

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

In the Matter of the Joint Application of)
Invenergy Transmission LLC, Invenergy)
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)

Case No. EM-2019-0150

STAFF’S INITIAL BRIEF

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Initial Brief*, states as follows:

Introduction:

This matter concerns the acquisition of Grain Belt Express Clean Line LLC (“GBE”) by Invenergy Transmission LLC (“Invenergy”). Pursuant to § 393.190, RSMo., the transaction requires the prior authorization of the Commission. GBE is the owner of the Grain Belt Express Clean Line Project (“the Project”), a proposed approximately 780-mile, overhead, multi-terminal ±600 kilovolt (“kV”) high voltage direct current (“HVDC”) transmission line with associated facilities that will connect over 4,000 megawatts (“MW”) of low-cost, wind-generated power in western Kansas for delivery to load and population centers in Missouri, Illinois, Indiana, and states farther east.¹ Reported cases indicate that such an application should be granted unless it is established that the transaction would be detrimental to the public interest. Invenergy and GBE filed their *Joint Application* on February 1, 2019, together with a request for expedited treatment. Pursuant to that request, the Commission convened an evidentiary

¹ *Joint Application*, pp. 1-2.

hearing on the *Joint Application* on April 23, 2019. Eight witnesses testified and the Commission received sixteen exhibits. By order of March 6, 2019, initial briefs are due on May 6, 2019.

Issues:

The parties submitted the following three issues for determination by the Commission:²

1. Does the Commission have jurisdiction and statutory authority under Section 393.190, RSMo., to approve the sale of Grain Belt Express Clean Line LLC ("GBE") to Invenergy Transmission LLC ("Invenergy")?
2. If so, should the Commission find that Invenergy's acquisition of Grain Belt is not detrimental to the public interest, and approve the transaction?
3. Should the Commission condition its approval of Invenergy's acquisition of Grain Belt and, if so, what should such conditions be?

Argument:

I.

Does the Commission have jurisdiction and statutory authority under Section 393.190, RSMo., to approve the sale of Grain Belt Express Clean Line LLC ("GBE") to Invenergy Transmission LLC ("Invenergy")?

This issue was submitted by the allied parties Missouri Landowners Alliance, Show Me Concerned Landowners, and Joseph and Rose Kroner (collectively the "MLA"). These parties have opposed the Project from the very first. The argument

² *Joint List of Issues, etc.*, filed April 11, 2019.

MLA raises here was also raised in Case No. EA-2016-0358, in which GBE was awarded a Certificate of Convenience and Necessity (“CCN”) by the Commission on March 20, 2019, effective April 19, 2019. The Commission found in that case that GBE is an electrical corporation and a public utility, subject to the Commission’s jurisdiction, including the requirement for prior approval by the Commission of any sale of assets. § 393.190.1, RSMo. The Commission took up this issue in that case and determined it against MLA. Its reassertion here is an unlawful collateral attack on the Commission’s decision in Case No. EA-2016-0358 and thus should not be heard. Section 386.550, RSMo. As long ago as 2015, in Case No. EA-2014-0207, the Commission determined that Grain Belt is an electrical corporation and a public utility. That case is now final and unappealable and the question that MLA raises in this case also constitutes an impermissible collateral attack on that order as well.

In any event, the facts and law relied on by the Commission in Case No. EA-2016-0358 have not changed. Section 393.170.1, RSMo., provides:

No gas corporation, electrical corporation, water corporation or sewer corporation shall begin construction of a gas plant, electric plant, water system or sewer system, other than an energy generation unit that has a capacity of one megawatt or less, without first having obtained the permission and approval of the commission.

What is an “electrical corporation”? Pursuant to § 386.020(15), RSMo., it is any entity that owns, operates, controls, or manages electric plant. “Electric plant,” in turn:

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[.]³

³ Section 386.020(14), RSMo.

GBE has acquired certain real and personal property for use in the Project:

Grain Belt's 39 easements that it has signed with Missouri landowners are interests in real estate, and its cash on hand for project development is personal property. The words "to be used for or in connection with" in the statutory definition mean that the electric plant in question may be future or intended electric plant. That real estate and personal property are to be used for or in connection with Grain Belt's Project, so the Commission concludes that they meet the definition of electric plant. Grain Belt owns its cash on hand and controls or manages the easement property under the easement agreement it executes with landowners, because those agreements grant Grain Belt certain rights to use the property and limit the landowner's use. Therefore, the Commission determines that Grain Belt is an "electrical corporation" within the meaning of Section 386.020(15), RSMo, and subject to the jurisdiction of the Commission.⁴

The Commission further concluded that GBE is a public utility because of its purpose to indiscriminately offer transmitted electricity in Missouri to the general public.⁵

The evidence adduced in the present case independently shows that GBE has acquired 39 easements in connection with the Project.⁶ The *Joint Application* explains that these assets are intended for use in providing utility services to the general public in Missouri.⁷ Section 386.020(14), RSMo., unmistakably contemplates that the electric plant in question may be future or intended electric plant ("to be used for or in connection with"). Therefore, GBE is an electrical corporation and thus a public utility subject to the jurisdiction of the Commission.

⁴ *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*, Case No. EA-2016-0358 (*Report & Order on Remand*, eff. April 19, 2019) pp. 37-38.

⁵ *Id.*, p. 38.

⁶ Tr. vol. 2, p. 51.

⁷ *Joint Application*, pp. 1-2.

That the statute applies equally to intended electrical corporations is necessarily part of the legislative intent. Utilities must request authorization to build a plant before construction actually begins. The purposes of such pre-approval are obvious. The Commission is charged with considering and protecting the interests of the general public as well as the customers and investors of the regulated utility. It must balance those interests on a statewide basis, not merely considering a particular utility's operating area in isolation. This function requires a balancing of the needs and interests of ratepayers and investors. Although the Commission has the power to disallow capital improvements in a utility's rate base, that authority is ineffective where a major disallowance would jeopardize the interests of either ratepayers or investors. Section 393.170.1, RSMo, allows the Commission to consider and weigh all of these factors, as well as location and zoning, prior to construction. The legislative scheme for the protection of the public interest would be dangerously incomplete if intended public utilities – those without an existing relationship to utility plant – were not within the scope of the law. As noted above, GBE has an existing relationship to real estate intended for use in the transmission of electricity.

The Missouri Supreme Court took exactly this view in 1935:

The Public Service Commission Law was intended to prevent overcrowding of the field in any city or area and thus “restrain cut-throat competition upon the theory that it is destructive, and that the ultimate result is that the public must pay for that destruction.” ***State ex rel. Union Electric Light & Power Co. v. Public Service Commission***, 333 Mo. 426, 62 S.W.(2d) 742, 745. To accomplish this the commission was given the authority to pass upon the question of the public necessity and convenience for any new or additional company to begin business anywhere in the state, or for an established company to enter new territory. ***State ex rel. City of Sikeston v. Pub. Serv. Comm'n of Missouri***, 336 Mo. 985, 997-98, 82 S.W.2d 105, 109-10 (1935).

GBE has a line CCN granted by the Commission that authorizes it to transmit electricity in Missouri. As a matter of law, it is thus subject to the Commission's jurisdiction. GBE also owns real estate and money that it intends to use in the transmission of electricity and the Commission has concluded that these items are "electrical plant" within the intendments of § 386.020, (14) and (15), RSMo. Under these circumstances, there can be no rational doubt that GBE is an electrical corporation and a public utility, subject to the jurisdiction, authority, and regulation of this Commission. Therefore, the Commission necessarily has jurisdiction over the proposed transaction.

II.

If so, should the Commission find that Invenergy's acquisition of Grain Belt is not detrimental to the public interest, and approve the transaction?

The Law:

GBE is a public utility. A public utility must obtain prior authorization from the Commission to sell, assign, lease, or transfer utility assets,⁸ to merge or consolidate,⁹ to raise capital by issuing stock, notes, or bonds, or by mortgaging property,¹⁰ and to acquire the stock of another utility.¹¹ Section 393.190.1, RSMo, provides:

No gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such works or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, assignment,

⁸ See Rule 4 CSR 240-3.110, electric utilities.

⁹ See Rule 4 CSR 240-3.115, electric utilities.

¹⁰ See §§ 393.180, 393.200, 393.210, and 393.220, RSMo.; and see Rule 4 CSR 240-3.120, electric utilities.

¹¹ See § 393.190.2, RSMo.; and see Rule 4 CSR 240-3.125, electric utilities.

lease, transfer, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing same shall be void. The permission and approval of the commission to the exercise of a franchise or permit under this chapter, or the sale, assignment, lease, transfer, mortgage or other disposition or encumbrance of a franchise or permit under this section shall not be construed to revive or validate any lapsed or invalid franchise or permit, or to enlarge or add to the powers or privileges contained in the grant of any franchise or permit, or to waive any forfeiture. * * * Nothing in this subsection contained shall be construed to prevent the sale, assignment, lease or other disposition by any corporation, person or public utility of a class designated in this subsection of property which is not necessary or useful in the performance of its duties to the public, and any sale of its property by such corporation, person or public utility shall be conclusively presumed to have been of property which is not useful or necessary in the performance of its duties to the public, as to any purchaser of such property in good faith for value.

The lead case states:

Before a utility can sell assets that are necessary or useful in the performance of its duties to the public it must obtain approval of the Commission. § 393.190, RSMo. (1969). The obvious purpose of this provision is to ensure the continuation of adequate service to the public served by the utility. The Commission may not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest.¹²

That case relied, in turn, on an older Missouri Supreme Court case stating:

The owners of this stock should have something to say as to whether they can sell it or not. To deny them that right would be to deny to them an incident important to ownership of property. A property owner should be allowed to sell his property unless it would be detrimental to the public.

The state of Maryland has an identical statute with ours, and the Supreme Court of that state . . . said: "To prevent injury to the public, in the clashing of private interest with the public good in the operation of public utilities, is one of the most important functions of Public Service Commissions. It is not their province to insist that the public shall be benefited, as a condition to change of ownership, but their duty is to see that no such change shall be made as would work to the public detriment. 'In the public interest,' in such cases, can reasonably mean no more than 'not detrimental to the public.' "¹³

¹² *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo. App., E.D. 1980).

¹³ *State ex rel. City of St. Louis v. P.S.C.*, 335 Mo. 448, 459-460, 73 S.W.2d 393, 400

Given that the purpose of § 393.190.1, RSMo., is to ensure the continuation of adequate service to the public, the Commission typically considers such factors as the applicant's experience in the utility industry; the applicant's history of service difficulties, if any; the applicant's general financial health and ability to absorb the proposed transaction; and the applicant's ability to operate the assets safely and efficiently.¹⁴ These factors are similar to those considered by the Commission in CCN cases.¹⁵

The Commission has sometimes said that denial of such an application requires compelling evidence on the record that a public detriment is likely to occur¹⁶ and that the mere risk of harm to the ratepayers is a detriment to the public interest.¹⁷ The Commission has determined more recently that the applicable standard is a cost-benefit analysis:

What is required is a cost-benefit analysis in which all of the benefits and detriments in evidence are considered. . . . Approval should be based upon a finding of no net detriment. * * * In considering whether or not the proposed transaction is likely to be detrimental to the public interest, the Commission notes that its duty is to ensure that UE provides safe and adequate service to its customers at just and reasonable rates. A detriment, then, is any direct or indirect effect of the transaction that tends to make the power supply less safe or less adequate, or which tends to make rates less just or less reasonable. The presence of detriments, thus defined, is not conclusive to the Commission's ultimate decision because detriments can be offset by attendant benefits. The mere fact that a proposed transaction is not the least cost alternative or will cause rates to increase is not detrimental to the public interest where the transaction will confer a benefit of equal or greater value or remedy a deficiency that threatens the safety or adequacy of the service.¹⁸

(Mo. banc 1934).

¹⁴ See *In the Matter of the Joint Application of Missouri Gas Energy, et al.*, Case No. GM-94-252 (*Report and Order*, issued October 12, 1994), 3 Mo. P.S.C.3rd 216, 220.

¹⁵ See *In Re Tartan Energy*, Case No. GA-94-127, 3 Mo.P.S.C.3d 173, 177 (1994).

¹⁶ See, e.g., *In the Matter of KCP&L*, Case No. EM-2001-464 (*Order Approving Stipulation & Agreement and Closing Case*, issued Aug. 2, 2001).

¹⁷ *In the Matter of Aquila, Inc.*, Case No. EF-2003-0465 (*Report & Order*, issued Feb. 24, 2004) pp. 6-7.

¹⁸ *In the Matter of Union Electric Company, d/b/a AmerenUE*, 13 MoPSC3d 266, 293 (2005); and

Additionally, “what constitutes the ‘public interest’” is “a matter of policy to be determined by the Commission.”¹⁹ In any proceeding on such an application, the applicant bears the burden of proof.²⁰

Tartan Factors:

Staff notes that the Commission found, in Case No. EA-2016-0358, that the Project is needed.²¹ Staff states, additionally, that it has no reason to doubt Invenenergy’s operational qualifications, its financial health and ability to absorb the cost of the Project, and the Project’s feasibility.²²

With respect to Invenenergy’s operational qualifications, Kris Zadlo testified that Invenenergy routinely develops projects with a view toward long-term ownership, performance, profitability and operations.²³ Invenenergy has built its core competencies around power plant operations and maintenance (“O&M”).²⁴ Invenenergy operates its power plant fleet through a wholly-owned subsidiary of Invenenergy Investment, Invenenergy Services LLC (“Invenenergy Services”).²⁵ Invenenergy Services is staffed with experienced industry personnel and currently operates 9,663 MW of natural gas and renewable

see *In the Matter of Great Plains Energy, Inc., Kansas City Power & Light Company and Aquila, Inc.*, 17 Mo.P.S.C.3d 338, 541 (2008), “the Commission may not withhold its approval of the proposed transaction unless the Applicants fail in their burden to demonstrate that the transaction is not detrimental to the public interest, and detriment is determined by performing a balancing test where attendant benefits are weighed against direct or indirect effects of the transaction that would diminish the provision of safe or adequate of service or that would tend to make rates less just or less reasonable.”

¹⁹ 17 Mo.P.S.C.3d at 543.

²⁰ *Id.*

²¹ *Staff’s Rebuttal Report*, pp. 5-6.

²² *Id.*, pp. 3-10.

²³ Zadlo Direct, p. 7.

²⁴ *Id.*

²⁵ *Id.*

generating capacity primarily in North America but also including projects in South America and Europe.²⁶

Since 2001, Invenergy has built all required transmission and distribution lines, generator step-up transformers (“GSUs”), and substations for its facilities in numerous regions, including within the regions managed by Southwest Power Pool, Inc. (“SPP”), Midcontinent Independent System Operator, Inc. (“MISO”) and PJM Interconnection, LLC (“PJM”).²⁷ Invenergy developed, permitted and constructed this infrastructure across various terrains, state and local jurisdictions, and in vastly differing environmental and regulatory conditions.²⁸ This effort has led to the construction of over 392 miles of high-voltage transmission lines, over 1,748 miles of distribution lines, 59 substations and 73 GSUs of which several have been built for utilities.²⁹

Invenergy excels at building infrastructure by working diligently with landowners to build trustworthy relationships, ensuring that the landowners’ interests are protected, and their concerns are taken into account. Invenergy has negotiated over 16,000 leases, constituting over 7 million acres.³⁰

Invenergy has extensive experience with the SPP, MISO and PJM interconnection queues.³¹ Invenergy has developed 5 projects totaling approximately 840 MWs in the SPP footprint and currently has over 109 active requests in the

²⁶ *Id.*

²⁷ *Id.*, p. 8.

²⁸ *Id.*

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*, p. 10.

SPP queue.³² Invenergy has also developed 23 projects totaling approximately 5,160 MWs in the MISO footprint and currently has over 60 active requests in the queue. Finally, Invenergy has developed 7 projects totaling approximately 2,700 MWs in the PJM footprint and currently has over 65 active requests in the PJM queue.³³

Andrea Hoffman testified that Invenergy is North America's largest privately-held company that develops, owns, and operates large-scale renewable and other clean energy generation, energy storage facilities, and electric transmission facilities across North America, Latin America, Japan, and Europe.³⁴ Invenergy and its affiliates had in excess of \$9 billion in total assets and \$3 billion in equity on a consolidated basis as of December 31, 2017.³⁵ Invenergy has raised more than \$30 billion to support more than 20,220 MW of generation project development since 2001. Its cash balance on December 1, 2017, was six times greater than Clean Line's.³⁶ The book value of its members' equity was more than 20 times greater than Clean Line's.³⁷ Invenergy has raised financing and completed numerous projects in the United States and abroad and maintains strong relationships with numerous financial institutions.³⁸

Invenergy will finance the Project with a combination of debt and equity.³⁹ Specifically, Invenergy will engage a lender or lenders 6 to 9 months prior to the start of

³² *Id.*

³³ *Id.*

³⁴ Hoffman Direct, p. 4.

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

³⁸ *Id.*, p. 5.

³⁹ *Id.*, p. 7.

construction and secure a construction loan that, with equity capital provided by Invenergy, will be sufficient for the entire construction cost of the Project.⁴⁰ Prior to obtaining financing commitments, Invenergy will enter into long-term transmission service or capacity contracts, such as the one with MJMEUC.⁴¹

In summary, the evidence establishes that Invenergy is well-qualified to operate the Project and possesses adequate financial resources.

Benefits of the Transaction:

Staff's position is that the transaction is not detrimental to the public interest and should be approved, with conditions.⁴² The Commission found, in Case No. EA-2016-0358, that "the Grain Belt Project will create both short-term and long-term benefits to ratepayers and all the citizens of the state. In the Commission's view, the broad economic, environmental, and other benefits of the Project to the entire state of Missouri outweigh the interests of the individual landowners."⁴³

Kris Zadlo testified that the transaction will facilitate the continued development of the Grain Belt Express Project and all of its associated benefits, including an estimated 1,500 jobs during the three to four years of construction; a continuing source of property tax revenues to the political subdivisions where 13 the facilities are located; a participant-funded model, such that GBE assumes all financial risk of building and operating the transmission line, with no costs anticipated to be recovered through the rates of regional transmission organizations; an estimated \$9.5–\$11 million in annual savings for

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² Dietrich Rebuttal, p. 3.

⁴³ *Staff's Rebuttal Report*, p. 4, quoting *Report and Order on Remand* (Case No. EA-2016-0358), p. 47.

customers of Missouri Joint Municipal Electric Utility Commission (“MJMEUC”), which will receive up to 250 MW of capacity from the Project through an existing Transmission Services Agreement; and additional access to high-capacity-factor Kansas wind resources to fulfill the growing demand for renewable energy in Missouri.⁴⁴

Hans Detweiler testified that the Project’s expected benefits include the creation of approximately 1,500 jobs during the three to four years of construction; a continuing source of property tax revenues to the political subdivisions where the facilities are located; access via an HVDC system to low-cost, high-capacity-factor Kansas wind resources to fulfill the growing demand for renewable energy in Missouri; and an estimated \$9.5-\$11 million in savings for customers of MJMEUC, which will receive up to 250 MW of capacity from the Project pursuant to an existing Transmission Service Agreement.⁴⁵

Andrea Hoffman testified that the transaction will expedite and promote the Project, which will deliver low-cost wind energy to Missouri wholesale customers, who will, in turn, provide that lower-cost energy to their retail customers.⁴⁶ Other benefits include the creation of 1,500 jobs during the three to four years of construction, a continuing source of property tax revenue to political subdivisions where the facilities are located; and additional access to high-capacity-factor Kansas wind resources to fulfill Missouri’s growing demand for renewable energy.⁴⁷

⁴⁴ Zadlo Direct, p. 11.

⁴⁵ Detweiler Direct, p. 7.

⁴⁶ Hoffman Direct, p. 3.

⁴⁷ *Id.*

James Owen testified that the Project will link customers in Missouri, including municipalities, to low-cost wind power from western Kansas.⁴⁸ MJMEUC and its customers have committed to purchase 136 MW of wind power using the Grain Belt transmission project and have the ability to purchase up to 200 MW of transmission capacity.⁴⁹ In all, the transmission project will allow the municipal customers to save over \$11 million annually under the transmission service agreements compared to existing contracts for coal resources.⁵⁰ A growing number of Missouri customers want more access to renewable energy resources to meet their own sustainability metrics and to save money.⁵¹ Dozens of major companies have signed on to support the Corporate Renewable Energy Buyers' Principles.⁵² Governmental bodies in Missouri are also beginning to establish their own clean energy goals.⁵³ With this pressure from industry leaders and local governments, the utility providers in Missouri must continue to look to renewable generation to meet customers' needs, preferences, and budgets.⁵⁴ The Project is a participant-funded model, meaning Grain Belt will assume the financial risk of building and operating the transmission line.⁵⁵ No costs are expected to be recovered through RTO rates, so Missouri ratepayers will see only the financial benefits that pass through if their provider elects to buy capacity or energy on the line.⁵⁶

⁴⁸ Owen Rebuttal, p. 6.

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.*, p. 7.

⁵⁶ *Id.*

Because the project facilitates additional renewable energy, there will be environmental, system reliability, and other economic benefits.⁵⁷ This Commission has repeatedly found that creating environmental benefits serves the public interest.⁵⁸ In its *Report and Order* in Case No. EA-2016-0208, the Commission found customers “have a strong interest in the development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount of carbon dioxide released into the atmosphere.”⁵⁹ Similarly, in Case No. EA-2015-0256, the Commission concluded “customers and the general public have a strong interest in the development of economical renewable energy sources to provide safe, reliable, and affordable service while improving the environment and reducing the amount of carbon dioxide released into the atmosphere.”⁶⁰ When evaluating the underlying transmission line at issue in this case, the Commission found that “[t]he renewable energy delivered by the Project will reduce emissions in the Eastern Interconnection by displacing thermal generation, which emits sulfur dioxide, nitrogen oxides, and carbon dioxide, and will decrease water usage, all to the benefit Missouri’s environmental and public health.”⁶¹ Based on these facts, adding this transmission line will create benefits that improve the environment and further the policy goals of the state of Missouri.⁶²

In a general sense, this approval will facilitate the development of wind projects which create a variety of benefits, including payments to landowners, construction jobs,

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.*

⁶¹ *Id.*, p. 8.

⁶² *Id.*

and increased state and local tax revenues.⁶³ More specifically, building the transmission line itself creates significant economic benefits during the various project stages.⁶⁴ The construction phase of the Grain Belt Express transmission line will support 1,527 total jobs over the three years and create \$246 million in personal income, \$476 million in gross domestic product, and \$9.6 million in state general revenue for the state of Missouri.⁶⁵ In its first year of operation, the transmission line is expected to support 91 jobs and create \$17.9 million in personal income, \$9.1 million in gross domestic product, and \$720,000 in state general revenue for the state of Missouri.⁶⁶ Approximately \$14.97 million in easement payments will be made in the first year of operation.⁶⁷ In subsequent years, the economic impact of this line will support 28 total jobs and create \$2.6 million in personal income, \$4.2 million in gross domestic product, and \$111,000 in state general revenue on an annual basis.⁶⁸ In addition, there will be millions of dollars in tax benefits to the counties the transmission line crosses.⁶⁹

Detriments of the Transaction:

No witness testified as to any potential detriments of the transaction. Some testified to the lack of detriments.

Kris Zadlo testified that traditional concerns about potential detriments to Missouri retail rates or retail services are not present with this transaction because

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ *Id.*, p. 9.

⁶⁸ *Id.*

⁶⁹ *Id.*

GBE will not have any retail customers in Missouri and GBE will not be rate-regulated by the Commission.⁷⁰ Moreover, the regional transmission organizations through which the Project will traverse have responsibility for seeing that the Project is safely and reliably integrated into the electric grid.⁷¹

Andrea Hoffman testified that many of the traditional regulatory concerns pertaining to potential merger detriments, e.g., rate increases, service quality issues, market power, involuntary reduction in workforce, are not present in this case.⁷²

Conclusion:

Invenergy is qualified to undertake the proposed transaction and has sufficient financial resources. Ample evidence shows that the transaction will provide numerous benefits to the public; there is no evidence of any likely detriments. For these reasons, the Commission should find that the proposed transaction is not detrimental to the public interest and approve it subject to the conditions proposed by Staff.

III.

Should the Commission condition its approval of Invenergy's acquisition of Grain Belt and, if so, what should such conditions be?

Staff recommends the Commission approve the *Joint Application*, with a finding that it is not detrimental to the public interest, subject to the conditions ordered in its March 20, 2019, *Report and Order on Remand* in Case No. EA-2016-0358.⁷³ The conditions

⁷⁰ Zadlo Direct, p. 11.

⁷¹ *Id.*

⁷² Hoffman Direct, p. 3.

⁷³ See Note 4, *supra*.

are specified in Exhibits 205 and 206 received in Case No. EA-2016-0358 and are summarized in *Staff's Rebuttal Report* received in this case.⁷⁴

Conclusion:

On the issue of the Commission's jurisdiction, that matter has already been conclusively decided in the affirmative. On the issue of the public interest, the evidence adduced shows that Invenergy is qualified to own GBE, is adequately financed, and that the transaction will significantly benefit the people of this state. No evidence of detriments was adduced. On the issue of appropriate conditions, Staff advises the Commission to impose all of the same conditions it imposed on GBE's CCN in Case No. EA-2016-0358.

WHEREFORE, on account of all the foregoing, Staff prays that the Commission will approve the *Joint Application*, with a finding that it is not detrimental to the public interest, subject to the conditions ordered in its March 20, 2019, *Report and Order on Remand* in Case No. EA-2016-0358.

⁷⁴ *Staff's Rebuttal Report*, pp. 5-6.

Respectfully submitted,

/s/ Kevin A. Thompson

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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 6th day of May, 2019.

/s/ Kevin A. Thompson