

**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 to Own, Operate, and)	
Maintain a Switch Station Necessary for the Intercon-)	<u>File No. EA-2016-0190</u>
nection of the Osborn Wind Energy Center with the)	
Sibley- Nebraska City Electric Transmission Project)	

STAFF’S MEMORANDUM RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”), by and through the Staff Counsel’s Office, and submits the attached Staff Memorandum Recommendation in the instant case, pursuant to the Commission Order Directing Staff To File A Recommendation dated August 25, 2016. The Staff recommends that the Commission should grant Transource Missouri’s request for a CCN but with the conditions set out hereinbelow. Therefore, the Staff states as follows:

1. On January 27, 2016, Transource Missouri, LLC (“Transource Missouri”)¹ filed a Notice of Intended Case Filing with the Missouri Public Service Commission (“Commission”). Transource Missouri stated that it intended to file an application for a certificate of convenience and necessity (“CCN”) similar to the application for a CCN which it filed on January 19, 2016 in File No. EA-2016-0188. ² Transource Missouri

¹ Great Plains Energy Incorporated and American Electric Power Company, Inc. formed Transource Energy, LLC as a joint venture to build regional transmission projects. Transource Missouri is a wholly-owned subsidiary of Transource Energy, LLC. 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”).

² On April 6, 2016, the Commission issued an Order Granting Certificate Of Convenience And Necessity to Transource Missouri, LLC to own, operate, and maintain the Rock Creek Switch Station located in Holt County, Missouri as more particularly described in its application and Staff’s recommendation. The instant Application states in Paragraph 28:

further said that the application to be filed in this proceeding will be for a different switch yard facility in northwest Missouri. Transource Missouri related that it did not believe that the matter was likely to be a contested case, however, out of an abundance of caution, it was submitting the Notice of Intended Case Filing to comply with 4 CSR 240-4.020.

2. On July 22, 2016, Transource Missouri filed an application with the Commission seeking an order declining jurisdiction, or, in the alternative, granting a CCN pursuant to Section 393.170.1, RSMo. 2000, 4 CSR 240-2.060, and 4 CSR 240-3.105, to own, operate, and maintain a 345 kV Interconnection Switch Station³ in DeKalb County, Missouri necessary to connect the Applicant's portion of the Sibley-Nebraska City 345 kV electric transmission line, currently under construction, from GMO's Sibley Generating Station in Jackson County to the new Mullin Creek Substation in Nodaway County, and then from the Mullin Creek Substation to the Missouri River crossing in Holt County, interconnecting with the Osborn Wind Energy Center, LLC's ("Osborn Wind") 200.1 MW Wind Project in DeKalb County, Missouri.

3. In Paragraph 12 of its Application, Transource Missouri explains that although it will ultimately own, operate, and maintain the Switch Station, the developer

. . . This transaction is similar in size, cost and technology as the recent CCN application filed by Transource Missouri on January 15, 2016, involving the Rock Creek Switch Station interconnecting the Rock Creek Wind Project to the Sibley-Nebraska City transmission line in No. EA-2016-0188. In that case the Commission granted the CCN Application on April 6, 2016, and Staff and the Applicant were able to agree that design documents would be provided to Staff as they become available to the Applicant. Transource Missouri asks that the same treatment be granted in this CCN Application which is similar in size, purpose and technology.

³ The switch station is the "Ketchem Switch Station" and is also referred to in the Application as a switching station. In the Applicant's July 22, 2016 Application, the switch station is first identified as the "Ketchem" Switch Station in Exhibit 2, Generator Interconnection Agreement ("GIA"), Appendix A, page A-1.

Osborn Wind will construct and pay for the Switch Station and contribute the Switch Station and the land on which it is located to Transource Missouri, which will not increase Transource Missouri's FERC-regulated rate base. Transource Missouri asserts in effect that since Osborn Wind is not a public utility the question of whether the Commission has to authorize the construction of these items does not apply, and the Commission is not required to grant its permission and approval. On April 7, 2016 Terry Bassham, KCPL President and Chief Executive Officer, announced the purchase of the 200 MWs of wind power from Osborn Wind Farm that is being constructed by NextEra Energy Resources in DeKalb County that is expected to reach commercial operation by the end of 2016.⁴

4. Under Paragraph 19, page 7 of the Transource Missouri Application Osborn Wind will initially construct, own, and pay for the Switch Station. Osborn Wind will contribute the Switch Station, the land on which it is located, and certain associated transmission owner interconnection facilities to Transource Missouri prior to energizing the Switch Station. The estimated cost of the Switch Station and the associated interconnection facilities that will be transferred and contributed to Transource Missouri from Osborn Wind without payment by Transource Missouri to Osborn Wind is \$16,755,000.⁵ Transource Missouri will construct and own additional network upgrades

⁴ <http://www.kcpl.com/about-kcpl/media-center/2016/april/kcpl-grows-renewable-energy-portfolio-with-new-missouri-wind-facilities>

⁵ The network upgrades to be designed, procured, constructed and installed by Osborn Wind include the 345 kV Ketchum Switch Station, a 345 kV dead-end structure and disconnect switch for the 345 kV "strain"/"string" bus, and a three breaker ring bus configured for future expansion. What is referred to as a 345 kV "strain"/"string" bus by Osborn Wind/the Applicant, the Staff considers to be a 345 kV transmission line, which will be designed, procured, constructed, installed, and owned by Osborn Wind. The Ketchum Switch Station will have line terminals for transmission lines to the Sibley 345 kV substation located near Sibley, Mo. (substation owned by GMO). Application, Exhibit 2, GIA; Appendix A, pages A-2

costing \$2,075,000, which will be paid for by Osborn Wind. There is yet another \$1,000,000 of interconnection facilities that are to be maintained, owned and/or controlled by Transource Missouri at Osborn Wind's sole expense.⁶

5. At Paragraph 20 of its Application, Transource Missouri states that it will not exercise the power of eminent domain regarding the Switch Station, and the construction and operation of the Switch Station will not require approval by any other governmental body under 4 CSR 240-3.105(1)(C). The Staff submitted Data Requests to both Transource Missouri and Osborn Wind. In response to Staff Data Request Nos. 2 and 3 regarding governmental authorizations Osborn Wind responded, in part:

Response to Staff Data Request No. 2:

There is no transmission line associated with the Osborn Wind Energy Center. All easements have been acquired for the wind facility and substation.

Response to Staff Data Request No. 3:

There is no transmission line associated with the Osborn Wind Energy Center. No county permits are required for the 345kV strain bus and associated interconnection facilities.

No governmental authorizations are required for the 345kV strain bus and associated interconnection facilities.

6. In the August 6, 2016 edition of the St. Joseph News-Press, an article by Margaret Slayton states that the Osborn Wind Farm planned by NextEra Energy in Northwest Missouri has raised the concern of the Missouri Department of Conservation over potential bird and bat deaths. The article relates that director of the Department,

to A-3. Osborn Wind substation installed and owned by Osborn Wind. Figure A-1 Osborn Wind Project Interconnection, A-9, of Appendix A To GIA.

⁶ Application, Exhibit 2, Generation Interconnection Agreement (GIA); Appendix A to GIA, A-2.

Robert Ziehmer, sent a letter in April, 2016, to NextEra requesting a greater setback distance for the turbines which are adjacent to a conservation area, the Pony Express Lake Conservation Area (“PELCA”), and advised the NextEra to conduct additional bird and bat studies. The article indicates that the wind turbines will be around 500 feet tall with a blade length of between 160 and 174 feet. In the article Bryan Garner, identified as spokesman for NextEra, is quoted as saying “Protecting wildlife and sensitive habitats is a priority for our company, and we’ve worked over the last five years with the Missouri Department of Conservation to avoid or minimize any impact that the Osborn Wind Project would have on the environment.” The article states that Mr. Garner said the NextEra’s discussions with federal wildlife regulatory authorities indicate that it does not need an endangered species permit. This August 6, 2016, news article and April 25, 2016, letter from the Director of the Missouri Department of Conservation are attached to the Staff’s Memorandum Recommendation.

7. In Staff Data Request No. 6 to Osborn Wind, the Staff asked if Osborn Wind is aware of any action pending or contemplated against Osborn Wind from the Missouri Department of Conservation over potential bird and bat deaths due to the Osborn Wind Farm that may affect the pending Application of Transource Missouri, and if “yes,” please explain. Osborn Wind responded on August 29, 2016 with a one word answer: “No.” In Staff Data Request No. 5 to Transource Missouri, the Staff asked if Transource Missouri is aware of any action pending or contemplated against Osborn Wind from the Missouri Department of Conservation over potential bird and bat deaths due to the Osborn Wind Farm that may affect the pending Application of Transource Missouri, and if “yes,” please explain. Transource Missouri responded on

September 7, 2016: “Transource Missouri is not aware of any action pending or contemplated against Osborn Wind Energy from the Missouri Department of Conservation over potential bird and bat deaths due to the Osborn Wind Farm that may affect the pending application.”

8. In Staff Data Request No. 13 sent to Transource Missouri and Osborn Wind, the Staff asked if the Missouri Department of Conservation raised with either entity any concerns about the Ketchum Switch Station regarding potential bird or bat deaths and requested an explanation if the Missouri Department of Conservation had done so. Both entities, Transource Missouri on September 7, 2016 and Osborn Wind on August 29, 2016 indicated that no such concerns had been raised regarding the Ketchum Switch Station.

9. Transource Missouri obtained a line CCN from the Commission to construct, finance, own, operate and maintain two Southwest Power Pool, Inc. (“SPP”) approved 345 kV regional electric transmission projects known as the Iatan-Nashua Project and the Sibley-Nebraska City Project in 2013, *Re Transource Missouri, LLC*, File No. EA-2013-0098 (and File No. EO-2012-0367), Report and Order (Aug. 7, 2013). Transource Missouri’s portion of the Sibley-Nebraska City Project is currently under construction with an expected in-service date of December 31, 2016, according to Transource Missouri, and is located entirely within Missouri.

10. In Paragraph 9 of its Application Transource Missouri states that it has entered into a Generator Interconnection Agreement (“GIA”) with Osborn (generating facilities), Transource Missouri (transmission owner), SPP (transmission provider), pursuant to SPP’s Open Access Transmission Tariff (“OATT”) requirements. Pursuant

to paragraph 10 of the Transource Missouri Application, Osborn Wind's generation facilities will interconnect to the Transource Missouri line through a new Interconnection Switch Station located in DeKalb County, Missouri.

11. On August 17, 2016, the Missouri Department of Economic Development – Division of Energy⁷ and on August 19, 2016, Osborn Wind organized under the laws of Delaware and qualified to do business in Missouri applied to intervene in this proceeding pursuant to 4 CSR 240-2.075. Osborn Wind asserts it is an indirect, wholly-owned subsidiary of NextEra Energy Resources, LLC. Osborn Wind's principal place of business is 700 Universe Boulevard, Juno Beach, Florida, 33408.

12. Osborn Wind will construct the 345 kV switchyard and certain interconnection facilities. Osborn Wind will transfer control of the switchyard and interconnection facilities to Transource Missouri. The transfer will occur without payment by Transource Missouri. Transource Missouri's Application requests an order declining jurisdiction or in the alternative a CCN to own, operate, and maintain the switchyard and interconnection facilities.

13. Transource Missouri seeks in Paragraph 26 of its Application expedited treatment, pursuant to 4 CSR 240-2.080(14), or that the Commission decline jurisdiction, but in any event Transource Missouri asks that the Commission grant the CCN or decline jurisdiction in any event no later than 90 days after filing of the Application (i.e., by October 20, 2016). Transource Missouri also requests waiver of Commission Rules 4 CSR 240-3.175, which would otherwise require it to file

⁷ On August 28, 2013, Executive Order 13-03 transferred "all authority, powers, duties, functions, records, personnel, property, contracts, budgets, matters pending, and other pertinent vestiges of the Division of Energy from the Missouri Department of Natural Resources to the Missouri Department of Economic Development . . . "

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.

14. On January 22, 2016, the Commission issued an Order Directing Notice And Setting Intervention Deadline granting the Staff until August 23, 2016 to file a recommendation or a status report on Transource Missouri's Application. In Paragraph 27 of its Application, Transource Missouri states that the construction schedule for the GIA calls for the Ketchum Switch Station to be energized by December 31, 2016, and to begin commercial operations by February 2, 2017, and if that does not occur by then it will require an outage of Transource Missouri's transmission line in order to interconnect the Ketchum Switch Station, which is subject to SPP approval and may be difficult to schedule during the winter peak season.

I. The Commission Has Jurisdiction Over Transource Missouri's Application

15. The Staff notes in Paragraph 1 and footnote 2 above the similarities between many of the facets of the requests and findings / holdings of the Commission in the File No. EA-2016-0188 filings and this case. The Commission's finding / holding on jurisdiction is one of those items that clearly matches up:

While Transource Missouri's transmission of electricity in interstate commerce may be regulated by FERC, the federal agency does not have exclusive jurisdiction.⁶ This Commission has jurisdiction over the sale and transmission of electricity within the state, electric plants, and the corporations that own, operate or control the same.⁷ Transource Missouri is an "electrical corporation" and the Switch Station is an "electric plant" under Missouri's statutes.⁸ Transource Missouri is therefore a public utility subject to the jurisdiction, control, and regulation of the Commission.⁹

⁶ *Piedmont Environmental Council v. F.E.R.C.*, 588 F.3d 304 (4th Cir. 2009).

⁷ Section 386.250.1, RSMo 2000. Section 393.110.1, RSMo (Cum.Supp 2013) states that Sections 393.110 to 393.285 apply to the furnishing and transmission of electricity for light, heat, or power.

⁸ Section 386.020(14) and (15), RSMo (Cum.Supp.2013). An “electrical corporation” includes every company owning, operation, controlling or managing an electric plant. An “electric plant” includes all real estate, fixtures and personal property operated, controlled, owned, or to be used for the transmission and distribution of electricity for light, heat or power.

⁹ Section 386.020(43), RSMo (Cum.Supp.2013). A “public utility” includes every electrical corporation. Each public utility is subject to the jurisdiction, control and regulation of the commission and to the provisions of Chapter 386 of the Missouri Revised Statutes.

16. At Paragraphs 2, 12.d., and 23 of its Application, Transource Missouri asserts that it is not a Missouri rate-regulated entity and does not directly serve retail electric customers in Missouri. Transource Missouri states it is a transmission-owning utility regulated by the Federal Energy Regulatory Commission (“FERC”) with its principal business devoted exclusively to construction, financing, owning, operating, and maintaining transmission facilities that provide wholesale, interstate electric transmission service via the SPP OATT. At Paragraph 1 of its Application, Transource Missouri asserts that it is a Delaware limited liability company qualified to conduct business in Missouri⁸ with its principal place of business located at 1 Riverside Plaza, Columbus, Ohio 43215.

17. In Paragraph 12.e. of its Application, Transource Missouri notes that the Commission’s Report and Order in File No. EA-2013-0098 (and File No. EO-2012-0367) stated that studies performed by SPP in 2009 and 2010 demonstrated that the Iatan-Nashua Project and the Sibley-Nebraska City Project would, among other things, help support public policy goals regarding renewable energy. Further, in Paragraph 17

⁸ A copy of Transource Missouri’s Certificate from the Missouri Secretary of State authorizing it to do business in the State of Missouri is attached as Exhibit 1.

of its Application, Transource Missouri argues that the Osborn Wind will produce wind energy to help meet renewable energy public policy goals.⁹

18. Transource Missouri noted in paragraphs 17 and 18 of its Application that in granting Transource Missouri a CCN for the Sibley-Nebraska City 345 kV transmission line, the Commission stated that there was a need for the service to be rendered by the project based upon a study performed by SPP which demonstrated that the project would help support public policy goals regarding renewable energy for Missouri and the region, as well as improve grid reliability and minimize transmission congestion.

19. The Staff notes that *StopAquila.Org v. Aquila, Inc.*, 180 S.W.3d 24, 34 (Mo.App. W.D. 2005) (“*StopAquila.Org*”) and *State ex rel. Cass County v. Public Service Comm’n*, 259 S.W.3d 544 (Mo.App. W.D. 2008) (“*Cass County*”) which involved Aquila, Inc.’s South Harper peaking plant (three 105 MW combustion turbines fueled by natural gas) in Cass County, southwest of the City of Peculiar, and an electric transmission substation in Cass County, northeast of the City of Peculiar.¹⁰ The latter case involves CCNs being granted by the Commission to both the peaking plant and the substation after having been constructed and the Western District Court of Appeals

⁹ On August 7, 2013, the Commission issued a Report and Order in File No. EA-2013-0098 granting, among other things, the August 31, 2012 Application of Transource Missouri for a line CCN for Transource Missouri to construct, finance, own, operate, and maintain the regional Sibley-Nebraska City 345 kV transmission line project. There was no existing transmission property associated with the Sibley-Nebraska City project as there was with the Iatan-Nashua 345 kV transmission line project. On July 23, 2010, SPP issued a Notification to Construct (“NTC”) to KCP&L Greater Missouri Operations Company (“GMO”) originally directing it to construct the Sibley-Nebraska City Project. The NTC to GMO from SPP had to be novated by SPP to Transource Missouri. The project was not intended to address a local reliability concern, but rather to provide a wide variety of regional benefits to the SPP system including reduced congestion, integration of renewable energy resources, and bulk electric system reliability.

¹⁰ 180 S.W.3d at 28. The Peculiar substation was designed to support the electric plant by allowing its output to flow to an adjacent, higher voltage transmission line and would also serve area load growth.

decision states in a footnote, without further comment: “The PSC report and order appears to draw a distinction between the two facilities at issue in the present case, treating the South Harper Plant, but not the Peculiar Substation, as an ‘electric plant’ for purposes of section 393.170. That classificatory distinction, however, has not been briefed on appeal, and need not be addressed in this opinion, since the report and order ultimately grants CCNs for both facilities.” The Staff’s Recommendation identifies the difference between a substation and a switch station / switchyard.

20. Pursuant to Section 393.120, RSMo. 2000, the terms “electrical corporation” and “electric plant” are defined in Section 386.020(14) and (15), RSMo. Cum. Supp. 2013 as follows:

(14) **"Electrical corporation" includes every corporation, company, association, joint stock company or association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever**, other than a railroad, light rail or street railroad corporation generating electricity solely for railroad, light rail or street railroad purposes or for the use of its tenants and not for sale to others, **owning, operating, controlling or managing any electric plant** except where electricity is generated or distributed by the producer solely on or through private property for railroad, light rail or street railroad purposes or for its own use or the use of its tenants and not for sale to others [Emphasis added];

(15) **"Electric plant" includes all real estate, fixtures and personal property operated, controlled, owned, used or to be used for or in connection with or to facilitate the generation, transmission, distribution, sale or furnishing of electricity for light, heat or power; and any conduits, ducts or other devices, materials, apparatus or property for containing, holding or carrying conductors used or to be used for the transmission of electricity for light, heat or power** [Emphasis added];

Both definitions have remained unchanged since the enactment of the Public Service Commission Act in 1913.

21. Section 1.090, RSMo, provides, “Words and phrases shall be taken in their plain or ordinary and usual sense, but technical words and phrases having a peculiar and appropriate meaning in law shall be understood according to their technical import.” When the Legislature provides a definition for a word or phrase, that definition is authoritative and to be read into the statute where that word or phrase appears as a part of the statute itself. *State ex rel. Exchange Bank of Richmond v. Allison*, 155 Mo. 325, 56 S.W. 467 (1900); *State v. Brushwood*, 171 S.W.3d 143 (Mo. App. W.D. 2005). Under these directives and as further set out herein, Transource Missouri is an “electrical corporation” that owns and operates “electric plant,” two electric transmission lines, for the sale of electricity to others, has CCNs for those transmission lines, and requires a CCN from the Commission for the proposed Switch Station facilities to interconnect the Rock Creek Wind Project with the Sibley-Nebraska City 345 kV transmission line in Missouri.

22. Recently, in File No. EA-2015-0145, *In the Matter of the Application of Ameren Transmission Company of Illinois and the Illinois Rivers Project*¹¹ for a disclaimer of jurisdiction or, in the alternative, a CCN relating to 7 miles of the 345 kV Illinois Rivers Project transmission line, the Commission issued a *Revised Order Granting Certificate of Convenience and Necessity* (“Revised Order”) on July 22, 2015, after ATXI filed an Application for Rehearing. In its initial Application, ATXI stated that it

¹¹ *In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line in Marion County, Missouri, and an Associated Switching Station Near Palmyra, Missouri*. ATXI appealed the Commission’s decision that the Commission had jurisdiction over the case, and the appeal WD78939 was pending oral argument before the Western District Court of Appeals when ATXI filed a Motion for Dismissal of this case with the Western District Court of Appeals on March 23, 2016. The Court sustained the Motion on March 24, 2016.

does not provide retail electric service to the general public in Missouri, does not serve any retail service territory in Missouri, and does not manufacture, sell or distribute electricity for light, heat or power either within or outside Missouri. The Commission in its July 22, 2015 *Revised Order* at pages 5-6 stated that the *Danciger Test*¹² is that electric plant must be devoted to the public use and must be coupled with a public interest before it is subject to public regulation. The Commission noted that while FERC has authority over the transmission of electricity in interstate commerce, 16 U.S.C. Section 824(a)(1), it does not claim jurisdiction over the siting of transmission facilities and quoted from *Piedmont Env'tl. Council v. FERC*, 558 F.3d 304, 310 (4th Cir. 2009) that “[S]tates have traditionally assumed all jurisdiction to approve or deny permits for the siting and construction of electric transmission facilities.”

23. The Staff also would note some of the language in the U.S. Supreme Court's decision in *New York v. F.E.R.C.*, 535 U.S. 1, 122 S.Ct. 1012, 152 L.Ed.2d 47 (2002). The State of New York, et al. questioned FERC's assertion of jurisdiction over unbundled retail transmissions and Enron Power Marketing, Inc. questioned FERC's refusal to assert jurisdiction over bundled retail transmissions. In Order No. 888, FERC ordered functional unbundling of wholesale generation and transmission services, imposed a similar open access requirement on unbundled retail transmission service in interstate commerce and declined to extend open access requirements to the transmission component of bundled retail sales. The Court noted that no petitioner questioned the validity of Order No. 888 as it applied to wholesales transactions. The

¹² *State ex rel. M.O. Danciger & Co. v. Public Serv. Comm'n*, 205 S.W. 36 (Mo. 1918).

disputes before the Court were over the proper scope of FERC jurisdiction over retail transmission transactions:

. . . FERC has recognized that the States retain significant control over local matters even when retail transmissions are unbundled. See, e.g., Order No. 888, at 31,782, n. 543 (“Among other things, Congress left to the States authority to regulate generation and transmission siting”); *id.*, at 31,782, n. 544 (“This Final Rule will not affect or encroach upon state authority in such traditional areas as the authority over local service issues, including reliability of local service; administration of integrated resource planning and utility buy-side and demand-side decisions, including DSM [demand-side management]; authority over utility generation and resource portfolios; and authority to impose nonbypassable distribution or retail stranded cost charges”). . . .

535 U.S. at 24, 122 S.Ct. at 1026.

To remedy the wholesale discrimination it found, FERC chose to regulate all wholesale transmissions. It also regulated unbundled retail transmissions, as was within its power to do. See Part III, *supra*. However, merely because FERC believed that those steps were appropriate to remedy discrimination in the wholesale electricity market does not, as Enron alleges, lead to the conclusion that the regulation of *bundled* retail transmissions was “necessary” as well. Because FERC determined that the remedy it ordered constituted a sufficient response to the problems FERC had identified in the wholesale market, FERC had no § 206 obligation to regulate bundled retail transmissions or to order universal unbundling.

535 U.S. at 26-27, 122 S.Ct. at 1028; Footnote omitted.

II. The Commission Should Grant Transource Missouri’s Request For A CCN But With Conditions

24. Attached is the Staff’s Memorandum Recommendation finding that Transource Missouri meets the criteria that the Commission has used in the recent past for granting a CCN for the construction of electric plant. *Tartan Energy Company, LLC, d/b/a Southern Missouri Gas Company*, Report and Order, 3 Mo.P.S.C.3d 173, 177,

Case No. GA-94-127, (September 16, 1994). Section 393.170 RSMo. 2000 Transource Missouri's request is for a CCN pursuant to Section 393.170, RSMo. 2000, to own, operate, and maintain a 345 kV Switch Station in DeKalb County, Missouri necessary to connect the Applicant's Sibley-Nebraska City 345 kV electric transmission line, currently under construction, with Osborn Energy, Inc.'s 200.1 MW Wind Project in DeKalb County, Missouri. The Staff concurs with Transource Missouri's request for expedited treatment, pursuant to 4 CSR 240-2.080(16), relief from the filing requirements of 4 CSR 240-3.175 and 4 CSR 240-3.190(1), (2), (3)(A)-(D).

25. The Staff is not aware of Transource Missouri ever having requested in any of its prior cases filed with the Commission a waiver from 4 CSR 240-3.165 Annual Report Submission Requirement for Electric Utilities. Transource Missouri, LLC filed on April 14, 2016, at the FERC, a FERC Financial Report FERC FORM No. 1 Annual Report of Major Electric Utilities. In Staff Data Request No. 11 to Transource Missouri, the Staff asked whether at the time Transource Missouri files with the FERC its annual FERC FORM 1, would Transource Missouri be amenable to filing a copy of the same annual FERC FORM 1 with the Missouri Commission. Transource Missouri replied "Yes" in its September 7, 2016 response. The Staff recommends to the Commission that as a condition of granting Transource Missouri a CCN in this proceeding, Transource Missouri should direct Transource Missouri to file on an annual basis its current annual FERC FORM 1 with this Commission at the same time it makes its annual filing with the FERC and this filing be deemed to be in lieu of the filing required by 4 CSR 240-3.165.

26. Transource Missouri has not filed plans and specifications for the complete construction project pursuant to 4 CSR 240-3.105(1)(B)(2). As a consequence, the Staff proposes that as a condition of granting Transource Missouri a CCN, Transource Missouri should agree to file with the Commission, as soon as they are available, the final engineering deliverables, including design packages, procurement delivery schedules, construction contract bid technical specifications.

WHEREFORE the Staff submits its Memorandum Recommendation suggesting that the Commission should grant the CCN Application of Transource Missouri with the conditions discussed hereinabove.

Respectfully submitted,

/s/ Steven Dottheim

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Attorney for the Staff of the
Missouri Public Service Commission

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 20th day of September, 2016.

/s/ Steven Dottheim

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EA-2016-0190,
In the Matter of the Application of Transource Missouri, LLC for a Certificate of
Convenience and Necessity Authorizing it to Own, Operate, and Maintain a
Switching Station Necessary for the Interconnection of the Osborn Wind Energy
Center with the Sibley-Nebraska City Electric Transmission Project

FROM: Daniel I. Beck, Engineering Analysis

<u>/s/ Daniel I. Beck 9/20/2016</u>	<u>/s/ Steven Dottheim 09/20/2016</u>
Operational Analysis / Date	Staff Counsel's Office / Date

SUBJECT: Recommendation to Approve Application with Conditions

DATE: September 20, 2016

OVERVIEW

The Staff of the Missouri Public Service Commission (“Staff”) submits the instant Memorandum regarding the Application of Transource Missouri, LLC (“Transource Missouri”) for alternatively, (1) a Missouri Public Service Commission (“Commission”) Certificate of Convenience and Necessity (“CCN”) authorizing it to own, acquire, construct, operate, control, manage and maintain a new switching station, within DeKalb County, Missouri, per Section 393.170, RSMo 2000, and waivers of Commission Rules 4 CSR 240-3.175 and 4 CSR 240-3.190 or (2) alternatively, for an order declining jurisdiction. Transource Missouri further moves for expedited treatment pursuant to 4 CSR 240-2.080(14). Transource Missouri requests that the Commission issue an Order in this case that would allow the switch station to be completed by December 31, 2016, i.e., by 90 days after it filed its Application. The Application meets the filing requirements of 4 CSR 240-2.060, which are the general requirements for an Application. Additional filing requirements are contained in 4 CSR 240-3.105, Filing Requirements for Electric Utility Applications for Certificates of Convenience and Necessity, and are discussed in this Memorandum.

Transource Missouri represents that “[a]lthough it will own, operate and maintain the Switch Station, Transource Missouri will neither construct nor pay for the Switch Station. The developer Osborn Wind will construct and pay for the Switch Station (as well as the Osborn Wind Energy Center), and will contribute the Switch Station and the land on which it is located to Transource Missouri.”¹ Transource Missouri further represents that “Transource Missouri will not pay Osborn Wind for the Switch Station, which the developer will contribute to the Applicant and which will not increase the Applicant's FERC-regulated rate base,” and that “Transource Missouri will not exercise eminent domain in connection with its ownership,

¹ See Application, page 5.

operation and maintenance of the Switch Station because all the necessary real estate rights have already been secured by Osborn Wind on privately held property.”²

The Application addresses only the Switch Station that will be contributed to Transource Missouri, and does not seek a CCN for the short 345 kV transmission line that will run from the Switch Station to the 200 MW Osborn Wind Energy Center in DeKalb County.³ The Switching Station is located adjacent to the Osborn Wind Farm and a short 345 kV transmission line will be constructed as part of and retained by Osborn Wind. A switch station is where energy is routed either from different sources or to different customers. For example, a switching station near an energy generating facility may be able to switch some or all of its energy flow from one region to another as needed. A switching station near a city, on the other hand, might allow the city to switch between different energy providers if one provider goes offline or routes its energy to a different customer. Switching stations often contain circuit breakers, reclosures and other automated mechanisms that switch or divide the output between different powerlines when system faults occur or shut down transmission altogether in the event of a serious problem.⁴ Voltage will not be transformed at the Switch Station, in that both the power from Osborn Wind and the Mullin Creek-Nebraska City line will be at the 345 kV voltage level, and there is no interconnection at the point with the surrounding distribution system.

A substation should not be confused with a switch station / switch yard. A substation is a high-voltage electric system facility. It is used to switch generators, equipment, and circuits or lines in and out of a system. Also, it is used to change AC voltages from one level to another, i.e., either step up or step down an AC voltage level.

Transource Missouri filed its Application in this matter on July 22, 2016. Transource Missouri is an LLC pursuant to the laws of the State of Delaware, its principal place of business being in Columbus, Ohio. As illustrated in Exhibit 1 to its Application, Transource Missouri is authorized to do business within the State of Missouri.

Transource Missouri did not file annual reports with the Commission for calendar year 2015 and it is not required to pay assessment fees. The Iatan-Nashua 345 kV transmission line Project went into service on April 8, 2015 while the Sibley-Nebraska City 345 kV transmission line Project is not yet in service.⁵ In response to Staff Data Request No. 11, Transource Missouri stated that it was amenable to filing a copy of its annual FERC Form 1 with the Missouri Commission. Staff recommends that filing this report annually be a condition of granting this Application.

² See Application, page 5. Regarding the approximately \$17 million of plant and land comprising the switch station, Transource Missouri has separately indicated that there will be no effect on the FERC-jurisdictional revenue requirement. In response to Staff Data Request No. 4, Transource Missouri estimated O&M expenses at \$60,000. This \$60,000 O&M expense will be regionally allocated according to SPP's tariff provisions for transmission plant.

³ See Application, page 7, and Application, Exhibit 2.

⁴ https://www.energyvortex.com/energydictionary/switching_station.html.

⁵ These transmission lines are the two lines that Transource Missouri was previously granted a CCN in Case No. EA-2013-0098.

Transource Missouri's Application requests a waiver from certain filing requirements and provides the following rationale:

Because Transource Missouri will have no Missouri retail customers and no rates set by this Commission, 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 LLC and Entergy Arkansas, Inc. which only own and operate transmission facilities and which have no retail customers.

In File No. EA-2013-0098, the Commission granted Transource Missouri a CCN for the Iatan-Nashua 345 kV transmission line and the Sibley-Nebraska City 345 kV transmission line but Transource Missouri was not completely relieved of the Commission's reporting requirements, e.g., 4 CSR 240-3.190(3)(E) and (4):

10. The reporting requirements of 4 CSR 240-3.175, Submission Requirements For Electric Utility Depreciation Studies, are waived subject to the Stipulation's provision regarding Staff's and OPC's access to documents.

11. Subsections 4 CSR 240-3.190 (1), (2), and (3)(A)-(D), Reporting Requirements For Electric Utilities And Rural Electric Cooperatives, are waived for Transource Missouri.⁶

In File No. EA-2016-0188, the Commission granted Transource Missouri a CCN for the Holt County Switch Station that is located along the Sibley-Nebraska City transmission line but Transource Missouri was once again not completely relieved of the Commission's reporting requirements, e.g., 4 CSR 240-3.190(3)(E) and (4):

4. Transource Missouri, LLC is granted a waiver of the reporting requirements of Commission rules 4 CSR 240-3.175 and 4 CSR 240-3.190 (1), (2), and (3)(A)-(D).⁷

Staff is not aware of any pending actions or unsatisfied judgments against Transource Missouri concerning customer service or rates occurring within three years of this filing. However, Staff would note that in File No. EO-2016-0232, the preferred resource plan of Kansas City Power & Light Company ("KCPL") includes the addition of 300 MW of wind resources in 2017. Likewise, in File No. EO-2016-0233, the preferred resource plan of KCP&L Greater Missouri Operations Company ("GMO") includes the addition of 260 MW of wind resources in 2017.

⁶ *Re Transource Missouri, LLC*, Report and Order, File No. EA-2013-0098, p. 26 (August 7, 2013).

⁷ *Re Transource Missouri, LLC*, Report and Order, File No. EA-2016-0188, p. 6 (April 6, 2016).

This appears to be generally consistent with the press release of April 7, 2016 where KCP&L (which is defined as the brand name for both KCPL and GMO in the press release) announced that the Osborn Wind Farm is part of the 500 MW of wind that KCP&L plans to add to its resource mix. This press release is attached to this Memorandum Recommendation.

In addition, an August 6, 2016, St. Joseph News-Press news article discussed the Missouri Department of Conservation's concerns related to the Osborn Wind Farm. In response to a Staff Data Request, Osborn Wind provided a copy of the Missouri Department of Conservation's April 25, 2016, letter to NextEra Energy Resources. Based on a review of that letter, Staff concludes that the Missouri Department of Conservation is not concerned with the Switch Station that is the subject of this Application but is instead concerned with approximately 1/5 of the wind turbines that are located near the Pony Express Lake Conservation Area. A switch station does not have the turning blades that a wind turbine does and does not reach the heights that the wind turbines do. A copy of the news article and the letter from the Missouri Department of Conservation are attached to this Memorandum Recommendation.

On July 22, 2016, the Commission issued an Order informing any proper person or entity who desired to intervene in this case to file such application by August 19, 2016 and directing the Staff to file a recommendation or status report no later than August 23, 2016. The Missouri Department of Economic Development - Division of Energy and Osborn Wind Energy, LLC were granted intervention status. The Commission subsequently ordered the Staff in response to its August 24, 2016, Status Report to file its recommendation no later than September 20, 2016.

DISCUSSION

Transource Missouri's Application includes the following description:

15. Transource Missouri seeks to own, operate, and maintain the Switch Station in DeKalb County which will interconnect the 200 MW Osborn Wind Energy Center located in DeKalb County with the Nebraska City-Mullin Creek-Sibley transmission line. A diagram of the Switch Station and surrounding facilities is found in Appendix A on page A-9 of the GIA. The legal description of the real property on which the Switch Station will be located is attached as Exhibit 3.

16. As the interconnection customer, Osborn Wind will construct the Switch Station and certain transmission owner interconnection facilities described in Section 1(a)(b) and Section 2(a), of Appendix A to the GIA.

Commission rule 4 CSR 240-3.105(1)(B)2. requires filing of "[t]he plans and specifications for the complete construction project and estimated cost of the construction project or a statement of the reasons the information is currently unavailable and a date when it will be furnished," and 4 CSR 240-3.105(2) requires that "[i]f any of the items required under this rule are unavailable at the time the application is filed, they shall be furnished prior to the granting of the

authority sought.” Exhibit 2 to the Application included a diagram of the Switch Station and surrounding facilities. A technical description of the Switch Station and the related interconnection facilities is provided in Appendix A of Exhibit 2 Generation Interconnection Agreement (“GIA”) to the Application. However, these plans and specifications are based on partial engineering and are not the final plans and specifications.

Regarding the progress on final plans and specifications, Transource Missouri has indicated as follows:

Engineering Deliverables 90% completed on June 10, 2016.
Final design package 2 months after effective date.

On September 7, 2016, Transource Missouri did provide Staff with the 90% design package in response to Staff Data Request No. 10. Because the Switch Station is a simple and routine design, Staff recommends that the public interest sought to be served by the requirement of 4 CSR 240-3.105(1)(B)2. will be sufficiently met by Transource Missouri filing the 90% design package diagrams now and the final diagrams upon completion of that deliverable. Staff recommends that the Commission condition the granting of the requested CCN upon Transource Missouri’s commitment to file these deliverables as they become available to Transource Missouri.

Commission rule 4 CSR 240-3.105(1)(B)2. states that “[w]hen approval of the affected governmental bodies is required, evidence must be provided as follows: 1. When consent or franchise by a city or county is required, approval shall be shown by a certified copy of the document granting the consent or franchise, or an affidavit of the applicant that consent has been acquired; and 2.[a] certified copy of the required approval of other governmental agencies.” At page 8 of its Application, Transource Missouri states that “Transource Missouri will not exercise the power of eminent domain regarding the Switch Station, whose construction and operation will not require approval by any other governmental body under 4 CSR 240-3.105(1)(C).” Staff further inquired about the matter of any necessary governmental authorizations by submitting data requests and Osborn Wind advised that no governmental authorizations are required for the 345 kV strain bus⁸ and associated interconnection facilities.⁹

The Application concerns a relatively minor facility in terms of dollar value and complexity of construction and operation, located entirely on land held by Osborn Wind or Transource Missouri, to which no one has raised any objection. Transource Missouri relates in paragraph 12 of its Application that Osborn Wind will contribute the Switch Station and the land on which it is located to Transource Missouri and the Applicant’s FERC-regulated rate base will not be increased. As a consequence, Staff will briefly address the criteria the Commission has typically considered in CCN application cases.

⁸ What is referred to as a 345 kV strain bus by the Applicant, the Staff considers to be a 345 kV transmission line.

⁹ Osborn Wind response to Staff Data Request No. 3.

In the Tartan Energy Company case, Report and Order, 3 Mo.P.S.C.3d 173, Case No. GA-94-127, (September 16, 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" (A short description of how Staff believes each criteria has been met is included below):

- Is the service needed?
 - Yes. Transource Missouri represents that "[t]he Switch Station is a necessary component of the electrical facility for the Osborn Wind Energy Center to have interconnection with and access to the transmission grid so that it can deliver capacity and energy to its customer. The Osborn Wind Energy Center generating facility will have a nameplate capacity of up to 200.1 MW that will produce wind energy to help meet the renewable energy public policy goals."¹⁰ When the Commission granted Transource Missouri its CCN in File No. EA-2013-0098, it specifically stated that its projects will "help support public policy goals regarding renewable energy,"¹¹ as well as improve grid reliability and minimize transmission congestion.
- Is the applicant qualified to provide the service?
 - Yes. Transource Missouri is operated by staff provided by subsidiaries and affiliates of AEP Transmission Holding Company, LLC and GPE Transmission Holding Company, LLC. AEP Transmission Holding Company, LLC is a wholly owned subsidiary of American Electric Power Company, Inc. GPE Transmission Holding Company, LLC is a wholly owned subsidiary of Great Plains Energy Incorporated.
- Does the applicant have the financial ability to provide the service?
 - Yes. Transource Missouri represents that the capital costs of the contributed Switch Station will have no effect on the FERC-jurisdictional revenue requirement of Transource Missouri. Transource Missouri further represents that O&M expenses are estimated at \$60,000 per year for equipment testing, equipment maintenance, and limited emergency response. This \$60,000 O&M expense would be regionally allocated according to SPP's tariff provisions for transmission plant. Also see qualifications above to provide the service.
- Is the applicant's proposal economically feasible?
 - Yes. For the same reasons provided above concerning financial ability and qualifications to provide the service.
- Does the service promote the public interest?¹²
 - Factors that Staff maintains promotes the public interest include, but are not limited to, the relationship of the project to the interconnection of a wind project sited in DeKalb County, Missouri, and the location of the project on land held by the involved parties.

¹⁰ Application, page 7.

¹¹ *Id.*

¹² *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). *See also* Section 393.170, RSMo (2000).

On April 6, 2016, the Commission issued an Order Granting Certificate Of Convenience And Necessity to Transource Missouri in File No. EA-2016-0188. There does not appear to be any change in conditions respecting Transource Missouri regarding the Tartan criteria between April 6, 2016 and now. Staff and the Commission found that Transource Missouri met the Tartan criteria in File No. EA-2016-0188.

However, as a condition of granting the requested CCN, Staff recommends that the Commission require Transource Missouri to commit to file final diagrams upon their completion and the receipt of each deliverable by Transource Missouri. Staff also recommends that filing its FERC Form 1 Report on an annual basis should be required.

SUMMARY

Staff has reviewed the filing and information obtained through discussions with Transource Missouri as well as data requests submitted as part of this matter. In its Application, Transource Missouri is requesting and Staff supports the issuance by the Commission of a CCN to own, operate and maintain a Switch Station located in DeKalb County, Missouri, to be constructed and contributed by Osborn Wind Energy, LLC, because these transmission facilities are necessary for the interconnection of a wind farm located in DeKalb County, Missouri. Staff finds that Transource Missouri meets the Tartan Energy Company case criteria for the granting of a CCN by the Commission. However, Staff's support is based on the condition that Transource Missouri commit to file final diagrams upon completion and receipt of this deliverable by Transource Missouri. Staff only supports Transource Missouri's request for a waiver from certain filing requirements to the extent that Transource Missouri's reporting requirements remain consistent with the reporting requirements ordered by the Commission in File Nos. EA-2013-0098 and EA-2016-0188 as indicated above. Staff also recommends that filing its FERC Form 1 Report on an annual basis should be required.

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

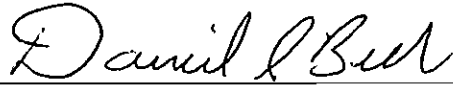
In the Matter of the Application of Transource)
Missouri, LLC for a Certificate of Convenience and)
Necessity Authorizing it to Own Operate, and) **Case No. EA-2016-0190**
Maintain the Switch Station Necessary for the)
Interconnection of the Osborn Wind Energy Center)
With the Sibley-Nebraska City Electric Transmission)
Project)

AFFIDAVIT OF DANIEL I. BECK

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Daniel I. Beck and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation in Memorandum form; and that the same is true and correct according to his best knowledge and belief.

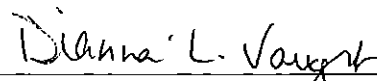
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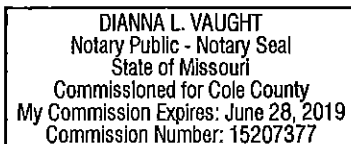
Daniel I. Beck

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, 2016.



Notary Public





KCP&L Grows Renewable Energy Portfolio with New Missouri Wind Facilities

4/7/2016

These new wind facility additions continue KCP&L's commitment to sustainability.

MEDIA CONTACT:

KCP&L 24-hour Media Hotline
(816) 392-9455

KANSAS CITY, Mo. (April 7, 2016) — Today, KCP&L announced plans to increase its sustainability portfolio with the purchase of an additional 500 megawatts (MW) of power from two new wind facilities in its service region. That's enough energy to power up to 170,000 homes.

"This announcement marks a significant investment in renewable energy, and will benefit our customers and the region," said KCP&L President and CEO, Terry Bassham. "Over the past decade, we've transitioned our energy mix to become more sustainable and cleaner, and today is the most recent in a series of investments in renewable energy. We're excited to announce our first wind facilities in our Missouri service area."

Osborn is a 200 MW wind farm that is being constructed by NextEra Energy Resources in DeKalb County just east of St. Joseph, Mo. Osborn is expected to reach commercial operation by the end of 2016.

Rock Creek is a 300 MW wind farm that is being constructed by Tradewind Energy in Atchison County, near Tarkio, Mo. Rock Creek is expected to reach commercial operation by September, 2017.

Close to home

Both of these projects are located within the KCP&L service area. This close proximity was one of the primary reasons for choosing both of these projects.

"Being close to our service area allows us to invest back in the communities we serve," said Bassham. "The developers have committed to hiring locally for the construction and ongoing operation of these facilities, which will boost the local economies in this region."

Not only is the location good for regional economic development, but the location of these facilities minimizes the transmission risk that many utilities are facing with renewable energy. Both of these projects will connect directly to the Midwest Transmission Project (MTP) transmission line, which allows for easier delivery of the electricity within this region.

Keeping costs lower

"In addition to being in a good location, the cost of these projects made them very appealing to us to pursue at this time," explained Bassham. "We believe these projects will bring significant benefits to both our customers and shareholders."

These facilities will be economically beneficial to KCP&L's customers over the lifetime of the 20-year agreements with these developers. While wind turbines cannot yet replace base-load generation, like at KCP&L's larger power plants, these wind turbines will be a cheaper option to supplement that base-load than purchasing power from other locations.

In addition, both of these projects qualify for the federal Production Tax Credit. This tax credit allows KCP&L to pass savings along to customers, keeping rates lower than would otherwise be possible.

Environmental stewardship

Appendix B

Using these wind turbines in the place of other forms of electricity generation not only offsets cost, it is also a more environmentally-friendly option for the region. These wind facilities will reduce carbon emissions and help attain EPA regional ozone standards and position KCP&L well to meet state requirements for the EPA's Clean Power Plan.

When these projects are operational they will increase KCP&L's total wind energy portfolio to nearly 1,400 MW. With that and the company's investments in hydroelectric, landfill gas and solar power, KCP&L currently has the largest portfolio of renewable energy and energy efficiency per customer in Missouri.

"Not only do we recognize the need to have renewable energy as a part of our company's current and future energy mix, but so do the states we operate in, Missouri and Kansas," said Bassham.

Missouri has the renewable portfolio standards (RPS) that require utilities operating in the state to generate a specified percentage of its energy from renewable sources like wind. These projects put KCP&L well ahead of RPS compliance dates and percentages in Missouri.

"There are so many reasons that make now the right time to pursue these investments," commented Bassham. "We are excited to take advantage of such an abundant natural resource by adding these projects to our renewable energy portfolio."

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About KCP&L:

Headquartered in Kansas City, Mo., Great Plains Energy Incorporated (NYSE: GXP) is the holding company of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company, two of the leading regulated providers of electricity in the Midwest. Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company use KCP&L as a brand name. More information about the companies is available on the Internet at www.greatplainsenergy.com (<http://www.greatplainsenergy.com>) or www.kcpl.com (/).

About NextEra Energy Resources:

NextEra Energy Resources, LLC (together with its affiliated entities, "NextEra Energy Resources"), is a clean energy leader and is one of the largest wholesale generators of electric power in the U.S., with approximately 19,777 megawatts of generating capacity, which includes megawatts associated with noncontrolling interests related to NextEra Energy Partners, LP (NYSE: NEP), primarily in 25 states and Canada as of year-end 2014. NextEra Energy Resources, together with its affiliated entities, is the world's largest generator of renewable energy from the wind and sun. The business operates clean, emissions-free nuclear power generation facilities in New Hampshire, Iowa and Wisconsin as part of the NextEra Energy nuclear fleet, which is one of the largest in the United States. NextEra Energy Resources, LLC is a subsidiary of Juno Beach, Fla.-based NextEra Energy, Inc. (NYSE: NEE). For more information, visit www.NextEraEnergyResources.com (<http://www.NextEraEnergyResources.com>)

About Tradewind Energy:

Tradewind Energy is one of the largest wind and solar project development companies in the U.S. We deliver long-term power projects that tap into nature's resources to produce sustainable energy for our nation - real power that will keep our energy costs low. We've earned a reputation for innovation in the market, for our highly skilled and passionate team, and for our deeply held respect for the people, environment and communities where we develop our projects.

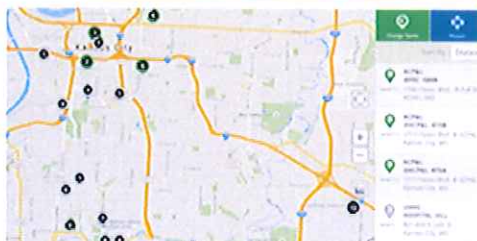
For more information, visit www.tradewindenergy.com (<http://www.tradewindenergy.com>).

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Renewable energy is part of our current energy mix and an opportunity for our future.



KCP&L Clean Charge Network

The Kansas City region is now one of the best places to own an electric vehicle.

CONSERVATION DEPARTMENT SERVES NOTICE TO WIND FARM

By Margaret Slayton
St. Joseph News-Press
Aug. 6, 2016

A wind farm company proposing a project in Northwest Missouri has raised the concern of the Missouri Department of Conservation over potential bird and bat deaths.

NextEra Energy, based in Florida, is planning to build 97 wind turbines on the border of Clinton and DeKalb counties as part of the Osborn Wind Farm. Of the 97 turbines planned, there are 21 expected to be placed within a one-mile radius of the Pony Express Lake and along the boundary of the conservation area itself.

The wind turbines will be around 500 feet tall with a blade length of between 160 and 174 feet.

The Missouri Department of Conservation found a dead bald eagle last year at the Lost Creek Wind Farm in DeKalb County. The conservation department sent the bird to the U.S. Fish & Wildlife Service to be placed in a bird repository.

The director of the conservation department, Robert Ziehmer, sent a letter to NextEra in April asking for a greater setback distance of the turbines to the conservation area for the proposed project and advised the company to conduct additional bird and bat studies.

Ziehmer noted that the 3,290-acre conservation area was acquired and managed with both federal and state funding. He said the department has extensively managed the conservation area to become a premiere dove hunting location.

“The department is concerned that the placement and operation of wind turbines at this location may result in direct and indirect mortality to wildlife and decreased use of PELCA by wildlife, thereby reducing hunting and wildlife viewing opportunities for resource users,” the letter states.

The department said it is concerned about impacts to species such as eagles, trumpeter swans and endangered birds like the Northern Harrier, as well as the endangered Indiana bat.

“Locating one-fifth of the project’s turbines within one mile of the PELCA boundary, an area established purposefully for wildlife and Missourians, seems disproportionate and extreme,” the letter states.

The conservation department said that NextEra has not responded to the letter.

Bryan Garner, spokesman for NextEra, said the company does not plan to move the turbines farther from the conservation area.

“Protecting wildlife and sensitive habitats is a priority for our company, and we’ve worked over

the last five years with the Missouri Department of Conservation to avoid or minimize any impact that the Osborn Wind Project would have on the environment,” Garner said.

The wind company has not opted to purchase permits through the U.S. Fish & Wildlife Service to allow for eagle deaths that are otherwise protected through the Bald and Golden Eagle Protection Act.

Garner said the company’s discussions with federal wildlife regulatory authorities indicate that it does not need an endangered species permit.

“Based on the extensive studies and surveys we’ve done and will continue to do, this setback should help us address or avoid any potential impact to the environment in that area,” Garner said. He called the current setback requirements “more than sufficient” to protect wildlife.

Sherri Banks, a local landowner that is part of the group Concerned Citizens for the Future of DeKalb County, Missouri, said she is against the wind farm because of its impacts to Pony Express Lake.

“I feel the way these industrial wind turbines are being built is not going to work long term,” Banks said. “It is likely to be realized 10 years down the road, but we don’t know what damage will be done by then. They talk about climate change being a concern, but this isn’t doing anything to resolve it.”

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MISSOURI DEPARTMENT OF CONSERVATION

Headquarters

2901 West Truman Boulevard, P.O. Box 180, Jefferson City, Missouri 65102-0180
Telephone: 573-751-4115 ▲ www.MissouriConservation.org

ROBERT L. ZIEHMER, Director

April 25, 2016

Mr. Mark Trumbauer
NextEra Energy Resources
700 Universe Blvd.
Juno Beach, FL 33408

Dear Mr. Trumbauer:

Thank you for meeting with Missouri Department of Conservation (Department) staff on the proposed 200 megawatt Osborn Wind Energy Center in DeKalb County, Missouri. We appreciate the opportunity to provide information on sensitive fish, forest, and wildlife resources and Department lands within the project boundary, and to identify other concerns for consideration during project planning and possible operation. As a follow up to previous communications with Department staff, this letter describes our concerns and provides recommendations for your consideration.

The Department is constitutionally charged with protecting and managing Missouri's fish, forest, and wildlife resources for Missourians to use and enjoy, both today and in the future. To ensure that these resources are sustainable and resilient, the Department often provides technical input on development projects that will help avoid and minimize impacts to fish, forest, and wildlife resources and Department lands in the project area.

The proposed project consists of 97 wind turbines with 21 of these turbines planned within a one mile radius of the Pony Express Lake Conservation Area (PELCA) boundary, and primarily located west and south of PELCA. The Department is concerned that placement and operation of wind turbines at this location may result in direct and indirect mortality to wildlife, and decreased use of the PELCA by wildlife, thereby reducing hunting and wildlife viewing opportunities for resource users. Sensitive animals possibly affected include:

- Migratory waterfowl and doves, and other species of neotropical migratory birds and grassland birds;
- Wintering and nesting bald eagles; and
- Bats, including the federal- and state-listed endangered Indiana bat and the federal-threatened northern long-eared bat.

In addition to potential wildlife impacts, we are also concerned that the outdoor experience of citizens using PELCA will be disturbed by turbine presence and operations.

The 3,290 acre PELCA was acquired and developed using both state and federal funding. It is the second largest parcel of public conservation land in a 30-mile radius, Smithville Reservoir is the other, and Pony Express Lake is the largest lake in DeKalb County. The PELCA provides important habitat that attracts wildlife and the people that engage in wildlife-related outdoor recreation, in an area that has extensive agricultural use. During the late fall through the mid-winter months, large flocks of waterfowl move through the area and between the PELCA's lake and adjacent community lakes. The Department has extensively developed PELCA to become a premier dove hunting location in northwest Missouri and it is common to have 400 to 500 dove hunters on opening day of the season.

COMMISSION

DON C. BEDELL
Sikeston

JAMES T. BLAIR, IV
St. Louis

MARILYNN J. BRADFORD
Jefferson City

DAVID W. MURPHY
Columbia

Much of the dove management occurs on the west side of the PELCA. Federal program funds used to develop the site include the Wildlife and Sport Fish Restoration Funds and the Land and Water Conservation Funds. The goals of these federal programs include conservation and restoration of suitable wildlife and/or sport fish habitat and providing public access for wildlife and fish oriented recreation and other outdoor recreation. The area is managed to provide these public recreational opportunities while using management techniques that demonstrate a balanced relationship can exist between agricultural operations, water quality, and healthy and sustainable wildlife and fish populations. Fishing clinics, field trials and festivals, youth hunts/clinics, teacher training and outdoor workshops, and other group events are held frequently on the PELCA, along with individual hunting, fishing and bird watching trips. Construction and operation of a wind farm on adjacent lands could adversely impact or displace wildlife populations on or near PELCA, resulting in reduced satisfaction among citizens using the area, and potentially reduction in visitation.

Department staff met with representatives of NextEra Energy Resources and Atwell Group last year, and again in March, and shared comments, information on sensitive resources, and concerns for the project. Included in all comments was a request that turbines not be located closer than one mile, and ideally not located closer than two to three miles, from the boundary of the PELCA in order to avoid and minimize potential impacts. Until recently, we were unable to provide more than general comments on turbine siting. After viewing a portion of the turbine layout, we learned that 21 of 97 turbines are located within one mile of PELCA. Most turbines are located along the area's west, south and southeast boundaries. The attached image identifies specific concerns for the proposed turbine placement. I understand that several turbines have been moved or removed from this area, and I appreciate those changes. However, locating one-fifth of the project's turbines within one mile of the PELCA boundary, an area established purposefully for wildlife and Missourians, seems disproportionate and extreme.

Staff also recently learned that the potential area for turbine placement was reduced from its initial size due to lack of interest in siting turbines by nearby townships; and that to have a viable project, a greater number of turbines had to be sited near the PELCA, due both to wind conditions and access. The Department recognizes that wind energy production can provide benefits in the long-term over use of some other energy technologies by reducing carbon emissions; however, for renewable energy to fully benefit natural resources, projects should not affect lands long planned and developed to provide conservation benefits, as these resources cannot be easily established elsewhere.

Turbine siting guidelines recommend setback buffers for many resources, including those for public conservation lands. The buffer distance recommended is often one- to five-miles, depending on authoring entity, and are so identified because there is potential to adversely impact or disrupt wildlife on and users of the conservation lands. Because PELCA was established for fish, forest and wildlife purposes, and users of those resources, I encourage you to relocate as many of the 21 turbines as possible to outside of a one mile buffer of the PELCA, and to areas where adjacent landowners have no objection.

As you move forward on the proposed project, in addition to obtaining appropriate federal and state permits, we encourage you to consider incorporating measures to further reduce the potential for bird and bat fatalities, and potential wildlife displacement and user disturbance at PELCA. These measures include:

Mr. Trumbauer
April 25, 2016
Page 3

1. Reduce the number of turbines near PELCA and size of the project;
2. Expand the setback distance of turbines from the boundary of PELCA to at least one mile or greater;
3. Conduct additional studies during all active seasons on endangered bats and migratory birds, including raptors, doves and overwintering waterfowl, to identify highly used travel corridors and avoid turbine placement within such corridors or identify operational changes;
4. Work with the U.S. Fish and Wildlife Service and the Department to develop turbine operation criteria that will reduce impacts to endangered bats and sensitive migratory birds during prime movement times and/or during certain wind speeds;
5. Investigate feasibility of using NEXRAD radar identification of large-scale bird movements and subsequent curtailment of turbine operations during occurrence of activity;
6. Monitor bat and bird mortality due to collision with turbines and report the information to the Department;
7. Monitor movement patterns of waterfowl, doves and other migratory birds during operation to determine if movement patterns are altered and if waterfowl or dove hunting, and bird watching opportunities are affected;
8. Monitor public use of the PELCA using scientifically based methodology to determine if there are changes in visitation and usage; and
9. Identify and implement strategies and opportunities to offset potential negative impact to wildlife resources in the project area and the PELCA.

Thank you for seeking Department input on your wind energy project. Consideration of fish and wildlife resources during project planning, siting, construction, and operation can help produce a renewable energy project that is more environmentally friendly. Modifying the proposed layout as described above will help this project meet one of the goals of renewable energy, reducing impacts to natural resources. If we may be of further assistance, or provide additional information, please contact Ms. Janet Sternburg (573-522-4115, extension 3372; janet.sternburg@mdc.mo.gov).

Sincerely,



ROBERT L. ZIEHMER
DIRECTOR

Attachment

c: Ms. Bobbi S. Westerby, Atwell
Ms. Amy Salveter, Field Supervisor, U.S. Fish and Wildlife Service

**Pony Express Lake Conservation Area and Primary Resource Concerns
for Osborn Wind Energy Project Turbines Proposed
Within One Mile of the Area's Boundary
April 2016**

