

**Exhibit No. 147**  
**Issues: Project Overview**  
**Witness: Kris Zadlo**  
**Type: Supplemental Surrebuttal Testimony**  
**Sponsoring Party: Grain Belt Express Clean Line LLC**  
**Case No. EA-2016-0358**  
**Date Testimony Prepared: December 10, 2018**

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. EA-2016-0358**

**SUPPLEMENTAL SURREBUTTAL TESTIMONY OF KRIS ZADLO**

**SENIOR VICE PRESIDENT, INVENERGY LLC**

**ON BEHALF OF GRAIN BELT EXPRESS CLEAN LINE LLC**

**December 10, 2018**

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

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

3 **A.** My name is Kris Zadlo and I am the Senior Vice President, Commercial Analytics,  
4 Regulatory Affairs & Transmission of Invenergy LLC. My business address is 1 South  
5 Wacker, Suite 1900, Chicago, IL 60606.

6 **Q. Have you previously filed testimony in this proceeding?**

7 **A.** Yes. I filed Supplemental Direct Testimony in this matter on November 12, 2018.

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

10 **A.** Yes. I have previously testified before the Wisconsin Public Service Commission  
11 (“PSC”) and the FERC, most recently at the April 3-4, 2018 technical conference  
12 concerning the coordination of Affected Systems in the Generator Interconnection  
13 Process.

14 **Q. What is the purpose of your supplemental surrebuttal testimony?**

15 **A.** I will respond to the Supplemental Surrebuttal Report filed by the Commission Staff on  
16 December 3, 2018 (“December 3<sup>rd</sup> Report”), in particular the following items: (1) Staff’s  
17 supplemental review of the “financial ability” component of the Tartan Criteria, given  
18 that on November 9, 2018 Invenergy Transmission LLC (“Invenergy Transmission”) executed a Membership Interest Purchase Agreement (“MIPA”) with Grain Belt Express  
19 Holding LLC (“GBE Holding”) to acquire Grain Belt Express Clean Line LLC (“Grain  
20 Belt”); (2) Staff’s recommended conditions on any Commission Order approving a  
21 certificate of convenience and necessity (“CCN”), both the original conditions contained  
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1 in Staff Exhibits 205 and 206 and several additional conditions; and (3) interconnection  
2 studies by regional transmission organizations (“RTOs”).

3 **II. DISCUSSION**

4 **Q. Please clarify the corporate structure of Invenergy Transmission LLC, Invenergy  
5 LLC, and Invenergy Investment Company LLC.**

6 A. Invenergy Transmission is a direct, wholly-owned subsidiary of Invenergy Investment  
7 Company LLC (“Invenergy Investment”). Invenergy LLC is also a direct wholly-owned  
8 subsidiary of Invenergy Investment, and therefore an affiliate of Invenergy Transmission.  
9 Invenergy LLC houses the employees that will be involved in the development of the  
10 Grain Belt Express Project. A simplified organizational chart is attached hereto as  
11 Schedule KZ-6. Invenergy Transmission, Invenergy LLC, and Invenergy Investment are  
12 collectively referred to herein as “Invenergy.”

13 **Q. Please provide your initial comments to Staff’s December 3<sup>rd</sup> Report.**

14 A. Staff states that it has no reason to dispute that Grain Belt, and subsequently Invenergy,  
15 are qualified to own, operate, control and manage the Project subject to the agreed upon  
16 conditions contained in Staff Exhibits 205 and 206.<sup>1</sup> Staff did note concerns, however,  
17 regarding details pertaining to Invenergy’s financial qualifications. Staff makes  
18 statements throughout the earlier portion of its December 3<sup>rd</sup> Report that details regarding  
19 Invenergy’s financial statements remain unknown, and that receipt and review of this  
20 information is essential to Staff’s ability to make complete recommendations to the  
21 Commission.<sup>2</sup> Staff indicated that it requested actual and pro forma financial statements  
22 for Invenergy and Invenergy Transmission to assess the current and anticipated

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<sup>1</sup> MPSC Staff Supplemental Rebuttal Report at p. 6.

<sup>2</sup> See, e.g., MPSC Staff Supplemental Rebuttal Report at p. 3, lines 13-15; p. 4, lines 1-2; p 6, line 21 through p. 7, lines 1-3; p. 7, lines 14-17; p. 7, lines 17-19.

1 capitalization of the companies that are likely to provide capital for Grain Belt, although  
2 Grain Belt objected to providing this information.<sup>3</sup> Similarly, Staff noted that it  
3 requested specific information regarding how Grain Belt will be funded during the  
4 construction phase of the Project, and discussed Grain Belt’s response to Staff DR No.  
5 79, wherein Grain Belt stated that “prior to commencement of construction, Invenenergy  
6 plans to execute credit agreements with lenders for debt financing obligations and equity  
7 contribution agreements with investors for equity commitments that will be drawn upon  
8 as needed to fund construction costs.”<sup>4</sup> Staff asserts its belief that although it is  
9 reasonable to receive and review the financial statements of Invenenergy and its direct or  
10 indirect affiliates that will supply capital to Grain Belt, if this information is not provided  
11 to Staff to show balance sheet capacity for the Grain Belt Project, the upfront  
12 commitment of investors for all construction costs with built-in contingencies will be  
13 imperative.<sup>5</sup>

14 **Q. Please discuss the Invenenergy financial information that was provided to Staff.**

15 **A.** On December 5, 2018, following discussions with Staff, Invenenergy provided to Staff, on  
16 a confidential basis and in response to Staff DR 75, Invenenergy’s 2017 audited  
17 consolidated balance sheet, income statement, and cash flow statement, as well as the  
18 September 30, 2018 quarterly income statement and balance sheet. In addition,  
19 Invenenergy provided the full Independent Auditors’ Report with notes for the years ended  
20 December 31, 2017 and 2016 for in-camera review by Staff.

21 **Q. What other information can Invenenergy provide to demonstrate that it has the**  
22 **resources necessary to finance the Grain Belt Express Project?**

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<sup>3</sup> *Id.* at pp. 6-7.

<sup>4</sup> *Id.* at p. 7.

<sup>5</sup> *Id.*

1 A. As demonstrated by the financials provided to Staff, Invenenergy Investment has more than  
2 sufficient cash and cash equivalents available to fund the Company’s project  
3 development efforts which will be allocated as project needs arise. Construction funding  
4 was discussed in the Supplemental Direct Testimony of Andrea Hoffman at page 4, line  
5 11 through page 5, line 16. In summary, Invenenergy expects to engage a lender or group  
6 of lenders to provide a construction loan for the Project. The construction loan and equity  
7 capital provided by Invenenergy Investment, and potentially other investors, is expected to  
8 be sufficient for the entire construction cost of the Project.

9 **Q. What is your response to Staff’s discussion of Grain Belt witness Mr. Berry’s**  
10 **statement that Grain Belt is still willing to abide by the condition that requires**  
11 **Grain Belt to provide evidence of sufficient financing commitments to cover the**  
12 **entire cost of the Project before commencement of construction?**<sup>6</sup>

13 A. Invenenergy concurs with the statements made in Mr. Berry’s Supplemental Direct  
14 testimony. Invenenergy commits to Staff’s condition regarding a showing of committed  
15 financing capacity before starting construction, as noted on page 10 of Staff’s report.  
16 This should alleviate any remaining concerns regarding Grain Belt’s financial ability.

17 **Q. What is Invenenergy’s response to Staff’s concerns pertaining to RTO interconnection**  
18 **studies?**

19 A. Staff states that since the filing of its initial Rebuttal Report on April 4, 2017, Grain Belt  
20 has withdrawn its Interconnection Application from the Midcontinent Independent  
21 System Operator, Inc. (“MISO”) and has not sought interconnection under the new

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<sup>6</sup> MPSC Staff Supplemental Rebuttal Report at p. 7; Staff Exhibit 206, Condition 1. Financing Conditions.

1 process, Attachment GGG: Merchant HVDC Transmission Connection Procedures.<sup>7</sup>  
2 Staff further states that significant to Grain Belt's withdrawal is its loss of queue position,  
3 but notes that overall, Staff's position has not changed in that the costs to integrate Grain  
4 Belt's converter station are unknown at this time. Invenergy has extensive experience  
5 with the MISO queue, having developed 23 projects totaling approximately 5,160 MWs  
6 in the RTO's footprint. Invenergy is also an active participant in MISO's Interconnection  
7 Process Working Group ("IPWG") and currently has over 60 active requests in the queue.  
8 Invenergy does not anticipate any challenge to seeking interconnection under the new  
9 MISO Merchant HVDC process and at this time expects to request injection rights in an  
10 amount equal to the 500MW originally contemplated. Based on internal studies using  
11 MISO's latest available base case, Invenergy expects the cost to integrate Grain Belt's  
12 converter station to be in the range of \$20 - \$40 million. Even on the high end, Invenergy  
13 does not expect this cost to significantly impact the economic feasibility of the project.  
14 Invenergy and Grain Belt commit to completing the RTO studies for the Project and  
15 providing Staff with completed RTO Interconnection Agreements and associated studies  
16 when they are available.

17 **Q. Please discuss Invenergy's position with respect to the recommended conditions**  
18 **Staff discusses in its Supplemental Rebuttal Report.**

19 **A.** Staff recommends the following conditions:

- 20 ● Any Order approving a CCN be conditioned upon the various agreements in Staff  
21 Exhibits 205 and 206, and that Grain Belt must comply with the conditions prior to  
22 acquiring involuntary easements or starting construction of the transmission line;

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<sup>7</sup> MPSC Staff Supplemental Rebuttal Report at p. 11.

1           •       Grain Belt must demonstrate that the outstanding studies do not raise any new  
2 issues, and, if they do, that the Commission is satisfied with Grain Belt's solution to  
3 address those issues;

4           •       If the design and engineering changes from that originally presented in the  
5 application, Grain Belt is required to file an updated Application subject to further review  
6 and determination by the Commission.

7 **Q. Does Invenenergy agree to these conditions?**

8 A. Yes.

9 **III. CONCLUSION**

10 **Q. Based on the financial information that was provided to Staff and the agreed upon**  
11 **conditions, do you believe Grain Belt has satisfied the requirements for a CCN?**

12 A. Yes.

13 **Q. Does this conclude your supplemental surrebuttal testimony?**

14 A. Yes. Thank you.