



Assets until SCMCN completed construction on a control center that would ultimately be used to perform operation and maintenance services on the Nixa Assets. SCMCN committed to file the assignment agreement once SCMCN and CU had executed it.

SCMCN also attached a copy of the APA for the Nixa Assets to its CCN Application. The APA included placeholders for related agreements that had not been executed at the time SCMCN and Nixa executed the APA. These placeholders in the APA were designated as (1) Exhibit A: IA Assignment Agreement; (2) Exhibit F: Transition Services Agreement; (3) Exhibit G: Pole Attachment Agreement; (4) Exhibit H: Transmission Services Agreement; and (5) Exhibit I: Lease and Access Agreement.

On December 10, 2015 SCMCN's supplemented its CCN Application with the Direct Testimony of Noman L. Williams, Senior Vice President of Engineering & Operations and Chief Operating Officer of GridLiance Heartland LLC, SCMCN's direct parent. Mr. Williams testified that SCMCN had executed a Maintenance Agreement with BBC Electrical Services, Inc. (BBC) on November 3, 2015 under which BBC would perform operations and maintenance services on the Nixa Assets while SCMCN was building a control center and arranging for long-term operation and maintenance services. Mr. Williams explained that BBC would perform the operation and maintenance services CU had previously performed for Nixa. Mr. Williams also testified that SCMCN would enter into a system control agreement with a third party while SCMCN was building its own control center. Mr. Williams testified that CU had expressed interest in such an arrangement, but that SCMCN was prepared to negotiate with other utilities in the area if SCMCN and CU could not reach an agreement.

On July 20, 2016 the Commission granted SCMCN's CCN Application, with an effective date of August 2, 2016. The Commission also (1) ordered SCMCN to file certain documents related to SCMCN's acquisition of the Nixa Assets (2) authorized SCMCN to transfer functional control of the Nixa Assets to SPP; (3) determined that certain of the Commission's regulations should apply to SCMCN's acquisition of the Nixa Assets and others should be waived; (4) granted SCMCN, CU, and Nixa's Joint Motion for

Commission Approval of Settlement Agreement and incorporated the Settlement Agreement attached to that Motion into the Commission's July 20 Order; and (5) granted CU's Waiver of Hearing and Motion to Withdraw Motion for Summary Disposition, which CU filed as a result of the Settlement Agreement between SCMCN, CU, and Nixa.<sup>2</sup>

On March 15, 2018 the Federal Energy Regulatory Commission (FERC) approved SCMCN's Application for Authorization to Acquire the Nixa Assets, pursuant to Section 203 of the Federal Power Act (FPA),<sup>3</sup> in Docket No. EC17-126-000, and also accepted, subject to refund and the outcome of the ongoing proceedings in Docket Nos. ER15-2594, ER17-953, and EL18-16, SPP's proposed revisions to the SPP Open Access Transmission Tariff (SPP Tariff) to incorporate SCMCN's Annual Transmission Revenue Requirement (ATTR), transmission formula rate template, and transmission rate implementation protocols into the SPP Tariff in Docket No. ER18-99-000.<sup>4</sup> FERC also established hearing and settlement judge procedures for certain limited items related to SPP's proposed revisions to the SPP Tariff.<sup>5</sup> SCMCN and Nixa consummated the transaction whereby SCMCN acquired the Nixa Assets on March 31, 2018.

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<sup>2</sup> Prior to the July 20 Order, the Commission also issued an Order on February 10, 2015, granting SCMCN's Motion for Partial Disposition. In its February 10 Order, the Commission made certain determinations regarding its jurisdiction under of Section 393.190.1 of the Revised Missouri Statutes. The Commission concluded that (1) Section 393.190.1 did not authorize the Commission to regulate Nixa's sale of the Nixa Assets because Nixa is a municipality; (2) based on the language of the statute, Section 390.190.1 did not authorize the Commission to regulate SCMCN's purchase of the Nixa Assets; and (3) granting SCMCN's Motion served the public interest by avoiding needless litigation, thereby conserving ratepayer resources.

<sup>3</sup> *South Central MCN LLC*, 162 FERC ¶ 61,214 (Mar. 15, 2018).

<sup>4</sup> *South Central MCN LLC*, 162 FERC ¶ 61,215 (Mar. 15, 2018).

<sup>5</sup> The hearing and settlement judge procedures relate to SPP's proposed revisions to the SPP Tariff to incorporate the Nixa Assets into SPP pricing zone 10. However, FERC's Order authorizes SPP to collect SCMCN's ATTR from transmission customers in SPP pricing zone 10. Attachment AD of the SPP Tariff required SPP to place the Nixa Assets in SPP pricing zone 10 and that FERC intended for the Order to conclude that SPP's decision to place the Nixa Assets in zone 10 is not at issue. Accordingly, on April 16, 2018 SCMCN filed a Request for Expedited Clarification, or in the alternative, Rehearing of FERC's March 15 Order on the issue of whether SPP's placement of the Nixa Assets in zone 10 should have been set for hearing or summarily decided.

SCMCN subsequently transferred operational control of the Nixa Assets to SPP on April 1, 2018.<sup>6</sup> SCMCN provided notice of the acquisition to the Commission by letter dated April 4, 2018.

## II. DOCUMENTS SUBMITTED WITH THIS FILING

This filing consists of the following documents:

- 1) This Supplemental Filing;
- 2) Orders of the Federal Energy Regulatory Commission, issued on March 15, 2018, in Docket Nos. EC17-126-000 and ER18-99-000 (**Attachment A**)
- 3) Assignment, Assumption and Amendment of Agreement between South Central MCN LLC, the City of Nixa, Missouri, and City Utilities of Springfield, Missouri (**Attachment B**)
- 4) Interconnection and Operating Agreement between the United States of America, acting by and through the Administrator, Southwestern Power Administration, South Central MCN LLC, and Southwest Power Pool, Inc. (**Attachment C**)
- 5) Transmission Pole Attachment Agreement between South Central MCN LLC and the City of Nixa, Missouri (**Attachment D**)

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<sup>6</sup> SCMCN provides the following background information to explain the interval between the Commission's July 20 Order and SCMCN's March 31, 2018 acquisition of the Nixa Assets. On December 22, 2015 SCMCN filed an Application to acquire the Nixa Assets in FERC Docket No. EC16-53-000, pursuant to Section 203 of the FPA. SCMCN subsequently withdrew its 203 Application on September 29, 2016 after receiving a request from FERC to estimate the costs of incorporating the Nixa Assets into SPP Zone 10. After working with SPP to provide the requested analysis, SCMCN re-filed its 203 Application on June 1, 2017 in Docket No. EC17-126-000. SCMCN subsequently supplemented its June 1 Application on October 19, 2017, in response to a letter from FERC, dated October 4, 2017, in which FERC requested additional information about SCMCN's proposed acquisition of the Nixa Assets. On June 30, 2017 SPP filed proposed revisions to the SPP Tariff to incorporate SCMCN's ATRR, formula rate template, and implementation protocols in Docket No. ER17-2020-000, pursuant to Section 205 of the FPA. SPP subsequently withdrew its 205 filing to evaluate SPP's proposed tariff revisions against SPP's new Transmission Owner Zonal Placement Process, which the SPP Board of Directors endorsed on July 25, 2017. On October 18, 2017 SPP re-filed its proposed tariff revisions in Docket No. ER18-99-000 and requested that FERC issue an order permitting the proposed revisions to become effective on January 1, 2018, or the first day of the month after the date that SCMCN acquired the Nixa Assets. FERC misinterpreted SPP's request as waiving the 60-day notice period for FERC to accept SPP's proposed tariff revisions and did not issue an order within 60 days. On January 10, 2018 SCMCN submitted a filing to FERC requesting that FERC issue expedited orders in Docket Nos. EC17-126-000 and ER18-99-000 on or before February 15, 2018. FERC ultimately approved SCMCN's 203 Application and SPP's 205 Application on March 15, 2018.

- 6) Master Services Agreement between South Central MCN LLC and the City of Nixa, Missouri (**Attachment E**)
- 7) Maintenance Agreement between South Central MCN LLC and BBC Electrical Services, Inc. (**Attachment F**)
- 8) Substation Easement Agreement between the City of Nixa, Missouri and South Central MCN LLC (**Attachment G**)
- 9) Direct Testimony of James (Jim) Useldinger, Vice President, Operations, GridLiance Management, LLC (**Attachment H**)

**III. SCMCN’S COMPLIANCE FILING**

The Commission’s July 20 Order provides that SCMCN shall submit certain information to the Commission related to SCMCN’s proposed transaction to acquire the Nixa Assets. The table below identifies the information required by the Commission’s July 20 Order and the location of that information in this filing.

SECTION OF JULY 20 ORDER	REQUIREMENT	LOCATION IN THIS FILING
1.a.	SCMCN shall file documents that verify that the assets described in the body of this order will be in Southwestern Power Administration pricing zone 10 of the Southwest Power Pool, Inc. (“SPP”) per the terms of the <i>Settlement Agreement</i> reached among SCMCN; the City of Nixa, Missouri, and Board of Public Utilities of the City of Springfield, Missouri (“Springfield”).	<b>Attachment A</b>
1.b.i.	SCMCN shall file the following five exhibits that are designated as “Draft to be attached no later than 30 days from the Effective Date” in the <i>Application</i> , Appendix, Asset Purchase:  i. Exhibit A: Interconnection Assignment Agreement	<b>Attachment B</b> and <b>Attachment C</b> ;
1.b.ii.	ii. Exhibit F: Transition Services Agreement	No longer applicable, as explained in Section IV.A. of this filing

SECTION OF JULY 20 ORDER	REQUIREMENT	LOCATION IN THIS FILING
1.b.iii.	iii. Exhibit G: Pole Attachment Agreement	<b>Attachment D</b>
1.b.iv.	iv. Exhibit H: Transmission Services Agreement; and	<b>Attachment E</b> , which was retitled “Master Services Agreement,” as explained in Section IV.A. of this filing
1.b.v.	v. Exhibit I: Lease and Access Agreement	<b>Attachment F</b> , which was retitled, “Substation Easement Agreement,” as explained in IV.A. of this filing
1.c.	SCMCN shall follow the construction, clearing, maintenance, repair, and right-of-way practices regarding landowners and land management that is attached to the <i>Staff Memorandum Recommendation</i> .	SCMCN has complied and will continue to comply with this requirement, as explained in Section III.C. of this filing
1.d.	SCMCN shall file the agreement regarding system control services with Springfield when finalized, or the agreement with the alternative provider of system control services if the current plan to use Springfield does not occur.	<b>Attachment E</b> complies with this requirement, as explained in Sections IV.A. and IV.B. of this filing
1.e.	SCMCN shall file the agreement regarding operation and maintenance services with BBC Electrical Services, Inc. (“BBC”), or the agreement with the alternative provider of operation and maintenance services if the current agreement to use BBC is not fulfilled.	<b>Attachment G</b>
1.f.	Beginning January 1, 2017 and every year thereafter on January 1, until otherwise ordered by the Commission, SCMCN shall file a report with the Commission concerning its membership in SPP. Such report shall include the perspective of SCMCN on the economic viability of remaining in SPP.	SCMCN has complied and will continue to comply with this requirement, as discussed in Section III.C. of this filing
1.g.	When SCMCN files any annual report with the Federal Energy Regulatory Commission, SCMCN shall concurrently file that annual report with the Commission.	SCMCN has complied and will continue to comply with this requirement, as discussed in Section III.C. of this filing

**A. Placement of the Nixa Assets in SPP Pricing Zone 10**

The Commission’s July 20 Order requires SCMCN to file documents verifying that the Nixa Assets will be located in SPP pricing zone 10, in which Southwestern Power Administration (Southwestern) is the incumbent utility. In compliance with that directive, SCMCN has attached a copy of the March 15 FERC

Order approving SCMCN's Application for Authorization to Acquire the Nixa Assets, pursuant to Section 203 of the FPA, in Docket No. EC17-126-000. SCMCN also provides FERC's March 15 Order accepting, subject to refund, SPP's proposed revisions to the SPP Tariff to incorporate SCMCN's ATTR, transmission formula rate template, and transmission rate implementation protocols into the SPP Tariff in Docket No. ER18-99-000.<sup>7</sup> Certain issues in SPP's filing were set for hearing and settlement judge procedures. Settlement discussions are ongoing. If anything determined in the SPP docket affects the statements herein or the bases for Commission's July 20 Order, SCMCN commits to update the Commission in an additional compliance filing.

#### **B. Submission of Certain Agreements**

The July 20 Order also requires SCMCN to submit certain agreements that were identified as exhibits to the APA for the Nixa Assets, but had not been executed at the time SCMCN submitted its CCN Application. In compliance with those directives SCMCN has attached the previously unfiled exhibits to the APA to this supplemental filing and has marked them for identification as **Attachments A – F**. SCMCN has attached its agreement with BBC to this supplemental filing as **Attachment G**, in compliance with ordering paragraph 1.e. of the July 20 Order.

#### **C. Compliance with Construction Practices and Reporting Requirements**

The Commission's July 20 Order requires SCMCN to affirm that it will comply with certain construction practices and reporting requirements. Specifically, the July 20 Order requires SCMCN to follow the construction, clearing, maintenance, repair, and right-of-way practices regarding landowners and land management described in the Staff Memorandum Recommendation. As Jim Useldinger, Vice President of Operations for GridLiance Management, LLC, discusses in his direct testimony, which is attached hereto as **Attachment H**, SCMCN has adhered and will continue to adhere to these requirements

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<sup>7</sup> SCMCN has three active dockets dealing with technical and compliance filings issues with its formula and protocols and FERC also directed SPP to file compliance filings to reflect final determinations on those issues in Docket Nos. ER15-2594, ER17-953, and EL18-16

in its ownership and operation of the Nixa Assets.<sup>8</sup> Additionally, in compliance with the July 20 Order, SCMCN has filed and will continue to file (1) an annual report every January 1 concerning SCMCN's membership in SPP, which includes SCMCN's perspective on the economic viability of remaining in SPP; and (2) a copy of any annual report SCMCN files with FERC.<sup>9</sup>

#### **IV. SUPPLEMENTAL INFORMATION REGARDING SCMCN'S ACQUISITION AND OPERATION OF THE NIXA ASSETS**

Subsequent to the Commission's July 20 Order, SCMCN and Nixa determined that it was necessary to update certain elements of the transaction whereby SCMCN would acquire and operate the Nixa Assets to more accurately reflect the intentions of the parties. These modifications do not alter the public convenience and necessity that will be served by SCMCN's ownership of the Nixa Assets. However, SCMCN would like to supplement the record with additional information regarding the structure of its acquisition and operation of the Nixa Assets to ensure that the record continues to support the Commission's findings in the July 20 Order.

##### **A. Modifications to Certain Agreements**

As noted in the table above, SCMCN and Nixa determined that certain agreements should be retitled to more accurately reflect their intended purposes. For example, SCMCN and Nixa determined that the previously titled "Transmission Services Agreement" should be retitled "Master Services Agreement" (MSA) to properly reflect the broad scope of work that will be performed under the agreement.

As Mr. Useldinger discusses in his direct testimony, SCMCN and Nixa may execute Task Orders under the MSA, under which Nixa will perform a variety of services for SCMCN related to the Nixa Assets. Nixa will work as an independent contractor and SCMCN will compensate Nixa based upon the compensation structure agreed to and stated in each Task Order.<sup>10</sup> Mr. Useldinger also testifies that, given

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<sup>8</sup> Attachment H; Direct Testimony of Jim Useldinger; 5:18-22.

<sup>9</sup> *Id.* at 6:1-8.

<sup>10</sup> *Id.* at 7:13-22.



the broad scope of the MSA, SCMCN and Nixa can execute Task Orders for system control services and that Nixa is fully capable of performing such services.<sup>11</sup> As a result of executing the MSA, SCMCN and Nixa determined that it was no longer necessary for SCMCN to enter into an agreement for system control services with CU or an alternative provider.

Mr. Useldinger also explains that SCMCN and Nixa determined that the previously identified “Lease and Access Agreement” should be retitled “Substation Easement Agreement” to more accurately reflect that, following SCMCN’s acquisition of the Nixa Assets, Nixa will continue to use a portion of the substations acquired by SCMCN for certain operations related to Nixa’s electric distribution system.<sup>12</sup>

Additionally, while SCMCN and CU executed an assignment of the existing interconnection agreement between CU and Nixa, as contemplated in SCMCN’s CCN Application (**Attachment B**), SCMCN and Southwestern negotiated and executed a new interconnection agreement (**Attachment C**).<sup>13</sup> Mr. Useldinger also testifies that, as a result of executing the MSA, SCMCN and Nixa determined that the previously identified “Transition Services Agreement” was no longer necessary.<sup>14</sup>

## **B. Modifications to System Control Arrangements**

SCMCN stated in its CCN Application that it planned to contract for system control services while it was constructing a control center for long-term operation and maintenance services. However, after estimating the cost to construct a system control center, SCMCN and its affiliates determined that it would be more prudent to contract with third parties for operations and maintenance and system control services while SCMCN and the other affiliates continue to seek out opportunities to acquire, develop, and expand transmission facilities in the SPP and other regions.<sup>15</sup> As Mr. Useldinger testifies, prior to SCMCN’s acquisition of the Nixa Assets, SCMCN’s sole customer was Tri-County Electric Cooperative, Inc. (Tri-

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 7:1-5.

<sup>13</sup> *Id.* at 7:6-12.

<sup>14</sup> *Id.* at 8:13-23.

<sup>15</sup> *Id.* at 9:1-12.

County), a not-for-profit electric distribution cooperative based in Hooker, Oklahoma. As such, SCMCN is sensitive to incurring costs that will increase rate base prematurely and thereby increase rates when there are prudent alternatives.<sup>16</sup> SCMCN's acquisition of the Nixa Assets represents a significant addition to SCMCN's geographical footprint; however, the estimated cost to construct a system control center would constitute a significant expense that can be prudently deferred.<sup>17</sup>

Mr. Useldinger also explains that, as the Nixa Assets consist of 69 kV facilities that are not included in the North American Electric Reliability Corporation's (NERC) definition of the Bulk Electric System, they are not subject to NERC regulation. Accordingly, while SCMCN acknowledges the value in an arrangement for system control services, Mr. Useldinger notes that such services are not required.<sup>18</sup>

#### **V. SCMCN'S PLAN FOR ENSURING CONTINUED SYSTEM RELIABILITY OF THE NIXA ASSETS**

Mr. Useldinger explains that, prior to SCMCN's acquisition of the Nixa Assets, Nixa ensured the reliability of its transmission system through coordination with CU and other contractors for limited and discrete operations and maintenance services. However, Nixa did not execute any long-term contracts for operations and maintenance services.<sup>19</sup> In mid-2017, Nixa constructed a Supervisory Control and Data Acquisition (SCADA) system, which SCMCN plans to synchronize with its operating procedures to monitor and provide system control support for the Nixa Assets.<sup>20</sup> Additionally, the existing MSA ensures that the Nixa Assets will be properly maintained by establishing a broad scope of operations and maintenance services that Nixa will perform through agreed upon Task Orders. The Maintenance Agreement establishes BBC's obligation to perform any additional services related to the Nixa Assets that are beyond the scope of the MSA. These agreements, along with SCMCN's plans to synchronize its operating

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<sup>16</sup> *Id.* at 9:12-18.

<sup>17</sup> *Id.* at 10:1-2.

<sup>18</sup> *Id.* at 10:8-16.

<sup>19</sup> *Id.* at 10:18-23.

<sup>20</sup> *Id.* at 10:5-8.

procedures with Nixa's new SCADA system, will ensure that the customers served by the Nixa Assets will continue to receive reliable transmission service.<sup>21</sup>

## **VI. THE COMMISSION'S FINDINGS OF PUBLIC CONVENIENCE AND NECESSITY**

In the July 20 Order the Commission accepted the Commission's Staff (Staff) recommendation that the Commission grant SCMCN's request for a CCN because SCMCN's Application satisfied the following five factors: (1) the service is needed; (2) SCMCN is qualified to provide the service; (3) SCMCN is financially able to provide the service; (4) the proposal is economically feasible; and (5) the service will promote the public interest.<sup>22</sup> SCMCN respectfully submits that the agreed upon modifications to SCMCN's acquisition and operation of the Nixa Assets do not change the Commission's findings for the following reasons: (1) there continues to be a need for the service, as evidenced by the transmission lines that already exist within the City of Nixa and are essential to providing reliable service to existing Missouri customers; (2) SCMCN continues to remain qualified to provide the proposed service, as evidenced by its plan to combine the expertise of its employees with the knowledge and capabilities of Nixa and BBC to ensure that Missouri customers continue to receive reliable transmission service; (3) SCMCN continues to remain financially able to provide the service as a result of the significant financial support of its parent companies, the Blackstone private equity funds; (4) the proposal continues to be economically feasible, as evidenced by FERC's March 15 Orders authorizing SCMCN to acquire the Nixa Assets and accepting SPP's proposed tariff revisions to incorporate the Nixa Assets into SPP pricing zone 10; and (5) the service will continue to promote the public interest as evidenced by SCMCN's focus on developing transmission assets in the SPP region through coordination with SPP and SCMCN's utility partners.

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<sup>21</sup> *Id.* at 11:1-6.

<sup>22</sup> July 20 Order at 4-5.

## VII. CONCLUSION

SCMCN respectfully requests that the Commission accept SCMCN's Supplemental Filing in Compliance with the Commission's Order, issued July 20, 2016, and find that SCMCN has fully complied with the requirements of the July 20 Order. As noted above, until otherwise ordered, SCMCN will continue to provide the Commission a report concerning SCMCN's membership in SPP each year on January 1, as well as copies of any annual reports SCMCN files with the Federal Regulatory Energy Commission, in compliance with ordering paragraphs 1.f. and 1.g. of the Commission's July 20 Order, respectively.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all parties entitled to notice.

Dated at Dallas, Texas, this 30<sup>th</sup> day of April, 2018.

/s/Janet Virga  
Janet Virga