

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 5th day of
October, 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 the)
Switch Station Necessary for the Interconnection of the) **File No. EA-2016-0190**
Osborn Wind Energy Center with the Sibley-Nebraska)
City Electric Transmission Project)

**ORDER GRANTING CERTIFICATE OF CONVENIENCE
AND NECESSITY**

Issue Date: October 5, 2015

Effective Date: October 15, 2016

On July 22, 2016, Transource Missouri, LLC, filed an 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,¹ Transource Missouri is a transmission-owning entity whose rates are regulated by the Federal Energy Regulatory Commission (FERC). Transource Missouri constructs, finances, owns, operates and 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.

¹ 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 switch station in DeKalb County, Missouri that will connect the Osborn Wind Energy Center with Transource Missouri's Nebraska City-Mullin Creek-Sibley transmission line. Along with its application, Transource Missouri filed a request for waiver of certain regulations and a motion for expedited treatment, asking that the application be approved within 90 days.

The Commission provided notice of Transource Missouri's application and set a deadline for applications to intervene. Applications to intervene were received from the Missouri Department of Economic Development – Division of Energy and from Osborn Wind Energy, LLC. The Commission granted both applications to intervene. On September 20, 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 regarding the filing of documentation. The Commission ordered that any party wishing to respond to Staff's recommendation do so by September 30.

Transource Missouri filed a verified response to Staff's recommendation on September 22. Although it did not respond to Staff's analysis of the Commission's jurisdiction, Transource Missouri agreed to provide the documentation requested by Staff. No other responses were received.

The switch station for which Transource Missouri seeks a CCN will connect Osborn Wind Energy Center's wind project with Transource Missouri's transmission line. Osborn Wind Energy Center will construct and pay for the switch station. After completion, the Osborn Wind Energy center will give the switch station and the land upon which it will be

located to Transource Missouri, which will then own, operate, and maintain the switch station and its related facilities

While Transource Missouri's transmission of electricity in interstate commerce will be regulated by FERC, the federal agency does not have exclusive jurisdiction.² This Commission has jurisdiction over the sale and transmission of electricity within the state, as well as electric plants, and the corporations that own, operate or control the same.³ Transource Missouri is an "electrical corporation" and the switch station is an "electric plant" under Missouri's statutes.⁴ Transource Missouri is, therefore, a public utility subject to the jurisdiction, control, and regulation of the Commission.⁵

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. Staff recommends Transource Missouri be ordered by the Commission, as a condition of the granting of the CCN, to provide Staff with final engineering deliverables, including design packages, procurement delivery schedules, and construction contract bid technical specifications as soon as they are available.

² *Piedmont Environmental Council v. F.E.R.C.*, 588 F.3d 304 (4th Cir. 2009).

³ 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.

⁴ Section 386.020(14) and (15), RSMo (Cum.Supp.2013). An "electrical corporation" includes every company owning, operating, 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.

⁵ 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.

Transource Missouri 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 concurs with the requested waivers of 4 CSR 240-3.175 and 4 CSR 240-3.190(1),(2),(3)(A)-(D), but explains 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 as recommended by Staff, consistent with the reporting requirements as ordered by the Commission in File Nos. EA-2013-0098 and EA-2016-0188.

Transource Missouri also requested waiver of the annual report filing requirements of Commission Rule 4 CSR 240-3.165. Staff recommends that waiver be granted, but in place of filing an annual report with the Commission, recommends Transource Missouri be ordered to file a copy of its annual FERC Form 1 with the Commission. Transource Missouri has agreed to make that filing.

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.⁶ 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;
4. The applicant's proposal must be economically feasible; and,

⁶ Section 393.170, RSMo 2000.

5. The service must promote the public interest.⁷

Staff's recommendation explains that Transource Missouri meets each of those criteria.

Based on the Commission's impartial and independent review of Transource Missouri's application and Staff's verified and uncontested recommendation, the Commission finds that the requested CCN meets the five criteria for granting a CCN and is necessary and convenient for the public service. Therefore, the Commission will grant the requested CCN, subject to compliance with Staff's recommendations.⁸

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.

THE COMMISSION ORDERS THAT:

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

2. Transource Missouri, LLC shall provide Staff with final engineering deliverables, including design packages, procurement delivery schedules, and construction contract bid technical specifications as soon as they are available.

3. 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).

⁷ *In re Tartan Energy Company*, 3 Mo. P.S.C. 173, 177 (1994).

⁸ 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).

4. Transource Missouri, LLC is granted a waiver of the annual report submission requirement of Commission Rule 4 CSR 240-3.165, but shall annually file a copy of its annual FERC Form 1 with the Commission at the same time it makes that filing with the FERC.

5. This order shall become effective on October 15, 2016.

6. This file shall be closed on October 16, 2016.

BY THE COMMISSION



A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

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

Woodruff, Chief Regulatory Law Judge