Exhibit No. ___________
Issues: Managerial, Financial, and Technical Capabilities
Witness: Eric Gleason
Type: Direct Testimony
Sponsoring Party: NextEra Energy Transmission, LLC
Case No. EM-2021-____________
Date Testimony Prepared: October 20, 2020

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EM-2021-_________

DIRECT TESTIMONY OF ERIC GLEASON

PRESIDENT, NEXTERA ENERGY TRANSMISSION, LLC.

ON BEHALF OF NEXTERA ENERGY TRANSMISSION, LLC AND NEXTERA ENERGY TRANSMISSION INVESTMENTS, LLC

OCTOBER 20, 2020

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Eric Gleason. My business address is 700 Universe Blvd., Juno Beach, Florida 33408.

Q. By whom are you employed and in what capacity?

A. I am employed by NextEra Energy, Inc. ("NextEra Energy"). I am the President of NextEra Energy Transmission, LLC ("NEET"). In my role as President of NEET, my responsibilities include management and oversight of all aspects of NextEra Energy's competitive transmission business. This includes NEET's existing transmission utilities in California, Texas, and New Hampshire, as well as additional regulated transmission projects being constructed and developed elsewhere in North America.

Q. On whose behalf are you testifying?

A. I am submitting this direct testimony on behalf of NEET and its direct wholly-owned subsidiary, NextEra Energy Transmission Investments, LLC ("NETI"). NEET and NETI are two of the Joint Applicants in this proceeding.

Q. Please describe your professional background.

A. For most of the past twenty-six years, I have advised and managed utilities, first as an investment banker and, over the most recent twelve years, as a utility executive. This includes serving as President of NEET since February 2011. During my career I have undertaken many assignments requiring functional expertise in corporate strategy, business development, mergers and acquisitions, operational excellence, and finance across North America and Europe. I began my career in the United States Army as a military intelligence officer. I received a Bachelor of Science degree in Mechanical Engineering from the University of Colorado in 1988, and earned a Master of Business Administration degree from the Harvard Business School in 1994. Attached as Schedule EG-1 is my resume.

Q. Has this Direct Testimony been prepared by you or under your direct supervision?

A. Yes.

Q. Have you previously testified before the Missouri Public Service Commission ("Commission")?

A. No.

Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to: (1) provide an overview of NextEra Energy, NEET, and NETI; (2) describe the Proposed Transaction; (3) describe the pre-and post-transaction corporate structures; (4) address the managerial, financial, and technical capabilities of NextEra Energy and NEET; and (5) explain why approval of the Proposed Transaction is not detrimental to the public interest.

Q. Please introduce the other joint applicant witnesses and what subjects their direct testimony will cover?

A. In addition to my testimony, the Joint Applicants are sponsoring testimony from the following witnesses:

- J. Brett Hooton, the President of GridLiance High Plains LLC ("GridLiance HP"). He will provide an overview of GridLiance HP and address how the Proposed Transaction is not detrimental to the public interest.
- LaMargo Sweezer-Fischer, Senior Director Operations for NEET. She will address in detail the technical capabilities of NEET.

II. OVERVIEW OF NEXTERA ENERGY, NEET, AND NETI

Q. Please provide an overview of NextEra Energy, NEET, and NETI.

A. 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. Our company employs about 14,800 people who work together to produce and deliver affordable, reliable, clean electricity to customers mainly in the U.S. and Canada. A Fortune 200 company, NextEra Energy's December 31, 2019 balance sheet included over \$117.6 billion of total assets and over \$41 billion of total equity, with approximately 71 percent of NextEra Energy's \$13 billion in 2019 operating revenues derived from regulated utility sources. NextEra Energy maintains strong investment-grade credit ratings, with corporate credit ratings of "A-" from both S&P Global Ratings ("S&P") and Fitch Ratings, Inc. ("Fitch Ratings"), and a "Baa1" rating from Moody's Investor Services ("Moody's"). NextEra Energy has the largest credit facility in the industry and robust financial liquidity, bolstered by over \$13 billion in credit commitments from 73 banks (as of June 30, 2020), which enables it to fund major infrastructure projects to serve customers.

NextEra Energy has been recognized by third parties for its efforts in sustainability, corporate responsibility, ethics, compliance, and diversity, and has been ranked No. 1 in the electric and gas utilities industry in Fortune's list of "World's Most Admired Companies" 13 of the last 14 years and in the top 25 of the Fortune 2018 list of companies that "Change the World."

NextEra Energy was named to the Forbes' list of America's Best Employers for Diversity for the third consecutive year in 2020.

In 2020, NextEra Energy was ranked No. 1 in the electric and gas utilities industry on Fortune's list of "Most Admired Companies" for the 13th time in 14 years.

For the 12th time and 8th time in a row, NextEra Energy was named in 2019 one of the World's Most Ethical Companies by the Ethisphere Institute, the global leader in defining and advancing the standards of ethical business practices.

For the fourth consecutive year, NextEra Energy was named in 2019 by Forbes as one of America's Best Employers.

In 2018, NextEra Energy was ranked No. 21 among the top 57 companies globally that "Change the World" by Fortune.

In 2019, NextEra received the HIRE Vets Medallion Platinum Award, recognizing our leadership in recruiting, employing and retaining America's veterans.

NextEra Energy is very experienced in constructing, operating, and maintaining electric utility systems. Building on a 90-year history in the electric utility industry, NextEra Energy's subsidiaries own and operate more than 51.5 gigawatts of electricity generating capacity primarily across 37 states in the U.S. and four provinces in Canada, as well as approximately 86,765 miles of high-voltage transmission and distribution lines and 989 substations. Since 2010, Florida Power & Light Company ("FPL") and NextEra Energy Resources, LLC ("NextEra Energy Resources") together have completed more than $90 billion in infrastructure projects, with the overwhelming majority of those projects completed on time and under budget.

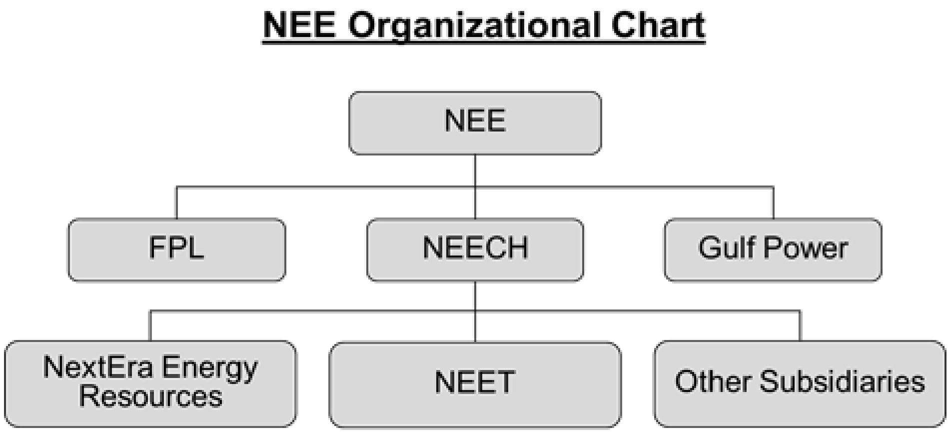
Our principal subsidiaries include FPL, one of the nation's most well-respected electric utilities. FPL serves more than 5 million homes and businesses in Florida – more than 10 million people – and is one of the largest rate-regulated electric utilities in the U.S. Another principal subsidiary is Gulf Power Company ("Gulf Power"), an integrated utility serving more than 470,000 customer accounts in the Florida Panhandle.

NextEra Energy Resources is also a principal subsidiary, which, together with its affiliated entities, is the world's largest generator of renewable energy from wind and the sun. Within Missouri, NextEra Energy Resources subsidiaries own and operate approximately 200 megawatts of wind projects.

Another relevant subsidiary of NextEra Energy is NextEra Energy Capital Holdings, Inc. ("NEECH"). NEECH is a direct, wholly-owned subsidiary of NextEra Energy that holds direct or indirect ownership interests in, and is a source of funding for, NextEra Energy's operating subsidiaries, other than FPL and Gulf Power, including NEET.

NEET, an indirect subsidiary of NEECH, was formed by NextEra Energy in 2007 to apply NextEra Energy's experience and resources in developing, acquiring, 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 across North America outside the state of Florida. NEET possesses significant financial, technical, operational, and managerial expertise. NEET is also the direct parent company of NETI, a Delaware limited liability company, which was formed to facilitate acquisitions, including the Proposed Transaction (collectively, NEET and NETI are herein referred to as the "NextEra Entities").

Below is a high-level corporate organizational chart for NextEra Energy.



III. THE PROPOSED TRANSACTION

Q. Please describe the Proposed Transaction.

A. Pursuant to the Purchase and Sale Agreement provided as Exhibit B to the Joint Application (the "Purchase Agreement"), by and among the NextEra Entities, Blackstone Power & Natural Resources Holdco L.P. ("Blackstone") and the other parties to the Purchase Agreement, Blackstone and the sellers will sell and transfer one hundred percent of the limited partnership interests in GridLiance Holdco, LP ("GridLiance Holdco"), which includes GridLiance HP, and one hundred percent of the membership interests in GridLiance GP, LLC (the "GridLiance Entities") to NETI (the "Proposed Transaction").

The purchase price for the Proposed Transaction is approximately $660 million, inclusive of assumed debt and subject to certain customary adjustments (the "Purchase Price"). NETI will fund the Purchase Price through equity contributions from its indirect parent company, NEECH, using NEECH's operating cash flow, cash on hand, or currently available credit.

The Proposed Transaction will leave in place the direct and indirect wholly-owned subsidiaries of GridLiance Holdco, including GridLiance HP, and its intermediary holding companies, all of the subsidiaries' licenses, registrations, permits, personnel, facilities, and credit facilities. Pursuant to the Purchase Agreement, NETI may assign some or all of its rights under the Purchase Agreement to any of its affiliates that are wholly-owned by NEET. After closing, through the NETI assignment of rights, the GridLiance Entities will be subsidiaries of NEET.

Q. Please describe how the Proposed Transaction, if approved, will change the corporate structure of GridLiance HP.

A. The pre- and post-corporate transaction structures of GridLiance HP are set forth in Exhibit A to the Joint Application, which show that the post-transaction corporate structure of GridLiance HP will be an indirect subsidiary of NEET.

Q. If the Proposed Transaction is approved, will GridLiance HP continue to operate and maintain its transmission facilities in Missouri?

A. Yes. Under the Proposed Transaction, GridLiance HP will remain a standalone utility, and NEET plans to retain the current employees of the GridLiance Entities after closing. GridLiance HP is a well-managed utility, and NEET does not believe it is necessary to make significant changes to existing operations or personnel. GridLiance HP, therefore, will continue to operate and maintain the transmission assets of the City of Nixa, Missouri ("City of Nixa") with the benefit of the managerial, financial, and technical experience and expertise of NEET and its affiliated companies.

IV. MANAGERIAL AND TECHNICAL CAPABILITIES

Q. Please describe the managerial and technical capabilities of NEET.

A. As previously discussed, NEET's management and that of its affiliates owns, operates, and maintains approximately 86,765 circuit miles of high-voltage transmission and distribution lines and 989 substations. Also, as referenced, NextEra Energy and its family of companies have been recognized by third parties for well over a decade as a highly regarded energy company. Those recognitions are the result of the professional and technically skilled management and employees of NextEra Energy, including those in NEET. Adding GridLiance HP to NextEra Energy, the largest utility holding company system by market capitalization in the U.S., will ensure GridLiance HP's access to capital, enhance buying power with supply chain vendors, and improve the quality and value of transmission service available to GridLiance HP's non-public utility partners. Additionally, the Direct Testimony of Ms. Sweezer-Fischer explains how the technical capabilities of NEET and its affiliates will benefit GridLiance HP in the areas of operations, reliability, safety, and quality of transmission service.

V. FINANCIAL CAPABILITIES

Q. Please describe the financial capabilities of NEET.

A. The Purchase Price for the Proposed Transaction is approximately $660 million, inclusive of assumed debt. The NextEra Entities will fund this Purchase Price through the assumption of the existing debt and an equity contribution from its indirect parent company, NEECH, using NEECH's operating cash flow, cash on hand, or currently available credit. NEECH has sufficient financial resources to support the NextEra Entities' acquisition of GridLiance Holdco, including its subsidiary GridLiance HP. As of June 30, 2020, NEECH has approximately $7.5 billion in net available liquidity.

NEECH enjoys access to credit and the capital markets to meet its capital requirements, in addition to substantial operating cash flows. NEECH has access to and regularly secures financing in public and private debt capital markets for itself and on behalf of certain NextEra Energy operating subsidiaries. NEECH maintains strong investment grade credit ratings. NEECH's current corporate credit ratings are as follows:

Table 1 NEECH's current corporate credit ratings

Company	Moody's	S&P	Fitch Ratings
NEECH	Baa1	A-	A-

Through the diligent efforts of its experienced financing team and established relationships with many domestic and international financial institutions, NextEra Energy and its subsidiaries have successfully raised approximately $66 billion of debt and equity capital during the period 2014 through 2020. NEECH has significant experience financing rate-regulated businesses. One example is the $387 million construction financing for NEET's operating utility subsidiary in Texas, Lone Star Transmission, LLC, which allowed the startup utility to develop and construct a more than $700 million greenfield high voltage transmission line in Texas. Another example is NEECH's successful financing of approximately $990 million since 2017 through three transactions for NextEra Energy's Sabal Trail Transmission and Florida Southeast Connection natural gas pipelines. Through NEET's access to capital provided by NEECH, and given NEECH's proven track record in executing project financings, NEET has the financial capability to acquire, own, and operate the GridLiance Entities.

In fact, the financial capability and strength that NextEra Energy brings to the Proposed Transaction has already been recognized by Fitch Ratings, which concluded:

> Fitch views the acquisition of GridLiance by NextEra Energy Transmission as a credit positive due to the beneficial ownership of a stronger financial parent holding company in NextEra Energy, the leading developer of renewable energy and transmission projects in the U.S. This acquisition further aligns the company's strategic interests with those of NextEra by providing a direct pathway to future market opportunities across the company's existing footprint in the California Independent System Operator (CAISO), Southwest Power Pool (SPP) and Midcontinent Independent System Operator (MISO).

A complete copy of the Fitch Ratings October 1, 2020 Ratings Watch is attached as Schedule EG-2.

VI. THE PROPOSED TRANSACTION IS NOT DETRIMENTAL TO THE PUBLIC INTEREST

Q. What is your understanding of the standard the Commission will apply to the Proposed Transaction?

A. While I am not a lawyer, the Commission in the June 5, 2019 Order and Report approving Invenergy Transmission's acquisition of Grain Belt Express Clean Line concluded, pursuant to Missouri Statute Section 393.190.1, that "the Commission can only disapprove the transaction if it is detrimental to the public interest." In the same Order and Report, the Commission further concluded that determining the public interest is a balancing process.

Q. Is the Proposed Transaction detrimental to the public interest?

A. No, the Proposed Transaction is not detrimental to the public interest given the managerial, financial, and technical experience and expertise that NEET and its affiliates can provide to GridLiance HP. Indeed, NEET and the GridLiance Entities share a common mission of providing competitive transmission solutions throughout North America. GridLiance HP has shown the value it can bring to the City of Nixa. Though the combination of GridLiance HP with the managerial, financial, and technical capabilities of NEET, the two companies together will enhance the others' ability to offer transmission solutions to customers in Missouri, which promotes, rather than being detrimental to the public interest.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

Exhibit EG-1

Eric S. Gleason

President

Eric S. Gleason is president of NextEra Energy Transmission, LLC; an indirect wholly owned subsidiary of NextEra Energy, Inc. (NYSE: NEE). NextEra Energy Transmission is a competitive transmission company with operating utilities in California, New England, and Texas, and development activities across North America. He joined the Company in February 2011.

Prior to joining NextEra Energy Transmission, Mr. Gleason served since 2008 as vice president, corporate development and quality at Allegheny Energy, Inc. In this role, his responsibilities encompassed key aspects of corporate strategy, finance, operations and commercial activities. As a member of Allegheny's Executive Council and head of the strategic planning function, he also provided oversight and support to their transmission expansion business. Prior to Allegheny Energy, he worked as an investment banker at JPMorgan Chase & Co. and The Goldman Sachs Group, Inc., where he advised leading North American and European energy utilities and financial investors. He began his career in the U.S. Army as a military intelligence officer.

Mr. Gleason received his bachelor of science from the University of Colorado in 1988, and his master of business administration in 1994 from Harvard Business School. He is married with three children.

Exhibit EG-2

FitchRatings

01 Oct 2020 | Rating Watch

Fitch Places GridLiance Western Holdings and GridLiance West on Rating Watch Positive

Fitch Ratings-Chicago-01 October 2020:

Fitch Ratings has placed the ratings of GridLiance Western Holdings, LLC (Western Holdings; BBB) and its operating transmission subsidiary GridLiance West LLC (GridLiance West; A-) on Rating Watch Positive following an announcement by NextEra Energy Transmission, LLC, a subsidiary of NextEra Energy, Inc. (A-/Stable), that it has entered into an agreement to acquire GridLiance from affiliates of Blackstone Energy Partners for approximately $660 million, which includes the assumption of existing debt. Finally, Fitch has also affirmed the Long-Term IDR of GridLiance High Plains LLC (GridLiance High Plains) at 'A' with a Stable Rating Outlook.

Fitch views the acquisition of GridLiance by NextEra Energy Transmission as a credit positive due to the beneficial ownership of a stronger financial parent holding company in NextEra Energy, the leading developer of renewable energy and transmission projects in the U.S. This acquisition further aligns the company's strategic interests with those of NextEra by providing a direct pathway to future market opportunities across the company's existing footprint in the California Independent System Operator (CAISO), Southwest Power Pool (SPP) and Midcontinent Independent System Operator (MISO). Fitch would look to resolve the Rating Watch Positive on Western Holdings and GridLiance West upon the closing of the acquisition concurrent with clarity on the proforma organizational structure and ultimate financing plans. NextEra has indicated that a portion of the net proceeds from its recent issuance of $2 billion of equity units will be used to finance the transaction.

Fitch has constrained the ratings of GridLiance West one-notch due to a weaker holding company parent. In contrast, GridLiance High Plains is rated on a standalone basis. The transaction is expected to close in first-half 2021, subject to the necessary regulatory approvals. Regulatory approvals are needed from the Federal Energy Regulatory Commission (FERC), the state utility commissions in Missouri, Kansas, and Oklahoma, and the termination or expiration of the waiting period under the Hart-Scott-Rodino Act.

The ratings of Western Holdings reflect the strong financial position and low business risk of its sole operating subsidiary, GridLiance West, tempered by Western Holdings' current high consolidated leverage and significant parent-only debt. The two-notch difference between the IDRs of GridLiance West and Western Holdings reflects Western Holdings' weaker profile due to approximately 48% parent-only debt and considers ownership by its private equity sponsor and support of GridLiance West's regulatory approved capital structure.

The ratings of GridLiance West and GridLiance High Plains reflect the stable and predictable nature of their cash flows stemming from annual updates to FERC formula-based rates, strong credit metrics and the low risk of their transmission businesses. Given the high levels of parent-only debt, Fitch has constrained the ratings of GridLiance West one-notch due to a weaker holding company parent.

As FERC-regulated transmission entities, Fitch expects GridLiance West and GridLiance High Plains to be minimally impacted from the effects of the coronavirus. Under their FERC tariff structures, revenue is not considered volume dependent. Revenues are forward looking and based upon the tariff specified rate of return parameters. Any variations are trued-up in subsequent annual filings.

Counterparty risk at GridLiance West and GridLiance High Plains lies with their respective regional transmission organizations, CAISO and SPP, not the utilities that ultimately collect the funds from the end customers. Fitch considers CAISO and SPP to have appropriate credit policies in place that would minimize financial impacts to GridLiance West and GridLiance High Plains in the event of default or failure to pay by a transmission user.

Key Rating Drivers

GridLiance Western Holdings LLC

Pending Acquisition by NextEra: Fitch views the pending acquisition of GridLiance by NextEra Energy Transmission, LLC as a credit positive due to the beneficial ownership of a stronger financial parent. NextEra's robust credit profile, strong financial measures and leading market position as the largest renewable developer in the U.S strengthens GridLiance's credit quality and enhances its competitive position.

NextEra's strong financial position will help GridLiance as it seeks to gain scale and focuses on growth in renewables and system reliability. NextEra is the largest utility in the U.S., owning two regulated electric utilities in Florida, while still maintaining its leadership in the fast-growing renewable sector.

Moderate Risk Profile: The ratings reflect the stable earnings and cash flows provided by its regulated transmission subsidiary and financial strength of its sponsor tempered by high consolidated leverage and significant levels of parent-only debt.

High Consolidated and Parent-Level Debt: Western Holdings' leverage metrics are weak but sufficient for the 'BBB' Long-Term IDR level. The low business risk of its FERC-regulated transmission operations largely offsets the high leverage in Fitch's view. Fitch projects FFO leverage to be elevated over the next few years at 6x-7x as the company is focused on growing rate base in Southern Nevada, but expects leverage to strengthen to 5.8x by 2024 as projects under construction generate earnings and cash flows, bringing metrics back in line with ratings.

Leverage is higher than previous expectations due to a modest slowdown in projected rate base growth as well as lower borrowing costs flowing through rates. FFO fixed-charge coverage is projected to remain robust through 2024 averaging 7.3x.

The percentage of holding company debt is also high, accounting for 48% of total consolidated debt as of March 31, 2020, which is higher than peer holding companies. Holdco-level debt, which was approximately $55 million as of March 31, 2020, will be used in part to finance its subsidiary's growing capex program. As a result, Fitch expects parent level debt as a percentage of consolidated debt to remain in the mid to low 40% range throughout the forecast period. However, concerns around high levels of parent-only debt are mitigated by the cash flow certainty provided by its subsidiary's FERC approved tariff structure, in Fitch's opinion.

Rating Notching: The two-notch difference between the IDRs of GridLiance West and Western Holdings reflect the parent's weaker credit profile due to high levels of parent-only debt and considers ownership by its private equity sponsor and support of the regulatory approved capital structure. Fitch assumes that dividend policy will maintain the regulatory capital structure commensurate with the assigned ratings.

Parent and Subsidiary Linkage: The ratings of GridLiance High Plains reflect a standalone view, whereas Fitch applies a bottom-up approach to GridLiance West and parent Western Holdings. With regards to GridLiance West and Western Holdings, Fitch takes a weak parent/strong subsidiary approach in its analysis. GridLiance West is considered by Fitch to be stronger than its corporate parent, Western Holdings, reflecting the relatively low business risk of its FERC regulated transmission operations and low leverage. High parent-only debt (approximately 48%) results in weaker credit metrics at Western Holdings.

The absence of guarantees, a cross-default at the opco-level to the weaker holdco, and dividend restrictions among other factors render legal ties weak between GridLiance West and Western Holdings. While operational and strategic ties are robust, a prescribed regulatory capital structure for GridLiance West leads to moderate linkage with Western Holdings, allowing for GridLiance West's IDR to be notched above the parent. GridLiance West's ratings reflect its standalone credit profile with linkage to its parent, while Western Holdings' ratings reflect a consolidated credit profile. Fitch will typically rate the IDR of GridLiance West a maximum of two notches above the

IDR of parent Western Holdings. Given the high levels of parent only debt, Fitch has constrained the ratings of GridLiance West one-notch due to a weaker holding company parent.

GridLiance West LLC

Low Business Risk Profile: GridLiance West's ratings reflect the company's low business risk profile as a regulated electric transmission utility with no material volumetric, commodity or customer concentration risks. The company operates exclusively within CAISO and is regulated by FERC, which Fitch views as favorable compared to state regulation. Under the FERC approved rate plan, GridLiance West recovers its cost of service, including a return on investment from all regional RTO transmission customers in CAISO.

The cost allocation methodology established by FERC is based on the aggregate load within a specific region and is unaffected by the volume of electricity transmitted. Socializing costs regionally eliminates any material customer concentration risk. Moreover, the revenues are billed and collected by the CAISO and remitted to the company monthly, minimizing any payment delays.

Transparent and Predictable Cash Flow: GridLiance West operates under constructive FERC formula-based rates that provide cash flow stability with automatic annual updates to forward-looking rates, subject to an annual true-up; allowance for funds used during construction and recovery for start-up regulatory assets. The approved tariff currently provides a 10.6% ROE inclusive of 100bps of adders (50bps RTO and 50bps transmission incentives) predicated on a healthy capital structure with a 60% equity ratio.

The transmission company's rate structure allows for contemporaneous returns on investments, which lessens the pressure from the elevated capex program on the balance sheet. Fitch views the current authorized ROEs as having limited downside risk given the low interest rate environment used to establish the current ROE. Furthermore, as a member of CAISO, where each company's ROE is separately established, the company is not a party to the numerous challenges to FERC authorized ROEs within CAISO or vulnerable to an RTO-wide ROE challenge.

Strong Credit Metrics: Fitch expects credit metrics to strengthen over the rating horizon as projects under construction begin to generate earnings and cash flow. FFO leverage is projected to average 3.6x in 2020-2023, before strengthening to 3.3x in 2024 as earnings are realized from additions to rate base. Similarly, FFO fixed-charge coverage is projected to remain robust throughout the forecast period averaging 13x. GridLiance West's earnings should be buoyed by increasing demand for renewables as California and Nevada strive to meet clean energy mandates. Favorably, the transmission company's service territory is strategically located in South Western Nevada in between major population centers in Los Angeles and Las Vegas.

Strong Organic Growth Opportunities: GridLiance West is experiencing rapid near-term rate base growth driven by a slew of CAISO-approved projects. These projects include a new switching station, transmission line, and approval for recovery of $20 million of start-up regulatory assets beginning in 2019.

GridLiance West is also looking to achieve meaningful growth as a result of California's greenhouse gas reduction goals. This includes updates which would be tied to renewable development on GridLiance's West's system, as well as additional upgrades to existing infrastructure that would open up areas along the California and Nevada border to new renewable development. California's latest integrated resource plan identified the need for 3,006MW of future renewables in Southern Nevada, with 800MW of additional generation in GridLiance West's service territory. Fitch expects the company to grow rapidly, albeit from a small base, over the next five years. Following the Valley Electric Acquisition in 2017, the company is focusing on organic growth but may pursue targeted acquisitions.

Growing Capex Program: GridLiance West's five-year (2020-2024) capex plan projects considerable investments to develop and build regional transmission infrastructure. These projects, in Fitch's view, present relatively low operating and financial risks. The five-year capital program is expected to double the 2019 regulated rate base.

GridLiance High Plains LLC

Low Business Risk Profile: GridLiance High Plain's ratings reflect the company's low business risk profile as a regulated electric transmission utility with no material volumetric, commodity and customer concentration risks. The company operates exclusively within the SPP region and is regulated by the FERC, which Fitch views as favorable compared to state regulation. Under the FERC approved rate plan, GridLiance High Plains recovers its cost of service, including a return on investment, from its transmission customers primarily through SPP's zonal rates. The cost allocation methodology established by FERC is based on the aggregate load within a specific zone and is unaffected by the volume of electricity transmitted. Socializing costs zonally eliminates any material customer concentration risk. Moreover, the revenues are billed and collected by the SPP and remitted to the company monthly, minimizing any payment delays.

Transparent and Predictable Cash Flow: GridLiance High Plains operates under a FERC approved tariff structure that provides cash flow stability with automatic annual updates to forward-looking rates, subject to an annual true-up; allowance for funds used during construction and recovery for start-up regulatory assets. The tariff provides for a 10.3% ROE plus potential additional incentives predicated on a healthy capital structure with a 60% equity ratio.

The transmission company's rate structure allows for contemporaneous returns on investments, which lessens the pressure from the elevated capex program on the balance sheet. Fitch views the current authorized ROEs as having limited downside risk since as a member of SPP, where each company's ROE is separately established, the company is not a party to the numerous challenges to FERC authorized ROE's within SPP or vulnerable to an RTO-wide ROE challenge.

Kansas Acquisition Closed: Management's strategy is to supplement robust organic growth with targeted acquisitions with attractive growth opportunities. Following the acquisition of transmission assets from Tri-County Electric Cooperative (Tri-County) acquisition in 2016 and the City of Nixa, Missouri acquisition in 2018, the completed acquisition of electric transmission assets from the City of Winfield, Kansas in 3Q20 highlights the acquisitive component of management's growth strategy.

Strong Organic Growth Opportunities: A majority of GridLiance High Plains growth results from its FERC-approved Local Planning Process, which has already added a significant number of proposed projects in 2018 and 2019. The company's capital spending program is also focused on system improvements and reliability enhancements across its footprint and the company's largest project involved the networking of radial transmission lines. Taken together, these projects are projected to add meaningful earnings and cash flow over the next five years.

Solid Post-2020 Credit Metrics: Fitch projects FFO leverage to be elevated in 2020, reflecting pressure from acquisitions and focus on growing rate base in the Oklahoma Panhandle region. Thereafter, Fitch expects credit metrics to be robust with FFO leverage projected to average 2.9x in 2021-2024 as acquired assets and projects under construction get added to rate base. Similarly, FFO fixed-charge coverage is projected to remain robust throughout the forecast period averaging 18.5x.

Growing Capex Program: GridLiance High Plain's' five-year (2020-2024) capex plan projects considerable investments to develop and build regional transmission infrastructure in the Oklahoma Panhandle region. The Oklahoma Panhandle Reliability Project was completed in 4Q19, which added $21 million of new rate base, ultimately completing the second phase of networking the originally acquired Tri-County assets into SPP. These projects, in Fitch's view, present relatively low operating and financial risks given the use of proven technology under a known and credit supportive regulatory construct

Derivation Summary

Western Holdings is well positioned compared with similarly rated peer holding companies Cleco Corporate Holdings, LLC (BBB-/Stable), Puget Energy Inc. (PE; BBB-/Negative) and DPL Inc. (BB/ Negative). Western Holdings, like its peers, operate low business risk, fully regulated businesses and benefits from supportive utility regulation. However, Western Holding's wires-only transmission business is considered lower risk than the operations of peers that also have distribution businesses, and its subsidiary is regulated by the FERC, which Fitch views as favorable to state regulation.

Western Holdings, like Cleco, DPL and PE, operates in a single jurisdiction and has significant parent-only debt. In terms of scale, Western Holdings is far smaller than DPL, its closest peer. Western Holdings' credit metrics are consistent with its rating, given its relatively low-risk profile, and are in line with larger peers'. Fitch estimates Western Holdings' FFO leverage will average 6.3x through the forecast period, ultimately improving to 5.8x in 2024, which is in line with Cleco's 5.7x, and PE, in the low 5x range.

GridLiance West's 'A-' IDR reflects its low business risk profile as a regulated electric transmission utility with no exposure to commodity prices or volumetric risk, and considers ownership by its private equity sponsor. GridLiance West, like its peers, is regulated by FERC, which Fitch views as favorable compared with state regulation. In Fitch's coverage universe, GridLiance West's closest peers are AEP Transmission Company, LLC (AEPT; A-/Stable) and Mid-Atlantic Interstate Transmission LLC (MAIT; BBB+/Negative). While smaller than its peers, GridLiance West's projected credit metrics are expected to be stronger than those of AEPT and MAIT, with FFO leverage projected to average approximately 3.6x through the forecast period, and improving to 3.3x in 2024. In comparison, Fitch estimates FFO leverage will approximate 4.0x at MAIT and strengthen to below 4.0x at AEPT.

GridLiance High Plains 'A' Issuer Default Rating reflects its low business risk profile as a regulated electric transmission utility with no exposure to commodity price or volumetric risk, and considers ownership by its private equity sponsor. GridLiance High Plains, like its peers, is regulated by the FERC, which Fitch views as favorable compared with state regulation. In Fitch's coverage universe, GridLiance High Plains 'closest peers are AEPT and MAIT.

While GridLiance High Plains is smaller than its peers, its projected credit metrics are expected to be stronger than those of AEPT and MAIT, with FFO leverage projected to average approximately 3.5x through the forecast period, ultimately improving to 2.2x in 2024. In comparison, Fitch estimates FFO leverage will approximate 4.0x at MAIT and strengthen to below 4.0x at AEPT.

Key Assumptions

Fitch's Key Assumptions Within Its Rating Case for the Issuer Include

-- Constructive regulatory environment at FERC.

-- 10.6% ROE at GridLiance West and 10.8% at GridLiance High Plains.

-- Distributions and/or member contributions managed to maintain regulatory capital structure at 60% equity.

-- Strong growth at GridLiance West and GridLiance High Plains.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

GridLiance Western Holdings LLC

--Completion of the acquisition by NextEra;

--An upgrade at GridLiance West;

--Sustained FFO leverage better than 5.0x.

GridLiance West LLC

-- Completion of the acquisition by NextEra;

--The retirement of parent-only debt could warrant a positive rating action;

--Sustained FFO leverage of better than 3.5x.

GridLiance High Plains LLC

--The small scale of company operations limits future positive rating actions.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

GridLiance Western Holdings LLC

--A termination of the pending acquisition;

--Downgrade at GridLiance West;

GridLiance West LLC

--A termination of the pending acquisition;

--A meaningful deterioration in the regulatory environment at the FERC;

--Sustained FFO leverage weaker than 4.5x.

GridLiance High Plains LLC

--A meaningful deterioration in the regulatory environment at the FERC;

--Incremental debt funding at Gridliance High Plains corporate parent;

--Sustained FFO Leverage of worse than 3.5x.

Best/Worst Case Rating Scenario

International scale credit ratings of Non-Financial Corporate issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

Liquidity and Debt Structure

Fitch views Western Holdings' liquidity position to be sufficient. Western Holdings and its subsidiary, GridLiance West, closed on five-year secured credit facilities that were used to refinance all of their previous outstanding legacy debt. Western Holdings' secured an $80 million secured credit facility, while GridLiance West secured a separate $105 million secured credit facility. Both facilities mature on Aug. 1, 2024. The capacity is available to meet working capital and capex needs over the next five years. As of March 31, 2020, there was $70 million available on the $185 million combined credit facilities, with $25million available on Western Holdings facility and $45 million on GridLiance West's facility, respectively.

Fitch expects both credit facilities to be fully drawn prior to maturity and for the companies to refinance short-term borrowings with possible long-term debt issuances. Western Holdings manages liquidity through its distribution policy, which is designed to maintain leverage metrics at 5.5x-6.0x and to maintain the appropriate regulatory capitalization at GridLiance West.

Financial covenants at Western Holdings include: A maximum debt to total capitalization covenant of 65% and minimum interest coverage of 1.4x. Financial covenants at the GridLiance West include: A maximum debt to total capitalization covenant of 65% and minimum interest coverage of 2.5x. Fitch expects both companies to be in compliance with all financial covenants under these facilities through the forecast period.

Fitch views GridLiance High Plain's liquidity position to be sufficient. The company's liquidity is backstopped by a $65 million secured credit facility of which $17 million was available as of March 31, 2020. The credit facility matures on Oct. 5, 2023. The capacity is available to meet working capital and capex needs over the next four years. Fitch expects the credit facility to be fully drawn prior to maturity and for the company to refinance short-term borrowings with possible long-term debt issuances. The company's distribution policy is designed so that the company will maintain the appropriate regulatory capitalization.

Financial covenants include: A maximum debt to total capitalization covenant of 65% and minimum interest coverage of 2.5x. Fitch expects High Plains to be in compliance with all financial covenants throughout the forecast period. The company has no long-term debt outstanding.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING
The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of Environmental, Social and Corporate Governance (ESG) Credit Relevance is a Score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

GridLiance West LLC; Long Term Issuer Default Rating; Rating Watch On; A-; Rating Watch Positive
GridLiance High Plains LLC; Long Term Issuer Default Rating; Affirmed; A; Rating Outlook Stable
GridLiance Western Holdings, LLC; Long Term Issuer Default Rating; Rating Watch On; BBB; Rating Watch Positive

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Exhibit EG-2

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Applicable Criteria

Corporate Rating Criteria (pub. 01 May 2020) (including rating assumption sensitivity)
Corporates Notching and Recovery Ratings Criteria (pub. 14 Oct 2019) (including rating assumption sensitivity)
Parent and Subsidiary Linkage Rating Criteria (pub. 26 Aug 2020)

Applicable Model

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).
Corporate Monitoring & Forecasting Model (COMFORT Model), v7.9.0 (1)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
Solicitation Status
Endorsement Status

Exhibit EG-2

Endorsement Policy

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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,	)	Case EM-
and NextEra Energy Transmission, LLC	)	
("NextEra Entities")	)	
for approval of the Acquisition of GridLiance by	)	
the NextEra Entities	)	

AFFIDAVIT OF ERIC GLEASON

STATE OF FLORIDA)
) ss
COUNTY OF PALM BEACH)

Eric Gleason, being first duly sworn upon his oath, states:

1. My name is Eric Gleason. I am the President of NextEra Energy Transmission, LLC.

2. Attached hereto and made a part hereto for all purposes is my Direct Testimony, having been prepared in written form for introduction into evidence in this proceeding.

3. I have knowledge of the matter set forth herein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Eric Gleason

Subscribed and sworn before me this 19th day of October, 2020.

Lisa R. Taube

LISA R. TAUBE
Commission # GG 041742
Expires November 8, 2020
Bonded Thru Troy Fain Insurance 800-385-7019