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United States  
Department of Energy

Office of Electricity Delivery and Energy Reliability

AEP TEXAS INC.

OE Docket No. PP-424

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Presidential Permit  
No. PP-424

February 13, 2017

**PRESIDENTIAL PERMIT**  
**AEP Texas Inc.**  
**Order No. PP-424**

**I. BACKGROUND**

The Office of Electricity Delivery and Energy Reliability (OE) of the Department of Energy (DOE) has responsibility for implementing Executive Order (EO) 10485, as amended by EO 12038, which requires the issuance of a Presidential permit for the construction, operation, maintenance, and connection of electric transmission facilities at the international borders of the United States.<sup>1</sup> DOE may issue such a permit if, after obtaining favorable recommendations from the Secretary of State and the Secretary of Defense, it determines that the issuance of the permit is in the public interest.

On April 5, 2000, DOE authorized in PP-219 the Central Power and Light Company (CPL)<sup>2</sup> to install High Voltage Direct Current (HVDC) equipment, in the form of Voltage Source Converter technology, on an existing transmission line extending 1.3 miles from the CPL Eagle Pass substation to the United States border with Mexico. From the border, the transmission line continues approximately 3.7 miles to the Piedreas Negras Substation in Mexico's State of Coahuila.<sup>3</sup>

On July 20, 2016, AEP TCC and AEP Utilities jointly filed an application with DOE requesting rescission of Presidential Permit No. PP-219, issued to AEP TCC and a simultaneous issuance of a Presidential permit to AEP Texas Inc. for the same international transmission facilities.

The rescission and reissuance is being made in connection with a proposed internal corporate reorganization, under which AEP TCC and its affiliate, AEP Texas North Company (AEP TNC), currently managed and operated as a single entity under the name "AEP Texas," will each merge into their immediate parent company, AEP Utilities. AEP Utilities will change its name to AEP Texas Inc. upon consummation of the reorganization. The applicants have requested that the issuance of the permit to AEP Utilities be made effective upon the transfer of facilities, which occurred on December 31, 2016.

As discussed in the Notice of Issuance, issued concurrently with this permit, DOE considers this matter to be clerical in nature as the facilities at issue already exist and there will be no physical or operational changes to the facilities. Moreover, the current permit holder is

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<sup>1</sup> Executive Order 10485 (Sept. 3, 1953); Executive Order 12038 (Feb. 3, 1978); DOE Redesignation Order No. 00-006.05 (Nov. 17, 2014).

<sup>2</sup> On December 11, 2002, CPL changed its name to AEP Texas Central Company (AEP TCC). AEP TCC attached a Certificate of Amendment to CPL's Articles of Incorporation evidencing the name change to its application. Article 12 of this Order requires informing DOE of future name changes as soon as practicable.

<sup>3</sup> The Federal Power Commission approved the original transmission line in Presidential Permit- 50 on February 8, 1971, authorizing the Comision Federal de Electricidad (the national electric utility of Mexico) to construct, connect, operate and maintain the 138-kV line.

a direct, wholly-owned subsidiary of the entity that will own and operate the facilities after closing; i.e., there will be no change in ultimate control of the facilities.

## II. DISCUSSION

The Department of State and the Department of Defense have concurred on the rescission and reissuance of the Presidential permit.

DOE has consistently expressed its expectation that owners of international transmission facilities provide access across the border in accordance with the principles of comparable open access and non-discrimination contained in the Federal Power Act and articulated in the Federal Energy Regulatory Commission's Order No. 888, *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities*.<sup>4</sup> AEP Texas Inc. will continue to operate the permitted facilities in this fashion.

## III. FINDING AND DECISION

In determining whether issuance of a Presidential permit is in the public interest, DOE considers the environmental impacts of the proposed project pursuant to the National Environmental Policy Act (NEPA), determines the project's impact on electric reliability, and weighs any other factors that DOE may also consider relevant to the public interest.

In issuing PP-219, DOE determined that the action was eligible for a categorical exclusion under Appendix B to Subpart D, paragraph B4.11 of the DOE Regulations implementing NEPA. Specifically, this categorical exclusion is for construction of electric power substations (including switching stations and support facilities) with power delivery at 230 kV or below, that could involve the construction of electric transmission lines approximately 10 miles in length or less, or relocation of existing electric transmission lines approximately 20 miles in length or less, but no the integration of major new generation resources in a main transmission system. DOE has determined that this action is among those classes of actions not normally requiring preparation of an environmental assessment or an environmental impact statement and, therefore, is eligible for categorical exclusion (CX) under Appendix A to Subpart D; paragraph A2 of the DOE Regulations implementing NEPA. Specifically, this CX is for contract interpretations, amendments, and modifications that are clarifying or administrative in nature. Documentation of the use of this CX has been placed in this Docket.

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<sup>4</sup> *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, 62 Fed. Reg. 12,274 (Mar. 14, 1997), FERC Stats. & Regs. ¶ 31,048 (1997), *order on reh'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh'g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000) (*TAPS v. FERC*), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

DOE has determined no new reliability studies are necessary because there will be no physical changes to the existing facilities, and there will be no changes in facility operations. Current load limits will be sufficient to maintain system reliability. Because the only change is a requested shift in permit ownership to the parent company of the current permit holder, DOE considers this application to be primarily clerical in nature. DOE finds the requested permit will not adversely impact the reliability of the U.S. electric power supply system.

The Secretary of State and the Secretary of Defense concur with the issuance of a Presidential permit to AEP Texas Inc. for the proposed facilities with the effective date specified in the Order.

Based upon the above, DOE has determined that issuing Presidential Permit No. PP-424, and simultaneously rescinding Presidential Permit No. PP-219, is consistent with the public interest.

#### **IV. DATA COLLECTION AND REPORTING**

The responsibility for the data collection and reporting under Presidential permits authorizing electric transmission facilities at the U.S. international border and orders authorizing electricity exports to a foreign country rests in the DOE's Energy Information Administration (EIA). AEP Texas Inc. is required to submit Form EIA-111 "Quarterly Electricity Imports and Exports Report," and all successor forms as specified by EIA. AEP Texas Inc. is instructed to follow EIA instructions in utilizing the Data xChange Community Portal. Questions regarding the data collection and reporting requirements can be directed to EIA by email at [EIA4USA@eia.gov](mailto:EIA4USA@eia.gov) or by phone at 1-855-342-4872.

#### **V. ORDER**

Pursuant to the provisions of EO 10485, as amended by EO 12038, and the Rules and Regulations issued thereunder (Title 10, Code of Federal Regulations, Part 205), permission is granted to AEP Texas Inc. to construct, operate and maintain, and connect electric transmission facilities at the international border of the United States and Mexico, as further described in Article 2 below, upon the following conditions:

Article 1. The facilities herein described shall be subject to all conditions, provisions and requirements of this Permit. This Permit may be modified or revoked by the President of the United States without notice, or by DOE after public notice, and may be amended by DOE after proper application thereto.

Article 2. The facilities covered by and subject to this Permit shall include the following facilities and all supporting structures within the right-of-way occupied by such facilities:

One 138,000-volt transmission line connected to the Voltage Source Converters installed at the Eagle Pass Substation and extending approximately 1.3 miles south from that substation to the U.S. international border.

These facilities are more specifically shown and described in the application filed in this docket.

Article 3. The facilities described in Article 2 above shall be designed and operated in accordance with the applicable reliability criteria established by the Electric Reliability Council of Texas (ERCOT) and the North American Electric Reliability Corporation (NERC) or their successors. AEP Texas Inc. shall coordinate the operation of the subject facilities such that the instantaneous rate of transmission of electric energy in the import and export modes is consistent with ERCOT requirements. Furthermore, the facilities authorized herein must be operated consistent with the following conditions:

- (a) The maximum instantaneous rate of transmission over the permitted facilities shall be limited to 36 MW when operated in the asynchronous mode.
- (b) The maximum instantaneous rate of transmission over the facilities authorized herein shall be limited to 50 MW when operated in the synchronous mode.
- (c) When the Back-to-Back Voltage Source Converter located at the Eagle Pass Substation is not in service and the bypass circuit is closed, the facilities authorized herein must be operated in such a manner so as to preclude the parallel operation of the AEP Texas Inc. and CFE systems through the Eagle Pass Substation, i.e., AEP Texas Inc. must revert to the use of a block loading scheme for supplying electric energy to or receiving it from Mexico.

The facilities shall also be operated consistent with other regulatory and statutory requirements.

Article 4. No change shall be made in the facilities covered by this Permit or in the authorized operation or connection of these facilities unless such change has been approved by DOE.

Article 5. AEP Texas Inc. shall at all times maintain the facilities covered by this Permit in a satisfactory condition so that all requirements of the National Electric Safety Code in effect at the time of construction are fully met.

Article 6. The operation and maintenance of the facilities covered by this Permit shall be subject to the inspection and approval of a properly designated representative of DOE, who shall be an authorized representative of the United States for such purposes. AEP Texas Inc. shall allow officers or employees of the United States, with written

authorization, free and unrestricted access into, through, and across any lands occupied by these facilities in the performance of their duties.

Article 7. AEP Texas Inc. shall investigate any complaints from nearby residents of radio or television interference identifiably caused by the operation of the facilities covered by this Permit. AEP Texas Inc. shall take appropriate action as necessary to mitigate such situations. Complaints from individuals residing within one-half mile of the centerline of the transmission line must be resolved. AEP Texas Inc. shall maintain written records of all complaints received and of the corrective actions taken.

Article 8. The United States shall not be responsible or liable for damages of any kind which may arise from or be incident to the exercise of the privileges granted herein. AEP Texas Inc. shall hold the United States harmless from any and all such claims.

Article 9. AEP Texas Inc. shall arrange for the installation and maintenance of appropriate metering equipment to record permanently the hourly flow of all electric energy transmitted between the United States and Mexico over the facilities authorized herein. AEP Texas Inc. shall make and preserve full and complete records with respect to the electric energy transactions between the United States and Mexico. AEP Texas Inc. shall collect and submit the data to EIA as required by and in accordance with the procedures of Form EIA-111, "Quarterly Electricity Imports and Exports Report" or its successor form.

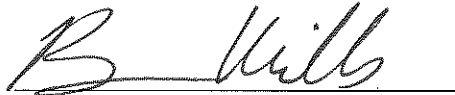
Article 10. Neither this Permit nor the facilities covered by this Permit, or any part thereof, shall be transferable or assignable, unless specifically authorized by DOE in accordance with Title 10, Code of Federal Regulations, Part 205.

Article 11. Upon the termination, revocation or surrender of this Permit, the permitted facilities which are owned, operated, maintained, and connected by AEP Texas Inc. and described in Article 2 of this Permit, shall be removed and the land restored to its original condition within such time as DOE may specify and at the expense of AEP Texas Inc. If AEP Texas Inc. fails to remove such facilities and/or any portion thereof authorized by this Permit, DOE may direct that such actions be taken for the removal of the facilities or the restoration of the land associated with the facilities at the expense of AEP Texas Inc. AEP Texas Inc. shall have no claim for damages by reason of such possession, removal or repair. However, if certain facilities authorized herein are useful for other utility operations within the bounds of the United States, DOE will not require that those facilities be removed and the land restored to its original condition upon termination of the international interconnection.

Article 12. AEP Texas Inc. has a continuing obligation to give DOE written notification as soon as practicable of any prospective or actual changes of a substantive nature in the circumstances upon which this Order was based, including but not limited to changes in authorized entity contact information.

Article 13. Presidential Permit No. PP-219, as amended, is hereby rescinded.  
Permit PP-424 is effective as of December 31, 2016.

Issued in Washington, D.C., on February 13, 2017.

A handwritten signature in cursive script, appearing to read "B. Mills", written over a horizontal line.

Brian Mills

Transmission Permitting and Technical Assistance  
Office of Electricity Delivery and Energy Reliability