

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

**In the Matter of the Application of Grain)
Belt Express Clean Line LLC for Certificate)
of Convenience and Necessity Authorizing it)
to Construct, Own, Operate, Control,)
Manage and Maintain a High Voltage,)
Direct Current Transmission Line and an)
Associated Converter Station Providing an)
Interconnection on the Maywood-)
Montgomery 345 kV transmission line.)**

Case No. EA-2016-0358

**OPPOSITION OF GRAIN BELT EXPRESS TO MISSOURI LANDOWNERS
ALLIANCE'S MOTION TO COMPEL ANSWERS TO CERTAIN DATA REQUESTS
SUBMITTED TO GRAIN BELT EXPRESS WITNESS PRESCOTT HARTSHORNE**

Grain Belt Express Clean Line LLC (“Grain Belt Express” or “Company”), pursuant to Commission Rule 4 CSR 240-2.090(8), states the following in Opposition to the Motion to Compel filed by Missouri Landowners Association ("MLA") on January 20, 2017:

1. MLA filed a motion to compel regarding three requests that are contained in a set of data requests directed to Grain Belt Express witness Prescott Hartshorne, an employee of National Grid USA Service Company (“National Grid USA”). MLA seeks documents from non-party National Grid plc, the parent company of National Grid USA, “and any and all of its subsidiaries,” which it collectively refers to as “National Grid.” See Ex. 1, MLA First Set of Data Requests Directed to Prescott Hartshorne at 2.

2. MLA asked Mr. Hartshorne to produce:

(a) Data Request PH-9: “... all documents and correspondence compiled by or for National Grid which address its decisions about whether to make an additional investment in Clean Line at or near the time that Bluescape first invested in Clean Line.”

(b) Data Request PH-17: “ ... all internal documents and correspondence written by you, Mr. Blazewicz, or anyone else at National Grid for distribution to upper management at National Grid addressing in whole or in part the performance, status, progress, problems, profitability, scheduling and/or budget of Clean Line or of the Grain Belt project.”

(c) Data Request PH-18: “ ... all documents and correspondence compiled by or for National Grid which quantify the expected or estimated dollar value of any of Clean Line’s transmission projects at any point after said projects are in service, or of any generic transmission project generally comparable to the Grain Belt project.”

3. MLA’s reference to “Clean Line” is to Clean Line Energy Partners LLC, the ultimate parent of Grain Belt Express. Among the major investors in Clean Line is GridAmerica Holdings, Inc., a subsidiary of National Grid plc which is based in the United Kingdom. See Ex. 2, Hartshorne Direct Testimony at 1-3. Another major investor in Clean Line is Clean Grid Holdings, LLC, a subsidiary of Bluescape Resources Company, LLC (also referred to as “Bluescape”). See Application, ¶¶ 5, 8-11. None of the investors in Clean Line is a party to this proceeding.

4. Grain Belt Express objected to MLA’s data requests on the grounds that: (1) National Grid is not a party to the case; (2) internal National Grid documents are not relevant to the Company’s application and not reasonably calculated to lead to the discovery of admissible evidence; and (3) any such documents and correspondence would be highly sensitive and confidential.

5. MLA’s Motion to Compel concedes that National Grid is not a party to this case, but argues that National Grid “should not be allowed to volunteer information through the

testimony of a witness to the case, and then refuse to provide further information which could potentially be damaging to its cause. As a principal owner of a party to the case, National Grid is for all intents and purposes a party itself. This objection is akin to saying that Clean Line need not produce any documents which it keeps apart from Grain Belt's own records, on the ground that Clean Line is likewise not a party to this case.” See Motion to Compel at 2-3.

6. MLA's argument that the Commission is free to disregard corporate distinctions is contrary to Missouri law. Separate corporations “are to be regarded as distinct legal entities, even if the stock of one of owned partly or wholly by the other.” Mid-Missouri Tel Co. v. Alma Tel. Co., 18 S.W.3d 578, 582 (Mo. App. W.D. 2000). Therefore, the ownership of capital stock in one corporation by another “does not itself create identity of corporate interest as between the two.” Central Cooling & Supply Co. v. Director of Revenue, 648 S.W.2d 546, 548 (Mo. 1982). In light of this authority, the Court of Appeals has declared that “our Supreme Court has advised that the doctrine of corporate entity is valid and substantive in nature, and should ‘be ignored with caution, and only when the circumstances clearly justify it.’” Mid-Missouri Tel. Co. v. Alma Tel. Co., 18 S.W.3d at 582. Such circumstances occur only where the control exercised by the parent is so total that, for example, the subsidiary has grossly inadequate capital; pays the salaries, expenses and losses of the subsidiary; the subsidiary has substantially no business; and the formal legal requirements of the subsidiary are not observed. Collet v. American Nat’l Stores, Inc., 708 S.W.2d 273, 283-84 (Mo. App. E.D. 1986).

7. Moreover, such control must be exercised “to commit fraud or wrong, to perpetrate the violation of a statutory or other positive legal duty, or an unjust act.” Id. at 284. See Weitz Co. v. MH Washington, LLC, 631 F.3d 510, 520-21 (8th Cir. 2011) (noting Collet as the leading Missouri case on these issues). Only when one company is being operated as a sham

or dummy corporation is it appropriate to disregard their separate existence, contrary to the general rule that respects corporate distinctions. May Dep't Stores Co. v. Union Elec. Light & Power Co., 107 S.W.2d 41, 53-54, 58 (Mo. 1937). Because there is no allegation or evidence that such circumstances exist with regard to Clean Line and any National Grid entity, there is no basis to treat "National Grid, plc, and any and all of its subsidiaries" as a party because of GridAmerica Holdings' investment in Clean Line.

8. It is also clear that Mr. Hartshorne's testimony explaining GridAmerica Holdings' investment in Clean Line does not transform it or any other National Grid entity into a party litigant subject to discovery. A "party" is defined by 4 CSR 240-2.010(10) which states: "Party includes any applicant, petitioner, respondent, intervenor, or public utility in proceedings before the commission." There is no such thing as a party for "intent and purposes." National Grid and its subsidiaries are not parties to this case.

9. MLA cites Hancock v. Shook, 100 S.W.3d 786, 979 (Mo. en banc 2003), for the argument that a party must produce not only documents in its actual possession, but also documents within its "control," which include documents where it has the "practical ability to obtain the documents from a nonparty to the action." In Hancock, the documents at issue were held by the expert witness and veterinarian of the plaintiff. "In this context, the record establishes that Mr. Hancock had practical control over his treating veterinarian and designated expert witness, Dr. Mozier, at least to the extent of production of documents maintained by Dr. Mozier that related to Mr. Hancock's dairy herd." Id.

10. The relationship between Clean Line and National Grid is different than a party and his expert witness. Simply because a witness for the Company is employed by a National Grid affiliate does not mean that Grain Belt Express, Clean Line or the witness has "practical

control” over “National Grid, plc, and any and all of its subsidiaries,” as MLA contends. Clearly, the Hancock case does not stand for the proposition that third-party investors are subject to discovery by opponents of their investment, let alone non-parties in proceedings before this Commission.

11. The discovery sought by MLA is similar in scope to that found in State ex rel. Coffman Group, L.L.C. v. Sweeney, 219 S.W.3d 763, 765 (Mo. App. S.D. 2005), where the defendant sought a writ of prohibition against a circuit judge who had permitted the plaintiff in a Telephone Consumer Protection Act (“TCPA”) lawsuit to request “[a]ll documents relating to third parties that have transmitted fax advertisements on behalf of Defendants.” The Court of Appeals held that this request was “overbroad and appears to call for documents that would be irrelevant to the pending action. It encompasses *any* document, of *any* nature, by a third party that has faxed an advertisement on behalf of Relator [original emphasis].” It found such documents “wholly irrelevant to the TCPA violations at issue.” Id. at 768. MLA’s request is similarly overbroad in its attempt to take discovery against the National Grid non-parties with regard to all manner of transmission projects, including “any generic transmission project generally comparable to the Grain Belt project.” See Ex. 1, Data Request PH-18 at 3.

12. GridAmerica Holdings’ investment in Clean Line and Mr. Hartshorne’s explanation of that investment in his Direct Testimony are relevant issues. See Ex. 2, Hartshorne Direct Testimony at 4-7. However, the data requests that MLA seeks to compel responses to are entirely based on its speculation regarding National Grid’s communications and investment analysis.¹ What MLA finds “conceivable” does not justify a discovery “fishing expedition” for

¹ “It is certainly conceivable that this decision was made by National Grid for reasons related to problems with the Grain Belt schedule [or other issues]. There is obviously a reason why National Grid elected not to invest further in Clean Line. Depending on what that reason is, it

“all documents and correspondence” against non-parties, one of whom has invested in the ultimate parent of Grain Belt Express.

13. Despite its lack of control, Grain Belt Express endeavored to avoid a discovery dispute and accommodate MLA. Pursuant to the Company’s request, Mr. Hartshorne provided a highly confidential document which was recently produced to MLA. This document, prepared in January 2015, updated a highly confidential 2012 memorandum which was produced to MLA in the 2014 Grain Belt Express case (No. EA-2014-0207). It discussed GridAmerica Holding's investment in Clean Line and was entered into evidence as HC Exhibit 324. MLA concedes that it received this three-page National Grid document entitled “Clean Line business case relook.” See Motion to Compel at 5, n.8.

14. Responding to MLA’s follow-up data request, the Company stated that Mr. Hartshorne had advised that he was not aware of any other National Grid document "that addresses and updates the matters" in the 2012 memorandum. See Ex. 3, Grain Belt Express Response to MLA 2d Set of Data Requests to Prescott Hartshorne (Jan. 17, 2017). MLA acknowledges this, but complains:

However ... that document was prepared in early January, 2015, well before the time that Bluescape initially invested in Clean Line. And that document makes no mention of the decision by National Grid about any additional investment in Clean Line at or about the time of the Bluescape investment. Therefore, that still leaves open the possibility that documents response to data request PH.9 have not be provided to the MLA.

See MLA Motion to Compel at 5, n.8. Despite the Company's efforts to work with its non-party investor and provide MLA with responsive documents, MLA will not be satisfied with anything

could well be relevant in this case on a number of different levels [emphasis added].” See Motion to Compel at 4-5.

short of subjecting “National Grid, plc, and any and all of its subsidiaries” to a full discovery dragnet.

15. MLA points out that Commission Rule 4 CSR 240-2.100 provides for the issuance of subpoenas, consistent with Section 386.440, Mo. Rev. Stat. (2000). However, this subpoena power is geographically limited to "all parts of the state" of Missouri. National Grid plc is based in the United Kingdom and does no business in Missouri. In any event, MLA's desire to "utilize the normal methods of discovery in Commission proceedings" (Motion to Compel at 3) does not extend to compelling data requests from non-parties to a case. Furthermore, the Commission does not have a third-party practice as provided by Rule 52.11 of the Missouri Rules of Civil Procedure, nor does it have the powers of mandatory joinder found in Rule 52.04.

16. Allowing MLA to engage in discovery against National Grid plc, Clean Line investor GridAmerica Holdings, and other National Grid subsidiaries or affiliates would no doubt lead to MLA engaging in discovery against all of the other non-party investors in Clean Line. Following MLA's logic, a company that merely invests in an applicant seeking a certificate of convenience and necessity, or in fully-regulated Missouri utility filing an application at the Commission, would now become subject to regulatory litigation and discovery merely because it is an investor. If MLA's Motion to Compel is granted, it would have a profoundly chilling effect on investors' willingness to contribute capital to companies doing business in Missouri.

17. Because there is no Commission or Missouri judicial precedent that supports MLA's Motion to Compel discovery against a non-party, it must be denied.

WHEREFORE, Grain Belt Express Clean Line LLC requests that the Commission deny Missouri Landowners Alliance's Motion to Compel Answers to Certain Data Requests Submitted to Grain Belt Witness Prescott Hartshorne.

Respectfully submitted,

/s/ Karl Zobrist

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon all counsel of record in this case on this 30th day of January 2017.

/s/ Karl Zobrist

Attorney for Grain Belt Express Clean Line LLC

EXHIBIT 1

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 Voltage, Direct) Case No. EA-2016-0358
Current Transmission Line and an Associated Converter)
Station Providing an interconnection on the Maywood-)
Montgomery 345 kV Transmission Line)

Missouri Landowners Alliance First Set of Data Requests
Directed To Prescott Hartshorne

Definitions: for purposes of these data requests the following words and phrases are defined as indicated:

“2014 case” is Case No. EA-2014-0207 at the Missouri Public Service Commission.

“Bluescape” means Bluescape Resources Company LLC and its affiliates

“Clean Line” means Clean Line Energy Partners LLC

“Correspondence” shall have the broadest meaning possible, including but not limited to, all written or printed matter or electronically stored matter or copies thereof, including the originals and all non-identical copies thereof and any attachments to or enclosures in, including without limitation e-mails, attachments to e-mails, letters, facsimiles, notes of communications, summary of communications, memoranda, opinions about communications, compilations of communications, inter-office and intra-office communications, notations of any sort of conversations or communications, diaries, appointment books or calendars, teletypes, telefax, thermafax, confirmations, computer data (including information or programs stored in a computer, server or other data storage device, whether or not ever printed out or displayed), text messages, and all drafts, alterations, modification, changes and amendments of any of the foregoing, and all graphic or manual records or representations of any kind.

“Document” shall be construed in accordance with Missouri Supreme Court Rule 58.01 and shall mean the original and every draft or non-identical copy (whether different from the original because of handwritten notes or underlining or checkmarks on the copy or otherwise) of every paper, electronic record, electronic mail or other record, regardless of origin, location or format, whether sent or received or made or used internally, in whatever form, electronic or otherwise, in the possession, custody, or control of Clean Line, Grain Belt or the person to whom the particular data request is directed, or in the possession, custody or control of the attorneys for Clean Line, Grain Belt or the attorneys for the person to whom the particular data requests are directed.

“Grain Belt” means Grain Belt Express Clean Line LLC

“National Grid” means National Grid plc, and any and all of its subsidiaries.

“the project” means the proposed 750-mile transmission line and associated facilities.

Data Requests:

PH.1 Please state the date on which you became Project Manager for National Grid’s investment in Clean Line.

PH.2 What is the approximate total capitalization of National Grid plc and its subsidiaries, in U. S. dollars?

PH.3 With reference to page 2 lines 1-2 of your testimony, please briefly describe the projects which are being developed in the United States, and the U. S. dollar amount of the investment in each.

PH.4 If you have testified previously before any public utility regulatory commission, please list each such commission, the docket or case number of the case in which you testified, and the date or approximate date your testimony was submitted.

PH.5 With respect to page 6 lines 7-8 of your testimony, how many members of Clean Line’s Board has National Grid designated, what are their names, and what is the city and country of their primary office location.

PH.6 Please list the U.S. dollar amount of each separate investment made by National Grid in Clean Line, and the date of each such investment.

PH.7 Just prior to Bluescape making its initial investment in Clean Line, was National Grid entitled to make an additional investment in Clean Line which it opted not to make?

PH.8 If the answer to the preceding item is yes, what was the dollar amount of the investment in Clean Line which National Grid was entitled to make at that time?

PH.9 Please provide a copy of all documents and correspondence compiled by or for National Grid which address its decisions about whether to make an additional investment in Clean Line at or near the time that Bluescape first invested in Clean Line.

PH.10 Please provide a copy of all documents and correspondence exchanged between National Grid and Clean Line regarding the possibility of National Grid making an additional investment in Clean Line at or near the time that Bluescape first invested in Clean Line.

PH.11 Please provide a copy of all documents and correspondence exchanged between National Grid on the one hand and Clean Line or Grain Belt on the other, compiled on or after July 1, 2015, regarding (a) the Missouri Commission's decision not to grant the Certificate of Convenience and Necessity to Grain Belt in the 2014 case; and (b) the decision by Grain Belt to reapply this year for a Certificate of Convenience and Necessity with the Missouri Commission.

PH.12 At paragraph 6 of the notes for the National Grid plc Board meeting of September 26, 2012 (Exhibit 324 in the 2014 case), the following statement is made: "we have negotiated preferential rights that provide options to: (i) acquire projects (or the entire Company) directly from Clean Line via a favorable defined Pricing Formulas...." Please state whether that same right is still in effect.

PH.13 If the answer to the preceding item is no, please describe the terms of any right which National Grid has to purchase Clean Line and/or any of the currently planned Clean Line HVDC projects.

PH.14 Under the terms of the currently effective right referenced in either of the two preceding items, please state the amount (in U. S. dollars) which National Grid would presently be required to pay for the acquisition of (a) Clean Line; and (b) Grain Belt.

PH.15 Paragraph 10 of the document referenced in item PH.12 above mentions the assumed debt/equity ratio at the time a Clean Line project reached commercialization. What is National Grid's current projection of the capitalization ratios for Clean Line's projects at the time of commercialization?

PH.16 The same paragraph 10 referenced in the preceding item lists two assumed figures for Equity IRR. Please state what the current estimate by National Grid is for those two figures.

PH.17 Please provide a copy of all internal documents and correspondence written by you, by Mr. Blazewicz, or anyone else at National Grid for distribution to upper management at National Grid addressing in whole or in part the performance, status, progress, problems, profitability, scheduling and/or budget of Clean Line or of the Grain Belt project.

PH.18 Please provide a copy of all documents and correspondence compiled by or for National Grid which quantify the estimated or expected dollar value of any of Clean Line's transmission projects at any point after said projects are in service, or of any generic transmission project generally comparable to the Grain Belt project.

PH.19 Does National Grid bill Clean Line or Grain Belt for any of the services discussed at page 6 line 22 – page 7 line 3 of your direct testimony, or for any similar services provided to Clean Line or Grain Belt?

PH.20 If the answer to the preceding item is “yes”, please provide a copy of the invoices for all such services.

PH.21 If the answer to PH.19 is “no”, does National Grid track the time spent on services provided to Clean Line or Grain Belt?

PH.22 If the answer to the preceding item is “yes”, please provide a copy or summary of the time sheets or similar records showing the time spent in providing such services.

PH.23 Is there a high-voltage electric transmission line with towers in excess of 100 feet in height clearly visible from your residence? If so, please state the approximate distance of the line from your residence.

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing document was served upon the parties to this case by electronic mail this 17th day of October, 2016.

/s/ Paul A. Agathen

Paul A. Agathen

Attorney for the Missouri Landowners Alliance

EXHIBIT 2

Exhibit No. _____
Issues: Grain Belt Express Clean Line LLC's Financial Ability
Witness: Prescott Hartshorne
Type: Direct Testimony
Sponsoring Party: Grain Belt Express Clean Line LLC
Case No.: EA-2016-0358
Date of Testimony: August 30, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EA-2016-0358

DIRECT TESTIMONY OF

PRESCOTT HARTSHORNE

ON BEHALF OF

GRAIN BELT EXPRESS CLEAN LINE LLC

August 30, 2016

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1 **I. WITNESS INTRODUCTION**

2 **Q. Please state your name, business address and present position?**

3 A. My name is Prescott Hartshorne. I am Director, US Business Development at National
4 Grid USA Service Company, which, together with its parent company, National Grid plc,
5 and National Grid plc's other subsidiaries, I will refer to as National Grid. Additionally, I
6 am the Project Manager for National Grid's investment in Clean Line Energy Partners
7 LLC ("Clean Line"). My business address is 40 Sylvan Road, Waltham, MA.

8 **Q. Is National Grid an investor in Clean Line?**

9 A. Yes. Through its subsidiary GridAmerica Holdings, Inc., National Grid has made a
10 substantial development stage equity investment in Clean Line, the ultimate parent
11 company of Grain Belt Express Clean Line LLC ("Grain Belt Express" or "Company").

12 **Q. Please describe your educational background and business experience.**

13 A. I have been with National Grid since 2014. I have over 20 years of experience in
14 financial transactions related to the energy field. Prior to National Grid, I was Vice
15 President, Executive Advisor at Concentric Energy Advisors, where I led client
16 engagements in strategy, valuation, transaction support, and regulatory support. Prior to
17 that, I had similar consulting positions with FTI Consulting, Inc., Arthur Andersen LLP,
18 and Navigant Consulting, Inc. I hold a bachelor's degree (Hobart College – Economics)
19 and an M.B.A. (Cornell University) with a concentration in finance.

20 **Q. What are your duties and responsibilities in your present position with National**
21 **Grid?**

22 A. I am responsible for all aspects of developing and managing energy investments on
23 behalf of National Grid shareholders, including electric transmission, natural gas pipeline

1 and other investments. Not including the Clean Line projects, National Grid's existing
2 transmission development projects comprise a greater than \$7 billion portfolio.

3 **Q. What is your role with Clean Line?**

4 A. As the Project Manager for National Grid's investment in Clean Line, I have day-to-day
5 responsibility for National Grid's decisions with regard to its investment, and I have led
6 National Grid's support of Clean Line's construction plan activities.

7 **II. PURPOSE AND COVERAGE OF TESTIMONY**

8 **Q. What is the purpose of your direct testimony?**

9 A. On behalf of Grain Belt Express, I will describe the transmission business and financial
10 wherewithal of National Grid, which is a principal investor in Clean Line. I will describe
11 National Grid's investment in Clean Line as well as why National Grid decided to invest
12 in Clean Line and thereby to invest in its transmission projects, such as the Grain Belt
13 Express Clean Line transmission project ("Grain Belt Express Project" or "Project"). I
14 will describe why National Grid believes that Clean Line and Grain Belt Express will be
15 able to successfully bring the Project to completion, including financing and managing
16 the construction of the Project.

17 **III. DESCRIPTION OF NATIONAL GRID**

18 **Q. Please describe the business of National Grid.**

19 A. National Grid's regulated subsidiaries deliver electricity to approximately 3.5 million
20 electricity customers in New York, Massachusetts and Rhode Island. Through these
21 subsidiaries, National Grid jointly owns and operates approximately 8,800 miles of high
22 voltage transmission spanning upstate New York, Massachusetts, New Hampshire,
23 Rhode Island and Vermont. National Grid also operates approximately 105 miles of
24 underground electric transmission cable and 491 substations. Additionally, National Grid

1 is the largest distributor of natural gas in the northeastern United States, serving
2 approximately 3.6 million customers in New England and upstate New York. Other
3 operating subsidiaries of National Grid are involved in liquid natural gas storage.
4 National Grid also invests and participates in the development of natural gas pipelines
5 and other energy-related projects. National Grid plc is based in the United Kingdom and
6 is one of the largest investor-owned energy companies in the world with more than
7 25,000 employees, approximately \$75 billion in assets, and over \$22 billion in annual
8 revenues.

9 **Q. Does National Grid have experience with high voltage direct current (“HVDC”)**
10 **transmission lines?**

11 A. Yes. National Grid has extensive experience building, owning and operating large
12 HVDC electricity transmission facilities in the United States, in the United Kingdom, and
13 in Europe.

- 14 • National Grid built, operates and owns a majority share of the U.S. portion of a 2,000
15 MW HVDC interconnector that operates at 450 kV between New England and
16 Canada.
- 17 • National Grid owns one-half of BritNed Link, a 156-mile, bi-pole HVDC electricity
18 interconnector with 1,000 MW capacity each way that connects the Isle of Grain,
19 United Kingdom to Massvlakte, Netherlands.
- 20 • Interconnexion France-Angleterre (“IFA”) is a 2,000 MW, 42-mile HVDC
21 interconnector between England and France that includes 27 miles of undersea cable.
22 Commissioned in 1986, IFA is part of a joint agreement between National Grid and
23 France’s Transmission Service Operator, RTE. National Grid jointly owns and

1 operates IFA. National Grid and FTE are also developing a second 1,000 MW 125
2 mile link between England and France (“IFA2”).

- 3 • National Grid and Scottish Power Transmission are jointly developing the Western
4 HVDC Link, which is a 260-mile, 600 kV, 2,200 MW subsea HVDC cable on the
5 western side of the United Kingdom that will connect Scotland with England and
6 Wales. The commercial operation date for this project is 2017.
- 7 • National Grid is working with the Belgian system operator to develop a 1,000 MW
8 HVDC 87-mile interconnection between the UK and Belgium. The project is
9 currently under construction and is targeted for completion in 2019.
- 10 • National Grid is working with the transmission service operator in Norway to develop
11 a 450-mile, 1,400 MW HVDC electricity interconnector between Norway and the
12 UK, which would be the world’s longest subsea interconnector. The project is
13 targeted for completion in 2021.

14 **IV. NATIONAL GRID’S INVESTMENT IN CLEAN LINE**

15 **Q. Why did National Grid invest in Clean Line at the development stage of its**
16 **transmission projects?**

17 A. National Grid has a long-term strategy of developing and operating high quality energy
18 infrastructure, including electric transmission assets. National Grid considers many
19 factors when it evaluates whether to invest in the development of a new transmission
20 project, including the economic viability of the project and the prospects for the project to
21 attract debt financing for construction. But perhaps most important is the ability of
22 management to bring the project to commercial operation, including the ability to work

1 well with customers, regulators and other stakeholders while managing all aspects of the
2 development and construction process.

3 Clean Line's HVDC transmission projects currently under development,
4 including the Grain Belt Express Project, are, in National Grid's view, viable,
5 economically attractive transmission investments. Each project was designed to meet a
6 certain market and public need. Each is overseen by a capable project management staff,
7 with strong support from a deep and experienced home office. Clean Line's transmission
8 projects will move renewable power from the central United States to load centers where
9 National Grid believes that there is and will continue to be a strong demand from load-
10 serving entities and consumers for low-cost energy from renewable resources in order to
11 diversify their supply portfolios, satisfy Renewable Energy Standards or Renewable
12 Portfolio Standards as applicable ("RES/RPS"), help to reduce greenhouse gas emissions,
13 and simply reduce the cost of electricity supply. This belief has been supported in
14 Missouri by the long-term Transmission Service Agreement that Grain Belt Express
15 recently entered into with the Missouri Joint Municipal Electric Utility Commission
16 ("MJMEUC") for capacity on the Project.

17 Notably, in National Grid's view, the Grain Belt Express Project will tap into
18 some of highest capacity factor wind resources in the U.S. and facilitate access to those
19 resources for customers with RES/RPS compliance needs and, more generally, a demand
20 for electricity from low-cost renewable resources. The challenge of closing the gap
21 between the collective RES/RPS requirements and goals of electric utilities in the states
22 in Grain Belt Express' target delivery regions, on the one hand, and existing and
23 projected accessible, cost-effective sources of renewable supply to meet such

1 requirements and goals in the absence of substantial increases in transmission capacity,
2 on the other hand, greatly enhances the prospects for the Project being commercialized
3 and successfully brought to completion.

4 Another reason that National Grid invested in Clean Line is that Clean Line and
5 Grain Belt Express have an experienced and skilled management team that has
6 successfully developed, managed and constructed large scale renewable energy projects
7 throughout the United States. National Grid has the right to designate two out of seven
8 members of Clean Line's Board of Directors. These rights, among others, provide
9 National Grid with the ability to assist in and help direct the development and
10 commercialization of Clean Line's portfolio of HVDC transmission projects, including
11 the Grain Belt Express Project.

12 The combination of Clean Line's experienced and skilled management team and
13 National Grid's assessment of the viability of HVDC transmission projects such as the
14 Grain Belt Express Project all contributed to National Grid's decision to invest in Clean
15 Line.

16 **Q. What is National Grid's investment in Clean Line?**

17 A. National Grid, through its wholly owned subsidiary GridAmerica Holdings Inc., has
18 invested \$55.7 million in Clean Line.

19 **Q. In addition to the financial support through its equity investment, is National Grid
20 providing other support to Clean Line in the development of its transmission
21 projects?**

22 A. Yes. As one of the largest transmission operators in the U.S., National Grid has made its
23 engineering, procurement, licensing, operations, safety, construction, and project

1 management skills and resources in transmission generally, and in HVDC transmission in
2 particular, available to Clean Line as Clean Line develops its projects, including the
3 Grain Belt Express Project. In addition to having two members on Clean Line's Board,
4 National Grid has observer rights to make its specialists available to provide input and
5 feedback to Clean Line management. For example, National Grid's construction team
6 has provided support to Clean Line on construction management issues, and has advised
7 Clean Line on plans for compliance with North American Electric Reliability
8 Corporation reliability standards.

9 Although National Grid will continue to provide support and expertise to Clean
10 Line on specific issues in the development of its projects, National Grid does not take an
11 active role in the day-to-day management of Clean Line, Grain Belt Express, or Clean
12 Line's other subsidiaries. National Grid is confident in the abilities of Clean Line's
13 experienced management team to handle ongoing management and development of its
14 activities and projects.

15 **V. FINANCING ABILITY**

16 **Q. Is National Grid confident in Grain Belt Express' ability to finance the construction**
17 **of the Grain Belt Express Project?**

18 A. Yes, National Grid believes Clean Line and Grain Belt Express are capable of raising the
19 needed capital to finance the construction of the Grain Belt Express Project, and made its
20 investment in Clean Line based in part on that conclusion. First, the Grain Belt Express
21 Project is economically attractive, as it provides a valued service to customers as
22 exemplified by the contract with MJMEUC. Grain Belt Express has already identified
23 significant customer interest in the project through its open solicitation for capacity,

1 which has resulted in requests for more than 20,000 megawatts of service. Moreover, the
2 experienced management team of Clean Line and Grain Belt Express has developed a
3 credible project development and financing plan, consistent with principles of project
4 financing. Finally, the project finance market has sufficient liquidity to finance the cost
5 of the Project, with North American power deals increasing more than five percent in
6 2015 from the prior year.¹

7 National Grid, which is experienced and knowledgeable in the transmission
8 business, would not have invested \$55.7 million in Clean Line if it did not have
9 confidence in Clean Line's and Grain Belt Express' ability to raise the capital needed for
10 the construction of the Grain Belt Express Project.

11 **VI. GRAIN BELT EXPRESS' CONSTRUCTION MANAGEMENT**

12 **Q. Is National Grid confident in Grain Belt Express' ability to manage the construction**
13 **of the Grain Belt Express Project?**

14 A. Yes. Members of Clean Line's and Grain Belt Express' management team have
15 experience in managing the construction of large projects in the energy industry,
16 including transmission, and bringing the projects into commercial operation. Further,
17 Grain Belt Express will contract with qualified, experienced contractors and suppliers to
18 design and construct the Project and to supply key components and materials. For
19 example, by engaging Quanta Services, Inc., and its affiliate PAR Electrical Contractors,
20 Inc., to provide construction support for the Project, Grain Belt Express has the support
21 of one of the nation's leading construction contractors.

¹ Thomson Reuters, 2015 League Tables, *Project Finance International*, p. 45 (January 27, 2016)

1 More generally to the topic of construction management, National Grid has and
2 will continue to make available to Clean Line and Grain Belt Express National Grid's
3 engineering, procurement, licensing, construction, and project management skills and
4 resources in transmission construction. These are areas where National Grid's experience
5 and expertise can be especially beneficial to Clean Line and Grain Belt Express in the
6 management of construction of the Project.

7 **Q. Does this conclude your prepared direct testimony?**

8 A. Yes, it does.

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, Control,)
Manage, Operate and Maintain a High Voltage, Direct)
Current Transmission Line and an Associated Converter)
Station Providing an Interconnection on the Maywood-)
Montgomery 345 kV Transmission Line)

Case No. EA-2016- 0358

AFFIDAVIT OF PRESCOTT HARTSHORNE

Commonwealth
STATE OF Massachusetts
COUNTY OF Middlesex ^{SS}

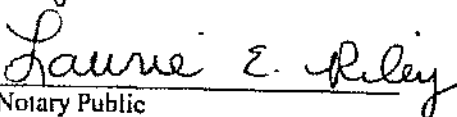
Prescott Hartshorne, being first duly sworn on his oath, states:

1. My name is Prescott Hartshorne. I am Director – US Business Development at National Grid USA Service Company.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Grain Belt Express Clean Line LLC consisting of 11 pages, having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Prescott Hartshorne

Subscribed and sworn before me this 25th day of August, 2016.



Notary Public

My commission expires: 9/23/2016



EXHIBIT 3

**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,) Case No. EA-2016-0358
Control, Manage and Maintain a High Voltage, Direct)
Current Transmission Line and an Associated Converter)
Station Providing an Interconnection on the Maywood-)
Montgomery 345kV Transmission line.)**

**GRAIN BELT EXPRESS CLEAN LINE LLC'S
RESPONSE TO MISSOURI LANDOWNERS ALLIANCE
SECOND SET OF DATA REQUESTS DIRECTED TO PRESCOTT HARTSHORNE**

For its response to the Second Set of Data Requests Directed to Prescott Hartshorne by Missouri Landowners Alliance (“MLA”), Grain Belt Express Clean Line LLC (“Company” or “Grain Belt Express”) states the following:

Data Request:

PH.24 The MLA’s data request number PH.9 to Mr. Hartshorne was as follows: “Please provide a copy of all documents and correspondence compiled by or for National Grid which address its decision about whether to make an additional investment in Clean Line at or near the time that Bluescape first invested in Clean Line.”

In an amended answer to PH.9, served January 6, 2017, a single three-page document was supplied, with the statement that it was prepared in early January, 2015.

Please confirm that there were no other documents or correspondence (as those terms were defined in the original first set of data requests), which were responsive to data request PH.9 and which were prepared between the time of the early January, 2015 document and the time that Bluescape first invested in Clean Line.

If that is not the case, please provide a copy of the additional documents prepared during that time frame.

Response: Without waiving its objections, the Company states that the three-page document entitled “Clean Line business case relook” (prepared in early January 2015), which was provided in the amended response to MLA Data Request PH-9, is the only document that

Mr. Hartshorne is aware of that addresses and updates the matters discussed in the memorandum to the National Grid PLC Board of Directors (Sept. 26, 2012). This 2012 memorandum discussed National Grid's decision to invest in Clean Line Energy Partners LLC. It was produced as a highly confidential ("HC") document to MLA in the Company's earlier application for a certificate of convenience and necessity, No. EA-2014-0207 ("2014 Case"), and was entered into evidence in that case as HC Exhibit 324. It is the only document that was produced in the 2014 Case which was prepared by National Grid regarding its decision to invest in Clean Line Energy Partners.

The January 2015 document produced by the Company in its amended response to MLA Data Request PH-9 was tendered subsequent to a telephone conference that counsel for MLA and counsel for Grain Belt Express conducted on November 11, 2016, pursuant to Section (8) of the Commission's Discovery and Prehearings rule, 4 CSR 240-2.090, in an effort to resolve a potential discovery dispute.

VERIFICATION OF RESPONSE

The answers provided to this Set of Data Requests have been collected from various sources at Clean Line Energy Partners LLC and Grain Belt Express Clean Line LLC, and are true and accurate to the best of my knowledge and belief.

Signed:  _____

Position: General Counsel

Clean Line Energy Partners LLC

Date: 1/17/17