

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

In the Matter of the Application of GridLiance High)
Plains LLC for a Certificate of Public Convenience and)
Necessity to Construct, Own, Install, and Maintain)
Certain Southwest Power Pool, Inc.- Mandated Network)
Upgrades to a 69kV Electric Transmission Line)
Located In Christian and Greene Counties, Missouri.)

File No. EA-2019-0112

STAFF RESPONSE TO COMMISSION ORDER DIRECTING FILING

COMES NOW Staff of the Missouri Public Service Commission ("Staff"), by and through Staff Counsel's Office, and files its Staff Memorandum Recommendation ("Attachment 1") in response to the Missouri Public Service Commission's ("Commission's") November 14, 2018, Order Directing Filing suggesting that the Commission issue a certificate of public convenience and necessity ("CCN") for GridLiance High Plains LLC ("GridLiance HP") to construct, own, install, and maintain certain Southwest Power Pool, Inc. ("SPP") - mandated Network Upgrades to 1.25 miles of a 69 kilovolt ("kV") electric transmission line located in Christian County, Missouri subject to a condition requested by Staff to be set by the Commission. In support thereof, Staff states as follows:

1. On October 25, 2018, GridLiance HP filed with the Commission an Application for a CCN to construct, own, install, and maintain certain SPP - mandated Network Upgrades to 1.25 miles of a 69 kV electric transmission line located In Christian County, Missouri. The 1.25 miles of 69 kV electric transmission line is part of the approximately ten (10) miles of 69 kilovolt (kV) electric transmission lines and related facilities in Christian and Greene Counties, Missouri acquired in total in File No. EA-2016-0036, from the City of Nixa ("Nixa") by South Central MCN LLC ("SCMCN"),

the prior name of GridLiance HP. The Applicant requests an Order of the Commission finding the Commission lacks jurisdiction or, in the alternative, pursuant to Section 393.170 and Commission Rules 4 CSR 240-2.060 and 4 CSR 240-3.105(B) the Applicant seeks a CCN.

2. SCMCN filed an Application on August 19, 2015, pursuant to Sections 393.170 and 393.190 RSMo., 4 CSR 240-2.060, 4 CSR 240-3.105, and 4 CSR 240-3.110 for an Order of the Commission seeking any necessary, appropriate, and applicable approvals related to the purchase of ten (10) miles of 69 kV electric transmission lines and related facilities from Nixa to SCMCN. (Introductory Paragraph, File No. EA-2016-0036 Application).

3. SCMCN further stated in its August 19, 2015 Application that Nixa's municipally owned electric utility is not rate regulated by the Commission and therefore is not an electrical corporation subject to Section 393.190. SCMCN requested the Commission confirm that no approval was required under Section 393.190.1 and that compliance with 4 CSR 240-3.110 was unnecessary. In the alternative, SCMCN requested the Commission approve the transaction and provided information in conformance with 4 CSR 240-3.110. SCMCN commented that some of the information might also assist the Commission in its determination of SCMCN's request for a CCN under 4 CSR 240-3.105. (Paragraph 16, File No. EA-2016-0036 Application).

4. Staff in its January 15, 2016 Response To South Central MCN LLC Motion For Partial Disposition stated on page 1 opening paragraph that it concurred with SCMCN that the Commission lacked jurisdiction under Section 393.190 RSMo. of the sale of the Nixa transmission facilities to SCMCN, but Staff stated the Commission had jurisdiction over

the subject of SCMCN's Application for a CCN pursuant to Section 393.170 RSMo. respecting said transmission facilities.

5. On February 10, 2015, the Commission issued an Order Granting Motion For Partial Disposition. The Commission dismissed the Application as to any claim under Section 393.190.1 RSMo. The Commission stated that SCMCN had shown that Section 393.190.1 RSMo. did not apply to the purchase from Nixa. The Commission concluded that municipalities like Nixa and their utility sale activities are not within the purview of Section 393.190.1. The Commission granted the Motion For Partial Disposition and dismissed any claim under Section 393.190.1.

6. On July 20, 2016, in File No. EA-2016-0036 the Commission issued an *Order Granting Certificate Of Convenience And Necessity* to SCMCN granting SCMCN a line CCN at page 6, and stating in part at pages 3-5 as follows:

The assets constitute electrical plant, which makes the owner an electrical corporation, a type of public utility subject to the Commission's jurisdiction: [Footnotes omitted.]

No [electrical] corporation shall exercise any right or privilege under any franchise hereafter granted . . . without first having obtained the permission and approval of the commission[.Section 393.170.2, RSMO 2000.]

Such permission and approval depend on SCMCN showing:

. . . that the granting of the application is required by the public convenience and necessity[;4 CSR 240-3.205(1)(E).]

and the Commission determining:

. . . that . . . such exercise of the right, privilege or franchise is necessary or convenient for the public service[.Section 393.170.3, RSMO 2000.]

Further, the Commission may condition its approval and permission as follows:

The commission may by its order impose such condition or conditions as it may deem reasonable and necessary[.Section 393.170.3, RSMO 2000.]

On finding convenience and necessity, the Commission embodies its permission and approval in a certificate[,Section 393.170.2, RSMO 2000, second sentence] which the statutes call a certificate of convenience and necessity[.Section 393.170.3, RSMO 2000, third sentence.]

“Necessary” and “necessity” relate to the regulation of competition, cost justification, and safe and adequate service[.¹] SCMCN and Staff offer an analysis of convenience and necessity according to five factors [*In Re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).²] the Commission concludes that the five-factor analysis is appropriate. SCMCN argues that it meets those factors, and Staff agrees, subject to the conditions that Staff proposed in the recommendation. The Commission will grant the line certificate subject to the conditions set forth in the ordered paragraphs below.

7. The attached Staff Memorandum Recommendation finds that the proposed rebuild/reconductoring SPP - mandated Network Upgrades to 1.25 miles of a 69 kV electric transmission line located In Christian County, Missouri meets the five (5) *Tartan Factors or Criteria*.

8. Section 393.170 RSMo. provides that electrical corporations may issue CCNs to engage in certain construction of electric plant with the permission and approval of the Commission necessary or convenient for the public service subject to condition or conditions as the Commission may deem reasonable and necessary:

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.**

¹ *State ex rel. Intercon Sewer, Inc. v. Public Serv. Comm'n of Mo.*, 848 S.W.2d 593, 597 (Mo. App., W.D. 1993).

² The Commission stated that the five *Tartan Factors* are whether: (1) the service is needed; (2) the applicant is qualified to provide the service; (3) the applicant is financially able to provide the service; (4) the proposal is economically feasible; and (5) the service will promote the public interest.

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. [Emphasis added.]

9. Staff recommends in its Attached Memorandum Recommendation that the Commission grant the Company the requested CCN, but impose the following condition:

The Company will file plans and specifications for the complete construction project with the Commission before the authority to construct under the CCN is exercised by the Company.

GridLiance HP stated in response to Staff Data Request 0001:

The final engineering drawing of the transmission facilities with all the proposed changes will be available in 2019 before GridLiance High Plains begins construction. GridLiance High Plains commits that it will provide copies of all related documents to the Staff of the Missouri Public Service Commission when they become available.

It should be noted that Commission Rule 4 CSR 240-3.105(1)(B)2 requires the plans and specifications for the complete construction project 4 CSR 240-3.105(2) stated:

If 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.

Thus, the reason for the imposition of the condition requested by Staff as provided for by Section 393.170.3.

It should be related that Commission Rule 4 CSR 240.20.045(6)(C) amongst other things requires a description of the plans and specifications for the complete scope of the construction project and 4 CSR 240.20.045(3)(C) provides:

If any of the items required under this rule are unavailable at the time the application is filed, the unavailable items may be filed prior to the granting of authority by the commission, or the commission may grant the certificate subject to the condition that the unavailable items be filed before authority under the certificate is exercised.

10. On October 15, 2018 in Vol. 43, No. 20 at page 2993 of the *Missouri Register* (1) an Order of Rulemaking of the Commission was published rescinding 4 CSR 240-3.105 Filing Requirements for Electric Utility Applications for Certificates of Convenience and Necessity and (2) an Order of Rulemaking was published starting at page 2993 adopting 4 CSR 240-20.045 Electric Utility Applications for Certificates of Convenience and Necessity. At page 2994 in the Order of Rulemaking adopting 4 CSR 240-20.045 is the Commission's RESPONSE AND EXPLANATION OF CHANGE relating to COMMENT #4 of Ameren Missouri, Empire, and KCP&L/GMO opposing language requiring a CCN for a rebuild of a transmission line that will result in an expansion of a statute that is limited to the issuance of a CCN before the commencement of the initial construction of the transmission line:

RESPONSE AND EXPLANATION OF CHANGE: The commission will substantially rewrite the definition of construction in response to the concerns raised in the comments. However, the commission continues to believe a substantial improvement, retrofit, or rebuild of an electric asset

does require the issuance of a CCN. To avoid the problems identified by the commenters, the commission will limit the CCN requirement for such projects to those that would increase the utility's established rate base by ten percent (10%) or more

The Commission changed the language to the following in the Order of Rulemaking, page 2999, *Missouri Register*, October 15, 2018, Vol.43, No. 20:

(1) Definitions. As used in this rule, the following terms mean:

(B) Construction means:

1. Construction of new asset(s); or
2. The improvement, retrofit, or rebuild of an asset that will result in a ten percent (10%) increase in rate base as established in the electric utility's most recent rate case;

(C) Construction does not include:

4. Replacement of equipment or devices with the same or substantially similar items due to failure or near term projected failure as long as the replacements are intended to restore the asset to an operational state at or near a recently rated capacity level.

On page 2993 of the October 15, 2018, issue of the *Missouri Register* appears the statement respecting 4 CSR 240-3.105: "This proposed rescission becomes effective thirty (30) days after publication in the *Code of State Regulations*." Also, on page 2993 of the October 15, 2018, issue of the *Missouri Register* appears the statement respecting 4 CSR 240-20.045: "This proposed rule becomes effective thirty (30) days after publication in the *Code of State Regulations*." Commission Rule 4 CSR 240-20.045 was published in the *Code of State Regulations* and Commission Rule 4 CSR 240-3.105 was rescinded in the *Code of State Regulations* on October 31, 2018. November 30, 2018, is thirty (30) days after October 31, 2018.

11. The GridLiance HP File No. EA-2019-0112 Application contains various statements that are specifically relevant if new Commission Rule 4 CSR 240-20.045 rather than rescinded Commission Rule 4 CSR 240-3.105 is deemed to be operative for purposes of the instant proceeding. These same statements are still relevant if Commission Rule 4 CSR 240-3.105 is deemed to be operative. The Application at page 3, paragraph 5 states that the Southwest Power Pool, Inc.'s ("SPP's") August 17, 2018, "Notification to Construct" ("NTC") directs the Applicant to construct a "Network Upgrade." The project is referred to elsewhere (page 4, paragraph 8) in the Application as a "rebuild" and "Network Upgrade." The American Heritage Dictionary, 2d College Ed, at page 1327, defines "upgrade" as "to raise to a higher grade or standard," and at page 1032, defines "rebuild" as "to build again." The Application at page 3, paragraph 7 states that "a portion of NTC line will be rebuilt in place to allow for the required increase in capacity . . ." At page 5, paragraph 16, the Application notes that the NTC relates that SPP determined that "the Network Upgrade is required to provide for regional reliability of the electric transmission system operated by SPP." Footnote 5, on page 5, of the Application relates that "the estimated cost of the Network Upgrade represents approximately 15% of GridLiance HP's transmission rate base."³

³ The Staff notes that the Missouri Supreme Court commented in 2005 on statutory interpretation in an appeal of a Commission case which should also have relevance for interpretation of Commission rules. In *Re Liberty Energy (Midstates) Corp. v. Office of Public Counsel*, 464 S.W.3d 520 (Mo. banc 2015), the Court stated:

. . . The primary rule of statutory interpretation is to effectuate legislative intent through reference to the plain and ordinary meaning of the statutory language. *Bateman v. Rinehart*, 391 S.W.3d 441, 446 (Mo. banc 2013). This Court must presume every word, sentence or clause in a statute has effect, and the legislature did not insert superfluous language. *Wehrenberg, Inc. v. Dir. of Revenue*, 352 S.W.3d 366, 367 (Mo. banc 2011). "Absent a statutory definition, words used in statutes are given their plain and ordinary meaning with help, as needed, from the dictionary." *Balloons Over the Rainbow, Inc. v. Dir. of Revenue*, 427 S.W.3d 815, 825 (Mo. banc 2014) (quoting *Am. Healthcare Mgmt., Inc. v. Dir. of Revenue*, 984 S.W.2d 496, 498 (Mo. banc 1999)). 464 S.W.3d 525-26.

12. Staff asked GridLiance HP in a Data Request what would be the increase in the capacity of the portion of the Nixa Line that is planned to be rebuilt/reconductored. GridLiance HP responded that the capacity of the line, pending final design, would be an increase in 54 MW, from 43 MVA to 97 MVA.⁴

13. At page 4, paragraph 10, the GridLiance HP relates that pursuant to Commission Rule 4 CSR 240-3.105(C) and (D), the Applicant previously obtained from (i) all cities and counties consents or franchises required to own and operate the Southwest Missouri Assets, and (ii) approvals from all governmental agencies to operate the Southwest Missouri Assets, and such consents, franchises and approvals are sufficient for purposes of making the SPP-mandated Network Upgrade to the NTC Line.⁵ The Missouri Supreme Court recently ruled that county assent is not required prior to the Commission issuing a line CCN pursuant to Section 393.170.1 RSMo. *Grain Belt Express Clean Line, LLC v. Public Serv. Comm'n*, 555 S.W.3d 469 (Mo. banc 2018).

14. At pages 4 and 5, paragraphs 12 and 13, as grounds for dismissing the Application for lack of jurisdiction, the GridLiance HP comments that it does not request a CCN for a new line route or a modification to the existing corridor, but the request for a CCN involves making improvements to an existing transmission line within the geographic boundaries of the existing CCN. At page 4, paragraph 8, and page 5, paragraph 14, of its Application, GridLiance HP refers to the Network Upgrade project as reconductoring work for which its existing CCN is sufficient.

⁴ GridLiance HP response to Staff Data Request No. 2.

⁵ In its response to Staff Data Request No. 4, GridLiance re-affirmed that no additional governmental authorizations, consents, franchises, or approvals are needed for the rebuild/reconductoring project.

15. At pages 5 and 6, paragraph 17, GridLiance HP reports that although the Applicant has committed to complete the Network Upgrade by December 31, 2019, the Applicant will endeavor to complete the project by SPP's "Need Date" of June 1, 2019. As a consequence, GridLiance HP requests an Order from the Commission no later than sixty (60) days from the date of the Application, filed on October 25, 2018, to better enable the Applicant to meet the SPP schedule and ensure continued reliability.

16. Regarding whether the now rescinded 4 CSR 240-3.105 should be considered the operative rule because it was in effect when the Applicant filed its case on October 25, 2018, Staff notes *State ex rel. Laclede Gas Co. v. Public Serv. Comm'n*, 535 S.W.2d 561 (Mo. App.1976), wherein Jackson County argued that the Commission had no power to grant interim rate relief. Jackson County argued that "the Commission has only those powers specifically or necessarily by implication conferred upon it by statute, that there is no statute in this state granting the Commission power to grant interim rate increases, and that in the absence of such a statutory grant there can be no such authority." *Id.* at 565. Jackson County asserted that the fact that at the then current session of the Missouri Legislature, a bill had been introduced for the purpose of empowering the Commission to "'prescribe temporary schedules, rates, tolls, charges, or joint rates to be charged and collected' by a public utility pending the hearing and final determination of a permanent increase," showed that the Commission previously had not been granted that power. *Id.* at 567.

The Western District Court of Appeals held that "[w]hile the amendment to a statute must be deemed to have been intended to accomplish some purpose, that purpose can be clarification rather than a change of existing law. *Hogan v. Kansas City*,

516 S.W.2d 805, l.c. 811 (Mo.App.1974)”⁶ and that “the Commission has power in a proper case to grant interim rate increases within the broad discretion implied from the Missouri file and suspend statutes and from the practical requirements of utility regulation.” 535 S.W.2d at 567. The Court in footnote 1 commented that “[a] somewhat analogous question is whether the Commission has authority to grant interim test or experimental rates. The Missouri Supreme Court has long held that the Commission does have this power as a matter of necessary implication from practical necessity.” *Id.* at 567.

It should also be noted that Section 386.040 RSMo., among other things, confers on this Commission “...all powers necessary and proper to enable it to carry out fully and effectually all the purposes of this chapter.” Section 386.250(7) extends the Commission’s jurisdiction “[t]o such other and further extent, and to all such other and additional matters and things, and in such further respects as may herein appear, either expressly or impliedly.”

17. Regarding the provision in Section 393.170.3 that the Commission shall have the power to grant a CCN after due hearing, the Commission in its July 20, 2016, *Order Granting Certificate Of Convenience And Necessity* to SCMCN granting SCMCN a line CCN, noted the Western District Court of Appeals decision in *State ex rel. Rex Deffenderfer Enterprises, Inc., v. Public Serv. Comm’n*, 776 S.W.2d 494, 496 (Mo.App. W.D. 1989): “There were no adverse parties and under the circumstances of the case at bar it was proper for the Commission to grant appellant's Certificate on the basis of appellant's verified Application after affording notice and an opportunity to be heard to all proper parties.”

⁶ The Court related that the purpose can also be to particularize existing law. 565 S.W.2d at 567.

18. Staff has no objection to the Applicant's request for a waiver at page 6, paragraphs 19 and 20 of the Application for a waiver from the sixty (60) day notice requirement of Commission Rule 4 CSR 240-4.017(1).

WHEREFORE Staff suggests that the Commission issue a CCN to GridLiance HP as meeting the five (5) *Tartan Factors* and all applicable statutory provisions Section 393.170.1 and .3 and Commission Rules 4 CSR 240-2.060 and 4 CSR 240-3.105 and 4 CSR 240-20.045, but impose the following condition:

The Company will file plans and specifications for the complete construction project with the Commission before the authority to construct under the CCN is exercised by the Company.

Respectfully submitted

/s/ Steven Dottheim

Steven Dottheim, MBE #29149

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Attorney for Staff of the
Missouri Public Service Commission
200 Madison Street, Suite 800
P. O. Box 360
Jefferson City, MO 65102

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 in File No. EA-2019-0112 this 5th day of December, 2018.

/s/ Steven Dottheim

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. EA-2019-0112, Application of GridLiance High Plains LLC,
f/k/a South Central MCN LLC for Approval of a Certificate of
Convenience and Necessity for Upgrades to a 69 kV Transmission Line

FROM: Daniel I. Beck, PE, Engineering Analysis
David Murray, CFA, Financial Analysis

/s/ Natelle Dietrich / 12-05-18
Commission Staff Division / Date

/s/ Steven Dottheim / 12-05-18
Staff Counsel's Office / Date

SUBJECT: Staff Memorandum

DATE: December 5, 2018

STAFF MEMORANDUM

Staff of the Missouri Public Service Commission ("Staff") submits the instant Memorandum regarding the Application of GridLiance High Plains LLC, f/k/a South Central MCN LLC ("GridLiance HP" or "Company") for a Missouri Public Service Commission ("Commission") Certificate of Convenience and Necessity ("CCN") to upgrade a portion of its previously certificated transmission lines. The Application explains that a Notification to Construct ("NTC") letter from the Southwest Power Pool, Inc. ("SPP"), which was attached to the Application, requires that GridLiance HP reconductor a 1.25 mile segment of the 69 kilovolt ("kV") electric transmission line in Christian County that is part of the transmission facilities the Commission previously granted a CCN. The previous CCN was for approximately 10 miles of 69 kV electric transmission lines and related facilities located in Christian and Greene Counties.

In its Application GridLiance HP asked for a waiver from 4 CSR 240-3.105(B)(1) citing 4 CSR 240-3.105(B)(2). However, under Section 393.170.3, the Commission in granting a CCN

“may by its order impose such condition or conditions as it may deem reasonable and necessary.” GridLiance HP stated in response to Staff Data Request No. 0001:

The final engineering drawing of the transmission facilities with all the proposed changes will be available in 2019 before GridLiance High Plains begins construction. GridLiance High Plains commits that it will provide copies of all related documents to the Staff of the Missouri Public Service Commission when they become available.

Therefore, Staff recommends that the Commission grant the Company the requested CCN, but impose the following condition:

The Company will file plans and specifications for the complete construction project with the Commission before the authority to construct under the CCN is exercised by the Company.¹

The Company also sought a waiver from the 60-day notice requirements of 4 CSR 240-4.017(1) for good cause shown. Staff has no objection to the Applicant’s request for waiver at page 6, paragraphs 19 and 20 of its Application.

Staff would note that previous conditions ordered and waivers granted by the Commission in File No. EA-2016-0036 are still in effect after the granting of the current CCN.

DISCUSSION

GridLiance HP was previously granted a CCN for approximately 10 miles of 69 kV electric transmission lines and related facilities located in Christian and Greene Counties. The Commission granted that CCN with conditions in its Order Granting Certificate of Convenience and Necessity, effective August 2, 2016. Subsequently, the Company filed notice

¹ Commission Rule 4 CSR 240-3.105 Filing Requirements for Electric Utility Applications for Certificates of Convenience and Necessity was rescinded on November 30, 2018 and 4 CSR 240-20.045 Electric Utility Applications for Certificates of Convenience and Necessity became effective on November 30, 2018. I am advised by Staff Counsel’s Office that GridLiance HP’s Application is within either rule’s purview and a CCN may be granted as a consequence/result of the Applicant’s compliance with Staff’s requested condition. (See attached cover pleading in addition to this Staff Memorandum.)

April 4, 2018, that the acquisition of the Nixa assets was completed on March 31, 2018, and that operational control of these assets was transferred to the SPP on April 1, 2018. On April 30, 2018, the Company filed documents that met various conditions that the Commission had imposed. Some of the conditions are ongoing requirements, including but not limited to annual filings/submittals and Staff would note that the new CCN would have no effect on the previous conditions.

In the Commission's Order Granting Certificate of Convenience and Necessity, effective August 2, 2016, the Commission noted the five factors that are generally used to evaluate a request for a CCN, which are commonly referred to as the *Tartan Factors* or *Tartan Criteria*. These factors are whether: (1) the service is needed; (2) the applicant is qualified to provide the service; (3) the applicant is financially able to provide the service; (4) the proposal is economically feasible; and (5) the service will promote the public interest. Given the relatively short time (nearly two and one-half years) since the previous CCN was granted and the even shorter time (approximately 8 months) since the Company acquired the transmission lines and equipment near and in Nixa, much of the previous analysis is still relevant but would be somewhat affected by the planned upgrades.

The list of criteria and Staff's position on each is provided below:

1) There must be a need for the service: Since this request is for upgrades of a transmission line that already exists and is essential to providing reliable power to existing Missouri customers, especially the customers of the City of Nixa, it is Staff's opinion that this criterion has been met.

2) The applicant must be qualified to provide the proposed service: Although the Company was just starting when it filed its original application for a CCN, Staff noted that based on the experience of various employees of the Company and its plans for the line to be operated and maintained by BBC Electrical Services, Inc., Staff agreed that the applicant is qualified to provide the proposed service. The upgrades to 1.25 miles of the approximately 10 miles of line is a significant change to the system. GridLiance HP estimates that it will increase the 1.25 mile line's capacity by approximately 54 MW, pending final design. The line will increase from 43 MVA to 97 MVA.² In addition to new conductors (wires), the poles will be replaced. The pole height has not yet been determined and “will be determined based upon any necessary underbuild, as determined by the City of Nixa, Missouri. GridLiance High Plains and Nixa will coordinate this effort upon receiving approval to construct the project.”³ While the final design of the upgrades has not been completed, Staff has determined that the upgrades only require technology with which the Company has previous experience and is therefore qualified to provide the service.

3) The applicant must have the financial ability to provide the service: The Applicant provides information in paragraph 9 of its Application as it relates to the anticipated financing of the NTC. Staff verified the information contained in this paragraph and agrees that this information demonstrates that the Company has the financial qualifications necessary for the Commission to approve the Application.

4) The applicant's proposal must be economically feasible: The previous Application described the plan to value the assets at book value and to recover the full cost of

² Response to Staff Data Request No. 0002.

³ Response to Staff Data Request No. 0006.

service (both rate base and ongoing expenses) under a forward-looking formula rate collected by SPP. The previous Application also explained that the rates will be under the jurisdiction of FERC and should allow the Company a reasonable opportunity to earn a return on its investment. In the current Application, the Company explains that the upgrades are expected to increase the rate base by approximately 15% and this increase appears to also be feasible.

5) The service must promote the public interest: The Application notes that SPP's NTC, which was attached to the Application, "is the product of a comprehensive regional transmission planning process which identifies system needs and other vulnerabilities that could impact transmission customers in the SPP region."⁴ In response to Staff Data Request No. 0008, the Company went on to explain that "Pages 49-50 of the Southwest Power Pool, Inc. (SPP) 2018 Integrated Transmission Planning Near-Term Assessment describes the need for the reconductoring project." Staff has attached these pages to this Memorandum as Exhibit 1. SPP is a regional transmission system operator and has requested the proposed upgrades; the result should be increased reliability in the region due to the upgrade of these lines. The Company's plans to consult and coordinate with the City of Nixa regarding the final design of the upgrade also supports the public interest. Based on the reasons described above, it is Staff's opinion that this criterion has been met.

As described earlier in this Memorandum, the Company made several requests for waivers. One of the requests discusses a waiver from part of the filing requirements that is set out in the Commission's Rule 4 CSR 240-3.105(B)(1). The Company cited 4 CSR

⁴ Application, page 5, paragraph 16.

240-3.105(B)(2), Staff however recommends that the Commission under Section 393.170.3 grant the Company the requested CCN, but impose the following condition:

The Company will file plans and specifications for the complete construction project with the Commission before the authority to construct under the CCN is exercised by the Company.

Another waiver was requested regarding the 60-day notice requirements. The Company sought a waiver from the 60-day notice requirements of 4 CSR 240-4.017(1) for good cause shown. Staff has no objection to the Applicant's request for waiver at page 6, paragraphs 19 and 20 of the Application.

Staff would note that previous conditions ordered and waivers granted by the Commission in File No. EA-2016-0036 are still in effect after the granting of the current CCN.

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Maintain Certain Southwest Power Pool, Inc.-)
Mandated Network Upgrades to a 69kV Electric)
Transmission Line Located in Christian and)
Green Counties, Missouri)

Case No. EA-2019-0112

AFFIDAVIT OF DANIEL I. BECK, P.E.

State of Missouri)
) ss.
County of Cole)

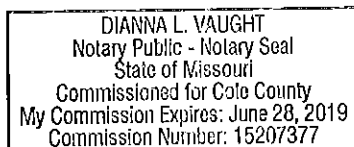
COMES NOW DANIEL I. BECK, P.E., and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

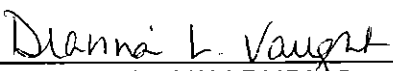
Further the Affiant sayeth not.


Daniel I. Beck, P.E.

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 4th day of December, 2018.




NOTARY PUBLIC

My commission expires: June 28, 2019.

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Mandated Network Upgrades to a 69kV Electric)
Transmission Line Located in Christian and)
Green Counties, Missouri)

Case No. EA-2019-0112

AFFIDAVIT OF DAVID MURRAY, CFA

State of Missouri)
) ss.
County of Cole)

COMES NOW, DAVID MURRAY, CFA, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation*; and that the same is true and correct according to his best knowledge and belief.

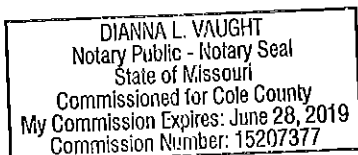
Further the Affiant sayeth not.



David Murray, CFA

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 4th day of December, 2018.





NOTARY PUBLIC

My commission expires: June 28, 2019.

2018 INTEGRATED TRANSMISSION PLANNING NEAR-TERM ASSESSMENT



July 31, 2018

ENGINEERING

Exhibit 1
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REBUILD NIXA DOWNTOWN – NIXA ESPY 69-KV

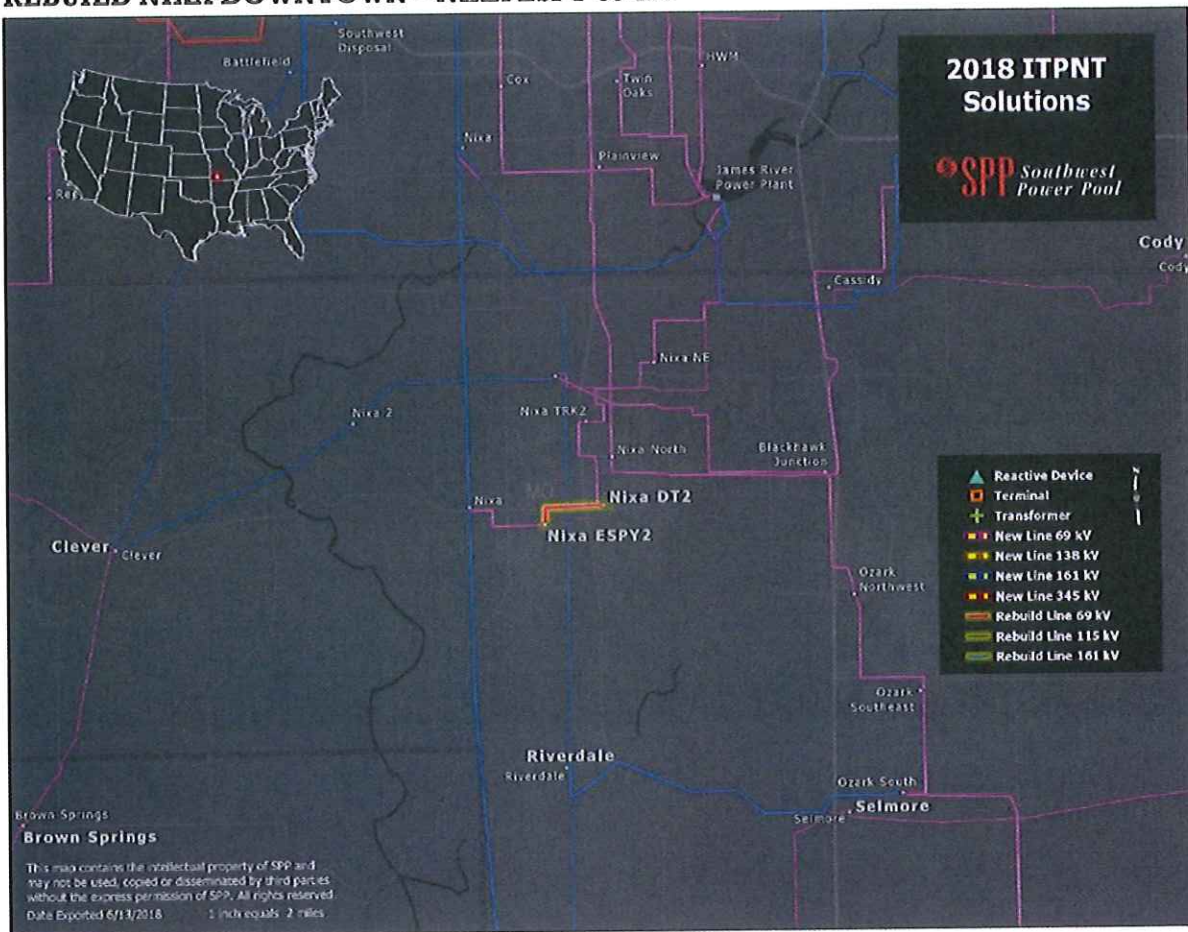


Figure 28: Rebuild 1.25 miles of 69- kV line from Nixa Downtown - Nixa Espy

Near the city of Nixa, Missouri, the Nixa Downtown - Nixa Espy 69-kV line overloads for the loss of the James River 5 unit just south of Springfield, Missouri. This generating plant provides counterflow on the 69-kV system against flows from the 161-kV system stepping down just to the west. This overload was placed under additional scrutiny because it was only identified in the BA model scenario.¹³ Based on information provided by CUS at the Engineering Planning Summit and data submitted for the 2019 ITP assessment, the remaining steam gas units (4 and 5) at the James River plant will be retired by early 2019. To support issues expected by CUS, a second James River 161/69-kV transformer will be installed and the 69-kV bus will be split by a normally open breaker. These upgrades and the retirement expectations were not included as an assumption in the 2018 ITPNT model set. The second James River 161/69-kV autotransformer was tested and found to reduce the overloads in the 2018 ITPNT model set but does not solve all the issues, which are expected to get worse under any scenario with the unit retirements. While alternative projects

¹³ See Section 5.2 for a discussion on the concerns with the BA model scenario.

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were considered, such as a new 69-kV line from Nixa Tracker to AECI's Jamesville substation, the preferred project was ultimately found to be to rebuild the Nixa Downtown – Nixa Espy 69-kV line.