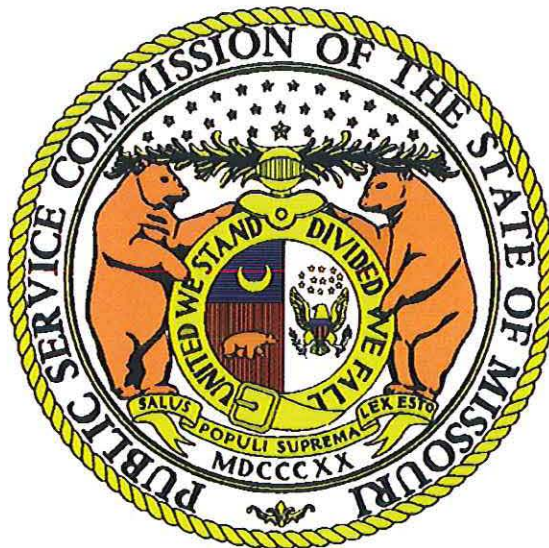


MISSOURI PUBLIC SERVICE COMMISSION

STAFF

REBUTTAL REPORT



**GRAIN BELT EXPRESS CLEAN LINE, LLC
INVENERGY TRANSMISSION LLC
INVENERGY INVESTMENT COMPANY, LLC**

CASE NO. EM-2019-0150

*Jefferson City, Missouri
March 27, 2019*

Staff Exhibit No. 6
Date 4-23-19 Reporter TR
File No. EM-2019-0150

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STAFF REBUTTAL REPORT
GRAIN BELT EXPRESS CLEAN LINE, LLC
INVENERGY TRANSMISSION LLC
INVENERGY INVESTMENT COMPANY, LLC
CASE NO. EM-2019-0150

I. Executive Summary

On February 1, 2019, Invenergy Transmission LLC (“Invenergy Transmission”) on behalf of itself and its parent company Invenergy Investment Company LLC (“Invenergy Investment”) (collectively, “Invenergy”) and Grain Belt Express Clean Line LLC (“Grain Belt”) on behalf of itself and its parent company Grain Belt Express Holding LLC (“GBE Holdings”) (collectively, “Joint Applicants”) filed a Joint Application for Transaction Approval and Motion for Expedited Treatment (“Application”) requesting the Commission approve a transaction involving the change in ownership of Grain Belt. The Joint Applicants have agreed pursuant to a Membership Interest Purchase Agreement (“MIPA”), and associated conditions, that Invenergy Transmission will acquire Grain Belt. According to the Application, Grain Belt is the owner of all of the current assets and rights of the Grain Belt Express Clean Line Project (“Project”) that are the subject of Case No. EA-2016-0358¹ (“CCN Case”).

The Project is a proposed approximately 780-mile, high voltage direct current (“HVDC”) transmission line. An approximately 206-mile segment will traverse Missouri, from Kansas across Illinois and into Indiana. The project includes an associated converter station and alternating current (“AC”) interconnecting facilities in Ralls County, Missouri, including an AC switching station and related transmission lines. The proposed HVDC transmission line and converter station

¹ *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV Transmission Line.*

1 facilities are an inter-regional (i.e., crossing multiple regional transmission operator (“RTO”)
2 regions) transmission project that will span the footprints of the Southwest Power Pool, Inc.
3 (“SPP”), Midcontinent Independent System Operator, Inc. (“MISO”), and PJM Interconnection,
4 LLC (“PJM”). The project will traverse Buchanan, Clinton, Caldwell, Carroll, Chariton, Randolph,
5 Monroe, and Ralls Counties in Missouri.²

6 In the instant Application, Invenergy Transmission plans to purchase Grain Belt using
7 cash available from Invenergy Investment. Invenergy plans to use a combination of debt and
8 equity to finance the construction and operation of the Project (“Transaction”). Pursuant to a
9 Development Management Agreement (“DMA”) between some of the Joint Applicant entities,
10 Invenergy Transmission manages and funds the business and affairs of the Project, in addition to
11 performing all services related to development, ownership and maintenance during the pendency
12 of the acquisition process.

13 According to the Application, if the Commission grants the certificate of convenience and
14 necessity (“CCN”) requested in Case No. EA-2016-0358,³ Grain Belt will be a public utility
15 holding a CCN at the time the Transaction closes, making the Transaction subject to Commission
16 approval under Section 393.190. The Joint Applicants also request expedited treatment since
17 Grain Belt will not be rate-regulated by the Commission, will not have any Missouri retail
18 customers, the Commission is already familiar with the Transaction and the qualifications of
19 Invenergy Transmission and its affiliates, and to allow for the delays caused by appellate litigation.

² Application of Grain Belt Express Clean Line LLC For a Certificate of Convenience and Necessity. Case No. EA-2016-0358.

³ The Commission issued its Report and Order on Remand on March 20, 2019 granting Grain Belt’s application for CCN subject to various conditions.

1 A Missouri public utility must obtain prior authorization from the Commission to sell,
2 assign, lease, or transfer utility assets, to merge or consolidate, to raise capital by issuing stock,
3 notes or bond, or by mortgaging property, and to acquire the stock of another utility.⁴
4 The Commission typically employs the “not detrimental to the public interest” standard.
5 Staff Counsel has advised that the “not detrimental to the public interest” standard is based on case
6 law generally cited in Commission orders as *State ex rel. City of St. Louis v. Public Serv.*
7 *Comm’n.*, 73 S. W. 2d 393 (Mo. banc 1934), and *State ex rel. Fee Fee Trunk Sewer Co., Inc.*
8 *v. Litz*, 596 S.W.2d 466 (Mo. App. 1980). To determine the “public interest,” Staff reviewed
9 the Application based on the five factors the Commission listed in *In Re Tartan Energy*,
10 GA-94-127, 3 Mo.P.S.C.3d 173, 177 (1994) – need, qualified to own, operate, control and manage
11 the facilities and provide the service, financial ability, economic feasibility and promotion of the
12 public interest (“Tartan Criteria”) and submits this Rebuttal Report (“Report”) in response to the
13 Direct Testimony of various Joint Applicant witnesses.

14 Based on Staff’s review of the Tartan Criteria:

15 Need: In the CCN Case, the Commission found “[c]learly, there is a demonstrable need
16 for the service the Grain Belt Project offered both in Missouri and in the regions that affect
17 Missouri energy markets.” As explained in this Report, Invenergy provides the qualifications and
18 financial ability to satisfy that need.

19 Qualifications: Staff has no reason to question the qualifications of Invenergy, and the
20 Commission found, in the CCN Case, that Invenergy had extensive experience.

21 Financial Ability: In the CCN Case, the Commission found that Grain Belt and Invenergy
22 have the financial ability to develop, construct, and operate the Project. In the instant case,

⁴ Section 393.190.

1 Staff reviewed Invenergy's updated financial statements through December 31, 2018, and as
2 explained more fully below, in Staff's opinion, the Commission's finding is still supported.

3 Economic Feasibility: The Commission found, in the CCN Case, that the Project was
4 economically feasible. Staff is not aware of any circumstances related to this case that would
5 affect that finding.

6 Public Interest: The Commission found, in the CCN Case, that the Project was in the public
7 interest. Applicable to this Application, Staff has no reason to question that Invenergy is qualified
8 to own, operate, control and manage the facilities and provide the service related to the Project.
9 Further, Staff reviewed Invenergy's updated financial statements, which continue to suggest
10 Invenergy's proposed acquisition of Grain Belt would not be detrimental to the public interest.
11 Finally, the Commission, in its March 20, 2018, Report and Order on Remand stated,
12 "The evidence in the case demonstrated that the Grain Belt Project will create both short-term and
13 long-term benefits to ratepayers and all the citizens of the state. In the Commission's view,
14 the broad economic, environmental, and other benefits of the Project to the entire state of Missouri
15 outweigh the interests of the individual landowners."⁵ Therefore, Staff recommends the
16 Commission find that the Transaction is not detrimental to the public interest, and further
17 recommends the Commission approve the Application subject to the conditions ordered by the
18 Commission in its March 20, 2018 Report and Order on Remand in the CCN Case.

19 *Staff Expert/Witness: Natelle Dietrich*

⁵ Report and Order on Remand, Case No. EA-2016-0358, Page 47.

1 **II. Five Tartan Criteria**

2 **1. Whether there is a need for the facilities and service**

3 In the CCN Case, the Commission found “[c]learly, there is a demonstrable need for the
4 service the Grain Belt Project offered both in Missouri and in the regions that affect Missouri
5 energy markets.” As explained in this Report, Invenergy provides the qualifications and financial
6 ability to satisfy that need.

7 Further, in the CCN Case, Invenergy committed to complying with several conditions the
8 Commission ultimately ordered in its March 20, 2019 Report and Order on Remand. Following
9 is an exchange between Staff Counsel, Kevin Thompson and Invenergy witness Mr. Kris Zadlo:

10 CROSS-EXAMINATION BY MR. THOMPSON:

11 Q. Good afternoon -- afternoon, Mr. Zadlo.

12 A. Good afternoon.

13 Q. Now, you're aware of certain conditions that Clean Line entered into,
14 committed to observing with Staff; is that correct?

15 A. Yes, sir.

16 Q. And I refer to those in Exhibits 205 and 206?

17 A. Yes.

18 Q. And you also heard Mr. Schulte read a stipulated additional condition
19 today; is that correct?

20 A. That's correct.

21 Q. And it's my understanding that Invenergy will observe that condition as
22 well?

23 A. That is correct.

24 Q. Now, in Staff's Revised Supplemental Rebuttal Report, Staff also
25 recommended as an additional condition that Grain Belt provide Staff with
26 reasonable access to confidential financial information. That was the
27 subject of the stipulation I just mentioned. Correct?

28 A. That's correct.

29 Q. And Staff also continues to recommend the Commission require Grain
30 Belt to comply with conditions prior to acquiring involuntary easements or
31 starting construction of the transmission line. Correct?

32 A. That's correct.

33 Q. And is that acceptable to Invenergy?

34 A. Correct, yes.

35 Q. Thank you. And Staff further recommended that the conditions be
36 subject to a demonstration to the Commission that the outstanding studies
37 do not raise any new issues, and if they do, that the Commission be satisfied

1 with Grain Belt's solution to address those issues. Is that satisfactory and
2 acceptable to Invenergy?

3 A. So when you say studies, can you be more specific as to which studies
4 you're referring to?

5 Q. For example, the RTO studies.

6 A. The MISO studies, yes.

7 Q. Yes, sir. Finally, Staff also recommended that the Commission
8 condition the CCN such that if the design and engineering of the project
9 materially changes from that presented in the application, that Grain Belt
10 be required to file an updated application subject to further review and
11 determination by the condition -- by the Commission. Is that acceptable to
12 Invenergy?

13 A. Yes.

14 Q. So, for example, if for some reason Invenergy decided not build the
15 Ralls County converter station, that would be a material change that would
16 trigger the obligation under that condition. Correct?

17 A. That's -- that's correct.

18 Q. Okay. Thank you. No further questions.

19 *Staff Expert/Witness: Natelle Dietrich*

20 **2. Whether the applicant is qualified to own, operate, control and manage the**
21 **facilities and provide the service**

22 In his direct testimony, Joint Applicant witness Kris Zadlo describes Invenergy, its projects
23 and its team. According to Mr. Zadlo's testimony, Invenergy is a US-based company founded
24 in 2001. Mr. Zadlo states that Invenergy is "North America's largest privately held company
25 that develops, owns, and operates large-scale renewable and other clean energy generation,
26 energy storage facilities, and electric transmission facilities across North America, Latin America,
27 Japan and Europe." Invenergy has expertise in project development, permitting, transmission,
28 interconnection, energy marketing, finance, engineering, project construction, operations
29 and maintenance. As of the date of the filing of its direct, Invenergy had developed more than
30 20,000 MWs of large-scale wind, solar, natural gas and energy storage facilities (Zadlo Direct,
31 page 6, lines 3-12).

1 Mr. Zadlo goes on to explain that Invenergy's senior executives each have more than
2 25 years of experience in the energy generation industry, and have worked together for more than
3 two decades. Invenergy's founder, president and CEO, Michael Polsky, is also the majority owner
4 of Invenergy and its affiliates. Schedule KZ-3, attached to Mr. Zadlo's Direct Testimony, contains
5 the qualifications and experience of Invenergy LLC's management team, and represents that
6 Invenergy's senior management team and project management team have from approximately
7 15 to 30 years of experience in the energy industry.

8 Mr. Zadlo also explains Invenergy has expertise in developing, managing and maintaining
9 projects. He states, "[b]ecause the core of Invenergy's business model is project development and
10 long-term ownership and operations, the Company takes great care to ensure the longevity,
11 reliability and cost-effectiveness of its assets, especially transmission and interconnection
12 infrastructure for its projects". According to Mr. Zadlo, Invenergy has built transmission and
13 distribution lines, generator step-up transformers ("GSUs"), and substations in numerous regions,
14 including SPP, MISO and PJM, to include construction of over 392 miles of high-voltage
15 transmission lines, over 1,748 miles of distribution lines, 59 substations and 73 GSUs. Mr. Zadlo
16 states Invenergy has negotiated over 16,000 leases with landowners, and works diligently to build
17 trustworthy relationships (Zadlo Direct, page 8, lines 4-21).

18 Staff has no reason to dispute that the Joint Applicants, and specifically Invenergy, are
19 qualified to own, operate, control and manage the Project. Further, on March 20, 2019, the
20 Commission issued its Report and Order on Remand in the CCN Case. The Commission found
21 that, "Invenergy's management team has extensive experience in developing, constructing and
22 operating transmission and energy infrastructure projects. Invenergy has an impressive record of

1 development and construction of energy projects, including hundreds of miles of transmission
2 lines, substations and transformers.”⁶

3 *Staff Expert/Witness: Natelle Dietrich*

4 **3. Whether the applicant has the financial ability for the undertaking**

5 In the CCN Case, Staff’s Revised Staff Supplemental Rebuttal Report filed on
6 December 11, 2018, concluded Invenergy Transmission, a direct, wholly-owned subsidiary of
7 Invenergy Investment and an affiliate of Invenergy, LLC was financially capable to construct the
8 Project, contingent on compliance with Condition I contained in Exhibit 206, which was attached
9 to the Commission’s Report and Order on Remand. In its March 20, 2019, Report and Order on
10 Remand, the Commission found that Grain Belt and Invenergy together have the financial ability
11 to develop, construct, and operate the Project.⁷ Staff reviewed Invenergy’s updated financial
12 statements through December 31, 2018, for purposes of the instant case, and is of the opinion that
13 the Commission’s finding is still supported by Invenergy’s financial situation.

14 On November 9, 2018, Invenergy Transmission executed a MIPA with GBE Holdings,
15 which would result in Invenergy Transmission purchasing Grain Belt if certain contingencies are
16 met, such as the Commission granting a CCN, as well as approving Invenergy Transmission’s
17 proposed acquisition of Grain Belt from GBE Holdings in this case.

18 If Invenergy closes on the purchase of Grain Belt, Invenergy will become the sole equity
19 investor at closing. Although the Project will require a significant amount of capital to complete,
20 the cost to purchase Grain Belt is only approximately 0.1% of the total capital outlay. According
21 to Grain Belt’s response to Staff Data Request No. 0078 in the CCN case, Grain Belt’s additional

⁶ Id. at Page 43.

⁷ Page 43, Report and Order on Remand in File No. EA-2016-0358, March 20, 2019.

1 capital needs during the development stage will be funded by cash on hand at Invenergy and
2 possibly equity capital from other investors. Invenergy's financial statements as of December 31,
3 2017, supported Grain Belt's position in the CCN Case that Invenergy had sufficient cash on hand.
4 Invenergy's cash balance as of December 31, 2017, was approximately six times greater than the
5 cash balance of Clean Line Energy Partners', LLC ("Clean Line") as of the same date.
6 Additionally, as of the same date, the book value of Invenergy's equity was twenty times greater
7 than Clean Line's equity. Therefore, Invenergy's financial position as of December 31, 2017,
8 supported the Commission's finding in the CCN Case that Grain Belt and Invenergy have the
9 financial ability to develop, construct and operate the Project.

10 The Application in this case did not include Invenergy's most recent financial statements.
11 Staff requested that Invenergy provide the most recent financial statements for Invenergy
12 Investment and Invenergy Transmission. Invenergy provided Invenergy Investment's unaudited
13 consolidated balance sheet as of December 31, 2018, and income statement for the year ended
14 December 31, 2018. Invenergy indicated that Invenergy Transmission does not have financial
15 statements. Invenergy Investment's cash balance as of December 31, 2018, is almost twice the
16 balance as of December 31, 2017. Invenergy's equity balance (net non-controlling interests) has
17 also increased since December 31, 2017. Although the updated information certainly indicates
18 that Invenergy Investment has an even stronger balance sheet than as of last year and continues to
19 support the Commission's finding, it is important to remember that Invenergy's planned financing
20 strategy for Grain Belt is to raise a majority of the capital at the project level. This is similar to
21 the financing strategy Clean Line had proposed. It was for this reason that Staff considered it
22 important to require Condition I in Exhibit 206.

1 Staff's review of Invenergy's updated financial position confirms that the Commission's
2 finding in the CCN case is appropriate for determining that Invenergy's proposed acquisition of
3 Grain Belt would not be detrimental to the public interest.

4 *Staff Expert/Witness: David Murray, CFA*

5 **4. Whether the Transaction is economically feasible**

6 In the Report and Order on Remand issued on March 20, 2019 at pages 43 and 44,
7 the Commission found that based on the facts and evidence in the CCN Case, that the project as
8 contemplated was economically feasible. Staff is unaware of any changes in facts that would
9 impact this finding.

10 *Staff Expert/Witness: Michael L. Stahlman*

11 **5. Whether the Transaction promotes the public interest**

12 In the Report and Order on Remand issued on March 20, 2019 at pages 45 through 47,
13 the Commission found that, based on the facts and evidence in the CCN Case, the project as
14 contemplated was in the public interest. Staff is unaware of any changes in facts that would impact
15 this finding.

16 *Staff Expert/Witness: Michael L. Stahlman*

17 **III. Recommendation**

18 Staff has no reason to question that Invenergy is qualified to own, operate, control and
19 manage the facilities and provide the service related to the Project. Further, Staff reviewed
20 Invenergy's updated financial statements, which continue to suggest Invenergy's proposed
21 acquisition of Grain Belt would not be detrimental to the public interest. Therefore, Staff
22 recommends the Commission find that the Transaction is not detrimental to the public interest, and

1 further recommends the Commission approve the Application subject to the conditions ordered by
2 the Commission in its March 20, 2018 Report and Order on Remand in the CCN Case.

3 *Staff Expert/Witness: Natelle Dietrich on behalf of all witnesses.*

4 **Appendix 1 - Staff Credentials**

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Invenergy Transmission LLC, Invenergy) Case No. EM-2019-0150
Investment Company LLC, Grain Belt)
Express Clean Line LLC and Grain Belt)
Express Holding LLC for an Order Approving)
the Acquisition by Invenergy Transmission)
LLC of Grain Belt Express Clean Line LLC)

AFFIDAVIT OF NATELLE DIETRICH

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW NATELLE DIETRICH and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff's Rebuttal Report*; and that the same is true and correct according to her best knowledge and belief.

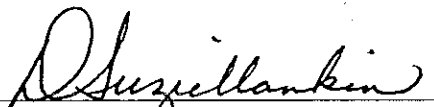
Further the Affiant sayeth not.


NATELLE DIETRICH

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 26th day of March 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Invenergy Transmission LLC, Invenergy) Case No. EM-2019-0150
Investment Company LLC, Grain Belt)
Express Clean Line LLC and Grain Belt)
Express Holding LLC for an Order Approving)
the Acquisition by Invenergy Transmission)
LLC of Grain Belt Express Clean Line LLC)

AFFIDAVIT OF DAVID MURRAY

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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

Further the Affiant sayeth not.




DAVID MURRAY

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 26th day of March 2019.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: December 12, 2020
Commission Number: 12412070



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Joint Application of)
Invenergy Transmission LLC, Invenergy) Case No. EM-2019-0150
Investment Company LLC, Grain Belt)
Express Clean Line LLC and Grain Belt)
Express Holding LLC for an Order Approving)
the Acquisition by Invenergy Transmission)
LLC of Grain Belt Express Clean Line LLC)

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW MICHAEL L. STAHLMAN and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff's Rebuttal Report*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

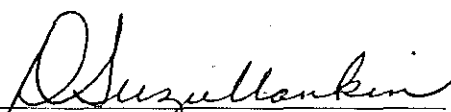


MICHAEL L. STAHLMAN

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 27th day of March 2019.

D. SUZIE MANKIN Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: December 12, 2020 Commission Number: 12412070
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Notary Public