

MISSOURI PUBLIC SERVICE COMMISSION

STAFF REPORT ON



NextEra Energy Transmission Southwest, LLC (“NEET”)

FILE NO. EA-2022-0234

*Jefferson City, Missouri
September 22, 2022*

*** Denotes Highly Confidential Information ***

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OVERVIEW/SUMMARY

On July 7, 2022, NextEra Energy Transmission Southwest, LLC (“NEET”) filed an application (“Application”) that seeks permission and approval for a certificate of convenience and necessity (“CCN”) to construct, install, own, operate, control, manage and maintain a 345 kV transmission line and associated facilities in Barton and Jasper Counties, Missouri (“Project”).

On July 12, 2022, the Commission issued its Order directing notice, instructing the Commission’s Data Center to provide a copy of this order and the application to the county commissions of Barton and Jasper Counties. The Commission instructed the Commission’s Public Policy and Outreach Division to make this order available to the members of the General Assembly representing residents of Barton and Jasper Counties, and to the media serving those areas. The Commission instructed that any application to intervene shall be filed no later than August 5, 2022. The Commission directed Staff to file a recommendation regarding the Application, or a request for additional time, on or before August 25, 2022. On August 26th, 2022, Staff’s request for an extension was granted, ordering that Staff shall submit its recommendation, or a request for further extension, on or before September 22, 2022.

NEET states that it seeks permission and approval for a CCN to construct, install, own, operate, control, manage and maintain a 345 kV transmission line and associated facilities in Barton and Jasper Counties, Missouri. The Project was identified by the Southwest Power Pool, Inc. (“SPP”) as required to address multiple needs identified in the 2019 Integrated Transmission Planning (“ITP”) process.

SPP evaluated the need for the Project as part of its 2019 ITP process and identified the need for the Project as addressing multiple 2019 ITP needs.

The Missouri portion of the Project will be approximately nine miles, traversing Jasper and Barton counties. The Kansas portion of the proposed Project will be approximately 85 miles, traversing Coffey, Anderson, Allen, Bourbon, and Crawford counties, for a total Project length of approximately 94 miles. The SPP Need Date for Project completion is January 1, 2026.

In *In the Matter of the Application of Tartan Energy Company, LLC, d/b/a Southern Missouri Gas Company*, 3 Mo P.S.C.3d 173, 177 (1994), the Commission’s Order listed five criteria to include in the consideration when making a determination on whether a utility’s proposal meets the standard of being “necessary or convenient for the public service.”¹ Those factors are:

1. Is the service needed?
2. Is the applicant qualified to provide the service?
3. Does the applicant have the financial ability to provide the service?
4. Is the applicant’s proposal economically feasible? and
5. Does the service promote the public interest?

Staff Expert/Witness: Joseph P. Roling

Summary of recommendations

Staff recommends that the Commission grant NextEra Energy a CCN for the Missouri portion of the Project, consisting of approximately 9 miles of a 345 kV transmission line, with each of the following conditions:

Recommended Conditions

1. Throughout the right-of-way acquisition process, NEET Southwest will use all reasonable efforts to follow the route depicted in Schedule DW-2 attached to NEET Southwest witness Dusty E. Werth. But NEET Southwest will be allowed to deviate from the depicted route in two scenarios:
 - a. First, if surveys or testing do not necessitate a deviation, NEET Southwest may deviate from the Final Proposed Route on a particular parcel if

¹ This enunciation of these factors is an outgrowth of case law dating back decades, as summarized and clarified in language included in *State ex rel. Intercon Gas, Inc. v. Pub. Serv. Commn. of Missouri*, 848 S.W.2d 593, 597–98 (Mo. App. W. Dist. 1993), which stated:

The PSC has authority to grant certificates of convenience and necessity when it is determined after due hearing that construction is “necessary or convenient for the public service.” § 393.170.3. The term “necessity” does not mean “essential” or “absolutely indispensable”, but that an additional service would be an improvement justifying its cost. *State ex rel. Beaufort Transfer Co. v. Clark*, 504 S.W.2d at 219. Additionally, what is necessary and convenient encompasses regulation of monopoly for destructive competition, prevention of undesirable competition, and prevention of duplication of service. *State ex rel. Public Water Supply Dist. No. 8 v. Public Serv. Comm'n*, 600 S.W.2d 147, 154 (Mo.App.1980). The safety and adequacy of facilities are proper criteria in evaluating necessity and convenience as are the relative experience and reliability of competing suppliers. *State ex rel. Ozark Elec. Coop. v. Public Serv. Comm'n*, 527 S.W.2d 390, 394 (Mo.App.1975). Furthermore, it is within the discretion of the Public Service Commission to determine when the evidence indicates the public interest would be served in the award of the certificate. *Id.* at 392.

NEET Southwest and the landowner on which the deviation will run agree. Either NEET Southwest or landowner may initiate such a request to deviate so long as the line and required easements stay within the property boundaries of that landowner and do not involve a new landowner.

b. Second, if NEET Southwest determines that surveys or testing require a deviation, NEET will negotiate in good faith with the affected landowner and if agreement can be reached, NEET Southwest may deviate from the depicted route on that parcel, as agreed with the affected landowner so long as the line and required easements stay within the property boundaries of that landowner and do not involve a new landowner.

2. With respect to any parcel other than the identified parcels on the Final Proposed Route where NEET Southwest desires to locate the line, whether because testing or surveys necessitate acquisition of an easement on that parcel or for other reasons (e.g., a request from adjacent landowners), NEET Southwest will negotiate in good faith with the landowner of the affected parcel over which NEET Southwest has determined an easement is needed or desired and, if agreement is reached, may deviate from the Final Proposed Route by locating the line on the affected parcel but will notify the Commission of the deviation and parcels affected prior to construction on that parcel. If testing or surveys necessitate acquisition of an easement on such other parcel and agreement is not reached, despite good faith negotiations, NEET Southwest will file a request with the Commission to allow it to deviate from the Final Proposed Route onto the affected parcel and shall, concurrently with the filing of its request with the Commission, send a copy of its request to the owner(s) of record of the affected parcel via U.S. Mail, postage prepaid, as shown by the County Assessor's records in the county where the affected parcel is located, or at such other address that has been provided to NEET Southwest by the owner(s). NEET Southwest shall fully explain in that request why NEET Southwest determined the change in route is needed and file supporting testimony with its request and the name(s) and addresses of the owner(s) to whom it provided a copy of its request. After Commission notice of the opportunity for a hearing on the issue of whether the change in route should be

approved is given to the owner, Staff, and OPC, as well as an opportunity to respond, the Commission will grant or deny the request.

3. Absent a voluntary agreement for the purchase of the property rights, the transmission line shall not be located so that a residential structure currently occupied by the property owners will be removed or located in the easement requiring, for electrical code compliance purposes, the owners to move or relocate from the property.
4. Prior to the commencement of construction on a parcel, NEET Southwest will secure an easement that will include a surveyed legal description showing the precise dimension, including the length and width, for the permanent transmission line easement area for each affected parcel. In addition, NEET Southwest will track each easement grant by way of a spreadsheet that identifies each parcel by Grantor and County, and which contains the recording information for each parcel. Upon securing all necessary easements for the Project, NEET Southwest will file a copy of the spreadsheet with the Commission, to which a map will be attached. For each parcel, the map and the spreadsheet will include a unique indicator that allows the Commission to see where on the map that parcel is located.
5. NEET Southwest will construct the Project consistent with SPP's design criteria contained in the SPP RFP and consistent with the construction specifications in NEET Southwest's bid.
6. In the design and construction of the Project, NEET Southwest will seek to limit galloping issues that result in potential outage for the transmission line by incorporating mitigation methods.
7. If there are any material changes in the design and engineering of the Project from what is contained in the application, NEET Southwest will file an updated application subject to further review and determination by the Commission.
8. Pre-Construction filing. Prior to the commencement of construction, NEET Southwest shall file with the Commission:
 - a. All required government approvals and permits—e.g., any applicable land disturbance permits, Missouri State Highway Commission permits, or US Army Corps of Engineers permits, and applicable county assents—before

beginning construction on that part of the project where the approvals and permits are required.

- b. Standard construction, clearing, maintenance, repair, and right-of-way practices that NEET will follow throughout the duration of the Project.
9. Quarterly Construction Reporting. NEET shall file a quarterly report with the Commission covering safety, cost, schedule, quality, and landowner issues and resolutions including but not limited to:
- a. Percent of Transmission Project completed to date;
 - b. The amount spent to date compared with the amount previously expected to have been spent to date;
 - c. The total budget and expenditures of the Transmission Project to the date of the report (including explanations of increases and decreases in budgeted amounts);
 - d. Information concerning SPP agreements, invoices and agreements with other Missouri jurisdictional public utilities during the reporting period; and
 - e. FERC filings during the reporting period, including the status of all cost containment measures contained in NEET Southwest's SPP bid.
10. Post-Construction filing. Upon Completion of the Project, NEET will file in this docket:
- a. Documents that demonstrate that NEET Southwest has met the construction requirements of the RFP;
 - b. Final Operations and Maintenance Plan(s) for the project;
 - c. Final 345 kV Transmission Line Restoration Plan;
 - d. Final Storm Outage and Emergency Response Plan;
 - e. Final Communications Plan; and
 - f. Contracts for vendor support services including but not limited to any Contract with vendor(s) providing response to unplanned outages.
 - g. As built drawings.

11. Annual Reporting. NEET shall file an annual report with the Commission detailing the following:

- a. Unplanned outage reports providing start and end time of outage, time elapsed before first responder on site, cause of outage, comments on how outage was resolved, summary of actions taken to mitigate future occurrences of similar outages, and any rapid damage assessment prioritization reports associated with the outage;
- b. Documentation of transmission line maintenance activities and inspections;
- c. Result of inspections conducted for poles, conductor, and insulators;
- d. Any modifications to contract between NEET Southwest and emergency response contractor and any updates to the Emergency Response Contact List for NEET Southwest and its Control Center; and
- e. NEET shall file with the Commission the annual report it files with the Federal Energy Regulatory Commission.

Staff Expert/Witness: Claire M. Eubanks, PE

Requested Variances

Staff recommends the Commission grant a waiver for the following NEET requests:

- a. 20 CSR 4240-3.175 – Providing a depreciation study
- b. 20 CSR 4240-3.190 (3) A.-D. – Reporting certain power plant information
- c. 20 CSR 4240-20.105 – Schedule of Rates

Staff recommends that the Commission grant the waiver request of NEET regarding 20 CSR 4240-3.190 (1) and 20 CSR 4240-3.190 (2) with the exception of the following:

- a. 20 CSR 4240-3.190 (1) (C) – Net System Input (“NSI”) and
- b. 20 CSR 4240-3.190 (2) – Using a spreadsheet format in reporting NSI

Staff recommends the Commission grant NEET’s waiver request from certain rules regarding affiliate transactions, 20 CSR 4240-20.015 (3)-(7), subject to condition if NEET or an affiliate request authority to become a rate-regulated utility this variance will be revoked.

Staff recommends the Commission deny NEET’s waiver request regarding the following:

- a. 20 CSR 4240-10.145 – Filing an Annual Report

Staff Expert/Witness: Claire M. Eubanks, PE

TARTAN DISCUSISON

1. Is the service needed?

The Project consists of an approximate 94-mile transmission line routed between the Wolf Creek Nuclear Generation Station, located near the City of Burlington in Coffee County, Kansas², and the Blackberry Substation, located in Jasper County, Missouri.³ The Project was one of 44 projects included in the Southwest Power Pool's ("SPP") 2019 Integrated Transmission Plan ("ITP") report and amounted to more than half of the total transmission miles in the 2019 ITP. The SPP is a Regional Transmission Organization ("RTO") mandated by the Federal Energy Regulatory Commission ("FERC") to ensure reliable supplies of power, sufficient transmission infrastructure, and competitive electricity markets on behalf of its members. The SPP has members in seventeen (17) states, including Missouri and Kansas. The ITP process is an annual planning cycle that assesses near- and long-term economic and reliability transmission needs. The ITP contemplates a 10-year transmission expansion plan each year, combining near-term, 10-year, and National Electric Reliability Council ("NERC") transmission planning assessments into one study. The SPP has identified the Project will contribute to both economic and reliability improvement needs, while reducing transmission congestion in regard to energy flows as illustrated in Section 7.1.1 of the 2019 SPP ITP report, which is attached as Appendix 2, Schedule AJB-1.

Upon approving the ITP, the SPP sent out Requests for Proposals ("RFP") associated with individual projects contained in the corresponding ITP. Upon receiving responses to these RFPs, the SPP had an Independent Expert Panel ("IEP") evaluate the various RFPs based on criteria such as Operations, Engineering, and a Rate Analysis among others. In the immediate case regarding the Project, there were seven proposals received/presented and the IEP selected NEET's proposal.

NEET has provided Staff its draft 345 kV Transmission Line Restoration Plan⁴ in responding to an outage as well as reporting some of its operations and maintenance practices. Staff recommends the Commission condition its approval on the filing of final operations and maintenance plans including but not limited to its Restoration Plan (Staff Condition #10). Staff recommends that the Commission condition its approval of NEET's CCN request to provide

² The Wolf Creek Nuclear Generation Station is owned by Evergy Corporation.

³ The Blackberry Substation is owned by Associated Electric Cooperative Inc. ("AECI")

⁴ Response to Staff Data Request 1.

annual updates regarding outages, any necessary repairs made to its facilities, or any modifications of the infrastructure or its operation (Staff Condition #11).

In a companion case filed with the Kansas Corporation Commission (“KCC”), (Docket No. 22-NETE-419-COC), NEET requested approval for a Certificate of Convenience and Necessity under applicable Kansas law. While NEET received approval from the KCC regarding the overall Project, this approval did not include providing consent concerning the route selected by NEET, which had been previously approved by the SPP. As included in its *Report and Order*, issued on August 29, 2022 and attached to this Staff Report as Appendix 2, Schedule AJB-2, the KCC Ordered NEET to coordinate with Evergy and move the illustrated connection point of the Project outside of the boundary of the Wolf Creek Generation Station. In addition, NEET and Evergy were ordered to submit a study on possibly double circuiting a portion of the illustrated route of the Project in Kansas with an existing 161 kV transmission line that Evergy had previously identified as needing to be upgraded in the near future. Any changes made to the illustrated route of the Project will first need to be approved by the SPP. However, these possible changes to the route noted in the KCC’s Report and Order are not anticipated to have an effect on the nine miles of the Project slated to be installed in Barton and Jasper Counties in Missouri, nor do they have effect on the policies mentioned above, as verified in NEET’s Response to Staff Data Request No. 0013.

Staff concludes that the Project would provide needed reliability, subject to the conditions further discussed here-in.

Staff Expert/Witness: Alan J. Bax

2. Is the Applicant qualified to provide the service?

NextEra Energy Transmission Southwest, LLC (NEET) is a direct, wholly-owned subsidiary of NextEra Energy. A Fortune 200 company, NextEra Energy is the world’s largest electric utility by market capitalization, with revenues in calendar year 2021 of approximately \$17 billion and approximately 15,000 employees as of December 31, 2021.⁵ NEET Southwest has been in business since 2014. NEET Southwest was created to construct, own, and operate transmission assets in the SPP region. NEET Southwest was selected as the

⁵ EA-2022-0234-Direct testimony of Becky Walding. Page 6.

Designated Transmission Owner for the Project through SPP’s competitive Transmission Owner Solicitation Process (“TOSP”).⁶

Ms. Becky Walding, filing on behalf of NEET, expresses in her testimony that “NEET Southwest has a dedicated team of employees and contractors with a wealth of technical and managerial knowledge and experience to conduct work on this Project. NEET Southwest will draw upon the extensive technical and managerial expertise of its NextEra Energy affiliates and of experienced and well-qualified contractors to assist in the design, engineering, land acquisition, and construction of the Project. NEET Southwest also will draw upon the experienced team of NextEra Energy operations personnel to operate the Project.”⁷ As Ms. Sweezer-Fischer (Senior Director, Operations for NEET) testifies, NEET plans to locate experienced personnel in the project area to perform day-to-day operations and maintenance work on the Project and respond to emergencies, in addition to utilizing nearby NextEra Energy Resources’ high-voltage technicians as needed.⁸ NEET will monitor the Project 24 hours a day, seven days a week from the NERC-certified control center operated by its affiliate, Lone Star Transmission in Austin, Texas.⁹

NEET represents that “Work relating to vegetation control is conditional based on the treatments specified for the many plant species found throughout the route. NEET Southwest’s standard easement, which NEET Southwest expects to use to acquire easement rights for the Project, contains language that allows NEET Southwest to trim and remove trees and shrubs on the easement to maintain its transmission lines. It also allows NEET Southwest to remove trees adjacent to the easement to the extent such trees present some structural defect and are tall enough to impact or affect NEET Southwest’s facilities (commonly referred to as “hazard trees”). A copy of an example easement agreement is provided as Schedule DM-2 to the Direct Testimony of NEET Southwest witness Daniel Mayers.”¹⁰

NEET represents that “[t]he control center, upon notification of an emergency, will immediately respond by contacting NEET Southwest’s local field maintenance staff. The field maintenance staff may also receive automatic notification of an outage event and begin

⁶ EA-2022-0234 Direct testimony of Becky Walding Page 6.

⁷ EA-2022-0234 Direct testimony of Becky Walding Page 37.

⁸ EA-2022-0234 Direct testimony of Sweezer-Fischer Page 9.

⁹ EA-2022-0234 Direct testimony of Sweezer –Fischer Page 14.

¹⁰ EA-2022-0234 Direct testimony of Sweezer-Fischer Page 12.

implementing their response protocol. The field maintenance lead will determine initial actions to take and coordinate with the control center staff, who will update the interconnecting parties and SPP of the situation as necessary. If site attendance is required, personnel who live locally near the event site will be dispatched first to the site. Depending on weather conditions, these staff typically arrive on site within 30-60 minutes and report findings¹¹.”

Based on the information provided in the direct testimony of NEET Southwest, Staff concludes NEET Southwest is qualified to construct, install, own, operate, maintain, and otherwise control and manage the project, subject to the conditions further discussed here-in.

Staff Expert/Witness: Jordan T. Hull

3. Does the Applicant have the financial ability to provide the service?

NextEra Energy Transmission Southwest, LLC (“NEET”) has the financial ability to construct, operate, and maintain the Wolf Creek-Blackberry 345 kilovolt (“kV”) transmission line project because NextEra Energy Capital Holdings, Inc. (“NEECH”) will provide or secure equity capital injections up to \$10 million per year, as needed, to maintain the financial integrity of the Project.¹² NEET is an operation subsidiary of NextEra Energy Transmission, LLC, owned by NEECH.¹³ NEECH is a wholly-owned subsidiary of NextEra Energy Inc. (“NEE”).¹⁴ NEE has approximately \$15.6 billion of net available liquidity as of June 30, 2022.¹⁵ NEECH also has approximately \$7.6 billion of net available liquidity as of December 31, 2021 and has access to and regularly secures financing in public and private debt capital markets on behalf of certain NEE operating subsidiaries.¹⁶ NEE and NEECH have corporate ratings of Baa1 and A- from Moody’s Investor Services and Standard & Poor’s Global Ratings, respectively.¹⁷ During the construction period, NEECH will utilize NEECH’s general corporate funds to contribute funding and then may pursue debt financing to maintain its regulatory capital structure so that ratepayers will receive the benefit of a project constructed with strong equity support, combined with the

¹¹ EA-2022-0234 Direct testimony of Sweezer-Fischer Page 10.

¹² Schedule AF-1, Amanda Finnis’ Direct Testimony.

¹³ S&P Capital IQ Pro.

¹⁴ Pages 10-11, Becky Walding’s Direct Testimony.

¹⁵ SEC 10-K.

¹⁶ Page 5, lines 13-17, Amanda Finnis’ Direct Testimony.

¹⁷ S&P Capital IQ Pro.

financial strength and support provided by NEECH.¹⁸ Considering the fact that the proposed construction cost for the Project is less than 1% of NEET's parent companies' net available liquidity,¹⁹ NEET has the financial ability to construct, own, operate, and maintain the Project.

Staff Expert/Witness: Seoung Joun Won, PhD

4. Is the Applicant's proposal economically feasible?

Staff's review indicates that the Project is reasonably projected to be economically feasible in that the Applicant will have a reasonable opportunity to recover its project costs. NEET's revenue requirement for the Project will be recovered through NEET's formula rate through the SPP Open Access Transmission Tariff (OATT).²⁰ The resulting rates will generally be payable by entities taking transmission service with the applicable SPP footprint. These entities will generally recover the transmission service costs from retail energy to the extent those charges are reflected in regulated revenue requirements, or through other recovery structures for entities that are not rate regulated.

Economic feasibility analysis of the Project with respect to SPP was provided in Sections 7 and 8 of SPP's 2019 Integrated Transmission Plan Assessment Report, which was provided as Schedule BW 3 to Becky Walding's Direct Testimony. In addition, NEET's economic feasibility analysis with respect to NEET was included in Section 4 of NEET's bid for the project.²¹ The

¹⁸ Page 6, lines 2-6, Amanda Finnis' Direct Testimony.

¹⁹ Page 21, lines 7-10, Becky Walding's Direct Testimony.

²⁰ Data Request No.: 0009 "(1) Please clarify whether any revenue requirement for the Project will be recovered outside of the SPP process. If so, please fully describe. (2) Please fully describe the SPP revenue requirement process, specifically, which SPP tariff provisions, schedules, attachments, etc, will provide a basis for recovery, and provide an estimate of any Formula rates or other methods of recovery, (3) Please provide an estimate of the level of revenue expected to be recovered from each source indicated above, by year, for the life of the project. (4) Please indicate the approximate dates or revenue impacts of any anticipated major repair efforts or upgrades of the project, if any." RESPONSE: "(1) No portion of the revenue requirement for the Project will be recovered outside of the SPP process. All (100%) of revenue requirements for the Project will be recovered through NEET Southwest's formula rate through the SPP Open Access Transmission Tariff (OATT). (2) Transmission project cost allocation is set forth in Attachment J of the SPP OATT. According to Attachment J, the costs associated with Network Upgrades are allocated on either a regional basis, a zonal basis, or both, and requests for such recovery will be filed with the Federal Energy Regulatory Commission. The costs for the Project will be allocated regionally. (3) Please see Attachment A, which is marked as HIGHLY CONFIDENTIAL pursuant to the Protective Order issued by the Commission on August 1, 2022 because the information is competitively sensitive for the purpose of future bidding. (4) NEET Southwest has not estimated the revenue requirement impacts for any major repairs or upgrades for the Project at this time."

²¹ Data Request No.: 0008 "Please provide all internal documents or analysis, including summaries or presentations, describing the economic feasibility of the project with respect to either SPP or NextEra Energy Transmission Southwest. This request includes summaries or additional analysis of SPP analysis or documents." RESPONSE: "Economic feasibility analysis of the project with respect to SPP is provided in Sections 7 and 8 of SPP's 2019

Highly Confidential information provided by NEET to SPP in this document, which is excerpted from information provided by NEET to SPP is attached as Appendix 2, Schedule SL Limited public information is available concerning alternative bids from other bidders.²² NEET considered different project design alternatives based on the use of different structures and conductors that met or exceeded SPP's specifications for the Project, which were described by NEET in its response to DR 7.²³

Staff Expert/Witness: Sarah L.K. Lange

NEET's testimony included its Economic Impact analysis of the Wolf Creek-Blackberry Transmission Project, which was done using IMPLAN (Impact Analysis for Planning) software^{24,25}. NEET provided estimated total impacts calculated as the sum of direct, indirect, and induced effects. IMPLAN combines databases concerning economic factors, multipliers and demographic statistics with modeling software. Based on the application and testimony provide, the impacted areas in Missouri will be Barton and Jasper counties. Economic impact analysis

Integrated Transmission Plan Assessment Report, which is provided as Schedule BW3 to Becky Walding's Direct Testimony. In addition, NEET Southwest's economic feasibility analysis with respect to NEET Southwest is included in Section 4 of NEET Southwest's bid for the project, and the relevant excerpts of this section from the NEET Southwest bid are provided as Attachment A hereto. Attachment A is marked as HIGHLY CONFIDENTIAL pursuant to the Protective Order issued by the Commission on August 1, 2022 because the information is competitively sensitive for the purpose of future bidding."

²² Data Request No.: 0006 "To the extent NextEra Energy Transmission Southwest possesses information concerning bids submitted for the project by other parties which it may lawfully disclose to Staff, please provide such information." RESPONSE: "NEET Southwest does not possess any such information that it may lawfully disclose to Staff. Bids submitted for the project by proponents to SPP are marked confidential under the SPP Tariff, and thus not available publicly nor to other proponents. Therefore, NEET Southwest does not possess information regarding bids submitted for the project by other parties beyond what was disclosed in the Industry Expert Panel (IEP) Evaluation Report for the project, which is available publicly and was provided as Schedule BW-5 to Becky Walding's Direct Testimony".

²³ Data Request No.: 0007 "Alternative Project Designs Description: Please describe and provide cost information on alternative designs considered by NextEra Energy Transmission Southwest (including its agents and affiliates) prior to submission of the subject design to SPP." RESPONSE: "NEET Southwest considered different project design alternatives based on the use of different structures and conductors that met or exceeded SPP's specifications for the project. Other design components (e.g., insulators, lighting shields, optical ground wire, etc.) were determined based on maximizing performance, durability, and reliability. The comparative analysis between design alternatives, including indicative cost information, is presented in Attachment A which is an excerpt from NEET Southwest's bid for the project to SPP, and is marked HIGHLY CONFIDENTIAL. The Attachment is marked as HIGHLY CONFIDENTIAL pursuant to the Protective Order issued by the Commission on August 1, 2022 because the information is competitively sensitive for the purpose of future bidding." [HIGHLY CONFIDENTIAL ATTACHMENT OMMITTED].

²⁴ IMPLAN is used to estimate the total impacts of a new project(s) or an increase in spending in a particular industry. IMPLAN is an on-line program that allows construction of regional input-output models for areas ranging in size from a single zip code region to the entire United States.

²⁵ Schedule dl-2, Direct Testimony of David G. Loomis, PhD.

estimates the direct, indirect, and induced impacts on job creation, wages, and total economic output of the transmission line construction. Impact analysis assumed investment of over \$85.1 million in total (\$8.45 million estimated to be spent in Missouri) by NextEra Energy Transmission Southwest, LLC (NEET Southwest) and an additional approximately \$7.5 million in substation upgrades in Missouri by others. Analysis shows an approximately 203 new jobs and over \$11.1 million in new earnings during construction for the State of Missouri²⁶. Project adds over \$29.4 million in new output during construction for the State of Missouri²⁷. Regarding property tax paid by the project, a very conservative estimate of \$130 thousand on first year and declines due to depreciation until it zeros out in 2041. The projected total property taxes paid over the expected life (40 years) of the Project is over \$1.8 million, and the average annual property taxes paid will be over \$47 thousand.²⁸ The IMPLAN analysis did not consider alternative scenarios of different routes or designs, nor does it address the diversion of regional cash flow to transmission expense.

Staff Expert/Witness: Krishna L. Poudel, PhD

5. Does the service promote the public interest?

The public interest assessment involves the evaluation of all other Tartan Criteria: need for the project, its economic feasibility, the qualifications and financial ability of the entity requesting to construct and operate a project. Staff considers the evaluation of the separate Tartan criteria and whether, on balance, the project promotes the public interest. Additionally, Staff reviews the project and whether there are any considerations not covered by the other Tartan Criteria that should be considered in the public interest assessment.

Staff's assessment concludes that the Project, if conditioned as recommended by Staff, is not detrimental to the public interest. Further, Staff recognizes other intervening parties may recommend conditions that may be appropriate for inclusion in the Commission's Report and Order.

²⁶ Worker Earnings include the wages, salary and benefits associated with these jobs.

²⁷ Economic Output is the value of goods and services produced in the state or local economy. This is generally referred to as Gross State Product. Economic Output includes Worker Earnings.

²⁸ The analysis assumes a 26-year depreciation schedule for the State of Missouri and that the assessed value cannot go below 20% of the original value; the analysis assumes a 4.08% property tax rate.

Recommended Conditions

12. Throughout the right-of-way acquisition process, NEET Southwest will use all reasonable efforts to follow the route depicted in Schedule DW-2 attached to NEET Southwest witness Dusty E. Werth. But NEET Southwest will be allowed to deviate from the depicted route in two scenarios:
 - a. First, if surveys or testing do not necessitate a deviation, NEET Southwest may deviate from the Final Proposed Route on a particular parcel if NEET Southwest and the landowner on which the deviation will run agree. Either NEET Southwest or landowner may initiate such a request to deviate so long as the line and required easements stay within the property boundaries of that landowner and do not involve a new landowner.
 - b. Second, if NEET Southwest determines that surveys or testing require a deviation, NEET will negotiate in good faith with the affected landowner and if agreement can be reached, NEET Southwest may deviate from the depicted route on that parcel, as agreed with the affected landowner so long as the line and required easements stay within the property boundaries of that landowner and do not involve a new landowner.
13. With respect to any parcel other than the identified parcels on the Final Proposed Route where NEET Southwest desires to locate the line, whether because testing or surveys necessitate acquisition of an easement on that parcel or for other reasons (e.g., a request from adjacent landowners), NEET Southwest will negotiate in good faith with the landowner of the affected parcel over which NEET Southwest has determined an easement is needed or desired and, if agreement is reached, may deviate from the Final Proposed Route by locating the line on the affected parcel but will notify the Commission of the deviation and parcels affected prior to construction on that parcel. If testing or surveys necessitate acquisition of an easement on such other parcel and agreement is not reached, despite good faith negotiations, NEET Southwest will file a request with the Commission to allow it to deviate from the Final Proposed Route onto the affected parcel and shall, concurrently with the filing of its request with the Commission, send a copy of its request to the owner(s) of record of the affected parcel via U.S. Mail, postage prepaid, as shown

by the County Assessor's records in the county where the affected parcel is located, or at such other address that has been provided to NEET Southwest by the owner(s). NEET Southwest shall fully explain in that request why NEET Southwest determined the change in route is needed and file supporting testimony with its request and the name(s) and addresses of the owner(s) to whom it provided a copy of its request. After Commission notice of the opportunity for a hearing on the issue of whether the change in route should be approved is given to the owner, Staff, and OPC, as well as an opportunity to respond, the Commission will grant or deny the request.

14. Absent a voluntary agreement for the purchase of the property rights, the transmission line shall not be located so that a residential structure currently occupied by the property owners will be removed or located in the easement requiring, for electrical code compliance purposes, the owners to move or relocate from the property.
15. Prior to the commencement of construction on a parcel, NEET Southwest will secure an easement that will include a surveyed legal description showing the precise dimension, including the length and width, for the permanent transmission line easement area for each affected parcel. In addition, NEET Southwest will track each easement grant by way of a spreadsheet that identifies each parcel by Grantor and County, and which contains the recording information for each parcel. Upon securing all necessary easements for the Project, NEET Southwest will file a copy of the spreadsheet with the Commission, to which a map will be attached. For each parcel, the map and the spreadsheet will include a unique indicator that allows the Commission to see where on the map that parcel is located.
16. NEET Southwest will construct the Project consistent with SPP's design criteria contained in the SPP RFP and consistent with the construction specifications in NEET Southwest's bid.
17. In the design and construction of the Project, NEET Southwest will seek to limit galloping issues that result in potential outage for the transmission line by incorporating mitigation methods.
18. If there are any material changes in the design and engineering of the Project from what is contained in the application, NEET Southwest will file an updated application subject to further review and determination by the Commission.

19. Pre-Construction filing. Prior to the commencement of construction, NEET Southwest shall file with the Commission:
- a. All required government approvals and permits—e.g., any applicable land disturbance permits, Missouri State Highway Commission permits, or US Army Corps of Engineers permits, and applicable county assents—before beginning construction on that part of the project where the approvals and permits are required.
 - b. Standard construction, clearing, maintenance, repair, and right-of-way practices that NEET will follow throughout the duration of the Project.
20. Quarterly Construction Reporting. NEET shall file a quarterly report with the Commission covering safety, cost, schedule, quality, and landowner issues and resolutions including but not limited to:
- a. Percent of Transmission Project completed to date;
 - b. The amount spent to date compared with the amount previously expected to have been spent to date;
 - c. The total budget and expenditures of the Transmission Project to the date of the report (including explanations of increases and decreases in budgeted amounts);
 - d. Information concerning SPP agreements, invoices and agreements with other Missouri jurisdictional public utilities during the reporting period; and
 - e. FERC filings during the reporting period, including the status of all cost containment measures contained in NEET Southwest's SPP bid.
21. Post-Construction filing. Upon Completion of the Project, NEET will file in this docket:
- a. Documents that demonstrate that NEET Southwest has met the construction requirements of the RFP;
 - b. Final Operations and Maintenance Plan(s) for the project;
 - c. Final 345 kV Transmission Line Restoration Plan;
 - d. Final Storm Outage and Emergency Response Plan;
 - e. Final Communications Plan; and

- f. Contracts for vendor support services including but not limited to any Contract with vendor(s) providing response to unplanned outages.
- g. As built drawings.

22. Annual Reporting. NEET shall file an annual report with the Commission detailing the following:

- a. Unplanned outage reports providing start and end time of outage, time elapsed before first responder on site, cause of outage, comments on how outage was resolved, summary of actions taken to mitigate future occurrences of similar outages, and any rapid damage assessment prioritization reports associated with the outage;
- b. Documentation of transmission line maintenance activities and inspections;
- c. Result of inspections conducted for poles, conductor, and insulators;
- d. Any modifications to contract between NEET Southwest and emergency response contractor and any updates to the Emergency Response Contact List for NEET Southwest and its Control Center; and
- e. NEET shall file with the Commission the annual report it files with the Federal Energy Regulatory Commission.

Staff Expert/Witness: Claire M. Eubanks, PE

Requested Variances

In paragraphs 26 and 27 of its Application, NEET requests variances from certain Commission rules citing good cause. Specifically, NEET requests the Commission waive the following requirements:

- a. 20 CSR 4240-3.175 – Providing a depreciation study
- b. 20 CSR 4240-3.190 (1) – Certain Reporting Requirements
- c. 20 CSR 4240-3.190 (2) – Format used in filing requirements listed in Section (1)
- d. 20 CSR 4240-3.190 (3) A.-D. – Reporting certain power plant information
- e. 20 CSR 4240-10.145 – Filing an Annual Report
- f. 20 CSR 4240-20.105 – Schedule of Rates
- g. 20 CSR 4240-20.015 (3)-(7) – Certain rules regarding affiliate transactions

Staff recommends the Commission grant a waiver for the following NEET requests:

- d. 20 CSR 4240-3.175 – Providing a depreciation study
- e. 20 CSR 4240-3.190 (3) A.-D. – Reporting certain power plant information
- f. 20 CSR 4240-20.105 – Schedule of Rates

Staff recommends that the Commission grant the waiver request of NEET regarding 20 CSR 4240-3.190 (1) and 20 CSR 4240-3.190 (2) with the exception of the following:

- c. 20 CSR 4240-3.190 (1) (C) – Net System Input (“NSI”) and
- d. 20 CSR 4240-3.190 (2) – Using a spreadsheet format in reporting NSI

Staff recommends the Commission grant NEET’s waiver request from certain rules regarding affiliate transactions, 20 CSR 4240-20.015 (3)-(7), subject to condition if NEET or an affiliate request authority to become a rate-regulated utility this variance will be revoked.

Staff recommends the Commission deny NEET’s waiver request regarding the following:

- b. 20 CSR 4240-10.145 – Filing an Annual Report

Staff Expert/Witness: Claire M. Eubanks, PE

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of NextEra)
Energy Transmission Southwest, LLC for a)
Certificate of Public Convenience and Necessity)
to Construst, Install, Own, Operate, Maintain, and)
Otherwise Control and Manage a 345kV)
Transmission Line and associated facilities in)
Barton and Jasper Counties, Missouri)

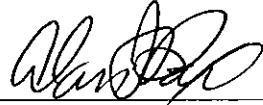
File No. EA-2022-0234

AFFIDAVIT OF ALAN J. BAX

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW ALAN J. BAX, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

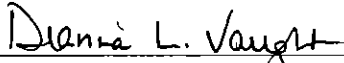


ALAN J. BAX

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 20th day of September, 2022.

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
Commission #: 15207377



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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Transmission Line and associated facilities in)
Barton and Jasper Counties, Missouri)

File No. EA-2022-0234

AFFIDAVIT OF CLAIRE M. EUBANKS, PE

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW CLAIRE M. EUBANKS, PE, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

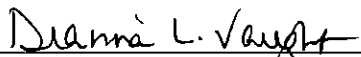


CLAIRE M. EUBANKS, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 21st day of September, 2022.

DIANNA L VAUGHT Notary Public - Notary Seal STATE OF MISSOURI Cole County My Commission Expires July 18, 2023 Commission #: 15207377



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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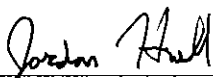
File No. EA-2022-0234

AFFIDAVIT OF JORDAN T. HULL

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW JORDAN T. HULL, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

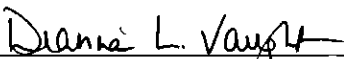


JORDAN T. HULL

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 20th day of September, 2022.

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
Commsion #: 1520737



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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Otherwise Control and Manage a 345kV)
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Barton and Jasper Counties, Missouri)

File No. EA-2022-0234

AFFIDAVIT OF SARAH L.K. LANGE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW SARAH L.K. LANGE, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Report*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Sarah L.K. Lange
SARAH L.K. LANGE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 21st day of September, 2022.

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
Commision #: 15207377

Dianna L. Vaught
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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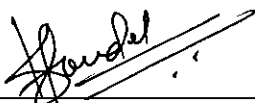
File No. EA-2022-0234

AFFIDAVIT OF KRISHNA L. POUDEL, PhD

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW KRISHNA L. POUDEL, PhD, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

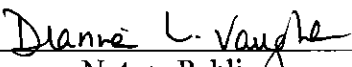


KRISHNA L. POUDEL, PhD

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 20th day of September, 2022.

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
Commission #: 15207377



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

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Transmission Line and associated facilities in)
Barton and Jasper Counties, Missouri)

File No. EA-2022-0234

AFFIDAVIT OF JOSEPH P. ROLING

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW JOSEPH P. ROLING, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Report*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

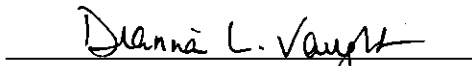


JOSEPH P. ROLING

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 20th day of September, 2022.

DIANNA L VAUGHT
Notary Public - Notary Seal
STATE OF MISSOURI
Cole County
My Commission Expires: July 18, 2023
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Notary Public

