

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office  
in Jefferson City on the 6<sup>th</sup> day  
of April, 2016.

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 ) **File No. EA-2016-0188**  
Of the Rock Creek Wind Project with the )  
Sibley-Nebraska City Electric Transmission Project )

**ORDER GRANTING CERTIFICATE OF CONVENIENCE AND  
NECESSITY**

Issue Date: April 6, 2016

Effective Date: April 16, 2016

On January 19, 2016, Transource Missouri, LLC (“Transource Missouri”) filed a verified application for an order by the Commission either declining jurisdiction or, in the alternative, granting a Certificate of Convenience and Necessity (“CCN”). Transource Missouri is a Delaware Limited Liability Company authorized to conduct business in Missouri. A wholly-owned subsidiary of Transource Energy, LLC,<sup>1</sup> Transource Missouri is a transmission-owning entity whose rates are regulated by FERC. Transource Missouri constructs, finances, owns, operates and/or maintains regional transmission facilities that provide electric transmission service through the Southwest Power Pool, Inc. (“SPP”). Transource Missouri does not sell directly to retail electric customers in Missouri.

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<sup>1</sup> Transource Energy, LLC is a holding company with two members: 1) AEP transmission Holding Company, LLC (a wholly-owned subsidiary of American Electric Power Company, Inc.); and 2) GPE Transmission Holding Company, LLC (a wholly-owned subsidiary of Great Plains Energy Incorporated—the parent corporation of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company).

Transource Missouri's requested CCN will authorize it to own, operate, and maintain a 345 kV Interconnection Switch Station in Holt County, Missouri ("Switch Station") that will connect the Rock Creek Wind Project with Transource Missouri's Sibley-Nebraska City 345 kV electric transmission line project that is currently under construction. The anticipated in-service date for Transource Missouri's portion of the Sibley-Nebraska City project is December 31, 2016.

Concurrent with the application, Transource Missouri filed a motion for expedited treatment, seeking a determination by the Commission within ninety days and a request for waiver of the reporting requirements of Commission rule 4 CSR 240-3.175 and 4 CSR 240-3.190, and waiver of the 60-day notice requirement of Commission rule 4 CSR 240-4.020(2). The Commission provided notice of Transource Missouri's application and set a deadline for applications to intervene. No applications to intervene were received. On March 16, the Commission's Staff filed a recommendation asserting that the Commission has jurisdiction over Transource Missouri's application. Staff supports approval of Transource Missouri's application, with certain conditions.

Transource Missouri filed a verified response to Staff's recommendation on March 21. Although it did not respond to Staff's analysis on the Commission's jurisdiction, Transource Missouri agreed to provide the documentation requested by Staff as part of the recommendation to grant a CCN with conditions. No further responses were received.

The Commission previously granted Transource Missouri a CCN for the SPP-approved regional electric transmission plan known as the Sibley-Nebraska City

Project.<sup>2</sup> As the transmission owner, Transource Missouri entered into a Generator Interconnection Agreement (“GIA”)<sup>3</sup> with SPP as the transmission provider and Rock Creek Wind Project, LLC (“Rock Creek”) as the interconnection customer. Under the terms of the GIA, Rock Creek agreed to construct and pay for the Switch Station at issue in this application that will connect its wind project in Atchison County, Missouri, with the Sibley-Nebraska City project.<sup>4</sup> After completion, the Switch Station will be given to Transource Missouri, which will then own, operate, and maintain the Switch Station and its related facilities.<sup>5</sup> A switch station is where energy is routed from different sources or to different customers. Switch stations typically contain circuit breakers, reclosures and automated mechanisms that switch or divide the output between different distribution lines.

While Transource Missouri’s transmission of electricity in interstate commerce may be regulated by FERC, the federal agency does not have exclusive jurisdiction.<sup>6</sup> This Commission has jurisdiction over the sale and transmission of electricity within the state, electric plants, and the corporations that own, operate or control the same.<sup>7</sup> Transource Missouri is an “electrical corporation” and the Switch Station is an “electric

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<sup>2</sup> See File No. EA-2013-0098; EFIS Item No. 112, *Report and Order* (August 7, 2013). The Commission found a need for the service rendered by the transmission project based on studies conducted by SPP demonstrating the project would improve grid reliability, minimize congestion effects, benefit SPP members, and help support public policy goals regarding renewable energy.

<sup>3</sup> The GIA is attached as Exhibit 4 to Transource Missouri’s application. A description of the Switch Station and its facilities is included in Appendix A of the GIA.

<sup>4</sup> The Switch Station and certain transmission owner interconnection facilities detailed in the GIA are the subject of the requested CCN.

<sup>5</sup> Transource Missouri asserts that it will not exercise eminent domain in connection with its requested ownership, operation and maintenance of the Switch Station due to all required real estate previously being secured by Rock Creek.

<sup>6</sup> *Piedmont Environmental Council v. F.E.R.C.*, 588 F.3d 304 (4<sup>th</sup> Cir. 2009).

<sup>7</sup> Section 386.250.1, RSMo 2000. Section 393.110.1, RSMo (Cum.Supp 2013) states that Sections 393.110 to 393.285 apply to the furnishing and transmission of electricity for light, heat, or power.

plant” under Missouri’s statutes.<sup>8</sup> Transource Missouri is therefore a public utility subject to the jurisdiction, control, and regulation of the Commission.<sup>9</sup>

The Commission’s Staff reviewed Transource Missouri’s application and requests for waiver and expedited treatment. Staff states that the application meets the filing requirements of 4 CSR 240-2.060. Staff recommends approval of the application for a CCN. However, Staff points out that Commission rule 4 CSR 240-3.105(1)(B)2 requires a filing of the plans and specifications for the complete construction project. Since the plans and specifications for the project are based on partial engineering and are not the final plans, Staff recommends Transource Missouri be ordered by the Commission, as a condition of the granting of the CCN, to provide 30%, 60%, 90% and final diagrams upon completion of each deliverable as they become available.

The Commission has the power to grant the approval of a CCN for the Switch Station upon a determination that the exercise of the right or privilege is necessary or convenient for the public service.<sup>10</sup> The Commission uses five criteria for evaluating necessity or convenience:

1. There must be a need for the service;
2. The applicant must be qualified to provide the proposed service;
3. The applicant must have the financial ability to provide the service;

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<sup>8</sup> Section 386.020(14) and (15), RSMo (Cum.Supp.2013). An “electrical corporation” includes every company owning, operation, controlling or managing an electric plant. An “electric plant” includes all real estate, fixtures and personal property operated, controlled, owned, or to be used for the transmission and distribution of electricity for light, heat or power.

<sup>9</sup> Section 386.020(43), RSMo (Cum.Supp.2013).A ‘public utility’ includes every electrical corporation. Each public utility is subject to the jurisdiction, control and regulation of the commission and to the provisions of Chapter 386 of the Missouri Revised Statutes.

<sup>10</sup> Section 393.170, RSMo 2000. See *Public Service Commission v. Kansas City Power & Light Company*, 31 S.W.2d 67 at 70 (Mo banc 1930). “If...an electrical corporation which has a certificate of convenience and necessity to operate its plant...might extend its lines to and furnish other communities...without a certificate or authority from the commission, the purpose of the statute would be defeated.”

4. The applicant's proposal must be economically feasible; and,
5. The service must promote the public interest.<sup>11</sup>

Based on the verified application of Transource Missouri and Staff's uncontested recommendation, the Commission finds the requested CCN meets the five criteria for granting a CCN. The Switch Station is needed to support this state's public policy goals and interests regarding renewable energy. Transource Missouri is qualified to provide the service. Since the estimated \$60,000 annual operation and management expenses for the Switch Station will be regionally allocated according to SPP's tariff for transmission plant, Transource Missouri has the financial ability to provide the service once the completed Switch Station is transferred by Rock Creek.<sup>12</sup> The Commission will grant the requested CCN, subject to compliance with the filing recommendations from Staff.<sup>13</sup>

Since Transource Missouri will not have retail customers or rates set by the Commission, it also requested waiver of Commission rules 4 CSR 240-3.175 (requiring the filing of depreciation studies) and 4 CSR 240-3.190 (requiring the filing of fuel and outage reports). Staff points out that while it concurs with the requested waiver for 4 CSR 240-3.175 and 4 CSR 240-3.190(1),(2),(3)(A)-(D), the Commission did not completely waive the reporting requirements of 4 CSR 240-3.190(3)(E) and (4) when it granted the company a CCN for the Sibley-Nebraska City project in File No. EA-2013-0098. The Commission will grant the requested waiver in as much as it is consistent

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<sup>11</sup> *In re Tartan Energy Company*, 3 Mo. P.S.C. 173, 177(1994).

<sup>12</sup> Appendix C of *Staff's Memorandum Recommendation*.

<sup>13</sup> The requirement for a hearing is met when the opportunity for hearing is provided and no proper party requests the opportunity to present evidence. No party requested a hearing in this matter; thus, no hearing is necessary. *State ex rel. Deffenderfer Enterprises, Inc. v. Public Service Comm'n of the State of Missouri*, 776 S.W.2d 494 (Mo. App. W.D. 1989).

with the reporting requirements as ordered by the Commission in File No. EA-2013-0098.

Transource Missouri states that the application was filed as quickly as circumstances would allow to avoid any material delay in the construction and operation of the Rock Creek Wind Project. The Commission finds this statement to be credible and determines that good cause exists to waive the 60-day notice requirement of Commission rule 4 CSR 240-4.020(2). Because the application is unopposed and the Commission does not wish to cause delay of the project, the Commission will allow this order to go into effect in ten days and grant the request for expedited treatment.<sup>14</sup>

**THE COMMISSION ORDERS THAT:**

1. Transource Missouri, LLC's request for waiver of Commission rule 4 CSR 240-4.020(2) is granted.

2. Transource Missouri, LLC is granted permission, approval, and a certificate of convenience and necessity to own, operate, and maintain a switch station located in Holt County, Missouri, as more particularly described in its application and Staff's recommendation.

3. As requested by Staff, Transource Missouri, LLC shall submit 30%, 60%, 90%, and final diagrams upon completion of each deliverable, and receipt by Transource Missouri, LLC

4. Transource Missouri, LLC is granted a waiver of the reporting requirements of Commission rules 4 CSR 240-3.175 and 4 CSR 240-3.190(1), (2), and (3)(A)-(D).

5. Transource Missouri, LLC's motion for expedited treatment is granted.
6. This order shall become effective on April 16, 2016.

**BY THE COMMISSION**



*Morris L. Woodruff*

Morris L. Woodruff  
Secretary

Hall, Chm., Stoll, Kenney, Rupp,  
and Coleman, CC., concur.

Burton, Senior Regulatory Law Judge.