

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

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 345 kV Transmission Line.

Case No. EA-2014-0207

STAFF’S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

Comes now the Staff of the Public Service Commission of the State of Missouri and proposes the findings of fact and conclusions of law that follow:

Proposed Findings of Fact

1. Grain Belt Express Clean Line LLC (Grain Belt Express) is seeking multi-state authority to build an approximately 750 mile, high-voltage, direct current (HVDC) transmission line originating in southwest Kansas and terminating in east central Illinois, with converter stations in Kansas (~4.3 gigawatts (GW)), Missouri (~1.0 GW) and Illinois (~3.5 GW) to deliver from southwest Kansas into eastern Missouri 500 megawatts (MW) of alternating current (AC) electricity and 3.5 GW of AC electricity into west central Indiana.

2. The FERC has authorized Grain Belt Express to use a broad, open solicitation process from which Grain Belt Express, based on not unduly discriminatory or preferential criteria, may select a subset of those responding to the solicitation to negotiate directly with for transmission right rates on this transmission line project after finding Grain Belt Express is assuming all of the market risk of the project and will have no captive customers from which it can recover the project costs.

3. Grain Belt Express has authority in Kansas to operate as a public utility for that part of its project that will be located in Kansas (an AC collector system and about 370 miles of HVDC transmission line), as well as specific siting authority for that part of its HVDC transmission line in Kansas.

4. Grain Belt Express has authority in Indiana to operate as a public utility for that part of its project that will be located in Indiana—less than two miles of AC transmission line.

5. Grain Belt Express has not yet sought authority for this project to operate as a public utility or for siting the project in Illinois.

6. Grain Belt Express is seeking a certificate of convenience and necessity from this Commission that shows this Commission's permission and approval for Grain Belt Express to construct, own, operate, control, manage, and maintain that approximately 206 mile part of its HVDC transmission line routed through Buchanan, Clinton, Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls counties, Missouri, and an approximately 1 GW converter station in Ralls County, Missouri, with an AC transmission line to interconnect that converter station to the AC grid near Ameren's Maywood 345 kV substation in Ralls county to deliver from southwest Kansas into eastern Missouri 500 MW of AC electricity.

7. Grain Belt Express is requesting that the Commission excuse it from complying from the reporting and filing requirements of rules 4 CSR 240-3.145, 4 CSR 240-3.165, 4 CSR 240-3.175 and 4 CSR 240-3.190(1), (2) and (3)(A)-(D).

8. Electricity transmitted over the Grain Belt Express project into Missouri would be delivered into the Midcontinent Independent System Operator (MISO) footprint and would affect the MISO wholesale markets.

9. Electricity transmitted over the Grain Belt Express project would originate in southwestern Kansas.

10. Retail electricity providers in Missouri could purchase electricity in the MISO wholesale markets that is transmitted over the Grain Belt Express project.

11. Grain Belt Express' HVDC transmission line and converter station in Missouri would be "an important link" in the distribution of electricity in Missouri within the meaning of that phrase as defined by the Missouri Supreme Court sitting *en banc* fifteen years after the Public Service Act became law. *State ex rel. Buchanan County Power Transmission Company v. Baker*, 320 Mo. 1146, 1153; 9 S.W.2d 589, 592 (Mo. Banc 1928).

12. Grain Belt Express is a public utility.

13. Grain Belt Express is an "electrical corporation" within the meaning of that term as defined by § 386.020(15), RSMo Supp 2014.

14. Grain Belt Express' HVDC transmission line would traverse Buchanan, Clinton, Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls counties, Missouri.

15. Grain Belt Express' AC transmission line and converter station in Missouri would be located in Ralls County, Missouri.

16. Portions of Grain Belt Express' HVDC transmission line route lie in public rights-of-way in Missouri.

17. Grain Belt Express has franchises from Buchanan, Clinton, Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls counties, Missouri, to use their public rights-of-way for the Grain Belt Express project.

Is the HVDC transmission line project Needed?

18. The Commission finds that Grain Belt Express' HVDC transmission line project is not needed in Missouri.

19. Grain Belt Express asserts its project is needed for meeting the renewable energy portfolio requirements of the Missouri Renewable Energy Standard. But, except for Union Electric d/b/a Ameren Missouri, all of the entities subject to the renewable energy portfolio requirements have existing capacity and new contracts sufficient to meet or exceed them, and the evidence in the record before the Commission does not show that Ameren Missouri will benefit from Grain Belt Express' transmission line project to meet those requirements.

20. Grain Belt Express, and the intervenors supporting wind-generated electricity, argue that a lack of transmission infrastructure connecting western Kansas to larger electricity markets in the MISO and the PJM Interconnection, LLC (PJM) is why wind developers in western Kansas have not proceeded with their wind generation projects. This Commission is not persuaded that wind developers have not proceeded with their projects in western Kansas because they lack the needed transmission infrastructure, rather than because of a lack of sufficient financing commitments.

Is Grain Belt Express qualified to own, operate, control and manage the HVDC transmission line project?

21. Grain Belt Express has shown its personnel and its consultants have sufficient experience in both the electric transmission industry and renewable energy

business to qualify Grain Belt Express to own, operate, control and manage the HVDC transmission line project.

22. Michael P. Skelly, Grain Belt Express' President, has over 20 years of experience in the renewable energy business.

23. Anthony Wayne Galli, Executive Vice President—Transmission of Clean Line Energy Partners LLC, the parent of Grain Belt Express, has over 15 years of experience in the electric transmission industry.

24. Grain Belt Express has retained the expertise of consultants DNV GL, Louis Berger Group, Inc., EnerNex, LLC, and Strategic Economic Research, LLC to assist it.

25. Grain Belt Express is qualified to obtain, and will need to get, additional expertise for constructing, owning, operating, controlling and managing the high-voltage transmission line and converter stations.

Does Grain Belt Express have the financial ability to build, own, operate, control and manage the HVDC transmission line project?

26. Grain Belt Express has the financial ability to build, own, operate, control and manage the HVDC transmission line project.

27. Grain Belt Express is undertaking this HVDC transmission line project as a merchant project for which Grain Belt Express is assuming all of the market risk and will have no captive customers from which it can recover the project costs.

28. Through intermediary entities Grain Belt Express is owned primarily by GridAmerica Holdings, Inc., a subsidiary of National Grid USA, and by Clean Line Investor Corp., a subsidiary of ZAM Ventures, LP (ZAM Ventures).

29. As of December 31, 2013, National Grid USA had a total book value capitalization of approximately \$14 billion.

30. As of March 31, 2014, National Grid USA's parent, National Grid Plc had a total book value capitalization of about \$57 billion.

31. ZAM Ventures has a consolidated net worth of \$500 million based on U.S. GAAP measurements.

32. Through intermediary entities ZAM Ventures is owned by Ziff Brothers Investments, LLC, a multi-billion dollar family investment fund.

33. The estimated net worth of the three Ziff Brothers is approximately \$14 billion.

Is the HVDC transmission line project economically feasible?

34. Grain Belt Express has not shown electricity delivered over its high-voltage transmission line and converter stations will be lower cost than alternatives for meeting renewable portfolio standards and general demand for clean energy because it overlooks significant costs affecting the integration of wind energy in its production cost modeling and its modeling inputs are insufficient to predict electricity prices at specific locations.

35. Grain Belt Express has not shown that the MISO and the Southwest Power Pool (SPP) will determine that no regional transmission upgrades are required as a result of any wind injection into Missouri transmitted by the project because the MISO and the SPP have not completed all of the necessary system interconnection studies.

Does the HVDC transmission line project promote the public interest?

36. Grain Belt Express has not shown its project will offer any customer participating in the MISO or the PJM footprints access to low-cost wind energy, which today cannot be readily accessed by buyers in them through their centralized transmission planning and expansion functions which identify regional projects to increase access to wind energy.

37. Grain Belt Express has not shown its project is the most cost-effective means of compliance with renewable energy standards in Missouri, as all but one of Missouri's investor owned utilities has already disclosed that it has existing capacity and new contracts that will meet or exceed the 15% renewable portfolio standard target by 2021.

38. Grain Belt Express has not shown its project will reduce wholesale electricity prices in Missouri and throughout the MISO and the PJM footprints because its modeling only looked at the day-ahead electricity market, and failed to model the impact on the real-time and ancillary services markets, where the majority of wind integration takes place.

39. Grain Belt Express has not shown its project will result in decreased costs to end-use electric customers, because its modeling does not take into account any regional transmission upgrades needed as a result of the proposed wind injection in Missouri, which will be paid for by Missouri electricity consumers.

40. Grain Belt Express has not shown its project will reduce the need to generate electricity from fossil-fueled power plants because there was no attempt to identify the generation resources necessary to accommodate real-time variation in wind

energy, no analysis of ancillary services was performed, and the day-ahead analysis was performed with flat hourly blocks of wind energy injection.

41. Grain Belt Express has not shown its project will be provided to the public without any socialization of transmission costs to Missouri electricity consumers because any regional transmission organization-required upgrades are transmission costs that may be socialized, which may result in transmission costs caused by the project being socialized.

Proposed Conclusions of Law

A. Section 393.170 provides:

393.170. 1. No gas corporation, electrical corporation, water corporation or sewer corporation shall begin construction of a gas plant, electric plant, water system or sewer system without first having obtained the permission and approval of the commission.

2. No such corporation shall exercise any right or privilege under any franchise hereafter granted, or under any franchise heretofore granted but not heretofore actually exercised, or the exercise of which shall have been suspended for more than one year, without first having obtained the permission and approval of the commission. Before such certificate shall be issued a certified copy of the charter of such corporation shall be filed in the office of the commission, together with a verified statement of the president and secretary of the corporation, showing that it has received the required consent of the proper municipal authorities.

3. The commission shall have the power to grant the permission and approval herein specified whenever it shall after due hearing determine that such construction or such exercise of the right, privilege or franchise is necessary or convenient for the public service. The commission may by its order impose such condition or conditions as it may deem reasonable and necessary. Unless exercised within a period of two years from the grant thereof, authority conferred by such certificate of convenience and necessity issued by the commission shall be null and void.

§ 393.170 RSMo.¹

¹ All statutory cites are to RSMo 2000, unless otherwise noted.

B. Section 292.200 provides:

No person or persons, association, companies or corporations shall erect poles for the suspension of electric light, or power wires, or lay and maintain pipes, conductors, mains and conduits for any purpose whatever, through, on, under or across the public roads or highways of any county of this state, without first having obtained the assent of the county commission of such county therefor; and no poles shall be erected or such pipes, conductors, mains and conduits be laid or maintained, except under such reasonable rules and regulations as may be prescribed and promulgated by the county highway engineer, with the approval of the county commission.

C. Grain Belt Express requires the permission and approval of this Commission shown by a certificate of convenience and necessity to lawfully build that portion of its HVDC transmission line project in Missouri.

D. Franchises to use public rights-of-way from the counties where Grain Belt Express' HVDC transmission line will be in those rights-of-way is a precondition to this Commission giving Grain Belt Express a certificate of convenience and necessity to build that portion of its HVDC transmission line project in Missouri.

E. Grain Belt Express has the burden of proving the convenience or necessity of its HVDC transmission line by a preponderance of the evidence.

Ordered Paragraphs

1. Because Grain Belt Express has not shown it is needed, economically feasible or promotes the public interest in Missouri, the Commission denies Grain Belt Express' application for a certificate of convenience and necessity from this Commission that shows this Commission' permission and approval for Grain Belt Express to construct, own, operate, control, manage, and maintain that approximately 206 mile part of its HVDC transmission line routed through Buchanan, Clinton, Caldwell, Carroll, Chariton, Randolph, Monroe and Ralls counties, Missouri, and an

approximately 1 GW converter station in Ralls County, Missouri, with an AC transmission line to interconnect that converter station to the AC grid near Ameren's Maywood 345 kV substation in Ralls county to deliver from southwest Kansas into eastern Missouri 500 MW of AC electricity.

2. The Commission denies Grain Belt Express' request to be excused from complying from the reporting and filing requirements of rules 4 CSR 240-3.145, 4 CSR 240-3.165, 4 CSR 240-3.175 and 4 CSR 240-3.190(1), (2) and (3)(A)-(D).

Wherefore, Staff proposes the foregoing findings of fact and conclusions of law.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 23rd day of December, 2014.

/s/ Nathan Williams