

NextEra Energy Transmission New York, Inc.

Marcy to Pleasant Valley Project

Executive Summary

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NextEra Energy Transmission New York, Inc. (NEETNY), proposes to construct and operate an approximately 148-mile 345-kilovolt (kV) single-circuit alternating current (AC) transmission line paralleling existing transmission lines between the Marcy Substation in Oneida County and the Pleasant Valley Substation in Dutchess County (Marcy to Pleasant Valley Project or the Project)¹ with an expected in-service date of September 2017. NEETNY therefore submits its Part A Application for a Certificate of Environmental Compatibility and Public Need under Article VII of the New York State Public Service Law, as modified by the New York State Public Service Commission (the Commission) in its orders dated April 22, 2013 (April 22 Order) and September 19, 2013, and other associated guidance from New York State Department of Public Service.

BENEFITS OF NEETNY'S PROPOSAL

NEETNY's Project would further several objectives of the New York Energy Highway Blueprint (the Energy Highway Blueprint) issued by the Governor's Energy Highway Task Force in October 2012 and Commission orders, including significantly reducing congestion across two major New York Independent System Operator, Inc. (NYISO) electrical interfaces, Central East and Upper New York to Southeast New York (UPNY/SENY), resulting in production cost savings and lower transmission line losses. The Project would further other objectives such as maximizing the use of existing facilities and rights-of-way (ROW) to the extent practicable, minimizing the creation of new ROW, minimizing impacts to environmentally/ecologically sensitive resources and landowners, and upgrading the transmission system to improve reliability.

Additional benefits of NEETNY's Marcy to Pleasant Valley Project proposal include:

The Project will have minimal environmental impacts. By designing the Project to be located adjacent to and parallel to existing transmission lines and using existing transmission corridors to the extent practical, NEETNY has minimized the potential for significant environmental impacts and disturbances to the surrounding built and natural environment.

¹ For purposes of the Part A Application, the "Marcy to Pleasant Valley Project" refers to NEETNY's preferred project route discussed in Exhibit 2, although NEETNY is evaluating several potential alternatives to ensure that an optimal and comprehensive solution is delivered.

Wildlife habitat along the existing transmission corridor is already fragmented and the addition of new structures is expected to impact only edge habitat. The engineering design objective is to avoid locating poles within wetlands, streams, and stream banks. When poles are located in farmlands, they will be aligned, to the extent practical, with existing structures in order to minimize the permanent loss of croplands.

The Project uses advanced pole technology. NEETNY intends to construct the Project primarily using spun concrete monopole structures, which offer significant advantages over more conventional structure types. These advantages include reducing the disturbance area and visual impacts, as well as reducing the necessary time to build the transmission lines compared to traditional lattice or steel structures. In addition, spun concrete monopoles offer a high level of structural reliability and reduced inspection and maintenance costs. In prior projects involving affiliates of NEETNY, affected landowners and other members of the public have expressed significant and consistent support for monopole-type structures due to their smaller size, more limited footprint, and reduced visual impact as compared to traditional lattice or other traditional structures. Where appropriate, self-supported structures, steel structures, and hybrid concrete/ steel structures will be used.

The Project will achieve the public policy goals of the Energy Highway Blueprint and objectives identified by the Commission. The Project is being proposed as part of the Energy Highway Blueprint. A key finding of the Energy Highway Blueprint was the need to expand transmission by 1000 megawatts (MW) in the corridor that traverses the Mohawk Valley Region, the Capital Region, and the Lower Hudson Valley to reduce the congestion that currently limits the ability to carry excess power from Upstate to Downstate. The corridor includes facilities connected to Marcy, New Scotland, Leeds, and Pleasant Valley Substations and the Central East and UPNY/SENY Interfaces. The Marcy to Pleasant Valley Project will satisfy the objectives of the Energy Highway Blueprint and the Commission's November 30, 2012 Order by providing significant congestion relief along the Central East and UPNY/SENY interfaces, which will enable the reliable delivery of energy to load while providing the most benefit at the least cost to ratepayers. The increased transfer capability across these key interfaces resulting from the Project will provide a number of economic benefits, including reducing demand congestion costs by nearly \$2.3 billion, reducing production costs by

approximately \$350 million, reducing transmission system losses by approximately \$349 million, and reducing capacity payments by up to \$803 million over 10 years.

The Project will also cause property improvements that will bring approximately \$8.5 million in incremental property tax revenues in the first full year of operation, and continuing property tax revenues each year thereafter based on preliminary cost estimates and analysis. During construction, NEETNY has conservatively estimated the need for 200 jobs for a full year, as well as \$60 million in economic output.

NEETNY has the financial, managerial, and technical capability to develop, construct, and operate the Project. NEETNY is an indirect, wholly-owned subsidiary of NextEra Energy, Inc. (NextEra), a leading clean energy company whose principal businesses are Florida Power & Light Company, Florida's largest electric utility with approximately 4.6 million customer accounts, and NextEra Energy Resources (NEER), the largest generator of renewable energy from the wind and sun in North America.

A Fortune 200 company, NextEra's year-end 2012 balance sheet included over \$64 billion of assets and \$16 billion of shareholder equity, and more than 70% of NextEra's \$14 billion in 2012 revenues were derived from regulated utility sources. Consequently, NextEra maintains strong investment-grade credit ratings, with corporate credit ratings of "A-" from both Standard & Poor's Financial Services and Fitch Ratings and "Baa1" from Moody's Investor Services. These financial attributes give NextEra the ability to potentially fund major infrastructure projects, such as the Marcy to Pleasant Valley Project, on its own balance sheet.

NextEra has successfully obtained and maintained all required federal, state, provincial, and local permits for major electric generation and transmission projects currently operating throughout the United States and Canada, including approximately 8,200 circuit miles of high-voltage electric transmission.

NEETNY is a direct subsidiary of NextEra Energy Transmission, LLC (NEET), which currently owns and operates transmission utilities in New Hampshire and Texas, and is developing transmission projects throughout North America. Most recently, on August 7, 2013, the Ontario Energy Board issued a decision selecting Upper Canada Transmission Inc. (UCT), a partnership of NextEra Energy Canada ULC, Enbridge Transmission Holdings Inc., and Borealis EWT Inc. as the designated developer for the East-West Tie, which involves construction of a new, approximately 250-mile long double circuit high-voltage electrical transmission line adjacent to an existing transmission line running between Thunder Bay and Wawa, Ontario

which, in conjunction with the existing line, will increase capacity and reliability of electrical transmission between northeast and northwest Ontario. UCT prevailed in a competitive proceeding involving six applicants who submitted detailed proposals for the project.

In addition, NEETNY's sister company, Lone Star Transmission, LLC (Lone Star), holds a Certificate of Convenience and Necessity from the State of Texas that granted it authority to become a new regulated public utility to develop, construct, and operate 330 miles of high voltage transmission lines, related substations and other facilities. Lone Star recently completed construction and energized its facilities on time and for tens of millions of dollars less than its initial cost estimate for the more than \$700 million project.

Selecting NEETNY to develop, construct, and operate Marcy to Pleasant Valley will introduce meaningful competition into the New York electric transmission system, thus lowering costs for ratepayers. In response to the Commission's November 30, 2012 Order Instituting Proceeding, on January 25, 2013, NEET submitted a Statement of Intent to construct a 345-kV transmission line from Marcy to Pleasant Valley. NEET's preliminary cost estimate for construction of the Project was less than half of the preliminary cost estimate supplied by the transmission owners for the same project in their Statement of Intent, representing a cost savings for ratepayers of hundreds of millions of dollars. The stark differences in these figures prompted the Commission to recognize correctly "that some projects may be more cost-effective than others."²

As established by these preliminary cost figures, NEETNY's proposal accomplishes the Commission's overriding objective in this proceeding, which is to identify the "optimum portfolio of projects" that will provide "the most benefit at the least cost to ratepayers."³ NEETNY's strong balance sheet and track record on previous major projects demonstrates its ability to develop and construct its projects as proposed *and* budgeted. Moreover, to underscore NEETNY's confidence in its ability to deliver the quality and cost savings it proposes, NEETNY has expressed its willingness to accept the risk of cost overruns subject to the Commission's approval of the cost recovery proposal it submitted on August 26, 2013.

² Case 12-T-0502, Proceeding on Motion to Examine Alternating Current Transmission Upgrades, Order Establishing Procedures for Joint Review under Article VII of the Public Service Law and Approving Rule Changes at 6 (Apr. 22, 2013).

³ *Id.*

NEETNY'S PART A APPLICATION

Consistent with the Commission's April 22 and September 19 Orders, and in order to supply evidence of its financial, technical and managerial capabilities relevant to the Commission's evaluation of alternatives, NEETNY provides the following testimony and exhibits in support of the Application:

- Eric Gleason, President of NEETNY, provides testimony describing NEETNY and its affiliates, providing a description of the Project, demonstrating how the Marcy to Pleasant Valley Project satisfies the objectives set forth in the Commission's orders in Case 12-T-0502 and the Energy Highway Blueprint and provides other benefits to ratepayers, and sponsoring Exhibit 1;
- Eduardo DeVarona, Director of Operations for NEET, provides testimony on the technical capabilities of NEETNY to develop the Project;
- Aldo Portales, Assistant Treasurer of NextEra, provides testimony on the financial capabilities of NEETNY and how NEETNY plans to finance the Marcy to Pleasant Valley Project;
- Monique Brechter, Executive Director of Development for NEET, provides a summary of municipal outreach meetings conducted by NEETNY in advance of the filing;
- Bob Golden and Elizabeth Weatherby, the TRC Vice President for power generation and transmission line permitting and Project Manager responsible for preparing the environmental studies that support the Application, and Ricardo Austria, Executive Principal of Pterra, LLC sponsor Exhibit 2, which includes a description of the location of the proposed line in compliance with the requirements of 16 NYCRR Section 86.3, as modified by the April 22 Order;
- Dan Mayers, Director of Transmission/Substation Engineering for NEER, sponsors Exhibit 5, which contains the Design Drawings as required by 16 NYCRR Sections 86.6(a) and (b);
- Bob Golden and Elizabeth Weatherby, the TRC Vice President for power generation and transmission line permitting and Project Manager responsible for preparing the environmental studies that support the Application, sponsor Exhibit 7, which contains recent edition topographic maps showing the Project route

location with overlays showing zoning and flood zones, as required by 16 NYCRR Section 86.8, as modified by the April 22 Order;

- Dan Mayers, Director of Transmission/Substation Engineering for NEER sponsors Exhibit E-1, which contains a description of the proposed transmission line as required by 16 NYCRR Sections 88.1 (a) through (d);
- Ricardo Austria, Executive Principal of Pterra LLC, sponsors Exhibit E-4, which contains the engineering justification for the proposed transmission line as required by 16 NYCRR Section 88.4, as modified by the Commission's April 22 Order; and
- The Application includes, in Appendix A, a scoping statement and schedule describing how and when NEETNY will submit the items required for the Part B Application.