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**MISS. PUBLIC SERVICE
COMMISSION**

BEFORE THE
MISSISSIPPI PUBLIC SERVICE COMMISSION

SOUTHERN CROSS
TRANSMISSION LLC

IN RE:

PETITION BY SOUTHERN
CROSS TRANSMISSION
LLC FOR A CERTIFICATE
OF PUBLIC CONVENIENCE AND
NECESSITY FOR THE PROPOSED
SOUTHERN CROSS
TRANSMISSION PROJECT.

MPSC DOCKET NO.

17-UA- 079

PETITION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

COMES NOW Southern Cross Transmission LLC (“SCT” or “Applicant”) and respectfully files this its Petition for a Certificate of Public Convenience and Necessity (“Petition”) with the Mississippi Public Service Commission (the “Commission”) pursuant to Miss. Code Ann. § 77-3-1 *et seq.* (the “Act”), and Rule 7.102 of the Commission’s Public Utilities Rules of Practice and Procedure (“Procedural Rules”) seeking authorization for the Applicant to site and construct the Mississippi portions of a new ± 500 -KV high voltage direct current (“HVDC”) bi-directional electric transmission line project (the “Southern Cross Project” or “Project”) with a base load capacity of approximately 2,000 megawatts (“MW”) (deliverable in either direction) linking the Electric Reliability Council of Texas (“ERCOT”) region with electric transmission systems in the SERC Reliability Corporation (“SERC”) region and would show unto the Commission the following:

INTRODUCTION

1. SCT is a limited liability company organized under Delaware law for the purpose of developing, constructing, owning, and operating the Southern Cross Project¹ and is qualified to do business in the State of Mississippi. SCT is part of the Pattern Development group of companies whose team has developed, financed and placed into operation more than 4,500 MW of wind and solar power projects as well as associated and unassociated transmission projects. This group of companies is currently developing transmission, wind and solar projects in the United States, Canada, Mexico, South America and Japan.

2. Through the Southern Cross Project, SCT will offer interstate transmission service to capacity customers, including electric utilities in this region. Subscribers will contract to buy and sell electric energy separately. The energy transported by the Project is expected to be ultimately used by utilities to provide electric service to their ratepayers for lighting, heating, and other power purposes, such as commercial and manufacturing uses.

3. As a company providing interstate electric transmission service, SCT will become a public utility under Federal law subject to the plenary jurisdiction of the Federal Energy Regulatory Commission ("FERC") over the transmission of electric energy in interstate commerce and all facilities for such transmission. *See* 16 U.S.C. § 824(b) and (e). SCT is not and will not be a public utility under Mississippi law and consequently will not be subject to the Commission's public utility jurisdiction. However, FERC's jurisdiction does not extend to the siting of the Southern Cross Project. Instead, this Commission has siting authority, which it exercises through the application of Miss. Code Ann. § 77-3-14 to any entity which is an "other person" within the meaning of that section. SCT is thus seeking, to the extent required, a

¹ *See* Proposed Order Directing Interconnection and Transmission Services and Conditionally Approving Settlement Agreement. *Southern Cross Transmission LLC, Pattern Power Marketing LLC*, 137 FERC ¶ 61, 206 (2011).

Certificate of Public Convenience and Necessity (“Certificate” or “CCN”) for siting and constructing the portion of the Southern Cross Project located in Mississippi.

4. Under Federal law, as implemented by FERC in its orders regarding the Southern Cross Project, SCT will be obligated to offer open-access, non-discriminatory transmission service to potential interstate subscribers at rates that are just and reasonable. Consequently, SCT will provide common carriage services offering to sell electric transmission service over the Project facilities at such rates, charges, terms, and conditions that will promote the economically efficient transmission of electricity in a just, reasonable, and not unduly discriminatory or preferential manner. As described below, SCT will initially offer transmission service through a FERC-authorized open solicitation capacity allocation process under the supervision of an independent evaluator and will thereafter make any unsubscribed capacity available for service pursuant to an open access transmission tariff (“OATT”) to be filed with FERC.

PROJECT DESCRIPTION

5. The Southern Cross Project as proposed will consist of transmission facilities in Louisiana and Mississippi, including an HVDC converter station located in Northwest Louisiana (the “Western Converter Station”), approximately 400 miles of HVDC transmission lines across Louisiana and Mississippi, an HVDC converter station located in Lowndes County, Mississippi (the “Eastern Converter Station”), and short AC transmission lines in Mississippi connecting the Eastern Converter Station to nearby utility switchyard(s). Because of the bi-directional nature of the Project, the function of each converter station will be to convert AC power being input into the transmission line at either end into DC power, and then to convert DC power into AC power for delivery at the other end after being transmitted through the Project.

6. As a result of regulatory requirements and the fact that the ERCOT electric grid is

not synchronized with the grids within SERC, DC is the only viable way to interconnect ERCOT with SERC. In addition, HVDC is a more efficient way to receive AC power and transmit that power over long distances. Consequently, SCT has designed the Project as an HVDC line.

7. The Project as proposed will begin in Louisiana at the Texas border, with the Western Converter Station located in De Soto Parish, Louisiana. From there, transmission lines will extend approximately 200 miles across northern Louisiana to a crossing of the Mississippi River. The proposed transmission line route will enter Mississippi in Issaquena County and extend for approximately 200 miles (the “Mississippi Transmission Line”) and terminate at the Eastern Converter Station to be located in Lowndes County, Mississippi near the border with Alabama. From that point, three short AC transmission lines are proposed in Mississippi, two to extend to the state line to interconnect with the Alabama Power Company switching station at West Vernon, AL (through which the Project can access the Southern Company grid), with another AC line potentially constructed to interconnect with the TVA transmission system in Mississippi (jointly the “AC Transmission Facilities”). The typical right of way (“ROW”) required for both the HVDC and AC transmission lines is 180 feet in width but could be wider at certain locations based upon construction needs and other considerations. Attached hereto as ATTACHMENT A and made a part hereof is the Direct Testimony of David Parquet, Senior Vice President – Special Projects for Pattern Energy Group LP, describing generally the proposed route for the Mississippi portions of Transmission Line and the location of the Eastern Converter Station and the ROW in Mississippi that the Project will require. Also attached to this Petition as ATTACHMENT B is the Direct Testimony of Kristi Wise, Senior Project Manager for Burns & McDonnell Engineering Company, Inc., describing the route selection process for the Mississippi Transmission Line. *See infra* for additional discussion of the route selection

methodology.

8. The estimated total installed cost (excluding financing and other indirect costs) of those portions of the Project in Mississippi, including the Mississippi Transmission Line, the Eastern Converter Station and the AC Transmission Lines, is approximately \$735 million, as set out in the Direct Testimony of David Parquet. The estimated total installed cost of both the Mississippi and Louisiana portions of the Project is approximately \$1.4 Billion. In addition, SCT will make contributions and/or reimbursements to utilities at both ends of the Project to physically interconnect or to enhance or increase the capability of the existing transmission systems. The Project is currently expected to begin commercial operations during 2021.

9. Associated with the Southern Cross Project is the Rusk to Panola Transmission Line Project (“RPTL Project”), a double-circuit 345-kilovolt (kV) AC transmission line in Texas that will be owned by Garland Power & Light (“Garland”), the utility of the City of Garland, Texas. When completed, the RPTL Project, together with two 345 kV switchyards to be constructed by Garland and Oncor Electric Delivery Company LLC, an electric transmission company in Texas, will interconnect the ERCOT AC transmission grid to the Southern Cross Project. The RPTL Project is the subject of a filing by the City of Garland, Texas with the Public Utility Commission of Texas (“PUCT”) in Docket No. 45624, *Application of the City of Garland to Amend a Certificate of Convenience and Necessity for the Rusk to Panola Double-Circuit 345-KV Transmission Line in Rusk and Panola Counties*. SCT intervened and is participating in the case. The PUCT issued an initial order on September 8, 2016 granting the certificate amendment requested, with conditions that affect SCT. An order on rehearing was subsequently issued on March 14, 2017. Proceedings related to this application are ongoing.

REGULATORY APPROVALS AND RELATED ACTIONS

10. The Southern Cross Project has been under development for several years and has achieved significant milestones over that time.

11. On December 15, 2011, FERC entered an order pursuant to Sections 210, 211 and 212 of the Federal Power Act conditionally directing the physical interconnection between the ERCOT transmission system and the Southern Cross Project and the provision of transmission service over the ERCOT system to the Project facilities by certain ERCOT utilities (the “Proposed Interconnection Order”)². The studies and agreements required by the Proposed Interconnection Order were finalized by early 2014, and in May, 2014 the FERC issued its Final Order Directing Interconnection and Transmission Service directing the physical interconnection with, and the provision of transmission services for power flowing into and out of the ERCOT system over the Project (the “Final Interconnection Order”).³ In granting these orders, the FERC determined, as required by Section 210 of the Federal Power Act, that the interconnection between ERCOT and the Project (which creates an interconnection with SERC) was in the public interest by increasing power supply options and improving competition. In these and other FERC orders, a project of up to 3,000 MW in bidirectional transmission capacity has been authorized. SCT proposes to construct a project of approximately 2,000 MW⁴, within the FERC-authorized capacity.

² See Proposed Order Directing Interconnection and Transmission Services and Conditionally Approving Settlement Agreement. *Southern Cross Transmission LLC, Pattern Power Marketing LLC*, 137 FERC ¶ 61, 206 (2011). In the order, FERC found that the provision of such service does not affect the general exemption of ERCOT and ERCOT utilities from FERC regulation under the Federal Power Act, conditioned upon the completion of the necessary interconnection and reliability studies, the final identification of the necessary interconnection facilities and the parties finalizing the terms and conditions of the interconnection agreements within ERCOT.

³ See Final Order Directing Interconnection and Transmission Service, *Southern Cross Transmission LLC*, 147 FERC ¶ 61,113 (2014).

⁴ As used in this Petition and throughout these proceedings, the term “approximately 2,000 MW” reflects the fact the factors such as line losses, ambient temperature and allowable overload may impact the flow on the SCT facilities and can increase or decrease actual capacity.

12. Also on December 15, 2011, FERC issued an order granting SCT the authority to sell transmission service over the Project facilities at negotiated rates with the ability to allocate to subscribing anchor tenant customers up to seventy-five percent of the Project's capacity with the remaining capacity to be allocated through an open season auction (the "Negotiated Rate Order").⁵ In this order, the FERC found that SCT (although it will operate as a "public utility" as defined in the Federal Power Act and, therefore, is subject to FERC's plenary jurisdiction) should not be treated as a traditional utility providing service to captive customers at cost-based rates. Instead, FERC found that the Project is a "merchant transmission project", since SCT assumes the full market risk associated with the Project and has no captive customers from which to recover the cost of the Project (i.e., no entity is obligated to purchase transmission service and will voluntarily do so only if it is cost-effective). FERC is committed to fostering the development of such projects where protections are in place to preserve open access principles and the resulting rates are found to be just and reasonable. By granting negotiated rate authority, FERC recognized that merchant transmission developers face financing issues different than those faced by traditional public utilities, that securing long-term bilateral negotiated capacity sales contracts with customers is necessary to support financing for the Project, and that the negotiated rate authority is just and reasonable and should not lead to undue discrimination. Pursuant to the Negotiated Rate Order, SCT is required to file an OATT, pursuant to which SCT will provide non-discriminatory, open-access transmission service, with FERC no later than one year prior to commercial operation of the Project.

13. Subsequent to the issuance of the Negotiated Rate Order, the FERC revised its transmission capacity allocation policies to afford FERC-regulated utilities which are merchant transmission owners greater flexibility in the allocation of capacity to customers through an open

⁵ See Order Authorizing Proposal, *Southern Cross Transmission LLC*, 137 FERC ¶ 61,207 (2011).

solicitation process.⁶ On August 12, 2016, SCT filed for authorization to conduct such an open solicitation process, noting several aspects of the open season process approved in the Negotiated Rate Order which had delayed commercial agreements with potential capacity purchasers.⁷ In its filing, SCT committed to retain an independent evaluator (although not required) to ensure the process is conducted in a transparent and non-discriminatory manner. On November 7, 2016, FERC issued its Order Conditionally Authorizing Proposal (the “Open Solicitation Order”), which authorized an open solicitation (“Open Solicitation”), subject to certain conditions such as a compliance filing within thirty (30) days after the conclusion of the Open Solicitation process and filing an OATT governing open access transmission rights within one year of the commencement of service.

14. In the Open Solicitation, SCT will provide broad notice of the Project and the Open Solicitation to ensure that potential and interested customers are informed, select a subset of these customers to engage in bilateral negotiations on specific rates, terms and conditions and then enter into contracts. After transmission line capacity is thereby allocated, SCT must demonstrate to FERC that its process was not unduly discriminatory or preferential and resulted in rates, terms and conditions that are just and reasonable. Subject to showing that an SCT affiliate is not offered an undue preference, FERC acknowledged that an SCT affiliate could become a subscriber. SCT currently anticipates that the Open Solicitation will begin in June or

⁶ *Allocation of Capacity on New Merchant Transmission Projects and New Cost-Based, Participant-Funded Transmission Projects, and Priority Rights to New Participant-Funded Transmission*, 142 FERC ¶ 61, 038 (2013). In its Policy Statement, FERC found that an open solicitation process would continue the goal of having merchant transmission expand competitive generation alternatives for customers while placing all market risk on the Project’s investors. (p. 2). The Policy Statement also recognized the financial challenges unique to merchant transmission development (p. 5), and that the open solicitation would actually increase opportunities for customers (rejecting the argument it would be a departure from requiring open access and encouraging competition) (p. 15) while doing so in a manner that is transparent, open, fair and not unduly discriminatory (p. 5). The FERC also found that compliance with this policy would meet the FERC’s four-part test for approval of negotiated rate authority: 1) just and reasonable rates; 2) no undue discrimination; 3) no undue preference, including affiliate preference; and 4) meet regional reliability and operational efficiency requirements.

⁷ See Order Conditionally Authorizing Proposal, November 7, 2016 FERC Docket No. ER16-2420-000, 157 FERC ¶ 61,090 and Direct Testimony of David Parquet.

July, 2017 and end in the first quarter of 2018.

15. Since 2012, SCT has worked with the utilities at both ends of the Project to complete the agreements necessary for interconnection. SCT has completed and executed its interconnection agreement with Garland and has worked with Oncor for the associated reliability studies. Garland has also executed an interconnection agreement with Oncor. SCT is working towards similar arrangements with Alabama Power Company and has requested an interconnection study with TVA as an augmentation of studies previously completed by TVA. In addition, the PUCT has issued an order granting an amendment to Garland's certificate and designating a route for the Rusk to Panola Transmission Line Project.

THE FILED ROUTE AND THE ROUTE SELECTION METHODOLOGY

16. SCT retained Burns & McDonnell Engineering Company, Inc. ("Burns & McDonnell") to conduct a study of potential routing options for the Southern Cross Project. A description of the Mississippi routing options reviewed by Burns & McDonnell and SCT and the route across Mississippi which is being recommended to the Commission in this filing (the "Filed Route") is contained in the Environmental Assessment and Alternative Route Analysis Report (the "Routing Report"). See Exhibit KW-2 to the Direct Testimony of Kristi Wise (ATTACHMENT B). The Filed Route includes the proposed route of the Mississippi Transmission Line, the tentative route of the AC Transmission Lines (subject to being finalized as part of the interconnection process with Alabama Power Company and potentially TVA) and identifies the location of the Eastern Converter Station. This Routing Report contains a discussion of the information collected and analysis completed to identify 2.3 million possible primary routes across Louisiana and Mississippi and, using a set of thirty-seven (37)

environmental and land use criteria, to develop a set of twenty (20) proposed routes in Mississippi for further study, including consideration of comments resulting from landowner outreach by both Burns & McDonnell and SCT, and to ultimately identify the Filed Route, which is hereby submitted to the Commission for approval. The Filed Route is best suited to the purpose and needs of the Southern Cross Project and addresses landowner concerns while also attempting to minimize impacts to landowners and natural, social, and cultural resources. Attached as ATTACHMENT B and made a part hereof is the Direct Testimony of Kristi Wise, Senior Project Manager for Burns & McDonnell, describing the area studied and methodology and selection of the preferred route, the environmental effects of the proposed Project, the result of an environmental and social analysis of the Project and the route requirements. The Routing Report is attached as Exhibit KW-2 to the Direct Testimony of Kristi Wise. Also attached hereto as ATTACHMENT C and made part hereof is the Direct Testimony of Lisa Dodds, Manager, Land Acquisition for Pattern Development, describing SCT's role in landowner outreach and route refinements that lead to the development of the Filed Route.

17. The proposed site of the Eastern Converter Station is composed of several parcels totaling over 192 acres in Lowndes County, Mississippi strategically located between major transmission facilities of Alabama Power Company and TVA, making it an efficient solution to access both the Southern Company grid and potentially TVA. The property selected is also of sufficient size and appropriate configuration to accommodate the Eastern Converter Station. SCT has entered into a purchase option with the owners of the property and will purchase the same prior to construction. The legal description of the site is attached to the Testimony of David Parquet.

18. Part of the analyses undertaken, and described in greater detail in the Routing

Study, is consultation with federal, state and local agencies and officials. A series of meetings have been held with federal agencies responsible for permitting, such as the U.S. Army Corps of Engineers, National Park Service and U.S. Fish and Wildlife Service. Meetings have also been held with federal and state agencies responsible for regulating cultural resources impacts, such as the U.S. Corps of Engineers and the State Historic Preservation Officers.

19. SCT has undertaken extensive efforts to inform members of the public about the Project, with particular emphasis placed on landowners who could be potentially affected by Petitioner's need to procure easements and rights-of-way for the Project. As discussed in more detail in the Routing Report, SCT representatives, including Burns & McDonnell, conducted an extensive public involvement process. The process began with four local leader meetings held in May, 2016 to which key Mississippi stakeholders from the study area were invited. These invitees included county and municipal elected officials, community leaders and local organizations. 65 persons attended these meetings, at which information about the Project was provided and opportunities were afforded to ask questions and give comments. See Exhibit LD-3 to the Direct Testimony of Lisa Dodds for a copy of the template letter to Mississippi stakeholders inviting them to attend a local leader meeting.

20. Next, four public open-house meetings were conducted across Mississippi to provide landowners, elected officials and communities in the study area with information about the Project and the opportunity to provide input on potential routing options. Prior to the open-houses, Landowners along each of the preliminary alternative routes were identified and SCT mailed written notices of the meetings to all owners of property within 500 feet of the centerline for these routes. Additionally, SCT notified the general public of the open-houses by placing advertisements in various newspapers around the state. See Appendix B to Exhibit KW-2 to the

Direct Testimony of Kristi Wise for copies of the advertisements; *see also* Exhibit LD-3 to the Direct Testimony of Lisa Dodds for a copy of the template letter to potentially affected landowners inviting them to attend open-house meetings. Approximately 391 people attended the Mississippi public open-houses. Computer stations, allowing landowners to individually sit with Burns & McDonnell staff to directly review and comment on possible route segments, were also made available. More than 600 comments were received through these computer stations. Many additional comments were received by phone, email, and in-person contacts from meeting attendees and visitors to the Project website. Section 6.5 of the Routing Report, Exhibit KW-2 to the Direct Testimony of Kristi Wise, explains the meeting format and summarizes the input received following these meetings. These comments, together with agency comments and updated constraint data, were considered in making route adjustments. *See* Routing Report at Section 7.0 (Exhibit KW-2 to the Direct Testimony of Kristi Wise). Following the open-house meetings SCT sent similar letters to newly affected landowners within 500 feet of the centerline of the new or modified segments and to previously notified landowners where the route location was modified on their property. *See* Direct Testimony of Lisa Dodds, ATTACHMENT C, pp. 6-7; *see also* Direct Testimony of Kristi Wise, ATTACHMENT B, pp. 13-14.

21. Subsequent to the open-houses, Pattern Development land representatives, on behalf of SCT, have engaged in an extensive effort to contact landowners who have raised concerns or questions about the routing of the Project, including landowners known to SCT to have contacted the Commission. As discussed generally in the direct testimony of Lisa Dodds, over 200 in-person and telephone contacts were made by Ms. Dodds and her staff including on-site inspections of numerous properties with affected landowners.

22. As a result of the landowner contacts and personal inspections as described above, additional routing refinements were made to accommodate landowner concerns, where reasonable and feasible. These additional refinements are described in Section 9 of the Routing Report. Where these refinements resulted in potential impacts to landowners who had not previously received notice, contact was made by SCT directly or by letter or by both means.

23. Shortly after the filing of this Petition, SCT will send another letter to landowners within 500 feet of the centerline of the Filed Route proposed for the Mississippi Transmission Line (*i.e.* a 1,000 foot corridor) providing notice of the filing of this petition. This letter will also inform landowners how they may contact SCT or the Commission for additional information about this docket. *See* Exhibit LD-3 to the Direct Testimony of Lisa Dodds (template letter).

24. During the pendency of this proceeding, SCT will seek right of entry permission from potentially affected landowners in order to conduct inspections and surveys for a variety of purposes including permitting, surveying of easements to be sought and to observe on-the-ground conditions for construction. As a result of these surveys and additional information which may be obtained, such as interconnection requirements of Alabama Power Company and potentially TVA which could affect the configuration of the AC Transmission Facilities, there may be circumstances in which a route refinement is necessary. With regard to route refinements during the Commission's consideration of this matter, SCT proposes as follows: (a) that any route refinements submitted by SCT which have landowner consent or are within the 1,000 foot corridor for which landowner notification has been given as described in paragraph 22 above be included as part of the Filed Route considered by the Commission; (b) that any route refinements outside the 1,000 foot corridor which do not have landowner consent be filed with the Commission giving affected landowners notice and an opportunity to file comments to be

considered by the Commission.

25. After the Commission issues its order and approves a route, there may be circumstances in which a routing refinement will be required. SCT requests that the Commission's order in this proceeding include procedures for such refinements requiring only notice to the Commission for a refinement within the 1,000 foot corridor or which are outside the 1,000 foot corridor and have landowner consent. For refinements outside the 1,000 foot corridor without landowner consent, SCT also requests a procedure providing for the Commission to appoint a hearing officer to review the proposed route refinement and render an expedited decision, after notice to the landowner and the opportunity to be heard.

PROJECT BENEFITS

26. In its orders entered with respect to the Southern Cross Project, the FERC found that establishing an interconnection between ERCOT and the Southern Cross Project (which in turn interconnects with SERC) was in the public interest. FERC's Orders further recognize that the Project would produce a number of significant benefits for the southeastern United States, including:

- increase access by SERC utilities to economical renewable energy from Texas wind generators within ERCOT;
- improve competitive conditions throughout the SERC region by increasing the availability of transmission service and the supply of electricity;
- because of the Project's capability to move electricity bi-directionally, the Project will contribute to the more efficient utilization of generation within SERC; and
- more efficient utilization of generation within both ERCOT and SERC created by the Project should improve reliability within both regions.

See Order Authorizing Proposal, Southern Cross Transmission, LLC, 137 FERC ¶ 61,207; see also Final Order Directing Interconnection and Transmission Service, Southern Cross

Transmission LLC, 147 FERC ¶ 61,113 (2014).

27. The construction and operation of the Southern Cross Project is expected to provide substantial economic and fiscal impact benefits to Mississippi. Attached hereto as ATTACHMENT D and made a part hereof is the Direct Testimony of John C. Tysseling, Ph.D., of Moss Adams LLP, a consulting firm retained to analyze the economic and fiscal impact of the Project. Dr. Tysseling has concluded that the Project will make a significant contribution to the economic base of Mississippi with both near-term development activities and long-term contributions to the state's economy. Moss Adams estimates over \$1.9 billion in direct, indirect, induced and fiscal economic impact in Mississippi, with a similar impact in Louisiana, for a total of such impacts of \$3.9 billion in both states over the 30-year period analyzed. The estimated benefits in Mississippi include:

- Over \$1 billion in direct economic impact, including nearly \$735 in local developmental and construction expenditures and over \$316 million of direct economic impact through local operations and maintenance expenditures over the thirty (30) year analysis period of the study;
- An expected \$614 million in additional direct and induced economic impacts; and
- At least \$246 million in fiscal impact in property taxes over thirty (30) years.

As noted in Dr. Tysseling's testimony and the Moss Adams Report, these economic impacts are deliberately conservative. For example, the impacts exclude sales and use and state income taxes as well as the financial impacts of lower cost electric power.

28. Due to its strategic location, SCT proposes to locate the approximate \$300 million Eastern Converter Station at a site in Lowndes County, providing construction and permanent employment and significant investment in that Mississippi county. *See* Direct Testimony of

David Parquet.

29. The construction of the Mississippi Transmission Line, the Eastern Converter Station and the AC lines will result in an estimated 300 construction jobs in Mississippi at peak levels during the expected 39-month construction period. The operation and maintenance of the Eastern Converter Station and Mississippi Transmission Line will also require regular, permanent staffing, which is anticipated to result in the hiring of approximately 23 permanent employees in Mississippi.

30. SCT will make diligent efforts to ensure that local consultants, contractors and suppliers have meaningful opportunities to supply labor, materials, property, and services for construction of the Mississippi Transmission Line and Eastern Converter Station. In order to maximize the opportunities for participation by local contractors and suppliers, SCT has initiated, and will continue to implement an extensive and open process to keep qualified firms and individuals fully informed of opportunities as they arise. This includes a link on the SCT website for individuals and firms to register, present their qualifications, and indicate the type of services they wish to offer. Because of the substantial cost of the Project and the need to obtain significant performance and financial guarantees from its contractors, SCT will construct the Project under a limited number of large prime contracts. This means that SCT will not be directly hiring construction labor or purchasing materials. However, the registration data SCT collects will be shared with the appropriate prime contractor(s), and they will be instructed (as a contract requirement) to give priority to local subcontractors and vendors who are competitive and have the proper qualifications. The selected prime contractor(s) will also conduct job fairs prior to the start of construction, and they will be required to advertise locally for any openings they may have. SCT will also request that links be posted on local workforce and economic development

websites to provide pertinent information regarding job openings. Finally, SCT will provide a bi-annual report to the Commission regarding these activities and use of local contractors and vendors during development and construction. *See Direct Testimony of David Parquet.*

31. In recognition of the benefits provided by the Project, the Boards of Supervisors of the Mississippi counties included within the Filed Route have passed resolutions evidencing their support for the Project. ATTACHMENT E to the Petition consists of copies of these resolutions.

32. The Project will provide the benefits described above to Mississippi without risk to Mississippi retail or wholesale customers. These benefits will be recognized whether or not a utility serving Mississippi ratepayers subscribes to capacity on SCT. The cost to construct the Project will be funded entirely by SCT, and SCT will be responsible for the costs to construct and maintain the Project, including cost overruns, if any.

33. In addition to the Mississippi benefits described above, there are two additional forms of benefit available to Mississippi. The first additional benefit is the opportunity for any utility serving Mississippi ratepayers to participate in the Open Solicitation process and potentially subscribe to SCT capacity, which would permit that utility to benefit ratepayers through long-term, cost-competitive renewable and other energy from ERCOT. The Project as proposed will directly connect to the Southern Company grid, providing an opportunity for Mississippi utilities which receive power through that transmission system to participate or receive benefits from the SCT Project, either directly, through wholesale power agreements or through economic dispatch of the Southern Company grid. The Project may also have a direct interconnection with the TVA. TVA's multistate system operates as a single, consolidated system. Therefore, benefits TVA would receive by contracting with SCT will flow to all the

ratepayers of TVA, both those directly served and those served by electric power associations and municipal utilities, which includes over 300,000 ratepayers in 36 Mississippi counties. Finally, utilities not directly served through the Southern Company or TVA grids are able to transport or “wheel” power into their own systems. *See* Direct Testimony of David Parquet.

34. Entering into contracts with SCT for transmission capacity and with wind generators for energy present an opportunity for any utility serving Mississippi ratepayers to increase diversity of supply, reduce fossil fuel reliance and capture the benefits of wind generation for all its customers, which include renewable energy at prices which are not subject to change due to fuel price fluctuations. Further, because of the expected cost benefits of wind energy, such contracts are expected to present an opportunity to put long-term downward pressure on rates over the twenty-five year life of the SCT contract term. Upon execution of a mutual support agreement, it will also give the utility access to the 65,000 MW ERCOT market to assist in meeting system stability and reliability requirements under emergency conditions. Finally, the bi-directional nature of the Project will permit Mississippi utilities to sell excess power into the ERCOT market when ERCOT prices are higher and buy power from ERCOT when prices are lower, providing additional ratepayer benefits. *See* Direct Testimony of David Parquet. For utilities which serve Mississippi ratepayers and whose rates are subject to the jurisdiction of the Commission, the process of subscribing to SCT capacity may involve Commission review and approval of the relevant contracts.

35. The second additional benefit is a special offer of 125 MW of capacity (the “125 MW MS Capacity”) that will be made available by SCT as a separate part of its Open Solicitation process, available only to entities which commit to use this capacity to directly or indirectly provide electric service to Mississippi customers. The 125 MW MS Capacity offer

will be held open for the duration of the Open Solicitation process, presently scheduled for completion in the first quarter of 2018. Interested parties may submit a bid to SCT demonstrating that they will utilize the 125 MW MS Capacity to serve Mississippi ratepayers, either directly or indirectly. It is anticipated that interested bidders may combine long-term, fixed price SCT capacity with a commitment to provide cost-effective ERCOT energy to result in a long-term, fixed-price contract offer to deliver renewable energy to utilities serving Mississippi ratepayers. SCT's selection of the winning bid will be reviewed by the independent evaluator to assure that the selection is consistent with FERC open access, non-discrimination principles as well as SCT's 125 MW MS Capacity commitments. SCT will make a confidential filing with the Commission to provide information regarding the bid and selection process. *See* Direct Testimony of David Parquet.

36. All of the foregoing benefits will accrue to Mississippi or are available to Mississippi without risk to Mississippi ratepayers. As the FERC has recognized in its orders, "merchant" transmission owners such as SCT assume the full market risk associated with the Project and have no captive customers who are obligated to pay for it through cost-based rates. SCT will be financed by private capital, not ratepayer dollars, and Mississippi ratepayers will become obligated to pay a portion of the costs only if the utility providing service to them has first determined that SCT offers a benefit to them.

SUPPORTING DOCUMENTATION AND INFORMATION

37. Pursuant to the requirements of Appendix A, Schedule 3, of the Procedural Rules, SCT attaches, incorporates by reference, or seeks Commission disposition as requested, the following items:

A. Corporate Charter and By-laws (Appendix A, Schedule 3, Item 1): A copy of the Certificate of Formation of SCT is attached as Exhibit DP-2 to the Direct Testimony of David Parquet; said Certificate has not been amended. A copy of the Certificate of Good Standing issued by the Mississippi Secretary of State is attached as Exhibit DP-4 to this same Attachment. A copy of the Amended and Restated Limited Liability Company Agreement (“LLC Agreement”) of SCT is referenced as Exhibit DP-3 to this same Attachment. SCT requests a waiver of the requirement to file this document on the grounds that the Agreement contains confidential commercial or financial information; provided however, that SCT shall make such data available to the Mississippi Public Utilities Staff and/or Mississippi Public Service Commission through a separate filing with the Commission, pursuant to RP 4.100(3), 4.101(3), and 6.109 of the Procedural Rules.

B. Ownership, Officers, and Board of Directors (Appendix A, Schedule 3, Item 2): Names and addresses of the SCT members, officers and any other person owning fifteen percent (15%) or more of its limited liability company interests are found in Exhibit DP-3 to the Direct Testimony of David Parquet, submitted for filing separately as referenced above.

C. Certificated Area and Location of Proposed Facility (Appendix A, Schedule 3, Item 3): Since SCT is not and will not become a public utility under Mississippi law, it has no certificated service area. See Exhibit KW-2 to the Direct Testimony of Kristi Wise for proposed locations for the Transmission Line and Eastern Converter Station. The locations shown on this exhibit may vary upon completion of the final designs or as a result of Commission order. See Exhibit DP-6 for the legal description of the site for the Eastern Converter Station.

D. Detailed Description of the Proposed Facility (Appendix A, Schedule 3, Item 4): See paragraph C above, along with the Direct Testimonies of David Parquet and Kristi Wise.

E. Approvals (Appendix A, Schedule 3, Item 5): No approvals from health or environmental quality authorities have been received. SCT will obtain, prior to construction, all permits required for construction, such as permits from the U.S. Army Corps of Engineers, the National Park Service and state permitting agencies.

F. Estimated Cost and Sources of Funds (Appendix A, Schedule 3, Item 6): Because the Project will be privately financed and SCT has no captive ratepayers, and because the price paid for transmission service will be set by contract and not based on the actual construction cost, SCT requests a waiver of the requirements to provide a more detailed cost estimate or to demonstrate sources of funds. A general summary of expected costs is contained within the testimony of David Parquet, Attachment A.

G. Engineering Plans and Specifications (Appendix A, Schedule 3, Item 7): General design details for the proposed construction are attached to the Direct Testimony of David Parquet as Exhibit DP-5. SCT requests a waiver of this requirement to file with this Petition a complete set of plans and specifications for the facilities proposed herein, but rather seeks to make such a complete set of plans available upon request to the Mississippi Public Utilities Staff when such plans and specifications are completed and thereby available. Requirement of complete plans and specifications to be filed with this Petition would be unduly burdensome and impractical since they do not yet exist and such requirement also would be unnecessary because the complete set of plans and specifications will be available for the Public Utilities Staff's review when they are completed.

H. Rate Impact (Appendix A, Schedule 3, Item 8): The cost to construct the Project will be funded entirely by SCT, and SCT will be responsible for the costs to construct, operate and maintain the Project, including those portions in Mississippi. Further, SCT will not be a

“public utility” (as defined under Mississippi law) which is subject to the Commission’s rate jurisdiction, and has no ability to recover costs from Mississippi ratepayers through cost-based rates. Therefore, the Project is expected to have no direct impact on any rate base or rates of any utility subject to the Commission’s jurisdiction. Consequently, SCT requests a waiver of this requirement as set forth below.

I. Interested Persons (Appendix A, Schedule 3, Item 9): Pursuant to Procedural Rule RP 2.115(3) *see* ATTACHMENT F to the Petition; *see also* Direct Testimony of Lisa Dodd (ATTACHMENT C) describing outreach efforts to potentially affected landowners. To the extent that landowners owning property within 500 feet of the centerline of the Filed Route may be considered “interested persons,” pursuant to Rule 2.115 of the Procedural Rules, SCT requests a waiver of the requirement to provide names and addresses of landowners to whom SCT has or will mail a Notice to Interested Persons on its Certificate of Notification on the grounds that this data may contain confidential commercial or financial information of the affected landowners, provided however, that SCT shall make such data available to the Mississippi Public Utilities Staff and/or Mississippi Public Service Commission through a separate filing with the Commission, pursuant to RP 4.100(3), 4.101(3), and 6.109 of the Procedural Rules.

J. Testimony (Appendix A, Schedule 3, Item 10): All testimony to be relied on at the hearing is attached hereto as ATTACHMENTS A, B, C, and D.

K. Current Balance Sheet and Income Statement (Appendix A, Schedule 3, Item 11): Because SCT is not a public utility subject to the Commission’s jurisdiction except for a siting certificate, it requests a waiver of this requirement as set forth below.

38. Pursuant to Procedural Rule RP 1.102, SCT hereby moves for and requests a waiver of and permission for deviation from part of the requirements of Appendix A, Schedule 3,

Items 6, 7, 8 and 11 of the Procedural Rules to allow SCT not to file for the reasons stated above.

39. To the extent that this filing does not meet all of the technical requirements of the Commission's rules, SCT hereby respectfully moves and requests, pursuant to Procedural Rule RP 1.102, that the noncompliance be waived by the Commission.

40. Subject to the receipt of necessary regulatory approvals and the completion of other necessary Project development steps, such as securing subscriber contracts and landowner, right of way and other agreements, finalizing construction contracts, obtaining necessary permits and closing Project financing, SCT is ready to proceed to acquire, construct, own, operate, and maintain the facilities that are the subject of this Petition. The benefits of the Project, coupled with the fact that no Mississippi utility will assume any market risk, means that the public convenience and necessity will require the issuance by the Commission of a Certificate of Public Convenience and Necessity authorizing the siting and construction of the proposed Southern Cross Project.

41. Pursuant to Mississippi law and the Procedural Rules, Petitioner is attaching only the non-confidential portions of the exhibits for filing in the public records of the Commission. Copies of such exhibits that contain confidential, commercial and financial information or information in the nature of a trade secret have been appropriately marked and are being filed under separate cover in accordance with RP 4.100(3), 4.101(3), and 6.109 of the Procedural Rules. Petitioner requests that, to the fullest extent permitted by law, these materials not be disclosed to any third parties without proper notice to the affected parties.

42. Service on SCT in this proceeding should be made to:

Southern Cross Transmission LLC
c/o Pattern Energy Group LP
Pier 1, Bay 3
San Francisco, California 94111

Attention: General Counsel
generalcounsel@patternenergy.com

with copy to:

R. Wilson Montjoy II
BUTLER SNOW LLP
1020 Highland Colony Parkway
Post Office Box 6010
Ridgeland, Mississippi 39158-6010
(P)(601) 948-5711
wilson.montjoy@butlersnow.com

WHEREFORE, PREMISES CONSIDERED, Southern Cross Transmission LLC prays that the Commission will set this matter for hearing at an early date and particularly prays that this Commission shall find that the public convenience and necessity requires such hearing to be held at the earliest date available, and SCT further prays that the Commission grant a waiver of and permission for deviation from any filing requirement as referenced in paragraph 38 above, and of any other filing requirement referenced in paragraph 37 above, and that process be issued by this Commission in the manner provided by law and by the Procedural Rules giving reasonable notice of the hearing hereof to all interested and other person as in the Commission's judgment may be necessary, including the time and place of such hearing and the purpose thereof.

SCT FURTHER PRAYS that upon a hearing thereof, the Commission shall:

- (1) Grant unto the Applicant a certificate that the public convenience and necessity require and will require the siting and construction of the proposed Project within the State of Mississippi as more particularly described, set out, and applied for herein.
- (2) Find that Southern Cross Transmission LLC is not a public utility under the laws of the State of Mississippi and is not subject to the Commission's jurisdiction except for the

requirement of a certificate of public convenience and necessity for the siting and construction of those portions of the Project located in Mississippi pursuant to Miss. Code Ann. § 77-3-14.

(3) Find that Southern Cross Transmission LLC, in submitting this Petition to this Commission, has complied with all requirements of the Public Utilities Act, Miss. Code Ann. § 77-3-1 *et. seq.* and the Commission's Rules of Practice and Procedure.

(4) Grant unto the Applicant the authority to make refinements to the route of the Project occurring within 500 feet of the centerline of the Filed Route or outside that 1,000 foot corridor with landowner consent, requiring only the filing of a routing update, but reserving unto the Commission the right to approve any refinements outside the 1,000 foot corridor that do not have landowner consent and a procedure providing for the Commission to appoint a hearing officer to review proposed route refinements and render an expedited decision, after notice and the opportunity to be heard, as referenced in paragraph 25 above.

Southern Cross Transmission LLC FURTHER PRAYS for such other and general relief as may be required, needed, or beneficial.

Respectfully submitted this, the 25th day of April, 2017.

SOUTHERN CROSS TRANSMISSION LLC

By: 

R. Wilson Montjoy II, MB# 3428

Mark W. Garriga, MB# 4762

BUTLER SNOW LLP

1020 Highland Colony Parkway

Post Office Box 6010

Ridgeland, Mississippi 39158-6010

(P)(601) 948-5711

(F)(601) 985-4500

Attorneys for SOUTHERN CROSS TRANSMISSION LLC

STATE OF TEXAS

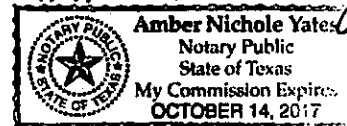
COUNTY OF TRAVIS

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, DAVID PARQUET, who after being by me first duly sworn stated that he is the Senior Vice President-Special Projects for Pattern Energy Group LP, and that as such is fully authorized to make this affidavit; and further stated that the matters and things contained in the foregoing Petition For Certificate of Public Convenience and Necessity of Southern Cross Transmission LLC are true, accurate, and correct as therein set forth to the best of his knowledge, information, and belief.



DAVID PARQUET
SENIOR VICE PRESIDENT-
SPECIAL PROJECTS
PATTERN ENERGY GROUP LP

SWORN TO AND SUBSCRIBED before me, this the 13th day of April, 2017.



CERTIFICATE OF SERVICE

I, R. Wilson Montjoy, attorney for Southern Cross Transmission LLC, hereby certifies, that I have complied with Rule 6.111 of the Public Utilities Rules of Practice and Procedure of the Mississippi Public Service Commission, as follows:

- (1) The original and twelve (12) copies of the above and foregoing Petition have been filed with the Commission by hand delivery to:

Katherine Collier
Executive Secretary
Mississippi Public Service Commission
Suite 201-A, Woolfolk State Office Building
501 North West Street
Jackson, MS 39201

- (2) An electronic copy of the Petition has been filed with the Commission via e-mail to the following address: efile.psc.state.ms.us

- (3) One (1) copy of the Petition has been hand delivered to each of the following:

Virden C. Jones
Executive Director
Mississippi Public Utilities Staff
3rd Floor
Woolfolk State Office Building
501 North West Street
Jackson, MS 39201


Chad J. Reynolds
General Counsel
Mississippi Public Utilities Staff
3rd Floor
Woolfolk State Office Building
501 North West Street
Jackson, MS 39201

Shawn S. Shurden
General Counsel
Mississippi Public Service Commission
Mississippi Public Utilities Staff
2nd Floor
Woolfolk State Office Building
501 North West Street
Jackson, MS 39201

- (4) A copy of the Notice to Interested Persons has been served as indicated in ATTACHMENT F to this Petition.
- (5) Petitioner has complied with or requested a waiver of all other requirements of this Commission's Rules.

Respectfully submitted this, the 25th day of April, 2017.

SOUTHERN CROSS TRANSMISSION LLC

By: 
R. Wilson Montjoy II, MB# 3428
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