

LEGAL UPDATES

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Missouri Governor Endorses Transmission Line Project

On June 29, 2016, Missouri Gov. Jay Nixon issued a statement endorsing the Grain Belt Express Clean Line project, a proposed 780-mile, high-voltage transmission line that would deliver energy produced by wind farms in western Kansas to Missouri, Illinois and Indiana. The next day, Grain Belt Express filed a new application seeking the Missouri Public Service Commission's approval to construct the line. The Commission rejected the project last year, citing concerns that the line offered few benefits to the state.

Background

The transmission line proposed by Grain Belt Express Clean Line LLC (Grain Belt Express) would start near Dodge City, Kansas; run across Kansas, Missouri and Illinois; and interconnect to the grid in Sullivan, Indiana, near the Illinois-Indiana border. About 260 miles of line would be in Missouri.

The required approvals have already been granted by the Kansas Corporation Commission, the Illinois Commerce Commission and the Indiana Utility Regulatory Commission. Grain Belt Express filed an application with the Missouri Public Service Commission (the Commission) on March 26, 2014, but the Commission denied the application on July 1, 2015, on the grounds that Grain Belt Express had failed to meet its burden of proof to demonstrate that the proposed service was needed in Missouri, that the project was economically feasible and that the project promoted the public interest.

Recent Developments

On June 2, 2016, the Missouri Joint Municipal Electric Utility Commission (MJMEUC) approved a proposal to purchase long-term transmission service from the Grain Belt Express Clean Line. The agreement would allow 67 Missouri municipal utilities to purchase up to 200 MW of wind energy for less

than 3 cents per kilowatt hour for up to 25 years. MJMEUC estimates that the agreement will save municipal ratepayers more than \$10 million a year if the Commission approves Grain Belt Express' new application.

Nixon pointed to MJMEUC's decision to purchase energy from the line, as well as enhanced landowner protections offered by Grain Belt Express, as factors in his decision to support the project, noting that:

With these new protections for landowners and millions of dollars in savings for consumers, the Grain Belt Express Clean Line is a good deal for Missouri. In addition to reducing energy costs, this \$500 million construction project will boost our economy and create good-paying jobs. I appreciate Clean Line for answering my call for these enhanced landowner protections and for ensuring the transmission line is built in a way that creates jobs and saves money for Missourians.

The statement also praised the additional landowner protections adopted by Grain Belt Express as "the strongest set of landowner protections to date required of any Missouri infrastructure project." Specifically, Grain Belt Express now proposes to:

Offer landowners the option of binding arbitration to resolve compensation disputes.

Establish a "Missouri Agriculture Protocol" by which the line will be constructed and operated to avoid, minimize and mitigate impacts to agricultural fields or activities.

Establish a fund to decommission the project when it nears the end of its useful life.

Provide updated land value assessments and honor the higher value (as between the updated assessment and the last assessed value) for compensation purposes.

Other expected benefits of the project include supporting 1,500 jobs in Missouri during the three-year construction term and increasing property tax revenue by \$7 million a year.

The day after Nixon's statement was issued, Grain Belt Express filed a new application seeking a certificate of convenience and necessity to construct the project that states "new additional facts" demonstrating a need for the project, its economic feasibility and its promotion of the public interest.

What This Means to You

Nixon's endorsement could signal a change in the attitudes of Missouri regulators toward the project, making approval of Grain Belt Express' refiled application more likely. In addition to the project's expected benefits to Missourians noted in Nixon's statement, the project provides interconnection opportunities for new wind farms in Kansas.

Contact Us

For additional information on how approval of the Grain Belt Express project might impact your business or your clients, please contact Ali Nelson at 303.749.7263 or Anna Kimbrell at 816.983.8358, members of Husch Blackwell's Energy & Natural Resources team.