Exhibit No.:	1.0
Issue(s):	Project Overview, Company Background, *Tartan* Factors
Witness:	Becky Walding
Type of Exhibit:	Direct Testimony
Sponsoring Party:	NextEra Energy Transmission Southwest, LLC
File No.:	EA-2022-0234
Date Testimony Prepared:	July 7, 2022

MISSOURI PUBLIC SERVICE COMMISSION

FILE NO.

EA-2022-0234

DIRECT TESTIMONY

OF

BECKY WALDING

ON

BEHALF OF

NEXTERA ENERGY TRANSMISSION SOUTHWEST, LLC

JULY 7, 2022

CONTENTS

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Becky Walding. I work for NextEra Energy Transmission, LLC ("NEET") at 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. What is your position with NEET?

A. I am Executive Director, Development for NEET. NEET is an indirect, wholly-owned subsidiary of NextEra Energy, Inc. ("NextEra Energy"). In my role as Executive Director, Development of NEET, my responsibilities include leading corporate efforts to develop, construct, operate, and acquire regulated and contracted power transmission and related assets in the United States and Canada. I am also the Assistant Vice President of the applicant in this proceeding, NextEra Energy Transmission Southwest, LLC (the "Applicant" or "NEET Southwest").

Q. Please describe your educational background and employment experience.

A. I have over 24 years of experience working for two of the largest U.S. electric utility companies—NextEra Energy and Southern Company. My experience covers most major areas of utility planning and operations including transmission and system planning, regulatory, utility finance and accounting, asset management, and managing commercial operations in each U.S. electricity market. I hold a Bachelor of Science Degree in Chemical Engineering from Auburn University.

Q. Have you previously provided testimony before the Missouri Public Service Commission or any other regulatory commission?

A. I testified in support of the Kansas portion on this project in the matter currently before the Kansas Corporation Commission ("KCC") in Docket No. 22-NETE-419-COC, including written testimony in support of a settlement agreement among the majority of parties to the KCC proceeding, which is currently pending before the KCC. I also submitted pre-filed written

direct testimony before the Federal Energy Regulatory Commission ("FERC") on behalf of NEET Southwest's affiliate, Trans Bay Cable LLC, in FERC Docket No. ER19-2846-000. I also provided oral testimony before the Ontario Energy Board ("OEB") on behalf of another NEET Southwest affiliate, NextBridge Infrastructure LP ("NextBridge"), in support of its application for approval of electricity transmission revenue requirements, in OEB Docket No. EB-2021-0276.

Q. What authority is the Applicant seeking to obtain in this proceeding?

A. The Applicant is seeking to obtain a Certificate of Public Convenience and Necessity ("CCN"), pursuant to Mo. Rev. Stat. §393.170 and 20 CSR 240-2.060, to become a transmission-only public utility in Missouri and to construct, own, operate, and maintain a 345 kV transmission line project that will connect the existing Blackberry Substation in Jasper County, Missouri with the existing Wolf Creek Substation in Coffey County, Kansas (the "Project" or the "Wolf Creek-Blackberry Project"). The Missouri portion of the Project will be approximately nine miles, traversing Jasper and Barton counties. The Kansas portion of the proposed Project will be approximately 85 miles, traversing Coffey, Anderson, Allen, Bourbon, and Crawford counties, for a total Project length of approximately 94 miles. The Project was identified by the Southwest Power Pool, Inc. ("SPP") as required to address multiple needs identified in the 2019 Integrated Transmission Planning ("ITP") process, including an economic need to increase the transmission capability from west to east within SPP.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to support NEET Southwest's request for a CCN to construct, own, operate, and maintain the Project. In particular, my testimony discusses NEET Southwest's background and qualifications; provides an overview of the Project itself; and explains how the Project satisfies the *Tartan* factors.

My testimony also will introduce the testimony of NEET Southwest's other witnesses:

NEET Southwest Witness	**Exhibit No.**	**Testimony Topics**
Daniel Mayers, Director of Transmission and Substation Engineering, NextEra Energy Resources, LLC	2	• Describes NEET Southwest's technical and managerial qualifications to provide the proposed service and to engineer, design, and construct the Project • Provides an overview of the engineering details of the Project, including location, engineering design, land acquisition, and construction schedule • Describes NEET Southwest's plans for competitive bidding for the Project
LaMargo V. Sweezer-Fischer, Executive Director, Operations, NextEra Energy Transmission, LLC	3	• Testifies to NEET Southwest's and its affiliates' technical and managerial capabilities to provide the proposed service by operating and maintaining the Project • Supports NEET Southwest's ability to operate the Project in a safe and reliable manner
Amanda Finnis, Executive Director, Finance, NextEra Energy Transmission, LLC	4	• Illustrates that the Project is economically feasible • Describes NEET Southwest's financial ability to construct, own, operate, and maintain the Project and testifies to the financial capabilities of NEET Southwest and the NextEra Energy organization • Explains how NEET Southwest intends to finance the Project
Dusty Werth, Burns & McDonnell Engineering Company, Inc.	5	• Details the route selection process • Supports the Project's Environmental Assessment and Routing Analysis • Provides a legal description of the Proposed Route
Sarah Nettels, Burns & McDonnell Engineering Company, Inc.	6	• Provides background on outreach to landowners, local agencies, and county officials

David G. Loomis, Ph.D., President, Strategic Economic Research, LLC	7	• Testifies that the Project will be beneficial on an overall basis to state and local economies and communities in the area of the Project

Q. Are you sponsoring any schedules or exhibits as part of your direct testimony?

A. Yes, I sponsor Schedules BW-1 through BW-8. Each of these Schedules was prepared or assembled by me or under my supervision and direction.

II. NEET SOUTHWEST'S BACKGROUND

Q. Please describe NEET Southwest.

A. NEET Southwest is a Delaware limited liability company formed in 2014 and qualified to do business in Missouri. NEET Southwest's certificate of formation in Delaware and qualification to do business in Missouri are provided in Schedule BW-1. NEET Southwest was created to construct, own, and operate transmission assets in the SPP region. NEET Southwest was selected as the Designated Transmission Owner for the Project through SPP's competitive Transmission Owner Solicitation Process ("TOSP").

Q. Please describe NEET Southwest's parent companies and key affiliates in more detail.

A. NEET Southwest is a direct, wholly-owned subsidiary of NEET, which in turn is an indirect, wholly-owned subsidiary of NextEra Energy. A Fortune 200 company, NextEra Energy is the world's largest electric utility by market capitalization, with revenues in calendar year 2021 of approximately $17 billion and approximately 15,000 employees as of December 31, 2021.

NextEra Energy's principal businesses are Florida Power & Light Company ("FPL"), Florida's largest electric utility serving approximately 5.7 million customer accounts, or more than

11 million people, and NextEra Energy Resources, LLC ("NEER"), the largest generator of renewable energy from the wind and sun in North America. NextEra Energy and its wholly-owned subsidiaries, NEET and NEET Southwest, are headquartered in Juno Beach, Florida.

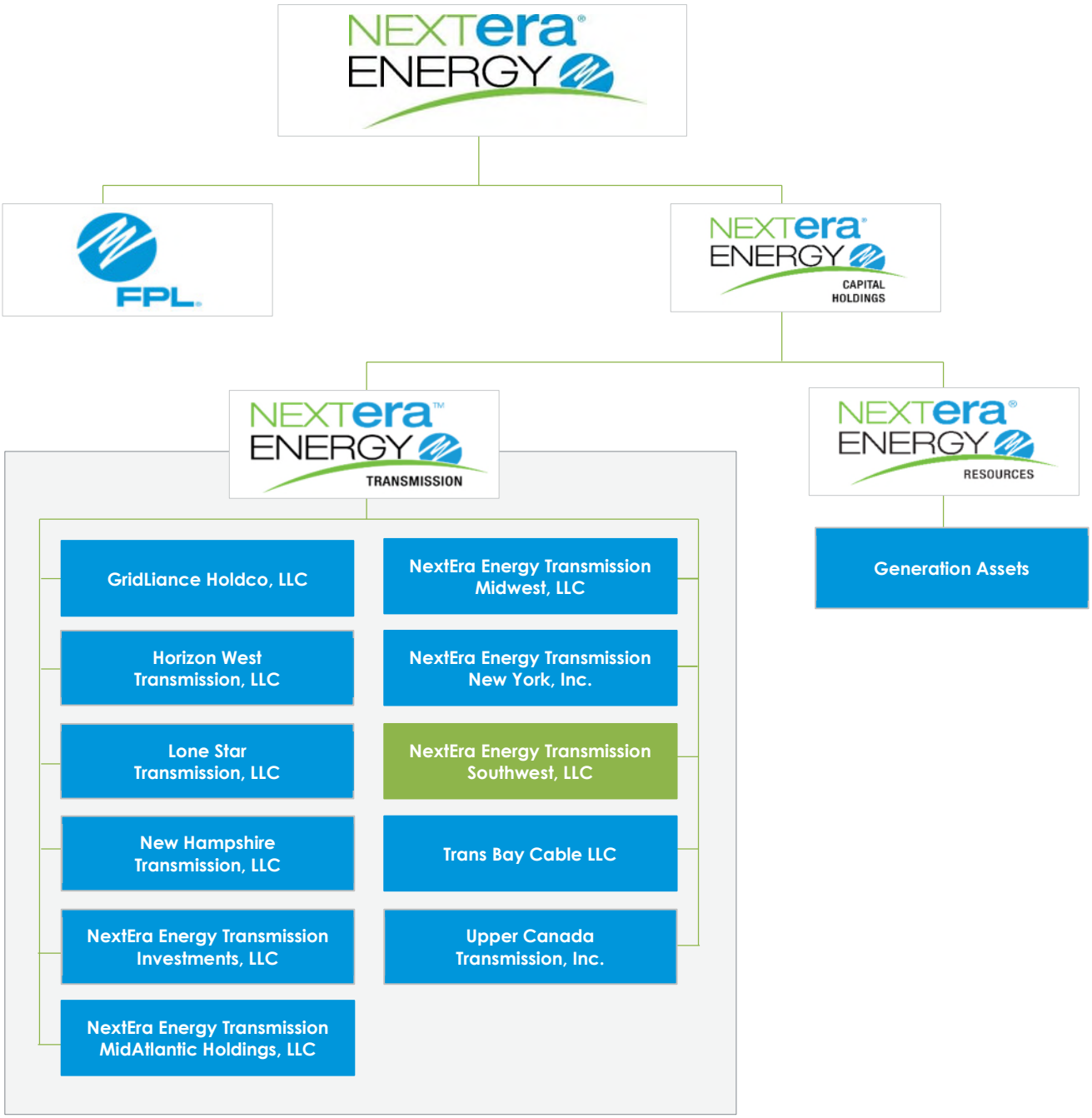
NEET was formed by NextEra Energy in 2007 to apply NextEra Energy's experience and resources in developing, owning, and operating transmission facilities to projects across the U.S. and Canada. NEET serves as a holding company for NextEra Energy's regulated transmission utilities outside the state of Florida and is the immediate parent company of the applicant, NEET Southwest. NEET expanded its portfolio of operating transmission subsidiaries in 2021 with its acquisition of the entities owned by GridLiance Holdco LP, including GridLiance High Plains LLC ("GridLiance HP"),[1] which jointly owns transmission assets in Winfield, Kansas with the City of Winfield and which owns transmission assets in the Oklahoma Panhandle that serve Tri-County Electric Cooperative.

NEET subsidiaries' assets including operating transmission facilities in: Kansas (GridLiance HP); Oklahoma (GridLiance HP); Texas (Lone Star Transmission, LLC ("Lone Star Transmission")); Illinois (GridLiance Heartland LLC); Indiana (NextEra Energy Transmission MidAtlantic Indiana, Inc.); New Hampshire (New Hampshire Transmission, LLC); New York (NextEra Energy Transmission New York, LLC ("NEETNY")); Nevada (GridLiance West LLC); California (Horizon West Transmission, LLC ("Horizon West Transmission"), and Trans Bay Cable LLC); and in Ontario, Canada (the East-West Tie). NEET subsidiaries also have awarded projects in permitting in California and numerous other projects in earlier stages of development throughout the U.S. The Texas, Ontario, and New York projects were won pursuant to the first competitive processes in those jurisdictions, and one of the California projects was the first to be

[1] *See* Order Dismissing Joint Application, EM-2021-0114 (Feb. 17, 2021).

awarded by the California Independent System Operator Corporation ("CAISO") to a non-incumbent transmission provider. Similarly, the proposed Project was the first to be awarded by SPP to a non-incumbent transmission provider.

The following simplified organizational chart illustrates the relationships between NEET Southwest and its parent company and certain key affiliates:


NEXTera ENERGY
FPL
NEXTera ENERGY CAPITAL HOLDINGS
NEXTera ENERGY TRANSMISSION
NEXTera ENERGY RESOURCES
GridLiance Holdco, LLC
Horizon West Transmission, LLC
Lone Star Transmission, LLC
New Hampshire Transmission, LLC
NextEra Energy Transmission Investments, LLC
NextEra Energy Transmission MidAtlantic Holdings, LLC
NextEra Energy Transmission Midwest, LLC
NextEra Energy Transmission New York, Inc.
NextEra Energy Transmission Southwest, LLC
Trans Bay Cable LLC
Upper Canada Transmission, Inc.
Generation Assets

III. NEET SOUTHWEST'S QUALIFICATIONS

Q. Does NEET Southwest have the financial, managerial, and technical qualifications to provide service in the State of Missouri?

A. Yes. As discussed below and described in greater detail in the accompanying Direct Testimonies of Mr. Mayers, Ms. Sweezer-Fischer, and Ms. Finnis, NEET Southwest has the financial, managerial, and technical capabilities to provide transmission service in the State of Missouri. NextEra Energy, through its various affiliates, has extensive experience developing, permitting, engineering, designing, constructing, owning, operating, and maintaining transmission systems around the U.S. and Canada. As part of the NextEra Energy family of companies, NEET Southwest will draw upon a deep reservoir of talented and committed NextEra Energy personnel from across the enterprise and will benefit from the experience of its parent companies and affiliates. NEET Southwest has assembled an experienced team comprised of internal and external resources and will apply these resources to its execution of the Project. NEET Southwest will utilize the same proven project management approach that other NextEra Energy affiliates have successfully employed for the safe, on-time, and under-budget execution of transmission and other energy infrastructure projects across North America.

Q. Please provide more details about NextEra Energy's financial qualifications.

A. As an organization, NextEra Energy possesses exceptional financial stability and resources, and NEET Southwest will utilize these resources to ensure it has the financial capabilities to provide transmission service in Missouri. Ms. Finnis describes these financial capabilities in greater detail in her testimony. At a high level, NEET Southwest plans to finance the construction of the Project through financing provided by its indirect parent company, NextEra Energy Capital Holdings, Inc. ("NEECH"), which is a wholly-owned subsidiary of NextEra Energy. NEECH maintains a strong investment-grade credit profile, with current corporate ratings

of Baa1/A-/A- from Moody's Investor Services, Standard & Poor's Global Ratings, and Fitch Ratings, respectively. As of December 31, 2021, NEECH had approximately $7.6 billion of net available liquidity, which enables it to fund major infrastructure projects. NEECH has committed to financing the Project during construction and, after the Project is placed in service, to providing or securing equity capital injections up to $10 million per year, as needed to maintain the financial integrity of the Project consistent with an investment-grade credit profile. Accordingly, NEET Southwest has the financial qualifications to construct, own, operate, and maintain the Project.

Q. Please provide more details about NextEra Energy's managerial and technical qualifications to provide service.

A. NextEra Energy also possesses significant managerial and technical expertise. NextEra Energy is an industry leader in producing clean and renewable electric energy and in delivering reliable and economical electric utility service to millions of customers. Necessarily, NextEra Energy is very experienced in constructing, owning, operating, and maintaining electric utility systems. Building on an almost 100-year history in the electric utility industry, NextEra Energy's subsidiaries own and operate more than 55.3 gigawatts of electricity generating capacity primarily across 38 states in the U.S. and four provinces in Canada, and approximately 11,800 circuit miles of high-voltage transmission, approximately 77,400 miles of distribution lines, and over 1,000 substations across North America. FPL, one of NextEra Energy's principal subsidiaries, is the nation's largest electric utility as measured by retail electricity produced and sold and serves more than 5.7 million homes and businesses in Florida, or more than 11 million people.

NEET Southwest's direct parent company, NEET, also has extensive managerial and technical experience owning and operating regulated transmission utilities across the U.S. NEET

is an experienced utility holding company, and as I described above, NEET subsidiaries own and operate, and/or are constructing, regulated transmission facilities in nine U.S. states and one Canadian province. NEET's expertise owning and managing its regulated utility subsidiaries provides it with substantial expertise that NEET Southwest will utilize to operate as a public utility in Missouri.

NextEra Energy's managerial and technical expertise is illustrated in industry awards that its companies routinely receive. For example, FPL has been named one of the most reliable utilities in the industry year over year and maintains top-decile reliability metrics. As Ms. Sweezer-Fischer explains in her testimony,[2] in 2021, PA Consulting recognized FPL with the Outstanding Reliability Performance Award for the Southeast metropolitan region for the eighth straight year, the Outstanding Technology & Innovation Award for the fifth time in eight years, and the Outstanding System Resiliency Award for the first time ever, as well as with the National Reliability Excellence Award for the sixth time in the last seven years.

Q. Has NextEra Energy been recognized with any other industry awards?

A. Overall, NextEra Energy is widely regarded as one of the leading companies in the U.S. utility industry. As an example, NextEra Energy was named number one in its sector for the 15th time in the last 16 years on Fortune magazine's "Most Admired Companies" list through 2022. Also, NextEra Energy ranked number one on Ethisphere's World's Most Ethical Companies 2021 report, becoming one of only 13 companies in the world to achieve this honor 14 or more times. Other awards NextEra Energy has earned include: Forbes' 2021 America's Best Large Employers for the fifth time; the first utility company to be named on the inaugural 2021 Time's 100 Most Influential Companies; S&P Global Platts Leadership Recognition for Environmental,

[2] *See* Sweezer-Fischer Direct Testimony at 6-8.

Social and Governance; and the U.S. Department of Labor's Excellence Award for excellence in recruiting, employing, and retaining veterans.

Q. Please describe NextEra Energy's safety record.

A. NextEra Energy also maintains one of the strongest safety records in the industry, an indicator both of operational excellence and of the high value we place on the well-being of our employees and contractors, as Mr. Mayers and Ms. Sweezer-Fischer address in their testimonies.[3] NextEra Energy consistently ranks within the industry top-decile on safety metrics. NEET Southwest affiliate, Lone Star Transmission, which will provide 24/7 operation oversight for the Project, has never had an Occupational Safety and Health Administration recordable incident.

Q. How does NEET Southwest benefit from the experience of its parent companies and affiliates?

A. NEET Southwest will draw upon the resources within the NextEra Energy organization to ensure its successful execution of the Project. NextEra Energy companies typically operate under a support services model, which enables the organization to apply best practices, a highly skilled workforce, and economies of scale across the enterprise. NEET Southwest will have access to the following affiliate resources for this Project:

- Engineering and Construction Organization – consisting of over 150 engineers and construction project managers with substantial experience in large-scale energy infrastructure projects;
- Integrated Supply Chain – consisting of over 400 sourcing and procurement specialists that leverage NextEra Energy's significant purchasing power and relationships with strategic industry vendors; this team procured $16 billion in materials and services in 2021 alone;
- Environmental Services – consisting of over 100 environmental subject matter experts, specialized in minimizing project impact to the

[3] *See* Mayers Direct Testimony at 8-10; Sweezer-Fischer Direct Testimony at 6-8.

environment, as well as reducing permitting and schedule risk to projects;

- Power Delivery – consisting of over 3,200 highly experienced operations and maintenance team members with an industry-leading track record in safety and reliability; and

- Regulatory and Legal – consisting of over 100 attorneys and regulatory specialists, with particular expertise in federal, state, and local regulatory proceedings for the energy sector.

NEET Southwest's ability to rely on the substantial and highly qualified expertise within the NextEra Energy corporate family in all operational and administrative dimensions of developing, constructing, owning, operating, and maintaining the Project is a primary driver of its ability to deliver the Project on schedule and effectively manage costs, and will ensure that expertise is available to NEET Southwest for efficient and reliable future operations. The significant economies of scale attendant to using available affiliate resources will benefit Missouri customers. I will describe NEET Southwest's request for variances from certain Commission requirements below.

Q. Have any state regulatory commissions recognized the expertise of NextEra Energy subsidiaries to provide transmission service?

A. Yes, the financial, managerial, and technical qualifications of the NextEra Energy organization have been recognized by several regulatory agencies in recent years. For example, in 2021, in approving the acquisition of GridLiance HP by NEET, the KCC determined that "NextEra, as the new owner of GridLiance HP, possesses the necessary managerial, technical, and other experience necessary to operate and own a transmission line."[4] The KCC determined:

[4] *In the Matter of the Joint Application of GridLiance High Plains LLC, GridLiance GP, LLC, and GridLiance Holdco, LP ("GridLiance"), NextEra Energy Transmission Investments, LLC, and NextEra Energy Transmission, LLC ("NextEra Entities") for approval of the Acquisition of GridLiance by the NextEra Entities*, at ¶ 16, Docket No. 21-GLPE-160-ACQ (Feb. 2, 2021) ("GridLiance HP Acquisition Order").

- "NextEra has a track record of operating public utility businesses in the United States and Canada, including transmission assets and services."[5]

- "NextEra possesses significant financial qualifications, including investment grade bond ratings, and approximately $7.5 billion in net liquidity. GridLiance HP will depend on NextEra and its entities for equity capital beyond that which is available through GridLiance's retained earnings, and there exists the possibility NextEra will be a source of debt capital for GridLiance…. These facts demonstrate NextEra possesses the financial capability, while also retaining managerial and technical experience to own and operate the transmission assets. As such, the threshold question is met."[6]

- "[T]he record indicates the Proposed Transaction will result in GridLiance HP being owned by a financially strong company with a proven track record of investing in energy infrastructure."[7]

Also in 2021, in granting a certificate of public convenience and necessity to NEET subsidiary NEETNY for a 20-mile, 345 kV transmission line in Erie County, New York (the Empire State Line or "ESL Project"), the New York Public Service Commission ("New York PSC") determined:

> [T]he record demonstrates that NEETNY is feasible from an economic perspective and capable of financing the construction and maintenance of the ESL Project, as well as undertaking improvements. NEETNY will rely upon upstream corporate affiliates for financial backing, [NextEra Energy and NEECH]. The record reflects that NextEra Energy has significant assets and equity available to fund the ESL Project and that it maintains strong investment-grade credit ratings.
>
> NEETNY has also demonstrated that, with its affiliates, it has the technical expertise to render safe, adequate, and reliable service, NEETNY will rely upon NextEra Energy's resources and personnel that have significant experience in developing, permitting, constructing, owning and operating transmission systems.[8]

[5] *Id.* at ¶ 17.

[6] *Id.*

[7] *Id.* at ¶ 20.

[8] *Petition of NextEra Energy Transmission New York, Inc. for an Order Granting Certificate of Public Convenience and Necessity Pursuant to Section 68 of the Public Service Law*, Case 18-E-0765 at 19-20 (Feb. 11, 2021).

Similarly, in 2018, the California Public Utilities Commission ("CPUC") granted NEET subsidiary Horizon West Transmission a CCN to construct, own, operate, and maintain a 230 kV dynamic reactive power support station (the "Suncrest SVC Project") and associated one-mile underground 230 kV transmission line that was awarded through a CAISO competitive transmission solicitation. In doing so, the CPUC noted that Horizon West Transmission "proposes to use resources and facilities within the NextEra corporate organization to facilitate construction and operation of the Proposed Project."[9]

Finally, in selecting NEET subsidiary Lone Star Transmission as a new entrant transmission provider to construct approximately 330 miles of new 345 kV transmission lines as part of the Electric Reliability Council of Texas Competitive Renewable Energy Zone ("CREZ") transmission buildout, the Public Utility Commission of Texas ("PUCT") determined that "the current and projected financial resources demonstrated by each of these entities [including Lone Star Transmission] establishes that each is capable of financing, licensing, constructing, operation, and maintaining the [CREZ transmission] facilities assigned to them in a beneficial and cost-effective manner" and that Lone Star Transmission was one of three new entrant entities "best qualified to participate in the [CREZ transmission project]."[10]

[9] *In the Matter of the Application of NextEra Energy Transmission West, LLC*, Application No. (A.) 15-08-027, Decision (D.) 18-09-030 at 6 (Oct. 2, 2018).

[10] *Commission Staff's Petition for Selection of Entities Responsible for Transmission Improvements Necessary to Deliver Renewable Energy from Competitive Renewable-Energy Zones*, PUCT Docket No. 35665, Order on Rehearing at 12 (May 15, 2009).

IV. SPP'S DETERMINATION OF THE PURPOSE AND NEED FOR THE WOLF CREEK-BLACKBERRY PROJECT AND THE COMPETITIVE BID PROCESS

Q. Please describe the Project.

A. At a high level, the Project consists of a new single-circuit 345 kV transmission line between the existing Blackberry Substation, owned by Associated Electric Cooperative, Inc. ("AECI") in Jasper County, Missouri, and the existing Wolf Creek Substation, owned by Evergy Kansas Central, Inc. ("Evergy") in Coffey County, Kansas. The proposed route for the Project is approximately 94 miles, with approximately nine miles in Missouri and approximately 85 miles in Kansas. The Project will span two counties in Missouri (Barton and Jasper counties) and five counties in Kansas (Coffey, Anderson, Allen, Bourbon, and Crawford counties). A map providing the general location of the Project is included as Schedule BW-2 to my testimony and more detailed maps are included in Schedules DW-1 and DW-2 to the Direct Testimony of Mr. Werth.

Q. Please describe the genesis of the Project.

A. The Project was identified by SPP in its 2019 ITP Assessment, provided as Schedule BW-3 to my testimony, as a project that was required to address multiple needs, and in particular, an economic need to increase the transmission capability and relieve transmission congestion from west to east within SPP. SPP designated the Project as a Competitive Upgrade that was eligible for competitive bidding pursuant to the SPP TOSP under Attachment Y of the SPP Open Access Transmission Tariff ("SPP Tariff"),[11] which competitive process was implemented in response to FERC Order No. 1000.[12]

[11] SPP Open Access Transmission Tariff, Sixth Revised Vol. No. 1, Attachment Y (Transmission Owner Designation Process) (effective Mar. 30, 2014).

[12] *See Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, 76 Fed. Red. 49,842 (Aug. 11, 2011), FERC Stats. & Regs. ¶ 31,323 at P 545 and Appendix C (2011).

Q. Please describe SPP's identified needs for the Project in more detail.

A. SPP evaluated the need for the Project as part of its 2019 ITP process and identified the need for the Project as addressing "multiple 2019 ITP needs",[13] including economic and additional needs. SPP explained that it had evaluated the transmission needs in southwest Missouri and southeast Kansas "for several reasons."[14] Specifically, SPP identified the following congestion issues experienced in this area:

> The area has been the site of historic and projected congestion on the [extra-high voltage ("EHV")] system and has had unresolved transmission limits identified in multiple studies, most recently in the 2018 [ITPNT]…. Continued integration of wind generation on the western side of the SPP system has contributed to diminishing transmission capacity capable of supporting bulk power transfers to the east. This has led to declining transient stability margins at the Wolf Creek nuclear plant. The Butler-Altoona 138 kV line in southeast Kansas, already known for its advanced age, was identified by NERC as having one of the highest outage rates for its voltage class. It regularly experiences high system flows during times of elevated wind output. The Neosho-Riverton 161 kV line to the south is also a common issue in real-time operations. The Wolf Creek 345/69 kV transformer, which supplies the 69 kV network of loads between Wolf Creek and Neosho, frequently experiences heavy congestion and loading when the Waverly-La Cygne line is outaged in both reliability and economic analyses.[15]

Q. Why did SPP recommend the Project to address these needs?

A. In recommending the Project in its 2019 ITP Assessment, SPP explained:

> The major study driver for the new Wolf Creek-Blackberry 345 kV line is its ability to relieve congestion and divert bulk power transfers away from the Wolf Creek-Waverly-La Cygne 345 kV line, Wolf Creek 345/69 kV transformer and downstream 69 kV lines, and allowing system bulk power transfers to continue to flow east to major SPP load centers. This will help to levelize system [locational marginal prices ("LMP")], low generator LMPs in the west and high load LMPs in the east, and overall system

[13] Schedule BW-3 (2019 ITP Assessment) at § 7.1.1.

[14] *Id.* at § 4.1.1.1.

[15] *Id.* at § 4.1.1.1.

> congestion while providing market efficiencies and benefits to ratepayers and transmission customers.
>
> The new 345 kV line parallels three major contingencies in the area: Caney River-Neosho 345 kV line, Wolf Creek-Waverly-La Cygne 345 kV line, and Neosho-Blackberry 345 kV. Paralleling the Neosho-Blackberry 345 kV line relieves congestion on the Neosho-Riverton 161 kV for the Neosho-Blackberry 345 kV line outage and reduces congestion on Neosho-Riverton 161 kV line for the loss of Blackberry-Jasper 345 kV line outage.[16]

Q. Did SPP identify any other needs for or benefits of the Project?

A. Yes. In addition to meeting economic needs, SPP also indicated that "the new Wolf Creek-Blackberry 345 kV line…resolves multiple 2019 ITP needs and additional issues identified for Target Area 1."[17] In particular, SPP explained that the Project:

> [R]esolves declining transient stability margins at the Wolf Creek nuclear plant by adding a fourth 345 kV outlet that is expected to increase system resiliency and reduce system operation risks. Dynamic simulations show the performance of the Wolf Creek unit with the addition of the Wolf Creek-Blackberry 345 kV transmission line met the 'SPP Disturbance Performance Requirements.' This solution will address the transient stability limit discussed previously in Section 4.1.1.1.
>
> The Wolf Creek-Blackberry 345 kV line adds transmission capacity that is expected to relieve system loading and increase available transfer capability (ATC) to local long-term transmission service customers. This should also improve positions of candidate [Auction Revenue Rights ("ARR")] holders that would lead to improved [Transmission Congestion Rights ("TCR")] funding and reduce the need for counterflow optimization. This line would specifically help to mitigate the Neosho-Riverton 161 kV ARR constraints.[18]

SPP also determined that the Project "provides additional flexibility for future expansion options, including further expansion into eastern load centers and the opportunity for future seams projects with neighboring regions."[19]

---

[16] *Id.* at § 7.1.1.

[17] *Id.*

[18] *Id.*

[19] *Id.*

Q. You mentioned that SPP designated the Project as a competitive upgrade under Attachment Y of its Tariff. How did SPP solicit competitive bids for the Project?

A. SPP issued its Request for Proposals ("RFP") for bidders on the Project on September 28, 2020 (as subsequently updated on December 7, 2020) and required bids to be submitted by March 29, 2021. A copy of the RFP is provided as Schedule BW-4 to my testimony. A total of seven bids were submitted to SPP by four bidding entities.

Q. Please describe SPP's RFP in more detail.

A. SPP's RFP solicited proposals from Qualified RFP Participants for the Project and provided the following specifications, among others:

- Need Date for Project: January 1, 2026
- Study Cost Estimate for entire Project (+/-30%): $155,524,855
- Study Cost Estimate for Competitive Upgrade: $142,601,178
- Project Overview: The Competitive Upgrade portion of this RFP requires construction of a new 345 kV transmission line from the Wolf Creek substation to the Blackberry substation to address economic needs.[20]

The RFP also explained that the Project included certain non-competitive portions that would be assigned to the existing transmission facility owners, AECI and Evergy:

- "The Blackberry substation is owned by Associated Electric Cooperative, Inc. (AECI). SPP will coordinate with AECI to install any 345 kV terminal equipment at the existing Blackberry substation necessary to accommodate termination of [the] new 345 kV line." [21]
- "The Wolf Creek substation is owned by Evergy Kansas Central, Inc. (EKC). SPP will issue a [Notification to Construct ("NTC")] to EKC to install any 345 kV terminal equipment at the existing Wolf Creek

[20] Schedule BW-4 (SPP RFP) at 6.

[21] *Id.*

substation necessary to accommodate termination of [the] new 345 kV line."[22]

Q. How did NEET Southwest respond to SPP's RFP?

A. NEET Southwest submitted one bid in response to SPP's RFP on March 26, 2021. In its proposal, NEET Southwest proposed to construct an approximately 94-mile, 345 kV transmission line between the Wolf Creek and Blackberry Substations. NEET Southwest's proposed cost for the Project was $85.2 million in 2021 dollars **[redacted]**.[23] The series of cost containment measures proposed by NEET Southwest ensures the ultimate project costs are consistent with its estimates and provides benefits to customers, which I will describe in further detail below. NEET Southwest proposed to place the Project in service twelve months ahead of SPP's projected in-service date, or by January 1, 2025, which will result in approximately $14.5 million in present value production cost savings to SPP customers.

Q. What was SPP's process for reviewing the bids that were submitted in response to the RFP?

A. SPP's competitive process is designed to select the right long-term project for the benefit of SPP's customers. Under Attachment Y of the SPP Tariff, an Industry Expert Panel ("IEP") compares RFP responses and allocates points according to Engineering Design, Project

[22] *Id.*

[23] This highlighted portion has been designated as "Highly Confidential" as defined in NEET Southwest's pending Motion for Protective Order filed on July 7, 2022. The highlighted portion contains confidential information that is competitively sensitive for the purpose of future bidding on SPP and other RTO bidding events.

Management, Operations, Rate Analysis (cost), and Financial Capabilities. The IEP issued its report for the Project on October 12, 2021 ("IEP Report"), provided as Schedule BW-5 to my testimony, which recommended the selection of NEET Southwest's proposed project as the selected bid.

Q. Please describe the IEP Report in more detail.

A. In the IEP Report, the IEP described its review process and scoring methodology for the Project. According to the report, the IEP adopted a scoring philosophy to allocate points to specific criteria/sub-criteria in each scoring category, based upon the percentage of available points awarded to a particular bid in a certain category.[24] Following the IEP's evaluation, it "unanimously recommend[ed] Proposal C [NEET Southwest's proposal] as the Recommended RFP Proposal."[25] In doing so, the IEP explained:

> Proposal C received the highest overall point allocation for its proposal to construct, operate and maintain the [Project]. Proposal C also received the highest point allocation in the scoring of Rate Analysis, which represents the lowest cost proposal to SPP customers. The strength of Proposal C went beyond being the lowest cost. The IEP recommendation found Proposal C to merit high scores in the vital areas of Engineering Design (including the highest rated conductor of all proposals), Operations and Finance. The high point scores in these areas reflect a balance across scoring criteria that determine the value to SPP customers, not just the cost. The IEP believes Proposal C demonstrated that it offers capabilities and processes that can deliver a successful project, that the proposed designs are robust and that the resulting costs are competitive.[26]

The IEP Report also found that NEET Southwest's proposal had demonstrated a number of particular strengths, including:

- A "very substantial savings to SPP customers with a net present value of the revenue requirements tens of millions of dollars lower than other proposals";

[24] Schedule BW-5 (IEP Report) at 5.

[25] *Id.* at 8, 46.

[26] *Id.*

- "[D]esign and materials solutions not offered by other Respondents, including the use of the highest thermal-rated conductor of any of the proposals";
- A "strong procurement process and team that manages vendor relationships and leverages economies of scale to secure most favorable terms";
- A proposed construction schedule that "included significant time float, enabling the Respondent to offer a guaranteed schedule for the Project";
- "[W]ell-defined construction cost estimates from a detailed and structured review process used over many years and many projects";
- "The proposal provides cost caps", including binding caps on the Project's construction costs and revenue requirement, as will be described in more detail below;
- "[R]elevant agreements showing the preparedness of the Respondent to take on the required operations and maintenance responsibilities";
- "[S]pecific preventative and predictive maintenance plans specific to this project based on principles and examples of statistical process controls to determine appropriate frequency and the extent of future maintenance activities"; and
- Demonstrated "established switching coordination, planned outage and operating coordination experience and protocols with SPP-member utilities."[27]

Q. Did the SPP Board approve the IEP's recommendation?

A. Yes. At its October 26, 2021 Board meeting, the SPP Board voted to approve the IEP's recommendation of NEET Southwest as the Designated Transmission Owner for the Project. A copy of the SPP Board's press release is provided as Schedule BW-6 to my testimony.

Q. Has SPP issued its Notification to Construct the Project to NEET Southwest?

A. Yes. SPP issued its Notification to Construct ("NTC") the Project to NEET Southwest on December 6, 2021. NEET Southwest accepted the NTC in writing on December 8, 2021, and SPP issued a letter accepting NEET Southwest's commitment to construct the Project

[27] *Id.* at 46.

on December 20, 2021. The SPP NTC and NEET Southwest's acceptance letter are provided as Schedule BW-7 to my testimony.

V. OVERVIEW OF THE WOLF CREEK TO BLACKBERRY PROJECT

Q. Please describe the proposed Project.

A. As I have testified above, NEET Southwest's proposed Project will consist of a new, approximately 94-mile, single-circuit 345 kV transmission line between the Wolf Creek Substation and Blackberry Substation. The Project will be located across portions of two counties in Missouri (Barton and Jasper counties) and five counties in Kansas (Coffey, Anderson, Allen, Bourbon, and Crawford counties). NEET Southwest's proposed route for the Project (the "Proposed Route") is described in the Routing Study and Environmental Report ("Routing Study") provided as Schedule DW-1 to Mr. Werth's Direct Testimony. A high-level map of the Proposed Route is shown in Schedule BW-2, and more detailed maps are provided as Schedule DW-2 to Mr. Werth's Direct Testimony. Mr. Mayers describes the engineering design of the Project, the Project location, and the Project schedule in his Direct Testimony.

Q. What is NEET Southwest's current projected in-service date for the Project?

A. NEET Southwest has committed to SPP to an in-service date for the Project of January 1, 2025, which is 365 calendar days prior to the in-service date of January 1, 2026 required by SPP's RFP. This earlier in-service date will provide significant economic benefits to SPP customers, as I describe below. Mr. Mayers describes the Project's schedule in his Direct Testimony in more detail.[28]

[28] *See* Mayers Direct Testimony at 28-30.

Q. What is NEET Southwest's proposed cost for the Project?

A. NEET Southwest's proposed cost for the Project is $85.2 million in 2021 dollars **[redacted]**,[29] and subject to cost containment measures that NEET Southwest proposed in its bid to SPP.

Q. Please describe these cost containment measures in more detail.

A. NEET Southwest's bid to SPP proposed a robust package of cost containments measures in the form of multiple firm cost caps. Specifically, NEET Southwest proposed **[redacted]**

[29] This highlighted portion has been designated as "Highly Confidential" as defined in NEET Southwest's pending Motion for Protective Order filed on July 7, 2022. The highlighted portion contains confidential information that is competitively sensitive for the purpose of future bidding on SPP and other RTO bidding events.

[redacted]**[30] NEET Southwest's early in-service date also provides $14.5 million in estimated present value production cost savings to SPP customers.

Q. How will the costs of the Project be recovered?

A. As Ms. Finnis testifies, the costs of the Project will be recovered solely through NEET Southwest's transmission rates under the SPP Tariff, following acceptance by FERC, pursuant to FERC's exclusive jurisdiction over rates for wholesale interstate transmission service.[31] NEET Southwest will include its cost containment measures in its formula rate filings to FERC for the Project.

VI. NEET SOUTHWEST SATISFIES MISSOURI LEGAL REQUIREMENTS FOR ISSUING A CCN, AS WELL AS THE COMMISSION'S *TARTAN* FACTORS

Q. Are you familiar with the Commission's requirements for issuing a CCN?

A. Yes. Although I am not an attorney, I understand that the Commission examines certain factors referred to as the "*Tartan* Factors" originally set forth in Case No. GA-94-127,[32] which include:

- There must be a need for the service the applicant proposes to provide;
- The applicant's proposal must be economically feasible;
- The applicant must have the financial ability to provide the service;
- The applicant must be qualified to provide the proposed service; and

[30] This highlighted portion has been designated as "Highly Confidential" as defined in NEET Southwest's pending Motion for Protective Order filed on July 7, 2022. The highlighted portion contains confidential information that is competitively sensitive for the purpose of future bidding on SPP and other RTO bidding events.

[31] *See* Finnis Testimony at 7-9.

[32] *In re Tartan Energy Company, L.C. dba Southern Missouri Gas Company*, Case No. GA-94-127 (Sept. 1994).

- The proposed service must be in the public interest.

Q. Does NEET Southwest satisfy these requirements?

A. Yes. As I and NEET Southwest's other witnesses testify, NEET Southwest satisfies the Commission's *Tartan* Factors for issuing the requested CCN for the Project.

Q. Which of the *Tartan* Factors do you address in your Direct Testimony?

A. I testify that: (1) there is a need for the proposed Project; (2) the proposed Project is economically feasible; (3) NEET Southwest is qualified to construct, own, operate, and maintain the Project; and (4) the proposed Project is in the public interest. NEET Southwest's other witnesses testify to these factors, as well.

A. THERE IS A NEED FOR THE PROJECT AND FOR THE SERVICE THAT NEET SOUTHWEST WILL PROVIDE

Q. Please summarize the need for the Project.

A. As I testified above, SPP identified the Project as required to address multiple needs that were identified in its 2019 ITP process, including needs to address historical and projected transmission congestion in the southwest Missouri and southeast Kansas regions and to increase transmission capability from west to east to major SPP load centers. SPP determined that the Project "will help to levelize system [locational marginal prices ("LMP")], low generator LMPs in the west and high load LMPs in the east, and overall system congestion while providing market efficiencies and benefits to ratepayers and transmission customers."[33] SPP also determined that the Project will resolve "declining transient stability margins at the Wolf Creek nuclear plant by adding a fourth 345 kV outlet that is expected to increase system resiliency and reduce system operation risks."[34] In addition, by adding transmission capacity to the region, SPP found that the

[33] Schedule BW-3 (2019 ITP Report) at § 7.1.1.

[34] *Id.*

Project "is expected to relieve system loading and increase available transfer capability (ATC) to local long-term transmission service customers. This should also improve positions of candidate ARR holders that would lead to improved TCR funding and reduce the need for counterflow optimization. This line would specifically help to mitigate the Neosho-Riverton 161 kV ARR constraints."[35] SPP also determined that the Project "provides additional flexibility for future expansion options, including further expansion into eastern load centers and the opportunity for future seams projects with neighboring regions."[36]

Q. What type of service will NEET Southwest provide on the Project?

A. NEET Southwest will offer wholesale transmission service on the Project line through an open access transmission tariff that will be filed with and subject to the jurisdiction of FERC. Customers that purchase transmission service from the Project are anticipated to be wholesale buyers (utilities, wholesale suppliers, competitive retail suppliers, brokers, and marketers). As a provider of open access transmission services, NEET Southwest is obligated to offer and provide service to all eligible customers on a non-discriminatory basis.

Q. Will the Project duplicate the functions of any current or planned transmission line?

A. No. SPP identified the need for the Project as a new transmission line to relieve congestion and improve transmission capacity between western Kansas and major SPP load centers in the eastern portion of the SPP region, including in western Missouri, and SPP selected NEET Southwest to build, own, and operate the Project. The needs that will be met by the Project and by NEET Southwest are not currently being met by any other utilities in the State. Therefore,

[35] *Id.*

[36] *Id.*

NEET Southwest building the Project will not duplicate any other current or planned transmission lines, and there will be no unnecessary duplication of utility service.

Q. Based on the above, is there a need for the proposed Project and for the service that NEET Southwest will provide through the Project?

A. Yes, there is.

B. THE PROJECT IS ECONOMICALLY FEASIBLE

Q. Is the Project economically feasible?

A. Yes, the Project is economically feasible, for a number of reasons. First, NEET Southwest's proposed Project costs are reasonable and subject to binding cost containment measures, which NEET Southwest will implement through its FERC formula transmission rates. Second, NEET Southwest will finance the construction of the Project through financing provided by its indirect parent company, NEECH, and will recover Project costs through NEET Southwest's FERC-accepted formula rate, subject to FERC oversight under the Federal Power Act. NEET Southwest's formula rate will be recovered through the SPP OATT and will be allocated across the SPP region by SPP. Additionally, NEECH will provide additional financial commitments for the Project, up to $10 million per year for the first forty years of operation, as needed to maintain the financial integrity of the Project consistent with an investment-grade credit profile. Third, the Project will result in an overall lowering of transmission rates paid by Missouri customers.

Q. Taking each of these in more detail, first, are the Project costs reasonable?

A. Yes. NEET Southwest's proposed costs for the Project are reasonable and are subject to binding cost containment measures, as I described previously. NEET Southwest's proposed cost for the Project was closely evaluated by SPP's IEP and selected as the lowest, best cost for the Project through the SPP competitive bidding process. In fact, NEET Southwest's proposed Project cost is approximately $57.4 million less than SPP's estimated costs of $142.6

million for the competitive portion of the Project[37] and was approximately 30 percent less than the average bid.[38] NEET Southwest also proposed a significant set of cost containment measures to ensure customers are protected with the construction of the Project, which will be included in the formula rates filed with FERC for the Project.

Q. You mentioned that the Project is subject to binding cost containment measures. Does NEET have experience with implementing cost containment measures in its subsidiaries' projects?

A. Yes, we do. One notable example is NEET's subsidiary Horizon West Transmission, which, as I noted above, was the first non-incumbent selected by the CAISO through its competitive transmission solicitation process for the Suncrest SVC Project in 2014. Horizon West Transmission proposed and maintained its binding cost cap on the project even after a requirement of undergrounding one mile of 230 kV transmission line was added to the project scope post-award, which caused an incremental price increase of $5 million to the project cost.

Q. How will the construction costs of the Project be financed?

A. As I described above, NEET Southwest plans to finance the construction of the Project through financing provided by its indirect parent company NEECH, which maintains a strong investment-grade credit profile and, as of December 31, 2021, had approximately $7.6 billion of net available liquidity. Ms. Finnis describes the Project's financing in more detail in her Direct Testimony.

[37] *See* Schedule BW-4 (SPP RFP).

[38] *See* Schedule BW-5 (IEP Report) at 8.

Q. How will the costs of the Project be recovered?

A. NEET Southwest's costs for the Project will be recovered through NEET Southwest's FERC-accepted formula rate and associated customer review and challenge protocols, and the prudence of NEET Southwest's project expenditures and the applicability of NEET Southwest's cost containment commitments to such expenditures will be subject to FERC oversight, consistent with FERC's exclusive jurisdiction over transmission in interstate commerce under the Federal Power Act. NEET Southwest's formula rate will be recovered through the SPP OATT and will be allocated across the SPP region by SPP. NEET Southwest will include its cost containment commitments to SPP in its FERC formula rates

Q. Will NEET Southwest have access to any additional financial resources from its parent companies after the Project is placed in service?

A. Yes. NEET Southwest's indirect parent company, NEECH, has committed that it will provide or secure equity capital injections up to $10 million per year for the first 40 years of the Project's life, as needed to maintain the financial integrity of the Project consistent with an investment-grade credit profile. Ms. Finnis discusses this in her Direct Testimony and provides a copy of NEECH's commitment letter as Schedule AF-2, as well.

Q. What will the impact of the Project be on Missouri retail rates?

A. The Project is expected to reduce Missouri retail rates. As explained in SPP's 2019 ITP Assessment, the Project will result in significant Adjusted Production Cost ("APC") savings, which will result in overall savings to customers in their energy prices, even after considering the incremental costs of the new transmission investment. Moreover, because of the regional cost allocation of the Project across the SPP region, customers in Missouri will only be allocated a portion of the Project's costs.

Q. Please explain this in further detail.

A. In the 2019 ITP Assessment, SPP quantified the estimated benefits and rate impacts of the entire 2019 portfolio, including the Project. In particular, SPP indicated:

> The analysis resulted in the recommendation to approve 44 transmission projects, including 166 miles of new extra-high-voltage transmission and 28 miles of rebuilt high-voltage infrastructure. The consolidated portfolio is expected to provide a 40-year benefit-to-cost ratio ranging from 3.5 for Future 1 to 5.8 for Future 2. The net impact to ratepayers is a savings of $0.04 to $0.23 on the average retail residential monthly bill.[39]

SPP continued: "The economic projects were selected for their ability to provide ratepayer benefits from lower-cost energy by mitigating system congestion and improving markets for both buyers and sellers."[40]

Specifically, with respect to the Project, SPP determined that the Project "produced a 40-year Adjusted Production Cost (APC) savings [benefit to cost] ratio of 3.36 to 1 in the Future 2 scenario, and 1.48 to 1 in the Future 1 scenario on an individual project basis."[41] This means that for every $1 spent building the Project, customers will receive benefits between $1.48 and $3.36.

Notably, as I discuss in more detail below, these estimates of benefits are likely too conservative, as they were based upon SPP's original cost estimates for the Project and other associated transmission facilities ($162.7 million in 2019 dollars). SPP's analysis thus did not factor in NEET Southwest's significantly lower costs for the Project.

[39] Schedule BW-3 (2019 ITP Assessment) at Executive Summary, p. 1.

[40] Schedule BW-3 (2019 ITP Assessment) at § 6.3.

[41] SPP Response to KCC Staff Data Request No. 17, KCC Docket No. 22-NETE-418-COC, attached hereto as Schedule BW-8.

Q. Please explain how building additional transmission can result in economic benefits.

A. Just like a new road or highway, when additional transmission is built, it relieves congestion in the existing transmission lines, therefore helping to balance low generator LMPs in one area and high load LMPs in the other and providing benefits to ratepayers and transmission customers due to an overall reduction in LMPs. As part of SPP's evaluation process for approving economic projects, all projects with a 40-year net present value ("NPV") benefit-to-cost ratio of at least 1.0 during the project screening phase are further evaluated to select ones with the highest net benefits.[42] In other words, for any new transmission project that SPP approves to serve economic needs, such as the Project, SPP has determined that the economic benefits of the project to customers will outweigh the costs. By improving transmission capacity and lowering congestion, that will result in lower overall energy costs to customers, even factoring in the incremental cost of building new transmission facilities.

Q. How will these economic benefits impact the rates charged to retail customers in Missouri?

A. They are expected to result in overall decreases in Missouri retail rates. As I noted above, in its 2019 ITP Assessment, SPP analyzed the impacts to customers from an entire portfolio of recommended projects. The recommended portfolio included nine economic projects, of which the Project was by far the largest.[43] SPP's analysis estimated the retail rate impacts of the portfolio on customers in each state in the SPP region, under two different possible future scenarios (Future 1 and Future 2) and determined that the portfolio of projects would result in savings to Missouri

[42] Schedule BW-3 (2019 ITP Assessment) at § 6.2.4.

[43] Schedule BW-3 (2019 ITP Assessment) at Executive Summary, p. 4.

retail customers between $0.32 and $0.42 per kilowatt-hour ("kWh") per month (assuming an average monthly demand of 1000 kWh per month).[44] SPP's findings are detailed in the charts below from the 2019 ITP Assessment:

[44] Schedule BW-3 (2019 ITP Assessment) at § 8.2, Tables 8.16 and 8.17.

Zone	One-Year ATRR Costs	One-Year Benefit	Rate Impact-Cost	Rate Impact Benefit	Net Impact[26]
Arkansas	$2,474	$3,683	$0.17	$0.25	($0.08)
Iowa	$485	($51)	$0.12	($0.01)	$0.14
Kansas	$7,655	$11,828	$0.16	$0.24	($0.09)
Louisiana	$1,217	$2,324	$0.17	$0.32	($0.15)
Minnesota	$34	($4)	$0.12	($0.01)	$0.14
Missouri	$3,719	$12,129	$0.14	$0.46	($0.32)
Montana	$139	($15)	$0.12	($0.01)	$0.14
Nebraska	$4,677	$658	$0.11	$0.02	$0.09
New Mexico	$1,223	($1,765)	$0.14	($0.20)	$0.33
North Dakota	$1,121	($118)	$0.12	($0.01)	$0.14
Oklahoma	$9,590	$21,065	$0.15	$0.33	($0.18)
South Dakota	$703	($74)	$0.12	($0.01)	$0.14
Texas	$5,407	($99)	$0.15	($0.00)	$0.15
Wyoming	$25	($3)	$0.12	($0.01)	$0.14
TOTAL	**$38,468**	**$49,558**	**$0.14**	**$0.18**	**($0.04)**

Table 8.16: Future 1 2029 Retail Residential Rate Impacts by State (2019 $)

Zone	One-Year ATRR Costs	One-Year Benefit	Rate Impact-Cost	Rate Impact Benefit	Net Impact[27]
Arkansas	$2,474	$8,683	$0.17	$0.58	($0.42)
Iowa	$485	($211)	$0.12	($0.05)	$0.18
Kansas	$7,655	$11,184	$0.16	$0.23	($0.07)
Louisiana	$1,217	$3,902	$0.17	$0.54	($0.37)
Minnesota	$34	($15)	$0.12	($0.05)	$0.18
Missouri	$3,719	$14,673	$0.14	$0.56	($0.42)
Montana	$139	($61)	$0.12	($0.05)	$0.18
Nebraska	$4,677	($464)	$0.11	($0.01)	$0.12
New Mexico	$1,223	$187	$0.14	$0.02	$0.12
North Dakota	$1,121	($489)	$0.12	($0.05)	$0.18
Oklahoma	$9,590	$54,845	$0.15	$0.85	($0.70)
South Dakota	$703	($305)	$0.12	($0.05)	$0.18
Texas	$5,407	$7,855	$0.15	$0.21	($0.07)
Wyoming	$25	($11)	$0.12	($0.05)	$0.18
TOTAL	**$38,468**	**$99,772**	**$0.14**	**$0.37**	**($0.23)**

Table 8.17: Future 2 2029 Retail Residential Rate Impacts by State (2019 $)

Q. Does this analysis factor in the additional costs of building the Project?

Yes, it does. As shown in SPP's charts above, the net benefits to Missouri retail rates factored in the additional rate impacts (costs) of building the line. Specifically, in 2019, SPP calculated that the rate impacts (costs) to Missouri retail customers from the overall portfolio would be $0.14 to $0.16. This was offset by greater rate benefits to retail customers of $0.46 to $0.56, respectively, resulting in total net benefits. In other words, even when you take into account the additional costs of the transmission line that will be allocated to Missouri customers, because of the reduced generation costs that will result from adding the Project. As I mentioned above, SPP's analysis was on a portfolio-basis and was based upon SPP's estimates of the costs of the portfolio projects (and did not reflect NEET Southwest's lower cost bid for the Project, for example).

C. NEET SOUTHWEST HAS THE FINANCIAL ABILITY TO BUILD, OWN, OPERATE, AND MAINTAIN THE PROJECT

Q. Does NEET Southwest have the financial ability to build, own, operate, and maintain the Project?

A. Yes. As a part of the NextEra Energy organization, and through financing support that it will receive from its indirect parent company, NEECH, NEET Southwest has the financial ability to build, own, operate, and maintain the Project. Ms. Finnis testifies to this in more detail in her testimony.

D. NEET SOUTHWEST IS QUALIFIED TO BUILD, OWN, OPERATE, AND MAINTAIN THE PROJECT

Q. Is NEET Southwest qualified to build, own, operate, and maintain the Project?

A. Yes. As I, Mr. Mayers, and Ms. Sweezer-Fischer testify, NEET Southwest has a dedicated team of employees and contractors with a wealth of technical and managerial knowledge and experience to conduct work on this Project. NEET Southwest will draw upon the extensive

technical and managerial expertise of its NextEra Energy affiliates and of experienced and well-qualified contractors to assist in the design, engineering, land acquisition, and construction of the Project. NEET Southwest also will draw upon the experienced team of NextEra Energy operations personnel to operate the Project. As Ms. Sweezer-Fischer testifies, NEET Southwest plans to locate experienced personnel in the project area to perform day-to-day operations and maintenance work on the Project and respond to emergencies, in addition to utilizing nearby NextEra Energy Resources' high-voltage technicians as needed. NEET Southwest will monitor the Project 24 hours a day, seven days a week from the NERC-certified control center operated by its affiliate, Lone Star Transmission in Austin, Texas. For these reasons, NEET Southwest is qualified to build, own, operate, and maintain the Project.

E. THE PROJECT IS IN THE PUBLIC INTEREST

Q. Is the Project in the public interest?

A. Yes, the Project is in the public interest for a number of reasons.

Q. Please summarize why the Project is in the public interest.

A. The Project will address needs identified by SPP and provide economic benefits to SPP customers. NEET Southwest is highly qualified to finance, construct, operate, and maintain the Project. NEET Southwest's proposal for the Project was selected by SPP as the lowest cost, best option that provides significant benefits to the region. SPP found NEET Southwest's proposal to merit high scores in the vital areas of Engineering Design (including the highest-rated conductor of all proposals), Operations, and Finance, reflecting a balance across the scoring criteria that determine the value to SPP customers in addition to the lowest cost. SPP's selection process determined that NEET Southwest demonstrated it has the capabilities and processes to deliver the Project successfully with robust designs and competitive cost. The Project also will provide a number of benefits to customers.

Q. Please describe the benefits that the Project will provide to customers.

A. Yes, NEET Southwest's Project will provide significant quantifiable benefits to Missouri and SPP customers. First, as SPP determined through its transmission planning process, and as I testified above, the Project will result in substantial economic benefits to SPP customers, including Missouri customers, by significantly reducing congestion on the SPP transmission grid between western Kansas and load centers the eastern side of the SPP region, including in western Missouri. Second, NEET Southwest submits that wholesale transmission customers will benefit from additional choices in transmission service through the Project and will have the added benefit of obtaining that service on a non-discriminatory basis.

Third, NEET Southwest's binding cost cap for the Project will result in substantial savings from SPP's originally estimated costs for the competitive portion of the Project. Fourth, NEET Southwest's early in-service date, which is one year before SPP's identified in-service date, will provide approximately $14.5 million in present value production cost savings to customers. Fifth, NEET Southwest also agreed in its bid to ** [redacted] **, which results in an additional savings to customers of ** [redacted] **.[45] Sixth, NEET Southwest committed to ** [redacted] **[46] Finally, as Dr. Loomis describes in his Direct Testimony and his analysis provided as Schedule DL-2, there will be a number of significant economic benefits from the Project to the state and local economies,

[45] The highlighted portions have been designated as "Highly Confidential" as defined in NEET Southwest's pending Motion for Protective Order filed on July 7, 2022. The highlighted portions contain confidential information that is competitively sensitive for the purpose of future bidding on SPP and other RTO bidding events.

[46] The highlighted portions have been designated as "Highly Confidential" as defined in NEET Southwest's pending Motion for Protective Order filed on July 7, 2022. The highlighted portions contain confidential information that is competitively sensitive for the purpose of future bidding on SPP and other RTO bidding events.

including the creation of approximately 200 new jobs during construction of the Project and associated facilities, which will result in over $11.1 million in new worker earnings and over $29.4 million in new economic output during construction. Dr. Loomis also describes additional long-term economic benefits in Missouri that will result from the Project.

VII. NEET SOUTHWEST'S REQUEST FOR WAIVERS OF CERTAIN AFFILIATE REQUIREMENTS

Q. Is NEET Southwest requesting the Commission to waive certain evidentiary standards and reporting requirements contained in 20 CSR 4240-20.015?

A. Yes. NEET Southwest is respectfully requesting a variance from 20 CSR 4240-20.015(3)-(7) because those subsections address evidentiary standards and record keeping requirements which are only applicable when the MPSC has ratemaking authority. Here, FERC will have exclusive jurisdiction over NEET Southwest's rates. A variance exempting NEET Southwest from compliance with subsections (3)-(7) is necessary to avoid conflicting evidentiary standards and reporting and record-keeping requirements between Missouri and FERC and to unburden NEET Southwest and the Commission from requirements that do not serve the public interest. The requirements in subsections (3)-(7) are only applicable when the Commission has ratemaking authority, and here, FERC will have exclusive jurisdiction over NEET Southwest's rates. In addition, NEET Southwest is subject to FERC's cross-subsidization restrictions on affiliate transactions, found at 18 C.F.R. Code of Federal Regulations (C.F.R.) §§ 35.43-.44. These restrictions preclude NEET Southwest from receiving non-power goods or services from a market-regulated or non-utility affiliate at prices above market value. Notably, NEET Southwest is not seeking a variance from 20 CSR 4240-20.015(2), as NEET Southwest already plans to abide by the asymmetrical pricing rules contained in subsection (2), as described by Ms. Finnis.

VIII. CONCLUSION

Q. Should the Commission grant NEET Southwest a CCN?

A. Yes. In summary, my testimony and the testimony of NEET Southwest's other witnesses show that the proposed Project will serve the needs identified by SPP at a reasonable cost, and that granting NEET Southwest's requested CCN will serve the public convenience and necessity in Missouri. Granting NEET Southwest's requested CCN will serve and benefit the public interest, as it will allow for construction of the Project at the lowest cost to customers. NEET Southwest's cost containment measures will provide significant cost benefits to SPP customers, and the deep expertise in owning, operating, and maintaining transmission lines of the NextEra Energy organization that NEET Southwest will bring to bear will ensure safe and reliable construction and operation of the Project.

Q. Does this conclude your testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of NextEra Energy Transmission Southwest, LLC for a Certificate of Public Convenience and Necessity to Construct, Install, Own, Operate, Maintain, and Otherwise Control and Manage a 345 kV Transmission Line and associated facilities in Barton and Jasper Counties, Missouri	)	File No. EA-2022-0234

Affidavit of Becky Walding

1. My name is Becky Walding. I am the Executive Director, Development at NextEra Energy Transmission, LLC at 700 Universe Blvd., Juno Beach, FL 33408.

2. I have read the above and foregoing Direct Testimony and the statements contained therein are true and correct to the best of my information, knowledge, and belief.

3. I am authorized to make this statement on behalf of NextEra Energy Transmission Southwest, LLC.

4. Under penalty of perjury, I declare that the foregoing is true and correct to the best of my knowledge and belief.

Becky Walding

Becky Walding
Executive Director, Development
NextEra Energy Transmission, LLC

Date: June 28, 2022