup> *Id.* at 255.

assumptions and uncertainties.”<sup>13</sup> Additionally, the CAISO noted that the Project would provide additional benefits as a result of “a more competitive California marketplace,” explaining that “[i]ncreased competition generally causes market prices to be lower.”<sup>14</sup> Overall, the CAISO concluded that the Project’s benefit-cost ratio, based on economic benefits alone, ranged from 0.87 to 1.17, depending on simulation assumptions.<sup>15</sup>

The 2013-2014 Transmission Plan likely understates certain economic benefits provided by the Project. For example, the CAISO’s most recent Market Issues and Performance report determined that total cost of congestion across the WOR and EOR paths (including the Palo Verde, North Gila, and Mead interties) for 2013 through 2015 ranged from \$14 million/year to \$38 million/year.<sup>16</sup> This congestion is caused in part by transmission outages that are reducing the path ratings and the associated scheduling limits on each of the interties, neither of which are accounted for in the CAISO’s standard transmission planning models. The Project will help accommodate higher flows and scheduling limits and thus reduce congestion experienced on the CAISO interties. This benefit will be increased further due to the CAISO’s flow mitigation effort on the North Gila to San Diego elements of the EOR and WOR paths that will shift power flows to the northern segments of these paths, including incremental capacity provided by the Project.

Finally, the Project will increase the benefits of the EIM, which Arizona Public Service is scheduled to join in October 2016, by providing increased transfer capabilities between the CAISO and APS systems. In the event that California and neighboring states elect to form a

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<sup>13</sup> *Id.*

<sup>14</sup> *Id.* at 260.

<sup>15</sup> *Id.* at 267.

<sup>16</sup> CAISO, Market Issues and Performance, Table 8.1, at 166, *available at* <http://caiso.com/Documents/2015AnnualReportonMarketIssuesandPerformance.pdf>

Regional Transmission Organization (“RTO”), which is presently under consideration, Ten West would serve as an important component of the Western RTO grid by increasing efficiency and promoting reliability.

## 2. Ten West Will Advance California’s Public Policy Goals.

The Project will help California achieve its public policy goals by facilitating compliance with the RPS. In its 2013-2014 Transmission Plan, the CAISO determined that the Project had potential to provide significant public policy benefits. Specifically, the CAISO found that the Project, together with addition of the 300 Mega-VAR (“MVAR”) Static VAR Compensator (“SVC”) facility at the Suncrest Substation, would relieve a deliverability constraint affecting renewable electricity generating facilities located in the Imperial Valley zone.<sup>17</sup>

The Imperial Valley Zone has been identified as a “focus area” in California’s current Renewable Energy Transmission Initiative (“RETI”) 2.0 process.<sup>18</sup> In the RETI 2.0 analysis, the technical potential for solar capacity in the Imperial Valley (132,000 MW) is the largest of any Competitive Renewable Energy Zone (“CREZ”) and about 50% larger than the second-largest CREZ region (Tehachapi, with 90,700 MW of technical potential).<sup>19</sup> Despite its importance, the Imperial Valley has significantly less transmission capacity available (1,849 MW) compared to Tehachapi (4,500 MW) and Riverside East (4,800 MW).<sup>20</sup>

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<sup>17</sup> See Appendix M at 202, 207. (“With SONGS retired no additional renewable generation can be made deliverable in the Imperial zone until considering the reliability mitigations being proposed in this transmission plan. Adding the flow control device would result in accommodating 800 MW of Imperial zone renewable generation. Adding the Delaney-Colorado River 500 kV project would increase the deliverable amount to 1000 MW.”)

<sup>18</sup> See “Presentation - Transmission Assessment Focus Areas Introduction, Proposed List, and Next Steps by RETI Management Team 5-2-16, California Energy Commission Staff” (April 29, 2016), Docket Number 15-RETI-02: [http://docketpublic.energy.ca.gov/PublicDocuments/15-RETI-02/TN211306\\_20160429T144405\\_5216\\_Presentation\\_by\\_RETI\\_Management\\_Team.pdf](http://docketpublic.energy.ca.gov/PublicDocuments/15-RETI-02/TN211306_20160429T144405_5216_Presentation_by_RETI_Management_Team.pdf) (last visited September 9, 2016).

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

The CAISO's 2014-2015 transmission planning study notes that even assuming the Ten West Link is built, "significant transmission enhancements will be needed to accommodate the entire 2,500 MW of portfolio generation modeled in the Imperial zone."<sup>21</sup> Therefore, not building the Ten West Link and removing it from the CAISO's planning assumptions would be a step back and would exacerbate the need for new transmission in the Imperial Valley zone to access significant renewable potential in this region.

The CAISO indicated that the value of facilitating increased deliverability of renewables from the Imperial Valley was likely greater than the value of the economic capacity benefits, explaining that:

Utilizing the benefits of the [Project] to increase deliverability from the Imperial Valley zone may result in trading off to some extent the capacity benefits quantified in this analysis. In addition, this use would presumably be considered of higher value for that to occur, which would therefore result in a higher overall benefit than attributed through the analysis examining conventional resource alternatives.<sup>22</sup>

In addition to facilitating the deliverability of renewables from Imperial Valley, Ten West will allow for interconnection and deliverability of additional new renewable generation along its route and the northern portion of the WOR path by reducing existing flows between Eldorado and Lugo.<sup>23</sup>

Ten West will provide direct access to attractive solar resource zones in western Arizona and California, where solar generation development has stifled due to lack of transmission system infrastructure. Presently, and notwithstanding the early stage of the Project's development process, at least one solar photovoltaic project, with a capacity of

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<sup>21</sup> See Appendix M at 266.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 254.

310 MW, has requested interconnection to Ten West.<sup>24</sup> The CPUC has recognized that renewable generator interconnection requests can be an indicator of need for transmission projects serving renewable generation.<sup>25</sup> DCRT anticipates additional renewable generation interconnection requests over the coming year. Ten West's transmission capacity will be critical to development of new solar projects in the BLM-designated Solar Energy Zone in Brenda, Arizona and the La Paz County Solar Park.<sup>26</sup>

### **3. Ten West Will Enhance Reliability.**

The CAISO has found that the Project would provide reliability benefits by mitigating overloads on Marketplace-Adelanto 500 kV line and reducing the loading on Victorville-Lugo 500 kV during the common corridor outage of the Lugo-Mohave and Lugo-Eldorado 500 kV lines.<sup>27</sup> By providing additional flexibility within the regional and interregional transmission systems, Ten West will also enhance regional reliability in both California and Arizona.

### **4. Ten West's Economic, Policy, and Reliability Benefits Demonstrate Public Convenience and Need.**

Since the adoption of the 2013-2014 Transmission Plan, there have been significant events increasing the need for the Project, including (i) an increase of the California RPS mandate from 33% to 50% by 2030 and (ii) the CAISO's introduction of the regional Energy Imbalance Market. In a letter dated September 6, 2016, attached to this Application as Appendix Q, the CAISO reiterated its earlier findings regarding the need for the Project and stated that "the

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<sup>24</sup> CAISO Generator Interconnection Queue, ISO index # 1296, *available at*: <https://rimspub.caiso.com/rim5/logon.do> (last visited September 30, 2016).

<sup>25</sup> *See* D. 10-12-052, at 27 (Cal. Public Utilities Commission, December 16, 2010)

<sup>26</sup> Information about the Brenda, Arizona Solar Energy Zone is available at: <http://blmsolar.anl.gov/sez/az/brenda/> (last visited September 27, 2016).

<sup>27</sup> Appendix M at 265.

ISO remains confident that the project as defined in the plan will provide significant advantages and value to ratepayers in the ISO footprint.” DCRT will provide additional detail regarding expected benefits in its opening testimony, which it proposes to file in January 2017.

The significant economic, policy and reliability benefits described above, and in the CAISO’s 2013-2014 Transmission Plan, demonstrate that the Project will serve the public convenience and need. Accordingly, DCRT’s request for a CPCN for Ten West is justified under Section 1001. Additionally, because Ten West will facilitate compliance with the RPS, authorization for a CPCN is separately and alternatively justified under Section 399.2.5.<sup>28</sup>

#### **D. Project Costs**

##### **1. A Detailed Statement of the Estimated Cost of the Proposed Facilities (Section IX.A.1.d).**

DCRT estimates that the total capital cost of the Project, including interconnection costs, is \$279,560,483.<sup>29</sup> A detailed Project Cost Estimate is included in confidential Appendix D. Under the APSA, project capital costs, excluding certain interconnection facilities costs, may not exceed approximately \$242 million, subject to certain exemptions and exceptions.<sup>30</sup> Because the Project Cost Estimate contains confidential and commercially sensitive information, DCRT is filing, concurrent with this Application, a motion for leave to file confidential Appendix D under seal.

##### **2. Maximum Reasonable and Prudent Cost (Section 1005.5).**

Section 1005.5 requires that the Commission specify, for projects costing in excess of \$50 million, a maximum cost determined to be reasonable and prudent for the facility. The

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<sup>28</sup> Section 399.2.5 states the construction of new transmission facilities is necessary to the provision of electric service if the Commission finds the new facility is necessary to facilitate achievement of California’s renewable portfolio standard.

<sup>29</sup> Project costs are in 2020 dollars.

<sup>30</sup> See Appendix N.

Commission may increase the maximum cost after issuance of the CPCN if it finds and determines that costs have, in fact, increased and that the present and future public convenience and necessity require construction of the project at the increased cost.<sup>31</sup>

DCRT requests that the Commission adopt a maximum cost estimate consistent with the specific cost elements and scope presented in Appendix D. DCRT further requests that the maximum cost estimate adopted by the Commission be no lower than the total cost estimate reflected in Appendix D and that the Commission authorize DCRT to seek any adjustments to the estimate through the advice letter process.

**E. Reasons for Adoption of Route Selected, Including Comparison With Alternative Routes, Including the Advantages and Disadvantages of Each (Section IX.A.1.e).**

Section IX(A)(1)(e) of GO 131-D requires applicants to state reasons for adoption of the route selected, including comparison with alternative routes, including the advantages and disadvantages of each. The proposed route, alternatives currently under consideration, and a table summarizing the advantages and disadvantages of each alternative are attached as Appendix E.

DCRT selected the proposed route because it utilizes Bureau of Land Management (“BLM”)-designated utility corridors and largely follows the existing DPV transmission line, thereby minimizing the Project’s environmental and visual impacts. By utilizing existing transmission infrastructure, such as service roads for construction and maintenance, the proposed route would minimize the Project’s environmental footprint and costs. The proposed Project route also avoids population centers, residential areas, schools, and hospitals. Finally, by

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<sup>31</sup> Section 1005.5(b).



following the existing DPV transmission line, the proposed route limits the likelihood of public opposition.

The proposed route also complies with best utility practices for transmission siting by: co-locating in or adjacent to an existing transmission corridor when possible; taking advantage of other existing energy or utility corridors (e.g. West-Wide Corridor 30-52 or pipeline corridors) when an existing transmission corridor is not available; following existing roads and property boundaries (not crossing parcels at diagonals) when corridors are not available; minimizing the building of new access roads; avoiding siting new lines in highly populated/congested areas; minimizing total line mileage; and avoiding or minimizing the overall environmental footprint and potential effects on resources through effective siting.

**F. A Schedule Showing the Program of Right-of-Way Acquisition and Construction (Section IX.A.1.f).**

Pursuant to GO 131-D, Section IX(A)(1)(f), DCRT provides a preliminary schedule for construction and right-of-way acquisition activities in Appendix B. Construction is expected to begin in September 2018. DCRT anticipates completing construction of the Project by May 2020. Any changes to this schedule would require CAISO's consent and modification of the APSA.

**G. A Listing of Government Agencies with Which Proposed Route Reviews Have Been Undertaken, Including a Written Agency Response to the Applicant's Written Request for a Brief Position Statement by the Agency (Section IX.A.1.g).**

Pursuant to GO 131-D, Section IX(A)(1)(g), a list of government agencies with which DCRT has reviewed the proposed Project, and the results of such discussions, is attached as Appendix L.

**V. CPCN REQUIREMENTS UNDER GENERAL ORDER 131-D, SECTION X**

**A. Electric and Magnetic Field Reduction Measures (Section X.A)**

GO 131-D, Section X(A) requires DCRT to provide information regarding the measures taken or proposed by DCRT to reduce the potential for exposure to electric and magnetic fields (“EMF”) generated by the Project. A Field Management Plan for the Project is attached to this Application as Appendix F.

**VI. CEQA COMPLIANCE AND MINOR MODIFICATIONS IN PROJECT DESIGN**

**A. CEQA (Section IX.A.1.h).**

GO 131-D, Section IX, and CPUC Rule 2.4 require that the Project comply with the Californian Environmental Quality Act (“CEQA”). BLM, in coordination with the CPUC, is currently preparing an environmental impact statement (“EIS”) that will meet the requirements of both the National Environmental Policy Act (“NEPA”) and CEQA, in accordance with CEQA Guideline Section 15221. Accordingly, the CPUC will not be preparing a separate Environmental Impact Report (“EIR”). CPUC staff is coordinating with BLM in preparation of the EIS to ensure that it includes all information required under CEQA. At present, it is anticipated that a draft EIS will issue in April 2017. A public review period for the Draft EIS will take place from April through July 2017, including public meetings during which members of the public may meet with BLM and the CPUC and provide comments on the Draft EIS that will become part of the public record. Comments on the Draft EIS will be incorporated into the Final EIS, which is anticipated in December 2017. In February 2018, BLM will prepare the Record of Decision, which will present BLM’s final determination on the Project. In accordance with the interagency Memorandum of Understanding between the BLM and CPUC, the CPUC will adopt the EIS in place of an EIR, provided that it complies with CEQA requirements.

In light of this process, DCRT is requesting, in a concurrently filed motion, that the Commission waive the requirement, under Rule 2.4 and GO 131-D, that DCRT provide a Proponent's Environmental Assessment ("PEA") as part of the Application. The draft EIS, which BLM is expected to issue in April 2017, will include the information that would have been provided in the PEA.

In addition to environmental review process under NEPA and CEQA, DCRT is subject to review in Arizona. The Arizona Corporation Commission ("ACC") is responsible for environmental review of the segments of the Project located on Arizona lands through the Certificate of Environmental Compatibility ("CEC") process. The ACC will vote on the CEC for the Project following review of the Project by the Arizona Power Plant and Transmission Line Siting Committee, the entity charged by statute to hold an initial hearing on DCRT's CEC application and provide a recommendation to the ACC as to whether the CEC should be approved or denied.

To avoid incurring significant costs before the Commission approves the Project, final engineering will be performed after the Commission has completed its CEQA review and approved the Project or an alternative thereto. Final engineering sometimes results in minor modifications to the project design. Under CEQA Guideline Section 15162(a), a supplemental EIR is required if the lead agency determines that "[s]ubstantial changes are proposed in the project which will require major revisions of the proposed EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects."

DCRT requests that in issuing any CPCN approval, the Commission explicitly order that the Energy Division be authorized to determine whether a minor project modification would

result in new significant environmental effects or a substantial increase in the severity of previously identified significant effects. If a proposed change to the approved project would result in new significant environmental effects or a substantial increase in the severity of previously identified significant effects, then the Energy Division would determine that a Petition for Modification of the Commission Decision granting the CPCN must be filed, and a supplemental CEQA document must be prepared if the proposed change is pursued. If a proposed change to the approved project would not result in new significant environmental effects or a substantial increase in the severity of previously identified significant effects, then the Energy Division should be authorized by the Commission's CPCN Decision to grant any requested minor project modification required during final engineering and construction.

## **VII. STATUTORY AND PROCEDURAL REQUIREMENTS**

### **A. The Applicant (Rule 2.1(a)).**

DCRT is a limited liability company organized under the laws of Delaware. Its principal place of business is 5 Greenwich Office Park, 2<sup>nd</sup> Floor, Greenwich, Connecticut, 06831. DCRT is a joint venture between Starwood Energy and ATI: Starwood Energy is the managing member of DCRT with a 75% majority ownership interest and ATI holds a 25% minority ownership interest.

Starwood Energy, an affiliate of private real estate investment firm Starwood Capital Group, specializes in energy infrastructure investments, with a focus on the transmission, renewable power generation, and natural gas sectors. Through its general opportunity funds and other affiliated investment vehicles, Starwood Energy manages total equity commitments in excess of \$2 billion, and has executed transactions totaling more than \$4 billion in enterprise

value. The Starwood Energy team brings extensive development, construction, operations, acquisition and financing expertise to its investments.

Starwood Energy has developed, constructed, and owned two major transmission projects: the Neptune Regional Transmission System, a 65-mile, 660 MW undersea transmission power cable connecting Long Island to New Jersey; and Hudson Transmission Partners, an 8-mile, 660 MW undersea transmission power cable connecting New Jersey to New York City. Both lines were completed under budget and ahead of schedule. Starwood Energy also owns minority interests in the 202-mile, 1,296 MW Mead-Adelanto Project and 256-mile, 1,900 MW Mead Phoenix Project transmission lines in California, Arizona, and Nevada. In addition to transmission, Starwood Energy has developed and constructed 1 gigawatt of wind generation in Texas, 120 MW of gas generation in California, and 70 MW of solar generation in Ontario, Canada. Starwood Energy's total investments include 65 MW biomass, 940 MW of wind generation, and 1.8 GW of gas generation, including current ownership of two 50 MW gas projects in California, as well as investments in energy storage platforms.

ATI, a wholly-owned subsidiary of Abengoa S.A. ("Abengoa"), has built six high voltage transmission projects in the United States, two of which are located in Arizona and California. In Arizona, ATI built and brought in service a 230kV 20-mile tie-in and substation in Gila Bend, Arizona, for Arizona Solar One, LLC. Arizona Solar One LLC, an affiliate of ATI, owns the 250 MW Solana Power Plant, a parabolic trough solar power generation facility located in Gila Bend, Arizona. In California, ATI has built a 20-mile 230kV transmission line and upgraded a substation for the Path 42 project for the Imperial Irrigation District (IID). ATI also was part of the team that constructed the Mohave Power Plant, a 250MW solar plant currently in operation and located in California.

**B. Service (Rule 2.1(b)).**

Correspondence and communications with regard to this Application should be addressed to the following DCRT representatives:

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**C. Categorization of Proceedings and Need for Hearings (Rule 2.1(c)).**

Pursuant to CPUC Rule 2.1(c), the Application must contain: “The proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule. (See Article 7.) The proposed schedule shall be consistent with the proposed category, including a deadline for resolving the proceeding within 12 months or less (adjudicatory proceeding) or 18 months or less (ratesetting or quasi-legislative proceeding).” CPUC Rule 7.1(e) provides: “When a proceeding does not clearly fit into any of the categories as defined in Rules 1.3(a), (d), and (e), the proceeding will be conducted under the rules applicable to the ratesetting category unless and until the Commission determines that the rules applicable to one of the other categories, or some hybrid of the rules, are best suited to the proceeding.”

Pursuant to Rule 7.1(e)(2), and consistent with categorization in similar CPCN proceedings, DCRT proposes that this Application be categorized as a “ratesetting” proceeding. The issues to be considered in this proceeding are: (i) whether the Project serves a present or future convenience and need and meets the requirements set forth in Section 1001 *et seq.*; (ii) whether the Project is necessary to facilitate compliance with the RPS under Section 399.2.5; and, (iii) whether to grant exemptions from specified affiliate transactions rules and reporting requirements.

DCRT anticipates that hearings will be necessary for this proceeding. DCRT proposes a schedule for the proceeding, below, that allows for evidentiary hearings on issues related to project need in advance of issuance of the draft EIS. A final Commission decision by February 2018 is necessary for Ten West achieve the May 2020 in-service date provided for in the APSA.

Procedural Event	Proposed Date
CPCN Application Submitted	October 11, 2016
Public Notice of Filing of the Application	October 21, 2016
CPUC Deems Application Accepted as Complete	October 24, 2016
Last Day for Responses and Protests	November 14, 2016
Replies to Protests Due	November 21, 2016
Prehearing Conference	December 5, 2016
Opening Testimony (Applicant)	January 4, 2017
Opening Testimony (Intervenors)	January 18, 2017
Rebuttal Testimony (Concurrent)	January 31, 2017
Evidentiary Hearings	February 21-24, 2017
Draft EIS Completed	April 2017
Opening Briefs	April 13, 2017
Reply Briefs	April 21, 2017
Final EIS Completed	December 2017
Proposed Commission Decision	January 2018
Final Commission Decision	February 2018



**D. Organization and Qualification to Transact Business in California (Rule 2.2).**

Pursuant to CPUC Rule 2.2, DCRT, as project applicant, is required to submit a copy of its organizing documents and evidence of the applicant's qualification to transact business in California. Corporate registrations for DCRT, on file with the California State Department and County of Riverside, are attached as Appendix G.

**E. Financial Statements (Rule 2.3).**

In accordance with CPUC Rule 2.3, financial statements for DCRT are provided in Appendix I. Because DCRT was formed for the purposes of developing Ten West and does not yet have significant assets or income, much of the information required under Rule 2.3 is either inapplicable or unavailable.

**F. Fees for Recovery of Costs of Preparing EIR (Rule 2.5).**

CPUC Rule 2.5 requires that an applicant includes a deposit, to be applied to the costs the Commission incurs to prepare a negative declaration or an environmental impact report, when the Commission is acting as the lead agency pursuant to CEQA. Pursuant to Rule 2.5, DCRT has calculated the total deposit to be \$221,780. Rule 2.5 additionally provides: "Proponent shall pay the applicable deposit in progressive payments due as follows: One-third of the deposit at the time the application or pleading is filed, an additional one-third no later than 120 days after the time the application or pleading is filed, and the remaining one-third no later than 180 days after the time the application or pleading is filed." Therefore, DCRT has provided with this Application a check payable to the Commission in the amount of \$73,926.66, or one-third of the total deposit.

**G. Competing Utilities (Rule 3.1(b)).**

CPUC Rule 3.1(b) requires applicants for CPCNs to identify all utilities, corporations, persons, or other entities with which the proposed construction is likely to compete, and the cities or counties within which service will be rendered. DCRT was selected by CAISO through a competitive solicitation process to develop, permit, finance, construct, own, operate, and maintain the Project as a participating transmission owner in accordance with the CAISO tariff. Accordingly, Ten West will be operated as part of the CAISO-controlled transmission system and will not compete with any other utilities, corporations, person, or entities. While a portion of the Project will be located geographically within SCE's service area, neither SCE nor any other utility, corporation, or person will compete with the Project. The Project will not provide service within any particular city or county, except as part of the CAISO-controlled transmission system.

**H. Required Permits (Rule 3.1(d)).**

Appendix H identifies the permits the Project may be required to obtain from federal, state and local agencies for construction and operation of the Project.

**I. Financial Ability (Rule 3.1(g)).**

CPUC Rule 3.1(g) requires that applications for CPCN include: “[s]tatements or exhibits showing the financial ability of the applicants to render the proposed service together with information regarding the manner in which applicant proposes to finance the cost of the proposed construction or extension.” DCRT will be relying on the financial resources of its controlling member, Starwood Energy, in order to demonstrate its financial ability to carry out the project.

Starwood Energy manages total equity commitments in excess of \$2 billion, and has executed transactions totaling more than \$4 billion in enterprise value. The Starwood Energy team brings extensive development, construction, operations, acquisition and financing expertise

to its investments. In June 2008, Starwood Energy Infrastructure Fund, LP (“SEIF I”) closed with total capital commitments of \$433 million.<sup>32</sup> SEIF I has been fully invested across 16 investments. In December 2013, Starwood Energy Infrastructure Fund II (“SEIF II”) closed with total capital commitments of \$983 million.<sup>33</sup> Detailed information regarding the financial statements of DCRT, along with details regarding DCRT’s financial ability and the anticipated financing structure of Ten West, is attached as Appendix I and confidential Appendix J, respectively. Because the financing structure of Ten West contains confidential and commercially sensitive information, DCRT is filing, concurrent with this Application, a motion for leave to file confidential Appendix J under seal.

**J. Proposed Rates for the Project (Rule 3.1(h)).**

CPUC Rule 3.1(h) asks for a “statement of the proposed rates to be charged for service to be rendered by means of such construction or extension.” A rate schedule will not be prepared for the Project because DCRT will recover its costs plus a reasonable rate of return through the CAISO TAC, subject to FERC review and approval.

**K. Public Notice**

Pursuant to GO 131-D, Section XI.A, notice of this Application will be given within 10 days of filing the Application by mail, by advertisement, and by posting: (1) to agencies and governmental entities identified in GO 131-D; (2) to owners of property located on or within 300 feet of the project area; (3) by advertisement in a newspaper or newspapers of general circulation; and (4) by posting a notice on-site and off-site at the project location. DCRT has

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<sup>32</sup> Starwood Energy Group Global Closes First Fund at \$433 million, PR Newswire (Jun. 20, 2008) *available at*: <http://www.prnewswire.com/news-releases/starwood-energy-group-global-closes-first-fund-at-433-million-57512922.html>

<sup>33</sup> Starwood Capital Group Closes Second Starwood Energy Fund Above Target (Jan. 7, 2014), *available at*: <http://www.prnewswire.com/news-releases/starwood-capital-group-closes-second-starwood-energy-fund-above-target-239043161.html>

given, or will give, proper notice within the time limits prescribed by GO 131-D. A draft form of notice is attached as Appendix K.

### **VIII. PUBLIC UTILITIES CODE SECTION 1003**

#### **A. Project Implementation Plan (Public Utilities Code Section 1003(b) and (e)).**

In accordance with Public Utilities Code section 1003, DCRT has included a Project Implementation Plan (“Plan”), at Appendix B.

#### **B. Cost Estimate (Public Utilities Code Section 1003(c)).**

A cost estimate for the Project is provided in Appendix D and discussed at Section IV(D), above.

#### **C. Preliminary Engineering and Design Information (Public Utilities Section 1003(a)).**

Preliminary engineering and design information is provided in Appendix A.

### **IX. PUBLIC UTILITIES CODE SECTION 1002**

#### **A. Community Values**

As noted in Section IV(C) of this Application, the Project will provide economic benefits to California ratepayers, advance California’s policy goals, and promote regional reliability. The Project will provide secondary economic benefits for communities near the project in the form of increased development, jobs and tax revenue.

DCRT considered community benefits and values in designing the Project. The Project’s proposed route was selected over other alternatives because it: (1) is located predominately within previously disturbed areas following along the existing DPV corridor and existing public rights-of-way, thereby minimizing impacts to the community, natural habitats, sensitive species, and other environmental resources; (2) minimizes acquisition of private property, and (3) utilizes BLM-designated utility and energy corridors.

DCRT recognizes that any new construction may result in temporary disruptions to the communities located along the transmission line route. For this reason, DCRT is committed to working closely with interested communities to identify and address any potential concerns.

DCRT has already implemented an extensive public outreach effort for the Project to ensure that local communities have access to accurate information about Ten West and have opportunities to provide constructive input early and throughout the planning process. These efforts have included outreach to federal and state agencies that have jurisdiction over the Project; federal, state and local elected officials within the districts and municipalities near the Project; community and business leaders; and the public through four public open houses and many additional outreach meetings. Ten West's outreach and community participation efforts are ongoing and will continue during the Commission's review of the CPCN. The Ten West website, [www.TenWestLink.com](http://www.TenWestLink.com), is up-to-date with Project information, and members of the public can provide comments by email at [info@TenWestLink.com](mailto:info@TenWestLink.com) or by phone at (844) Ten-West [(844)-836-9378].

## **B. Recreational and Park Areas**

DCRT took recreational and park areas into consideration in selecting the proposed route. As described above, the Project will utilize ROW and utility corridors occupied by the existing DPV line. While there are some parks within the vicinity of the Project's California segment, as shown in Appendix C, the presence of the existing DPV line means that there are already extensive overhead electric transmission facilities.

Impacts on parks and recreational areas will also be considered as part of the environmental review process. To the degree that the EIS finds that such areas are impacted, it may recommend mitigation measures.

### **C. Historical and Aesthetic Values**

DCRT considered historical and aesthetic values in designing the Project and selecting the proposed route. Siting the Project adjacent to the existing DPV line, will minimize new visual impacts and reduce the risk of disturbing historical or cultural resources. Facilities will be designed to blend in with nearby development, existing DPV transmission line towers, and landscaping. There will be some temporary, construction-related visual impacts from the presence of equipment, materials, and work crews along the Project route.

DCRT intends to avoid any historical or cultural resources within the area of potential effect during construction. Nonetheless, ground disturbance associated with construction of the Project has the potential to uncover and potentially damage unknown resources during construction. Accordingly, DCRT is studying a corridor wide enough to permit flexibility in final tower placement that may be necessary to avoid any cultural sites identified during preconstruction surveys.

In addition, cultural and visual impacts will be fully considered and evaluated in the course of the environmental review process. DCRT will adopt any mitigation measures that may be necessary to mitigate impacts, to the extent feasible.

### **D. Influence on Environment**

Environmental impacts will be considered and addressed in the course of the CEQA/NEPA environmental review process. The EIS will identify impacts, consider feasibility of alternatives, and recommend mitigation measures.

## **X. REQUEST FOR EXEMPTIONS**

### **A. Affiliate Rules**

The CPUC has established affiliate transaction rules applicable to public utility electrical corporations with operating revenues in California less than one billion dollars or more. DCRT's gross annual operating revenues in California are not expected to equal or exceed one billion dollars. Therefore, DCRT would be subject to the rules applicable to utilities with operating revenue less than one billion dollars. As part of this Application, and as set forth below, DCRT requests exemptions from certain affiliate transaction rules that will apply to it as a public utility.

Subject to the Commission's approval, DCRT intends to utilize resources, personnel, and facilities of its affiliates Starwood Energy and ATI in order to facilitate the most cost-effective financing, development, construction, ownership, operation, and maintenance of Ten West. Specifically, DCRT intends to utilize resources and support of Starwood Energy and ATI for financing, development and planning, environmental, engineering, and construction services. DCRT also proposes to rely on Starwood Energy and ATI affiliate support for necessary corporate support services, such as "payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment policies), employee records, regulatory affairs, lobbying, legal, [and ] pension management."<sup>34</sup>

In addition to the services identified in the Affiliate Transaction rules, DCRT also intends to rely on its affiliates for information technology, compliance, business management and planning, treasury, integrated supply chain procurement, project management, and corporate oversight and management.

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<sup>34</sup> An energy utility and its affiliates may share these corporate support services in accordance with the affiliate transaction rules. *Affiliate Transactions Rules, Appendix A, Rule V.E.*, D. 98-08-035 (Cal. Pub. Utilities Commission, August 6, 1998).

Section V.C. of the affiliate transaction rules requires that: “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 affiliate transaction rules also prohibits a utility from sharing with its affiliates support services in the areas of engineering and system operations, among other prohibited areas. DCRT respectfully requests exemption from Section V.C. and Section V.E. of the affiliate transaction rules, in order to permit the Project to utilize the expertise and resources of DCRT’s affiliates, including: (i) development support from Starwood Energy and ATI; (ii) development, planning, engineering, and construction support from Starwood Energy and ATI affiliates; (iii) certain corporate support services from various Starwood Energy and ATI affiliates, whose services might not otherwise be expressly permitted under Section V.E. of the affiliate transaction rules, such as information technology, compliance, business management and planning, treasury, integrated supply chain procurement, and corporate real estate; and (iv) oversight by shared corporate officers.

Section V.G. of the affiliate transaction rules provides that, except with regard to certain corporate support functions specifically permitted under Section V.E. (which section does not allow the sharing of services with regard to engineering and systems operations):

[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) . . . .

As described above, DCRT accesses shared services (including engineering and systems operations services) from its affiliates. Additionally, certain corporate officers who perform oversight activities for DCRT’s transmission assets perform similar oversight activities for



DCRT's affiliates, and certain officers with engineering duties are employed by an affiliate and work as shared service employees for DCRT. In order to permit DCRT to continue this approach after public utility status has been obtained, DCRT respectfully requests exemption from Section V.G. of the affiliate transaction rules.

The Commission's grant of these exemptions to DCRT would not undermine the objectives of the affiliate transaction rules. In Decision 97-12-088, the Commission explained that the objectives guiding its formation of the affiliate rules were fostering competition and protecting consumer interests.<sup>35</sup> These objectives have already been addressed through the competitive solicitation process by which DCRT was selected by the CAISO as the Approved Project Sponsor for Ten West. Ten West will be part of the CAISO-controlled transmission system that is open to use by transmission customers through the CAISO tariff. DCRT will not compete with any other utilities, corporations, persons, or entities in connection with Ten West, and Ten West will be used by all users of the CAISO-controlled transmission system.

With respect to the Commission's objective to protect consumers, consumer interests will not be harmed by waiver of the affiliate transaction rules in this instance. DCRT will not serve retail customers in California and, as part of the CAISO controlled transmission grid, will be operated in accordance with the CAISO's tariff. In addition, DCRT will recover its costs exclusively through the CAISO TAC subject to FERC's review and approval.<sup>36</sup>

For the foregoing reasons, the Commission's concerns with regard to fostering competition would not be hindered by exempting DCRT from Section V.C., Section V.E., and Section V.G. of the affiliate transaction rules.

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<sup>35</sup> *Opinion Adopting Standards of Conduct Governing Relationships Between Utilities and their Affiliates*, D.97-12-088 at 9 (Cal. Pub. Utilities Commission, Dec. 16, 1997).

<sup>36</sup> DCRT may recover costs for fiber optic facilities not needed for operation of Ten West by leasing such facilities to third parties.

Finally, to the extent that the Commission has granted other exemptions of the affiliate transaction rules to other similarly situated public utilities in California, DCRT requests that it be granted the same exemptions.

## **B. Reporting Requirements**

DCRT also requests exemptions from certain reporting requirements that are not necessary for a public utility that is subject to (i) rate regulation by FERC, and (ii) very strict restrictions on the costs that may be recovered in its TAC. Specifically, DCRT requests exemptions from General Order (“GO”) 65-A, General Order 77-K, and General Order 104-A.

General Order 65-A requires that utilities submit “each financial statement prepared in the normal course of business” and the annual report and other financial statements issued to stockholders. Although this documentation provides useful oversight of the operations of utilities subject to the Commission’s rate authority, they are not warranted in the case of DCRT, because: (i) DCRT will recover costs solely through the TAC, subject to FERC review and approval, and (ii) capital costs of the Project are subject to cost containment provisions under the APSA, subject to certain exclusions. As the Commission is not performing a ratemaking function with regard to DCRT, the objectives served by GO 65-A are inapplicable in this case and should be waived.

General Order 77-M<sup>37</sup> requires submission of data on the compensation of officers and employees, dues and donations, and legal fees. The primary purpose of GO 77-M is to assist the Commission in setting utilities’ rates.<sup>38</sup> The Commission has noted that it considers GO 77-M a

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<sup>37</sup> GO 77 was first established by the Commission in 1927 and amended over the years, most recently in 1986 (GO 77-K), 2003 (GO 77-L), and 2006 (GO 77-M).

<sup>38</sup> *Joint Application of Citizens Telecommunications Co. of California Inc. d/b/a Frontier Comm’ns of California, Surewest Tel., & Verizon California Inc. to Exempt Unif. Regulatory Framework Illecs from Gen. Order 77-M.*, 11-02-003, 2012 WL 5879627 (Cal. Pub. Utilities Commission, Nov. 8, 2012).

tool to discover and investigate potential consumer abuses—“the information in GO 77-M can provide information leading to resolution of the questions of salary comparability and cross-subsidization, which can, in turn, assist the Commission in ensuring reasonable rates.”<sup>39</sup> GO 77-M’s disclosure requirements are reasonable where the Commission has rate regulation authority over a public utility. But where, as here, the Commission does not have jurisdiction over a utility’s rates, the GO 77-M reporting requirements are unnecessary and unduly burdensome.

General Order 104-A requires the filing of an annual report, and the form supplied by the Commission’s Energy Division requires information that complements the regulation of cost-based rates by the Commission, such as information on income statements, sales to residential customers, and related issues. As noted above, DCRT has no retail customers and will be subject to FERC rate authority. DCRT will provide financial information and reports to FERC, and this information will be publicly available through FERC’s processes. Accordingly, the reporting requirements in General Order 104-A are unnecessary, duplicative and burdensome and should be waived for DCRT.

In Decision 00-12-030, the Commission granted the above exemptions from General Order 65-A and General Order 77-K to Wild Goose Storage, Inc. (“Wild Goose”) and limited Wild Goose’s filing requirements under General Order 104-A.<sup>40</sup> The Commission explained that because Wild Goose operated under a regime of market-based rates and therefore was not subject to cost-based ratemaking, many of the requirements of the annual reports served little purpose in the Commission’s regulation of Wild Goose.<sup>41</sup> In further support of its decision, the Commission explained that it was unnecessary to place a high regulatory burden on a new

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<sup>39</sup> *Id.*

<sup>40</sup> *In re Wild Goose Storage, Inc.*, D.00-12-030, 2000 WL 33114534 (Cal. Pub. Utilities Commission, Dec. 7, 2000).

<sup>41</sup> *Id.*

entrant where Wild Goose was not subject to a traditional cost-of-service, rate-of-return regulatory framework; ratepayers bore no risk for Wild Goose's investment and operations; Wild Goose operated at complete risk to its shareholders; and Wild Goose had no market power and negligible ability to engage in predatory pricing.<sup>42</sup>

Similar to the Commission's determination that the reporting requirements were not warranted for Wild Goose because Wild Goose was not subject to cost-based rate regulation by the Commission, these reporting requirements are not warranted for DCRT because, as previously noted, (i) the TAC through which DCRT will recover costs associated with the Project is subject to FERC's approval and oversight; (ii) the APSA for the Project includes a strict cap on the costs that can be recovered by DCRT through the TAC; (iii) DCRT does not serve retail customers in California and has no ability to recover costs directly from retail customers in California; and (iv) DCRT does not have market power nor the ability to control access to its facilities or engage in predatory pricing for use of its facilities.

## **XI. CONCLUSION**

WHEREFORE, DCRT respectfully requests that the Commission:

1. Issue a Decision and an Order granting DCRT a Certificate of Public Convenience and Necessity to construct the Project described in this Application;

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<sup>42</sup> The Commission subsequently withdrew the exemptions on the grounds that Wild Goose had expanded its operations and the reporting requirements would enable the Commission to monitor and determine whether Wild Goose possessed market power. *In re Wild Goose Storage, Inc.*, D.02-07-036, 2002 WL 31951254 (Cal. Pub. Utilities Commission, July 17, 2002). Unlike Wild Goose, DCRT will be operated as part of the CAISO controlled transmission grid and, as a result, will have no opportunity to exercise market power or engage in predatory pricing. Accordingly, the Commission's original reasoning remains relevant to DCRT's request for exemption from these reporting requirements.

2. Determine that the public convenience and necessity does now, and will in the future, require the proposed Project;
3. Grant the exemptions requested in Section V of this Application;
4. Authorize Energy Division to approve requests by DCRT for minor project modifications that may be necessary during final engineering and construction of the Project so long as Energy Division finds that such minor project modifications would not result in new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
5. Provide DCRT with the requested relief within the time limits provided in the proposed schedule set forth herein; and
6. Grant such other and further relief as the Commission finds just and reasonable.

Respectfully submitted,

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By /s/ F. Jackson Stoddard  
F. Jackson Stoddard

Attorneys for DCR Transmission, LLC, Applicant

Dated: October 11, 2016

VERIFICATION

I am the Senior Managing Director of DCR Transmission, LLC, the applicant herein, and am authorized to make this Verification on its behalf. I am informed and believe that the matters stated in the foregoing Application are true.

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

Executed on October 11, 2016 at Greenwich, Connecticut.

A handwritten signature in black ink, appearing to read "Himanshu Saxena", written over a horizontal line.

Himanshu Saxena  
Senior Managing Director  
DCR Transmission, LLC