

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

In the Matter of the Application of Transource	)	
Missouri, LLC for a Certificate of Convenience and	)	
Necessity Authorizing it to Own, Operate, and	)	
Maintain a Switchyard Necessary for the Intercon-	)	<b><u>File No. EA-2016-0188</u></b>
nection of the Rock Creek Wind Project with the	)	
Sibley- Nebraska City Electric Transmission Project	)	

**STAFF’S MEMORANDUM RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (“Staff”), by and through the Staff Counsel’s Office, and submits the Staff’s Memorandum Recommendation in the instant case, pursuant to the Commission Order Setting Deadline For Filing Staff Recommendation dated March 9, 2016. In response thereto, the Staff states as follows:

1. On January 21, 2016, Transource Missouri, LLC (“Transource Missouri”)<sup>1</sup> filed an application with the Missouri Public Service Commission (“Commission”) seeking an order declining jurisdiction, or, in the alternative, granting a Certificate of Convenience and Necessity (“CCN”) pursuant to Section 393.170, RSMo. 2000, to own, operate, and maintain a 345 kV Switch Station in Holt County, Missouri necessary to connect the Applicant’s Sibley-Nebraska City 345 kV electric transmission line, currently under construction, with Rock Creek Wind Project, LLC’s (“Tradewind Energy, Inc.”) 300 MW Rock Creek Wind Project in Atchison County, Missouri. Transource Missouri requests a waiver of the 60-day filing rule under 4 CSR 240-4.020(2) for good cause,

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<sup>1</sup> Great Plains Energy Incorporated and American Electric Power Company, Inc. formed Transource Energy, LLC as a joint venture to build regional transmission projects.

and seeks expedited treatment, pursuant to 4 CSR 240-2.080(14). Transource Missouri also requests waiver of Commission Rules 4 CSR 240-3.175 and 4 CSR 240-3.190.

2. On January 21, 2016, the Commission issued an Order Directing Notice And Setting Intervention Deadline granting the Staff until February 23, 2016 to file a recommendation or a status report on Transource Missouri's Application. On February 23, 2016, the Staff filed Staff's Status Report And Motion For Order Scheduling Prehearing Conference for March 1, 2016, at 1:30 p.m. On February 23, 2016, the Commission issued an Order Granting Motion directing a Prehearing Conference for March 1, 2016, at 1:30 p.m. On March 1, 2016, a Prehearing Conference was held.<sup>2</sup>

3. On March 8, 2016, the Staff filed Staff's Second Status Report which stated in paragraph 2 on pages 2-3 that by March 15, 2016, the Staff believed it could file its Staff Recommendation that the Commission: (a) has jurisdiction over Transource Missouri's Application, (b) should grant a CCN to Transource Missouri; and (c) as a condition of granting Transource Missouri a CCN, Transource Missouri should agree to file with the Commission, as soon as they are available, the engineering deliverables,<sup>3</sup> including design packages, procurement delivery schedules, construction contract bid technical specifications, and Holt County testing and checkout, etc. that are addressed in the Table: "Project Development And Coordination Milestones," on page C-4,

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<sup>2</sup> The Staff followed up the Prehearing Conference with a list of questions for which (1) the Staff asked confirmation whether it heard Transource Missouri correctly at the Prehearing Conference; (2) the Staff had read documents in File No. EA-2016-0188 correctly; and (3) the Staff asked additional questions to Transource Missouri that had occurred to the Staff. The Staff submitted these questions to Transource Missouri by e-mail on March 3, 2016. On March 7, 2016, the Staff received by e-mail from Transource Missouri responses to Staff's questions sent on March 3, 2016.

<sup>3</sup> Starting with 30% design submittal.

of Appendix C to the Generation Interconnection Agreement, which is Exhibit 4 to Transource Missouri's Application.

### **I. The Commission Has Jurisdiction Over Transource Missouri's Application**

4. At paragraphs 2 and 12 of its Application, Transource Missouri asserts that it is not a Missouri rate-regulated entity and does not directly serve retail electric customers in Missouri. Transource Missouri states it is a transmission-owning utility regulated by the Federal Energy Regulatory Commission ("FERC") with its principal business devoted exclusively to construction, financing, owning, operating, and maintaining transmission facilities that provide wholesale, interstate electric transmission service via the Southwest Power Pool, Inc. ("SPP") Open Access Transmission Tariff ("OATT"). At paragraph 1 of its Application, Transource Missouri asserts that it is a Delaware limited liability company qualified to conduct business in Missouri<sup>4</sup> with its principal place of business located in Columbus, Ohio.

5. Transource Missouri relates in paragraph 9 of the Application that it has entered into a Generator Interconnection Agreement ("GIA") as the result of a request for interconnection service from Rock Creek Wind Project for its wind generating facilities. Rock Creek Wind Project is the Interconnection Customer, Transource Missouri is the Transmission Owner, and SPP is the Transmission Provider. Transource Missouri explains in paragraph 11 of its Application that Rock Creek Wind Project as the Interconnection Customer will construct the Switch Station and certain transmission owner interconnection facilities and will be obligated to pay for the Switch Station and these facilities. Transource Missouri states in paragraph 19 of the

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<sup>4</sup> A copy of Transource Missouri's Certificate from the Missouri Secretary of State authorizing it to do business in the State of Missouri is attached as Exhibit 1.

Application that prior to energizing the Switch Station, Rock Creek Wind Project will convey, transfer and contribute (a) the Switch Station, (b) the property on which it is located and (c) certain associated transmission owner interconnection facilities to Transource Missouri.<sup>5</sup> Thus, Transource Missouri ultimately will own, operate, and maintain the Switch Station and the related facilities. In the responses that the Staff received on March 7, 2016 from Transource Missouri to its questions sent on March 3, 2016 was the following: “The reason for the contribution is so the transmission customer (i.e. wind developer in this case) does not become a transmission owner and transmission operator under FERC reliability standards rules.”

6. Transource Missouri relates in paragraph 12 of its Application that Rock Creek Wind Project will contribute the Switch Station and the land on which it is located to Transource Missouri and the Applicant’s FERC regulated rate base will not be increased. Transource Missouri states in paragraph 16 of its Application that a technical description of the Switch Station and the related transmission owner interconnection facilities is contained in Appendix A of the GIA, which is attached as Exhibit 4. In paragraph 17 of its Application, Transource Missouri argues that Rock Creek Wind Project will produce wind energy to help meet the renewable energy public policy goals of Missouri and the region.<sup>6</sup>

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<sup>5</sup> (a) + (b) = \$ 16,570,000 (c) = \$600,000 (a) + (b) + (c) = \$17,170,000: Transource Missouri Application, Exhibit 4, Generation Interconnection Agreement, Appendix A Interconnection Facilities, Network Upgrades and Distribution Upgrades.

<sup>6</sup> On August 7, 2013, the Commission issued a Report and Order in File No. EA-2013-0098 granting, among other things, the August 31, 2012 Application of Transource Missouri for a line CCN for Transource Missouri to construct, finance, own, operate, and maintain the regional Sibley-Nebraska City 345 kV transmission line project. There was no existing transmission property associated with the Sibley-Nebraska City project as there was with the Iatan-Nashua 345 kV transmission line project. On July 23, 2010, SPP issued a Notification to Construct (“NTC”) to KCP&L Greater Missouri Operations Company (“GMO”) originally directing it to construct the Sibley-Nebraska City Project. The NTC to GMO from SPP

7. Exhibit 2 to the Transource Missouri Application is a diagram of the Switch Station and the related facilities. It indicates that Rock Creek Wind Project will construct a 14.8 mile 345 kV transmission line from the 300 MV Rock Creek Wind Project to the Switch Station. It is the Staff's understanding from Transource Missouri that the Rock Creek Wind Project (Tradewind Energy) has all necessary easements and county commission authorizations necessary for the construction of the 14.8 mile 345 kV transmission line from the 300 MV Rock Creek Wind Project to the Switch Station. Transource Missouri states in paragraphs 12 and 20 of its Application that it will not exercise the power of eminent domain regarding the Switch Station, and also relates in paragraph 20 that the construction and operation of the Switch Station will not require approval by any other governmental body under 4 CSR 240-3.105(1)(C).

8. Transource Missouri noted in paragraphs 17 and 18 of its Application that in granting Transource Missouri a CCN for the Sibley-Nebraska City 345 kV transmission line, the Commission stated that there was a need for the service to be rendered by the project based upon a study performed by SPP which demonstrated that the project would help support public policy goals regarding renewable energy for Missouri and the region, as well as improve grid reliability and minimize transmission congestion.

9. The Staff notes that *StopAquila.Org v. Aquila, Inc.*, 180 S.W.3d 24, 34 (Mo.App. W.D. 2005) ("*StopAquila.Org*") and *State ex rel. Cass County v. Public Service Comm'n*, 259 S.W.3d 544 (Mo.App. W.D. 2008) ("*Cass County*") which involved Aquila, Inc.'s South Harper peaking plant (three 105 MW combustion turbines fueled by

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had to be novated by SPP to Transource Missouri. The project was not intended to address a local reliability concern, but rather to provide a wide variety of regional benefits to the SPP system including reduced congestion, integration of renewable energy resources, and bulk electric system reliability.

natural gas) in Cass County, southwest of the City of Peculiar, and an electric transmission substation in Cass County, northeast of the City of Peculiar.<sup>7</sup> The latter case involves CCNs being granted by the Commission to both the peaking plant and the substation after having been constructed and the Western District Court of Appeals decision states in a footnote, without further comment: “The PSC report and order appears to draw a distinction between the two facilities at issue in the present case, treating the South Harper Plant, but not the Peculiar Substation, as an ‘electric plant’ for purposes of section 393.170. That classificatory distinction, however, has not been briefed on appeal, and need not be addressed in this opinion, since the report and order ultimately grants CCNs for both facilities.” The Staff’s Recommendation identifies the difference between a substation and a switch station / switchyard.

10. Pursuant to Section 393.120, RSMo. 2000, the terms “electrical corporation” and “electric plant” are defined in Section 386.020(14) and (15), RSMo. Cum. Supp. 2013 as follows:

(14) **"Electrical corporation" includes every corporation, company, association, joint stock company or association, partnership and person, their lessees, trustees or receivers appointed by any court whatsoever**, other than a railroad, light rail or street railroad corporation generating electricity solely for railroad, light rail or street railroad purposes or for the use of its tenants and not for sale to others, **owning, operating, controlling or managing any electric plant** except where electricity is generated or distributed by the producer solely on or through private property for railroad, light rail or street railroad purposes or for its own use or the use of its tenants and not for sale to others [Emphasis added];

(15) **"Electric plant" 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**

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<sup>7</sup> 180 S.W.3d at 28. The Peculiar substation was designed to support the electric plant by allowing its output to flow to an adjacent, higher voltage transmission line and would also serve area load growth.

**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** [Emphasis added];

Both definitions have remained unchanged since the enactment of the Public Service Commission Act in 1913.

11. Section 1.090, RSMo, provides, “Words and phrases shall be taken in their plain or ordinary and usual sense, but technical words and phrases having a peculiar and appropriate meaning in law shall be understood according to their technical import.” When the Legislature provides a definition for a word or phrase, that definition is authoritative and to be read into the statute where that word or phrase appears as a part of the statute itself. *State ex rel. Exchange Bank of Richmond v. Allison*, 155 Mo. 325, 56 S.W. 467 (1900); *State v. Brushwood*, 171 S.W.3d 143 (Mo. App. W.D. 2005). Under these directives and as further set out herein, Transource Missouri is an “electrical corporation” that owns and operates “electric plant,” two electric transmission lines, for the sale of electricity to others, has CCNs for those transmission lines, and requires a CCN from the Commission for the proposed Switch Station facilities to interconnect the Rock Creek Wind Project with the Sibley-Nebraska City 345 kV transmission line in Missouri.

12. Recently, in File No. EA-2015-00145, *In the Matter of the Application of Ameren Transmission Company of Illinois and the Illinois Rivers Project*<sup>8</sup> for a

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<sup>8</sup> *In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line in Marion County, Missouri, and an Associated Switching Station Near Palmyra, Missouri*. ATXI has appealed the Commission’s decision that the Commission had jurisdiction over the case, and the appeal WD78939 is now pending oral argument before the Western District Court of Appeals.

disclaimer of jurisdiction or, in the alternative, a CCN relating to 7 miles of the 345 kV Illinois Rivers Project transmission line, the Commission issued a *Revised Order Granting Certificate of Convenience and Necessity* (“*Revised Order*”) on July 22, 2015, after ATXI filed an Application for Rehearing. In its initial Application, ATXI stated that it does not provide retail electric service to the general public in Missouri, does not serve any retail service territory in Missouri, and does not manufacture, sell or distribute electricity for light, heat or power either within or outside Missouri. The Commission in its July 22, 2015 *Revised Order* at pages 5-6 stated that the *Danciger* Test<sup>9</sup> is that electric plant must be devoted to the public use and must be coupled with a public interest before it is subject to public regulation. The Commission noted that while FERC has authority over the transmission of electricity in interstate commerce, 16 U.S.C. Section 824(a)(1), it does not claim jurisdiction over the siting of transmission facilities and quoted from *Piedmont Envtl. Council v. FERC*, 558 F.3d 304, 310 (4th Cir. 2009) that “[S]tates have traditionally assumed all jurisdiction to approve or deny permits for the siting and construction of electric transmission facilities.”

13. The Staff also would note some of the language in the U.S. Supreme Court's decision in *New York v. F.E.R.C.*, 535 U.S. 1, 122 S.Ct. 1012, 152 L.Ed.2d 47 (2002). The State of New York, et al. questioned FERC's assertion of jurisdiction over unbundled retail transmissions and Enron Power Marketing, Inc. questioned FERC's refusal to assert jurisdiction over bundled retail transmissions. In Order No. 888, FERC ordered functional unbundling of wholesale generation and transmission services, imposed a similar open access requirement on unbundled retail transmission service in interstate commerce and declined to extend open access requirements to the

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<sup>9</sup> *State ex rel. M.O. Danciger & Co. v. Public. Serv. Comm'n*, 205 S.W. 36 (Mo. 1918).



transmission component of bundled retail sales. The Court noted that no petitioner questioned the validity of Order No. 888 as it applied to wholesales transactions. The disputes before the Court were over the proper scope of FERC jurisdiction over retail transmission transactions:

. . . FERC has recognized that the States retain significant control over local matters even when retail transmissions are unbundled. See, *e.g.*, Order No. 888, at 31,782, n. 543 (“Among other things, Congress left to the States authority to regulate generation and transmission siting”); *id.*, at 31,782, n. 544 (“This Final Rule will not affect or encroach upon state authority in such traditional areas as the authority over local service issues, including reliability of local service; administration of integrated resource planning and utility buy-side and demand-side decisions, including DSM [demand-side management]; authority over utility generation and resource portfolios; and authority to impose nonbypassable distribution or retail stranded cost charges”). . . .

535 U.S. at 24, 122 S.Ct. at 1026.

To remedy the wholesale discrimination it found, FERC chose to regulate all wholesale transmissions. It also regulated unbundled retail transmissions, as was within its power to do. See Part III, *supra*. However, merely because FERC believed that those steps were appropriate to remedy discrimination in the wholesale electricity market does not, as Enron alleges, lead to the conclusion that the regulation of *bundled* retail transmissions was “necessary” as well. Because FERC determined that the remedy it ordered constituted a sufficient response to the problems FERC had identified in the wholesale market, FERC had no § 206 obligation to regulate bundled retail transmissions or to order universal unbundling.

535 U.S. at 26-27, 122 S.Ct. at 1028; Footnote omitted.

## **II. The Commission Should Grant Transource Missouri's Request For A CCN But With A Condition**

14. Attached is the Staff's Memorandum Recommendation finding that Transource Missouri meets the criteria that the Commission has used in the recent past for granting a CCN for the construction of electric plant. *Tartan Energy Company, LLC, d/b/a Southern Missouri Gas Company*, Report and Order, 3 Mo.P.S.C.3d 173, 177, Case No. GA-94-127, (September 16, 1994). Section 393.170 RSMo. 2000 Transource Missouri's request is for a CCN pursuant to Section 393.170, RSMo. 2000, to own, operate, and maintain a 345 kV Switch Station in Holt County, Missouri necessary to connect the Applicant's Sibley-Nebraska City 345 kV electric transmission line, currently under construction, with Tradewind Energy, Inc.'s 300 MW Rock Creek Wind Project in Atchison County, Missouri. The Staff concurs with Transource Missouri's request for a waiver of the 60-day filing rule under 4 CSR 240-4.020(2) for good cause, expedited treatment, pursuant to 4 CSR 240-2.080(16), relief from the filing requirements of 4 CSR 240-3.175 and 4 CSR 240-3.190(1), (2), (3)(A)-(D).

15. Transource Missouri has not filed plans and specifications for the complete construction project pursuant to 4 CSR 240-3.105(1)(B)((2). As a consequence, the Staff proposes that as a condition of granting Transource Missouri a CCN, Transource Missouri should agree to file with the Commission, as soon as they are available, the engineering deliverables, including design packages, procurement delivery schedules, construction contract bid technical specifications, and Holt County testing and checkout, etc. that are addressed in the Table below: "Project Development And Coordination Milestones," on page C-4, of Appendix C to the

Generation Interconnection Agreement, which is Exhibit 4 to Transource Missouri's Application, starting with 30% design submittal.

Effective Date is 12/16/2015

**PROJECT DEVELOPMENT AND COORDINATION MILESTONES**

<b>Activity</b>	<b>Due Date</b>
Engineering Deliverables:	
- 30% design submittal: Conceptual (preliminary) design package, including but not limited to design memo, one-line diagram, substation layout, overall site layout, permitting requirements and equipment draft specifications.	3 months after Effective Date
60% Design package, including but not limited to site development package, equipment procurement packages, below grade design package with calculations, above grade design package with calculations, protection and control design package, construction contract bid technical specifications draft and updates to design memo.	5 months after Effective Date
90% Design package, including but not limited to updates to the 60% design package, all connection diagrams, all procurement delivery schedules and updates to construction contract bid technical specifications.	7 months after Effective Date
100% design submittal Final design package, including but not limited to updates to the 90% design package submittal and final construction contract bid technical specifications.	8 months after Effective Date
File with the Commission the results of Holt County testing and checkout by Transmission Owner	12/31/2016

**WHEREFORE** the Staff submits its Memorandum Recommendation respecting the CCN Application of Transource Missouri.

Respectfully submitted,

**/s/ Steven Dottheim**

Steven Dottheim

Chief Deputy Staff Counsel

Missouri Bar No. 29149

P.O Box 360

Jefferson City, Missouri 65102

Phone: (573) 751-7489

Fax: (573) 751-9285

E-mail: [steve.dottheim@psc.mo.gov](mailto:steve.dottheim@psc.mo.gov)

Nathan Williams

Deputy Staff Counsel

Missouri Bar No. 35512

Phone: (573) 751-8702

Fax: (573) 751-9285

E-mail: [nathan.williams@psc.mo.gov](mailto:nathan.williams@psc.mo.gov)

Attorneys for the Staff of the  
Missouri Public Service Commission

**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 16<sup>th</sup> day of March, 2016.

**/s/ Steven Dottheim**

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. EA-2016-0188,  
In the Matter of the Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity Authorizing it to Own, Operate, and Maintain a Switchyard Necessary for the Interconnection of the Rock Creek Wind Project with the Sibley-Nebraska City Electric Transmission Project.

FROM: /s/ Daniel I. Beck 3/16/16                      /s/ Steven Dottheim 3/16/16  
Operational Analysis / Date                      Staff Counsel's Office / Date

SUBJECT: Recommendation to Approve Application with Conditions

DATE: March 16, 2016

### **OVERVIEW**

The Staff of the Missouri Public Service Commission ("Staff") submits the instant Memorandum regarding the Application of Transource Missouri, LLC ("Transource Missouri") for alternatively, (1) a Missouri Public Service Commission ("Commission") Certificate of Convenience and Necessity ("CCN") authorizing it to own, acquire, construct, operate, control, manage and maintain a new switching station, within Holt County, Missouri, per Section 393.170, RSMo 2000, and waivers of Commission Rules 4 CSR 240-3.175 and 4 CSR 240-3.190 or (2) alternatively, for an order declining jurisdiction. Transource Missouri further requests waiver of the 60 day filing rule under 4 CSR 240-4.020(2), and moves for expedited treatment pursuant to 4 CSR 240-2.080(14).<sup>1</sup> Transource Missouri requests that the Commission issue an Order in this case that would allow the switch station to be completed by October 31, 2016. The Application meets the filing requirements of 4 CSR 240-2.060, which are the general requirements for an Application. Additional filing requirements are contained in 4 CSR 240-3.105, Filing Requirements for Electric Utility Applications for Certificates of Convenience and Necessity, and are discussed in this Memorandum.

Transource Missouri represents that "[a]lthough it will own, operate and maintain the Switch Station. Transource Missouri will neither construct nor pay for the Switch Station. The developer Rock Creek Wind Project, LLC [Tradewind Energy, Inc.] will construct and pay for the Switch Station (as well as the Rock Creek Wind Project), and will contribute the Switch Station and the land on which it is located to Transource Missouri."<sup>2</sup> Transource Missouri further represents that "Transource Missouri will not pay the developer Rock Creek Wind Project, LLC for the Switch Station, which the developer will contribute to the Applicant and which will not increase the Applicant's FERC-regulated rate base," and that "Transource Missouri will not exercise eminent domain in connection with its ownership, operation and

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<sup>1</sup> The citation should be to 4 CSR 240-2.080(16).

<sup>2</sup> See Application, page 5.

maintenance of the Switch Station because all the necessary real estate rights have already been secured by Rock Creek on privately held property.”<sup>3</sup>

The Application addresses only the Switch Station that will be contributed to Transource Missouri, and does not seek a CCN for the 14.8 mile 345 kV line that will run from the Holt County Switch Station to the 300 MW Rock Creek Wind Project in Atchison County.<sup>4</sup> The 14.8 mile 345 kV transmission line will be constructed as part of and retained by the Rock Creek Wind Project. A switch station is where energy is routed either from different sources or to different customers. For example, a switching station near an energy generating facility may be able to switch some or all of its energy flow from one region to another as needed. A switching station near a city, on the other hand, might allow the city to switch between different energy providers if one provider goes offline or routes its energy to a different customer. Switching stations often contain circuit breakers, reclosures and other automated mechanisms that switch or divide the output between different distribution lines when system faults occur or shut down transmission altogether in the event of a serious problem.<sup>5</sup> Voltage will not be transformed at the Holt County Switch Station, in that both the Rock Creek line and the Mullin Creek-Nebraska City line operate at 345 kV, and there is no interconnection at the point with the surrounding distribution system.

A substation should not be confused with a switch station / switch yard. A substation is a high-voltage electric system facility. It is used to switch generators, equipment, and circuits or lines in and out of a system. Also, it is used to change AC voltages from one level to another, i.e., either step up or step down an AC voltage level.

Transource Missouri filed its Application in this matter on January 19, 2016. Transource Missouri is an LLC pursuant to the laws of the State of Delaware, its principal place of business being in Columbus Ohio. As illustrated in Exhibit 1 to its Application, Transource Missouri is authorized to do business within the State of Missouri.

Transource Missouri did not file annual reports with the Commission for calendar year 2014 since its Iatan-Nashua Project did not go into service until April 8, 2015 nor is it required to pay assessment fees. Transource Missouri’s Application requests a waiver from certain filing requirements and provides the following rationale:

Because Transource Missouri will have no Missouri retail customers and no rates set by this Commission, it requests waiver of 4 CSR 240-3.175 which would otherwise require it to file depreciation studies with the Commission, and 4 CSR 240-3.190, which would otherwise require it to file fuel and outage reports with the Commission. Rules 4 CSR 240-3.175 and 4 CSR 240-3.190 are designed for vertically integrated retail electric utilities, which Transource Missouri is not. The

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<sup>3</sup> See Application, page 5. Regarding the \$17 million of plant and land comprising the switch station, Transource Missouri has separately indicated that “[t]here will be no effect on the FERC-jurisdictional revenue requirement. O&M expenses are estimated at \$60,000 per year for equipment testing, equipment maintenance, and limited emergency response. This \$60,000 O&M expense will be regionally allocated according to SPP’s tariff provisions for transmission plant.” See Appendix C to this Recommendation.

<sup>4</sup> See Application, page 7, and Application, Exhibit 2.

<sup>5</sup> [https://www.energyvortex.com/energydictionary/switching\\_station.html](https://www.energyvortex.com/energydictionary/switching_station.html).

Commission waived such requirements when it granted line CCNs to ITC Midwest LLC and Entergy Arkansas, Inc. which only own and operate transmission facilities and which have no retail customers.

In File No. EA-2013-0098, the Commission granted Transource Missouri a CCN for the Sibley-Nebraska City transmission line but Transource Missouri was not completely relieved of the Commission's reporting requirements, e.g., 4 CSR 240-3.190(3)(E) and (4):

10. The reporting requirements of 4 CSR 240-3.175, Submission Requirements For Electric Utility Depreciation Studies, are waived subject to the Stipulation's provision regarding Staff's and OPC's access to documents.

11. Subsections 4 CSR 240-3.190 (1), (2), and (3)(A)-(D), Reporting Requirements For Electric Utilities And Rural Electric Cooperatives, are waived for Transource Missouri.<sup>6</sup>

Staff is not aware of any pending actions or unsatisfied judgments against Transource Missouri concerning customer service or rates occurring within three years of this filing.

On January 21, 2016, the Commission issued an Order informing any proper person or entity who desired to intervene in this case to file such application by February 17, 2016 and directing the Staff to file a recommendation or status report no later than February 23, 2016. No entities intervened and on February 23, 2016, the Staff filed a Status Report and Motion For Order Scheduling Prehearing Conference. On February 23, 2016, the Commission issued an Order scheduling a Prehearing Conference for March 1, 2016 and directing the Staff to file a status report in this case by March 8, 2016. Staff filed a status report on March 8, 2016, stating its intention to file a recommendation by March 15, 2016.

## **DISCUSSION**

Transource Missouri's Application includes the following description:

15. Transource Missouri seeks to own, operate, and maintain the 345 kV Interconnection Switch Station in Holt County which will interconnect the 300 MW Rock Creek Wind Project located in adjacent Atchison County with the Mullin Creek-Nebraska City portion of the Sibley-Nebraska City transmission line. A diagram of the Switch Station and surrounding facilities is attached as Exhibit 2. The Switch Station will be located immediately adjacent and contiguous to the right-of-way of the Mullin Creek-Nebraska City line. The legal description of the real property on which the Switch Station will be located is attached as Exhibit 3.

16. As the interconnection customer, Rock Creek will construct the Switch Station and certain transmission owner interconnection facilities described in Section 2(a) and Section I (b), respectively, of Appendix A to the GIA. A technical description of the

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<sup>6</sup> *Re Transource Missouri, LLC*, Report and Order, File No. EA-2013-0098, Appendix 3, p. 26 (August 7, 2013).

Switch Station and these related transmission owner interconnection facilities is contained in Appendix A of the GIA, which is attached as Exhibit 4.

Commission rule 4 CSR 240-3.105(1)(B)2. requires filing of “[t]he plans and specifications for the complete construction project and estimated cost of the construction project or a statement of the reasons the information is currently unavailable and a date when it will be furnished,” and 4 CSR 240-3.105(2) requires that “[i]f any of the items required under this rule are unavailable at the time the application is filed, they shall be furnished prior to the granting of the authority sought.” Exhibit 2 to the Application included a diagram of the Switch Station and surrounding facilities. A technical description of the Switch Station and the related interconnection facilities is provided in Appendix A of Exhibit 4 Generation Interconnection Agreement (“GIA”) to the Application. However, these plans and specifications are based on partial engineering and are not the final plans and specifications.

Regarding the progress on final plans and specifications, Transource Missouri has indicated as follows:

Engineering Deliverables 30% in process and scheduled to be completed on 03/15/2016.

Engineering Deliverables 60% scheduled to be completed on 06/15/2016.

Engineering Deliverables 90% will be provided when they are complete.

Final diagrams will be provided when they are complete.<sup>7</sup>

File the results of the Holt County testing and checkout by transmission owner that is scheduled to be complete by 12/31/2016.

Because the Switch Station is a simple and routine design, Staff recommends that the public interest sought to be served by the requirement of 4 CSR 240-3.105(1)(B)2. will be sufficiently met by Transource Missouri filing the 30%, 60%, 90% and final diagrams upon completion of each deliverable. Staff recommends that the Commission condition the granting of the requested CCN upon Transource Missouri’s commitment to file these deliverables as they become available to Transource Missouri.

Commission rule 4 CSR 240-3.105(1)(B)2. states that “[w]hen approval of the affected governmental bodies is required, evidence must be provided as follows: 1. When consent or franchise by a city or county is required, approval shall be shown by a certified copy of the document granting the consent or franchise, or an affidavit of the applicant that consent has been acquired; and 2. A certified copy of the required approval of other governmental agencies.” At page 8 of its Application, Transource Missouri states that “Transource Missouri will not exercise the power of eminent domain regarding the Switch Station, whose construction and operation will not require approval by any other governmental body under 4 CSR 240-3.105(1)(C).” Also, Staff inquired and Transource Missouri advised Staff that all necessary authorizations from county commissions (Section 229.100 RSMo.) have been obtained by Rock Creek Wind Project

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<sup>7</sup> Staff, the Office of Public Counsel, and Transource Missouri have discussed the estimated completion dates of the plans and specifications. On March 3, 2016, Staff submitted to Transource Missouri a document seeking written confirmation of items that had been discussed at the Prehearing Conference and additional questions. This document is attached to this Recommendation as Appendix B. Transource Missouri provided its written response on March 7, 2016, which is attached to this Recommendation as Appendix C.



for the 14.8 miles of transmission line that must be constructed from the Rock Creek Wind Project to the Switch Station.<sup>8</sup>

The Application concerns a relatively minor facility in terms of dollar value and complexity of construction and operation, located entirely on land held by Rock Creek or Transource Missouri, to which no one has raised any objection. Transource Missouri relates in paragraph 12 of its Application that Rock Creek will contribute the Switch Station and the land on which it is located to Transource Missouri and the Applicant's FERC-regulated rate base will not be increased. As a consequence, Staff will briefly address the criteria the Commission has typically considered in CCN cases.

In the Tartan Energy Company case, Report and Order, 3 Mo.P.S.C.3d 173, Case No. GA-94-127, (September 16, 1994), the Commission's Order listed five criteria to include in the consideration when making a determination on whether a utility's proposal meets the standard of being "necessary or convenient for the public service" (A short description of how Staff believes each criteria has been met is included):

- Is the service needed?
  - Yes. Transource Missouri represents that "[t]he Switch Station is a necessary component of the electrical facility for the Rock Creek Wind Project to have interconnection with and access to the transmission grid so that it can deliver capacity and energy to its customer. The Rock Creek Wind Project's generating facility will have a nameplate capacity of up to 300 MW that will produce wind energy to help meet the renewable energy public policy goals of both Missouri and the region."<sup>9</sup> When the Commission granted Transource Missouri its CCN it specifically stated that its projects will "'help support public policy goals regarding renewable energy,'"<sup>10</sup> as well as improve grid reliability and minimize transmission congestion.
- Is the applicant qualified to provide the service?
  - Yes. Transource Missouri is operated by staff provided by subsidiaries and affiliates of AEP Transmission Holding Company, LLC and GPE Transmission Holding Company, LLC. AEP Transmission Holding Company, LLC is a wholly owned subsidiary of American Electric Power Company, Inc. GPE Transmission Holding Company, LLC is a wholly owned subsidiary of Great Plains Energy Incorporated.
- Does the applicant have the financial ability to provide the service?
  - Yes. Transource Missouri represents that the capital costs of the contributed Switch Station will have no effect on the FERC-jurisdictional revenue requirement of Transource Missouri. Transource Missouri further represents that O&M expenses are estimated at \$60,000 per year for equipment testing, equipment maintenance, and limited emergency response. This \$60,000 O&M

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<sup>8</sup> See Appendix B and Appendix C to this Recommendation.

<sup>9</sup> Application, page 7.

<sup>10</sup> *Id.*

expense would be regionally allocated according to SPP's tariff provisions for transmission plant.<sup>11</sup> Also see qualifications above to provide the service.

- Is the applicant's proposal economically feasible?
  - Yes. For the same reasons provided above concerning financial ability and qualifications to provide the service.
- Does the service promote the public interest?<sup>12</sup>
  - Factors that Staff maintains promotes the public interest include, but are not limited to, the relationship of the project to the interconnection of a wind project sited in Atchison County, Missouri, and the location of the project on land held by the involved parties.

However, as a condition of granting the requested CCN, Staff recommends that the Commission require Transource Missouri to commit to file the 30%, 60%, 90%, and final diagrams upon completion of each deliverable and the receipt of each deliverable by Transource Missouri.

### SUMMARY

Staff has reviewed the filing and information obtained through discussions with Transource Missouri as well as informal discovery conducted as part of this matter. In this Application, Transource Missouri is requesting and Staff supports the issuance by the Commission of a CCN to own, operate and maintain a Switch Station located in Holt County, Missouri, to be constructed and contributed by Rock Creek Wind Project, LLC , because these transmission facilities are necessary for the interconnection of a wind farm located in Atchison County, Missouri. Staff's support is based on the condition that Transource Missouri commit to file the 30%, 60%, 90%, and final diagrams upon completion of each deliverable and receipt by Transource Missouri. Staff only supports Transource Missouri's request for a waiver from certain filing requirements to the extent that Transource Missouri's reporting requirements remain consistent with the reporting requirements ordered by the Commission in File No. EA-2013-0098 as indicated above.

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<sup>11</sup> See Appendix C to this Recommendation.

<sup>12</sup> *In the Matter of the Application of Tartan Energy Company, LLC, d/b/a Southern Missouri Gas Company*, 3 Mo.P.S.C. 3d 173, 177 (1994). See also Section 393.170, RSMo (2000).



## **File No. EA-2016-0188 Staff Follow-Up To Pre-Hearing Conference**

Thank you to everyone who was available for the prehearing conference call on Tuesday, March 1, 2016. The Staff found the discussion beneficial to moving the case forward.

Based on the prehearing conference call on Tuesday, the Staff thought it would put some items on paper to see if: (1) Staff heard Transource Missouri / KCPL correctly; (2) Staff has read documents in File No. EA-2016-0188 correctly; and (3) Transource Missouri / KCPL will answer additional questions that have occurred to Staff without the formality of data requests in EFIS, since Transource Missouri is asking for expedited treatment and Staff is attempting to accommodate. How quickly Transource Missouri / KCPL can provide answers to the questions below, affects how quickly the Staff can submit a recommendation to the Commission. The Office of the Public Counsel has requested to be copied on responses by Transource Missouri / KCPL.

(1) Transource Missouri needs Commission declination of authority or granting of a CCN as soon as possible in order for Tradewind Energy to secure financing to support Tradewind Energy's construction of the switchyard / Switch Station and a 14.8 mile 345 kV transmission line from the Rock Creek Wind Project to the Transource Missouri's Sibley-Nebraska City 345 kV transmission line, and then its commercial operation, on the schedule described in paragraph 27 of its Application in File No. EA-2016-0188.

(2) All necessary easements for the 14.8 miles of transmission line have been obtained by Tradewind Energy.

(3) All necessary authorizations from county commissions (Section 229.100 RSMo.) have been obtained by Tradewind Energy for the 14.8 miles of transmission line.

(4) The Rock Creek Wind Project was not known at time of the issuance of the Report and Order in File No. EA-2013-0098.

(5) Appendix B to the Generation Interconnection Agreement ("GIA") is entitled "Milestones." The Staff in particular notes the following Milestones:

<b>Milestones</b>			
<b>Item</b>	<b>Action</b>	<b>Responsible Party</b>	<b>Completion Date</b>
9	Obtain Governmental Authority authorizations (as necessary), including CCN for ownership and operation of Transmission Owner's Interconnection Facilities and the Stand Alone Network Upgrades.	Interconnection Customer and Transmission Owner  CCN responsibility of Transmission Owner	As necessary
10	Complete Transmission Owner Interconnection Facilities identified in Appendix A, Item 1.(b).	Interconnection Customer	10/31/2016

12	Complete Stand Alone Network Upgrades Listed in Appendix A, item 2.(a).	Interconnection Customer	10/31/2016
18	Energization of Interconnection Customer's Interconnection Facilities	Interconnection Customer	12/31/2016
19	Initial Synchronization Date	Interconnection Customer	1/2/2017
20	Begin trial operation & testing	Interconnection Customer & Transmission Owner	1/2/2017
21	Commercial operation date (300 MW)	Interconnection Customer	2/2/2017

Have Milestone Items 1-8 on Appendix B to the GIA occurred on the specified Completion Dates? If not, will this impact any subsequent Milestone Item Completion Dates, and if it will, how will it do so? Please identify if any Milestone Item Completion Dates that have otherwise changed.

(6) It appears that Milestone Items 10 and 12, which have completion dates of 10/31/2016, contain the total amount of the cost of the Rock Creek Wind Project. This value appears to be the same value contained in footnote 8 on page 8 of Transource Missouri's Application; is Staff reading the various documents, Application, Appendices and B, correctly?

(7) Paragraph 27 of Transource Missouri's Application in File No. EA-2016-0188, states, in part, that "Rock Creek has advised the Applicant that commercial operation of its generating facilities is scheduled to commence at or near the end of 2016." Appendix B to the GIA Item 21 shows as the commercial operation date of the Rock Creek generating facilities "2/2/2017." Is the Staff reading Appendix B correctly? If the Staff is reading Milestone Item 21 correctly, how is the "2/2/2017" commercial operation date consistent with the "at or near the end of 2016" date in paragraph 27 of the Application?

What is the difference between "commercial operation" and "commercial operation date" if there is any?

(8) Appendix A to the GIA contains, in part, at page A-5, paragraph "6. Construction Option Selected By Customer" which appears to provide for the Transmission Owner's failure to obtain a declination of jurisdiction by the Commission or the granting of a CCN by the Commission. Is that correct?

. . . Notwithstanding any other provision in this GIA, in the event that Transmission Owner does not obtain all permits necessary, including, if necessary, any Certificate of Convenience and Necessity ("CCN") from the state of Missouri, to take ownership of and operate the Transmission Owner's Interconnection Facilities and the Stand Alone Network Upgrades, then

Interconnection Customer shall have the right to continue to own and, if necessary, operate these facilities until such time that Transmission Owner obtains the required permits.

In the event that Interconnection Customer elects to proceed with design, procurement and construction of the Transmission Owner's Interconnection Facilities and the Stand Alone Network Upgrades prior to Transmission Owner receiving all necessary permits, including any CCN, Interconnection Customer shall be responsible for the cost of any changes to the location, design or configuration, etc., of the facilities resulting from the process of obtaining the necessary permits, including any CCN. If Interconnection Customer is required to own and/or operate the Transmission Owner's Interconnection Facilities and the Stand Alone Network Upgrades after the facilities are energized, Interconnection Customer must first have all permits, certificates or other approvals, regulatory or otherwise, giving it the authority to do so, if applicable, and after the Transmission Owner has exhausted its rights to obtain a CCN.

(9) What is the status of the construction and installation of the Rock Creek Wind Project wind turbines?

(10) The Tradewind Energy website <<http://tradewindenergy.com/project/rock-creek-wind/>> states regarding the Rock Creek Wind Project:

**Who is buying the power?**

The power produced by Rock Creek Wind Project is expected to be sold to Missouri electric utility companies.

Please identify who is buying the power?

(11) Appendix C to the GIA includes a table on page C-4 entitled "Project Development and Coordination Milestones." "Effective Date" is referred to in this table and is defined in the GIA. What is the actual "Effective Date"? Which Milestone Items on this table have been completed / accepted and what was the date of completion / acceptance of the items that have been completed / accepted?

(12) Transource Missouri / KCPL will provide to Staff: Final diagrams of the station; a statement as to whether Transource Missouri would /could include the \$17 million in the FERC revenue requirement; an estimate of annual O&M; and identification of who is responsible for O&M, and whether it would go into FERC revenue requirement.

**Please call or e-mail if there are any questions.**

## **Transource Missouri Responses to Staff Follow-Up**

The following responses are provided to questions asked by Staff in a document dated March 3, 2016 entitled "File No. EA-2016-0188 Staff Follow-Up To Pre-Hearing Conference".

The responses contained herein are solely those of Transource Missouri. It should be noted that neither Kansas City Power & Light (KCP&L), nor KCP&L Greater Missouri Operations (KCP&L-GMO) are parties to this case. Likewise Transource Missouri does not speak for or on behalf of KCP&L, KCP&L GMO or Tradewind Energy or any entity other than itself.

Transource Missouri did rely on some information received from Tradewind Energy to answer these questions.

Statements identified as (1)-(4) on the first page of the document ask for verification of Staff understanding.

**Transource Missouri Response:** These statements are correct.

Question (5), in reference to certain "milestones" in Appendix B of the GIA asks the following:

"Have Milestone Items 1-8 on Appendix B to the GIA occurred on the specified Completion Dates? If not, will this impact any subsequent Milestone Item Completion Dates, and if it will, how will it do so? Please identify if any Milestone Item Completion Dates that have otherwise changed."

**Transource Missouri Response:** The following response was provided to Transource Missouri from Tradewind Energy: Appendix B Milestones 1-7 were completed on schedule. Milestone 8 is in process with an expected completion date of 3/11/16.

(6) It appears that Milestone Items 10 and 12, which have completion dates of 10/31/2016, contain the total amount of the cost of the Rock Creek Wind Project. This value appears to be the same value contained in footnote 8 on page 8 of Transource Missouri's Application; is Staff reading the various documents, Application, Appendices and B, correctly?

**Transource Missouri Response:** Confirmed.

(7) Paragraph 27 of Transource Missouri's Application in File No. EA-2016-0188, states, in part, that "Rock Creek has advised the Applicant that commercial operation of its generating facilities is scheduled to commence at or near the end of 2016." Appendix B to the GIA Item 21 shows as the commercial operation date of the Rock Creek generating facilities "2/2/2017." Is the Staff reading Appendix B correctly? If the Staff is reading Milestone Item 21 correctly, how is the "2/2/2017" commercial operation date consistent with the "at or near the end of 2016" date in paragraph 27 of the Application?

**Transource Missouri Response:** The time between "at or near the end of 2016" and 2/2/2017 is built into the schedule for facility testing, monitoring and other operational issues associated with putting a wind energy generation facility onto the electric grid.

(8) Appendix A to the GIA contains, in part, at page A-5, paragraph "6. Construction Option Selected By Customer" which appears to provide for the Transmission Owner's failure to obtain a declination of jurisdiction by the Commission or the granting of a CCN by the Commission. Is that correct?

**Transource Missouri Response:** Yes, although a declination of jurisdiction is not mentioned. The generation interconnection process allows for transmission customers to build certain components of the interconnection facility (like the Switching Station) and then contribute those assets to the transmission owner. The reason for the contribution is so the transmission customer (i.e. wind developer in this case) does not become a transmission owner and transmission operator under FERC reliability standards rules.

(9) What is the status of the construction and installation of the Rock Creek Wind Project wind turbines?

**Transource Missouri Response:** The following response was provided by Tradewind Energy: Construction and installation have not commenced.

(10) The Tradewind Energy website <http://tradewindenergy.com/project/rock-creek-wind/> states regarding the Rock Creek Wind Project: "Who is buying the power? The power produced by Rock Creek Wind Project is expected to be sold to Missouri electric utility companies." Please identify who is buying the power?

**Transource Missouri Response:** As solely the transmission owner, Transource Missouri is not in possession of the identity of the purchaser of the energy generated at the Rock Creek Wind Project. However, public information on the Tradewind Energy website indicates that it is being delivered to Missouri utilities.

(11) Appendix C to the GIA includes a table on page C-4 entitled "Project Development and Coordination Milestones." "Effective Date" is referred to in this table and is defined in the GIA. What is the actual "Effective Date"? Which Milestone Items on this table have been completed / accepted and what was the date of completion / acceptance of the items that have been completed / accepted?

**Transource Missouri Response:** The following response was provided to Transource Missouri from Tradewind Energy.

Effective Date is 12/16/2015.

Milestone Items: Acquire Holt County Switching Station Property was completed on 11/18/2015.



Environmental Studies were completed on 02/29/2016.

Initial Engineering & Design kick-off meeting was completed on 02/18/2016.

Engineering Deliverables 30% in process and scheduled to be completed on 03/15/2016..

Engineering Deliverable 60% scheduled to be completed on 06/15/2016/. .

The remainder of activities listed on the "Project Development and Coordination Milestones" chart are on schedule.

(12) Transource Missouri will provide to Staff: Final diagrams of the station; a statement as to whether Transource Missouri would /could include the \$17 million in the FERC revenue requirement; an estimate of annual O&M; and identification of who is responsible for O&M, and whether it would go into FERC revenue requirement.

**Transource Missouri Response:** Final diagrams will be provided when they are complete. There will be no effect on the FERC-jurisdictional revenue requirement. O&M expenses are estimated at \$60,000 per year for equipment testing, equipment maintenance, and limited emergency response. This \$60,000 O&M expense would be regional allocated according to SPP's tariff provisions for transmission plant.

Todd Fridley  
Vice President  
Transource Missouri, LLC  
1200 Main Street  
Kansas City, Missouri 64105