

SCHEDULE DAB-14
 GRAIN BELT EXPRESS RESPONSE TO
 CONDITIONS RECOMMENDED BY STAFF
In re Grain Belt Express Clean Line LLC Application for CCN
 No. EA-2014-0107 (Mo. P.S.C.)

The following conditions or recommendations were contained in the Rebuttal Testimony of Daniel I. Beck submitted on September 15, 2014:

Summary of Staff's Proposed Conditions	Grain Belt Express Position on or Modifications to Conditions	Grain Belt Express Witness on Conditions (Surrebuttal Testimony)
I. Daniel I. Beck (Overview)		
A. General.		
1. Grain Belt Express ("GBX") CCN should be limited to the location of the lines specified in the Application and as represented to landowners in aerial photographs provided by GBX, unless a written agreement from the landowner is obtained with landowners is obtained or PSC grants a variance. (Beck p. 16, lines 22-26)	Grain Belt Express proposes following language should be added at the end of the condition: “; provided, however, minor deviations to the location of the line will be permitted as a result of surveying, final engineering and design, and landowner consultation.”	Lawlor, Section V
2. That absent a voluntary agreement for the purchase of private property rights, the line shall not be located so that an occupied residential structure will be removed. (Beck p. 17, lines 2-5)	Grain Belt Express accepts this condition as proposed.	Not applicable ("N/A")

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<p>3. After the GBX line is constructed, a survey shall be conducted and the easement locations recorded with the appropriate county recorder of deeds and with the PSC. (Beck p. 17, lines 7-10)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>N/A</p>
<p>4. Grain Belt Express shall follow the construction, clearing and other practices set forth in Schedule DB-2 (Beck p. 17, lines 12-14)</p>	<p>Grain Belt Express accepts all such conditions except for the four as described or modified in Section IV of the Mr. Lawlor's surrebuttal testimony.</p>	<p>Lawlor, Section IV</p>
<p>B. Reporting Requirements.</p>		
<p>1. GBX will provide Quarterly Updates while development and construction is in progress, and will summarize the Project's construction, operational and financial milestones. (Beck p. 17, lines 16-26)</p> <p>(a) Identify major construction vendors and contractors that have been hired.</p> <p>(b) Identify major operation and maintenance contractors hired.</p> <p>(c) Identify significant new debt and equity financings "at Petitioner level"</p> <p>(d) Significant changes in GBX or "Petitioner's" senior management.</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>N/A</p>

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<p>2. GBX will submit annual filing of information about any affiliates that own or control generation resources in the MISO or PJM regions. (Beck p. 117, lines 28-30)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>N/A</p>
<p>3. Quarterly Progress Reports, including: (1) Percent completion of Project; (2) Amount spent to date; (3) Amount projected to have been spent to date; (4) Total budget with explanations of increases/decreases; (5) SPP agreements and invoices; (6) Agreements with other Missouri PSC-regulated utilities; (7) FERC filings; (8) Status of routing; (9) Status of public outreach/meetings; and (10) Status of right-of-way and property acquisition in Missouri. (Beck p. 17, lines 32-39 and p. 18, lines 1-4)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>N/A</p>

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C. Other Conditions.		
<p>1. Cost Recovery: The cost of the Project and any collector system owned by Grain Belt Express will not be recovered through the SPP cost allocation process or from Missouri ratepayers. (Beck p. 18, lines 6-8)</p>	<p>Grain Belt Express agrees to the intent of the condition, but proposes the following language which is clearer: “Grain Belt Express will not recover any Project cost from Missouri retail ratepayers through MISO or SPP regional cost allocation without first obtaining an approval from the Missouri Public Service Commission in a new proceeding initiated by Grain Belt Express. As used in the prior sentence, the Project refers to the approximately 750 mile HVDC transmission line to be built by the applicant, including the HVDC converter stations and the AC feeder lines connecting the HVDC Project to wind generation facilities.”</p>	<p>Berry, Sections II and IV</p>
<p>2. Siting Approvals: The Project will obtain state or federal siting approvals (approvals from state utility commissions sufficient) (Beck p. 18, lines 9-15)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>N/A</p>
<p>3. Restoration: Once the Project is completed, GBX will have a duty to restore affected land to its pre-construction condition to the extent reasonably possible. (Beck p. 18, lines 17-19)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>N/A</p>

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<p>4. Financing Commitments: GBX will not install transmission facilities on easement property until it has obtained commitments for funds in an amount equal to or greater than project costs. (Beck p. 18, lines 21-24)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>Berry, Section IV</p>
<p>5. To allow the Commission to verify Compliance, GBX shall file following documents when GBX is prepared to begin to install transmission facilities sufficient to permit Staff verification: (Beck p. 18, lines 24-39; p. 19, lines 1-5)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>Berry, Section IV</p>
<p>(a) Equity and debt financing commitments obtained by GBX or Clean Line to fund the total Project cost. (Beck p. 18, lines 28-31)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>Berry, Section IV</p>
<p>(b) Attestation by GBX officer that transmission facilities have not been installed on easement property or a notice of when they are scheduled to begin. (Beck p. 18, lines 32-35)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>Berry, Section IV</p>
<p>(c) Statement of total project costs by component with officer certification and reconciliation to the \$2.2 billion estimate, and information regarding property owned in fee by GBX, including converter station sites. (Beck p. 18, lines 36-39)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>Berry, Section IV</p>

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<p>(d) Reconciliation statement certified by GBX officer that commitments for funds in 5(a) are equal to or greater than the total project costs provided in 5(c). (Beck p. 19, lines 3-5)</p>	<p>Grain Belt Express recommends adding the following text to Mr. Beck's proposed condition 5(d) (Beck rebuttal testimony, p. 19, lines 3-5) to reflect the concepts in Mr. Murray's condition: “and (2) the contracted transmission service revenue is sufficient to service the debt financing of the project (taking into account any planned refinancing of debt).”</p>	<p>Berry, Section IV</p>

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II. Sarah L. Kliethermes Conditions (production cost modeling)		
<p>A. GBX to perform studies regarding retail rate impact on Missouri customers of investor-owned utilities regarding: (Beck p. 19, lines 10-36)</p> <ol style="list-style-type: none"> 1. Production modeling that incorporates: <ol style="list-style-type: none"> (a) Prices of day-ahead, real time and ancillary services to serve load. (Beck p. 19, lines 14-17) (b) Prices of day-ahead, real time and ancillary services "realized by" Missouri-owned or located generation. (Beck p. 19, lines 18-23) (c) Estimate of the impact of GBX project on "operational efficiency of Missouri-owned or located generation." (Beck p. 19, lines 24-25) 2. Production, transmission and economic modeling/analysis to determine: (Beck p. 19, lines 26-36) <ol style="list-style-type: none"> (a) Cost of transmission upgrades that may be economical to resolve transmission constraints that GBX injections will cause or 	<p>Grain Belt Express believes it has provided Staff and the Commission with the appropriate studies and modeling work to reach the necessary conclusions about the Project. The additional studies requested by Ms. Kliethermes should not be required.</p>	<p>Berry, Section IV, Schedule DAB-13</p>

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<p>exacerbate. (Beck p. 19, lines 28-30)</p> <p>(b) Impact of using the entire design capacity of Missouri converter station. (Beck p. 19, lines 31-32)</p> <p>(c) Net impact to Missouri utilities “of picking up Missouri Energy by day for export to PJM or SPP.” (Beck p. 19, lines 33-34)</p> <p>(d) “Whether the variability of the injected wind could be better managed in SPP prior to injection.” (Beck p. 19, lines 35-36)</p>		
<p>B. GBX to provide documentation of: (Beck p. 19, lines 38-39; p. 20, lines 1-5)</p>		
<p>1. Commitment that GBX will not seek RTO cost allocation for the Project or for “any transmission system upgrades necessary to safely accommodate the Project.” (Beck p. 20, lines 1-3)</p>	<p>Grain Belt Express does not accept this condition. A commitment not to recover any costs of interconnection upgrades through cost allocation is overly broad and inappropriate. The Commission can rely on the RTO’s existing rules that allocate Grain Belt Express its share of upgrades. However, pursuant to Beck Condition C(1), above (Beck, p. 18, lines 6-8), Grain Belt Express will agree not to recover the cost of the Project without first obtaining an approval from the Commission.</p>	<p>Berry, Section II and IV</p>

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2. Commitment "to utilize only the studied portion of the Missouri converter station." (Beck p. 20, lines 4-5)	Grain Belt Express accepts this condition as proposed. <i>*Note that this condition contradicts a condition recommended by Staff witness Michael Stahlman, which would require Grain Belt Express to perform RTO studies on the converter station at a 1,000 MW delivery capacity.</i>	Berry, Section IV
III. Shawn E. Lange Conditions (safety and interconnection studies).		
A. GBX to provide for Commission "acceptance": (Beck p. 20, lines 9-26)	Grain Belt Express agrees to submit such reports to the Commission as they become available, but suggests replacing the phrase "to provide for Commission acceptance" with " to submit to the Commission when completed. "	Galli, Section II
1. Completed storm restoration plans for the project. (Beck p. 20, line 11)	Grain Belt Express accepts the condition as proposed.	Galli, Section II
2. Interconnection agreements with SPP, MISO and PJM. (Beck p. 20, lines 12-14)	Grain Belt Express accepts the condition as proposed.	Galli, Section II

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<p>3. RTO Studies related to Project:</p> <ul style="list-style-type: none"> (a) MISO Feasibility, System Planning Phase, and Definitive Planning Phase studies. (b) SPP Dynamic Stability Assessment, Steady State Review, and System Impact Studies. (c) PJM Feasibility, System Impact, and Facilities Studies. (d) Any further study necessary for interconnection with SPP, MISO or PJM. (Beck p. 20, lines 18-26) 	Grain Belt Express accepts the condition as proposed.	Galli, Section II
<p>B. GBX must comply with the appropriate NERC standards, the National Electric Safety Code, 4 CSR 240-18.010 (PSC rule that embodies National Electric Safety Code), and Overhead Power Line Safety Act, Section 319.075, et seq., Mo. Rev. Stat. (2000). (Beck p. 20, lines 28-31)</p>	Grain Belt Express accepts the condition as proposed.	Galli, Section II
<p>C. GBX to provide documentation of its plan, equipment and engineering drawings to comply with Condition (B), above. (Beck p. 20, lines 33-38)</p>	Grain Belt Express accepts the condition as proposed and will provide all as-built drawings and final design documentation.	Galli, Section II
<p>D. GBX to "meet a short-circuit ratio of two or more" at the Kansas, Missouri and Indiana converter stations. (Beck p. 21, lines 1-3)</p>	Grain Belt Express cannot accept this condition due to the issues described in Section II of the surrebuttal of Dr. Galli.	Galli, Section II

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E. GBX to provide documentation of its plan to comply with Condition (D), above, regarding achievement of "a short circuit ratio of at least two" for each converter station. (Beck p. 21, lines 5-8)	GBX cannot accept this recommendation due to the concerns discussed in Section II of the surrebuttal testimony of Dr. Galli, but agrees to provide, when completed, documentation that shows the Project meets all the requirements of the utilities and RTOs with which the Project will interconnect.	Galli, Section II
IV. Robert R. Leonberger Conditions (Design specifications; safety).		
A. GBX transmission line must be constructed with dedicated metallic return conductors. (Beck p. 21, lines 13-15)	Grain Belt Express accepts this condition as proposed.	Galli, Section II
B. GBX must install protection and control safety systems that will automatically de-energize the system when an abnormal or fault condition occurs. (Beck p. 21, lines 17-20)	Grain Belt Express accepts this condition as proposed.	Galli, Section II
C. GBX must submit proof to the Commission that safety systems are operational prior to the commercial operation of the Project. (Beck p. 21, lines 22-25)	Grain Belt Express accepts this condition as proposed.	Galli, Section II
D. If any studies show that mitigation measures are needed, such measures must be in place prior to GBX Project's commercial operation:	Grain Belt Express accepts this condition as proposed.	Galli, Section II

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<p>1. Studies should be made available to Staff and affected facility owners at least 45 days prior to commercial operation of the line. (Beck p. 21, lines 30-33)</p>		
<p>2. Such studies shall be conducted by persons knowledgeable in: (a) HVDC power lines ; (b) DC-to-AC converter stations; (c) Pipeline cathodic protection systems; (d) Corrosion of underground metallic facilities; (e) Interference with AC utility lines; (f) Interference with telecommunications facilities; (g) Effects of DC and AC interface on the facilities identified in Exhibit 3 to the Application (list of electric, gas, RR and telecom facilities that will be crossed by Project). (Beck p. 21, lines 34-38)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>Galli, Section II</p>
<p>E. GBX must file "annual status updates" on discussions with Staff regarding need for additional studies, a summary of the results of additional studies, and any mitigation measures that have been implemented to address underground metallic structures, telecom facilities and AC lines." (Beck p. 22, lines 1-5)</p>	<p>Grain Belt Express accepts this condition as proposed.</p>	<p>Galli, Section II</p>

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V. David Murray Conditions (financial ability).		
<p>A. Capacity Commitments: Construction shall not begin until GBX demonstrates in a filing that it has “secured sufficient contracted capacity to service the projected amount of debt needed to complete the construction of the line.” (Beck p. 22, lines 8-12)</p>	<p>Grain Belt Express recommends adding the following text to Mr. Beck’s proposed condition 5(d) (Beck rebuttal testimony, p. 19, lines 3-5) to reflect the concepts in Mr. Murray’s condition: “and (2) the contracted transmission service revenue is sufficient to service the debt financing of the project (taking into account any planned refinancing of debt).”</p>	<p>Berry, Section IV</p>
<p>B. Financial Guaranty: “ZAM Ventures shall guarantee Clean Line Investor Corp.’s obligations as it relates to its investment in Grain Belt Express Clean Line LLC through its equity interest in Clean Line Energy Partners LLC.” (Beck p. 22, lines 14-16)</p>	<p>This requirement is not appropriate. ZAM is not a party to the proceeding and it is not clear what the guarantee would cover. If ZAM participates in the project financing, the lenders will ensure appropriate credit support.</p>	<p>Berry, Section IV</p>
VI. Michael L. Stahlman Conditions (feasibility).		
<p>A. GBX must complete and disclose all RTO interconnection studies:</p> <ol style="list-style-type: none"> 1. “ ... with the Missouri converter station at 1000 MW and with the potential for exporting energy from MISO and the PJM, and importing energy into the SPP” 	<p>This condition is unnecessary and inappropriate given the Applicant’s agreement to Kliethermes Condition B(2). Grain Belt Express is willing to make public all the necessary RTO studies prior to commencing construction, as detailed in the conditions proposed by Shawn Lange (summarized at Beck p. 20, lines 18-26).</p>	<p>Berry, Section IV</p>

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<p>2. "... with an opportunity for parties to review the studies and bring issues before the Commission, prior to" GBX commencing eminent domain proceedings in Missouri. (Beck p. 22, lines 21-28)</p>		
<p>B. GBX cannot commence any eminent domain proceedings until after the construction of at least 25% of the Missouri converter station (excluding engineering, planning and land purchase costs). (Beck p. 22, lines 30-34)</p>	<p>This condition should not be adopted because it creates ambiguity and unnecessarily complicates the timely completion of the Project. Grain Belt Express will agree to the condition that it install the Missouri converter station, which is a crucial part of the project.</p>	<p>Berry, Section IV</p>