

US Department of Energy

MAR 22 2016

Electricity Delivery and
Energy Reliability

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

US Department of Energy

MAR 22 2016

Electricity Delivery and
Energy Reliability

Intercom Energy, Inc.

)

Docket No. EA-289-C

**RENEWAL APPLICATION OF INTERCOM ENERGY, INC. FOR
AUTHORIZATION TO TRANSMIT ELECTRIC ENERGY TO MEXICO**

Pursuant to Section 202(e) of the Federal Power Act, 16 U.S.C. § 824a(e) and the regulations governing applications for authorization to transmit electric energy to a foreign country, 10 C.F.R. § 205.300, et seq., Intercom Energy, Inc. hereby submits this renewal application and requests that the Department of Energy ("DOE") grant it blanket authorization to export electric energy from the United States of America to Mexico over any authorized international electric transmission facilities that are appropriate for "open access" transmission by third parties, including facilities that have been authorized but not yet constructed and placed into operation (once such facilities have been issued a Presidential Permit and placed into commercial operation), in accordance with the export limits authorized by the DOE. A list of the currently authorized international transmission facilities is attached as Attachment A. Intercom respectfully requests waiver of the requirement to file for renewal within 60 days of the expiration of its current authorization, and that the DOE authorize Intercom to export electric energy for a term of five years beginning no later than May 18, 2016, which is the day after Intercom's current authorization expires. Intercom Energy, Inc. originally submitted this Renewal Application on March 18, 2016, but without the notarized verification page and

legal opinion. It was preparing to supplement the March 18 application with the signed verification and the legal opinion, but instead was instructed to resubmit the entire Renewal Application, together with the documents not included in the original filing.

I. DESCRIPTION OF APPLICANT AND BACKGROUND

Intercom Energy, Inc. ("Intercom") is a California corporation with its principal place of business in Coronado, California. Intercom is a wholly-owned subsidiary of Intercom Energy USA, Inc. ("Intercom USA"), which also is a California company with its principal place of business in Coronado, California.

Intercom does not own, control or operate any electric generation, distribution or transmission assets or natural gas transportation or distribution assets in the United States or Mexico. Intercom also does not have a franchised electric power service area or service territory for the transmission, distribution or sale of electric power in the United States or Mexico. In addition, none of Intercom's affiliates have a franchise or service territory for the transmission, distribution or sale of electric power or own any electric generation, transmission or distribution facilities.

Pursuant to an order issued on December 20, 2001¹ and a re-authorization order issued on February 10, 2005² by the Federal Energy Regulatory Commission in Docket Nos. ER02-267-000 and ER02-267-002, Intercom is authorized to engage in wholesale sales of electric power in interstate commerce at market-based rates. Intercom has filed with the Federal Energy Regulatory Commission its baseline eTariff compliance filing,

¹ *Intercom Energy, Inc.*, Docket No. ER02-267-000 (December 20, 2001) (unpublished letter order).

² *Intercom Energy, Inc.*, Docket No. ER02-267-002 (February 10, 2005) (unpublished letter order).

which was approved on November 17, 2010.³ In addition, Intercom filed with the Federal Energy Regulatory Commission its Order No. 697 compliance filing, which includes a revised market-based rate tariff. This also received Commission approval.⁴ Copies of the Federal Energy Regulatory Commission orders re-authorizing Intercom to engage in wholesale sales of electric power in interstate commerce at market-based rates, and a copy of the order granting Intercom Category 1 status, are attached as Attachment B.

On May 19, 2004, the DOE issued Order No. EA-289 authorizing Intercom to export electric energy to Mexico as a power marketer for a term of two years. On March 9, 2006, Intercom filed to renew its electric energy export authorization and submitted its “Application of Intercom Energy, Inc. for Renewal of Authorization to Transmit Electric Energy to Mexico.” On May 17, 2006, the DOE issued Order No. EA-289-A renewing Intercom’s authorization to export power to Mexico for a term of five years. On December 15, 2010, Intercom filed again to renew its authorization, and the DOE issued Order No. EA-289-B authorizing renewal for a five-year term. The five-year term expires on May 17, 2016. For that reason, Intercom seeks to renew its authorization to export power to Mexico for a term of five years beginning no later than May 18, 2016, which is the day after Intercom’s current authorization expires.

³ *Intercom Energy, Inc.*, Docket No. ER10-3206-000 (November 17, 2010) (unpublished letter order); *see Intercom Energy Inc.*, Docket No. ER11-125-000 (December 21, 2010) (unpublished letter order) (granting Intercom “Category 1” market-based rates status and obviating the need for further such re-authorizations).

⁴ *Intercom Energy, Inc.*, Docket No. ER11-125-000 (December 21, 2010) (unpublished letter order).

II. INFORMATION REQUIRED PURSUANT TO 10 C.F.R. § 205.302

The following information is provided in accordance with the 18 C.F.R. § 205.302:

- A. The exact legal name of the application: Intercom Energy, Inc.
- B. The exact legal name of all partners: None.
- C. The name, title, post office address, and telephone number of the person to whom correspondence in regarding to the application shall be addressed:

Ernesto Pallares
President and Chief Executive Officer
Intercom Energy, Inc.
1224 Tenth Avenue
Suite 202
Coronado, CA 92118
Telephone: (619) 371-1672
ernestop@intercomenergy.com

William DeGrandis
Jenna McGrath
Paul Hastings, LLP
875 15th Street, N.W.
Washington, DC 20005
Telephone: (202) 551-1720
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jennamcgrath@paulhastings.com

- D. The state or territory under the laws of which the applicant is organized or incorporated, or authorized to operate. If the applicant is authorized to operate in more than one state, all pertinent facts shall be included:

Intercom is a California corporation with its principal place of business in Coronado, California.

Intercom may engage in transactions in which it purchases surplus electric energy from electric utilities and other suppliers within the United States, wheels such electric energy through facilities located in the United States, and exports such electric energy to

third parties in Mexico. Intercom requests export authorization to complete these transactions to the extent necessary under the Federal Power Act and the applicable regulations.

E. The name and address of any known Federal, State or local government agency which may have jurisdiction over the action to be taken in this application and a brief description of that authority:

Intercom does not know of any other Federal, State or local government that has jurisdiction over the actions to be taken under the authority sought in this application.

F. A description of the transmission facilities through which the electric energy will be delivered to the foreign country, including the name of the owners and the location of any remote facilities:

Intercom seeks a blanket authorization to export electric energy to Mexico over any authorized international electric transmission facilities that are appropriate for open access transmission by third parties, including facilities that have been authorized but not yet constructed and placed into operation (once such facilities have been issued a Presidential Permit and placed into commercial operation),⁵ in accordance with the export limits authorized by the DOE. Intercom does not propose to construct any facilities of its own.

G. A technical description of the proposed electricity export's reliability, fuel use and system stability impact on the applicant's present and prospective electric power supply system. Applicant must explain why the proposed electricity export will not impair the sufficiency of electric supply on its system and why the export will not impede or tend to impede the regional coordination of electric utility planning or operation.

⁵ In addition to the international transmission facilities located at the United States border with Mexico authorized by Presidential Permit and available for open-access transmission, it is Intercom's understanding that the international transmission facilities at Falcon Dam in Falcon Heights, Texas, which were authorized by treaty signed February 3, 1944, between the United States and Mexico and titled "Utilization of Waters of Colorado and Tijuana Rivers and of the Rio Grande" also are available for open-access transmission. Thus, Intercom also requests that the DOE authorize Intercom to be able to export electric energy to Mexico on the Falcon Dam international transmission facilities.

Intercom seeks authority to transmit electric energy to Mexico. As previously stated, Intercom does not own, control or operate any generation, transmission or other facilities in the United States. Thus, Intercom has no “system” of its own in the United States on which its exports of power could have a reliability, fuel use or stability impact. Intercom will purchase the electric energy to be exported to Mexico from electric utilities and federal power marketing agencies as those terms are defined in Sections 3(22) and 3(19) of the Federal Power Act, 16 U.S.C. §§ 796(22) and 796(19). By definition, such power is surplus to the system of the electric utilities and federal power marketing agencies and, thus, will not impair or have an adverse consequence on the sufficiency or operation of the electric power system and regional transmission systems within the United States or on the maintenance of adequate generation resources in the United States.

Intercom will make all necessary commercial arrangements, will obtain sufficient transmission capacity to wheel the exported energy to the border system, and will obtain all other regulatory approvals required in order to affect any power exports. This will include: (1) scheduling each transaction with the appropriate contract area in compliance with all reliability criteria, standards, and guidelines of the North American Electric Reliability Corporation and member regional entities in effect at the time of export; (2) coordinating exports with the authorized international electric transmission facilities, balancing authorities, regional entities, and/or other appropriate entities such that the total exports across the interconnection(s) are in conformance with the applicable operating limits and requirements; and (3) obtaining all necessary transmission access over the

authorized international electric transmission facilities that are appropriate for open access transmission by third parties.

The existing procedures for obtaining transmission capacity on domestic transmission systems provide adequate assurance that the delivery of energy to the border systems will not impair the reliability of the United States electric power supply system. In addition, the services taken by Intercom to effectuate delivery of the electric energy to the border systems usually will be arranged via the Open-Access Same-Time Information System and provided pursuant to an open-access transmission tariff, which are approved by the Federal Energy Regulatory Commission.

Moving the energy through the border systems and across the border to Mexico will not impair the United States electric power supply system nor impede coordinated use of regional facilities. Intercom will make the necessary commercial arrangements and will obtain sufficient transmission capacity to deliver the energy over the border systems and into Mexico. Traditional technical studies have been performed, submitted and reviewed by the DOE in connection with the export authorizations issued to the facilities over which Intercom will export electric energy. Intercom respectfully requests that the DOE utilize these operational reliability impact studies to make the necessary determinations and to conclude that the proposed export will have no adverse consequence on the operation of regional transmission systems. To the extent that Intercom exports energy over the international transmission facilities, Intercom will abide by the export limits set forth in the appropriate export authorizations for such facilities.

H. Signature and verification under oath by the officer of the applicant having knowledge of the matters set forth herein.

This Application will be verified under oath by an officer of Intercom who has knowledge of the matters set forth herein no later than one week from submittal of this application. Applicant respectfully respects waiver to the extent necessary to provide the necessary supplement. The verification will be included in Attachment C to this Application.

III. PROCEDURES

Intercom will make and preserve complete records regarding the electric energy exported to Mexico and will provide the DOE with reports by February 15 each year of each calendar month of the preceding year. These reports will show the gross amount of kilowatt- hours of electric energy delivered and the consideration received or delivered thereof during each month and also the cost and revenue associated with each category required by the DOE pursuant to 10 CFR §205.308.

IV. EXHIBITS REQUIRED BY 10 C.F.R. § 205.303

Pursuant to 10 C.F.R. § 205.303, the following Exhibits are attached to this Application:

A. Exhibit A. A copy of the agreement or proposed agreement under which the electricity is to be transmitted including a listing of the terms and conditions. If this agreements contains proprietary information that should not be released to the general public, the applicant must identify such data and include a statement explaining why proprietary treatment is appropriate.

Not applicable. No such agreements exist at this time.

B. Exhibit B. A showing, including a signed opinion of counsel, that the proposed export of electricity is within the corporate power of the applicant, and that the applicant has complied or will comply with all pertinent Federal and State laws.

Applicant respectfully respects waiver of the requirement to provide the legal opinion with this application. Applicant submits to filing a supplement with the opinion of counsel that will be included as Exhibit B.

C. Exhibit C. A general map showing the applicant's overall electric system and a detailed map highlighting the location of the facilities or the proposed facilities to be used for the generation and transmission of the electric energy to be exported. The detailed map shall identify the location of the proposed border crossing point(s) or power transfer point(s) by Presidential Permit number whenever possible.

Not applicable. Intercom does not own or operate any electric system facilities or electric energy generation or transmission facilities and also does not propose to build any such facilities. To the extent necessary, Intercom requests waiver of the requirement to provide a map identifying the location of the proposed border crossing points or power transfer points by Presidential Permit number. Intercom requests authorization to export electric energy from the United States to Mexico over any authorized international electric transmission facilities that are appropriate for open access transmission by third parties,⁶ including international electric transmission facilities not yet constructed once authorized, in accordance with the export limits authorized by the DOE. To the extent the owners of the international transmission facilities have provided maps of their systems as part of their Presidential Permit applications and export authority applications,

⁶ In addition to the international transmission facilities located at the United States border with Mexico authorized by Presidential Permit and available for open-access transmission, it is Intercom's understanding that the international transmission facilities at Falcon Dam in Falcon Heights, Texas, which were authorized by treaty signed February 3, 1944, between the United States and Mexico and titled "Utilization of Waters of Colorado and Tijuana Rivers and of the Rio Grande" also are available for open-access transmission. Thus, Intercom also requests that the DOE authorize Intercom to be able to export electric energy to Mexico on the Falcon Dam international transmission facilities.

Intercom requests that such maps be deemed to satisfy the requirement for Intercom to produce such maps in this proceeding.

D. Exhibit D. If an applicant resides or has its principle office outside of the United States, such applicant shall designate, by irrevocable power of attorney, an agent residing within the United States. A verified copy of such power of attorney shall be furnished with the application.

Not applicable. Intercom's principle office is in California.

E. Exhibit E. A statement of any corporate relationship or existing contract between the application and any other person, corporation, or foreign government, which in any way relates to the control or fixing of rates for the purchase, sale or transmission of electric energy.

Not applicable. Intercom does not have any corporate or contractual relationship with any person, corporation or foreign government that in any way relates to the control or fixing of rates for the purchase, sale or transmission of electric energy.

F. Exhibit F. An explanation of the methodology (Operating Procedures) to inform neighboring electric utilities in the United States of the available capacity and energy which may be in excess of the applicant's requirements before delivery of such capacity to the foreign purchaser. Approved firm export, diversity exchange and emergency exports are exempt from this requirement. Those materials required in this section which may have been filed previously with the ERA may be incorporated by reference.

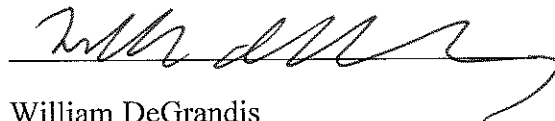
Not applicable. As stated above, Intercom does not own or operate any generation or transmission facilities in the United States. To the extent Intercom will rely on the border facilities to effectuate electric energy exports, Intercom will rely on the Operating Procedures adopted by those border facilities to inform neighboring utilities of the available capacity and energy that may be in excess of the requirements before delivery of such capacity to a foreign purchaser.

V. CONCLUSION

For the reasons stated above, Intercom requests that the Department of Energy grant it blanket authorization to export electric energy from the United States to Mexico over any authorized international electric transmission facilities that are appropriate for open access transmission by third parties, in accordance with the export limits authorized by the DOE. Intercom further respectfully requests temporary waiver of 10 C.F.R. § 205.302(h) and 10 C.F.R. § 205.303(b), insofar as the regulations require that the application be accompanied by a signed verification under oath of an officer of the application, and a legal opinion certifying that the export of electricity is within the applicant's corporate power.

Respectfully submitted,

INTERCOM ENERGY, INC.



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Attorneys for Intercom Energy, Inc.

March 22, 2016

Intercom Energy, Inc.
Docket No. EA-

ATTACHMENT A

ATTACHMENT A

Authorized International Transmission Facilities Located at the United States Border with Mexico

Present Owner/Facility	Location	Voltage	Presidential Permit No.
AEP Texas Central Co.	Laredo, TX	138 kV 230 kV	PP-317
El Paso Electric Co.	Sunland Park, NM	115 kV	PP-92
	Ascarate, TX	115 kV	PP-48
Falcon Dam ¹	Falcon Heights, TX		N/A
Generadora del Desierto S.A. de C.V. – WAPA	San Luis, AZ	Two 230 kV	PP-304
San Diego Gas & Electric	Miguel, CA	230 kV	PP-68, PP-68-2
	Imperial Valley, CA	230 kV	PP-79
	Tecate, California	12 kV	PP-49-1
Sharyland Utilities, Inc.	McAllen, TX	138 kV	PP-285
Federal Power Commission	Presidio, TX	12.5 kV	PP-3
UNS	Nogales, AZ	13 kV	PP-16, PP-16-1
	Lochiel, AZ	13.8 kV	PP-40-1
Trico	Tucson and Marana, AZ	40 kw	PP-35
Comision Federal De Electricidad	Redford, TX	7.2 kV	PP-51
	Comstock, TX	7.2 kV	PP-75
Central Power and Light	Del Rio, TX	12 kV	PP-59
	Brownsville, TX	138 kV, 69 kV	PP-94
	Eagle Pass, TX	138 kV	PP-50 and PP-219
Imperial Irrigation District	Calexico, CA	Two 34.5 kV	PP-174

¹ In addition to the international transmission facilities located at the United States border with Mexico authorized by Presidential Permit and available for open-access transmission, it is Intercom's understanding that the international transmission facilities at Falcon Dam in Falcon Heights, Texas, which were authorized by treaty signed February 3, 1944, between the United States and Mexico and titled "Utilization of Waters of Colorado and Tijuana Rivers and of the Rio Grande" also are available for open-access transmission. Thus, Intercom also requests that the DOE authorize Intercom to be able to export electric energy to Mexico on the Falcon Dam international transmission facilities.

Arizona Public Service Company	Sonora, AZ	34.5 kV	PP-106
	San Luis, AZ	34.5 kV	PP-108
Frontera Generation Ltd. Partnership	Mission, TX	Two 230 kV	PP-206
Brownsville Public Utilities Board	Brownsville, TX	Two 138 kV	PP-226
Sempra Energy Resources/Baja California Power, Inc.	Imperial Valley, CA	230 kV	PP-234, PP-234-1
Termoelectrica U.S., LLC	Imperial Valley, CA	230 kV	PP-235, PP-235-1, PP, PP-235-2
Energia Sierra Juarez U.S. Transmission, LLC	Jacumba, CA	230 kV	PP-334

Intercom Energy, Inc.
Docket No. EA-

EXHIBIT B

PAUL HASTINGS

1(202) 551-1720
billdegrandis@paulhastings.com

March 22, 2016

Mr. Christopher Lawrence
U.S. Department of Energy
OE-20, Room 8G-024
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Intercom Energy, Inc.
Docket No. EA-289-C
Renewal Application for Authorization to Transmit Electric Energy to Mexico

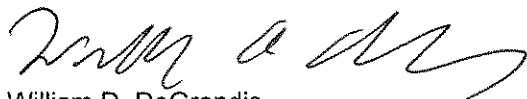
Dear Mr. Lawrence:

As counsel to Intercom Energy, Inc. ("Applicant"), I have been asked to provide a legal opinion pursuant to 10 C.F.R. § 205.303(b) in support of the Renewal Application of Intercom Energy, Inc. for Authorization to Transmit Electric Energy to Mexico, dated March 18, 2016 ("Renewal Application").

Based on my knowledge and understanding of Applicant's proposal and my examination of such documents, corporate records, certificates, and other documents that I have deemed necessary or relevant to review for the purposes of this opinion, I state and give my opinion that.

- (1) I have examined and am familiar with the Renewal Application, including its Exhibits and Attachments;
- (2) I have examined and am familiar with the corporate powers of Applicant, pursuant to Applicant's Articles of Incorporation and By-Laws;
- (3) I am generally familiar with the federal laws governing the export of electric energy by entities like Applicant;
- (4) Applicant has the corporate power and authority to export electric energy to Mexico as described in the Renewal Application;
- (5) Applicant has complied or is in the process of complying with all pertinent Federal and State laws required to export electric energy as proposed in the Renewal

Respectfully submitted,



William D. DeGrandis
of PAUL HASTINGS LLP

Intercom Energy, Inc.
Docket No. EA

ATTACHMENT C

Intercom Energy, Inc.
Docket No. EA

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

Intercom Energy, Inc.

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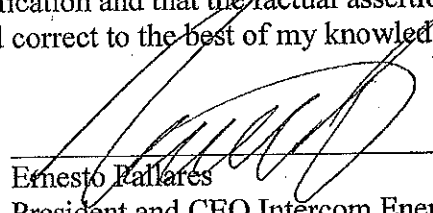
Docket No. EA-289-C

VERIFICATION

I, Ernesto Pallares, being first duly sworn, depose and state:

1. My name is Ernesto Pallares. I am the President and Chief Executive Officer of Intercom Energy, Inc.
2. I have knowledge of the matters set forth in the "Renewal Application of Intercom Energy, Inc. for Authorization to Transmit Electric Energy to Mexico." I hereby verify that I am authorized to execute this Verification and that the factual assertions contained in the Application are true and correct to the best of my knowledge and belief.

By:


Ernesto Pallares
President and CEO Intercom Energy, Inc.
1224 Tenth Avenue
Suite 202
Coronado, CA 92118

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) SS.
COUNTY OF SAN DIEGO)

On March 21, 2016, before me, Monica Pastrana,
a Notary Public in and for the State of California, personally appeared -
Ernesto Pallares, who proved to me on the basis of satisfactory evidence to be
the person whose name is subscribed to the within instrument and acknowledged to me that ~~she~~
executed the same in ~~her~~ authorized capacity, and that by ~~her~~ signature on the instrument the
person, or the entity upon behalf of which the person acted, executed the instrument.

Intercom Energy, Inc.
Docket No. EA

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Notary Public

