

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Application of )  
Grain Belt Express Clean Line LLC for a )  
Certificate of Convenience and Necessity )  
Authorizing It to Construct, Own, Operate, )  
Control, Manage and Maintain a High ) Case No. EA-2016-0358  
Voltage, Direct Current Transmission Line )  
and an Associated Converter Station )  
Providing an Interconnection on the )  
Maywood-Montgomery 345 kV )  
Transmission Line. )

**MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION'S  
PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW**

**Findings of Fact:**

(1) The Missouri Joint Municipal Electric Utility Commission (“MJMEUC”) is a joint action agency that allows non-profit utilities, such as municipal utilities, to work together to achieve economies of scale in purchasing commodities (such as electric) or achieve economies of scale for providing services that would be difficult for the individual utilities to achieve on their own.<sup>1</sup>

(2) MJMEUC intervened in this matter on behalf of its Missouri municipal members which, together with its advisory member, a rural electric cooperative with more than 21,000 customers, serve some 347,000 retail customers in Missouri with a combined peak load of approximately 2,600 MW.<sup>2</sup>

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<sup>1</sup> Exhibit 475, page 3, lines 3 – 6 (Rebuttal Testimony of MJMEUC’s Duncan Kincheloe).

<sup>2</sup> Exhibit 475, page 3, lines 15 – 18.

(3) MJMEUC owns generation that supplies some of its members' energy needs, but has primarily used purchase power agreements ("PPAs") to provide renewable energy to its members.<sup>3</sup>

(4) MJMEUC's wholesale customers, particularly its committee consisting of a group of thirty-five Missouri cities, the Missouri Public Energy Pool ("MoPEP"), demand affordable renewable energy as some are leaders within Missouri in providing renewable energy to their customers.<sup>4</sup>

(5) MoPEP is oversubscribed in its ability to offer its members renewable energy and cannot meet the needs and demands of its city members until it adds additional renewable resources.<sup>5</sup> Demand for renewable energy continues to grow within the MJMEUC membership.<sup>6</sup>

(6) MJMEUC has also used transmission service agreements ("TSAs") with other utilities to provide energy to its members, and these TSAs are typically subject to Regional Transmission Organization ("RTO") costs for future transmission expansion, and these future costs are difficult to determine.<sup>7</sup>

(7) MJMEUC does not presently own transmission within the Midcontinent Independent System Operator, Inc. ("MISO") or Southwest Power Pool, Inc. ("SPP") RTOs.<sup>8</sup>

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<sup>3</sup> Exhibit 475, page 2, lines 5 – 7.

<sup>4</sup> Exhibit 475, page 5, lines 7 – 12 and NP Exhibit 476, page 9, lines 19 - 23.

<sup>5</sup> Tr. 1112:9 – 25 (Hearing testimony of MJMEUC's John Grotzinger).

<sup>6</sup> Tr. 2132: 6- 22; Tr. 2136: 5-11.

<sup>7</sup> Exhibit 475, page 2, lines 8 – 13.

<sup>8</sup> Exhibit 475, page 3, lines 21 – 22.

(8) In 2021, a contract for 100 MW of coal energy and capacity with Illinois Power Marketing Company (“IPM”) will expire. That contract serves MoPEP, for which MJMEUC provides full-requirements for wholesale energy, capacity and ancillary services.<sup>9</sup>

(9) MJMEUC and Grain Belt Express Clean Line, LLC (“Grain Belt”) executed a TSA that gives MJMEUC the option to purchase up to 200 MW of long-term firm transmission capacity at an affordable rate with predictable, stable cost increases.<sup>10</sup>

(10) MJMEUC and Grain Belt executed an Interim Agreement and Amendment which further reduced the price for their TSA.<sup>11</sup>

(11) MJMEUC and Grain Belt executed a 2<sup>nd</sup> Amended TSA which requires Grain Belt to provide credit support for MJMEUC’s benefit.<sup>12</sup>

(12) The corresponding PPA that MJMEUC executed for the Iron Star Wind Project, LLC (“Iron Star”) will allow Kansas wind energy to flow across Grain Belt and into MISO where MoPEP and individual MJMEUC members can deliver that low-cost renewable energy to their customers.<sup>13</sup>

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<sup>9</sup> Exhibit 475, page 2, lines 18 – 19 and page 4, lines 12 – 17.

<sup>10</sup> Exhibit 475, page 2, lines 14 – 16.

<sup>11</sup> Exhibit 480, Schedule JG-9.

<sup>12</sup> Exhibits 481 and 481C.

<sup>13</sup> Exhibit 475, page 2, lines 16 – 20.

(13) MJMEUC's PPA with Iron Star absolutely causes MJMEUC to be obligated to take that power and pay for it, assuming the Grain Belt Express Line is built and is available for service.<sup>14</sup>

(14) Through its PPA with MJMEUC, Iron Star is contractually obligated to provide Kansas wind energy to its Missouri customers or forfeit its payments of significant security which escalate over the 20 year life of the contract.<sup>15</sup>

(15) Iron Star was purchased by ENGIE North America, Inc., whose owner is one of the largest utilities in the world, and has more than sufficient resources to construct the Iron Star project.<sup>16</sup>

(16) The thirty-five MJMEUC cities which form the MoPEP group committed in December 2016 to purchase 60 MW of affordable Kansas wind energy delivered over Grain Belt, which allows MoPEP to replace 60 of the 100 MW of energy from the IPM contract that will expire in 2021.<sup>17</sup>

(17) MJMEUC's obligations under the TSA with Grain Belt and the PPA with Iron Star are not connected to any future contract MJMEUC might execute with IPM.<sup>18</sup>

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<sup>14</sup> Tr. 1001:10 – 23 (Chairman Hall's questions to MJMEUC's Duncan Kincheloe).

<sup>15</sup> In-Camera Tr. 1211:6 – 1212:16 (Chairman Hall's questions to Infinity's Matt Langley).

<sup>16</sup> See Exhibit 878, Direct Supplemental Testimony of Matt Riley.

<sup>17</sup> Tr. 1004:3 – 1005:3 (Re-direct exam of MJMEUC's Duncan Kincheloe and Exhibit 478).

<sup>18</sup> Tr. 997:6 – 998:16 (Chairman Hall's questions to MJMEUC's Duncan Kincheloe).

(18) The City of Kirkwood contracted to purchase 25 MW of Kansas wind energy delivered over Grain Belt.<sup>19</sup>

(19) The City of Hannibal contracted to purchase 15 MW of Kansas wind energy delivered over Grain Belt.<sup>20</sup>

(20) The City of Columbia contracted to purchase 35 MW, and the City of Centralia contracted to purchase 1 MW, which when combined with the prior existing contracts will commit no less than 136 MW of the 200 MW of Kansas wind energy available to MJMEUC through its TSA with Grain Belt.<sup>21</sup>

(21) The early termination options in the TSA, the PPA and the MoPEP and member contracts do not release the parties to those contracts from providing, taking and paying for Iron Star energy delivered to Missourians if Grain Belt is built. Rather, the parties will be released from their obligations under those contracts only if the Commission denies Grain Belt's requested CCN.<sup>22</sup>

(22) MJMEUC needs Grain Belt to meet its reserve obligation and its load, and the cost of meeting that need will "likely raise" if Grain Belt is not built.<sup>23</sup>

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<sup>19</sup> Tr. 990:13 – 991:7 (MLA Cross-exam of MJMEUC's Duncan Kincheloe) and Tr. 1005:4 – 12 and Exhibit 479 (Re-direct exam of MJMEUC's Duncan Kincheloe).

<sup>20</sup> Tr. 991:8 – 16 (MLA Cross-exam of MJMEUC's Duncan Kincheloe) and Tr. 1005:13 – 21 and Exhibit 479 (Re-direct exam of MJMEUC's Duncan Kincheloe).

<sup>21</sup> Exhibit 477, page 2, lines 17 – 22 and page 3, lines 8 – 15 (NP Surrebuttal Testimony of MJMEUC's John Grotzinger); See Exhibit 878, Direct Supplemental of Matt Riley; Tr. 2114:8-11.

<sup>22</sup> Tr. 1006:9 – 25 (Re-direct examination of MJMEUC's Duncan Kincheloe); 2114:8-11 (MLA Cross-exam of John Grotzinger).

<sup>23</sup> Tr. 1011:23 – 1012:4 (Hearing testimony of MJMEUC's John Grotzinger).

(23) If Grain Belt is not built, MJMEUC will have to acquire more expensive resources to address the needs of its MoPEP city members and other city members who take power from MISO, and these additional costs will be paid by the customers of these cities.<sup>24</sup>

(24) Considering the entire 200 MW provided to MJMEUC through the TSA, and when compared to SPP transmission regional through and out rates to export energy into MISO, MJMEUC's wholesale customers will save approximately \$12 million annually in transmission charges alone if MJMEUC's allotment is fully subscribed, which MJMEUC anticipates will occur.<sup>25</sup>

(25) Considering 135 MW of the 136 MW contracted to be generated by Iron Star and delivered to MJMEUC through the TSA, and when compared to SPP transmission regional through and out rates to export energy into MISO, MJMEUC's wholesale customers of Columbia, Hannibal and Kirkwood will save approximately \$4.5 million annually in transmission charges alone.<sup>26</sup>

(26) Considering MoPEP's 60 MW contracted to be generated by Iron Star and delivered to MoPEP through the TSA, MoPEP cities will save over \$11 million annually compared to existing fossil alternatives.<sup>27</sup>

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<sup>24</sup> Exhibit 476, page 4, lines 4 – 10 (NP Rebuttal Testimony of John Grotzinger).

<sup>25</sup> Exhibit 480, page 2, lines 5-21, Schedule JG-10 and Tr. 996:24-997:2. (Hearing testimony of MJMEUC's Duncan Kincheloe).

<sup>26</sup> Exhibit 480, page 2, lines 5-21, Schedule JG-10.

<sup>27</sup> Exhibit 480, Schedule JG-13.

(27) SPP to MISO regional through and out rates increased by 32% from January 2016 to November 2018.<sup>28</sup>

(28) Setting aside the first mover rate obtained by MJMEUC for its members, subsequent purchasers will likely choose Grain Belt as the least-cost service even at the full tariff rate because they will experience savings versus the service offered by SPP and MISO.<sup>29</sup>

(29) MJMEUC is non-profit and its city members receive these savings “dollar for dollar” and are likely to pass on those savings to their residential and industrial customers through “rate relief” or “deferred maintenance” in the smallest communities “that are struggling economically.”<sup>30</sup>

(30) Iron Star’s Kansas wind energy delivered over Grain Belt to MJMEUC’s Missouri members is lower in cost than the lowest cost proposal received by MJMEUC in its September 2016 solicitation.<sup>31</sup>

(31) Iron Star’s Kansas wind energy delivered over Grain Belt to MJMEUC’s Missouri members is cheaper than Iowa or Missouri wind delivered over MISO to MJMEUC.<sup>32</sup>

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<sup>28</sup> Exhibit 480, p. 2, lines 5-21.

<sup>29</sup> Tr. 1106:12 – 1110:15; Exhibit 477 NP, Schedule JG-8; Exhibit 480, Schedule JG-10.

<sup>30</sup> Tr. 1000:14 – 1001:9 (Hearing testimony of MJMEUC’s Duncan Kincheloe).

<sup>31</sup> Tr. 1457:7 – 23 (Hearing testimony of MLA’s Joseph J. Jaskulski).

<sup>32</sup> Tr. 1557:17 – 1558:5 and Tr. 1566:6 – 1567:21 (Hearing testimony of Show Me’s Paul Glenden Justis, Jr.). Tr. 1106:12 – 1110:15.

(32) It is undisputed that the Grain Belt- MJMEUC- Iron Star contracts will save MJMEUC’s members at least \$3 million annually for the twenty-plus life of the contract.<sup>33</sup>

(33) Because MJMEUC is a non-profit entity with no shareholders, all annual savings over the twenty-plus life of the contracts will flow as benefits to the members of MJMEUC.<sup>34</sup>

(34) The transmission line project is planned to cross properties owned by “about 570 unique landowners” and 39 of those landowners in Missouri have already provided Grain Belt with easements on their properties.<sup>35</sup>

(35) There are fewer than 100 Missouri landowners whose properties are within 100 feet of Grain Belt but will not be actually crossed by the line.<sup>36</sup>

**Conclusions of Law:**

(1) MJMEUC, an intervenor in this matter, is a joint action agency and a body public and corporate of the State of Missouri, organized as a joint municipal utility commission pursuant to §393.700 et seq. Revised Statutes of Missouri, and authorized to (1) construct, operate and maintain transmission and generation facilities for the production and transmission of electric power for its members, (2) purchase and sell electric power and energy, and (3) enter into agreements with any person for the transmission of electric power.<sup>37</sup>

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<sup>33</sup> Tr. 1476:12 – 18 (Hearing testimony of MLA’s Joseph J. Jaskulski).

<sup>34</sup> Tr. 1000:14 – 1001:9 (Hearing testimony of Duncan Kincheloe); Tr. 1465:15 – 1466:1 (Hearing testimony of MLA’s Joseph J. Jaskulski).

<sup>35</sup> Tr. 427:3 – 428:17 (MLA Cross-Examination of Grain Belt’s Deann Lanz); Tr. 2142:17-2143:6 (Testimony of Hans Detweiler).

<sup>36</sup> Tr. 374:18 – 375:8 (MLA Cross-Examination of Grain Belt’s Mark Lawlor).

<sup>37</sup> §393.700 et seq. Revised Statutes of Missouri and Exhibit 475, page 3, lines 8 – 12.



(2) MJMEUC is non-profit and thus its members receive the benefits of savings MJMEUC obtains in purchasing transmission and energy.<sup>38</sup>

(3) MJMEUC acted within its statutory authority to execute the Transmission Service Agreement with Grain Belt and the Power Purchase Agreement with Iron Star.<sup>39</sup>

(4) The thirty-five MJMEUC cities which form the MoPEP group lawfully committed in December 2016 to purchase 60 MW of Iron Star wind energy delivered over Grain Belt.<sup>40</sup>

(5) The City of Kirkwood lawfully contracted on March 15, 2017 to purchase 25 MW of Iron Star wind energy delivered over Grain Belt.<sup>41</sup>

(6) The City of Hannibal lawfully contracted on March 15, 2017 to purchase 15 MW of Iron Star wind energy delivered over Grain Belt.<sup>42</sup>

(7) The total contractual commitment by MJMEUC to Iron Star is now at 136 MW.<sup>43</sup>

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<sup>38</sup> Tr. 1000:14 – 1001:9 (Hearing testimony of MJMEUC’s Duncan Kincheloe) and Tr. 1465:15 – 1466:1 (Hearing testimony of MLA’s Joseph J. Jaskulski).

<sup>39</sup> §393.715 Revised Statutes of Missouri.

<sup>40</sup> Exhibit 478.

<sup>41</sup> Exhibit 479.

<sup>42</sup> Exhibit 479.

<sup>43</sup> Exhibit 878, Supplemental Direct Testimony of M. Riley; Tr. 2114:8-11 (Cross-examination Testimony of John Grotzinger).

(8) If Grain Belt is built and available for service, Grain Belt, MJMEUC, Iron Star, MoPEP, and MJMEUC members who executed contracts for this project are bound by their interrelated contracts to perform according to the terms of those contracts.<sup>44</sup>

(9) “In matters of public convenience and necessity there must be consideration of the future [and] [c]onsideration of the future should be ‘part of a comprehensive evaluation of whether the public convenience and necessity would be served.’”<sup>45</sup>

(10) The “public” that is relevant to the inquiry of the public convenience and necessity is “the public service by the utility [which] is interested in the service rendered by the utility and the price charged therefor; [and the] investing public [which] is interested in the value and stability of the securities issued by the utility.”<sup>46</sup>

(11) ”Determining what is in the interest of the public is a balancing process...[in which] the total interests of the public served must be assessed...[and] means that some of the public may suffer adverse consequences for the total public interest [because][i]ndividual rights are subservient to the rights of the public.”<sup>47</sup>

(12) ”Having another energy source available” benefits Missourians and some individual “casualties are the price paid for ‘progress.’”<sup>48</sup>

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<sup>44</sup> §393.715 Revised Statutes of Missouri, Exhibit 478 and Exhibit 479.

<sup>45</sup> *Office of Public Counsel v. Missouri PSC (In re KCP&L Greater Missouri Operations Co.)*, Docket Nos. WD79550 and WD 79551, 2016 Mo. App. LEXIS 1318 \*10-11, internal citations omitted.

<sup>46</sup> *State ex rel. St. Louis v. Public Service Commission*, 73 S.W.2d 393, 399 (Mo. 1934).

<sup>47</sup> *Report & Order*, EA-2014-0207, Issued July 1, 2015, page 24.

<sup>48</sup> *In re Tartan Energy*, 3 Mo.P.S.C.3d 173, 1994 Mo. PSC LEXIS 26 \*42-45 (September 16, 1994).

(13) A determination of the “public interest” is “in essence a conclusory finding as there is no specific definition of what constitutes the public interest [and][g]enerally speaking, positive findings with respect to the other four [*Tartan*] standards will in most instances support a finding that an application for a certificate of convenience and necessity will promote the public interest.”<sup>49</sup>

(14) The elected decision-makers for the MoPEP cities and the MJMEUC members who have decided their communities need the service offered by Grain Belt, are in the best position to assess the need for that service, and this Commission concludes as a matter of law that there is a need for the service offered by Grain Belt.<sup>50</sup>

(15) Because risk of underestimation of costs is assumed by the shippers on this participant-funded line, this Commission concludes as a matter of law that Grain Belt is viable and economically feasible and the public benefit outweighs the risk of any underestimation of costs.<sup>51</sup>

(16) The evidence is that the TSA between Grain Belt and MJMEUC will provide MJMEUC’s members with savings between \$3 million and \$15.5 million in annual savings over the life of the twenty-plus year contracts. At a minimum, the savings will be \$60 million over the life of

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<sup>49</sup> *In re Tartan Energy*, 1994 Mo. PSC LEXIS 26 \*40-41.

<sup>50</sup> *Id.* at \*18.

<sup>51</sup> *Id.* at \*40.

the contracts, and the Commission finds as a matter of law these savings are a significant benefit to the larger public and that Grain Belt is in the public interest.<sup>52</sup>

Respectfully Submitted,

By: /s/ Douglas L. Healy

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<sup>52</sup> Exhibit 480, page 2, lines 5-21, Schedule JG-10, Schedule JG-13; Tr. 1465:15 – 1466:1 (Hearing testimony of MLA's Joseph J. Jaskulski).

## CERTIFICATE OF SERVICE

I hereby certify that the foregoing Missouri Joint Municipal Electric Utility Commission's Proposed Findings of Fact and Conclusions of Law was served by electronically filing with EFIS and emailing a copy to the following interested persons on this 18th day of January, 2019:

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