

Exhibit No. 146
Issues: Financial Capabilities
Witness: Andrea Hoffman
Type: Supplemental Direct Testimony
Sponsoring Party: Grain Belt Express Clean Line LLC
Case No. EA-2016-0358
Date Testimony Prepared: November 12, 2018

MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. EA-2016-0358
SUPPLEMENTAL DIRECT TESTIMONY OF ANDREA HOFFMAN
SENIOR VICE PRESIDENT, FINANCIAL OPERATIONS, INVENERGY LLC

ON BEHALF OF GRAIN BELT EXPRESS CLEAN LINE LLC

November 12, 2018

TABLE OF CONTENTS

I. INTRODUCTION AND PURPOSE OF TESTIMONY 1

II. OVERVIEW OF INVENERGY’S FINANCIAL ABILITY 2

III. FINANCIAL CONSIDERATIONS PARTICULAR TO THE GBE PROJECT 5

1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY**

2 **Q. Please state your name and business address.**

3 **A.** My name is Andrea Hoffman and I am the Senior Vice President, Financial Operations
4 for Invenergy LLC (together with its affiliate, Invenergy Transmission LLC,
5 “Invenergy”). My business address is One South Wacker, Suite 1900, Chicago, IL
6 60606.

7 **Q. Please discuss your educational background and work experience.**

8 **A.** I am responsible for managing Invenergy’s Accounting, Tax, Treasury, Financial
9 Planning, Risk, and International Financial Operations. I have over 25 years of
10 experience in finance and engineering in the energy, transportation, and petrochemicals
11 industries. I have a Bachelor of Science in Chemical Engineering from The University of
12 Iowa and an MBA in Finance from The University of Chicago. My C.V. is attached as
13 Schedule AH-1.

14 **Q. Have you previously testified before the regulatory commission of any state or the**
15 **Federal Energy Regulatory Commission?**

16 **A.** No.

17 **Q. What is the purpose of your testimony in this proceeding?**

18 **A.** I will provide an explanation of Invenergy’s financial abilities to provide service in
19 connection to Invenergy’s pending acquisition of Grain Belt Express Clean Line LLC
20 (“GBE” or “Grain Belt Express”) through its subsidiary Invenergy Transmission LLC
21 (“Invenergy Transmission”). GBE is currently owned by Grain Belt Express Holding
22 LLC (“GBE Holding”), which is a wholly-owned subsidiary of Clean Line Energy
23 Partners LLC (“Clean Line”). GBE is developing the Grain Belt Express Clean Line
24 Project (“GBE Project” or “Project”), an approximately 780-mile, overhead, multi-

1 terminal ± 600 kilovolt (“kV”) high voltage direct current (“HVDC”) transmission line
2 and associated facilities that will connect over 4,000 megawatts (“MW”) of low-cost,
3 wind-generated power in western Kansas.. First, I will provide an overview of
4 Invenergy’s extensive experience and success in financing large energy projects. Second,
5 I will provide a description of the financial considerations particular to the GBE Project.

6 **Q. What is your understanding regarding the purpose of the current proceeding?**

7 **A.** It is my understanding that the Commission’s September 28, 2018 Order setting a
8 procedural conference noted that the primary purpose of the procedural schedule in this
9 case is to receive “any evidence that has materially changed” since the filing of the
10 GBE’s direct case in 2016. A review of the voluminous record in this docket establishes
11 that the Project is needed, that the Project will have favorable economic impacts, and that
12 the public interest factors required to be considered by the Commission have been fully
13 met. Therefore, the purpose of this Supplemental Direct Testimony is to discuss the
14 financial resources and experience of Invenergy. The Supplemental Direct Testimony of
15 Kris Zadlo, filed simultaneously herewith, discusses the acquisition of the Project by
16 Invenergy, including a discussion of Invenergy’s managerial and operational
17 qualifications to successfully own, operate, and manage the Project.

18 **II. OVERVIEW OF INVENERGY’S FINANCIAL ABILITY**

19 **Q. Who is Invenergy?**

20 **A.** Headquartered in Chicago, Illinois, Invenergy is a U.S.-based company founded in 2001
21 and is North America’s largest privately held company that develops, owns, and operates
22 large-scale renewable and other clean energy generation, energy storage facilities, and
23 electric transmission facilities across North America, Latin America, Japan and Europe.

1 A more complete overview of Invenergy is provided in the testimony of Invenergy Senior
2 Vice President Kris Zadlo.

3 **Q. What is the financial profile of Invenergy?**

4 **A.** Invenergy is a privately-held company and does not publicly release financial statements.
5 However, as discussed below, Invenergy and its affiliates have in excess of \$9 billion in
6 total assets and \$3 billion in total equity on a consolidated basis (as of December 31,
7 2017). In addition, as discussed below, Invenergy has raised more than \$30 billion to
8 support more than 20,046 MW of generation project development since 2001. Invenergy
9 maintains strong relationships with a variety of investment partners and has been awarded
10 Project Finance Borrower of the Year by Power Finance & Risk on multiple occasions.

11 **Q. Please provide an overview of Invenergy's project financing experience.**

12 **A.** Invenergy is highly experienced in raising corporate and project level financing in
13 support of developing, constructing and operating its energy projects. Over the last 17
14 years, Invenergy has raised more than \$30 billion of financing in connection with the
15 successful development of more than 20,046 MW in projects in the United States,
16 Canada, Europe, Central America, and Japan. Invenergy maintains strong relationships
17 with more than 60 financial institutions worldwide, including international and domestic
18 banks, multilateral development banks, export credit agencies and pension funds. In the
19 U.S. alone, Invenergy has financed and executed on projects in 23 states, including over
20 392 miles of high-voltage transmission lines, over 1,748 miles of distribution lines, 59
21 substations and 73 generator step-up transformers. Invenergy's financing relationships
22 include such institutions as Wells Fargo, MUFG, GE Capital, JP Morgan, Santander,
23 Morgan Stanley, Natixis, Bank of America, and Rabobank. To further illustrate

1 Invenergy’s financial capability, the Company was able to raise over \$6 billion in debt
2 and equity financings in 2016 and 2017 spanning across technologies and geographies.

3 Invenergy’s financing capabilities have been recognized by many within the
4 industry. Invenergy was awarded the Structured Power Finance 2005 Deal of the Year
5 for its financing of Invenergy Wind Finance Company, a portfolio of 260 MW of wind
6 facilities; the North America Public Power 2007 Deal of the year for its financing of the
7 St. Clair 584 MW combined cycle natural-gas fired facility in Ontario, Canada; and
8 Power, Finance and Risk magazine’s 2012, 2013, and 2016 Project Finance Borrower of
9 the Year for the breadth, diversity and volume of deals brought to market and
10 successfully financed by Invenergy.

11 **Q. How does Invenergy typically finance large scale energy projects?**

12 **A.** Invenergy continually maintains an active dialogue with key providers of debt and tax
13 equity in order to keep them informed regarding our projects and to generate interest.
14 During the late stages of project development, Invenergy typically approaches target
15 lenders to seek proposals for construction financing. The construction loan combined
16 with Invenergy’s equity, and potentially equity from additional investors, will provide
17 sufficient capital for the entire construction costs of the project. Construction financing
18 for a project is typically structured so that the security and collateral package held by the
19 financing parties consists of a pledge of the equity in the project company, a pledge of all
20 project assets, and collateral assignments of certain material project agreements. On or
21 shortly after the commercial operation date, the construction financing is replaced by
22 more permanent financing, such as a senior secured term loan. The security and

1 collateral package during the term loan period depends on the type of permanent
2 financing that is put in place.

3 **III. FINANCIAL CONSIDERATIONS PARTICULAR TO THE GBE PROJECT**

4 **Q. Please describe Invenergy's plan to finance the purchase of GBE.**

5 **A.** Invenergy Transmission LLC plans to purchase GBE using cash on hand from its parent,
6 Invenergy Investment LLC.

7 **Q. Please describe Invenergy's plan to fund the development and construction of the**
8 **GBE Project.**

9 **A.** Consistent with its prior experience, Invenergy plans to use a combination of debt and
10 equity to finance the Project. Specifically, Invenergy expects to engage a lender or group
11 of lenders approximately six to nine months prior to commercial operations to provide a
12 construction loan for the Project. The construction loan and equity capital provided by
13 Invenergy, and potentially other investors, is expected to be sufficient for the entire
14 construction cost of the Project. Financing for the project is typically structured with
15 credit support such as letters of credit or cash reserve accounts that can be used to
16 mitigate certain risks of the project.

17 **Q. Please describe how transmission service will be sold from the Project and discuss**
18 **whether they are necessary to support the financing of the Project.**

19 **A.** Transmission service will be sold from the Project as described in the Supplemental
20 Direct Testimony of Kris Zadlo.

21 In addition to obtaining regulatory commission approvals and other permits, key
22 project agreements, and construction contracts, it is necessary for Invenergy to enter into
23 long-term transmission service or capacity contracts with its transmission customers prior
24 to securing financial commitments for the Project. GBE's transmission services

1 agreement with the Missouri Joint Municipal Electric Utility Commission is an example
2 of such a contract. The required percentage of contracted capacity will depend on the
3 price, counterparty creditworthiness, contract term, and other commercial terms within
4 the transmission contracts. As stated previously, Invenergy will provide equity capital
5 and plans to obtain a construction loan, and potentially equity from additional investors,
6 to finance the development and construction activities and to reach commercial operation
7 of the Project. Following achievement of commercial operations, the more permanent
8 financing, such as term debt and equity financing, will rely on the contracted cash flow
9 from the Project for repayment, and the debt will also be secured by the Project's assets
10 and contracts.

11 **Q. Is it your opinion that Invenergy has the financial ability to provide the proposed**
12 **service offered by the GBE Project?**

13 **A.** Yes. Invenergy has the financial ability to provide the proposed service. As described
14 earlier in my testimony, Invenergy has a strong financial profile and a proven track
15 record of successfully financing large energy projects.

16 **Q. Does that conclude your testimony?**

17 **A.** Yes.

**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,) Case No. EA-2016-0358
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)

AFFIDAVIT OF ANDREA HOFFMAN

STATE OF Illinois)
) ss
COUNTY OF Cook)

Andrea Hoffman, being first duly sworn upon his oath, states:

1. My name is Andrea Hoffman. I am Senior Vice President, Financial Operations for Invenergy LLC.
2. Attached hereto and made a part hereof for all purposes is my Supplemental Direct Testimony on behalf of Grain Belt Express Clean Line LLC, having been prepared in written form for introduction into evidence in this proceeding.
3. I have knowledge of the matters set forth herein. 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.



Andrea Hoffman

Subscribed and sworn before me this 12th day of November 2018.



Notary Public

