

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

APPLICATION OF NORTH AMERICA TRANSMISSION, LLC
AND NORTH AMERICA TRANSMISSION CORPORATION FOR
A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY
AND PUBLIC NEED PURSUANT TO ARTICLE VII OF THE
PUBLIC SERVICE LAW FOR AN ALTERNATING CURRENT
TRANSMISSION UPGRADE PROJECT CONSISTING OF AN
EDIC TO FRASER 345 kV TRANSMISSION LINE AND A NEW
SCOTLAND TO LEEDS TO PLEASANT VALLEY 345 kV
TRANSMISSION LINE

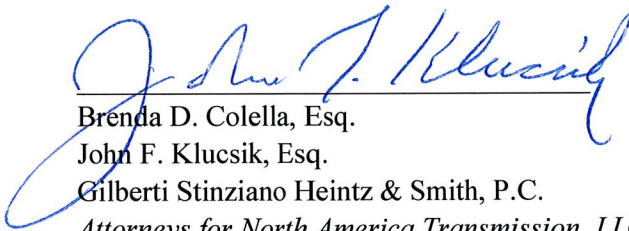
Case No.13-T-_____

PROCEEDING ON MOTION TO EXAMINE
ALTERNATING CURRENT TRANSMISSION UPGRADES

Case No. 12-T-0502

**INITIAL APPLICATION OF NORTH AMERICA TRANSMISSION, LLC AND
NORTH AMERICA TRANSMISSION CORPORATION FOR A CERTIFICATE
OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC NEED PURSUANT TO
ARTICLE VII OF THE PUBLIC SERVICE LAW FOR AN ALTERNATING
CURRENT TRANSMISSION UPGRADE PROJECT CONSISTING OF AN EDIC
TO FRASER 345 kV TRANSMISSION LINE AND A NEW SCOTLAND TO
LEEDS TO PLEASANT VALLEY 345 kV TRANSMISSION LINE**

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1. MATTER OF THE PART A APPLICATION

Pursuant to Article VII of the Public Service Law of the State of New York and the implementing regulations of the New York State Public Service Commission (“PSC”) (16 NYCRR Parts 85, 86, and 88), as such have been modified by the Commission’s procedural order issued April 22, 2013 (the “Procedural Order”),¹ North America Transmission, LLC and North America Transmission Corporation (collectively, “NAT”, or the “Applicant”) makes application for a Certificate of Environmental Compatibility and Public Need for NAT’s proposed alternating current (“AC”) transmission upgrade project to the New York State Public Service Commission (the “Commission”). The Project consists of two components as described in detail herein: a new 345 kiloVolt overhead transmission line from Edic to Fraser; and a new 345 kiloVolt (kV) overhead transmission line from New Scotland to Leeds to Pleasant Valley (together the “Project”). NAT is willing to construct, own and operate variations of this proposal to incorporate slight changes of its proposal that are necessary or beneficial to achieve the goals of the Energy Highway initiative upon order by the Commission. Such variations could include changing the interconnection substations such as from Edic to Marcy or New Scotland to a newly construction substation referred to as Knickerbocker, changing the amount or location of series compensation or changing the ratings of the lines. NAT is also willing to construct the proposed lines as double circuit capable to allow future expansion of the system with minimal additional landowner and environmental impacts upon Commission order.

The Project is proposed in response to the New York Energy Highway Initiative² and this submission meets the Commission’s requirements for a complete Initial (Part A) Article VII application as outlined in the Commission’s Procedural Order and its additional Procedural Order issued September 19, 2013 (“September Procedural Order”).³ Part B of the Article VII application requirements, as outlined in the Commission’s Procedural Order, will be prepared and submitted in accordance with the scoping and schedule information set forth herein, as may be modified by the assigned Administrative Law Judge.

NAT is a member of the LS Power Group of companies (“LS Power”). LS Power is an experienced developer of large-scale energy projects, including several transmission projects. Since 1990, LS Power has had the technical and engineering capability to develop, own and/or operate over 25,000 megawatts (“MW”) of power generation facilities and two large extra high-voltage (345 kV and 500 kV) transmission projects totaling over 700 circuit-

¹ New York State Public Service Commission, Case 12-T-0502, Proceeding on Motion of the Commission to Examine Alternating Current Transmission Upgrades, *Order Establishing Procedures for Joint Review Under Article VII of the Public Service Law and Approving Rule Changes*, April 22, 2013.

² New York Energy Highway Task Force, *New York Energy Highway Blueprint*, October 22, 2012.

³ New York State Public Service Commission, Case 12-T-0502, Proceeding on Motion of the Commission to Examine Alternating Current Transmission Upgrades, *Order Adopting Additional Procedures and Rule Changes for Review of Multiple Projects Under Article VII of the Public Service Law*, September 19, 2013.

miles. Since 2005, LS Power has raised over \$22 billion of debt and equity for investment into its projects and portfolio of subsidiary companies, including over \$900 million for the construction of the two large-scale overhead transmission line projects scheduled for completion in 2013. Further information is available at www.lspower.com.

Figure 1-1 below provides an overview of the national footprint of LS Power’s experience.

FIGURE 1-1. LS POWER GROUP EXPERIENCE



LS Power has experience in developing, owning and operating transmission facilities both as an element of its experience in developing, owning and operating generation facilities and as an independent transmission developer. LS Power has found that its expertise in the development of power generation facilities translates well to the development of large-scale transmission facilities. LS Power initiated its independent transmission development efforts in 2005 with a project in Nevada and Idaho. In 2009, an LS Power entity was selected by the Public Utility Commission of Texas as one of the best qualified new entrants for designation for construction of new transmission facilities, and the Texas Public Utility Commission specifically found that an LS Power entity is one of the new entrants that “possess the current and expected capabilities to adequately finance, license, construct, operate, and maintain the facilities in the most beneficial and cost-effective manner.” Each of these initial independent transmission projects began construction in 2011. Cross Texas has completed construction and its transmission facilities are in service, and ON Line in Nevada is scheduled to be energized in 2013. Although LS Power’s efforts in the

transmission space are relatively new, the advanced state of the transmission project pipeline speaks volumes for the Company’s capabilities. LS Power has also been approved as a qualified entity to build, own and operate transmission projects in the PJM operating area.

Table 1-1 below provides an overview of some of the transmission facility experience of the LS Power group.

TABLE 1-1. LS POWER GROUP TRANSMISSION EXPERIENCE

Project	Voltage / Length	Location	Permitting & Development	Construction Management	Operation	Current LS Power Ownership
Cross Texas Transmission	345 kV / 240 miles	ERCOT	X	X	X	X
ON-Line	500 kV / 235 miles	WECC	X	X		X
Southwest Intertie Project	500 kV / 260 miles	WECC	X			X
Generation Interconnections	Various up to 500 kV	WECC, PJM, MISO	X	X	X	X

LS Power also has demonstrated the technical and engineering capability to develop, own, and/or operate 46 generation facilities representing over 25,000 MW as listed in Table 1-2 below.

TABLE 1-2. LS POWER GROUP GENERATION EXPERIENCE

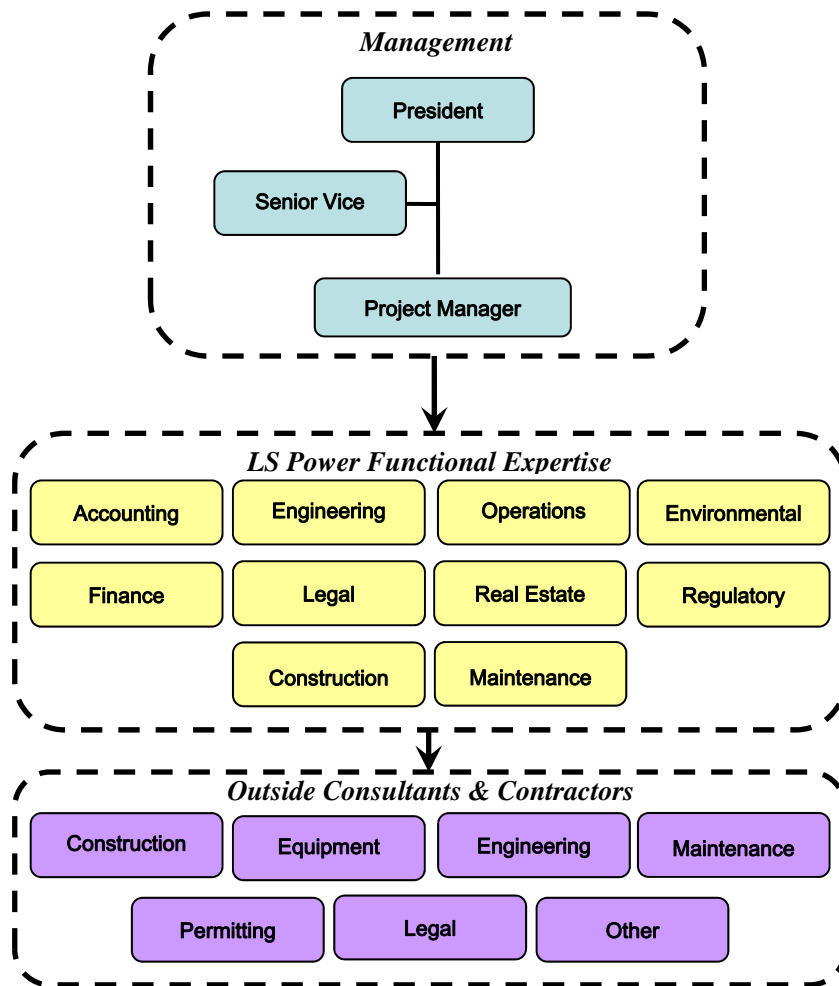
Project	State	Capacity (MW)	Fuel	Permitting & Development	Construction Management	Operation	Current LS Power Ownership
Lockport	NY	200	NG	X	X		
Whitewater	WI	245	NG	X	X	X	
Cottage Grove	MN	245	NG	X	X	X	
Mustang	TX	487	NG	X	X	X	
Blackhawk	TX	230	NG	X			
Batesville	MS	837	NG	X	X	X	
Kendall	IL	1,160	NG	X	X	X	
Plum Point	AR	665	Coal	X	X		
Sandy Creek	TX	890	Coal	X	X	X	X
Dover Sun Park	DE	10	Solar	X	X	X	X
West Deptford	NJ	738	NG	X	X		X
Arlington Valley Solar	AZ	125	Solar	X	X	X	X
Centinela	CA	175	Solar	X	X		X
Millennium	MA	360	NG			X	
Athens	NY	1,080	NG			X	
Covert	MI	1,100	NG		X	X	
Harquahala	AZ	1,092	NG		X	X	
Granite Ridge	NH	750	NG			X	
Ontelaunee	PA	560	NG			X	
Moss Landing	CA	2,529	NG			X	
Morro Bay	CA	1,002	NG			X	
South Bay	CA	700	NG			X	
Oakland	CA	165	Oil			X	
Arlington Valley	AZ	570	NG			X	
Griffith	AZ	600	NG			X	

Project	State	Capacity (MW)	Fuel	Permitting & Development	Construction Management	Operation	Current LS Power Ownership
Bridgeport	CT	490	NG			X	
Casco Bay	ME	520	NG			X	
Bosque	TX	770	NG			X	
Sugar Creek	IN	561	NG			X	
West Georgia	GA	613	NG			X	
Zeeland	MI	903	NG			X	
Shady Hills	FL	469	NG			X	
Apex	NV	527	NG			X	X
Blythe	CA	507	NG			X	
Rocky Road	IL	330	NG			X	X
Tilton	IL	176	NG			X	X
University Park	IL	840	NG			X	X
Bluegrass	KY	486	NG			X	X
Riverside	KY	836	NG			X	X
Calhoun	AL	668	NG			X	X
Cherokee	SC	98	NG			X	X
Doswell	VA	776	NG			X	X
Safe Harbor	PA	139	Hydro			X	X
Renaissance	MI	644	NG			X	X
Wallingford	CT	225	NG			X	X
DeSoto	FL	320	NG			X	X

LS Power executed this work through an efficient organization leveraging its own internal expertise in combination with external resources, as illustrated in the organizational chart in Figure 1-2 below. LS Power assigns an individual project manager with the responsibility for overall project activities during each of the project phases. LS Power has significant

development, construction, and operation functions in offices in New York, New Jersey, Missouri, California, and other support offices.

FIGURE 1-2. LS POWER GROUP EXPERIENCE



Successful and cost effective transmission development, construction, and operation requires the capability to manage a large number of major contractors, consultants, and suppliers. LS Power leverages its in-house capabilities with major contractors, consultants and suppliers. LS Power will individually select outside consultants and contractors for each project, based on their experience and qualifications relative to the requirements of each individual project. LS Power has utilized this same approach to successfully develop over 8,000 MW of electric generation projects totaling more than \$7 billion in capital investment and 470 miles of high voltage transmission projects totaling more than \$900 million in

capital investment. Further information regarding two of the transmission development projects follow.

- **Cross Texas Transmission**

Cross Texas, an affiliate of LS Power, is a rate-regulated Texas public utility operating within the Electric Reliability Council of Texas (“ERCOT”). Cross Texas was selected in early 2009 by the Public Utility Commission of Texas (“PUC”) to construct, operate and maintain a portion of the Competitive Renewable Energy Zone (“CREZ”) Transmission Plan, which is being developed to enable the delivery of renewable resources. The transmission service providers were selected through a competitive process including incumbent utilities and new entrants. The Cross Texas facilities consist of approximately 240 miles of double-circuit 345 kV transmission lines and associated equipment, including a new substation and a series compensation station, located in a seven-county area in the Texas Panhandle with an estimated capital cost of approximately \$450 million. The Cross Texas facilities are primarily comprised of the Gray to Tesla 345 kV transmission line, the Gray to White Deer 345 kV transmission line, the Silverton to Tesla 345 kV transmission line, the Gray Substation and the Cross Series Compensation Station. Additionally, Cross Texas is processing interconnection requests for power generators and will build interconnection facilities necessary to connect such power generators to its system.

Cross Texas conducted extensive community outreach, obtained routing approval from the PUC, completed engineering and executed procurement and construction contracts for the project. Cross Texas was able to reach settlement in all three of its Certificate of Convenience and Necessity proceedings, where accommodations were reached with all intervening parties (73 total interveners) on acceptable routes. These intervening parties included landowners, utilities, PUC Staff and the Texas Parks and Wildlife Department. In 2010 and 2011, Cross Texas obtained the following final and non-appealable permits and approvals required for construction of 240 miles of double-circuit 345 kV transmission lines and associated facilities:

- PUC Certificate of Convenience and Necessity;
- Texas General Land Office approvals for crossing submerged land;
- Nationwide Permit 12 (Federal Clean Water Act Section 404 Permit approval);
- Informal Consultations with US Fish and Wildlife and Texas Parks and Wildlife Department;
- Federal Aviation Administration No Hazard Determination;
- Texas Historical Commission Approval;
- Texas State Highway Crossing Approval; and
- Various Electric Utility and Pipeline Crossings Approvals.

In addition, Cross Texas obtained project financing legal opinions that Cross Texas had appropriately identified and obtained the necessary development permits appropriate for

the planning and construction phase of the Cross Texas facilities. Cross Texas closed on its construction financing in July 2011, acquired right-of-way from over 300 landowners, and has completed construction of its facilities – on-schedule and under-budget. Notably, Cross Texas was the only CREZ participant to complete construction of its transmission line facilities at a cost less than the original cost estimate developed by ERCOT.

Cross Texas has staff in Amarillo, Texas and Austin, Texas with support from LS Power corporate support services employees in other offices. Operations and maintenance is conducted by Cross Texas staff with the support of third party contractors. Cross Texas is currently registered with the North American Electric Reliability Corporation (“NERC”) as a Transmission Planner and a Transmission Owner. Cross Texas’s initial NERC audit had no findings of non-compliance.

From a broader regulatory perspective, Cross Texas established its Code of Conduct in accordance with the Texas public utility regulatory requirements in 2009. Consistent with its Code of Conduct, LS Power has established separate, secure space for Cross Texas operations, maintains independent books and records and conducts regular training of all company employees regarding the Code of Conduct and its requirements. LS Power also ensures compliance with the FERC Standards of Conduct for transmission related businesses outside of ERCOT.

In addition to confirming LS Power’s ability to develop, construct, operate and maintain transmission facilities, the success of Cross Texas demonstrates LS Power’s ability to do so in a highly cost effective manner. Table 1-3 illustrates current estimates reported to the PUCT for the installed cost per mile of all double-circuit 345 kV CREZ transmission lines currently under construction by similarly situated utilities.

Table 1-3 - CREZ Capital Costs by Participant

Transmission Service Provider	Capital Cost for Double-Circuit 345 kV (\$/Mile)
Cross Texas Transmission (LS Power affiliate)	\$1,570,000
Oncor	\$1,640,000
Lone Star (NextEra affiliate)	\$1,720,000
Wind Energy Transmission Texas	\$1,900,000
Electric Transmission Texas	\$ 1,990,000
Sharyland	\$ 2,010,000
Lower Colorado River Authority	\$ 2,290,000

Based on values reported in CREZ Progress Report No. 11 (April 2013 Update)
 Prepared by RS&H for the Public Utility Commission of Texas

- **ON Line / Southwest Intertie Project**

LS Power began its development of large-scale transmission facilities in 2005 with the Southwest Intertie Project (“SWIP”). The SWIP is a 500 kV transmission line traversing approximately 570 miles from southern Idaho to southern Nevada that is expected to have a Western Electricity Coordinating Council-approved path rating of approximately 2,000 MW. The SWIP is being developed in two phases. The first phase, the One Nevada Transmission Line or ON Line, consists of approximately 235 miles of single-circuit 500 kV overhead transmission and associated transmission facilities that are currently under construction. The ON Line is jointly-owned with NV Energy, with the LS Power affiliate owning 75%. The project connects the Harry Allen Substation (Nevada Power Company) north of Las Vegas with the newly constructed 500 kV Robinson Summit Substation located near Ely, Nevada. Robinson Summit also interconnects with the existing NV Energy (Sierra Pacific Power Co.) Falcon-Gonder 345 kV line and includes two 600 MVA 345 kV phase-shifting transformers. One phase-shifting transformer connects the newly reconfigured Falcon-Robinson Summit 345 kV line and the other connects the Robinson Summit-Gonder 345 kV line. Both the 500 kV and 345 kV yards are a breaker and a half configuration. This substation encompasses an area of approximately 77 acres with spacing designed to accommodate an ultimate build out of up to seven 500 kV line positions and up to nine 345 kV line positions. Self-supporting steel poles and H-frame structures are used in certain areas of the line to minimize impacts on certain species of concern and in areas requiring heavy angles or dead-end structures.

The ON Line project enables the development of numerous renewable energy projects in Nevada, connects NV Energy’s two main service areas (Nevada Power Company and Sierra Pacific Power Co.) for the first time and enhances the overall energy-sharing efficiencies for NV Energy’s power generation resources.

Great Basin Transmission South, LLC, the LS Power affiliate which is the co-owner of ON Line, obtained all required right-of-way grants and private easements as well as acquisition of all major permits and approvals required for construction, which include review under the National Environmental Protection Act, Bureau of Land Management (“BLM”) Right-of-Way Grant, Endangered Species Act consultation and approval of a detailed Construction, Operation and Maintenance Plan by the BLM. The environmental review was prepared by BLM as the lead agency, with the involvement of the Forest Service, National Park Service, Bureau of Indian Affairs, and Bureau of Reclamation as cooperating agencies.

In August 2010, Great Basin Transmission and NV Energy entered into a Transmission Use Agreement. The Transmission Use Agreement has been approved by the Public Utilities Commission of Nevada and the Federal Energy Regulatory Commission. ON Line demonstrates LS Power’s ability to develop and construct 500 kV transmission facilities and work cooperatively with incumbent transmission owners to the benefit of all project participants.

In February 2011, Great Basin Transmission arranged construction financing for its ownership in ON Line, in part through participation in the DOE's Loan Guarantee Program. In order to qualify for the program, DOE completed extensive due diligence on LS Power's development, construction and operating capabilities and the project permits and arrangements.

ON Line consists of approximately 850 total tower structures, nearly 11 million feet of conductor and 25 million pounds of steel. LS Power competitively sourced and negotiated equipment and material supply contracts and construction contracts to ensure competitive pricing. POWER Engineers, Great Basin's engineer, procurement agent, and construction manager, assisted in developing and reviewing the proposed technical and commercial terms to ensure all terms were reasonable and appropriate, resulting in cost-effective and reliable performance by the contractors and suppliers. LS Power affiliates have contracted with NV Energy to provide O&M services for ON Line.

1.1 PROJECT OVERVIEW

NAT's design for the proposed Project includes multiple 345 kiloVolt ("kV") AC transmission components, which together are expected to provide at least 1,000 megawatts ("MW") of congestion relief between the upstate and downstate areas, thus meeting the goal of the AC transmission upgrade initiative set forth in the New York Energy Highway Blueprint (the "Blueprint"). Complete Initial (Part A) Application details for the proposed Project components are included in Sections 2 and 3 below.

The 1,000 MW of congestion relief between the upstate and downstate areas will be achieved by the combined effects of NAT's proposed Project components; therefore, all components must be constructed in order for NAT's Project design to fully satisfy the objective of the AC transmission upgrade initiative set forth in the New York Energy Highway Blueprint.

EXHIBIT 1

GENERAL INFORMATION REGARDING APPLICATION (§ 86.2)

This subsection provides the general information regarding this Initial (Part A) Application as required in Title 16 of the New York Codes, Rules and Regulations (NYCRR) § 86.2.

APPLICANT CONTACT INFORMATION

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INCORPORATION STATUS UNDER THE TRANSPORTATION CORPORATIONS LAW

The Applicant, North America Transmission Corporation, is incorporated under the Transportation Corporations Law, and the Certificate of Incorporation was filed with the New York Department of State.