

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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

**INITIAL BRIEF OF MISSOURI INDUSTRIAL ENERGY CONSUMERS, CONSUMERS
COUNCIL OF MISSOURI, AND MISSOURI RETAILERS ASSOCIATION**

Come now the Missouri Industrial Energy Consumers, the Consumers Council of Missouri, and the Missouri Retailers Association (jointly “the Consumer Groups”) and for their Reply brief state as follows:

A. Introduction

The Consumer Groups support the application of Grain Belt Express Clean Line LLC (“Grain Belt”) for a certificate of convenience and necessity. The Grain Belt project provides an opportunity for consumers in Missouri to take advantage of low-cost and clean wind energy resources. The increased availability of renewable energy provided by the project will promote economic development. And because the project is structured as a merchant transmission line, only entities that actually use the line will pay for it.

The Consumer Groups jointly filed testimony of one witness, James R. Dauphinais. Mr. Dauphinais is a Managing Principal with the energy, economic and regulatory consulting firm Brubaker & Associates, Inc. Mr. Dauphinais’ credentials are impeccable. Before joining Brubaker and Associates in 1997, Mr. Dauphinais had worked in the electric utility industry for fourteen years. Since joining the Brubaker firm, Mr. Dauphinais has testified before -- and been

recognized as an expert by -- federal, state and provincial regulatory bodies across the United States and in Canada.

B. The Project Will Benefit Electricity Consumers in Missouri

Grain Belt witness Michael Skelly testified that:

There are substantial local benefits that will be made possible by the Project. By having a converter station interconnected to the Ameren Missouri system, customers of Missouri electric utilities will have access to low-cost wind energy from western Kansas. The interconnection to the Ameren system will enhance the reliability of the electric transmission grid in Missouri by making available another source of electric power supply. Further, the Project will promote competition in the supply of transmission service and power generation. More generally, the Project enables Missouri electric utilities and electric utilities in states farther east to access reliable, affordable, and renewable electric energy.¹

In his rebuttal testimony, Mr. Dauphinais generally agreed with Mr. Skelly's assessment of these benefits. Mr. Dauphinais testified that the delivery of 500 megawatts of low cost power in Missouri at the converter station in Ralls County will put downward pressure on prices in the Midcontinent Independent System Operator wholesale market.² Even customers of Missouri utilities that do not directly take power from the project will benefit from this downward pressure on market prices.

And if Missouri utilities do take power from the project, it is likely that the benefits to the customers of those utilities will be even greater. The Missouri Joint Municipal Electric Utility Commission ("MJMEUC") has committed to use hundreds of megawatts of the project's capacity. MJMEUC witness John Grotzinger testified that:

When compared to current [Southwest Power Pool] transmission rates, and the through and out charge to export energy into MISO, if MJMEUC were to use the

¹ Exhibit 100, Direct Testimony of Michael P. Skelly filed June 30, 2016; page 5.

² Exhibit 800, Rebuttal Testimony of James R. Dauphinais filed January 24, 2017; pages 4-5.

entire 200 MW path option, it will save approximately \$10 million per year for MJMEUC's wholesale customers in transmission charges alone.³

Mr. Dauphinais testified that "if other Missouri utilities follow the lead of the MJMEUC, customers of those utilities may see benefits comparable to those that MJMEUC customers expect to receive."⁴

Grain Belt witness Anthony Wayne Galli testified that a customer within MISO can use the Grain Belt facilities to deliver power to SPP or the PJM Interconnection, LLC ("PJM").⁵

Mr. Dauphinais agrees that "there may be additional opportunities for Missouri utilities to make off-system sales via the Project to the benefit of their customers."⁶ Walmart witness Steve W. Chriss agrees. He testified that the "project opens the possibility for Ameren to make greater off-system sales through the sale and delivery of energy into PJM. This should be beneficial to Ameren's Missouri ratepayers."⁷

C. The Project Will Promote Economic Development

The Grain Belt project will promote economic development in Missouri. Walmart witness Chriss testified that:

many business customers have renewable energy and sustainability goals. Increasing the availability of renewable power in Missouri can attract sustainably focused commercial and industrial companies to the state. These companies will promote economic development, create jobs, and provide additional tax revenue for the state.⁸

³ Exhibit 476, Rebuttal Testimony of John Grotzinger filed January 24, 2017; page 5.

⁴ Exhibit 800, Rebuttal Testimony of James R. Dauphinais filed January 24, 2017; page 5.

⁵ Exhibit 108, Direct Testimony of Anthony Wayne Galli filed June 30, 2016; page 31.

⁶ Exhibit 800, Rebuttal Testimony of James R. Dauphinais filed January 24, 2017; page 5.

⁷ Exhibit 900, Rebuttal Testimony of Steve W. Chriss filed January 24, 2017; page 9.

⁸ *Ibid.*, page 8.

Barbara Meisenheimer, a witness for the Division of Energy within Missouri's Department of Economic Development ("DED"), testified that:

DED's Missouri Economic Research and Information Center has estimated that the project will result in over 1,500 new jobs over the three years of Project construction, as well as 91 jobs in the first year of operation and 28 jobs in subsequent years of operation. New personal income is expected to be \$246 million during construction, \$17.9 million in the first year of operation, and \$2.6 million in subsequent years of operation. New gross domestic product is expected to be \$476 million during construction, \$9.1 million in the first year of operation, and \$4.2 million in subsequent years of operation. DED supports the use of Missouri-based companies to supply products and services related to construction of the transmission line and associated facilities. Clean Line is working with local businesses including PAR Electric, ABB Inc., Hubbell Power Systems, Inc., and General Cable Industries, Inc. to supply products and services.⁹

D. The Merchant Business Model Reduces Risk to Electricity Consumers in Missouri

The Grain Belt project is being developed as a participant-funded transmission project, which eliminates risk to captive customers of regulated utilities. Grain Belt witness Suedeen G. Kelly explained this concept in her direct testimony:

Participant-funded transmission projects, unlike the transmission lines owned by traditional franchised utilities, do not recover their development costs, or their operation costs, from captive retail customers through increased transmission rates. Instead, these projects recruit investors willing to invest in the project and put their capital at risk without guaranteed recovery from customers, captive or otherwise. The project company recovers its capital costs and the costs of operating the line, and earns a return for its investors, by entering into voluntary contracts with entities that want to become wholesale transmission customers of the project.¹⁰

Division of Energy witness Meisenheimer summarizes the benefits of participant funding in her rebuttal testimony:

⁹ Exhibit 525, Rebuttal Testimony of Barbara A. Meisenheimer filed January 24, 2017; page 9.

¹⁰ Exhibit 111, Direct Testimony of Suedeen G. Kelly filed June 30, 2016; page 4.

The Project is to be paid for by shippers and customers of the Grain Belt transmission line. Grain Belt represents that the Project will not impose any costs on ratepayers in general and that only the specific users of the line would pay for the service offered by the Project. Grain Belt also represents that the Project will have no impact on Midwest Independent Transmission System Operator, Inc. transmission charges or Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri") base rates charged for electric service or rate adjustments under the Fuel and Purchased Power Adjustment Clause unless Ameren Missouri becomes a customer of Grain Belt.¹¹

The Consumer Groups' witness Dauphinais agrees. He testified that the real significance of the participant-funded development model is that there is a significant possibility of customers receiving a cost reduction, and no risk of higher costs because the project's investors (rather than utility customers) are taking the risks.¹²

¹¹ Exhibit 525, Rebuttal Testimony of Barbara A. Meisenheimer filed January 24, 2017; page 5.

¹² Exhibit 800, Rebuttal Testimony of James R. Dauphinais filed January 24, 2017; page 5.

E. Conclusion

For the reasons stated herein, the Commission should grant a certificate of convenience and necessity to Grain Belt for the project. The project is in the public interest because it offers benefits to Missouri electricity consumers, because it will promote economic development in Missouri, and because the risks of the project are being borne by the developers of the project rather than Missouri electricity consumers.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been emailed this 10th day of April 2017, to all counsel of record.

/s/ Lewis Mills