

IN THE MATTER OF THE APPLICATION OF PLAINS AND EASTERN CLEAN LINE LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AS A PUBLIC UTILITY IN THE STATE OF ARKANSAS	10-041-U
---	----------

DOCKET DESIGNATOR: U A R P

RELATED DOCKETS:

Nature of Action: (See second sheet)

PETITIONER/INITIATING PARTY*	ATTORNEYS' NAME, ADDRESS, PHONE, FAX AND E-MAIL
PLAINS AND EASTERN CLEAN LINE LLC 1001 McKinney Street Suite 725 Houston, Texas 77002 kpatton@cleanlineenergy.com 832.319.6310 (T) 832.319.6311 (F)	DERRICK W. SMITH Mitchell, Williams, Selig, Gates & Woodyard, PLLC 425 W. Capitol Ave., Suite 1800 Little Rock, Arkansas 72201 dsmith@mwlaw.com 501.688.8845 (T) 501.918.7845 (F)

*If the initiating party is not a jurisdictional utility in Arkansas, please provide mailing address, phone, fax and e-mail for the company

Pursuant to Rule 2.03(b) of the Commission's Rules of Practice and Procedure, please provide name, address, phone, fax, e-mail of at least one, but not more than two names to appear on the Service List for this docket

Kathryn L. Patton, Clean Line Energy Partners LLC, 1001 McKinney Street, Suite 725, Houston TX, 77002, 832.319.6310 (T), 832.319.6311 (F), kpatton@cleanlineenergy.com
 Derrick W. Smith, Mitchell Williams, 425 W. Capitol Ave., Suite 1800, Little Rock, AR 72201
 501.688.8845 (T), 501.918.7845 (F), dsmith@mwlaw.com

Write a brief statement, limited to the space provided herein describing the case that you are filing. Please provide enough information to assure that the nature of your docket is clear.

Plains and Eastern Clean Line LLC ("Clean Line") seeks the issuance of a certificate of public convenience and necessity to operate as an electric transmission public utility in the State of Arkansas. Clean Line intends to develop, construct or operate electric transmission facilities in Arkansas. Specifically, Clean Line intends to construct a transmission line capable of transmitting up to 7,000 MW of power, primarily from renewable projects in western Oklahoma, southwestern Kansas, and the Texas Panhandle to the Tennessee Valley Authority service territory and other surrounding areas, including Arkansas. Clean Line's application does not seek authority to begin construction of a transmission line, which authorization Clean Line will seek pursuant to a separate application. Clean Line also seeks the waiver of certain statutes not applicable to its proposed business in the state.

Form completed by: Derrick W. Smith Date: 05.13.10

Representing: Plains and Eastern Clean Line LLC

NATURE OF ACTION: Please choose at least one, but no more than three docket types

<input type="checkbox"/> Accounting	<input type="checkbox"/> Lifeline/link up
<input type="checkbox"/> Acquisition/Sales	<input type="checkbox"/> Market Power
<input type="checkbox"/> Act 31 of 1981 (Surcharge)	<input type="checkbox"/> Merger/Transfer
<input type="checkbox"/> Act 821 of 1987 (Cooperatives Rate Change)	<input type="checkbox"/> Municipal Franchise Tax
<input type="checkbox"/> Administrative Procedures	<input type="checkbox"/> Net Metering
<input type="checkbox"/> Affiliate Rules	<input type="checkbox"/> Nuclear Decommissioning
<input type="checkbox"/> Annual Reports/Assessment	<input type="checkbox"/> One Call
<input type="checkbox"/> Ar Energy Conservation Act (Efficiency Programs)	<input type="checkbox"/> Pipeline Safety
<input type="checkbox"/> Arbitration	<input type="checkbox"/> Pole attachment issues
<input type="checkbox"/> Arkansas High Cost Fund	<input type="checkbox"/> Protective Order
<input type="checkbox"/> Arkansas Intralata Toll Pool	<input type="checkbox"/> Public Utility Holding Company Act
<input type="checkbox"/> Arkansas Universal Service Fund	<input type="checkbox"/> Public Utility Regulatory Policy Act
<input type="checkbox"/> ARSI Arkansas Relay Service, Inc.	<input type="checkbox"/> Purchase Power
<input type="checkbox"/> Auto Adjustment	<input type="checkbox"/> Railroad
<input type="checkbox"/> Avoided Cost	<input type="checkbox"/> Rates
<input type="checkbox"/> CCN Cancellation	<input type="checkbox"/> Refund
<input type="checkbox"/> CCN Facility	<input type="checkbox"/> Reports
<input checked="" type="checkbox"/> CCN License	<input type="checkbox"/> Resource Plan
<input type="checkbox"/> CECPN	<input type="checkbox"/> Restructuring
<input type="checkbox"/> Cost of Gas/Energy seasonal/unscheduled	<input type="checkbox"/> Retail
<input type="checkbox"/> Customer release/Abandonment	<input type="checkbox"/> River Crossing
<input type="checkbox"/> Declaratory Judgment	<input type="checkbox"/> Regional Transmission Organization
<input type="checkbox"/> Depreciation	<input type="checkbox"/> Rulemaking
<input type="checkbox"/> Dialing/Numbering	<input type="checkbox"/> Service Quality
<input type="checkbox"/> Disabilities Act of 1990	<input type="checkbox"/> Shielded Outdoor Lighting
<input type="checkbox"/> Earnings Review	<input type="checkbox"/> Show Cause
<input type="checkbox"/> Eligible Telecommunications Carrier Designation	<input type="checkbox"/> Stranded Costs
<input type="checkbox"/> Energy Policy Act	<input type="checkbox"/> Sustainable Energy Resources
<input type="checkbox"/> Energy/Fuel Purchasing Practices	<input type="checkbox"/> Terms and Conditions
<input type="checkbox"/> EWG Exempt Wholesale Generator	<input type="checkbox"/> Territory/release/unallocated territory
<input type="checkbox"/> Extended Area Service	<input type="checkbox"/> Transition costs
<input type="checkbox"/> Extension of Telecommunications Facilities Fund	<input type="checkbox"/> Unbundling
<input type="checkbox"/> Extraordinary Property Loss	<input type="checkbox"/> USOA (Uniform System of Accounts)
<input type="checkbox"/> FCC	<input type="checkbox"/> Waiver/Exemption
<input type="checkbox"/> Finance (Bonds/issue & sell; stock; prom note)	<input type="checkbox"/> Weather
<input type="checkbox"/> Grand Gulf	<input type="checkbox"/> Wholesale
<input type="checkbox"/> Integrated Resource Planning	<input type="checkbox"/> Wholesale Rate Adjustment
<input type="checkbox"/> Interconnection Agreements	
<input type="checkbox"/> Interest/Customer Deposit	
<input type="checkbox"/> Investigation/Inquiry	

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM
KS
SECRETARY OF COMM

2010 MAY 13 P 3:43

IN THE MATTER OF THE APPLICATION)
OF PLAINS AND EASTERN CLEAN LINE)
LLC FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)
TO OPERATE AS AN ELECTRIC TRANSMISSION)
PUBLIC UTILITY IN THE STATE OF ARKANSAS)

Docket No. 10-1104P-4

APPLICATION

Plains and Eastern Clean Line LLC (“Clean Line” or “Applicant”) submits this Application for a Certificate of Public Convenience and Necessity for the purpose of operating as a public utility to the extent that it will be developing, constructing or operating electric transmission facilities in the state of Arkansas. This application does not seek authorization to begin construction of a transmission line, which authorization Clean Line will seek pursuant to a separate application. In support of this Application, Clean Line states:

I. Applicant

1. Applicant, Clean Line, is a limited liability company organized under the laws of Arkansas, with its principal business address located at 1001 McKinney Street, Suite 725, Houston, Texas 77002. A certified copy of Clean Line’s Articles of Organization is attached as Exhibit 1. Also attached are copies of Clean Line’s Operating Agreement and Certificate of Good Standing as Exhibit 2 and Exhibit 3, respectively.

2. Clean Line is a wholly-owned subsidiary of Plains and Eastern Clean Line Holdings LLC, a Delaware limited liability company, which is a wholly-owned subsidiary of Clean Line Energy Partners LLC, also a Delaware limited liability company (“Clean Line

Energy Partners”). The majority owner of Clean Line Energy Partners is ZAM Ventures, L.P. (“ZAMV”), the principal investment vehicle for ZBI Ventures, L.L.C (“ZBIV”). ZBIV, which focuses on long-term investments in the energy sector, is a subsidiary of Ziff Brothers Investments, L.L.C. Additional owners of Clean line Energy Partners include the Houston-based Zilkha family.

3. The mission of Clean Line Energy Partners is to connect the best renewable resources in the country with regions that have an increasing demand for renewable energy. Clean Line’s specific focus is to provide Arkansas and neighboring states access to the renewable resources of western Oklahoma, southwestern Kansas and the Texas Panhandle.

4. The names and addresses of the persons authorized to receive all notices, orders, pleadings and correspondence concerning this Application are:

Kathryn L. Patton
Clean Line Energy Partners LLC
1001 McKinney Street
Suite 725
Houston, Texas 77002
kpatton@cleanlineenergy.com

Derrick W. Smith
Mitchell Williams
425 West Capitol Avenue
Suite 1800
Little Rock, Arkansas 72201
dsmith@mwlaw.com

II. Facts

5. The need for new energy resources and accompanying transmission facilities, particularly for renewable energy, is becoming increasingly apparent. In a recent order, this Commission made the following observations:

Consumer demand for electricity continues to grow across the United States, causing reductions in generation reserves and raising reliability concerns in all regions. Forecasters are anticipating that, without behavioral changes on the part of consumers, demand for electricity in the U.S. will grow 29% by 2030.

Diminishing generation reserve margins are causing many utilities to seek approval to acquire new or existing power plants.

Demand growth and the need to retire aging, inefficient generators are driving the need for electric capacity expansion.

Global electric demand growth (in China, India, etc.) has brought dramatic increases in fuel prices (fuel oil, natural gas, coal).

Congestion and reliability concerns and growth in demand are driving the need for new transmission facilities. This includes the provision of transmission for economic transactions. According to the Edison Foundation/Brattle Group, 70% of transmission lines are 25 years old or older; 70% of power transformers are 25 years old or older; and 60% of circuit breakers are more than 30 years old.

The global climate debate has led to the circulation of several proposals in Congress that would impose additional emissions constraints on U.S. utilities and industry.

A growing number of utility companies and American business leaders acknowledge that some form of carbon control is likely. In February 2007, the Edison Electric Institute and the Electric Power Supply Association became the first major energy trade groups to advocate a federal mandate to control greenhouse gas (GHG) emissions.

National security concerns underscore the importance of reducing reliance on foreign fossil fuel sources and have caused "Energy Independence" to be a major policy driver in Washington.

Some new supply-side technologies (more efficient coal plants, wind, landfill gas, and biomass) are increasingly cost competitive with existing resources. Others (new nuclear, solar thermal, and coal with carbon capture and sequestration (CCS)) are becoming commercially competitive.¹

6. This Commission has also recognized that a reliable and efficient electric transmission system is necessary to transfer electrical power within Arkansas and regionally.² Moreover, this Commission has acknowledged "that in order to appropriately plan for the

¹ *In The Matter Of A Notice Of Inquiry Regarding The Expanded Development Of Sustainable Energy Resources In Arkansas*, Docket No. 08-144-U, Order No. 1 at pp. 2-4 (October 7, 2008).

² *In The Matter Of An Inquiry Into Electric Transmission Issues Within The Areas Served By the Southwest Power Pool Regional Transmission Organization And The Entergy Corporation As Such Issues Affect Electric Service Within Arkansas*, Docket No. 08-136-U, Order No. 1 at p. 1 (September 25, 2008).

expansion of, and upgrades to, the electric transmission system, utility planners and regulators must make decisions well in advance of the need for additional transmission.”³

7. In its final report, issued in October 2008, the Arkansas Governor’s Commission on Global Warming (“Global Warming Commission”)⁴ estimated that electricity sales in Arkansas will grow roughly 1.37% per year between 2005 and 2025.⁵ Approximately 32% of Arkansas gross GHG emissions come from electricity generation,⁶ making this sector one in which major reductions could be made by increasing the proportion of renewable energy. In this

³ *Ibid.* at 2.

⁴ The Global Warming Commission was established by Act 696 of 2007 and charged to:

- 1) Conduct an in-depth examination and evaluation of the issues related to global warming and the potential impacts of global warming on the state, its citizens, its natural resources, and its economy, including without limitation, agriculture, travel and tourism, recreation, insurance, and economic growth and development.
- 2) Based on the commission's evaluation of the current global warming data, the assessment of global warming mitigation strategies, and the available global warming pollutant reduction strategies, the commission shall set forth:
 - a. A global warming pollutant reduction goal; and
 - b. A comprehensive strategic plan for implementation of the global warming pollutant reduction goal.
- 3) Present its global warming pollutant reduction goal and comprehensive strategic plan for consideration to the Eighty-Seventh General Assembly and develop findings and recommendations as may be directed thereafter by the Eighty-Seventh General Assembly.

The purpose of the global warming pollutant reduction goal and comprehensive strategic plan was to place Arkansas in a position to help stabilize the global climate, to allow Arkansas to lead the nation in attracting clean and renewable energy industries to our state, and to reduce consumer energy dependence on current carbon-generating technologies and expenditures. 696 Ark. Acts 2007, sec. 5.

⁵ Global Warming Commission Final Report at p. 5-1, available at

http://www.pewclimate.org/docUploads/Arkansas%20climate%20plan_1.pdf.

⁶ *Ibid.*

context, Arkansas will benefit from the ability to meet its increasing power demands from renewable resources, a need that Clean Line could help to satisfy by providing Arkansas utilities with the opportunity to purchase carbon-free power.

8. The development of additional renewable power generation facilities has intensified the need for new transmission infrastructure. In the past decade, both state and federal policy-makers have established the important goal of meeting the country's growing demand for power from renewable resources. In 1999, the Department of Energy Secretary announced the "Wind Powering America" initiative, which set a goal of generating 5% of U.S. electric power through wind energy by 2020, an objective that has since been reiterated and increased. Nine years later, the Department of Energy demonstrated its continued support of renewable energy by publishing a year-long assessment of the costs, challenges, impacts and benefits that would result from wind generation providing 20% of the electrical energy consumed in the United States by 2030.⁷ Most recently, the U.S. House of Representatives passed a bill mandating that investor-owned utilities buy 15% of their electricity from renewable sources.⁸ The executive branch of the federal government has repeatedly voiced its strong support for a federal renewable electricity standard and for improvements to the U.S. electric transmission grid to build and sustain a clean energy economy.

9. The Arkansas Governor's Commission on Global Warming proposed that Arkansas adopt a Renewable Energy Feed-In Tariff ("REFIT") to provide guaranteed, above-

⁷ U.S. Department of Energy, 20% Wind Energy by 2030: Increasing Wind Energy's Contribution to U.S. Electricity Supply (2008), available at <http://www.nrel.gov/docs/fy08osti/41869.pdf>.

⁸ The Commission considered this development so significant that it ordered Arkansas' jurisdictional utilities to file comments providing their best estimate of the impact of the bill on customer rates and the utilities themselves. *In The Matter Of A Notice Of Inquiry Regarding The Expanded Development Of Sustainable Energy Resources In Arkansas*, Docket No. 08-144-U, Order No. 11 (July 9, 2009).

market rates to renewable power generators, which would give Arkansas utilities the ability to provide renewable energy to their customers.⁹ Currently, 36 states have placed goals or mandates on the use of renewable energy sources to fulfill electricity demand.¹⁰ Additionally, the federal government is considering a national renewable portfolio standard, and the Environmental Protection Agency has announced its intent to regulate carbon emissions in the absence of Congressional action. In the event of future regulatory changes, Arkansas utilities could mitigate the impact to Arkansas ratepayers by accessing the best wind resources in the United States through Clean Line's Plains and Eastern Clean Line project, discussed below.

10. The United States has abundant wind resources. In 2005 and 2006, the U.S. led the world in new wind installations, and the scale of wind generation projects has increased dramatically in recent years.¹¹ In 2007 and 2008, wind projects made up the largest component of new electrical generation capacity added in the United States.¹² Due to the pace of new wind additions, 2009 also saw the greatest increase in renewable generation (excluding conventional hydro-power) ever recorded.¹³ Only a few years ago a typical wind project consisted of 50-100 MW, but wind developers are now routinely erecting 400 MW projects. The industry is reanalyzing previous assumptions about the scale and speed of implementation for renewable energy. Despite recent growth, in 2009 wind made up less than 2% of total electric power

⁹ Global Warming Commission Final Report at p. 5-5.

¹⁰ http://www.pewclimate.org/what_s_being_done/in_the_states/rps.cfm.

¹¹ U.S. Department of Energy, 20% Wind Energy by 2030: Increasing Wind Energy's Contribution to U.S. Electricity Supply (2008) at 6.

¹² U.S. Department of Energy 2008 Wind Technologies Market Report at 4, available at <http://www1.eere.energy.gov/windandhydro/pdfs/46026.pdf>.

¹³ http://www.awea.org/newsroom/releases/04-08-10-U.S._Wind_Industry_Annual_Market_Report.html.

generation in the United States.¹⁴ Other industrialized nations obtain significantly more of their power from wind, such as Spain (11%) and Germany (7%).¹⁵

11. The windiest sites in the United States are often not located near load centers, and currently there are insufficient transmission lines to connect them. Additional transmission infrastructure is critical to the nation's ability to fully exploit its wind resources. Limitations of the electric transmission grid are already stifling the growth of wind power development in many areas. In the Southwest Power Pool ("SPP") and elsewhere, insufficient transmission has caused the curtailment of wind generation despite its zero marginal cost.¹⁶ Arkansas can play a leading role in modernizing the grid by connecting some of windiest areas of the country to regions with demand for renewable energy and a lack of renewable resources.

12. Clean Line is an independent transmission company dedicated to connecting the nation's best renewable energy resources to the southern United States, including Arkansas. The company's exclusive focus on the development and operation of transmission lines aids its ability to propose and execute projects that best serve the need for increased access to renewable energy. Clean Line has no competitive interest in existing generation or retail operations and is therefore well-suited to facilitating transmission solutions that provide consumers with affordable access to clean energy.

13. Clean Line is currently developing the Plains and Eastern Clean Line transmission project (the "Project" or the "Plains and Eastern Clean Line"). The Plains and Eastern Clean

¹⁴ AWEA U.S. Wind Industry Annual Market Report Year Ending 2009 at 3, available at http://www.awea.org/reports/Annual_Market_Report_Press_Release_Teaser.pdf.

¹⁵ http://www.ieawind.org/AnnualReports_PDF/2008/02%20Executive%20Summary%202008.pdf.

¹⁶ EnerNex Corporation, Eastern Wind Integration and Transmission Study (January 2010) at 168-170, available at http://www.nrel.gov/wind/systemsintegration/pdfs/2010/ewits_final_report.pdf.

Line will consist of twin, ± 500 or ± 600 kilo-volt (“kV”), overhead, high voltage, direct current (“HVDC”) transmission lines, which will be capable of transmitting up to 7,000 MW of power, primarily from renewable projects in western Oklahoma, southwestern Kansas and the Texas Panhandle, to the Tennessee Valley Authority (“TVA”) service territory and other surrounding areas, including Arkansas.

14. In October 2009, Clean Line Energy Partners executed a Memorandum of Understanding (“MOU”) with TVA. Pursuant to the MOU, TVA agreed to cooperate with Clean Line Energy Partners in evaluating the technical aspects of delivering up to 7,000 MW of renewable power to TVA’s service territory. Working with Clean Line, TVA will take an active role in including the Project in regional planning processes. Clean Line Energy Partners has submitted two interconnection requests totaling 7,000 MW for injection into TVA’s transmission system under TVA’s Large Generator Interconnection Procedures. Additionally, Clean Line Energy Partners has submitted interconnection requests to Entergy Services Inc. for interconnection with several Entergy Arkansas transmission substations. The Project will consist of two transmission lines. While no final determinations have been made, the end point of one line is projected to be near Memphis, Tennessee, and the end point of the other line in Arkansas or elsewhere in the Southeast. Even if no end point is located in Arkansas, load serving entities in Arkansas would have the ability to enter into contracts to wheel the power to their system and then deliver it to Arkansans.

15. With respect to the windward or collection side of the Project, Clean Line is engaged in ongoing discussions with SPP and is working with various SPP members in performing reliability studies. SPP member-utilities will remain apprised of the progress of these studies through the appropriate SPP working groups. In accordance with the SPP Criteria 3.5

(Interconnection Review Process), Clean Line expects to work closely with the SPP Transmission Working Group and the SPP System Protection and Control Working Group to protect the reliability of the SPP system and the wider Eastern Interconnection and to ensure that the Project complies with SPP's technical requirements.

16. The Project will rely on HVDC technology, which has been successfully utilized for several decades in the United States and other countries. Financial as well as technical considerations make HVDC the most appropriate solution to transport large volumes of renewable electricity over long distances and across multiple regions. As indicated by current electric industry practice, for transmission over long distances and primarily in one direction, direct current lines result in a lower cost of transmission than traditional alternating current ("AC") lines. Proper deployment of an HVDC solution can:

- Transfer significantly more power with lower line losses over long distances than comparable AC lines;
- Complement AC networks without contribution to short circuit current power or additional reactive power requirements;
- Dampen power oscillations in an AC grid through fast modulation of the converter stations and thus improve system stability;
- Give the operator complete control of energy flow, making it particularly well-suited to managing the injection of variable wind generation; and
- Utilize narrower rights-of-way, shorter towers and fewer conductors than comparable AC lines, making more efficient use of transmission corridors and minimizing land use impact.

These factors contribute to grid reliability and security of power supply. The use of HVDC technology for the Project may also reduce the upgrades that may be required to accommodate the Project's interconnection to the existing AC system.

17. Clean Line's primary purpose in Arkansas is to develop, site, construct and operate the Plains and Eastern Clean Line. The Project will create a variety of benefits for the

state. The Project will infuse up to 7,000 MW of carbon-free electricity into the region, which will reduce pollution and save large amounts of water consumed by fossil fuel plants. Energy delivered by the Plains and Eastern Clean Line will allow utilities in the southern United States to increase their proportion of energy derived from renewable resources.

18. The development, siting, construction and operation of the Plains and Eastern Clean Line will create thousands of jobs for the Arkansas economy. Additionally, the added transmission capacity in the region will spur the construction of renewable generating facilities in western Oklahoma, southwestern Kansas and the Texas Panhandle, areas that are served by Arkansas manufacturers catering to the renewable energy industry. As a result of the Project, many Arkansas businesses, particularly those dedicated to producing blades, towers and turbines, will experience increased demand for their services. Arkansas service and hospitality industries will also realize additional revenues as a result of the construction of the Plains and Eastern Clean Line. The Project will increase property, sales and income tax revenue for the state of Arkansas.

19. The Project will increase competition in renewable power supply in Arkansas and other southern states. Currently, there are over 32,700 MW of wind projects in the SPP interconnection queue, of which only 20 MW are in Arkansas.¹⁷ Average wind speeds at the height of a modern wind turbine (80 meters) do not exceed 6.5 meters per second in Arkansas and other southern states such as Louisiana, Tennessee, Kentucky, Mississippi, Alabama, and Georgia. In contrast, average wind speeds in the Texas Panhandle, western Oklahoma, and southwest Kansas regularly exceed 9 meters per second.¹⁸ Due to their superior resource, wind farms in these areas delivering their power through the Plains and Eastern Clean Line will have a

¹⁷ https://studies.spp.org/SPPGeneration/GI_ActiveRequest.csv accessed on 4/13/2010.

¹⁸ http://www.windpoweringamerica.gov/wind_maps.asp#us.

substantially lower cost of energy than other renewable projects. Consequently, more affordable renewable power will be made available to utilities serving customers in Arkansas and elsewhere in the region.

20. The development and construction of the Plains and Eastern Clean Line is estimated to require approximately \$3.5 billion. Clean Line does not plan to seek cost recovery through the electric rates paid by consumers in Arkansas and throughout the region, nor does a mechanism exist to provide for the cost recovery of a transmission line that traverses multiple regional planning systems. Instead, Clean Line believes it can, for a competitive price, deliver the electricity to market while passing on the costs to transmission capacity customers, such as the load serving entities that will receive the power. Due to the interstate nature of the Project, Clean Line's rates will be regulated by the Federal Energy Regulatory Commission. Clean Line will design and build the Project in accordance with good utility practice, all applicable laws, and North American Electric Reliability Corporation and SPP criteria. After complying with applicable local, state and federal regulations, a route for the Project will be selected that considers environmental impact, residential disruption, and location of the best wind resources.

21. Clean Line hereby requests that pursuant to Ark. Code Ann. §23-3-201 the Commission issue it a Certificate of Public Convenience and Necessity ("CCN") for the purpose of operating as a public utility to the extent that Clean Line will be developing, constructing or operating electric transmission facilities in the state of Arkansas.

22. The granting of a CCN to Clean Line does not authorize Clean Line to begin construction of the Plains and Eastern Clean Line. Clean Line will not be authorized to begin construction of the transmission line until it obtains a Certificate of Environmental Compatibility and Public Need pursuant to the Utility Facility Environmental and Economic Protection Act

(codified at Ark. Code Ann. § 23-18-501, *et seq.*) and meets other requirements under laws applicable to the construction and operation of an electric transmission line. Clean Line will also seek approval from other jurisdictions where the transmission line will be located. Clean Line is preparing to make a filing that will request regulatory authority to conduct business as an electric utility in the state of Oklahoma.

23. Clean Line possesses the technical, managerial and financial capabilities necessary to support its operations in Arkansas. Among Clean Line's employees are professionals who have managed, built and financed projects in the renewable and traditional energy sectors as well as senior policy professionals who have shaped energy policy at the state and national levels. Clean Line's management team has financed billions of dollars of energy projects and managed thousands of megawatts of power and includes the following individuals:

- a. Michael Skelly: Mr. Skelly, the founder and Chief Executive Officer of Clean Line Energy Partners and President of Clean Line, is a successful entrepreneur with fifteen years of experience in the energy field. Mr. Skelly led the development efforts of Horizon Wind Energy as it grew from a two-person operation to one of the largest renewable energy companies in the United States. Horizon continues to be a leader in installing new wind power and is currently owned by Energias de Portugal.
- b. James Glotfelty: Mr. Glotfelty, head of external affairs for Clean Line, served as a senior policy advisor for George W. Bush in his gubernatorial and presidential administrations and focused primarily on electricity markets. He also founded and served as the initial Director of the Office

of Electric Transmission and Distribution in the U.S. Department of Energy, where he led the investigation of the 2003 blackout, as well as efforts to upgrade and modernize the electric transmission system.

- c. Mario Hurtado: Mr. Hurtado, the lead developer of the Plains and Eastern Clean Line, previously developed and managed power plants and utility infrastructure for Reliant Energy and Duke Energy, as well as for start-up and venture capital companies.
- d. Jayshree Desai: Ms. Desai previously served as the Chief Financial Officer of Horizon Wind Energy and oversaw the company's balance sheet as it grew from \$8 million to more than \$5 billion.
- e. Wayne Galli: Dr. Galli, P.E., PhD, previously served as Director of Transmission Development for NextEra Energy Resources, where he developed several transmission projects; he also previously held the position of Supervisor of Operations Engineering at Southwest Power Pool.
- f. Kathryn Patton: Ms. Patton, Clean Line Energy Partners' General Counsel, served as Deputy General Counsel for Allegheny Energy, Inc., where she oversaw legal matters for Allegheny's regulated electric utilities and transmission companies and served as the company's Chief Compliance Officer.

A detailed description of the management team of Clean Line and its parent company is attached as Exhibit 4.

24. Clean Line will ensure that the Project will be operated in accordance with all applicable North American Electric Reliability Corporation and regional requirements. Clean Line will employ the appropriate expertise in implementing operational functions of the Project and will work closely with the interconnected utilities and regional entities so that appropriate operational agreements, which ensure coordinated operations, are in place.

25. Clean Line's parent company, Clean Line Energy Partners, is developing independent transmission projects around the United States to connect the best renewable energy resources with areas of high energy demand. In addition to the Plains and Eastern Clean Line, Clean Line Energy Partners is developing the Rock Island Clean Line, a \$2 billion HVDC transmission line that will connect 3,500 MW of wind generation in Iowa and South Dakota or Nebraska with load centers in the Midwest. Clean Line Energy Partners is also developing several other transmission projects with similar rationales.

26. The majority owner of Clean Line Energy Partners is ZAMV, the principal investment vehicle for ZBIV. ZBIV, which focuses on long-term investments in the energy sector, is a subsidiary of Ziff Brothers Investments, L.L.C. Additional equity owners of Clean Line Energy Partners include the Houston-based Zilkha family. The Zilkha family has a proven track record of making successful investments in the energy industry, including being the primary investor in Horizon Wind Energy during its initial growth.

III. Commission Jurisdiction and Authority

27. The Arkansas Public Service Commission "is vested with the power and jurisdiction, and it is made its duty, to supervise and regulate every public utility defined in Ark. Code Ann. §23-1-101 and to do all things, whether specifically designated in this act, that may

be necessary or expedient in the exercise of such power and jurisdiction, or in the discharge of its duty.”¹⁹

28. A public utility is defined to include persons and corporations that own or operate any equipment or facilities in Arkansas for purposes of transmitting electricity for the production of light, heat, or power to or for the public for compensation.²⁰ In APSC Docket No. 04-137-U, Order No. 6, the Commission concluded that an entity need not provide utility services directly to the public to be considered a public utility subject to the Commission’s jurisdiction. An entity that transmits electricity to another entity that provides utility services directly to the public qualifies as a public utility under the definition set forth in Ark. Code Ann. §23-1-101(9)(A)(i).

29. Because Clean Line’s business will be limited to transmitting energy resources to wholesale providers and subject to the rate jurisdiction of the Federal Energy Regulatory Commission, and because Clean Line will have no retail customers, Clean Line requests that in conjunction with declaring it to be a public utility, the Commission declare the following statutes inapplicable to Clean Line’s business:

Ark. Code Ann. § 23-3-114	Prohibitions against unreasonable preferences as to rates or services.
Ark. Code Ann. § 23-4-101 through 110	Ratemaking standards.
Ark. Code Ann. § 23-4-201 through 208	General statutes regarding interactions with customers.
Ark. Code Ann. § 23-4-401 through 421	General statutes related to rates and surcharges.

30. Public convenience and necessity will require the construction or operation of additional transmission lines in the state of Arkansas. The public interest will be served by

¹⁹ Ark. Code Ann. §23-2-301.

²⁰ Ark. Code Ann. §23-1-101(9)(A)(i).

Clean Line's plan to deliver electricity generated from renewable resources to the southern United States, including Arkansas, because it will stimulate economic development, promote wider choice and competition in wholesale generation, and reduce pollution.

WHEREFORE, Clean Line respectfully requests that the Commission grant it a Certificate of Public Convenience and Necessity to transact the business of an electric public utility in the State of Arkansas to the extent that it will be developing, constructing or operating electric transmission lines in the State of Arkansas; that the Commission declare those regulatory statutes that apply to activities other than developing, constructing or operating electric transmission lines to be inapplicable to Clean Line; and for all other proper relief.

Respectfully Submitted,

MITCHELL, WILLIAMS, SELIG,
GATES & WOODYARD, PLLC
425 West Capitol Avenue, Suite 1800
Little Rock, AR 72201

BY:



Derrick W. Smith, Ark. Bar No. 2000173
T. Ark Monroe, III, Ark. Bar. No. 67041

Exhibit 1

Articles of Organization

[See attached.]



Arkansas Secretary of State Charlie Daniels

State Capitol Building ♦ Little Rock, Arkansas 72201-1094 ♦ 501.682.3409

I, Charlie Daniels, Secretary of State of the State of Arkansas, and as such, keeper of the records of domestic and foreign corporations, do hereby certify that the following and hereto attached instrument of writing is a true and perfect copy of

All Corporate records on file for

PLAINS AND EASTERN CLEAN LINE LLC

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 10th day of May 2010.

Handwritten signature of Charlie Daniels in cursive script.

Charlie Daniels
Secretary of State

By: Handwritten signature of J. Butler in cursive script.
J. Butler

CERTIFIED COPY

ARTICLES OF ORGANIZATION

OF

PLAINS AND EASTERN CLEAN LINE LLC

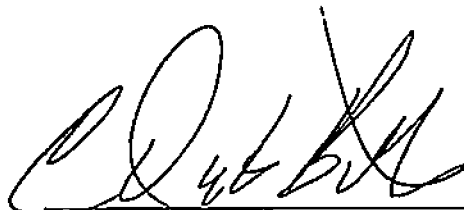
These Articles of Organization of Plains and Eastern Clean Line LLC are hereby executed and filed in accordance with the Small Business Entity Tax Pass Through Act, Act 1003 of 1993, ARK. CODE ANN. §§ 4-32-101, *et seq.*

1. **Name.** The name of the limited liability company shall be Plains and Eastern Clean Line LLC.

2. **Registered Office and Agent.** The agent for service of process shall be Corporation Service Company. The address of the agent and the registered office of the limited liability company is 300 Spring Building, Suite 900, 300 S. Spring Street, Little Rock AR 72201.

3. **Management.** The affairs of the limited liability company shall be managed by its member.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Organization this 30 day of March, 2010.



C. Douglas Buford, Jr.
Organizer

Exhibit 2
Operating Agreement

[See attached.]

**LIMITED LIABILITY COMPANY AGREEMENT
OF
PLAINS AND EASTERN CLEAN LINE LLC**

An Arkansas Limited Liability Company

This LIMITED LIABILITY COMPANY AGREEMENT OF PLAINS AND EASTERN CLEAN LINE LLC (this "*Agreement*"), dated as of March 30, 2010, is adopted, executed and agreed to by the Sole Member (as defined below).

1. **Formation.** Effective with the filing of the Certificate (as defined below) on March 30, 2010, pursuant to Section 2, Plains and Eastern Clean Line LLC (the "*Company*") was formed as an Arkansas limited liability company under and pursuant to the Arkansas Small Business Entity Tax Pass Through Act (the "*Act*").

2. **Term.** The Company commenced on the effective date of the filing of the Articles of Organization (the "*Certificate*") pursuant to the Act and shall have a perpetual existence, unless and until it is dissolved in accordance with Section 9 below.

3. **Registered Office; Registered Agent.** The registered office and registered agent of the Company in the State of Arkansas shall be as specified in the Certificate or as determined by the Sole Member from time to time in the manner provided by applicable law.

4. **Purposes.** The purposes of the Company are to carry on any lawful business, purpose or activity for which limited liability companies may be formed under the Act.

5. **Sole Member.** Plains and Eastern Clean Line Holdings LLC, a limited liability company organized under the laws of the State of Delaware, shall be the sole member of the Company (the "*Sole Member*").

6. **Contributions.** Without creating any rights in favor of any third party, the Sole Member may, from time to time, make contributions of cash or property to the capital of the Company, but shall have no obligation to do so.

7. **Distributions.** The Sole Member shall be entitled to (a) receive all distributions (including, without limitation, liquidating distributions) made by the Company and (b) enjoy all other rights, benefits and interests in the Company.

8. **Management.**

(a) The management of the Company is fully reserved to the Sole Member, and the Company shall not have "managers" as that term is used in the Act. The powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Sole Member, who shall make all decisions and take all actions for the Company.

(b) The Sole Member may designate one or more other persons to be officers of the Company to assist in carrying out the Sole Member's decisions and the day-to-day activities of the Company. Officers are not "managers" as that term is used in the Act. Any officers who are so designated shall have such titles and authority and perform such duties as the Sole Member may delegate to them. The salaries or other compensation, if any, of the officers of the Company shall be fixed by the Sole Member. Any officer may be removed as such, either with or without cause, by the Sole Member and any vacancy occurring in any office of the Company may be filled by the Sole Member. Designation of an officer shall not of itself create contract rights.

9. *Dissolution.* The Company shall dissolve and its affairs shall be wound up at such time, if any, as the Sole Member may elect. No other event (including, without limitation, an event described in Section 4-32-901(3) of the Act) will cause the Company to dissolve.

10. *Liability.*

(a) The Sole Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided herein or by applicable law.

(b) The Company shall indemnify and hold harmless the Sole Member and its respective partners, shareholders, officers, directors, managers, employees, agents and representatives, and the partners, shareholders, officers, directors, managers, employees, agents and representatives of such persons to the fullest extent permitted by applicable law.

11. *Amendment.* This Agreement may be amended from time to time only by a written consent executed by the Sole Member.

12. *Governing Law.* **THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ARKANSAS (EXCLUDING ITS CONFLICT-OF-LAWS RULES).**

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned, being the Sole Member of the Company, has caused this Agreement to be duly executed as of the date first written above.

**PLAINS AND EASTERN CLEAN LINE
HOLDINGS LLC**

**By: CLEAN LINE ENERGY PARTNERS LLC,
ITS SOLE MEMBER**

By: 

Name: Michael Skelly

Title: Chief Executive Officer

Exhibit 3

Certificate of Good Standing

[See attached.]



Arkansas Secretary of State

Charlie Daniels

State Capitol Building ♦ Little Rock, Arkansas 72201-1094 ♦ 501.682.3409

CERTIFICATE OF GOOD STANDING

I, Charlie Daniels, Secretary of State of the State of Arkansas, and as such, keeper of the records of domestic and foreign corporations, do hereby certify that the records of this office show

PLAINS AND EASTERN CLEAN LINE LLC

authorized to transact business in the State of Arkansas as a Limited Liability Company, filed Articles of Organization in this office March 30, 2010.

Our records reflect that said entity, having complied with all statutory requirements in the State of Arkansas, is qualified to transact business in this State.

In Testimony Whereof, I have hereunto set my hand and affixed my official Seal. Done at my office in the City of Little Rock, this 10th day of May 2010.

Handwritten signature of Charlie Daniels in cursive script.

Charlie Daniels
Secretary of State

By: Handwritten signature of J. Butler in cursive script.

J. Butler

Exhibit 4

Management Team

Michael Skelly – Chief Executive Officer

Mr. Skelly has been in the energy business for fifteen years and led the development efforts of Horizon Wind Energy. During Mr. Skelly's tenure at Horizon, the company grew from a two-person operation to one of the largest renewable energy companies in the country. Under his leadership, Horizon developed and constructed nearly 2,000 MW of wind energy projects and amassed a development portfolio of almost 10,000 MW in over a dozen states. Before Horizon, Mr. Skelly developed thermal, hydroelectric, biomass and wind energy projects in Central America with Energia Global. Mr. Skelly has a Bachelor of Arts degree in Economics from the University of Notre Dame and a Master of Business Administration from Harvard Business School.

Mario Hurtado – Executive Vice President and Lead Developer of the Plains and Eastern Clean Line

Mr. Hurtado has developed and managed power and other energy infrastructure with large corporate and start-up venture companies in the electric power and natural gas industries for over 15 years. Mr. Hurtado headed development and operations in Central America and the Caribbean at Globeleq, a power developer and operator focused on the emerging markets. While at Globeleq, Mr. Hurtado acquired, built and managed a portfolio of traditional and renewable electric generating plants. As an executive at Reliant Energy and Duke Energy, he led corporate transactions and managed the commercial issues involving large utilities and generating plants throughout Latin and North America. Mr. Hurtado holds a Bachelor of Arts degree in political science from Columbia University.

Jimmy Glotfelty – Executive Vice President of External Affairs

Mr. Glotfelty brings a wealth of public and private sector transmission experience to Clean Line. He is a well-known expert in electric transmission and distribution, generation, energy policy, and energy security. He most recently held the position of Vice President, Energy Markets, for ICF Consulting. Mr. Glotfelty served in the U.S. Department of Energy where he was the Founder and Director of the Office of Electric Transmission and Distribution, a \$100 million per year electricity transmission and distribution research and development program. Mr. Glotfelty also was the lead U.S. representative to the joint U.S.-Canadian Power System Outage Task Force investigating the Blackout of August 2003. While at the Department of Energy, Mr. Glotfelty worked extensively with utility chief executive officers and senior management in the electric power and energy sectors. He led teams that focused on researching transmission and distribution technologies, gaining Presidential permits for cross-border transmission lines, studying the impacts of Regional Transmission Organizations, identifying major transmission bottlenecks, and securing the critical energy infrastructure of the United States.

Jayshree Desai – Executive Vice President

Prior to joining Clean Line, Ms. Desai was Chief Financial Officer of Horizon Wind Energy, where she was responsible for corporate and project finance, accounting, tax, and IT. As CFO, she oversaw the company's balance sheet as it grew from \$8 million to more than \$5 billion and

was a key member of the deal teams responsible for the sale of Horizon Wind Energy to Goldman Sachs in 2005, the subsequent sale to EDP in mid-2007, and the initial public offering of the EDP renewable energy subsidiary in 2008. Before Horizon, Ms. Desai was a director at Enron responsible for mergers and acquisitions. Ms. Desai earned a Bachelor's degree from the University of Texas at Austin and a Master of Business Administration from Wharton Business School at the University of Pennsylvania.

Wayne Galli – Vice President of Transmission and Technical Services

Dr. Galli's background in electric power systems includes more than twelve years of experience in technical and managerial roles. Dr. Galli's experience runs the gamut from system studies and operations to regulatory matters to project development. Most recently, he served as Director of Transmission Development for NextEra Energy Resources where he was instrumental in developing transmission projects under the Competitive Renewable Energy Zones ("CREZ") initiative in Texas. In this capacity, Dr. Galli championed HVDC solutions for the CREZ. At SPP, Dr. Galli led the implementation of several components of the SPP market and grew the Operations Engineering group over fourfold to help ensure reliable operations of the SPP grid under the new market paradigm. Dr. Galli's background includes system planning experience with Southern Company Services where he analyzed 500 kV expansion plans. Additionally, he gained commercial power systems experience from Siemens Westinghouse Technical Services. Dr. Galli has taught at the university level and has helped design shipboard power systems for the Department of Defense. Dr. Galli holds Bachelor and Master of Science degrees from Louisiana Tech University and a Doctor of Philosophy degree from Purdue University, all in electrical engineering. He is a Senior Member of the Institute of Electrical and Electronics Engineers and is a registered Professional Engineer in the Commonwealth of Virginia.

Kathryn Patton – General Counsel

Before joining Clean Line, Ms. Patton served as Deputy General Counsel for Allegheny Energy, Inc., where she oversaw legal matters for Allegheny's regulated electric utilities and transmission companies, served as the company's Chief Compliance Officer, led the effort for obtaining regulatory approval for construction of the Trans-Allegheny Interstate Line Project and provided legal advice for the construction and financing of the project. Prior to Allegheny, Ms. Patton worked at Dynege, serving as Senior Vice President, General Counsel and Secretary for Dynege subsidiaries, Illinois Power Company and Northern Natural Gas Company, and Vice President and Assistant General Counsel for Dynege Inc. While at Illinois Power, she was responsible for the legal and regulatory affairs of the company, as well as advising on corporate strategy. Prior to joining Dynege, Ms. Patton was an associate with the law firm of John, Hengerer and Esposito in Washington, D.C. Ms. Patton graduated from the University of St. Thomas in Houston, Texas, with a Bachelor of Business Administration in Accounting and earned her Juris Doctor from South Texas College of Law, also in Houston. She is a Certified Public Accountant and is a member of the State Bar of Texas, the District of Columbia Bar and the Commonwealth of Pennsylvania Bar.