

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of)
Transource Missouri, LLC for a Certificate)
of Convenience and Necessity Authorizing it) Case No. EA-2012-_____
to Construct, Finance, Own, Operate, and)
Maintain the Iatan-Nashua and Sibley-)
Nebraska City Electric Transmission)
Projects.

**APPLICATION OF TRANSOURCE MISSOURI, LLC
FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY
AND REQUEST FOR WAIVER**

Transource Missouri, LLC (“Transource Missouri” or “Applicant”), pursuant to Section 393.170.1,¹ 4 CSR 240-2.060, and 4 CSR 240-3.105, hereby submits its Application for a line Certificate of Convenience and Necessity (“CCN”) to construct, finance, own, operate, and maintain the regional Iatan-Nashua 345kV transmission project (“Iatan-Nashua Project”) and the regional Sibley-Nebraska City 345kV transmission project (“Sibley-Nebraska City Project,” collectively, the “Projects”) that have been approved by Southwest Power Pool, Inc. (“SPP”) to provide regional benefits to Missouri and the entire Mid-America region.

I. APPLICANT

1. Transource Missouri is a Delaware limited liability corporation qualified to conduct business in Missouri, with its principal place of business located at 1 Riverside Plaza, Columbus, Ohio 43215. A copy of Transource Missouri’s certificate from the Missouri Secretary of State authorizing it to do business in Missouri is attached as Exhibit 1.

2. Transource Missouri will be regulated by the Federal Energy Regulatory Commission (“FERC”) because its business will be devoted exclusively to providing wholesale, interstate electric transmission service for regional projects located in Missouri. Transource Missouri is not currently a regulated entity, and does not serve retail electric customers in the

¹ All statutory references are to the Missouri Revised Statutes (2000) as amended, unless otherwise noted.

State of Missouri. It will not provide retail service to any Missouri customers with the facilities to be constructed. Transource Missouri does not and will not pursue local reliability transmission projects, such as those necessary to connect and primarily serve local load zones. Therefore, Transource Missouri requests that the Commission limit its authority over the Applicant and grant waivers from certain reporting requirements under the Commission's regulations, as discussed in Section VI below.

3. Transource Missouri is a wholly-owned subsidiary of Transource Energy, LLC ("Transource"), a Delaware limited liability corporation with its principal place of business in Columbus, Ohio.

4. Transource was established as a holding company to develop, acquire, construct, finance, own, operate, and maintain electric transmission projects, as discussed in the accompanying Direct Testimony of Antonio P. Smyth. Transource plans to conduct business through its utility subsidiaries, such as Transource Missouri, that will construct, finance, own, operate, and maintain regional transmission facilities.

5. Transource has two members: (a) AEP Transmission Holding Company, LLC, which owns 86.5% of Transource and is a wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP"), and (b) GPE Transmission Holding Company, LLC, which owns 13.5% of Transource and is a wholly-owned subsidiary of Great Plains Energy Incorporated ("GPE"), the parent corporation of Kansas City Power & Light Company ("KCP&L") and KCP&L Greater Missouri Operations Company ("GMO"). Transource's equity funding will be provided by the two members, consistent with its ownership structure. Debt may be issued by Transource or its utility subsidiaries, as appropriate, through a combination of bank facilities and term financing to capitalize investments.

6. Transource is the exclusive vehicle for AEP and GPE to pursue future competitive transmission projects throughout the continental United States that fall within the scope of FERC Order No. 1000. Transource will be operated by a full-time, dedicated staff. AEP will provide the majority of staff and services for the venture through its service company, American Electric Power Service Corporation (“AEPSC”). As described in the accompanying Direct Testimony of Lisa M. Barton, the Projects will benefit from the project execution and procurement strengths of AEP, including its experience and expertise as the operator of the largest transmission system in the United States. AEP has built transmission facilities at high voltages ranging up to 765kV, and is generally recognized as one of the most sophisticated transmission operators in the country, as discussed in the accompanying Direct Testimony of Scott P. Moore.

7. As described in the accompanying Direct Testimony of Michael L. Deggendorf, through GPE’s participation in Transource Missouri, the Iatan-Nashua and Sibley-Nebraska City Projects will benefit from KCP&L’s local experience and knowledge in operating transmission systems in this region. Based upon its long history of general operations, as well as its recent execution of large construction projects, KCP&L will be able to assist Transource Missouri in communicating with local landowners in its and GMO’s service territories, with local governmental authorities, and with other members of the public. KCP&L will be primarily responsible for the engineering and construction of the Projects and, once energized, for their operation and maintenance.

8. Pleadings, notices, orders, and other correspondence and communications related to this Application should be sent to the undersigned counsel and also to:

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9. The Applicant has no pending action or final unsatisfied judgment or decision against it from any state or federal agency or court involving customer service or rates that has occurred within three years of the date of this Application. The Applicant also has no overdue annual reports or assessment fees.

II. REGIONAL TRANSMISSION PROJECTS

10. Transource Missouri seeks a line CCN from this Commission to construct, finance, own, operate, and maintain within the State of Missouri the two regional, high-voltage electric transmission Projects that have been approved by SPP.

11. As more fully described in the application of KCP&L and GMO in Case No. EO-2012-0367, filed concurrently with this Application, SPP and its stakeholders developed and approved in 2009 a set of seven transmission projects as part of a “Balanced Portfolio” of

economic upgrades that will benefit the entire SPP region and whose costs would be allocated regionally.

12. In April 2010, SPP developed and approved six “Priority Projects” that will reduce transmission congestion, better integrate SPP’s east and west regions, and facilitate the addition of renewable and non-renewable generation to the grid. The costs of the Priority Projects will be allocated regionally as well.

13. SPP issued Notifications to Construct (“NTC”) to KCP&L and GMO to build the Iatan-Nashua Project, one of the seven Balanced Portfolio projects. SPP also issued an NTC to GMO to build the Sibley-Nebraska Project, one of the six Priority Projects. These two projects are described in detail below.

14. As explained in their application in Case No. EO-2012-0367, KCP&L and GMO plan to terminate, release, and novate their respective obligations as a Designated Transmission Owner (“DTO”) under these NTCs, and to designate Transource Missouri as the alternate DTO responsible for building and owning the Projects.

15. KCP&L and GMO will fund 100% of the costs of the Projects until they are novated, after which Transource will reimburse KCP&L and GMO for their respective costs. None of the costs of these two SPP projects to date has been charged to the retail customers of either KCP&L or GMO.

16. The process governing the construction of transmission facilities within the SPP region, as well as the novation of the NTCs by re-designation to another entity, is addressed in Section VI of Attachment O to SPP’s FERC-approved Open Access Transmission Tariff (“SPP Tariff”) and is more specifically prescribed in Section 7070 of the SPP OATT Business Practices. SPP Tariff Attachment O and the SPP OATT Business Practices Section 7070 are attached hereto as Exhibit 2.

17. Because KCP&L and GMO plan to terminate, release, and novate their respective obligations as a DTO of the Iatan-Nashua and Sibley-Nebraska City Projects, and to designate Transource Missouri as the alternate DTO through the novation process, Transource Missouri hereby seeks a line CCN from this Commission pursuant to Section 393.170.1 to construct, finance, own, operate, and maintain those Projects.

18. Pursuant to the April 3, 2012 Services Agreement between Transource and KCP&L, KCP&L may be asked to provide business, tax compliance, risk management, siting and land acquisition, regulatory, procurement, engineering and design, construction, operation and maintenance, and web hosting services to Transource. Pursuant to the April 3, 2012 Services Agreement between Transource and AEPSC, AEP also may be asked to provide business, tax compliance, risk management, siting and land acquisition, regulatory, procurement, engineering and design, construction, operation and maintenance, and web hosting services, as well as SPP project services, to Transource. Through the August 28, 2012 Support Agreement between Transource and Transource Missouri, KCP&L and AEPSC may provide these same services to Transource Missouri through Transource.

19. To execute these plans, Transource Missouri, KCP&L, and GMO are proceeding in the following manner:

A. KCP&L and GMO requested and received authorization from the Commission to transfer at cost to GMO certain high-voltage transmission facilities currently owned and operated by KCP&L (“Alabama-Nashua Line”).² The southern portion of the Alabama-Nashua Line will be used to construct part of the 345kV transmission line in the Iatan-Nashua Project. The transfer of the Alabama-Nashua Line from KCP&L to GMO was done to

² See In re Application of Kansas City Power & Light Co. to Transfer Certain Assets to KCP&L Greater Missouri Operations Co., Case No. EO-2012-0479, Order Granting Application for Transfer of Assets at 3 (Aug. 15, 2012).

facilitate the construction of the Iatan-Nashua Project and would have been requested regardless of the intent to novate this project to Transource Missouri.

B. Contemporaneous with the filing of the instant Application, KCP&L and GMO have requested authorization to transfer at cost to Transource Missouri certain electric transmission property and related easements and rights-of-way pertinent to the Iatan-Nashua Project.³ Such authorization is necessary before Transource Missouri can construct, finance, own, operate, and maintain the Iatan-Nashua Project pursuant to the line CCN sought here.

C. Also contemporaneous with the filing of the instant Applicant, Transource Missouri has filed at FERC to obtain approval of a formula rate for recovery of its costs through wholesale transmission rates.

D. By this Application, Transource Missouri seeks a line CCN from the Commission pursuant to Section 393.170.1 to construct, finance, own, operate, and maintain the Projects. Once Transource Missouri has received such line CCN, KCP&L and GMO intend to seek approval from the SPP Board of Directors to enter into a Designee Qualification and Novation Agreement as permitted under Section VI of Attachment O to the SPP Tariff and Section 7070 of the SPP OATT Business Practices, whereby Transource Missouri will become the alternate DTO responsible for constructing these projects. Pursuant to those provisions, an alternate DTO designated to build and own a project must show: (i) that it has obtained all necessary state regulatory authority; (ii) that it meets certain creditworthiness requirements; (iii) that it has signed or is capable of signing the SPP Membership Agreement; and (iv) that it meets other technical, financial, and managerial qualifications. See Exhibit 2, Attachment O to the SPP Tariff at 1511.

³ See In re Application of Kansas City Power & Light Co. and KCP&L Greater Missouri Operations Co., No. EO-2012-0367.

E. KCP&L, GMO, SPP, and Transource Missouri will then proceed before the FERC to obtain acceptance of the Designee Qualification and Novation Agreement under Section 205 of the Federal Power Act, 16 U.S.C. Section 824d.

III. IATAN-NASHUA PROJECT

20. On June 19, 2009, SPP issued an NTC to KCP&L directing it to construct the Iatan-Nashua Project, a copy of which is attached as Exhibit 3. While KCP&L and GMO have not yet located all utilities that the proposed construction will cross, it will cross NW Electric Power Cooperative Inc. transmission lines, Platte-Clay Electric Cooperative Inc. lines, a ONEOK, Inc. gas transmission line, and the Burlington Northern Santa Fe Railway tracks near Missouri Highway 45. Additional information regarding the electric and telephone lines of regulated and non-regulated utilities, railroad tracks, or any underground facility that the proposed construction will cross will be furnished prior to the granting of the authority sought, pursuant to 4 CSR 240-3.105(2). A map of the route is attached as Exhibit 4.

21. As noted above, the transmission planning process governing the approval and construction of transmission facilities within the SPP region and the basis for SPP issuing Notifications to Construct are set forth in Section VI of Attachment O to the SPP Tariff. See Exhibit 2.

22. KCP&L agreed on September 15, 2009 to construct the Iatan-Nashua Project, which generally calls for the construction of a new approximately 30-mile 345kV transmission line from KCP&L's existing Iatan Substation, adjacent to the Iatan Generating Station near Weston, Missouri in Platte County, to KCP&L's existing 161kV Nashua Substation near Smithville, Missouri in Clay County. See Exhibit 5.

23. This new 345kV line will consist of four components: (1) an East Segment that will run north from the Nashua Substation approximately fifteen (15) miles along existing rights-

of-way currently used by GMO's Alabama-Nashua Line; (2) a West Segment that will run north from the Iatan Substation approximately five (5) miles along GMO's existing rights-of-way; (3) a new approximately twelve (12) mile Middle Segment that will connect the East Segment with the West Segment and that will require entirely new rights-of-way and transmission facilities ("greenfield"); and (4) expansions and upgrades to the existing 161kV Nashua substation to accommodate both the new 345kV Iatan-Nashua line and a connection to the existing St. Joseph-Hawthorn 345kV transmission line. Additionally, a new 345/161kV autotransformer between the upgraded portion of the Nashua substation and the existing 161kV portion of the Nashua substation, and other related facilities, will also be constructed.

24. The Iatan-Nashua Project has been designated by SPP as a Balanced Portfolio project that will be regionally-funded through the SPP Tariff.⁴ This project is not intended to address local reliability issues. Balanced Portfolio projects are designed to reduce congestion on the regional, interstate transmission system, resulting in generation production costs savings. See SPP Balanced Portfolio Report at 3, 6, 43, attached hereto as Exhibit 6. They are also expected to provide benefits to the regional electricity grid by increasing reliability, lowering required reserve margins, deferring reliability upgrades, and providing environmental benefits due to more efficient operation of assets and greater utilization of renewable resources.

25. At KCP&L's request, SPP modified the Iatan-Nashua Project to include GMO as a Designated Transmission Owner of the project because the selected route between KCP&L's Iatan Substation and its Nashua Substation is wholly within the retail service territory of GMO. On April 17, 2012, SPP issued NTCs both to KCP&L and GMO, which are attached as Exhibit 7. In letters dated June 22, 2012, KCP&L and GMO accepted the revised NTCs stating that GMO accepted responsibility for the new 345kV transmission line between the substations

⁴ SPP Tariff Attachment J, Section IV.

and that KCP&L accepted responsibility for the substation upgrades identified in the NTCs, copies of which are attached as Exhibit 8.

26. In this Application, Transource Missouri seeks a line CCN from the Commission so that it may construct, finance, own, operate, and maintain the Iatan-Nashua Project.

27. The Iatan-Nashua Project is estimated to cost \$64.8M, as described in the June 22, 2012 NTC acceptance letters (Exhibit 8), which also set forth a general statement of the plans and specifications for the project.

28. The cost of the Iatan-Nashua Project will be regionally allocated, as specified by Attachment J of the SPP Tariff. Mr. Smyth describes how Transource Missouri will finance the development and operation of the Projects in his accompanying Direct Testimony.

29. For the Iatan-Nashua Project, KCP&L and GMO currently are in the process of determining what city or county consents or franchises and what governmental approvals and permits will be required for the selected route. As this point, however, none of these potential consents, franchises, approvals, or permits has been received and therefore are unavailable. Certified copies of the required consents, franchises, approvals, and permits will be provided when they are received, pursuant to 4 CSR 240-3.105(2).

IV. SIBLEY-NEBRASKA CITY PROJECT

30. On July 23, 2010, SPP issued an NTC to GMO directing it to construct the portion of the Sibley-Maryville-Nebraska City 345kV line project that will be located in Missouri. A copy of the NTC is attached as Exhibit 9.

31. As of the time of this filing, the route of the Sibley-Nebraska City Project has not been selected. Therefore, this Application does not include a description of the route of construction and a list of all electric and telephone lines, railroad tracks, or any underground facility that the proposed construction will cross, pursuant to 4 CSR 240-3.105(1)(B)1. Contract

negotiations for the line routing and siting are in progress, as noted in SPP's Third Quarterly Tracking Report of July 2012. Once the final route is determined, the control budget estimate and baseline schedule will be established. These project control tools will be in place and available by the end of 2013. The Applicants will furnish to the Commission the finalized plans and specifications for the complete construction project at that time.

32. GMO agreed on September 28, 2010 to construct the Missouri portion of the Sibley-Nebraska City Project, which generally calls for the construction of a completely new 175-mile 345kV line from GMO's existing 345kV Sibley generating station in Jackson County, Missouri to the Nebraska City, Nebraska substation of Omaha Public Power District ("OPPD"). A copy of GMO's NTC acceptance letter is attached as Exhibit 10. GMO agreed to construct and own approximately 170 miles of the project located in Missouri, with OPPD to construct and own the remaining 5-mile portion located in Nebraska. GMO also agreed to construct a new 345kV substation near Maryville, Missouri.

33. The Sibley-Nebraska City Project has been designated by SPP as a Priority Project, the costs of which will be allocated across the SPP region under the Highway-Byway cost-sharing methodology that was approved by FERC on June 17, 2010.⁵ The project is not intended to address local reliability issues. The Priority Projects were selected to reduce grid congestion, improve the integration of renewable resources, and increase east-west transfer capability. See SPP Priority Projects Phase II Final Report at 6, 8, 22-24, and 44, attached hereto as Exhibit 11. These projects also are expected to provide other benefits to the power grid, such as increasing reliability, lowering required reserve margins, deferring reliability upgrades, and providing environmental benefits due to more efficient operation of assets and greater utilization of renewable resources.

⁵ Southwest Power Pool, Inc., 131 FERC ¶ 61,252 (2010).

34. By this Application, Transource Missouri seeks a line CCN from the Commission so that it may construct, finance, own, operate, and maintain the Sibley-Nebraska City Project.

35. The Sibley-Nebraska City Project is estimated to cost approximately \$400M for the total project and approximately \$380M for GMO's portion of the project, as described in GMO's September 28, 2010 NTC acceptance letter (Exhibit 10), which also sets forth a general statement of the plans and specifications for the Sibley-Nebraska City Project. A controlled budget estimate will not be available for this project, however, until the route has been selected and engineering and design has begun.

36. The cost of the Sibley-Nebraska City Project will be regionally allocated under the Highway-Byway cost-sharing methodology. Mr. Smyth describes how Transource Missouri will finance the development and operation of the Projects in his accompanying Direct Testimony.

37. The Sibley-Nebraska-City Project route will be determined through a process that began in spring 2012 and will extend through summer 2013. During spring 2012, data collection and the study area for route consideration were defined. Once the study area was determined, the first round of Advisory Group and Local Leader meetings and public open houses were held during summer 2012 to review the study area and scope of the project. Input from these meetings will help determine preliminary routing scenarios that will be developed in fall 2012. Agency consultation meetings will also occur at this time for additional input. During winter 2012/2013, a second round of Advisory Group and Local Leader meetings and public open houses will review the many preliminary route segments under consideration. During spring 2013, further route analysis will be conducted and the routes will be narrowed to a few options based on feedback from these meetings. The final route options will then be presented to the

advisory group for further review and feedback, followed by public open houses. A final route is expected to be selected in 2013 and will be furnished to the Commission at that time.

38. For the Sibley-Nebraska City Project, the route has not yet been determined so it is unknown at this time what city or county consents or franchises and what governmental approvals or permits will be required. After the final route is selected, additional study will determine what consents, franchises, approvals, or permits will be required. After those determinations have been made and the required consents, franchises, approvals, or permits have been received, certified copies of those consents, franchises, approvals or permits will be furnished to the Commission.

V. PUBLIC CONVENIENCE AND NECESSITY

39. The line CCN sought by Transource Missouri must be granted if the proposed construction is “necessary or convenient for the public service.”⁶ Missouri courts have interpreted necessity to mean that the “additional service would be an improvement justifying its cost.”⁷ Necessity does not require that the improvement be “essential” or “absolutely indispensable.”⁸ Rather, “[i]f it is of sufficient importance to warrant the expense of making it, it is a public necessity.”⁹ Moreover, if the granting of the authorization serves a genuine and reasonable public interest in promptness and economy of service, then the public “convenience or necessity” is served.¹⁰

40. The Commission has recently stated five criteria that it will use to determine that the proposed construction is “necessary or convenient for the public service”:

⁶ See Section 393.170.3. See also 4 CSR 240-3.105(1)(E).

⁷ State ex rel. Intercon Gas, Inc. v. PSC, 848 S.W.2d 593, 597 (Mo. App. W.D. 1993).

⁸ Id.

⁹ State ex rel. Missouri, Kan. & Okla. Coach Lines, Inc. v. PSC, 179 S.W.2d 132, 136 (Mo. App. K.C. 1944).

¹⁰ State ex rel. Twehous Excavating Co. v. PSC, 617 S.W.2d 104, 106 (Mo. App. W.D. 1981).

- (1) There must be a need for the service;
- (2) The applicant must be qualified to provide the proposed service;
- (3) The applicant must have the financial ability to provide the service;
- (4) The applicant's proposal must be economically feasible; and
- (5) The service must promote the public interest.¹¹

41. Transource Missouri meets each of these criteria. Consequently, granting Transource Missouri a line CCN to permit it to construct, finance, own, operate, and maintain the Projects is both necessary and convenient to serve the public, and is in the public interest.

42. As described above and in detail in KCP&L and GMO's application and accompanying testimony in Case No. EO-2012-0367, these Projects arose out of SPP's diligent work to improve electric grid reliability, minimize transmission congestion effects, bring economic benefits to its members, and help support public policy goals regarding renewable energy. The Projects are consistent with federal policies to encourage such efforts, particularly FERC's recent Order 1000,¹² which builds on the foundation of Order 890.¹³ They are also consistent with state policies that promote renewable energy generation.¹⁴ Balanced Portfolio projects, such as the Iatan-Nashua Project, and Priority Projects, such as the Sibley-Nebraska City Project, are designed to reduce congestion on the regional, interstate transmission system,

¹¹ In re Application of Entergy Arkansas, Inc. for a Certificate of Convenience and Necessity, Case No. EA-2012-0321, Order Granting Certificate of Convenience and Necessity at 2 (July 11, 2012).

¹² Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Order No. 1000, 136 FERC ¶ 61,051 (July 21, 2011), order on reh'g and clarification, Order 1000-A, 139 FERC ¶ 61,132 (May 17, 2012).

¹³ Preventing Undue Discrimination and Preference in Transmission Service, Order 890, 72 Fed. Reg. 12266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, order on reh'g, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008) FERC Stats. & Regs. ¶ 31,261, order on reh'g and clarification, Order No. 890-B, 123 FERC ¶ 61,299 (June 23, 2008), order on reh'g and clarification, Order No. 890-C, 126 FERC ¶ 61,228 (Mar. 25, 2009).

¹⁴ See Section 393.1030-.1050.

resulting in generation production costs savings, and are expected to provide other benefits to the regional electricity grid.

43. Transource Missouri is qualified to construct, finance, own, operate, and maintain the Projects. As described in the accompanying Direct Testimony of Mr. Smyth, Transource was established as a holding company to develop, acquire, construct, finance, own, operate, and maintain regional electric transmission projects through its utility subsidiaries like Transource Missouri. Transource Missouri, a wholly-owned subsidiary of Transource, will be devoted exclusively to providing wholesale, interstate electric transmission service for regional projects in Missouri. Once the conditions outlined in Paragraph 19.D of this Application are met, KCP&L and GMO will enter into a Designee Qualification and Novation Agreement with SPP and Transource Missouri pursuant to the SPP Tariff, whereby Transource Missouri will become the alternate DTO and become responsible for constructing the Projects.

44. As described by Mr. Smyth, Transource Missouri will be financed through a combination of debt financing by Transource Missouri and equity contributions from Transource. In turn, equity for Transource will be provided by the two members, AEP and GPE, proportional to each member's ownership share. Transource Missouri will have the financial ability to construct the Projects, the costs of which will be regionally allocated. The cost of the Iatan-Nashua Project will be regionally allocated, as specified by Attachment J of the SPP Tariff. The cost of the Sibley-Nebraska City Project also will be regionally allocated, pursuant to the Highway-Byway cost-sharing methodology that was approved by FERC on June 17, 2010.¹⁵

45. These regional Projects have been approved by SPP after conducting the cost/benefit analysis required by Attachment O to the SPP Tariff, and thus are economically feasible.

¹⁵ Southwest Power Pool, Inc., 131 FERC ¶ 61,252 (2010).

46. The Commission’s approval of this Application is in the public interest because Transource Missouri’s services will eliminate or reduce transmission congestion, better integrate SPP’s east and west regions, increase transmission system reliability and efficiency, and promote wider choice and competition in wholesale generation sales, including renewable resources, consistent with both federal¹⁶ and state¹⁷ policies to encourage such efforts.

47. Both Projects are regional in nature and scope and provide benefits across the SPP footprint. As such, SPP’s review and approval of the Iatan-Nashua and Sibley-Nebraska City Projects are within the intent and scope of the Federal Power Act, given the federal government’s exclusive jurisdiction over “the transmission of electric energy in interstate commerce and the sale of such energy at wholesale in interstate commerce.”¹⁸ In this regard, the jurisdiction of FERC is plenary and extends to all transmission and wholesale sales of power in interstate commerce except those explicitly reserved by Congress.¹⁹ It is also consistent with the Congressional mandate directing FERC to “exercise its authority” under the Energy Policy Act of 2005 “in a manner that facilitates the planning and expansion of transmission facilities to meet the reasonable needs of load-serving entities”²⁰

48. By granting a line CCN, the Commission will permit Transource Missouri to go forward with the development of its plans to improve the regional high-voltage bulk electric

¹⁶ See Preventing Undue Discrimination and Preference in Transmission Service, Order 890, 72 Fed. Reg. 12266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241, order on reh'g, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008) FERC Stats. & Regs. ¶ 31,261, order on reh'g and clarification, Order No. 890-B, 123 FERC ¶ 61,299 (June 23, 2008), order on reh'g and clarification, Order No. 890-C, 126 FERC ¶ 61,228 (Mar. 25, 2009). See also Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Order No. 1000, 136 FERC ¶ 61,051 (July 21, 2011), order on reh'g and clarification, Order No. 1000-A, 139 FERC ¶ 61,132 (May 17, 2012).

¹⁷ See Section 393.1030-.1050.

¹⁸ See Federal Power Act § 201, 16 U.S.C. § 824(a).

¹⁹ Federal Power Comm’n v. Southern Cal. Edison Co., 376 U.S. 205, 215-16 (1964).

²⁰ 16 U.S.C. § 824q(b)(4).

transmission system, and allow a new entrant into the business of electric transmission in interstate commerce whose only focus is high-voltage, regionally-funded electric transmission projects.

VI. REQUEST FOR WAIVER OF REPORTING REQUIREMENTS

49. Because Transource Missouri will have no Missouri retail customers, it requests waiver of 4 CSR 240-3.175, which would otherwise require it to file depreciation studies with the Commission, and 4 CSR 240-3.190, which would otherwise require it to file fuel and outage reports with the Commission. Rules 4 CSR 240-3.175 and 4 CSR 240-3.190 are designed for vertically integrated retail electric utilities, which Transource Missouri is not. The Commission waived such requirements when it granted line CCNs to ITC Midwest LLC²¹ and Entergy Arkansas, Inc.²² who only own and operate transmission facilities and who have no retail customers.²³

50. Good cause exists for granting waiver of 4 CSR 240-3.175 and 4 CSR 240-3.190 because Transource Missouri, which is devoted exclusively to serving wholesale, interstate bulk electricity systems, will be regulated by the FERC. Transource Missouri will not serve any Missouri retail customers with the facilities to be constructed pursuant to the line CCN it seeks. Because FERC, and not the Commission, sets interstate rates for service, no other public utility will be affected by such waiver.

²¹ In re Application of Interstate Power and Light Co. and ITC Midwest LLC for Approval to Transfer CCN and Transmission Line Facilities, Case No. EO-2007-0485, Order Granting Certificate of Convenience, Granting Variances from Certain Commission Rules, and Authorizing Sale of Assets at 5 (Aug. 30, 2007).

²² In re Application of Entergy Arkansas, Inc. for a Certificate of Convenience and Necessity, Case No. EA-2012-0321, Order Granting Certificate of Convenience and Necessity at 3 (July 11, 2012).

²³ Transource Missouri also notes that the Applicants in Case No. EO-2012-0367 have requested a waiver or variance, pursuant to 4 CSR 240-2.015, of the provisions of the Affiliate Transactions Rule, 4 CSR 240-20.015, with regard to transactions between Transource Missouri, KCP&L and GMO, which will be at cost.

51. Other than as affected by the waivers requested herein, Transource Missouri commits to produce in Missouri, upon reasonable notice, duplicate copies of those portions of its books and records necessary for the Commission and Transource Missouri to perform their statutory duties.

WHEREFORE Transource Missouri, LLC respectfully requests that the Commission:

1. Grant the Applicant, pursuant to Section 393.170.1, 4 CSR 240-2.060, and 4 CSR 240-3.105, a Certificate of Convenience and Necessity to construct, finance, own, operate, and maintain the Iatan-Nashua and Sibley-Nebraska City Projects (including the new Maryville substation), conditioned upon: (i) the Commission approving the transfer of the transmission property as requested in Case No. EO-2012-0367; (ii) SPP's approval of Transource Missouri as a transmission owning member; (iii) the novation of the NTCs to Transource Missouri; and (iv) FERC's acceptance of the novation agreements under which KCP&L and GMO will terminate and release responsibility for the Iatan-Nashua and Sibley-Nebraska City Projects to Transource Missouri.

2. Grant waivers from the reporting requirements of 4 CSR 240-3.175 and 4 CSR 3.190.

Respectfully submitted,

/s/ Karl Zobrist

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Attorneys for Transource Missouri, LLC

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application was served upon the parties listed below by email or U.S. Mail, postage paid, below this 31st day of August 2012.

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P.O. Box 360
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gencounsel@psc.mo.gov

Office of the Public Counsel
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Jefferson City MO 65102
opcservice@ded.mo.gov

/s/ Karl Zobrist
Attorneys for Transource Missouri, LLC


AFFIDAVIT

STATE OF OHIO)
) SS.
COUNTY OF FRANKLIN)

I, Antonio P. Smyth, being duly affirmed according to the law, depose and state that I am President of Transource Missouri, LLC (“Transource Missouri”), that I am authorized to make this affidavit on behalf of Transource Missouri, and that I verify that the facts set forth in the foregoing Application are true and correct to the best of my knowledge, information and belief.


Antonio P. Smyth

Subscribed and sworn to before me this 31st day of August, 2012.


Notary Public

My Commission Expires:
April 5, 2016



Lorraine R. Harris
Notary Public-State of Ohio
My Commission Expires
April 5, 2016