

Exhibit No.:	
Issues:	Commission Standard; Benefits of transaction
Witness:	James Owen
Sponsoring Party:	Renew Missouri Advocates
Type of Exhibit:	Rebuttal Testimony
Case Nos.:	EO-2019-0150
Date Testimony Prepared:	March 27, 2019

MISSOURI PUBLIC SERVICE COMMISSION

EM-2019-0150

REBUTTAL TESTIMONY

OF

JAMES OWEN

ON BEHALF OF

RENEW MISSOURI ADVOCATES

March 27, 2019

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

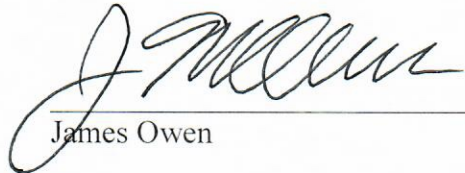
In the Matter of the Joint Application of Invenergy)
Transmission LLC, Invenergy Investment Company)
LLC, Grain Belt Express Clean Line LLC, and) File No. EM-2019-0150
Grain Belt Express Holding LLC for an Order)
Approving the Acquisition by Invenergy Transmission)
LLC of Grain Belt Express Clean Line LLC)

AFFIDAVIT OF JAMES OWEN

STATE OF MISSOURI)
) ss
COUNTY OF BOONE)

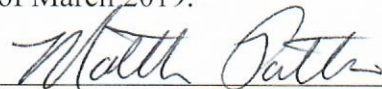
COMES NOW James Owen, and on his oath states that he is of sound mind and lawful age; that he prepared the attached rebuttal testimony; and that the same is true and correct to the best of his knowledge and belief.

Further the Affiant sayeth not.



James Owen

Subscribed and sworn before me this 27th day of March 2019.



Notary Public

My commission expires: 1-19-20

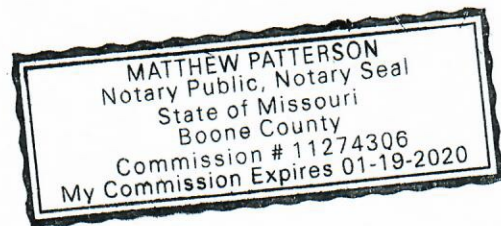


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1 **I. Introduction**

2 **Q: Please state your name, title, and business address.**

3 A: James Owen, Executive Director, Renew Missouri Advocates d/b/a Renew Missouri
4 (“Renew Missouri”), 409 Vandiver Dr. Building 5, Suite 205, Columbia, MO 65202.

5 **Q: Please describe your education and background.**

6 A: I obtained a law degree from the University of Kansas as well as a Bachelor of Arts in
7 Business and Political Science from Drury University in Springfield.

8 **Q: Please summarize your professional experience in the field of utility regulation.**

9 A: Before becoming Executive Director of Renew Missouri, I served as Missouri’s Public
10 Counsel, a position charged with representing the public in all matters involving utility
11 companies regulated by the State. While I was Public Counsel, I was involved in several
12 rate cases, CCN applications, mergers, and complaints as well as other filings. As Public
13 Counsel, I was also involved in answering legislators’ inquiries on legislation regarding
14 legislation impacting the regulation of public utilities. In my role as Executive Director at
15 Renew Missouri, I continue to provide information and testimony on pieces of proposed
16 legislation that may impact how Missouri approaches energy efficiency and renewable
17 energy.

18 **Q: Have you been a member of, or participant in, any workgroups, committees, or
19 other groups that have addressed electric utility regulation and policy issues?**

20 A: In May 2016 I attended the National Association of Regulatory Utility Commissioners
21 (“NARUC”) Utility Rate School. In the Fall of 2016, I attended Financial Research
22 Institute’s 2016 Public Utility Symposium on safety, affordability, and reliability. While I
23 was Public Counsel, I was also a member of the National Association of State Utility

1 Consumer Advocates (“NASUCA”) and, in November of 2017, the Consumer Council of
2 Missouri named me the 2017 Consumer Advocate of the Year.

3 **Q: Have you testified previously, participated in cases, or offered testimony before the**
4 **Missouri Public Service Commission (“Commission”)?**

5 A: In my prior role as Acting Public Counsel I participated in a number of PSC cases as an
6 attorney and director of the office. During that time period I also offered testimony in
7 rulemaking hearings before the Commission. Since becoming Executive Director of
8 Renew Missouri I contributed to Renew Missouri’s filed testimony in a number of matters.
9 Attached as **Schedule JO-1** is a list of my case participation.

10 **II. Purpose and summary of testimony**

11 **Q: What is the purpose of your testimony?**

12 A: I am submitting testimony in order to support the proposed transaction and change of
13 ownership by discussing the benefits of the underlying transmission project and the
14 Commission’s regulatory standard for approval.

15 **Q: What is Renew Missouri’s interest in this application?**

16 A: Renew Missouri advocates for energy efficiency and renewable energy policy. As a state-
17 wide advocate, Renew Missouri has an interest in the success of projects that will facilitate
18 or bring renewable energy to Missouri. In the recent Certificate of Convenience and
19 Necessity (“CCN”) case, Renew Missouri supported the Grain Belt Express Clean Line
20 LLC’s (“Grain Belt”) transmission line project because it will bring economic, market,
21 policy and environmental benefits to Missouri and the surrounding region. Furthermore,
22 by installing a converter station in Missouri, the project will allow electric purchasers to
23 access some of the lowest cost wind energy in the country.

1 On March 20, 2019, the Commission issued its Report and Order on Remand
2 granting Grain Belt’s application for a CCN.¹ Concluding that the transmission project is
3 in the public interest the Commission summarized:

4 There can be no debate that our energy future will require more diversity in
5 energy resources, particularly renewable resources. We are witnessing a
6 worldwide, long-term and comprehensive movement towards renewable
7 energy in general and wind energy specifically. Wind energy provides great
8 promise as a source for affordable, reliable, safe, and environmentally-
9 friendly energy. The Grain Belt Project will facilitate this movement in
10 Missouri, will thereby benefit Missouri citizens, and is, therefore, in the
11 public interest.²

12 This project advances renewable energy in Missouri and the surrounding region. To ensure
13 this project can be completed, Renew Missouri supports approval of the application in this
14 case.

15 **Q: What is your recommendation to the Commission in this case?**

16 A: The Commission should approve the proposed transaction and change in ownership. In its
17 order granting a CCN, the Commission has already recognized that Invenergy, LLC
18 (“Invenergy”) entered into a Membership Interest Purchase Agreement with Grain Belt to
19 acquire all of the assets comprising the Grain Belt project, and a Development Management
20 Agreement that provides development funding by Invenergy for the project. Approving the

¹ *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV Transmission Line*, Case No. EA-2016-0358, Report and Order on Remand, Doc. No. 758.

² *Id* at 47.

1 application and allowing Invenergy and Grain Belt to move forward with these transactions
2 ensures the owners of the transmission line will have the ability to develop, construct, and
3 operate the project to deliver significant benefits to Missouri.

4 **III. Applicable Commission Standard**

5 **Q: What is the standard the Commission should use to review this application?**

6 A: In their direct testimony, the Applicants point out that Grain Belt’s CCN request is
7 pending.³ However, since the Commission granted Grain Belt’s CCN last week, that is no
8 longer the case. Grain Belt is a public utility and the applicants must get approval under
9 Section 393.190 RSMo before moving forward. Despite the uncertainty at the time of filing
10 direct testimony, Invenergy’s Ms. Hoffman describes the Applicants’ view that the
11 standard for granting approval under that statute is that the merger or acquisition must be
12 “not detrimental to the public interest.”⁴ Now that the CCN has been granted, this remains
13 the appropriate standard.

14 **Q: Has the Commission considered that standard in any recent merger cases?**

15 A: Yes, in Case No. EM-2018-0012 related to the Westar Energy, Inc. and Great Plains
16 Energy Incorporated merger as well as in Case No. EM-2016-0212 related to the ITC
17 Midwest LLC (“ITC”) and Fortis Inc. merger, the Commission applied the “not
18 detrimental” standard. Each of those approvals related to ownership changes that allowed
19 the existing entity to operate, but under new ownership.

³ Detweiler Direct, p. 4.

⁴ Hoffman Direct, p. 3.

1 **Q: Why do you mention those two examples?**

2 A: First, I mention the GPE/Westar merger case because Renew Missouri was a party so I
3 followed that case and the Commission’s order closely. In that case, the Commission most
4 recently explained what “no detriment” means:

5 the Commission may not withhold its approval of the proposed transaction
6 unless the Applicants fail in their burden to demonstrate that the transaction
7 is not detrimental to the public interest, and detriment is determined by
8 performing a balancing test where benefits are weighed against direct or
9 indirect effects of the transaction that would diminish the provision of safe
10 or adequate of service or that would tend to make rates less just or less
11 reasonable.⁵

12 Second, I point out the ITC/Fortis merger because – just like in this case – it related to a
13 transmission line located partially within Missouri that did not serve retail customers. In
14 each of these two cases, the Commission applied the standard and approved the requested
15 applications.

16 **Q: Does the proposal in this case meet the Commission’s “no-detriment” standard?**

17 A: This application *exceeds* the standard because it is *beneficial* to the public interest. Because
18 there is no detriment, the Commission *must approve* the transaction.

19 **IV. Benefits of the Transaction**

20 **Q: What are the benefits from this transaction?**

21 A: With the Commission’s approval, Invenergy’s ownership will ensure that this transmission
22 project has the resources, financial ability, and qualifications to develop, construct and

⁵ *In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.*, Case No. EM-2018-0012, Report and Order, Doc. No. 146, p. 28.

1 operate the project.⁶ As I mentioned earlier, Renew Missouri supported the transmission
2 line CCN because it will facilitate the development and delivery of renewable energy.

3 One way it facilitates the development of renewable energy is that this transmission
4 line will link customers in Missouri, including municipalities, to low-cost wind power from
5 western Kansas.⁷ MJMEUC and its customers have committed to purchase 136 MW of
6 wind power using the Grain Belt transmission project and have the ability to purchase up
7 to 200 MW of transmission capacity.⁸ In all, the transmission project will allow the
8 municipal customers to save over \$11 million annually under the transmission service
9 agreements compared to existing contracts for coal resources.⁹ The evidence presented and
10 the findings of the Commission in the CCN case confirm what I have testified in other
11 cases: a growing number of customers want more access to renewable energy resources to
12 meet their own sustainability metrics and save money. Dozens of major companies have
13 signed on to support the Corporate Renewable Energy Buyers' Principles.¹⁰ Governmental
14 bodies in Missouri are also beginning to establish their own clean energy goals. With this
15 pressure from industry leaders and local governments, the utility providers in Missouri
16 must continue to look to renewable generation to meet customers' needs, preferences, and
17 budgets. Approving the Grain Belt transmission line and the transaction in this case are
18 steps in the right direction.

⁶ *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV Transmission Line*, Case No. EA-2016-0358, Report and Order on Remand, Doc. No. 758, p. 43.

⁷ *Id.* at 43.

⁸ *Id.* at 41.

⁹ *Id.*

¹⁰ <https://buyersprinciples.org/about-us/>.

1 Furthermore, the fundamentals of the CCN case remain the same in that the project
2 is a participant-funded model, meaning Grain Belt will assume the financial risk of building
3 and operating the transmission line.¹¹ No costs are expected to be recovered through RTO
4 rates, so Missouri ratepayers will see only the financial benefits that pass through if their
5 provider elects to buy capacity or energy on the line.¹²

6 **Q: Besides the ability to save customers money and meet their sustainability goals, are**
7 **there other benefits to the public from the transmission project and approval of this**
8 **application?**

9 A: Because the project facilitates additional renewable energy, there will be environmental,
10 system reliability, and other economic benefits. This Commission has repeatedly found
11 that creating environmental benefits serves the public interest. In its *Report and Order* in
12 Case No. EA-2016-0208, the Commission found customers “have a strong interest in the
13 development of economical renewable energy sources to provide safe, reliable, and
14 affordable service while improving the environment and reducing the amount of carbon
15 dioxide released into the atmosphere”. Similarly, in Case No. EA-2015-0256, the
16 Commission concluded “customers and the general public have a strong interest in the
17 development of economical renewable energy sources to provide safe, reliable, and
18 affordable service while improving the environment and reducing the amount of carbon
19 dioxide released into the atmosphere.” When evaluating the underlying transmission line
20 at issue in this case, the Commission found that “[t]he renewable energy delivered by the
21 Project will reduce emissions in the Eastern Interconnection by displacing thermal
22 generation, which emits sulfur dioxide, nitrogen oxides, and carbon dioxide, and will

¹¹ Zadlo Direct, p. 11.

¹² *Id.*

1 decrease water usage, all to the benefit Missouri’s environmental and public health.”¹³

2 Based on these facts, adding this transmission line will create benefits that improve the
3 environment and further the policy goals of the state of Missouri.

4 **Q: What are the reliability benefits of adding the transmission line?**

5 A: This transmission line will permit geographic diversity in the sources of generation because
6 the least-cost, renewable wind power will be generated in Kansas and sent into Missouri
7 and beyond. As the Commission concluded in the CCN case, diversity can help reduce
8 system variability and uncertainty in regional systems.¹⁴ This diversity is one way to help
9 stabilize the existing grid during extreme weather events, such as a “polar vortex” or
10 flooding, that may strain regional generation and energy supply.

11 **Q: Can you describe the economic benefits that approval in this case will facilitate?**

12 A: In a general sense, this approval will facilitate the development of wind projects which
13 create a variety of benefits, including payments to landowners, construction jobs, and
14 increased state and local tax revenues. More specifically, building the transmission line
15 *itself* creates significant economic benefits during the various project stages. The
16 construction phase of the Grain Belt Express transmission line will support 1,527 total jobs
17 over the three years and create \$246 million in personal income, \$476 million in gross
18 domestic product, and \$9.6 million in state general revenue for the state of Missouri.¹⁵ In
19 its first year of operation, the transmission line is expected to support 91 jobs and create
20 \$17.9 million in personal income, \$9.1 million in gross domestic product, and \$720,000 in

¹³ *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV Transmission Line*, Case No. EA-2016-0358, Report and Order on Remand, Doc. No. 758, p. 31, 46.

¹⁴ *Id* at 46.

¹⁵ *Id* at 31-32.

1 state general revenue for the state of Missouri.¹⁶ Approximately \$14.97 million in easement
2 payments will be made in the first year of operation. In subsequent years, the economic
3 impact of this line will support 28 total jobs and create \$2.6 million in personal income,
4 \$4.2 million in gross domestic product, and \$111,000 in state general revenue on an annual
5 basis.¹⁷ In addition, there will be millions of dollars in tax benefits to the counties the
6 transmission line crosses.

7 Approval in this case of the acquisition by Inverenergy of Grain Belt is an essential
8 step in unlocking the myriad of benefits to customers and the general public that the
9 Commission has previously found and that I have described in this testimony. Weighing
10 these benefits against any possible detriment, the application *exceeds* the “no detriment”
11 standard because it is *beneficial* to the public interest. Because there is no detriment, the
12 Commission must approve the transaction.

13 **Q: Does this conclude your testimony?**

14 **A:** Yes.

¹⁶ *Id.*

¹⁷ *Id.*

**CASE PARTICIPATION OF
JAMES OWEN**

<u>Date</u>	<u>Proceeding</u>	<u>Docket No.</u>	<u>On Behalf of:</u>	<u>Issues</u>
10/20/2017	In the Matter of a Working Case to Explore Emerging Issues in Utility Regulation	EW-2017-0245	Renew Missouri Advocates	Comments: Distributed Energy Resources
2/7/2018	In the Matter of the Application of The Empire District Electric Company for Approval of Its Customer Savings Plan	EO-2018-0092	Renew Missouri Advocates	Rebuttal: Customer savings plan, wind generation, Asbury retirement, federal tax changes
Rebuttal 7/27/2018 Surrebuttal (9/4/2018)	In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service	ER-2018-0145/ER-2018-0146	Renew Missouri Advocates	Rebuttal: Demand Response Program Surrebuttal: Demand Response Program
6/8/2018	In the Matter of the Application of Union Electric	ET-2018-0063	Renew Missouri Advocates	Surrebuttal: Eligibility parameters, wind generation

	Company d/b/a Ameren Missouri for Approval of 2017 Green Tariff			
9/17/2018	In the Matter of Union Electric Company d/b/a Ameren Missouri's 3rd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA	EO-2018-0211	Renew Missouri Advocates	Surrebuttal: Statutory Requirements of MEEIA
9/28/2018	In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Public Convenience and Necessity Authorizing it to Construct a Wind Generation Facility	EA-2018-0202	Renew Missouri Advocates	Surrebuttal: Second Non-unanimous Stipulation and Agreement; Need for the project; Conservation conditions
11/16/2018	In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for	ET-2018-0132	Renew Missouri Advocates	Surrebuttal: Charge Ahead Programs

	Approval of Efficient Electrification Program			
1/15/2019	In the Matter of a Workshop Docket to Explore the Ratemaking Process	AW-2019-0127	Renew Missouri Advocates	Comments: Ratemaking Process
1/22/2019	In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Permission and Approval and a Certificate of Convenience and Necessity Authorizing it to Construct a Wind Generation Facility	EA-2019-0021	Renew Missouri Advocates	Surrebuttal: Conservation conditions; Tax revenue; Benefits of wind generation
1/28/2019	In the Matter of Kansas City Power & Light Company's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism	EO-2019-0132	Renew Missouri Advocates	Rebuttal: PAYS Program
3/5/2019	In the Matter of the Application of The Empire	EA-2019-0010	Renew Missouri Advocates	Surrebuttal: Benefits of wind generation;

	District Electric Company for Certificates of Convenience and Necessity Related to Wind Generation Facilities			Conservation conditions; OPC's CCN standard
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