

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Joint Application of)	
Invenergy Transmission LLC, Invenergy)	
Investment Company LLC, Clean Line)	
Energy Partners LLC, Grain Belt Express)	Docket No. 19-GBEE-253-ACQ
Clean Line LLC, and Grain Belt Express)	
Holding LLC for an Order Approving)	
the Acquisition by Invenergy Transmission)	
LLC of Grain Belt Express Clean Line LLC)	

**TESTIMONY IN SUPPORT OF
UNANIMOUS SETTLEMENT AGREEMENT**

PREPARED BY

JUSTIN T. GRADY

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

May 1, 2019

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I. Introduction, Qualifications, Purpose of Testimony

Q. Please state your name and business address.

A. My name is Justin T. Grady and my business address is 1500 Southwest Arrowhead Road, Topeka, Kansas, 66604.

Q. By whom and in what capacity are you employed?

A. I am employed by the Kansas Corporation Commission (KCC or Commission) as the Chief of Accounting and Financial Analysis.

Q. Please summarize your educational and employment background.

A. I earned a Master of Business Administration degree, with a concentration in General Finance which includes emphases in Corporate Finance and Investment Management, from the University of Kansas in December of 2009. I also hold a Bachelor of Business Administration degree with majors in Finance and Economics from Washburn University. I have been employed by the KCC in various positions of increasing responsibility within the Utilities Division since 2002. I have been employed in my current capacity since May 2012.

While employed with the Commission, I have participated in and directed the review of various tariff/surcharge filings and rate case proceedings involving electric, natural gas

1 distribution, water distribution, and telecommunications utilities. In my current position, I
2 have supervisory responsibility for the activities of the Commission's Audit section within
3 the Utilities Division. In that capacity, I plan, manage, and perform audits relating to utility
4 rate cases, tariff/surcharge filings, fuel cost recovery mechanisms, transmission delivery
5 charges, alternative-ratemaking mechanisms, and other utility filings which may have an
6 impact on utility rates in Kansas including mergers, acquisitions, and restructuring filings.

7 **Q. Have you previously submitted testimony before this Commission?**

8 A. Yes. I have submitted written and oral testimony before this Commission on multiple
9 occasions regarding various regulatory accounting and ratemaking issues. This work
10 includes testimony filings in 57 dockets, including this one. A list of the other dockets that
11 encompass this experience is available upon request.

12 **Q. What were your responsibilities in the review of the Joint Application filed in Docket**
13 **No. 19-GBEE-253-ACQ (19-253 Docket)?**

14 A. I participated in and supervised the review of the Joint Application that culminated in the
15 filing of Direct Testimony by Staff witness Chad Unrein. Additionally, I was involved in
16 the settlement discussions that occurred during the week of April 22, 2019, involving this
17 Docket.

18 **Q. What is the purpose of your testimony?**

19 A. I am testifying on behalf of the Staff of the Kansas Corporation Commission (Staff) in
20 support of the Unanimous Settlement Agreement (Agreement) between Staff and Invenergy
21 Transmission LLC (Invenergy Transmission), on behalf of itself and its parent company
22 Invenergy Investment Company LLC (together with Invenergy Transmission, Invenergy), as
23 well as Clean Line Energy Partners LLC (Clean Line EP) and its subsidiaries, Grain Belt

1 Express Clean Line LLC (GBE) and Grain Belt Express Holding LLC (together with Clean
2 Line EP and GBE, Clean Line) (collectively, the Joint Applicants).

3 My testimony will explain why the Commission should approve the Agreement as a
4 reasonable resolution of the issues in this Docket, which will ultimately promote the public
5 interest. Specifically, I will:

- 6 • provide background information about this Docket;
- 7 • provide an overview and discussion of the Agreement;
- 8 • discuss the standard of review used to guide the Commission in its consideration of
9 whether to accept the Agreement¹; and
- 10 • discuss the evidence in the record that supports the Agreement.

11 **II. Background**

12

13 **Q. Please provide some background information about this Docket.**

14 A. On December 28, 2018, Joint Applicants filed an Application, supporting testimony, and
15 associated exhibits pursuant to K.S.A. §§ 66-101, 66-104, 66-131, and 66-136 requesting
16 approval by the Commission of a transaction involving an upstream change in ownership of
17 GBE. As discussed in the Application, Joint Applicants have agreed pursuant to a
18 Membership Interest Purchase Agreement that, pending a number of conditions precedent
19 including review and approval by the Commission, Invenergy Transmission will acquire
20 GBE (the Transaction).

¹ *Order Approving Contested Settlement Agreement*, Docket No. 08-ATMG-280-RTS, pp. 4-6 (May 12, 2008).

1 GBE is the owner of all of the current assets and rights of the Grain Belt Express
2 Clean Line Project (GBE Project or Project). The GBE Project is a proposed approximately
3 780-mile, overhead, multi-terminal ± 600 kilovolt high voltage direct current transmission
4 line and associated facilities that will connect over 4,000 megawatts of low-cost, high-
5 capacity wind power in western Kansas to customers load and population centers in
6 Missouri, Illinois, Indiana, and states farther east.

7 On March 26, 2019, Staff filed the Direct Testimony of Staff witness Leo Haynos
8 and Chad Unrein. Staff witness Chad Unrein recommended that the Transaction should be
9 approved, contingent upon the Commission accepting and ordering the following
10 conditions²:

- 11 1. Invenergy must explicitly recognize that Invenergy Investment is ultimately responsible for
12 maintaining the financial integrity of GBE and its holding company, Invenergy
13 Transmission, and commit to providing the necessary capital injections needed to maintain
14 the financial integrity of these entities.
15
- 16 2. Invenergy commits to recover the cost of the GBE Project through the rate authority granted
17 to GBE by FERC to negotiate transmission service agreements for transmission capacity
18 with its customers. If GBE seeks any alternative cost-recovery methodology, such as cost-
19 recovery through an SPP OATT, GBE would be required to file an Application with the
20 Commission to amend its Certificate, including supporting evidence that such an
21 amendment is in accordance with applicable public convenience standards. Unless and until
22 the Commission issues an Order approving a change in cost-recovery plan, GBE commits
23 to not recover the transmission project's costs through the SPP cost allocation process or
24 from Kansas ratepayers.
25
- 26 3. Invenergy Transmission and GBE agree that Invenergy Investments represents an
27 "Affiliated Interest" under K.S.A. 66-1401, 66-1402, and 66-1403 statutes that confer
28 certain jurisdiction to the Commission regarding access to documents including but not
29 limited to books and records, submission of contracts, and review of affiliate transactions
30 detail.
31

² Staff witness Leo Haynos also sponsored two conditions, but those are discussed in his testimony in support of the Agreement.

On April 15, 2019, Joint Applicants filed rebuttal testimony responding to Staff's recommended set of conditions and recommending several revisions to the list of conditions. The parties met in person to discuss settlement of the issues in this case on April 22, 2019, with several follow-up communications occurring throughout the week. On May 1, 2019, Staff and the Joint Applicants executed and filed the Agreement with the Commission.

III. Terms of the Agreement

Q. Please provide an overview of the Agreement.

A. The Agreement identifies the conditions that Staff and the Joint Applicants agree should apply to the Commission's approval of the Transaction in order to ensure that the Transaction will promote the public interest, as required by the Commission's Merger Standards³, pursuant to K.S.A. 66-131 and K.S.A 66-136. Specifically, the Agreement specifies the following conditions to the approval of the Transaction:

- a. GBE will not install transmission facilities on easement property in Kansas until it has obtained commitments for funds in an amount equal to or greater than the total cost to build the entirety of this multi-state transmission project ("Financing Requirement"). To allow the Commission to verify compliance with this condition,

³ See August 9, 2016 Order Reaffirming Merger Standards;
<http://estar.kcc.ks.gov/estar/ViewFile.aspx/20160809133305.pdf?Id=b9ac472c-6ba4-4915-9371-d81835f85d37>

1 GBE shall file the following documents with the Commission at such a time as GBE
2 is prepared to begin to construct electric transmission facilities in Kansas:

3 i. On a confidential basis, equity and loan and/or other debt financing
4 agreements and commitments entered into or obtained by GBE or its parent
5 company for the purpose of funding GBE's multi-state transmission project
6 that, in the aggregate, provide commitments for the total project cost.

7 ii. An attestation by an officer of GBE that GBE has not, prior to the date of the
8 attestation, installed transmission facilities on easement property; or a
9 notification that such installation is scheduled to begin on a specified date.

10 iii. A statement of the total multi-state transmission project cost, broken out by
11 the categories of engineering, manufacturing and installation of converter
12 stations; transmission line engineering; transmission towers; conductor;
13 construction labor necessary to complete the project; right-of-way
14 acquisition costs; and other costs necessary to complete the project, and
15 certified by an officer of GBE.

16 iv. A reconciliation statement certified by an officer of GBE showing that (1)
17 the agreements and commitments for funds provided in subsection (i), above,
18 are equal to or greater than the total project cost provided in subsection (iii),
19 above; and (2) the contracted transmission service revenue is sufficient to
20 service the debt financing of the project (taking into account any planned
21 refinancing of debt).

22 b. Within ten (10) years after the Commercial Operation Date, GBE shall undertake, or
23 engage a third-party to undertake, a study to quantify the estimated decommissioning

1 costs of the project, taking into account the remaining useful life of the Project, the cost
2 to remove installed facilities, and the salvage value of those facilities. Based upon this
3 study, GBE shall, if necessary, establish a decommissioning fund in an amount and at a
4 time reasonably necessary to perform the wind-up activities described below, at GBE's
5 sole cost and expense. In any circumstance in which the Project is retired from service,
6 GBE shall promptly perform the following wind-up activities: (i) dismantling,
7 demolishing and removing all equipment, facilities and structures; (ii) terminating all
8 transmission line easements and filing a release of such easements in the real property
9 records of the county in which the property is located; (iii) securing, maintaining and
10 disposing of debris with respect to the Project facilities; and (iv) performing any
11 activities necessary to comply with applicable laws, contractual obligations, and that are
12 otherwise prudent to retire the project facilities and restore any landowner property. The
13 decommissioning fund may take the form of a letter of credit, insurance, cash, surety
14 bond, other acceptable credit support, or any combination thereof.

- 15 c. Invenenergy Transmission must commit to recovering the cost of the GBE Project through
16 the rate authority granted to GBE by the Federal Energy Regulatory Commission
17 ("FERC") to negotiate transmission service agreements for transmission capacity with
18 its customers. If GBE seeks any alternative cost-recovery methodology affecting
19 Kansas ratepayers, such as cost recovery through a Southwest Power Pool ("SPP") Open
20 Access Transmission Tariff ("OATT"), GBE would be required to file an Application
21 with the Commission to amend its Certificate, including supporting evidence that such
22 an amendment is in accordance with applicable public convenience standards. Unless
23 and until the Commission issues an Order approving a change in cost-recovery plan,

1 GBE commits to not recover the transmission project's costs through the SPP cost
2 allocation process or from Kansas ratepayers. For the avoidance of doubt, this
3 Paragraph 8.c does not apply to de minimis costs ancillary to any needed interconnection
4 to SPP, consistent with Paragraph 4.c. of the Stipulation and Agreement in Docket No.
5 11-GBEE-624-COC (11-624 Docket).

6 d. In furtherance of the Stipulation and Agreement in 11-GBEE-624-COC, Invenergy
7 Transmission and GBE agree that the FERC preempts the KCC unless Invenergy
8 Transmission or GBE acts outside the conduct covered by FERC jurisdiction, at which
9 time the KCC will determine the applicability of K.S.A. 66-1403. The KCC has granted
10 a waiver of K.S.A. 66-1402, which is effective only as long as GBE continues to use a
11 cost recovery mechanism that does not recover costs through SPP, other than de minimis
12 costs ancillary to any needed interconnection to SPP, consistent with Paragraph 4.c. of
13 the Stipulation and Agreement in Docket No. 11-GBEE-624-COC.

14 The Agreement also contains conditions e, f, and g; the discussion of which is contained in
15 Staff witness Leo Haynos' Testimony in Support of the Settlement Agreement.

1 **IV. Standard of Review for the Agreement**
2

3 **Q. Has the Commission previously established standards upon which it will review**
4 **unanimous settlement agreements like the one presented for Commission approval in**
5 **this Docket?**

6 A. Yes. In several dockets, most recently in Docket No. 19-SEPE-054-MER⁴, the
7 Commission has confirmed that a unanimous settlement agreement (like the Agreement
8 presented in this Docket) must meet three important standards if it is to be approved. The
9 agreement must:

- 10 1. be supported by substantial competent evidence;
11 2. result in just and reasonable rates; and
12 3. promote the Public Interest.

13 **Q. Does Staff contend that the Agreement filed in this Docket meets the standards the**
14 **Commission has established for approval of a unanimous settlement agreement?**

15 A. Yes. In the testimony that follows, I will present each of these standards individually and
16 support why I contend that each of these standards has been met or exceeded by the
17 Agreement between Staff and the Joint Applicants in this Docket.

18 **A. Substantial Competent Evidence Standard**

19 **Q. Why does Staff contend that the Agreement is supported by substantial competent**
20 **evidence?**

21 A. The Agreement is supported by the Joint Application and the testimony filed in support of
22 the Joint Application, Staff's Direct Testimony, the Rebuttal Testimony of the Joint

⁴ See March 28, 2019 Order Approving Unanimous Settlement Agreement;
<http://estar.kcc.ks.gov/estar/ViewFile.aspx/20190328103840.pdf?Id=29272269-c1cf-4b1d-8fc5-04b424342540>.

1 Applicants, and the Testimony in Support of the Agreement. Additionally, the conditions
2 that are contained within the Agreement clearly satisfy Staff’s concerns identified in the
3 testimony of Staff witness Chad Unrein.⁵

4 **Q. How does the Agreement address the financial resource concerns Staff witness Chad**
5 **Unrein expressed in his Direct Testimony?**

6 A. Mr. Unrein’s Direct Testimony in this Docket recognized the degree to which Invenergy
7 Transmission (and ultimately GBE) would be dependent upon the financial and managerial
8 resources of the Invenergy chain of companies in order to carry out the planning,
9 construction, and ultimate operation of the GBE Project.

10 Mr. Unrein testified that Invenergy Transmission’s plan to organize the GBE Project
11 as a special purpose entity, coupled with the fact that the Joint Applicant’s testimony relied
12 on the financial resources of Invenergy to meet the Commission’s “financial resources”
13 threshold, indicated that the Commission should require Invenergy to explicitly recognize
14 that it was ultimately responsible for capitalizing Invenergy Transmission and GBE in order
15 to maintain those entities financial integrity. Mr. Unrein’s proposed solution to this
16 deficiency in the Application was for the Commission to adopt Staff Condition No. 1, which
17 read as follows:

18 Invenergy must explicitly recognize that Invenergy Investment is ultimately
19 responsible for maintaining the financial integrity of GBE and its holding company
20 Invenergy Transmission and commit to providing the necessary capital injections
21 needed to maintain the financial integrity of these entities.

22 Invenergy opposed this condition in its Rebuttal Testimony, testifying that this condition
23 would fundamentally upset the “project finance” or “limited liability company” construct

⁵ Because Mr. Haynos is also filing testimony in support of the Agreement, for my testimony I will focus on how the conditions contained within the Agreement address the concerns identified in Mr. Unrein’s Direct Testimony.

1 that it had used to organize its infrastructure investment and development activities to date.
2 In settlement discussions, Staff and the Joint Applicants worked out a specific set of
3 conditions that would address Staff's primary concern, namely, whether Invenergy
4 Transmission or GBE will be able to finance the planning, construction, operation, and
5 ultimate decommissioning of the GBE Project, without altering Invenergy's financing and
6 corporate structure strategies. Ultimately, Staff is comfortable recommending that the
7 Commission approve the Transaction, as modified by conditions (a) and (b) contained
8 within the Agreement.

9 **Q. Why is Staff comfortable recommending to the Commission that Conditions (a) and**
10 **(b) address the financial resource concerns raised by Mr. Unrein's Direct Testimony?**

11 A. Condition (a) in the Agreement ensures that GBE will not begin construction of the GBE
12 Project until it has obtained the financing necessary to construct the entirety of the 780 mile,
13 multi-state transmission project. In order to verify compliance with this condition, GBE
14 will file the following information with the Commission:

- 15 i. On a confidential basis, equity and loan and/or other debt financing agreements
16 and commitments entered into or obtained by GBE or its parent company for
17 the purpose of funding GBE's multi-state transmission project that, in the
18 aggregate, provide commitments for the total project cost.
19
- 20 ii. An attestation by an officer of GBE that GBE has not, prior to the date of the
21 attestation, installed transmission facilities on easement property; or a
22 notification that such installation is scheduled to begin on a specified date.
23
- 24 iii. A statement of the total multi-state transmission project cost, broken out by the
25 categories of engineering, manufacturing and installation of converter stations;
26 transmission line engineering; transmission towers; conductor; construction
27 labor necessary to complete the project; right-of-way acquisition costs; and
28 other costs necessary to complete the project, and certified by an officer of
29 GBE.

- 1
2 iv. A reconciliation statement certified by an officer of GBE showing that (1) the
3 agreements and commitments for funds provided in subsection (i), above, are
4 equal to or greater than the total project cost provided in subsection (iii), above;
5 and (2) the contracted transmission service revenue is sufficient to service the
6 debt financing of the project (taking into account any planned refinancing of
7 debt).

8
9 This condition addresses Staff's concerns because it will require GBE to prove that it has
10 the financial ability to complete the project (including evidence of contracted transmission
11 service revenues sufficient to cover any debt financing of the project) before it begins any
12 construction activities. Staff views this condition positively because it addresses a largely
13 theoretical concern about the ability of a special purpose entity to finance future activities
14 without the financial resources of its parent and addresses that concern with a concrete
15 requirement to prove that GBE can finance the project before it begins construction.

16 Condition (b) addresses Staff's concerns because it requires GBE to conduct a
17 decommissioning study in ten years to estimate the costs to decommission the project. If
18 the results of the project show that the net salvage value of the project is negative (it costs
19 more to decommission the project than the salvage value of the materials) than GBE agrees
20 to establish a decommissioning fund to perform the following decommissioning activities
21 described in the Settlement: (i) dismantling, demolishing and removing all equipment,
22 facilities and structures; (ii) terminating all transmission line easements and filing a release
23 of such easements in the real property records of the county in which the property is located;
24 (iii) securing, maintaining and disposing of debris with respect to the Project facilities; and
25 (iv) performing any activities necessary to comply with applicable laws, contractual
26 obligations, and that are otherwise prudent to retire the project facilities and restore any
27 landowner property.

1 Condition (b) also states that GBE will promptly perform all of the preceding wind-
2 up activities, “in any circumstance in which the Project is retired from service.” This
3 addresses Staff’s concern that potential technological or economic circumstances in the
4 future would lead to a situation in which the GBE project was retired before the end of its
5 expected useful life.

6 **Q. How does the Agreement address the cost recovery and affiliate interest concerns Staff**
7 **witness Chad Unrein expressed in his Direct Testimony?**

8 A. Mr. Unrein’s Direct Testimony in this Docket expressed a concern that certain statements
9 in the Joint Application could be interpreted as a weakening of the commitments GBE made
10 in the 11-624 Docket and the 13-803 Docket that the revenue requirement for the GBE
11 Project would not be recovered from Kansas ratepayers, but would instead be recovered
12 from contracted transmission service payments to customers subscribing for the capacity of
13 the GBE project. Accordingly, Mr. Unrein recommended that the Commission require the
14 following conditions prior to approval of the Transaction in this Docket:

15 2. Invenergy commits to recover the cost of the GBE Project through the rate authority
16 granted to GBE by FERC to negotiate transmission service agreements for transmission
17 capacity with its customers. If GBE seeks any alternative cost-recovery methodology,
18 such as cost-recovery through an SPP OATT, GBE would be required to file an
19 Application with the Commission to amend its Certificate, including supporting
20 evidence that such an amendment is in accordance with applicable public convenience
21 standards. Unless and until the Commission issues an Order approving a change in cost-
22 recovery plan, GBE commits to not recover the transmission project’s costs through the
23 SPP cost allocation process or from Kansas ratepayers.

24
25 3. Invenergy Transmission and GBE agree that Invenergy Investments represents an
26 “Affiliated Interest” under K.S.A. 66-1401, 66-1402, and 66-1403 statutes that confer
27 certain jurisdiction to the Commission regarding access to documents including but not
28 limited to books and records, submission of contracts, and review of affiliate
29 transactions detail.

30 In rebuttal testimony, Invenergy offered minor clarifications to Staff’s recommended

1 conditions, preserving the intent of the conditions that Staff recommended. In Settlement
2 discussions, Staff and the Joint Applicants agreed to a revised set of conditions that
3 accomplishes Staff's goal of reinforcing the original commitments made by GBE not to
4 recover the cost of the GBE Project from Kansas ratepayers absent formal approval by the
5 Commission in a future docket.

6 The revised conditions that are contained within the Agreement are as follows:

- 7 c. Invenergy Transmission must commit to recovering the cost of the GBE Project through
8 the rate authority granted to GBE by the Federal Energy Regulatory Commission
9 ("FERC") to negotiate transmission service agreements for transmission capacity with
10 its customers. If GBE seeks any alternative cost-recovery methodology affecting
11 Kansas ratepayers, such as cost recovery through a Southwest Power Pool ("SPP") Open
12 Access Transmission Tariff ("OATT"), GBE would be required to file an Application
13 with the Commission to amend its Certificate, including supporting evidence that such
14 an amendment is in accordance with applicable public convenience standards. Unless
15 and until the Commission issues an Order approving a change in cost-recovery plan,
16 GBE commits to not recover the transmission project's costs through the SPP cost
17 allocation process or from Kansas ratepayers. For the avoidance of doubt, this
18 Paragraph 8.c does not apply to de minimis costs ancillary to any needed interconnection
19 to SPP, consistent with Paragraph 4.c. of the Stipulation and Agreement in Docket No.
20 11-GBEE-624-COC.
21
- 22 d. In furtherance of the Stipulation and Agreement in 11-GBEE-624-COC, Invenergy
23 Transmission and GBE agree that the FERC preempts the KCC unless Invenergy
24 Transmission or GBE acts outside the conduct covered by FERC jurisdiction, at which
25 time the KCC will determine the applicability of K.S.A. 66-1403. The KCC has granted
26 a waiver of K.S.A. 66-1402, which is effective only as long as GBE continues to use a
27 cost recovery mechanism that does not recover costs through SPP, other than de minimis
28 costs ancillary to any needed interconnection to SPP, consistent with Paragraph 4.c. of
29 the Stipulation and Agreement in Docket No. 11-GBEE-624-COC.
30
31
32
33

1 **Q. Why is Staff comfortable recommending to the Commission that Conditions (c) and**
2 **(d) address the cost recovery concerns raised by Mr. Unrein’s Direct Testimony?**

3 A. Condition (c) in the Agreement is essentially the same as Condition No. 2 recommended by
4 Mr. Unrein, with minor clarification and wordsmithing changes. Condition (d) in the
5 Agreement is different from Mr. Unrein’s recommended Condition 3, but that is appropriate
6 because Mr. Unrein’s primary concern and support for Condition 3 was the perceived
7 weakening of the cost recovery commitments by GBE. Given that Condition (d) effectively
8 addresses Staff’s cost recovery concerns, we agreed to the language of the condition that
9 was contained in the 11-624 Docket with regard to the affiliate transactions statutes (66-
10 1401 through 66-1403).

11 **Q. Do you believe that the Agreement is supported by substantial competent evidence in**
12 **the record?**

13 A. Yes. For all of the reasons I have just described in the testimony above, I am confident
14 that there is substantial competent evidence in the record to support the Commission’s
15 approval of the Agreement.

16 **B. Just and Reasonable Rates Standard**

17 **Q. Why does Staff contend that the Agreement will result in just and reasonable rates?**

18 A. The Agreement will result in just and reasonable rates in part because the Agreement
19 strengthens and confirms that Kansas ratepayers will not pay for the revenue requirement
20 associated with the GBE Project. Instead, GBE plans to use the negotiated rate authority
21 that has been granted by FERC to contract with individual customers for subscription to
22 available capacity on the GBE Project. If some future economic or technological change

1 necessitates the revisiting of this condition, the Agreement makes it explicit that
2 Commission approval would be required before any such change.

3 **C. Promote the Public Interest**

4 **Q. Why does Staff contend that the Agreement will promote the public interest?**

5 A. Staff's contention that the Agreement will promote the public interest is supported by two
6 overarching arguments. First, as discussed in Mr. Unrein's Direct Testimony, Invenenergy's
7 acquisition of GBE doesn't substantially alter the operational plan, cost-recovery plans, or
8 construction and engineering plans of the original GBE Project, which has already been
9 found to be in the public interest by the Commission in the 11-624 Docket and the 13-803
10 Docket. Because Invenenergy's acquisition of GBE increases the likelihood that the GBE
11 Project will be constructed, it logically follows that the acquisition of GBE by Invenenergy is
12 in the public interest.

13 Second, in the context of utility mergers and acquisitions, the Commission typically
14 evaluates its Merger Standards to determine whether a Transaction promotes the public
15 interest. Both the Joint Applicants and Staff have performed that analysis, which is
16 contained in the Direct Testimony filed in this Docket. With regard to the Merger Standards
17 addressed by Staff witness Chad Unrein in his Direct Testimony, Mr. Unrein either found
18 that the proposed Transaction met each Merger Standard, was inapplicable given the
19 Commission's limited jurisdiction of GBE, or that the Commission should require certain
20 conditions to ensure that the Transaction met the Merger Standards.

21 As discussed in detail above, any financial resource or cost recovery concerns that
22 Staff identified during our review of the Merger Standards have been remedied by the

1 Agreement. Accordingly, Staff can state with confidence that the Agreement and the
2 Transaction contemplated therein will promote the public interest.

3 **V. Conclusion**
4

5 **Q. Please summarize your testimony and recommendation in this Docket.**

6 A. I recommend that the Commission approve the Agreement between Joint Applicants and
7 Staff in this Docket. The Agreement is based on substantial competent evidence in the
8 record, will result in just and reasonable rates, and will promote the public interest.

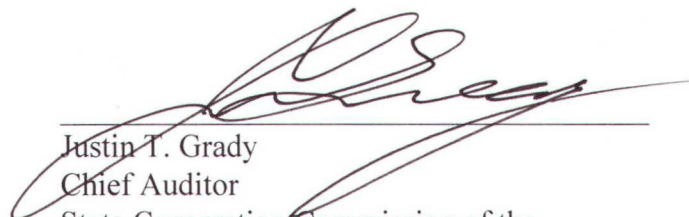
9 **Q. Does this conclude your testimony?**

10 A. Yes.

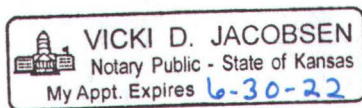
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)


VERIFICATION

Justin T. Grady, being duly sworn upon his oath deposes and states that he is a Chief Auditor for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Testimony in Support of Unanimous Settlement Agreement*, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.


Justin T. Grady
Chief Auditor
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 15th day of May, 2019.




Notary Public

My Appointment Expires: 06-30-22

CERTIFICATE OF SERVICE

19-GBEE-253-ACQ

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff Justin T. Grady Testimony in Support of Unanimous Settlement Agreement was served via electronic service this 1st day of May, 2019, to the following:

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