

**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, and Maintain a High Voltage, Direct) Case No. EA-2014-0207
Current Transmission Line and an Associated Converter)
Station Providing an interconnection on the Maywood-)
Montgomery 345 kV Transmission Line)

SHOW ME CONCERNED LANDOWNERS' STATEMENT OF POSITIONS

COMES NOW the Show Me Concerned Landowners (Show Me), and for its Statement of Positions in this case, states as follows:

INTRODUCTION

The applicant, Grain Belt Express Clean Line, LLC (Grain Belt Express) presents a high voltage Direct Current transmission line concept slickly packaged as pro-economic development, pro-jobs, pro-local tax revenue, and pro-renewable energy. Optimistically labeled the "Project," it is currently nothing more than a concept. The project itself is incompletely designed, funded, and studied. Its success depends on numerous highly speculative future developments and conditions.

The risks and costs of proceeding with a speculative and indefinite project like this are real, significant, and of concern to Show Me. From a policy perspective, the Commission should not authorize private developers' use of eminent domain over a wide swath of land absent, at a minimum, certainty, proof, and commitment. Entertaining a speculative and premature application for a certificate is bad public policy. While Grain Belt Express may hope that this Commission's regulatory approval will help kindle financial and energy market interest in the concept, it has no customers signed up and no generators to produce energy to deliver. The

required interconnection studies from the RTOs (SPP, MISO and PJM) are years away from completion, and there is no guarantee that they will be favorable to Grain Belt Express. Grain Belt Express' application is not ready for prime time, and the commission should deny it without prejudice, giving Grain Belt Express the opportunity to come back and file again if or when they have their ducks in a row. At this point, Grain Belt Express does not even have any ducks to put in a row.

POSITIONS

1. *Does the evidence establish that the high-voltage direct current transmission line and converter station for which Grain Belt Express Clean Line LLC ("Grain Belt Express") is seeking a certificate of convenience and necessity ("CCN") are necessary or convenient for the public service?*

No. Show Me does not believe that the Grain Belt Express application for a CCN meets any of the criteria that this Commission has used to determine whether a CCN should be granted. Traditionally, the Commission has used the five Tartan¹ criteria to determine whether a CCN is necessary or convenient for the public service, which Show Me addresses below.

A. There must be a need for the service

There is no demonstrated need for the service that Grain Belt Express seeks to provide to Missouri. Show Me's witness Dr. Michael Proctor's analysis shows that Kansas Wind is not competitive with Combined Cycle generation absent a production tax credit for wind. Thus, the Grain Belt Express DC Transmission (DC Transmission) project does not pass the economic viability requirement of the Missouri Public Service Commission.

In terms of need, Dr. Proctor argues that to meet Missouri's renewable energy requirement, Grain Belt Express witness Mr. Berry should have compared the Kansas Wind + DC

¹ *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

Transmission with wind alternatives not located in Missouri using AC transmission service provided through the Midwest ISO. This comparison can be performed either treating Midwest ISO wind as an energy only resource or as an energy and capacity resource with firm transmission service. In either case, Midwest ISO wind is competitive with Kansas Wind + DC Transmission. Show Me's position is that the Commission should find that the applicant has not met this criteria.

B. The applicant must be qualified to provide the proposed service

In order to be qualified to provide the service, it is Show Me's position that an applicant must show more than just a concept. It must show some certainty, proof and commitment that a project will indeed be completed. At this point, Grain Belt Express cannot show anything beyond a concept. Grain Belt Express has never built a project like this. It has no financing for construction or operations. It has no contractors under contract to build. It has no customers. It has no generators to provide power. Several interconnection studies from the RTOs remain uncompleted and some have not even been started. Too much remains unanswered and unknown. Show Me's position is that the Commission should find that the applicant has not met this criteria.

C. The applicant must have the financial ability to provide the service

According to Grain Belt Witness David Berry, the only capital that its investors have provided to date is for initial development and permitting work. At this time, there is no financing or funding to construct the project and place it into operation. Grain Belt at this time only has a plan to try to obtain financing at some point in the future. Mr. Berry admits that it must sell a sufficient amount of the project's capacity, meaning firm contracts for service, before it even begins to obtain financing for construction. At this point in time, Grain Belt Express

cannot demonstrate that it has the financial ability necessary to satisfy this criteria. It can only show that it hopes in the future to be able to meet this criteria. Show Me's position is that the Commission should find that the applicant has not met this criteria.

D. The applicant's proposal must be economically feasible

Show Me believes that Grain Belt has not shown it meets this criteria. First, Grain Belt Express has not finished the SPP, MISO and PJM study processes to have a complete estimate of the expenditures needed to construct the project. Historically, in some cases, initial estimates of the cost of construction for transmission projects have turned out to be much lower than the actual cost. The fact that the Grain Belt Express project is a relatively new type of project in the United States—a high voltage direct current line with converter stations—lends even more uncertainty to the cost. And, as discussed in Show Me's response to part A above, Grain Belt Express overestimates Missouri's need for Kansas wind. Show Me's position is that the Commission should find that the applicant has not met this criteria.

E. The service must promote the public interest

Given that there is not a demonstrated need for the service, this project only promotes a private interest—that of Grain Belt Express. Even if Grain Belt Express could show a need, it is simply too premature for the Commission to determine whether this project promotes the public interest. A concept is not enough of a reason to say that the public interest is promoted. Grain Belt Express fails to show it is qualified to provide the service, has the financial ability to provide the service, and that its project is economically feasible. Show Me's position is that the Commission should find that the applicant has not met this criteria.

F. Other Considerations

Section 393.170 governs the granting of CCNs. Section 393.170.2 provides:

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. (emphasis added).

According to the statute, it is a condition precedent that before the Commission can issue a CCN, the applicant must show that it has received the required consent of the proper local authorities.

This Grain Belt Express cannot do. While Grain Belt Express did originally obtain consent from all the counties, since that time five of the counties—Clinton, Chariton, Caldwell, Ralls, and Monroe—have rescinded their consents.² Therefore, it is Show Me’s position that Grain Belt Express has not met a condition precedent for the Commission to issue a CCN.

2. If the Commission grants the CCN, what conditions, if any, should the Commission impose?

Commission Staff, in its testimony, recommends about 29 conditions, many with multiple subparts, that the Commission should impose if it grants a CCN. These recommendations serve to emphasize how woefully insufficient Grain Belt Express’ Application truly is. Show Me does not believe that the Commission should grant a CCN to Grain Belt Express because such approval is premature given the current uncertain posture of the project.

If, however, the Commission does grant a CCN, Show Me believes that numerous conditions should be imposed, including staff’s recommendations. Regarding eminent domain, Show Me’s position is that the Commission should issue a CCN prohibiting Grain Belt Express from exercising eminent domain for the project. This is because Grain Belt Express cannot show

² Rebuttal Testimony of Louis Donald Lowenstein, Schedule LDL-4; Rebuttal Testimony of Natelle Dietrich, page 7, lines 10-12.

a public need for the project, and eminent domain should not be given to a private company like Grain Belt Express for purely private purposes. In the alternative, Show Me supports all of Staff's conditions set out in their pre-filed testimony as written, with no changes, especially the conditions limiting the use of eminent domain, until the recommended conditions are fully met.

3. *If the Commission grants the CCN, should the Commission exempt Grain Belt Express from complying with the reporting requirements of Commission rules 4 CSR 240-3.145, 4 CSR 240-3.165, 4 CSR 240-3.175, and 3.190(1), (2) and (3)(A)-(D)?*

At this point prior to the evidentiary hearing, Show me takes no position on this issue. However, Show Me reserves the right to take a position after hearing and considering all of the evidence.

CONCLUSION

The Commission should not certify a proposed transmission facility that is speculative and premature. The Commission should therefore deny Grain Belt Express' request for a CCN without prejudice to Grain Belt Express' ability to resubmit its application at a future date if it can prove that it meets the appropriate criteria. If the Commission chooses to grant the CCN, then the Commission should issue a CCN prohibiting Grain Belt Express from exercising eminent domain for the project and incorporating all of staff's other recommended conditions, or in the alternative, issue a CCN incorporating all of Staff's conditions set out in their pre-filed testimony as written, with no changes, especially the conditions limiting the use of eminent domain, until the recommended conditions are fully met.

Respectfully submitted,

HEALY & HEALY,
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to all parties on the official service list for this case on this 7th day of November, 2014.



Terry M. Jarrett